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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Wednesday 3 February 2016

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

UN World Humanitarian Summit

1. **Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): What preparations her Department is making for the UN world humanitarian summit. [903404]

2. **John Nicolson** (East Dunbartonshire) (SNP): What preparations her Department is making for the UN world humanitarian summit. [903405]

The Secretary of State for International Development (Justine Greening): Our country has bold ambitions for the world humanitarian summit, which comes at a critical time given that there are currently more displaced people globally than at any time since the second world war. We are working with a range of partners, including UN agencies, Governments, non-governmental organisations and the private sector, to ensure that the summit delivers transformative change to crisis response.

Drew Hendry: Child protection has been desperately underfunded in global humanitarian efforts. One in 10 children now lives in conflict-affected areas, and UNICEF warns that at least 3 million children are caught up in emergencies and need psychosocial help. Will the Prime Minister be part of the UK delegation, and will he commit to making child protection one of the UK's key priorities at the summit?

Justine Greening: We have not finalised the UK delegation yet, but I can assure the hon. Gentleman that the issue of child protection has been very much at the core of all our humanitarian responses, not least, most recently, in Syria. The UK worked with UNICEF to put in place so-called safe zones in many of the refugee camps to enable children to be reunited with their families if they had got lost.

John Nicolson: What discussions does the Secretary of State expect to take place at the summit on support for those fleeing violence and persecution? Will she support efforts at the summit to ensure that lower and middle-income countries hosting refugees and displaced people have long-term, predictable financing, and that refugees themselves have the right to work and contribute to the society and economy to which they move?

Justine Greening: The hon. Gentleman asks a very pertinent question. The Syria conference in London tomorrow will look at this very issue of respecting the fact that refugees are, on average, a refugee for 17 years. We need to go beyond providing traditional lifesaving support to meet such broader needs—not just jobs, as he says, but getting children into schools. The Syria conference tomorrow is a key moment not just to respond to that crisis, but, more broadly, to show a new model of responding to protracted humanitarian crises around the world. I hope we can then take that forward at the world humanitarian summit.

Mr Gary Streeter (South West Devon) (Con): Given that many humanitarian crises are caused by conflict, will my right hon. Friend make sure that the UK delegation presses the United Nations at the humanitarian summit to be more effective in conflict resolution and prevention, thus solving a lot of the problems that many women and children in our world are facing?

Justine Greening: My hon. Friend is absolutely right. In fact, when I had the privilege of chairing the UN Security Council last October, the issue we talked about was the need for the international community and the Security Council itself to look at fragile countries before conflict hits and perhaps to have better early warning systems, whether on human rights or any other area, to highlight where we need to do work in advance to keep peace and stability, rather than having the costly after-effects of responding to war.

Jeremy Lefroy (Stafford) (Con): What work is my right hon. Friend doing to ensure that humanitarian aid is joined up with longer-term development aid?

Justine Greening: The world humanitarian summit is a key opportunity for us to knit these agendas together clearly. At the moment, I would describe the humanitarian system as a hospital that only has an accident and emergency department. From the start of such crises, we need not only to think ahead about how we can deal with the day-to-day challenges that refugees and people affected face, but to begin to build in long-term solutions so that they can get their lives back on track. That is why the issues of jobs in particular, getting children into schools and helping host communities—the communities that host the refugees—to cope are so important.

Mr Speaker: Where is Mr Hendry? The fella has just asked a question and has beetled out of the Chamber. We are still having exchanges on that question. I know the hon. Gentleman is a new Member, but he must learn that a Member must not ask a question and then leave. There are continuing exchanges on the matter, and I am sure the hon. Gentleman is at least as interested in the opinions of others as he is in his own. It is quite extraordinary behaviour.

Tom Brake (Carshalton and Wallington) (LD): May I press the Secretary of State to advocate a presumption of denial of arms exports to countries of concern as a UK innovation that could help to save lives around the world?

Justine Greening: As the right hon. Gentleman knows, we have one of the strictest arms control regimes in the world. We should make sure that those processes are

working effectively. My Department provides leadership in ensuring that when crises hit, the UK plays a leading role in making sure that the affected people have the adequate, long-term support they need. That is important because, as the humanitarian high-level panel said, 125 million people in the world now live through humanitarian support. That is the equivalent of a country, but they do not have a Head of State at the UN speaking up for them. That is why the rest of us need to work as hard as we can to make sure not only that they are listened to but that their needs are met.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The Secretary of State will be aware that the biggest humanitarian crisis we face is the refugee crisis. The House respects the work that the Government have done on the Syria conference and investing in the camps, but what about the refugees, particularly child refugees, who are not in the camps? We heard this week that for the first time since the crisis began women and children make up the majority of the refugees who are travelling to Greece. How many child refugees who are not in the camps do the Government propose to take?

Justine Greening: On the broader issue, the hon. Lady will know that the UK and UNICEF set up the “No Lost Generation” initiative, which has enabled half the children affected by the Syrian crisis to be in school. More broadly, on the relocation scheme we have put in place, this is the right way to help vulnerable refugees to relocate out of the region if they need to. We are working with UN agencies to identify the most vulnerable people and are talking to them about how that can be extended to unaccompanied children. The good news is that because of the hard work of agencies such as UNICEF, which are funded by the UK, the overwhelming number of children—more than 85%—who arrive in countries such as Jordan and Lebanon unaccompanied are reunited with their families.

Energy Access: Africa

3. **Andrew Bridgen** (North West Leicestershire) (Con): What steps her Department is taking to improve energy access in Africa. [903406]

The Parliamentary Under-Secretary of State for International Development (Mr Nick Hurd): Two-thirds of Africa does not have access to electricity. The Department for International Development wants to play a leading role in changing that, including through the Energy Africa campaign, which will accelerate the market for transformative household solar systems and so contribute to the global goal of universal access by 2030.

Andrew Bridgen: Will the Minister outline for the House what opportunity he sees for British entrepreneurs and companies to help the Department achieve its ambition of ending fuel poverty in Africa?

Mr Hurd: One of the things we are most excited about in the Energy Africa campaign is that some of the most effective leadership on the continent is coming from companies that are British, that were set up by British people or that are backed by British people, such as Azuri Technologies and M-KOPA. DFID’s commitment to ongoing research through the Mission Innovation

initiative, which is worth about £100 million, will create opportunities for many British companies to be involved in that important research.

Mr Gregory Campbell (East Londonderry) (DUP): Will the Minister confirm whether discussions are taking place with African nation states to ensure that solar energy becomes a high priority in those states, so that we can assist them in providing the much-needed energy supplies to their residents?

Mr Hurd: I certainly can confirm that. I have had a number of bilateral meetings with African Ministers and have signed up seven countries to the Energy Africa campaign, which is all about accelerating their citizens’ access to household solar systems. In my experience—I have seen this in Ethiopia—such systems can transform the prospects of a family. It is a high priority for those countries and for us.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the Minister broaden his horizons? This country has so much expertise in our universities and our big energy and waste companies. There are also a lot of social enterprises that know about this stuff. Will he bring them together and give us the opportunity to help people in Africa to set up these things for themselves?

Mr Hurd: I am absolutely with the hon. Gentleman on this, as on so many things. There is a huge amount of expertise in this country that we can, should and want to connect to leaders in African countries. Those leaders know that making it easier for their citizens and businesses to access energy is fundamental to development. It is a top priority for us.

Patrick Grady (Glasgow North) (SNP): DFID’s inclusive growth diagnostic identifies energy access as a major blockage to inclusive growth, and the research by the Catholic Agency for Overseas Development on small businesses in developing countries identifies a lack of access to reliable electricity as one of the top 10 barriers to development. I welcome DFID’s support for household solar power, but how does it plan to expand that—for example, through clean cooking technology—and what steps is it taking to prioritise clean energy across the board in developing countries, rather than carbon-intensive and fossil fuel generation, to ensure that we do not undermine the climate change targets?

Mr Hurd: Yes, I mentioned the Energy Africa campaign, and that and the household solar system is just one piece of DFID’s offer to Africa, which totals more than £1.5 billion of investment. A contribution to the African renewable energy partnership of around 2GW will connect about 20 million people through that initiative alone. The DFID offer is broader than just the household solar system, and it encompasses a wide range of renewable technologies.

Yemen

4. **Mr Laurence Robertson** (Tewkesbury) (Con): What recent assessment she has made of the humanitarian situation in Yemen. [903407]

The Minister of State, Department for International Development (Mr Desmond Swayne): Eighty per cent. of Yemen's population are in need of humanitarian aid, and 7.6 million people face severe food shortages. Some 320,000 children under the age of five are severely malnourished, there are 2.5 million displaced people, and there were 8,000 civilian casualties last year. Yemen must be one of the least eligible places to be.

Mr Robertson: I thank the Minister for setting out the worrying situation in Yemen. There are other problem areas of the world, such as Syria, but Yemen is one of the world's hidden problems. What can the Government do to enable NGOs to at least get food aid and clean water into Yemen to those who are so desperately in need?

Mr Swayne: We started by doubling our aid last year, and last week the Secretary of State announced that that aid would increase by a further £10 million to £85 million. In September, she led a side event at the UN General Assembly, at which she secured from other donors a further £85 million. We are working on the UN verification and inspection mechanism to ensure that more food and shipping get into Yemen.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): That additional aid is welcome, but at the same time we are supplying arms to one side in the conflict. Is it time that this country supported an international, independent inquiry into concerns about the abuses of international humanitarian law, and in the meantime suspended all arms sales to Saudi Arabia?

Mr Swayne: We have supported the UN Human Rights Council resolution that requires the Government of Yemen to investigate those matters, with the support of the UN.

Mrs Helen Grant (Maidstone and The Weald) (Con): Is DFID's good work in Yemen being undermined by UK arms sales to Saudi Arabia?

Mr Swayne: What undermines UK aid, and what makes that aid ever more necessary yet harder to deliver, is the violent and unlawful removal of the Government of Yemen. Only a peace process to restore that will end the suffering.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): If we are concerned about arms exports to Saudi Arabia, which fuel the conflict in Yemen, why are the Government not pressing ahead with setting up the cross-party quadripartite committee on arms exports, so that Parliament can control that better?

Mr Swayne: As the Prime Minister pointed out, we have the most stringent and robust arms export regulations in the world. We have supported the UN Human Rights Council resolution, and we are committed to the investigation of every abuse or abrogation of international law.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The Minister will be aware that Saferworld, Oxfam, UNICEF, and Save the Children take the position that DFID's work in Yemen is being undermined by

UK arms sales. How can the Minister continue to insist that a UK-replenished Saudi arsenal being dropped on Yemen is not an impediment to development?

Mr Swayne: As I said to my hon. Friend the Member for Maidstone and The Weald (Mrs Grant), the undermining of our ability to deliver aid is a consequence of warfare. That warfare arises because of the violent removal of the lawful Government of Yemen, not because we have sold arms to the Saudis.

Female Economic Empowerment: Poorest Countries

5. **Sir Oliver Heald (North East Hertfordshire) (Con):** What steps she is taking to promote female economic empowerment in the poorest countries. [903408]

The Secretary of State for International Development (Justine Greening): No country can develop while half its population is locked out of that process, which is why I have placed improving the prospects for girls and women around the world at the heart of DFID's work. I am honoured to have been appointed recently by the UN Secretary General to the new UN high-level panel on women's economic empowerment, joining leaders of the World Bank, the IMF, the private sector and civil society to drive that agenda forward.

Sir Oliver Heald: Does my right hon. Friend agree that there needs to be a particular focus in the poorest countries on rural development and agriculture? It is women who produce most of the food and who are responsible for its security. Does she agree that if we can improve the productivity of women and empower them, we can reduce poverty and see growth in the countries that need it?

Justine Greening: My hon. and learned Friend is absolutely right. Agriculture is a key economic sector of most of those countries. A recent McKinsey report states that the achievement of gender parity at a regional level, so that each country matches the best progress of the best country in its region, would add 11% of global GDP by 2025—a huge economic lever for all of us to pull.

Mary Creagh (Wakefield) (Lab): The Zika virus crossed the Pacific and went from French Polynesia to Brazil in May last year. Since then, 4,000 children have been born with microcephaly. What analysis has the Secretary of State made of the risks to the poorest women and girls in the world if the virus crosses the Atlantic from Brazil to sub-Saharan Africa? Will she promise to keep a very close eye on that and use all British scientific knowledge to ensure that it does not happen?

Justine Greening: The hon. Lady is absolutely right. We had an urgent question earlier this week and the Under-Secretary of State for International Development, my hon. Friend the Member for Ruislip, Northwood and Pinner (Mr Hurd), set out the research that we are now kicking off. She will also be pleased to hear that Chris Whitty, the DFID chief scientist who led our work on Ebola and helped us to shape our response to it, is currently in Brazil talking to the authorities there to ensure we manage the various risks she sets out.

Mrs Caroline Spelman (Meriden) (Con): Will the Secretary of State commend the work of Tearfund in Bangladesh among women in rural areas, which helps them with business start-ups and works with the Bangladesh Government to provide mobile phone banking to cut out the middle man?

Justine Greening: My right hon. Friend mentions a number of very innovative pieces of work. I commend Tearfund for its work. Healthy economies need everybody to be able to be a part of them. That is why women's economic empowerment matters so much.

Andrew Gwynne (Denton and Reddish) (Lab): What efforts is the Secretary of State making to ensure that other donor countries, the EU, the UN and the World Bank integrate gender into their humanitarian efforts?

Justine Greening: The fact that we now have global goal 5 on gender equality means that, for the very first time, this is formally on the world's to-do list. The world humanitarian summit is a key moment where we can make sure the vulnerabilities of girls and women in particular are properly pulled into the humanitarian system in terms of a response on the ground. The hon. Gentleman will be aware that two years ago the UK held a conference on this very topic to drive that forward.

Yemen

6. **Ms Tasmina Ahmed-Sheikh** (Ochil and South Perthshire) (SNP): What support her Department has given to organisations investigating alleged breaches of human rights and international law in Yemen. [903409]

The Minister of State, Department for International Development (Mr Desmond Swayne): DFID funds a number of organisations in Yemen to deliver aid, some of which have reported alleged breaches of human rights and international law.

Ms Ahmed-Sheikh: The Government have so far approved £5,600 million of arms sales to Saudi Arabia, which several independent reports have connected to the bombing of civilian targets in Yemen. Given that figure and the independent reports, does the Minister believe that £75 million of aid delivered by the UK Government to Yemen represents a balanced approach to the conflict?

Mr Swayne: Actually, it is £85 million—£85 million of life-saving aid. Warfare makes it more difficult to deliver that aid and that warfare is a consequence of the violent removal of the lawful Government of Yemen—not anything the United Kingdom has done.

Sir Alan Duncan (Rutland and Melton) (Con): May I invite the Minister to reiterate that point? The greatest breach of international law in Yemen has been the removal of a legitimate Government by force. Although it is very, very easy to focus only on the Kingdom of Saudi Arabia and blame it, it is that initial use of force which has caused this problem and must be seen in the context of the solutions we now want to see around the negotiating table.

Mr Swayne: My right hon. Friend is absolutely right. I pay tribute to his work as the Prime Minister's special representative, and to the enormous amount he has done to bring peace and prosperity to Yemen.

Topical Questions

T1. [903434] **Christopher Pincher** (Tamworth) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for International Development (Justine Greening): Two weeks ago at the World Economic Forum, alongside the UN Secretary-General and the president of the World Bank, we launched the UN's high-level panel on women's economic empowerment. Last week, I joined my right hon. Friend the Chancellor and Bill Gates to set out our new commitments on malaria, which will save lives and build a safer, healthier world. Finally, tomorrow, the UK will co-host the Syria conference, bringing together world leaders to resource the life-saving humanitarian support, create jobs and provide an education for millions of people and children whose lives have been torn apart by this devastating civil war. All this—women's economic empowerment, the steady eradication of malaria, supporting Syrian refugees to stay where they want to in their home region—is firmly in the UK's national interest.

Christopher Pincher: If the refugee crisis in Syria is not to become a permanent exodus, its people must be given hope of a better future. Can my right hon. Friend say what hope she is giving for greater job opportunities in the region?

Justine Greening: We hope that we will be able to take a big step forward by announcing agreements with both Jordan and Lebanon that, in return for their taking political steps forward on enabling Syrian refugees to work legally, we will be able to mobilise international finance to create jobs in those countries—not just for Syrian refugees, but for host communities, too. That will be in everyone's interest.

Mike Kane (Wythenshawe and Sale East) (Lab): Malawi is the poorest country on the planet, yet our 1955 tax treaty between the UK and Malawi severely limits the country's ability to raise taxes on UK companies based there. Will the Secretary of State commit to looking at this issue of the treaty and to making it fit for the 21st century?

Justine Greening: This issue of domestic resource mobilisation and taxes is something that we have very much ramped up in DFID's work over the last few years. I set up a joint unit with Her Majesty's Revenue and Customs that sees HMRC officials working with countries to help drive their tax revenues up. We will continue that support, particularly in Africa, over the coming months.

T6. [903439] **Rehman Chishti** (Gillingham and Rainham) (Con): DFID does a brilliant job in Pakistan on education and health. Will the Minister meet the excellent UK charity, the Noor Foundation, which helps 1,000 people in Pakistan every year with kidney dialysis?

Justine Greening: We would be delighted to have this group coming to visit us at DFID. As my hon. Friend sets out, we have a big programme with Pakistan, which is steadily enabling that country to make sure that its people are educated and healthy—two of the strongest foundations for aid independence in the longer term.

T2. [903435] **Fiona Mactaggart** (Slough) (Lab): In response to an earlier question, the Secretary of State said that she is working to protect Syrian children in refugee camps in the region, yet she is aware of the Europol report that 10,000 children of Syrian extraction registered in Europe have disappeared and are at risk of sexual and other criminal exploitation. What is she doing to protect them?

Justine Greening: The right hon. Lady will be pleased to hear that we work directly with the United Nations High Commissioner for Refugees on improving registration, so that we do not lose people, including children, who have arrived. Then, of course, we have done a huge amount of work with the Red Cross to make sure that people have access to some of the basics they need when they make it over to Europe. She can be proud of the work the UK is doing, but the bulk of it is, of course, in the region itself, which is overwhelmingly where people and refugees want to stay—close to home.

T8. [903441] **Mrs Flick Drummond** (Portsmouth South) (Con): Following the new Parliament in Myanmar, what plans do the UK Government have in place to help that country move forward and develop?

Justine Greening: The elections are an important step towards greater democracy and provide a chance to support inclusive growth in Burma. We are supporting improvements in the business climate, including in the financial sector, and we are helping to increase agricultural productivity, to diversify livelihoods and encourage more private sector investment in infrastructure.

T3. [903436] **Mr Jim Cunningham** (Coventry South) (Lab): What are the Government doing to help end the blockade of Gaza?

Justine Greening: The hon. Gentleman raises an important point. Having a viable economy in Gaza is one of the best ways to enable people living there to face many of their challenges effectively. In the meantime, the UK provides key support to the United Nations Relief and Works Agency and more directly with the Palestinian Authority. It is critical for those blockades to be removed in the end, so that we can restore a normal situation that would enable the Gaza strip to get back on its feet.

T10. [903443] **Oliver Dowden** (Hertsmere) (Con): Does the Secretary of State agree that, as the civil war in Syria continues, we should not only be using our aid budget to support refugees, but should be urging countries in the region to issue work permits so that refugees can rebuild their lives there rather than making the perilous journey to Europe?

Justine Greening: My hon. Friend is absolutely right. People deserve the dignity of work wherever they are, and that goes for refugees. I have met people who were

in the middle of studying for economics degrees and then suddenly found themselves living in camps in Lebanon or Jordan. Those people want to support themselves. If we can take a big step forward tomorrow in enabling them to work legally, we shall not only be helping countries such as Jordan and Lebanon, but helping the refugees who are currently in those countries.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [903419] **John Mann** (Bassetlaw) (Lab): If he will list his official engagements for Wednesday 3 February.

The Prime Minister (Mr David Cameron): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

John Mann: Is that it? Is that the best that the Prime Minister can do? There is nothing for British pensioners and nothing for British workers, and, as both the Office for Budget Responsibility and the Treasury have confirmed, the Prime Minister's long-term economic plan relies on more than a million new migrants entering this country before 2020. Has he got the bottle to confirm that inconvenient truth?

The Prime Minister: I will tell the hon. Gentleman what we are doing for pensioners, and that is putting a triple lock on pensions. Never again will they get the 75p rise that they got from Labour; their pensions now rise either in relation to prices or wages, or by 2.5%. I will tell the hon. Gentleman what we are doing for people who want to work hard in Britain, and that is creating the 2.3 million more jobs that have been created since I became Prime Minister. But yes, of course I believe that we will succeed more as a country if we get a good deal in Europe and stay in a reformed Europe. That will be good for jobs, good for investment, and good for growth, and that is what I am fighting for.

Q2. [903420] **Marcus Fysh** (Yeovil) (Con): People in my constituency are rightly proud of their contribution to the defence of our country, whether through the skill and readiness of the Fleet Air Arm at Yeovilton or through the local high-tech industry that makes and maintains helicopters and equipment for our ships, submarines and aircraft and those who bravely serve in them. At a time of increasing security challenges and responsibilities and a worrying lack of commitment to defence in many European countries, I welcome the leadership that the Government have shown in committing themselves to spending 2% of GDP on defence. Will my right hon. Friend meet me to discuss my ideas for building on our local capabilities?

The Prime Minister: My hon. Friend is absolutely right. Yeovil makes a huge contribution to the defence of our country, not least through AgustaWestland, which is a great British business. We are committed to spending £178 billion on defence equipment over the

next decade, which we are only able to do because we have a strong economy. We have also committed ourselves to that 2%, and we will make sure that the money is well spent so that we have the right equipment for our brave armed forces.

Jeremy Corbyn (Islington North) (Lab): Tomorrow is world cancer day. Cancer is a disease that almost every family in the country has been affected by in one way or another: 2.5 million people in the country have cancer, and Members on both sides of the House have received cancer treatment or are receiving it at the present time. A thousand people a day are diagnosed with cancer, and they go through a trauma as soon as they are diagnosed. In the last year, however, there has been a 36% increase in the number of people waiting more than six weeks for vital diagnostic tests. Can the Prime Minister do something to bring that down?

The Prime Minister: First, I completely agree with the right hon. Gentleman that the fight against cancer is one of the great fights of our time, and it is one that we are determined to win. On treating cancer in our country, we are putting an extra £19 billion into our NHS, and specifically—he is absolutely right to say that everyone in the House and every family in the country will know someone affected by cancer—we are treating more patients. I will give him the figures. Compared with 2010, over 645,000 more patients with suspected cancers have been seen, which is a 71% increase, and almost 40,000 more patients have been treated for cancer, which is an increase of 17%. We have more doctors, more nurses and more cancer specialists, but we need to continue with the fight against cancer.

Jeremy Corbyn: Early diagnosis is absolutely essential to dealing with cancer, as we all know from personal experience. The Government's independent cancer taskforce reported last year:

“We currently have a serious shortage of radiologists in England”.

We need more of them, so will the Prime Minister explain why we are cutting by 5% the number of training places available for therapeutic radiographers?

The Prime Minister: We need more radiologists, and we are getting them, because we are putting more money into the NHS. He is absolutely right, however, that waiting times—[*Interruption.*] A minute ago the hon. Member for Wallasey (Ms Eagle) was shouting about waiting times, so I will answer the question about waiting times. There are three key targets on waiting times. The first is that, on 93% of occasions, people should be seen by a specialist within two weeks of an urgent GP referral; the figure is currently 94.7%. We also need to make sure that the first treatment comes within 31 days of diagnosis—that is extremely important—and on that there is a 96% standard; we are meeting that by 97.7%. I accept, however, on the first treatment being within 62 days, the standard is 85%, but we are at 83.5%, so we need to improve our performance.

On training, we are increasing the number of training places in our NHS. We discussed nurses last week. We are opening up nurse training by training an extra 10,000 nurses, but the crucial point is that the money is in our NHS—£19 billion more—because we have a

strong economy. That money would never be there if we followed the right hon. Gentleman's crazy economic plans.

Jeremy Corbyn: The Prime Minister did not answer my specific question about therapeutic radiographers. Without an improvement in the numbers available, there will be a problem over treatment. That must be obvious to absolutely everybody.

The cancer taskforce also asked for “a radical upgrade in prevention and public health”.

Programmes such as on stopping smoking and anti-obesity are essential to stop the spread of cancer and to help people live better lives so they do not develop cancer at all. If we cut £200 million from the public health budget, as the Prime Minister proposes, surely it will lead to an increase in cancer, with all the trauma that goes with it and a greater cost to the rest of the community. Will he explain why he is making this cut?

The Prime Minister: First, there are actually 1,800 more diagnostic radiographers than when I became Prime Minister in 2010. That is a 15% increase. The reason for the increase is that we said we would put more money into the NHS—a real-terms increase—which we were told by the then shadow Health Secretary was irresponsible. We ignored Labour, and we put money into the health service, and as a result, there has been a 15% increase in the number of diagnostic radiographers.

On the rest of the cancer plan, the money is being invested, but there is a key difference between England and Wales—the right hon. Gentleman can help with this—which is that there is a Labour Government in Wales. Whereas we have a cancer drugs fund, Wales does not. He needs to sort that out with that Labour Administration. As for public health, under this Government, real advances have been made, including with smoking rules for the backs of cars and plain-paper packaging and ring-fencing public health budgets—all done under the Conservatives, not Labour.

Jeremy Corbyn: The Prime Minister is responsible for the health service in England—Wales is a devolved matter—but he must be aware that cancer survival rates are improving better in Wales than in any other part of the UK.

My question was about the cuts in public health budgets and the effect on cancer care. Will the Prime Minister tell us the last time the NHS target for starting cancer treatment within the 62 days required was actually met?

The Prime Minister: As I have said to the right hon. Gentleman, of the three big targets, we are meeting the specialist within two weeks target and we are meeting the target for the first treatment within 31 days of diagnosis. We are currently falling short of the 62 days target, something I said in the answer to question two, but he has not got round to it until question five. I think the cogs need to turn a little faster.

The right hon. Gentleman cannot wash his hands of the situation in Wales. Labour runs Wales, and what has Labour done in Wales? Labour has cut the NHS in Wales. What Labour's great plan is is now emerging: it wants to cut the NHS in Wales and put up income tax

on hard-working people in Scotland. That is right. What are Labour going to do to radiographers in Scotland? Put up their taxes. What are they going to do nurses in Scotland? Put up their taxes. What are they going to do to dentists in Scotland? Put up their taxes. We now know Labour's plan: higher taxes for more welfare. They have learned nothing in the last decade.

Jeremy Corbyn: The last time the two-month target was met was 19 months ago. The Prime Minister must be aware of that, and I am pleased if he is taking action to make sure that does not continue or get any worse.

I want to turn to another issue that affects cancer patients: the recently deleted provisions in the Welfare Reform and Work Bill that would have taken £30 per week from employment and support allowance claimants in the work-related activity group. Martin contacted me this week. He says—*[Interruption.]* Okay, it is very funny for many Conservative Members, but it is not funny for Martin. Martin says he has a close friend who has breast cancer who

“is obviously too unwell to work and cuts will put her into hardship at a time when she is most vulnerable.”

There are 3,200 people with cancer hit by this cut to ESA. Will the Prime Minister now confirm that when that matter returns to the Commons, he will ensure the Lords position is upheld and people like her do not suffer the cut he wanted to make in the first place?

The Prime Minister: Let me explain the situation to the right hon. Gentleman and the House. As everybody knows, there are two sorts of employment and support allowance: there is the work-related activity group who are able to train for some work, and then there is the support group who go on getting employment and support allowance indefinitely. That is the situation, and what we have said is that in future the work-related activity group should be paid at the same rate as jobseekers allowance, but that is for future claimants, not existing claimants, who continue to be paid at the same rate. Of course if someone has cancer and cannot work they should be in the support group. We have had this issue looked at again and again, and if someone cannot work they go on getting the welfare payments they need. That is what a compassionate Conservative Government do.

But I have to come back to the right hon. Gentleman because he cannot wash his hands of the situation in Wales. Hip operations in England have 75 day waiting times on average; in Wales it is 197 days. Diagnosis of pneumonia takes two weeks longer, and treatment of cataracts and hernias and heart operations take two months longer than in England. Labour are running Wales; he is responsible for Labour. Pick up the phone, tell them to stop cutting our NHS.

Jeremy Corbyn: It is very interesting that the Prime Minister did not answer the question I put, which is whether he will proceed with a cut in ESA to 3,200 people with cancer at the present time. I hope he thinks seriously about this and does not proceed with this proposal. He will find that Macmillan Cancer Support, Rethink Mental Illness and Parkinson's UK are all united in opposing this cut because of the effect it will have on people with a range of serious conditions. The Prime Minister used to say that “those with the broadest shoulders should bear a greater load”. Can it be right that cancer patients

and those with disabilities on £102 per week really are those with the broadest shoulders who should bear this cut? Please Prime Minister, think again and don't try and reverse the decision of the House of Lords on this important matter.

The Prime Minister: The people with the broadest shoulders are the highest earners in this country, and they are paying a higher share of tax than they ever did under Labour. That money is paying for our NHS and for our welfare system. I answered the right hon. Gentleman's question very directly: if you are an existing claimant on employment and support allowance, your welfare is not changing, but in future, we should help those people who are able to get back to work to do so. That is what a compassionate country does, but it is quite clear what Labour's policy is: cut the NHS in Wales and put up taxes in Scotland to pay for more welfare. That is not the approach that this country needs.

Q3. [903421] **David Warburton** (Somerton and Frome) (Con): My right hon. Friend will of course know that the west country is becoming ever more the envy and the engine room of the rest of the country, with dozens of companies moving from the dark recesses of London to the bright sunlight of the west, so will he keep supporting what people are now calling Somerset's silicon gorge by maintaining investment in our roads, our rail and of course our digital infrastructure?

The Prime Minister: I am certainly keen to support silicon gorge. For a moment, I thought my hon. Friend had said “silicon George”; I was a bit worried about that. It is absolutely essential that we have a balanced economy, and that means a strong economy in the west of our country as well as in the south and the north. We are investing in vital transport infrastructure, not least the vital roads to the west country, and improving rail links as well, as I saw for myself yesterday in Chippenham. We also need to ensure that broadband roll-out is really effective across the country, and there needs to be a big focus on getting to that last 10% of homes in so many rural areas. It is absolutely crucial to make sure that they are not left out.

Angus Robertson (Moray) (SNP): The timing of the forthcoming European Union referendum is extremely important. Today, the First Ministers of Scotland, Wales and Northern Ireland have jointly called for a commitment by the UK Government not to hold the EU referendum in June as it would clash with elections to the devolved legislatures. Will the Prime Minister give that commitment today?

The Prime Minister: First, there is no agreement and so no date has yet been fixed for the referendum. We have discussed this a lot in this House of Commons and we legislated to ensure that we would not hold the referendum at the same time as the Scottish or Welsh elections. The former First Minister of Scotland—the right hon. Member for Gordon (Alex Salmond), who is not in his place today—has said that it would be wrong to hold the referendum within six weeks of those elections, and I can guarantee that that will not happen.

Angus Robertson: The First Ministers of Scotland, Wales and Northern Ireland have written today saying that they believe that holding a referendum in June

“risks confusing issues when clarity is required”

and they call on the Prime Minister to

“defer the EU referendum at least until later in the year”.

Why will the Prime Minister not respect the electorates and the Governments of Scotland, Wales and Northern Ireland and give that commitment today?

The Prime Minister: First, I do respect the former First Minister of Scotland, who said that six weeks was what was necessary. I also respect the electorates of England, Scotland, Wales and Northern Ireland on the basis that I think people are perfectly capable of making up their minds in a local election, a Scottish parliamentary election or a Welsh Assembly election and then, a period of some weeks afterwards, making up their minds all over again on the vital question of the European Union. So, no date has been fixed, and there must be a six-week gap. Frankly, I think that the right hon. Gentleman is looking for something to complain about. This House has voted for a referendum, and it would be pretty odd if, having voted for a referendum, we then spent ages debating about not having one.

Q4. [903422] **Rehman Chishti** (Gillingham and Rainham) (Con): The Prime Minister will be alarmed to hear that a shop in Gillingham selling illicit tobacco was making £25,000—[*Interruption.*]

Mr Speaker: Order. There is excessive chuntering from a sedentary position from a number of Scottish National party Members, who wanted an orderly hearing for their leader. The hon. Member for Gillingham and Rainham (Rehman Chishti) is entitled to be heard, and I appeal to him to start his question again. Let’s hear it.

Rehman Chishti: Thank you, Mr Speaker. The Prime Minister will be alarmed to hear that a shop in Gillingham selling illicit tobacco was making £25,000 a week, destroying the local economy and damaging people’s health. Nationally, this trade is costing the economy £2 billion a year. Will the Government look at increasing the statutory maximum penalty for this offence to bring it in line with that of supplying class C drugs?

The Prime Minister: I will certainly look at the issue my hon. Friend raises. As far as I can see, Her Majesty’s Revenue and Customs, working very closely with Border Force, has been highly effective at reducing this tax gap of people selling illegal tobacco and has closed off about £1.3 billion of the tax gap since 2000. They do have a wide range of sanctions to deal with illicit sales, including seizure, penalties and criminal prosecutions—they prosecuted almost 800 different people in the past two years. So I think the powers are there, but I will have a check to see whether more is needed.

Q6. [903424] **Anne McLaughlin** (Glasgow North East) (SNP): My constituent works for the Department for Work and Pensions and he tells me that the Government are correct when they deny that staff have targets set for sanctioning benefits—they are not called “targets”; they are called “aspirations”. With the roll-out of in-work

benefit sanctions, how many of the Prime Minister’s own low-paid DWP colleagues does he think my constituent should aspire to sanction this year?

The Prime Minister: What I say to the hon. Lady is that sanctions in a benefits system are important. We want a benefits system that is there for people who cannot find a job and need support, but it not should not be a lifestyle choice and if people can work, they should work. That is why we have a sanctions system, and I believe that the sanctions system is fairly applied.

Q5. [903423] **Mr Christopher Chope** (Christchurch) (Con): May I share my right hon. Friend’s disappointment that despite all his hard work, the European Union is forcing him to abandon our manifesto pledge to change the benefits system for migrants? Will he confirm that, sadly, the only way in which we are going to be able to regain control over our own borders is by leaving the European Union?

The Prime Minister: I have great respect for my hon. Friend, but we do not agree on this one. We said in our manifesto that anyone coming to Britain from the EU searching for work should not get unemployment benefit, and we have fulfilled that promise. We said that if within six months they do not have a job, they should go home—we have fulfilled that promise. We said that people should not be able to come here and send British child benefit back to their families, and we have secured that they will only get child benefit at a local rate. And we said no more “something for nothing”; the idea that someone could come here and claim immediately from our in-work benefits system without paying in was not right. I said we would secure a four-year gap and we have. People said that would be impossible, but that is what we have put in place. It is a negotiation, but these are good proposals that I think will have the backing of the British people, because they mean no more something for nothing, and that is a vital value for Britain.

Q8. [903426] **Ruth Smeeth** (Stoke-on-Trent North) (Lab): More than 2,500 people are directly employed by the ceramics industry in Stoke-on-Trent North and Kidsgrove. These and tens of thousands of other British manufacturing jobs are at risk if China is granted market economy status. The Prime Minister is very happy to sell off the family silver, but can he guarantee that he will not sell off the family crockery?

The Prime Minister: We want to support industry in the potteries, and that is why we are helping manufacturing with research and development tax credits and with apprenticeship schemes; we are helping with a whole range of measures, not least the energy-intensive industry measures, which are very important for the constituency the hon. Lady represents. That is what we want to see. The issue with market economy status is a separate one, as I have said before. Even if China gets that status, it cannot dump steel products or other things into European markets, and it can be fined. What we should be doing is making sure that we are driving open markets for us to sell to China. The Chinese are the ones with a massive growth in the middle class taking place—hundreds of millions of people are joining that—and there are many great products made in Stoke that should be sold in China.

Q7. [903425] **Mr Andrew Turner** (Isle of Wight) (Con): Isle of Wight Council can balance the books this year but fears it will be unable to do so next year. Would my right hon. Friend confirm the Government's willingness to work with the council in the coming months to help it to access existing sources of finance or find new ways to address the island's unique circumstances?

The Prime Minister: We are very happy to work with the authorities on the Isle of Wight. I think that I am right in saying that the spending power will increase slightly in the next year. As it is a relatively flat cash settlement overall over the five-year period, this local government settlement allows councils to use their reserves and also to sell unwanted property and use the money directly to provide services to bridge that period. Although I am happy to look at the circumstances of the Isle of Wight, I do believe that it is a fair settlement.

Q9. [903427] **Stella Creasy** (Walthamstow) (Lab/Co-op): The Prime Minister has told us today that more money is going into the NHS, but let me tell him that my local hospital trust is spending £1.5 million a week on interest payments alone to Innisfree for its private finance initiative deal. [*Interruption.*] Wait for it. The Prime Minister eventually saw sense about the need to deal with the damage that high-cost credit was doing to individuals, but when will he deal with these legal loan sharks of the public sector?

The Prime Minister: Sometimes it takes a long time to unwind the damage done by a Labour Government. The hon. Lady is absolutely right. One of the first things that we did in Government was to launch a review of Labour's PFI and begin an initiative to extract savings and give better value for money for all of the projects, including Barts. In her own health economy, there are more GPs in the NHS, and next year, because we are putting more money into the NHS, the NHS Waltham Forest clinical commissioning group will get a cash increase of 3.7%.

Q10. [903428] **Antoinette Sandbach** (Eddisbury) (Con): A lone parent in my constituency has described as "appalling" her experience of the Child Maintenance Group. She talked of a lack of communication, being passed from pillar to post, a failure to act on evidence and not progressing with enforcement. Will the Prime Minister arrange for the Secretary of State to meet my constituents to discuss the particular issues around the enforcement of child maintenance when non-resident parents are gaming the system and depriving children of the support to which they are entitled?

The Prime Minister: I am happy to help arrange that meeting. I know that many of us in our own constituency surgeries hear about the behaviour of the non-resident parent and how they give everyone the runaround and do not fulfil their duties by helping to pay for the children for whom they are responsible. As she knows, we introduced a new statutory child maintenance service for parents who are unable to make a family-based arrangement. It should be bringing speedier processing of applications, simpler calculations and faster enforcement action, but I will ensure that she has the meeting that she needs to straighten out that case.

Tom Elliott (Fermanagh and South Tyrone) (UUP): Will the Prime Minister comment on recent events in Northern Ireland regarding the investigations into Stakeknife, the alleged informer? Will he ensure that there are equal investigations into the Enniskillen bomb, the Teebane bomb and other major atrocities by terrorist organisations?

The Prime Minister: I will look carefully at what the hon. Gentleman says. We must ensure that we look at all of these things in a fair and reasonable way, and perhaps I will write to him about the issue.

Q11. [903429] **Julian Knight** (Solihull) (Con): A total of £38 billion a year is currently spent on pensions tax relief, with three quarters of that going to higher-rate taxpayers who need it the least. Does the Prime Minister agree that it will be a huge boost to social justice in this country if pensions tax relief was reformed to a single flat rate, which will benefit millions of hard-working Britons?

The Prime Minister: I know that my hon. Friend speaks on this issue with considerable expertise because of the career that he had before coming to this House, and that he brings a lot of knowledge about this sector. He is right that there are great costs related to pension tax relief, which is why the Chancellor published a consultation last summer to see whether the system should be reformed. As the saying goes, taxes are a matter for the Chancellor and his Budget.

Margaret Greenwood (Wirral West) (Lab): I welcome the Government's announcement last week, as far as it went, of further support for child refugees. A nine-year-old girl who lives in my constituency has recently asked me what we are doing to help refugee children. Of course what a child refugee needs the most is a home. When will we offer a home to 3,000 unaccompanied refugee children in Europe?

The Prime Minister: First of all, let me tell the hon. Lady what we have done so far. Obviously, she knows about the 20,000 relocation scheme, under which we got 1,000 people in by Christmas, including many vulnerable children. That is going well. Fewer people are aware of the fact that, through our normal asylum processes, we took around 2,500 unaccompanied children last year. Kent social services are looking after about 1,000 children and facing great pressures. Another point that people do not always recognise is that if unaccompanied children in Europe claim asylum in the country they are in, and if they have direct family in Britain, under the Dublin regulations they can come to Britain. We think that is the right approach—taking some more people from the region, but being very cautious because all the evidence shows that even an orphan child may well have some broader family that they are connected to and it is better to keep the child with them.

Q12. [903430] **David Rutley** (Macclesfield) (Con): Given the security threats faced by this country, whose policies are most dangerous—those in Scotland who want to scrap our nuclear deterrent completely, or those in the Labour party who want to keep Trident submarines without nuclear missiles?

The Prime Minister: It is hard to choose between the wrong or the bizarre. You can take your pick. Labour's latest plan is to use Trident submarines to transport military personnel around the world. It is the most expensive Uber service that anyone has ever thought of. You do wonder what on earth they will think of next.

Martin John Docherty (West Dunbartonshire) (SNP): The Prime Minister may be aware of the case of my constituent, Lisa Brown, whose family were notified by Spanish police authorities on 10 November 2015 that she was being treated as a missing person, though she could have been missing since 6 November. Lisa's mother Catherine, her sister Helen and brother Craig have visited Spain several times since and have met Spanish authorities and UK consular staff. Although the Spanish authorities state that they are actively working on this case, there have been various pieces of misinformation in the Spanish media which we know not to have been helpful. May I call upon the Prime Minister to seek assurances on behalf of Lisa's family from the Spanish authorities here in London and in Madrid, as well as the Foreign and Commonwealth Office, that everything possible is being done to ensure that Lisa's family can get the answers they so desperately need?

The Prime Minister: I will certainly look into this case and, after the hon. Gentleman has raised it so clearly, make sure that the Europe Minister meets him to try to make sure everything possible is done for Lisa's family.

Q13. [903431] **Mark Spencer** (Sherwood) (Con): Further to the question from the hon. Member for Walthamstow (Stella Creasy), Sherwood Forest Hospitals Trust is also wrestling with a disastrous PFI signed under the Labour Government. Luckily, there is light at the end of the tunnel as Nottingham and Derby trusts look to take over Sherwood Forest hospitals, but can the Prime Minister assist them in any way in solving this enormous mess left by the Labour Government?

The Prime Minister: PFI contracts are extremely difficult to solve because, of course, they were entered into and signed. My understanding is that Monitor and the Care Quality Commission are clear that Sherwood needs a long-term partnership, and I understand that, as my hon. Friend says, the trust plans to announce its preferred partner in mid-February. That, hopefully, will help it to support the services we need, and but I will look carefully, and make sure the Health Secretary looks carefully, at the suggestion my hon. Friend makes.

Mr Ben Bradshaw (Exeter) (Lab): Following the shocking official report into the murder here in London of Alexander Litvinenko, when will the Prime Minister and his Chancellor take some meaningful action to tackle the dirty Russian money and property here in London that helps to sustain the Putin regime?

The Prime Minister: The report was shocking, although as the Home Secretary said at the time, this confirmed what the Labour Government understood to have happened. None the less, when one reads the report all over again, what happened is deeply shocking. That is why we have taken action in the form of asset freezes and the other measures described by the Home Secretary. On the problem of so-called hot money coming into

London, I made a speech recently explaining that we are doing more than other countries in respect of transparency and beneficial ownership—who owns what in terms of companies, and we are going to do the same with property. That is one of the best ways not just to make sure that we do not have illegal Russian money, but to make sure that corrupt money stolen from African taxpayers and other continents does not end up in London.

Q14. [903432] **Johnny Mercer** (Plymouth, Moor View) (Con): When I first came to this House, I spoke of the great stain upon this nation when it comes to our care of our armed forces veterans and the need to do our duty towards those who have done our bidding. Here is a sentence from an email I received at the weekend: "I have not had any letter or any warning. I was told after al-Sweady that was it and not to think about it anymore, but now I dread the post every day." My right hon. Friend the Prime Minister has already intervened to tighten up the historical allegations process, and for that I thank him, but will he pledge to look even more closely at the support we are giving, so that what we want to deliver and what is actually delivered are the same thing?

The Prime Minister: I am very happy to look at that specifically. On al-Sweady, I have been very clear about what went wrong and how unacceptable it was. Let me repeat that we will continue to provide our fullest support to those going through investigations, including by providing legal advice. Also, we will crack down on any legal firm that we find has abused the system. Because we now have the military covenant written into law, and a covenant group that meets under the excellent chairmanship of my right hon. Friend the Member for West Dorset (Mr Letwin), we have an opportunity not only to raise these issues, but to try properly to tackle them in a systematic way.

Stephen Kinnock (Aberavon) (Lab): The dumping of Chinese steel is crippling the British steel industry. The granting of market economy status to China would dramatically reduce the scope for taking anti-dumping measures. Why, then, is the Prime Minister supporting market economy status for China? Is it because he puts cosy up to Beijing ahead of protecting British industry?

The Prime Minister: I put helping British industry first. That is why we have cut taxes for British industry. That is why we are cutting energy bills for British industry, helping with apprenticeships, busting open markets abroad so that British industries can succeed and, crucially for the steel industry, why we are investing in our infrastructure and trying to ensure that there is a real forward order book for British steel. I think that the hon. Gentleman is wrong and that we should take these two issues separately. If there is illegal dumping, we will support action in the European Union, and that can be done in spite of the status that a country has; we have actually put those sorts of burdens on America before today. I do not think it is right to connect the two issues in the way he does.

Q15. [903433] **Mary Robinson** (Cheadle) (Con): Mental health issues take many forms. Services for those suffering from eating disorders are often overlooked, yet they

cause intolerable distress and suffering. As health devolution in Manchester gathers pace, does the Prime Minister agree that it is an important opportunity to secure better mental health service provision, particularly for children and young adults in Cheadle?

The Prime Minister: My hon. Friend is absolutely right. I see no reason why the devolution of resources to Greater Manchester under this landmark deal will

disadvantage mental health. If anything, it will probably lead to even greater priority being given to mental health, as people can see the connections between mental health and holding back opportunity for so many people. We are investing more in children's mental health and giving greater focus, particularly on eating disorders, as tragically we are seeing a real growth in this problem. The money is there and the devolution should help.

UK-EU Renegotiation

12.37 pm

The Prime Minister (Mr David Cameron): With permission, Mr Speaker, I would like to make a statement on progress with our renegotiation. The House has now had the chance to study the documents published by the European Council yesterday. I believe that this is an important milestone in the process of reform, renegotiation and referendum that we set out in our manifesto, and which this Government are delivering. We have now legislated for that referendum and we are holding that renegotiation.

Let me set out the problems that we are trying to fix and the progress we have made. First, we do not want to have our country bound up in an ever closer political union in Europe. We are a proud and independent nation, with proud, independent, democratic institutions that have served us well over the centuries. For us, Europe is about working together to advance our shared prosperity and security; it is not about being sucked into some kind of European superstate—not now, not ever.

The draft texts set out in full the special status accorded to the UK and clearly carves us out of further political integration. They actually go further to make it clear that EU countries do not even have to aim for a common destination. This is a formal recognition of the flexible Europe that Britain has long been arguing for.

In keeping Britain out of ever closer union, I also wanted to strengthen the role of this House and all national Parliaments, so we now have a proposal in the texts that if Brussels comes up with legislation that we do not want, we can get together with other Parliaments and block it with a red card.

We have also proposed a new mechanism to finally enforce the principle of subsidiarity—a principle dear to this House—which states that, as far as possible, powers should sit here in this Parliament, not in Brussels. So every year the European Union has got to go through the powers they exercise and work out which are no longer needed and should be returned to nation states.

Secondly, I said that we wanted to make Europe more competitive and deal with the rule-making and the bureaucracy that can cost jobs here in Britain and, indeed, across the European Union. We asked for commitments on all the areas central to European competitiveness. We want international trade deals signed, the single market completed and regulation stripped back. All of these things are covered in the draft texts. There is a new proposal for specific targets to reduce the burdens on business in key sectors. This will particularly help small and medium-sized businesses. There is a new mechanism to drive these targets through and cut the level of red tape year on year.

Thirdly, we are absolutely clear that Britain is going to keep the pound—in my view, forever. But we need to be just as clear that we can keep the pound in a European Union that will be fair to our currency. Put simply, the EU must not become a euro-only club; if it does, it would not be a club for us. So we called for a series of principles to protect the single market for Britain. We said there must be no discrimination against the pound, no disadvantage for businesses that use our currency, wherever they are located in the EU, and no

option for Britain ever again to be forced to bail out eurozone countries. All of these principles are reflected in the draft text, which is legally binding. And again there is a mechanism. Britain has the ability to act to uphold these principles and protect our interests.

We should be clear: British jobs depend on being able to trade on a level playing field within the European single market, whether in financial services or cars or anything else. So this plan, if agreed, will provide the strongest possible protection for Britain from discrimination and unfair rules and practices. For instance, never again could the EU try its so-called location policy—that the settling of complex trades in euros must only take place in eurozone countries. These principles would outlaw that sort of proposal. Now, these are protections we could not have if Britain were outside the European Union.

Fourthly, we want to deal with the pressures of immigration, which have become too great. Of course, we need to do more to control migration from outside the European Union. We are doing that, and we will be announcing more measures on that front, but we need to control migration from within the EU too. The draft texts represent the strongest package we have ever had on tackling the abuse of free movement and closing down the back-door routes to Britain. It includes greater freedoms for Britain to act against fraud and prevent those who pose a genuine and serious threat from coming to this country. It includes a new law to overturn a decision by the European Court which has allowed thousands of illegal migrants to marry other EU nationals and acquire the right to stay in our country. It has been a source of perpetual frustration that we cannot impose our own immigration rules on third-country nationals coming from the European Union, but now, after the hard work of the Home Secretary, we have a proposal to put that right.

There are also new proposals to reduce the pull factor that our benefits system exerts across Europe by allowing instant access to welfare from the day someone arrives. People said that Europe would not even recognise that we had this problem, but the text explicitly recognises that welfare systems can act as an unnatural draw to come to this country.

Our manifesto set out four objectives to solve this problem; I mentioned these at Prime Minister's questions. We had already delivered on two of them within months of the general election. Already, EU migrants will no longer be able to claim universal credit—the new unemployment benefit—while looking for work. And if those coming from the EU have not found work within six months, they can now be required to leave.

In these texts, we have secured proposals for the other two areas. If someone comes from another country in Europe, leaving their family at home, they will have their child benefit paid at the local rate, not at the generous British rate. And crucially, we have made progress on reducing the draw of our generous in-work benefits. People said that it would be impossible to end the idea of something for nothing and that a four-year restriction on benefits was completely out of the question, but that is now what is in the text—an emergency brake that will mean people coming to Britain from within the EU will have to wait four years until they have full access to our benefits. The European Commission has

said very clearly that Britain qualifies already to use this mechanism, so, with the necessary legislation, we would be able to implement it shortly after the referendum.

Finally, let me be absolutely clear about the legal status of these changes that are now on offer. People said we would never get something that was legally binding—but this plan, if agreed, will be exactly that. These changes will be binding in international law, and will be deposited at the UN. They cannot be changed without the unanimous agreement of every EU country—and that includes Britain. So when I said I wanted change that is legally binding and irreversible, that is what I have got. And, in key areas, treaty change is envisaged in these documents.

I believe we are making real progress in all four areas—but the process is far from over. There are details that are still to be pinned down and intense negotiations to try and agree the deal with 27 other countries. It will require hard work, determination and patience to see it through. But I do believe that with these draft texts, and with all the work that we have done with our European partners, Britain is getting closer to the decision point. It is, of course, right that this House should debate these issues in detail. So in addition to this statement, and of course a statement following the Council later this month, the Government will also make time for a full day's debate on the Floor of the House.

As we approach this choice, let me be clear about two things. First, I am not arguing, and I will never argue, that Britain could not survive outside the European Union. We are the fifth largest economy in the world and the biggest defence player in Europe, with one of the most of extensive and influential diplomatic networks on the planet. The question is not could Britain succeed outside the European Union; it is how will we be most successful? How will Britain be most prosperous? How will we create the most jobs? How will we have the most influence on the rules that shape the global economy and affect us? How will we be most secure? I have always said that the best answers to those questions can be found within a reformed European Union. But let me say again that if we cannot secure these changes, I rule nothing out.

Secondly, even if we secured these changes, you will never hear me say that this organisation is now fixed—far from it. There will be many things that remain to be reformed, and Britain would continue to lead the way. We would continue to make sure that Europe works for the countries of Europe, for the businesses of Europe, for the peoples of Europe and, crucially, for the British people who want to work, have security, get on, and make the most of their lives.

So if we stay, Britain will be in there keeping a lid on the budget, protecting our rebate, stripping away unnecessary regulation and seeing through the commitments we have secured in this renegotiation, ensuring that Britain truly can have the best of both worlds: in the parts of Europe that work for us, and out of those that do not; in the single market; free to travel around Europe; and part of an organisation where co-operation on security and trade can make Britain and its partners safer and more prosperous, but with guarantees that we will never be part of the euro, never be part of Schengen, never be part of a European army, never be forced to bail out the eurozone with our taxpayers' money, and never be part of a European superstate.

That is the prize on offer—a clear path that can lead to a fresh settlement for Britain in a reformed European Union: a settlement that will offer the best future for jobs, security and strength for our country; a settlement which, as our manifesto promised nearly a year ago, will offer families in our country security at every stage of their lives. That is what we are fighting for, and I commend this statement to the House.

12.48 pm

Jeremy Corbyn (Islington North) (Lab): I am grateful to the Prime Minister for sending me a copy of the statement 45 minutes ago—an hour ago; I am sorry—and I am pleased that he has now decided to finally update the House. However, it is a bit unfortunate that despite his trumpeting of the sovereignty of national Parliaments in his EU negotiations, the Prime Minister did not think to come and update our own Parliament first. I hope he had a good day in Chippenham yesterday, but I note that he spent a lot of time answering questions from journalists when it would surely have been more respectful to this House to come here first and answer questions from Members.

But in truth—in reality—this negotiation is a Tory party drama that is being played out in front of us, as we see at the moment. The Labour party is committed to keeping Britain in the European Union because we believe it is the best—[*Interruption*] Don't get too excited; let me tell you the rest of it: because we believe it is the best framework for European trade and co-operation in the 21st century, and in the best interests of people in this country. We believe that the Prime Minister has been negotiating the wrong goals in the wrong way for the wrong reasons.

For all the sound and fury, the Prime Minister has ended up exactly where he knew he would be: making the case to remain in Europe, which was what he always intended, despite a renegotiation spectacle choreographed for television cameras over the whole continent. As his own Back Benchers keep telling us, the proposals from the European Council are simply tinkering around the edges. They have little impact on what the EU delivers for workers in Britain or British businesses.

We welcome the proposals for a majority of national Parliaments to have a veto over Commission legislation, even if it is heavily qualified. It seems the Prime Minister has finally moved towards the Labour party's view on this issue, and we welcome that.

Protecting non-eurozone states is necessary, but we cannot let the proposals hamper efforts to regulate the financial sector, including bankers' bonuses. The crucial detail of the emergency brake on workers' benefits for EU migrants is entirely absent. When is that information going to be made available? In any case, what the Prime Minister calls the strongest package ever on the abuse of free movement does not actually begin to tackle the real problems around the impact of migration on jobs, wages and communities. Those demand action to support public services in areas of high population growth, and regulation to prevent the subsidising of low pay and the grotesque exploitation of migrant workers by some unscrupulous employers. It is the same with competitiveness. Is the Prime Minister really out to strengthen genuinely competitive markets, or is this proposal really a fig leaf for increasing pressure to privatise our public services and the reduction of consumer standards, environmental protections or workers' rights?

[Jeremy Corbyn]

That is why Labour will continue to oppose the threats to services and rights from the Transatlantic Trade and Investment Partnership negotiations. We need reform to ensure all European Governments have the right to intervene to protect publicly owned industries and services. This side of the House is delighted that the Prime Minister has been forced to back down on his hopes to water down workers' rights. However, we want to see workers' rights further protected and extended within the European Union. We need a strengthening of workers' rights in a really social Europe, and we want to see democratic reform to make the European Union's decision making more accountable to its people. We must drive economic reform to put jobs and sustainable growth at the centre of European policy and work with partners in Europe to bring tax avoidance under control, so that we can get a far better deal than the Chancellor managed with Google last week.

However, to keep and extend these employment protections, we need to remain within the European Union, or leave the field for the Conservative party to make a bonfire of workers' rights. The Prime Minister says that he has secured Britain's exclusion from Schengen, a European army and a European superstate. The Prime Minister is living in never-never land. We have never argued for those things, and we do not intend to. We need to work with our allies in Europe to achieve the more progressive reforms that its people need—to build a more democratic Europe that delivers jobs, prosperity and security for all its people. We must do that together. That is why, when the referendum is finally held, we will be campaigning to remain a member.

I end by asking a question to the Prime Minister. Does he now agree that once this smoke-and-mirrors sideshow of a deal is done, we will get on with it and end the uncertainty, and the referendum will indeed be held on 23 June 2016?

The Prime Minister: I thank the right hon. Gentleman for his questions. First of all, on the issue of making a statement today rather than yesterday, I felt that yesterday I was in possession of all the documents, but I did not think that every Member of the House would be, so I thought it better to give hon. Members a day to read the documents and have the debate today. It gave me the added advantage of being able to visit Chippenham, which, of course, is the town of the right hon. Gentleman's birth. I was able to thank the people of Chippenham for putting him on earth and delivering him safely to this place.

The right hon. Gentleman criticises the issues that we put on the table: getting out of ever closer union, waiting times for welfare and guarantees for fairness between ins and outs. I know that he did not read the Labour manifesto, but I did, and actually all those things were in the Labour manifesto. Labour wanted a two-year welfare wait rather than a four-year welfare wait, but many of the other elements of our negotiation were supported by Labour, so Labour Members can feel they have a mandate for backing these measures.

The right hon. Gentleman asked about the detail on the emergency migration brake, because there are gaps in the text. He is absolutely right about that; we need to secure the best possible outcome at the February Council.

He asked about the danger of the exploitation of migrant workers, and that is an area where I think he and I agree. That is why we have boosted the Gangmasters Licensing Authority, and we have put in place better co-ordination between it and the National Crime Agency. We are making sure that there are more investigations and more prosecutions.

TTIP is an area where we profoundly disagree. Other socialist Governments in Europe take my view, which is that TTIP will be good for jobs, good for growth and good for businesses. I am not sure that I ought to advise the right hon. Gentleman to spend more time with trade unions, but if he spends time with trade unions in Sweden and some other countries in northern Europe, he may find that they, too, support TTIP, because they want jobs for their members.

In the end, I would say to the right hon. Gentleman and to all Members across the House that this is an important moment for our country. Yes, there will be areas of disagreement between the Conservatives and Labour, but we are involved in trying to get the very best negotiation for Britain. The European Parliament plays a part in that, and the Party of European Socialists plays a part in that. I urge all hon. Members, if you want to have no more something for nothing, if you want to get Britain out of ever closer union, if you want fairness between those in the euro and those out of the euro, and if you want a more competitive and successful Europe, let us fight this together. [*Interruption.*]

Mr Kenneth Clarke (Rushcliffe) (Con): Feelings are obviously getting roused on this subject.

The Prime Minister has achieved more on the big issues in this negotiation than I ever expected—and, I suspect, more than the hard-line Eurosceptics ever expected, which is why they are denouncing it so fiercely—but, as he says, he still has to deliver it. Does he accept that he will have great difficulty in persuading Governments in central and eastern Europe, in particular, to accept that their citizens lawfully working here alongside English people in key sectors such as the health service and the construction industry should have lower take-home pay in the first few years than their English workmates?

If the Prime Minister has to offer something in exchange for that, could he perhaps consider underlining our NATO commitment to those countries, as their biggest concern is future military adventures by Putin's Russia? To underline our role as one of the leading military contributors, if not the leading military contributor, through NATO to the European alliance would be a very good offer to make—by deploying more troops, perhaps—in order to get what is a difficult concession for our partners in those countries to make.

The Prime Minister: I am grateful to my right hon. and learned Friend, who has huge experience of European negotiations—both treaty negotiations and ongoing negotiations in the Council of Ministers—for what he says. He is absolutely right that these are difficult issues. My argument is that while we have the free movement of people that many British people take advantage of, we do not have harmonised welfare and benefit systems, and nor should we.

The second point I make to my colleagues in Europe is that when countries in Europe have problems that they believe affect their key national interests, we have

got to be flexible enough to deal with them. I think that that is what this agreement is showing. The advantage of the proposals put forward is that they will have the support of the European Commission. I think that that will reassure some of the states in Europe that have misgivings.

My right hon. and learned Friend is absolutely right that we can also reassure those states about our investment in their security, because I think that is a very important issue. With, as it were, Putin to our east and ISIL to our south, this is a moment where we need to make sure we are working together.

Angus Robertson (Moray) (SNP): We in the Scottish National party warmly welcome the opportunity to make the positive case for the European Union. It really matters that we are part of the world's largest single market; it really matters that we can help to determine the rules and laws that apply to us; and it really matters that we have a social Europe with rights and protections for citizens and for workers. First off, will the Prime Minister therefore commit to a positive campaign to remain in the European Union, and not resort to the negative tactics of "Project Fear"?

On the Prime Minister's negotiations, may I suggest that he stops pretending to have won some major victory? He has not even secured the treaty change he promised and much else besides. What is at stake is much bigger than his recent discussions; it is about whether or not we remain in the EU. That is what the debate across the UK will be about in the run-up to the referendum.

The timing of the referendum really matters to the electorates and the Governments of Scotland, Wales and Northern Ireland, as well as of London, where there are elections in May. This morning, the First Minister of Scotland, Nicola Sturgeon, the Labour First Minister of Wales, Carwyn Jones, the First Minister of Northern Ireland, Arlene Foster—[*Interruption.*] I think the First Ministers of Northern Ireland, Wales and Scotland deserve a little bit more respect than the baying from the Tory side of the House. They and the Deputy First Minister of Northern Ireland, Martin McGuinness, have written to the Prime Minister today. I think that right hon. and hon. Members should listen to what they say:

"We believe that holding a referendum as early as June will mean that a significant part of the referendum campaign will necessarily run in parallel with those elections and risks confusing issues at a moment when clarity is required... We believe that the European Referendum is of vital importance to the future of the whole United Kingdom and the debate leading up to it should, therefore, be free of other campaigning distraction. We believe it would be better for you"—

the Prime Minister—

"to commit to deferring the EU referendum at least until later in the year."

Will the Prime Minister take this opportunity to confirm that he will be respectful of the views of the Governments of Scotland, Wales and Northern Ireland and defer the referendum beyond June?

Finally, may I take the opportunity yet again to ask the Prime Minister to answer this question, which he has singularly failed to do thus far? Will he confirm that there are still no safeguards in place that would stop Scotland being taken out of the EU against the will of the Scottish electorate?

The Prime Minister: First, let me say that, yes, when this campaign comes—of course, we will first need an agreement, a recommended position from the British Government and all the rest of it—it should of course be a positive campaign. In terms of what the right hon. Gentleman says about treaty change and whether this is legally binding, as I explained, it is legally binding and it does envisage treaty change.

In terms of timing, as I explained at Prime Minister's questions, it is a matter for the House. The House debated it and the House ruled out coinciding with the Scottish, Welsh and London elections, but the House did not rule out holding a referendum at another time. Specifically, the former First Minister, the right hon. Member for Gordon (Alex Salmond), said that six weeks was the appropriate gap. Obviously, we have to wait to see whether an agreement is reached, but where I disagree with the right hon. Member for Moray (Angus Robertson) is that I do not believe that somehow this is confusing the issues: I think people are perfectly capable, six or more weeks after one set of elections, to consider another election. I note that the Leader of the Opposition, whose party is in control of Wales, was actually pressing me to hold the referendum on 23 June. There is obviously a range of opinions out there. I think the best thing to do is to get the deal done and then hold a referendum.

Sir William Cash (Stone) (Con): This is all about voters' trust. Why has my right hon. Friend, in order to stay in, bypassed so many promises and principles? Our national Parliament is the root of our democracy, as he said at Bloomberg, not a majority of red cards in other Parliaments. He said that we would have full-on treaty change, not the arrangements that have been announced to us today. We were promised a fundamental change in our relationship with the EU. We were promised that we would deal with the excessive immigrant numbers, but that has been whittled down to an issue about in-work benefits controlled by the European Court of Justice. Above all, we were told and promised that this entire package would be both legally binding and irreversible, but now it will be stitched up by a political decision by the European Council, not by a guaranteed treaty change at the right time. I have to say to the Prime Minister that this is a wholly inappropriate way of dealing with this matter.

The Prime Minister: I have great respect for my hon. Friend, but I have to say that, on the issue of whether it is legally binding, I really do believe he is wrong. If this document is agreed, it would be an international law decision and, as an international law decision, the European Court of Justice has to take it into account. I would make the point to him, because he follows these things very closely, that Denmark negotiated the same sort of legal opt-outs and, 23 years on, they clearly stand and are legally binding. Those are the facts.

My hon. Friend asks whether we are meeting what we set out in the promises we made. We made very clear promises in our manifesto: get Britain out of ever closer union—that is a promise that we kept; make sure we restrict immigrants' welfare benefits—that is a promise that we are keeping; real fairness between euro-ins and euro-outs—that is a promise that we are keeping. In every area—more competitiveness, making sure subsidiarity means something—we have met the promises that we have set out.

[The Prime Minister]

I understand that there will be those who say, “We didn’t ask for enough”, or, “We need more reform.” I believe these are the reforms that go to the heart of the concerns of the British people. People feel that this organisation is too much of a political union; it is too bureaucratic; it is not fair for non-euro countries; and we want more control of immigration. Those four things are largely delivered through this negotiation.

I would just say this to colleagues from all parts of the House. I have sat on the Benches on this side and that side and I have heard about the Maastricht treaty, about the Lisbon treaty, about the Nice treaty and about the Amsterdam treaty, but I have never seen a Prime Minister standing at this Dispatch Box with a unilaterally achieved declaration of bringing powers back to our country. That is what we have got. That is what is within our grasp.

Alan Johnson (Kingston upon Hull West and Hessle) (Lab): Will the Prime Minister join me in welcoming the launch today of Environmentalists for Europe, which is co-chaired by Stanley Johnson, the father of the hon. Member for Uxbridge and South Ruislip (Boris Johnson)? Will he also welcome the splendid article last week setting out the importance for science and technology of remaining in the European Union, which was penned by his Minister for Universities and Science, who is the brother of the hon. Member for Uxbridge and South Ruislip? Will he have a word with his hon. Friend to tell him about the importance of family solidarity and of joining the swelling ranks of Johnsons for Europe?

The Prime Minister: Very good. The right hon. Gentleman is absolutely right that we cannot have too many Johnsons agreeing with each other. There is also Rachel Johnson, the columnist: we will have to go after her and make sure of that. He makes a very important point about grants for universities and schools. We all complain, rightly, about the European budget. That is why it is so important that we have got it under control: it has to fall every year. In the budget negotiations, we did safeguard the money that British universities actually benefit from on a disproportionate basis. As for completing the happy family pack of the Johnsons, we may have to wait a bit longer.

Several hon. Members *rose*—

Mr Speaker: Order. I would call the hon. Member for Uxbridge and South Ruislip (Boris Johnson) to ask a question if he were standing, but he isn’t, so I won’t. You cannot have it all. I call John Redwood.

John Redwood (Wokingham) (Con): As we are driven in the EU vehicle towards ever closer union and political union, how does it help to try to fit a couple of emergency brakes that lie within the control of the EU, not us? Is not the only way to get control of our borders, our tax revenues and our welfare system to leave, be a good European and let them get on with their political union?

The Prime Minister: I do not agree with that, because what we are actually doing is making sure that it is very clear that Britain is carved out of ever closer union. I think that is a real advance. Indeed, it is something that

my right hon. Friend and other colleagues have been asking for, quite rightly, and which I have always believed is right. Our view about Europe is that we are not there for political union; we are there for co-operation, we are there for trade and we are there for working together on the things that matter.

Of course, these documents can change—this is all in draft—but one of the issues about ever closer union is that the European Union has actually gone further than I thought it would. I think colleagues will find it interesting that it has said

“the references to an ever closer union...do not offer a basis for extending the scope of any provision of the Treaties or of EU secondary legislation. They should not be used either to support an extensive interpretation of the competences of the Union or of the powers of its institutions as set out in the Treaties.”

That has never been said before in those ways. For those of us who care about ever closer union and about getting out of ever closer union, this actually goes a long way to achieving, in many ways, more than what we asked for.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The European continent is seeing the largest flows of people and refugees since the end of world war two. The Balkans are becoming ever more volatile and our NATO partner Turkey is not behaving as helpfully as it could. Have any of the negotiations that the Prime Minister has been involved in increased the security of the European continent or the security of the United Kingdom?

The Prime Minister: I would argue that they have done both. When it comes to the security of the continent, we recognise that Europe’s external border, although it is not our external border because we are not in Schengen, matters. That is why we have sent more representatives to help the European Asylum Support Office than any other country and why we are happy to do even more, working with the Greeks and the Turks.

There is an important change in this deal that will increase the security of Britain. First, because we are not in Schengen, we do not have to let foreign nationals who come to other European countries into Britain, and long may that be the case. The key changes that the Home Secretary and I have managed to secure about protecting our immigration system from fraudsters, sham marriages, criminals and people who get married to European nationals to try to get into our country have become even more important. We are going to secure those, if this goes ahead, from within the EU.

Boris Johnson (Uxbridge and South Ruislip) (Con): Since you have been so kind as to call me, Mr Speaker, perhaps I may ask the Prime Minister how the changes resulting from the negotiation will restrict the volume of legislation coming from Brussels and change the treaties so as to assert the sovereignty of this House of Commons and these Houses of Parliament.

The Prime Minister: Let me take those issues in turn, because my hon. Friend is absolutely right to raise them. First, asserting the sovereignty of this House is something that we did by introducing the European Union Act 2011. I am keen to do even more to put it beyond doubt that this House of Commons is sovereign. We will look to do that at the same time as concluding the negotiations.

On what we are doing to restrict the flow of legislation from Brussels, for the first time ever in this deal, there is a commitment that Europe has to examine all its competences every year and work out what should be returned to nation states—subsidiarity in action, rather than in words. There is also the proposal to cut Brussels regulation through the bureaucracy cutting targets. That has never been there before.

I would argue that, looking across this deal, one can see that we have welfare powers coming back, we have immigration powers coming back, which I have just spoken about, and we have bail-out powers coming back. Of course, on the massive return of power that we achieved in the last Parliament with the justice and home affairs opt-out—the biggest return of power from Brussels to Britain since we joined the EU—we have absolutely nailed that down in these discussions to make sure that they cannot get around it. Those were all key objectives. I am not saying that this deal is perfect. I am not saying that the European Union will be perfect after this deal—it certainly won't be—but will the British position be better and stronger? Yes, it will.

Mr Nigel Dodds (Belfast North) (DUP): Since assuming office in 2010, the Prime Minister has, to his credit, tried on occasion to limit the increases in the contributions made by the United Kingdom to the European Union budget, with varying degrees of success. Given that the UK pays £9 billion or more net into the EU every single year, will he tell us how much our contribution will go down in net terms each year as a result of this agreement?

The Prime Minister: We have already done the European budget agreement. For the first time, the seven-year financial perspective shows that the budget over the next seven years will be lower than over the last seven years, so there is a real-terms cut—something no one thought it would be possible to achieve. The exact amount of money we give depends on the growth and success of our economy. One consequence of our strong growth and the difficult times in the eurozone is that a little more has been contributed, but the overall financial perspective is coming down, which is good news for Britain.

Mr Dominic Grieve (Beaconsfield) (Con): My right hon. Friend has, I believe, achieved a quite remarkable result because of the legally binding nature of the document that he will bring back if it is accepted by the European Council. In that context, he will know that one of the principal problems that has bedevilled the United Kingdom's relationship with the European Union has been the capricious interpretation of the treaties, sometimes to circumvent what the United Kingdom has believed to be its true treaty obligations. In view of the remarkable specificity of this document, does he agree that it will be a very powerful tool in preventing that from happening in future?

The Prime Minister: My right hon. and learned Friend makes a very important point. If we stand back for a moment and ask ourselves how it is that powers have been taken from this House to Brussels, we see that it has really happened in two ways. First, successive treaties have passed competences from Britain to Brussels. That cannot happen anymore because we legislated in the last Parliament for the referendum lock, so if any Prime

Minister—me or any subsequent Prime Minister—tried to sign up to another treaty to pass powers to Brussels, they could not do so because there would be a referendum. The second way in which powers get passed is through the judgments of the European Court of Justice. That is why what has been secured on ever closer union is important. It says in terms, if we get the deal agreed, that that clause cannot be used to drive a ratchet of competences going from Britain to Brussels. The two routes to further integration, where Britain is concerned, have been effectively blocked off.

Liz Kendall (Leicester West) (Lab): Will the Prime Minister confirm that nothing in the renegotiation waters down the important security co-operation at the EU level, such as intelligence sharing, joint investigations and the European arrest warrant? When a deal is done finally, will he join Opposition Members in making the strong case that our membership of the EU helps to bring criminals to justice and keep Britain safe?

The Prime Minister: I want the deal to be done and the security argument is an important one. When my right hon. Friend the Minister for Europe was answering questions yesterday, he was asked whether it is consistent to say, as we do in the document, that national security is a national competence and to argue that Europe is important for security. I believe that it is. It is very important that we are clear that the core competences such as policing and our intelligence services are for this House and our Government to decide on, but of course there are ways in which we can co-operate in Europe to make ourselves safer, such as making sure that we know when criminals are crossing borders and making sure that we exchange passenger name records and the rest to keep us safe. That is why, when we opted out of the justice and home affairs powers, repatriating about 100 powers to Britain, we stayed in the ones that really matter in respect of keeping us safe. It is important to demonstrate that we are both maintaining national security as a national competence and working with our partners to keep our people safe.

Dr Liam Fox (North Somerset) (Con): First, may I say through you, Mr Speaker, to the Leader of the Opposition that I would prefer what he describes as the “drama” of the Conservative party to the tragedy of his Labour party any day?

Whether or not an emergency brake kicks in is ultimately the decision of the European Union, not the UK. The level of immigration at which it kicks in is ultimately a decision for the EU, not the UK. Even the level of benefits sent abroad is ultimately a decision for the EU, not the UK. Is it not clear that we are not sovereign in those areas of policy and do not have independent control over them? Ultimately, is not the decision in the referendum whether we want our own laws and our own borders to be determined here by ourselves or overseas by someone else?

The Prime Minister: I have great respect for my right hon. Friend. He explained very clearly on the radio this morning that he would be for leaving the EU, even without the renegotiation. He was very honest and frank about that. In terms of dramas and tragedies, I

[*The Prime Minister*]

am sure that he will join me in echoing the old insurance advert by saying that we should not turn a drama into a crisis.

On the emergency brake, the European Commission has been absolutely clear in the documents that it

“considers that the kind of information provided to it by the United Kingdom shows the type of exceptional situation that the proposed safeguard mechanism is intended to cover exists in the United Kingdom today.”

Of course, I am all for maximising the sovereignty of this House and our Government, and our ability to do things, but we have said that we want there to be no more something for nothing, that we want a welfare brake and that we want to be able to deny benefits to people in full before they have been here for four years. This paper says that that can happen as soon as the legislation allows.

Dr Alasdair McDonnell (Belfast South) (SDLP): May I reassure the Prime Minister that, in my estimation, most of us in Northern Ireland agree with him that we would be much more successful in the European Union than out of it? I urge him to hold the referendum later than June, so that all the aspects can be fully discussed and debated. When all the negotiations are completed, if there is a positive “stay in” result in the referendum, can he see the UK taking a much more positive and engaged role in the structures and organs of the European Union?

The Prime Minister: Were there to be an agreement in February, I do not think that a four-month period before a referendum would be too short. I think four months is a good amount of time to get across the key arguments, facts and figures, and for both sides to make their points. That will be equally important in Northern Ireland, and I give the hon. Gentleman a guarantee that if there is an agreement, I will personally spend time in Northern Ireland, making the points that I think are most important. As for the role of the EU in helping to bring about the successful transformation of Northern Ireland, there have been positive moves in terms of grants, and structural and other funds, to help build the strong economy in Northern Ireland that we need.

Mr Peter Lilley (Hitchin and Harpenden) (Con): As a former Secretary of State for Social Security, may I ask my right hon. Friend to clarify the status of the agreement on migrants’ benefits? The EU has no competence over benefits rules in member states, unless they conflict with the freedom of movement clause in the treaty. If the proposed changes do not conflict with the treaty, we could have introduced them immediately without using up our negotiating clout on this issue. If the changes do conflict with the treaty, they will be struck down by the EU Court, unless the treaty is changed first.

The Prime Minister: The view is that this emergency brake can be brought in under the existing treaties, but only with legislation through the European Parliament. On an accelerated timetable, the leader of one of the major parties said that that could take one, two or three months. That is what makes it clear that we can act in this way not just legally, but—crucially in my view and, I think, in that of the British public—quickly.

Kate Hoey (Vauxhall) (Lab): When the Prime Minister meets various EU leaders over the next few months, will he make it clear to them that the result of the referendum is to be decided by the British people, and that they should not try to interfere in any way with the British people’s views? Will he particularly say to the Irish Taoiseach that it was not at all helpful, and indeed it was very uncomplimentary to the people of Northern Ireland, for him to imply that if the people of the United Kingdom decide to leave the European Union, that would threaten the peace process?

The Prime Minister: I absolutely agree that this decision is for the British people, and the British people alone, and they certainly do not want to hear lectures from other people about that. It is because this affects Britain’s relations with the rest of the world, and other issues, that there may well be people who want to make a positive contribution, and that is a matter for them. I think that the peace process is secure and we must keep going with it, and I believe that the Taoiseach is a friend of the United Kingdom. He spoke up very strongly for Britain at the European Council, and I think he was quite influential in trying to build good will, and saying that we in the European Union should recognise that if a country has a national interest at stake and needs things fixed, we must be a flexible enough organisation, because otherwise we will not be able to sort those things out.

Philip Davies (Shipley) (Con): The Prime Minister has said that if we vote to leave the EU, he would want to continue as Prime Minister—a combination that I would fully support. He certainly fancies himself as a negotiator. Given that we have a net contribution each year to the European Union of £19 billion and a trade deficit with the EU of £62 billion, and that if we were to leave we would be the single biggest export market of the European Union, does he think he has the ability to negotiate a free trade agreement from outside the EU, without handing over £19 billion a year?

The Prime Minister: I have great respect for my hon. Friend, who I think wanted to leave the EU whatever came out of these negotiations, and I am sure he will make his arguments powerfully. Obviously, we must consider all the issues, and once the debate starts, people will want to look at all the alternatives. Would Britain be better off in a customs union arrangement such as that with Turkey? Would we be better off in a free trade agreement, such as that with Canada? Would we be better off in a situation such as the one the EU has with Norway and Iceland? I have started talking about some of those alternatives. I think the Norway example is not a strong one, because Norway contributes more per head to the EU than we do, and it has to take all the legislation passed in Brussels. I am sure that that will be an important part of the debate to come.

Mr David Winnick (Walsall North) (Lab): Does it surprise the Prime Minister that, so far at least, he does not seem to have persuaded any of the critics on the Conservative Benches about the virtues of his negotiations? He may have persuaded the Home Secretary, for reasons that we understand, but apparently he has not persuaded any of the other critics.

The Prime Minister: Maybe the hon. Gentleman can help me out—I don't know. This is a very important issue for our country, but in the end it will not be decided in this Chamber. We will all have to reach our own conclusions, and if hon. Members passionately believe in their hearts that Britain is better off outside the EU, they should vote that way. If they think, even on balance, that Britain is better off in the EU, they should go with what they think. Members should not take a view because of what their constituency association might say or because they are worried about a boundary review, or because they think it might be advantageous this way or that way. People should do what is in their heart—if you think it is right for Britain, then do that.

Sir Edward Leigh (Gainsborough) (Con): Since no one else has done this so far after nearly an hour, and since my mum always said that I should say thank you, may I thank the Prime Minister for giving us a choice in the first place? One question to ask about the referendum is what is the point in having an emergency brake on our car if the backseat driver—namely the European Commission—has the power to tell us when and for how long we should put our foot on the brake pedal?

The Prime Minister: This is rather a different situation; we are being told in advance that because of the pressures we face, this is a brake we can use, and that we can do so relatively rapidly after a referendum, and I think it would make a difference. The facts are these: 40% of EU migrants coming to Britain access the in-work benefits system, and the average payment per family is £6,000. Don't tell me that £6,000 is not quite a major financial inducement. I think that more than 10,000 people are getting over £10,000 a year, and because people get instant access to our benefits system, it is an unnatural pull and draw to our country. One thing that we should do to fix immigration into our country is change that system, and that is what we are going to agree.

Caroline Lucas (Brighton, Pavilion) (Green): Will the Prime Minister acknowledge that the referendum will be won or lost on bigger issues than this renegotiation, not least on a judgment that the greatest challenges facing us are better solved when countries work together? In that vein, may I invite him again to join me in welcoming the establishment of Environmentalists for Europe, which recognises that cross-border problems require cross-border solutions, and highlights the crucial role that the EU plays in protecting wildlife and nature in this country?

The Prime Minister: Where there are genuine cross-border problems we must work across borders to try to ensure a strong solution. I think that the key issues are prosperity and security, but within security comes environmental security, and at the Paris accord Britain was able to play a strong role. Through our example of getting carbon emissions down, and by having a strong plan for the future, we encouraged other countries in Europe to do the same. That leveraged in—sorry, terrible jargon: that brought about a better deal from the rest of the world.

Sir Eric Pickles (Brentwood and Ongar) (Con): Much has been said about the Conservative party manifesto that the Prime Minister and Conservative Members

fought the election on, and I have an electronic copy of it in front of me now. Should the Prime Minister succeed in his negotiations, he will achieve not only the letter of what we promised, but also the spirit. Perhaps most importantly, he will give the British people a chance to vote for a reformed Europe, or to vote for the uncertainty of leaving.

The Prime Minister: I am very grateful to my right hon. Friend. We are delivering the manifesto in fact and in spirit, not least by doing something that many people thought we would never deliver on, which is to hold that referendum. I remember sitting on the Opposition Benches when Tony Blair stood here and said, "Let battle commence; let the referendum on the constitutional treaty begin". The fact that that referendum was never held in many ways poisoned a lot of the debate in Britain. That is why the manifesto is so clear about the referendum and about the renegotiation aims.

Some people will say that a better approach is to go in, kick over the table, walk out the door and say, "I'm not gonna come back in unless you give me a list of impossible demands", but that was never the plan we set out. The plan we set out was to address specifically the biggest concerns of the British people about competitiveness, an ever closer union, fairness, and migration, and if we can complete this negotiation, that is what I believe it will do.

Caroline Flint (Don Valley) (Lab): I congratulate the Prime Minister on his progress in tackling what I think voters for all parties see as unfairness in the freedom of movement—not to work, but in some cases freedom of movement to claim benefits here in the UK. If we left the European Union, would it put at risk our co-operation with the French authorities in Calais to protect UK borders?

The Prime Minister: I am very grateful to the right hon. Lady for what she says. She raises an important point about Calais. There is no doubt in my mind that the agreement we have is incredibly beneficial. I think it works well for both countries. For Britain, being able to have our border controls in France and deal with people there is something we should be very proud of. We should do everything we can to sustain it. It is part of the European co-operation we have.

Michael Fabricant (Lichfield) (Con): Given the difficulty of getting any change to our EU membership approved by the other 27 countries, what we have got is as good as anyone, I think, might have expected and more. I congratulate the Prime Minister on his achievement. Will my right hon. Friend confirm that once the European Council have made its decision, he will respect the views of those Ministers who might publicly express the opinion that the United Kingdom should now leave the EU, and that the careers of those Ministers in this Government will not be jeopardised or threatened as a consequence?

The Prime Minister: I can certainly give my hon. Friend that assurance. We are still in the process of negotiation. The manifesto we all stood on said that we wanted to get the best possible deal for Britain and that we would all work on that together. That is exactly what we are doing. If the deal is agreed—whether in February or perhaps later, if it takes more time—there will then

[*The Prime Minister*]

be a meeting of the Cabinet to decide whether we can take a recommended position to the British people. If that position is to recommend we stay in a reformed European Union then, yes, at that point Ministers, who, as I have said, have long-standing views and want to campaign in another direction, will be able to do that. The Government will still have a position. This is not a free-for-all. It will be a clear Government position from which Ministers can depart. Yes, as I have said, they should not suffer disadvantage because they want to take that view.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): The Prime Minister has now listened to the views of the EU President and the other 27 Heads of State in the European Union about his proposals. In the spirit of his very own one nation respect agenda, will he also now listen to the views of the Heads of Government in the devolved Parliaments of the United Kingdom, who are unilateral in their belief that his preferred referendum timetable, in scheduling a vote for the end of June, is disrespectful and wrong?

The Prime Minister: In terms of the respect agenda, my right hon. Friend the Europe Minister has had a number of conversations with the heads of the devolved Administrations and I think that is absolutely right. On the referendum date, I do not think we should get ahead of ourselves. We need an agreement first, but I really do not believe that a four-month period, and a good six weeks or more between one set of elections and another, is in any way disrespectful. I have great respect for the electorates of our countries. They are able to separate these issues and make a decision.

Sir Gerald Howarth (Aldershot) (Con): I commend my right hon. Friend for sticking to his commitment to offer the British people a choice on this matter. I also support very much what he has just said about maximising the sovereignty of this Parliament. Does he not agree that the proposals to require the United Kingdom to secure the support of many continental Parliaments to block any EU directive that this Parliament opposes do not constitute the fundamental reform he seeks?

The Prime Minister: I argue that the red card proposal for national Parliaments is something new—it did not previously exist. Of course, it will take a lot of co-ordination between Parliaments, but where I think it is so much more powerful than the previous proposals, of yellow cards and what have you, is that it would be an absolute block. If we could get the right number of Parliaments together over an issue, the Council and the Commission would not go ahead with it. I think it goes alongside the subsidiarity test that takes place every year, getting Britain out of ever closer union, and reaffirming the sovereignty of Parliament as we have done and will do again. It is one more measure that demonstrates we believe in national Parliaments.

Mr Pat McFadden (Wolverhampton South East) (Lab): There is a much broader case for continued UK membership of the EU beyond the four items in the Prime Minister's negotiation based on jobs, our economic interest, our collective security and our place in the world. Does the Prime Minister accept that if we voted to leave the

European Union but then found ourselves still having to accept all the rules of the single market, that would be to swap our position as a rule maker for that of being a rule taker? That is not control and that is not the right future for a great country such as the United Kingdom.

The Prime Minister: As ever, the right hon. Gentleman speaks very clearly and powerfully. Of course he is right. Much bigger arguments are going to take place over the coming months and I am not over-claiming about the four areas where we have made progress. I merely say that they relate to four of the things that most concern the British people about Europe and that we are some way down the road of fixing them. The point he makes about being a rule maker not a rule taker is absolutely vital. Britain is a major industrial economy with a huge car industry, a huge aerospace industry and a very important financial services industry. We need to make sure we are around the table making the rules, otherwise there is a danger that we are not just a rule taker but that the rules are made against us. That is what we need to avoid.

Sir Nicholas Soames (Mid Sussex) (Con): Among the other important measures successfully negotiated by my right hon. Friend the Prime Minister, I welcome in particular the recognition of the Union's need to become more competitive and explore the untapped potential of the single market, and indeed to press on with vital trade negotiations with the United States and other key partners. Will my right hon. Friend confirm that when the negotiations are, I hope, happily concluded, our national debate must move on to the real questions of this referendum relating to the safety, economic security and prosperity of the United Kingdom, and the role we are to play in the world in the decades to come?

The Prime Minister: My right hon. Friend is absolutely right. We will be holding the debate at a time of great uncertainty and insecurity in our world. We have Russia, with its destabilisation of Ukraine to our east. We have the horrors of Daesh to our south. This is a time when we need to be working closely with our neighbours and friends to make sure we can deliver greater security for our people. It is, of course, true to say that a cornerstone of our security is NATO, our "Five Eyes" partnership and our special relationship with the United States. They are vital. In the modern world, however, border information, passenger name records, criminal record information systems, sharing information about terrorism and fighting together against Islamist extremists—not just in Syria and Iraq, but, tragically, in our own countries all across the European Union—are very important issues.

Mr Ben Bradshaw (Exeter) (Lab): I wish the Prime Minister and the British negotiating team well for what remains of this process. Will he acknowledge that all the major threats and challenges Britain faces, from international terrorism to climate change, demand that we work closely and collaboratively with our close neighbours, and that we do not relegate ourselves to a position of isolation and impotence?

The Prime Minister: My judgment in all of this is that I want things that increase the power and the ability of Britain to fix problems and to deal with our own

security, stability and prosperity. What matters is this: are we more able to deal with these things? One thing Europe needs to get right is to get rid of the pettifogging bureaucracy on the small things that infuriate people but do not actually make a difference, and to focus instead on security, prosperity and jobs—that is the focus.

Several hon. Members *rose*—

Mr Speaker: Order. A very large number of right hon. and hon. Members are still seeking to catch my eye. Legendarily, the Prime Minister, on several occasions, has been here for long periods to respond to questions, but there is now a premium on brevity that will be demonstrated, I am sure, by the hon. Member for Harwich and North Essex (Mr Jenkin).

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I point out to my right hon. Friend that the former director general of the legal service of the Council of Ministers, Jean-Claude Piris, has said:

“There is no possibility to make a promise that would be legally binding to change the treaty later”?

In fact, he then used a word which one might describe as male bovine excrement. Can the Prime Minister give a single example of where the European Court of Justice has ruled against the treaties in favour of an international agreement, such as the one he is proposing?

The Prime Minister: As I said to my hon. Friend the Member for Stone (Sir William Cash), Denmark negotiated the same sort of legal opt-outs—and, 23 years on, they still stand and are legally binding.

Mary Creagh (Wakefield) (Lab): On 21 July 2005, two weeks after four suicide bombers had murdered 52 people on London’s transport network, Hussain Osman tried but failed to blow himself up on a Hammersmith and City tube line. He fled to Italy and was speedily extradited to face justice in this country—in a matter of weeks rather than the years that a bilateral extradition process would have taken. Can the Prime Minister reassure me and all hon. Members that nothing he does in the renegotiation process will put the functioning of the European arrest warrant at risk?

The Prime Minister: I certainly can give the hon. Lady that reassurance. The House debated this issue. We opted out of much of justice and home affairs but we specifically chose to opt back into the European arrest warrant because it has proved very valuable, not least in the case that the hon. Lady mentions and other cases, in ensuring that terrorist suspects and serious criminals can be returned straight away to Britain. If we stay in a reformed European Union, those arrangements will continue. It is more a question for those who want to leave to say how they will put back in place something as powerful as what we have.

Mr Steve Baker (Wycombe) (Con): I very much admire the tenacity, the courage and the skill with which my right hon. Friend is defending—nay, polishing—this deal, but what happened to our 2010 manifesto commitments on the charter of fundamental rights and social and employment law?

The Prime Minister: We have put in place, as I and my right hon. Friend the Member for Brentwood and Ongar (Sir Eric Pickles), the former Communities and Local Government Secretary have said, all the things that we put in the manifesto—the manifesto on which my hon. Friend and I stood at the last election. The social chapter no longer exists; it is now merely part of the single market legislation. We have secured, for the first time, an annual reduction in legislation, which can of course include the sort of the legislation that my hon. Friend mentions.

Tom Brake (Carshalton and Wallington) (LD): In the words of John Kenneth Galbraith:

“All of the great leaders have had one characteristic in common: it was the willingness to confront unequivocally the major anxiety of their people in their time. This, and not much else, is the essence of leadership.”

Once the EU negotiations are complete, will the Prime Minister confront people’s anxiety, demonstrate strong leadership and unequivocally come out in favour of our EU membership?

The Prime Minister: I have been very clear. If we can achieve this negotiation, I will work very hard to convince people that Britain should stay in a reformed European Union. That would be very much in our national interest. I am not an expert on JK Galbraith, but when people have serious concerns—as people in this country do about the levels of immigration—it is right to try to act to address them, which is part of what this is about.

Sir Oliver Heald (North East Hertfordshire) (Con): I welcome the Prime Minister’s substantial progress towards an agreement that would allow us to stay in the EU, but does he agree that one of the most important aspects of such an agreement is that it is legally binding and provides a lot more clarity about Britain’s role within the EU—in terms of the new dispensation, and of existing treaties? That makes it extremely powerful from a legal point of view as it can be revoked only if we agree. It therefore has embedded force to it.

The Prime Minister: We have heard from the former Attorney General and the former Solicitor General, who have great legal expertise. The point that they make is right: this agreement will be legally binding on member states as a matter of international law. First, of course, it has to be agreed, but once it has been agreed, my hon. and learned Friend is absolutely right that it would be irreversible because it could be amended or revoked only if all member states, Britain included, decided to reverse it. Therein lies its irreversibility.

Stephen Timms (East Ham) (Lab): I want us to stay in the European Union, but the Prime Minister indicated that he would use the renegotiation to seek to address the unfairness in the European sugar market, which currently affects cane sugar refiners such as Tate & Lyle in my constituency. Has the right hon. Gentleman made any progress on that specific issue?

The Prime Minister: I will have to write to the right hon. Gentleman about that issue.

Mrs Anne Main (St Albans) (Con): The Commission might agree that we meet the requirements to have a break, but that is its decision. It might not agree in a few years’ time. Every step of these negotiations relies,

[Mrs Anne Main]

unfortunately, on somebody else giving us permission to make decisions for this country, as with the thousands of harmonised directives that we struggle with—day in, day out—in respect of which businesses have to ask the permission of other countries. This is not what the British public want, Prime Minister.

The Prime Minister: Let me deal first with the harmonised directives. We now have this test for subsidiarity—we had only fine words in previous treaties because there was never a mechanism to go with them—so the European Council and the European Commission are going to have to look at all these competences and return to member states those that are no longer necessary. That seems to represent important progress in the area my hon. Friend mentions. On migration, the European Commission has said that Britain qualifies now. Where my hon. Friend is right is that although we know that what is proposed is the ability to stop someone getting full access to benefits for four years, we need to fill in the detail on how long such a mechanism will last and how many times it can be renewed.

Hywel Williams (Arfon) (PC): In the Welsh general election, how will the Prime Minister's Conservative colleagues argue for the economic stability that Wales so sorely needs when it might be overthrown by his referendum just six weeks later?

The Prime Minister: British people, including people in Wales, voted for a Government who would deliver economic stability while putting this great question about Britain's future in front of the British people. As I have said before, public opinion in Wales, England, Scotland and Northern Ireland is all, to a greater or lesser extent, in favour of holding a referendum. I think this is the right policy for the whole of the United Kingdom.

Mr Christopher Chope (Christchurch) (Con): My right hon. Friend has talked about what is going to happen with the European Court of Justice. Does he recall that under the Lisbon treaty there is a requirement for the European Union to join the European convention on human rights. That has not been implemented because the European Court of Justice has said that it is incompatible with the EU treaties. Does this not show that, ultimately, although something might need to be taken into account, there is no need for compliance?

The Prime Minister: Let me say two things to my hon. Friend. First, I do not believe that the EU should join the European convention on human rights. I do not think that is the right step forward, and that has been the British Government's position. Secondly, we are committed in our manifesto to change Britain's position with respect to the European Court of Human Rights by having our own British Bill of Rights. We shall be coming up with proposals for that shortly.

Rachel Reeves (Leeds West) (Lab): British workers benefit from employment rights guaranteed at the EU level. Will the Prime Minister assure us that his renegotiation does not affect important employment rights, including rights to paid leave, equal rights for part-time workers and fair pay for agency workers?

The Prime Minister: All these rules are no longer in a social chapter, but are part of single market legislation. We now have the opportunity to make sure that single market legislation is proportionate and that it is on something that needs to be done at the European level rather than the national level. That is an ongoing conversation, as it should be under the rules set out here.

Damian Green (Ashford) (Con): Does my right hon. Friend agree that of all the documents issued yesterday, the most significant words are in Donald Tusk's letter to members of the Council, particularly where he says that "in light of the United Kingdom's special situation under the Treaties, it is not committed to further political integration."

Is that not precisely what the majority of the British people have always wanted—to be in Europe, but not run by Europe, to revive an old phrase. Is that not precisely what my right hon. Friend has achieved?

The Prime Minister: I thought the letter was interesting in that regard. The truth is that Britain's membership of this organisation is different from that of other countries. As the document sets out, we are not in the euro, we are not participating in Schengen, we keep our own border controls, we choose whether to participate in measures of freedom, security and justice. We opted out of the justice and home affairs area, and now we are opted out, as it were, of ever closer union. Our membership is different, and we need to make that case strongly as we go forward.

Ms Margaret Ritchie (South Down) (SDLP): Given that the south of Ireland is by far Northern Ireland's biggest export market, will the Prime Minister tell us what assessment he has made of the impact that leaving the European Union would have on the land border in Ireland? Can he tell us whether continued free movement in Ireland can be guaranteed, and has he assessed the damage that a customs border could cause to Northern Ireland's economic security?

The Prime Minister: Those are important questions. I think I am right in saying that the amendments to the European Referendum Bill—now the 2015 Act—that were agreed in the House of Lords and were then, I think, accepted here require the Government to produce a series of documents concerning the reform proposals, the alternatives to membership, and the obligations and rights that attach to membership of the European Union. I think that, through a process involving those documents, we should address a very important question that clearly affects one part of the United Kingdom quite intensely.

Mr Jacob Rees-Mogg (North East Somerset) (Con): In 2014-15, 183,000 economic migrants came from the European Union, none of whom would have been deterred by anything we have heard so far. Ever closer union may be taken out of the preamble, but it remains in the essential text of all the treaties. On protecting the "euro-outs", all that will happen is that there will be a discussion—and there are plenty of discussions in the European Union—and, on competitiveness, that has been part of the European Union's own ambition since the Lisbon agenda of 1999.

The thin gruel has been further watered down. My right hon. Friend has a fortnight, I think, in which to salvage his reputation as a negotiator.

The Prime Minister: My hon. Friend is extremely articulate and always speaks very powerfully, but let me take two of the points that he has made and explain why I think that, actually, he has got this wrong.

First, the principles that will be legally binding in terms of how currencies other than the euro are treated constitute a real advance. They mean, for instance, that never again can the European Union suggest that the clearance of euros is possible only in eurozone countries, which would have been disastrous for our financial services industry. I have secured that. The European Union cannot even promote that again, which is extremely important, because if we were not in the European Union, we would not have that protection at all. The EU could change the rule just like that. I do not think my hon. Friend understands the power of the principles of no discrimination, no disadvantage, and no cost, which mean that we cannot be forced to bail out eurozone countries as we nearly were last summer. Those are powerful principles.

On ever closer union, I encourage my hon. Friend to look at page 9 of section C of one of the documents, which states that

“the references to an ever closer union...do not offer a basis for extending the scope of any provision of the Treaties”.

As I have said, as far as I can remember—I was advising a Minister at the time of the Maastricht debates, and I sat through Lisbon and Nice and Amsterdam and the rest—the principle has never been set out in that way. This means that ever closer union cannot be used to drive a process of integration. If we in the House have the protection that we must have a referendum if any Minister ever suggests that we sign up to another treaty that passes power—protection one—and we have this too, we are well on our way to saying that our different sort of membership of the EU is not only safeguarded but is being extended, because not only are we out of the euro and out of Schengen, but we are out of ever closer union too.

Jack Dromey (Birmingham, Erdington) (Lab): Once the workshop of the world, Birmingham in the west midlands is now the industrial heartland of Britain. Key to that success is inward investment, including investment by Jaguar Land Rover in the 3,000-strong Jaguar factory in my constituency, and key to inward investment is continuing membership of the European Union. Does the Prime Minister agree that it is strongly in the best interests of midlands workers that we remain part of Europe?

The Prime Minister: Provided that we secure the agreement that we need, yes, of course I do. We are seeing an industrial renaissance in the west midlands, much of it involving the automotive industry. I have had a number of meetings with car manufacturers in recent days: I saw representatives of Toyota and Ford yesterday, I have had conversations with Jaguar Land Rover and others, and I was with BMW representatives in Germany recently. They have all made the point that Britain is a great centre for the manufacture of cars, and of engines in particular. That is relevant to the issue of the standards set in Europe and our being a rule maker and not a rule taker, which is very important for our auto industry.

Mr John Baron (Basildon and Billericay) (Con): Following the Prime Minister’s response to my recent parliamentary question, I have taken his advice and cleared the diary for a debate in the Chamber tomorrow on parliamentary sovereignty. Given the importance of sovereignty to the EU negotiations, will he join us for that debate, and, perhaps, respond to it on behalf of the Government?

The Prime Minister: I am very sorry, but I have not been able to clear my own diary. Tomorrow is the Syria conference. In fact, many people will arrive tonight—more than 30 Presidents and Prime Ministers, I believe. The aim is to raise twice as much for the Syria refugee appeal this year as we did last year. However, I know that my hon. Friend is keen to have a word, and I will make sure that we fix that up.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): As 14,000 jobs in Oldham are dependent on Europe, I am very much in favour of staying in. However, although the Prime Minister said in his statement that the emergency brake would apply immediately after the EU referendum, it was reported yesterday that the process would take at least 18 months. Will the Prime Minister make clear which is the case, and tell us whether he will report on any other transitional arrangements relating to other measures?

The Prime Minister: What I said was that because this measure does not rely on changes in the treaty but will be in European legislation, it can enter into force relatively shortly after the referendum. It will require some legislation, but, as I said earlier, the leader of one of the biggest parties in the European Parliament said that it could be a matter of months, because the process can be accelerated. It just goes to show how much we need to bind everyone into the agreement that we hope to achieve in the coming weeks, so that the Parliament can pass the legislation as swiftly as possible.

Nick Herbert (Arundel and South Downs) (Con): Does my right hon. Friend agree that one of the biggest concerns about the direction of travel in the European Union is that countries within it, the eurozone members, wish to integrate more deeply in order to protect their currency? We have our own currency, but an incredibly important part of my right hon. Friend’s negotiation ambition was that we should be protected from any discriminatory measure that might result from those countries’ ability to integrate more closely. Is that not why this proposed package is indeed significant? Is it not the case that it does protect us, and that not only are there now two different speeds, but we have a different destination from our European partners, which puts us in a relatively advantageous position?

The Prime Minister: Let me make two points. First, I think that the reference to a different destination is significant. People have often talked about Europe moving at different speeds, but for the first time it is being said that we may not all be trying to achieve the same ends, and I think that that is very important.

The “euro ins-outs” section is probably the most technical and, in some ways the most impenetrable, but it contains some simple principles, such as the non-discrimination and no-cost principles that I mentioned

[*The Prime Minister*]

to my hon. Friend the Member for North East Somerset (Mr Rees-Mogg). There is also the very important concept that, should we need to take action in the form of financial supervision to secure our own financial stability, nothing should get in the way of such action. That, I think, is a very important clarification for the good of our country.

Phil Wilson (Sedgefield) (Lab): More than 80% of businesses in my constituency want to stay in the EU. More than 50% of the jobs are linked to trade with the EU. Our membership is vital to jobs, prosperity and security, and that is why Labour Members are united in campaigning to stay in Europe. Do we not need to end the uncertainty, have the referendum as soon as possible, and campaign to stay in the EU?

The Prime Minister: Obviously I am keen to end the uncertainty, but I am not in any hurry if we cannot get the right deal. I think we have set out very clearly what needs to be done, and I think it is possible for that to be agreed in February, but if it takes longer we shall have to be patient, because getting this right really matters.

Mr Peter Bone (Wellingborough) (Con): A week or so ago, 2,500 people turned up in Kettering for the first GO conference. GO—Grassroots Out—is an organisation whose aim is to get us out of the EU. We had cross-party speakers at the Kettering conference, and we shall be holding another in Manchester.

What has not been mentioned by commentators—I received an e-mail from the Prime Minister about this yesterday—is the fact that he rules nothing out. This is a process, and he may not get what he wants. I understand that he will not be able to come to Manchester because he is still involved in the negotiations, but if he does not get what he wants, could he come to our GO conference on 19 February, and would it be possible for me to drop off a tie for him at Downing Street?

The Prime Minister: My hon. Friend is always very generous with his time, with his advice, and now with his clothing as well. The tie has arrived, and I feel that the blazer is soon to follow.

I do not think that I shall be able to come on 19 February—I hope that I shall still be in the thick of negotiations—but I will of course report the results to the House.

Mr Speaker: It is a very garish item, I am bound to say, but who am I to object to that? [HON. MEMBERS: “Would you like one?”] I have suddenly been afflicted by a loss of hearing.

Sammy Wilson (East Antrim) (DUP): I hope my tie is not too garish for you, Mr Speaker.

When the Prime Minister visits Northern Ireland, which I would welcome, will he visit the devastated fishing villages, the families angered by EU Court rulings on terrorists, the manufacturers smothered in red tape and the haulage companies whose employees run the gauntlet at Calais every week because of the EU’s chaotic immigration policy? Will he explain to them how his red card will prevent further destructive EU

legislation, given that it requires him in 12 weeks to get 50% of Parliaments across the EU to oppose proposals backed by their own Governments?

The Prime Minister: I will want to address all those issues when I go to Northern Ireland. Already the reform of the common fisheries policy has led to some improvement, but there is more to be done. On the rules that manufacturers face, I have set out how we will cut bureaucracy. The documents also address directly the problem between the Republic of Ireland and Northern Ireland of sham marriages and people trying to get round our immigration controls, but we now need to carry them into force.

Tom Pursglove (Corby) (Con): The Prime Minister is trying his best to renegotiate our position, but would he not agree that the reforms, as they stand, do nothing to make the immigration system in this country fairer to people, regardless of where in the world they come from?

The Prime Minister: I think they do make it fairer. As I explained in the statement, it has for years been frustrating that we cannot apply some of the rules for British citizens marrying foreign nationals to EU citizens marrying foreign nationals. The agreement opens the way to ensuring that we can. All sorts of sham marriages, fraudsters, criminals and others who have been getting round our immigration controls will no longer be able to do so.

Joanna Cherry (Edinburgh South West) (SNP): *The Sunday Times* has reported that, as part of the negotiations and his plan to restore the sovereignty of Parliament, the Prime Minister is seeking to deny UK citizens access to the fundamental rights guaranteed by the EU charter. Does he appreciate that, as stated in the well-known case of *MacCormick v. Lord Advocate*, the doctrine of the sovereignty of Parliament is a distinctively English principle? In Scotland, the people are sovereign, and they do not want their human rights protections reduced.

The Prime Minister: People in our country had fundamental rights long before the EU charter of fundamental rights was even thought of, so we do not need these documents in force in Britain. We have our own Parliament and our own rights, and soon we will have our own British Bill of Rights.

Nadhim Zahawi (Stratford-on-Avon) (Con): Constituents and families will be thinking about what the future holds. All four tranches of the agreement are important to all our constituents, but the most significant is the protection for non-euro countries. Will the Prime Minister assure the House that he will look at the detail—the devil is in the detail—to make sure that there are no loopholes and that, as the eurozone countries integrate, we are protected and not discriminated against?

The Prime Minister: I will certainly do that. It will be a complex negotiation. The eurozone countries want the ability to integrate further and to know that we are not trying to block the action they need to take, but clearly we want to make sure that we, as members of the single market, are not disadvantaged.

Diana Johnson (Kingston upon Hull North) (Lab): I am sure the Prime Minister will welcome today's news that the largest offshore wind farm in the world is to be built off the east Yorkshire coast by DONG Energy and Siemens. This will create up to 2,000 jobs in the Humber estuary and result in £6 billion of investment. Does this not show that, whatever the debate and frustrations around the right terms, it is in our country's economic interest to be part of, and engaged in, the EU as a leading player?

The Prime Minister: I am delighted with that news, because the Government have given great support to Siemens and DONG Energy. We have—I think—the biggest offshore wind market in the world, because we have provided the regulatory certainty the industry needed. In the east of England, that has achieved not just one big factory, but the industrial regeneration of all the related industries. Irrespective of the outcome of the referendum, we have to make Britain the best place in the world to invest and grow a business. When the arguments come, I am sure many of those who want us to stay in a reformed EU will argue it will make us even more attractive, but we should wait until the starting gun is fired.

Neil Carmichael (Stroud) (Con): The scope and scale of the reform package reflect the key interests of a wide range of people in the Chamber. Does the Prime Minister agree that the important thing now is to make sure the details are legally binding and absolutely right and, above all, to sketch out the economic case for staying in the EU—not least the fact that more than half of our foreign direct investment comes from the EU?

The Prime Minister: My hon. Friend is right. The next few weeks will be about trying to secure this deal and nail down the details. If that is successful, there will then be the bigger arguments he refers to.

Andrew Gwynne (Denton and Reddish) (Lab): I suspect there will always be issues that divide the Prime Minister and me, but, on this, is not what matters the national interest and what he described as the greater prize? Is not one of the benefits of a document that is legally binding and ratified by the British people in a referendum that it will be the British people who decide? Had he gone for treaty change, could it not have been scuppered by referendums in France, Netherlands, Ireland and other EU member states whose publics might come to a different view from that of the British public?

The Prime Minister: I am grateful to the hon. Gentleman for his comments. Clearly, if agreed, this will be a legally binding arrangement, for the reasons I have given, but we are aiming in it for treaty change—on those things that need to change—the next time the treaties are altered. He makes a good point though: the more we can bring this together in one place and explain what it is about, the better the British people will see the force of the arguments.

Mr David Nuttall (Bury North) (Con): Does the Prime Minister accept that if the UK left the EU, we could regain our seat at the World Trade Organisation, thereby regaining our voice and influence on this crucial body for global trade, which we lost when we became a member of the EU?

The Prime Minister: My hon. Friend is absolutely right that, outside the EU, one option would be to take our seat at the WTO. The only problem is that the WTO has not signed many trade agreements in recent years. Those have tended to be bilateral agreements, such as the EU agreement with Canada, which we hope is about to come in, and that with Korea. Of course, Britain could, independently, sign trade agreements, but we have to weigh up how much influence Britain has as a member of the EU—a market of 500 million people—when negotiating the biggest and best trade deals with the fastest-growing countries in the world.

Mr Speaker: I call Brendan O'Hara. No. He was here.

Stewart Malcolm McDonald (Glasgow South) (SNP): The German Government and the European car lobby see the renegotiation as an opportunity to water down new proposals on emissions standards and type approval. Does the Prime Minister accept that that would be unacceptable to British drivers, and will he ensure that it will not be a bargaining chip in the renegotiation?

The Prime Minister: There is no connection between this renegotiation and those directives. The only one I can see is the one I made earlier: for the good of our car industry and our consumers, Britain needs to be in the room when these decisions are made.

Dr Sarah Wollaston (Totnes) (Con): The Prime Minister has set out the many things that remain to be reformed, but if this grudging and threadbare deal is the best the EU is prepared to concede, what serious hope is there of meaningful renegotiation if or when we are tied in long term under a referendum?

The Prime Minister: I would make two points to my hon. Friend. First, this is not coming at the time of a more general treaty change; it is a one-off. We are the first Government, and I am the first Prime Minister, I can think of who from a standing start have achieved a unilateral agreement for the good of their country inside the EU. I do not think it is threadbare; as others have said, it is very solid. I am sure that treaty changes will be coming down the track—the process of reform is never fully completed—but there is no danger, once the agreement is signed and, I hope, confirmed in a referendum, of Europe running away with a whole lot of other plans for Britain, because we have the referendum lock. Nothing can happen to Britain without a referendum in this country. That was such an important piece of legislation back in 2010, but I think sometimes we forget about it.

Greg Mulholland (Leeds North West) (LD): The Liberal Democrats believe in the UK being in Europe, but we also believe in the EU being reformed, so I congratulate the Prime Minister and his team and wish them well in the remaining negotiations. When he is leading the campaign to stay in, will he remind the British public of the mutual defence clause and that, frankly, in this unstable world now would be an absurd time to turn our backs on our nearest neighbours and allies?

The Prime Minister: I thank the hon. Gentleman for his good wishes for the final stages of this renegotiation. This will be a big argument in the campaign. Like many on this side of the House, I have always seen NATO as

[*The Prime Minister*]

the cornerstone of our defence, but as I said earlier, in the modern networked world the work we do, for instance in the Mediterranean to try and stop people leaving Libya and making the perilous journey to Italy, could be a NATO operation but right now it is a European operation in which Britain is playing a leading part. Being a member of networks where we can work together for our security is important.

Caroline Nokes (Romsey and Southampton North) (Con): Small and medium-sized enterprises are the absolute lifeblood of our economy and small business owners in Romsey and Southampton North are looking at the targets for regulation reduction with optimism, but what they are really seeking is a reassurance from my right hon. Friend that these are stretch targets and our real goal has to be to go beyond them and make sure there is a real-terms reduction in the amount of bureaucracy small businesses face.

The Prime Minister: My hon. Friend is absolutely right. What has been achieved so far is something like an 80% reduction in the number of proposals coming forward, but of course what we want to achieve is a reduction in the existing base of regulation and legislation where it is unnecessary, and that, again for the first time, is what we have secured targets towards.

Cat Smith (Lancaster and Fleetwood) (Lab): Can the Prime Minister confirm that British women's rights at work specifically around paid maternity leave, equal pay and anti-discrimination laws will remain firmly in place and will not be affected by any deal? For the same British women, may I ask for an update on how far his negotiations have got on the tampon tax?

The Prime Minister: First, I can give the hon. Lady that reassurance in terms of those guarantees and also the action we have taken domestically on things like shared parental leave, which I am very proud of and makes Britain a more family-friendly country. The tampon tax issue is difficult because of the VAT rules in Europe so I have nothing to add to what I have said before about that, but I totally agree about the desirability of trying to get it fixed.

Ben Howlett (Bath) (Con): May I join other colleagues in thanking the Prime Minister for all his work in negotiating a better deal for Britain in the EU? I agree with him that these reforms are a substantial and fundamental change to our relationship with the EU, but what assessment has he made of the impact of these reforms on the car manufacturing worker or the student who is looking at their Erasmus placement next year, as well as those who share similar concerns to those of a pensioner constituent of mine who contacted me yesterday and said, "What is the impact on my grandchild if we leave the EU?"

The Prime Minister: My hon. Friend is absolutely right. Inevitably these negotiations focus on important ideas and concepts of sovereignty and non-discrimination and deregulation and the rest, but we have to make sure this is a debate that is about consumers and how we are affected in terms of freedom to travel, freedom to study,

the price of flights, the availability of roaming charges, and how we are affected, as my hon. Friend said, as pensioners and car workers and young people looking for university places. Hopefully, all the debate will engage with, and bring out, those issues.

Jim Shannon (Strangford) (DUP): The Prime Minister has outlined the action he has taken in UK-EU negotiations, but what is missing from his statement is any reference whatever to the fishing sectors, which are choked with bureaucracy and unable to fish fully the seas around the United Kingdom of Great Britain and Northern Ireland. Farmers have to wade through red tape just to farm. The fishing sectors and the farmers have a simple solution: have the referendum as soon as possible and let us rid ourselves of the outrageous and top-heavy EU and just say no to Europe. Can the Prime Minister tell us, and the fishermen and the farmers, today when the referendum will take place?

The Prime Minister: I cannot give a date for the referendum because we do not yet have an agreement in place. I would say that in recent years there have been quite significant improvements in the common fisheries policy, not least in dealing with the appalling situation of discards. As for farmers, let the debate begin; let's hear from farmers and farmers' representatives about what they think about the support they get, the actions we have taken to try to simplify the bureaucracy with fewer inspections and the rest. I look forward to hearing from all farmers and their representatives.

Mrs Flick Drummond (Portsmouth South) (Con): I thank the Prime Minister for a very good negotiation. This report is fantastic, but may I draw my right hon. Friend's attention to section B? Does my right hon. Friend welcome Mr Tusk's comments on competitiveness, which commit to

"lowering administrative burdens and compliance costs on economic operators, especially small and medium enterprises, and repealing unnecessary legislation"?

That is what so many companies complain about. This is very welcome to all businesses, particularly those in Portsmouth who want to invest in Europe, and it is exactly the reason why we should be staying in this market which has over 500 million people.

The Prime Minister: I thank my hon. Friend for her remarks. Of course section B is important, but it is also worth looking at the draft European Council declaration on competitiveness which adds to section B and brings out some more details.

Mark Durkan (Foyle) (SDLP): Obviously any referendum debate will centre on the bigger picture, the longer-term challenge and deeper interests, but as well as the issues raised by my hon. Friend the Member for South Down (Ms Ritchie), will the right hon. Gentleman address whether the package he has come up with to do with the changes in relation to child benefit will automatically extend to cross-border workers in a constituency like mine, where EU precepts apply?

The Prime Minister: I will look very carefully at that issue, but I seem to recall from conversations I had with the Taoiseach that there are particular arrangements for the common travel area. But I will come back to the hon. Gentleman on this.

Robert Neill (Bromley and Chislehurst) (Con): The legal certainty that the Prime Minister referred to and the protections in the economic governance section of the document are very important to maintain the status of London as an international business and financial centre, but does my right hon. Friend agree that one of the risks to that position that would remain if this agreement were not successful would be the uncertainty of leaving a market which we can grow, improve and strengthen, and having then to try to get back into the market from the outside with uncertain cost, time and terms?

The Prime Minister: My hon. Friend, with his constituency, is right to talk about the importance of financial services and the City of London. We have 40% of Europe's financial services here in the UK. The current arrangements work quite well because people can passport their way through to establish themselves in any European country, so those arguing for alternatives will have to answer some quite difficult questions about how exactly we put those sorts of protections in place.

Peter Grant (Glenrothes) (SNP): Can the Prime Minister confirm he is now in receipt of a letter from my right hon. Friend the Member for Gordon (Alex Salmond) that makes it clear he does not believe six weeks is a long enough gap between national elections and the EU referendum? Clearly the misrepresentation that has happened is not intentional—we all accept that—but in order to set the matter straight, may I suggest that the Prime Minister and his colleagues are equally enthusiastic about circulating the actual views of the former First Minister, in particular his suggestion that the real reason the Prime Minister wants a June referendum is that a short campaign is designed to minimise the extent of the obvious divisions within the Conservative party?

The Prime Minister: First, I do not think four months is a short period of time. I think by the end of four months people might be heartily sick of the whole subject. But I notice that the thumbscrews and the other instruments of torture available to the current First Minister have clearly been applied to the former First Minister as we have seen a miraculous conversion—once six weeks was enough; now six weeks is not enough. I wonder what she did to him.

Richard Drax (South Dorset) (Con): May I, too, thank the Prime Minister for giving the country the chance of a referendum? Does he agree that he, I and this Government are nothing more than tenants whose duty while we serve is to protect our island inheritance—our democracy, sovereignty and freedom—and that we have no right whatsoever to sell it all, let alone cheaply, to a bureaucratic and unaccountable institution like the EU?

The Prime Minister: We are tenants; my hon. Friend is absolutely right. That is why I think after 40 years of the British people not having a say when Europe has changed so much, it is right to give the British people a say again, and what I wanted to do was give them the very best possible chance to have a say—not between the status quo today and leaving altogether, but with an improved settlement and plan for Britain by which they can choose to stay in or get out.

Several hon. Members *rose*—

Mr Speaker: Order. [*Interruption.*] I call Mr Tom Elliott—and he should not be diverted by the hon. Member for East Antrim (Sammy Wilson), who is sitting next to him.

Tom Elliott (Fermanagh and South Tyrone) (UUP): Thank you very much, Mr Speaker. I will not be diverted, and I have no ties to offer either. One of the major drawbacks of the European Union for businesses is red tape and bureaucracy. I note that yesterday's document stated that unnecessary legislation would be repealed. When will the public and our businesses be able to see which legislation is likely to be repealed?

The Prime Minister: As the document sets out, this will be an annual process. What is different about this is that, instead of just words about deregulation, two mechanisms are being put in place: one to enforce subsidiarity so that whole competences can be returned to member states, and one for burden-reduction targets. Those two things are new.

Mims Davies (Eastleigh) (Con): We on this side of the House want what is best for Britain when it comes to jobs and security. I have one vote, and I believe that there are aspects of the EU that need serious scrutiny and reform. My constituents share those thoughts. This party has provided this opportunity for a much-needed referendum and the reality of reform, and we can look at this and examine what is before us. Does the Prime Minister agree that voters want an open argument on this matter, rather than open warfare?

The Prime Minister: People want an open argument; they also want unbiased statistics and clear independent advice. So as well as there being an in campaign and an out campaign, once the deal is agreed—

Chris Bryant (Rhondda) (Lab): Two outs.

The Prime Minister: Well, several out campaigns, as the hon. Gentleman says. Once the deal is agreed, we also need to ensure that independent organisations, businesses, non-governmental organisations and any others who think that they would be affected are encouraged to come forward and give their views.

Stephen Gethins (North East Fife) (SNP): The Prime Minister talks about strengthening all the national Parliaments. Will he tell us, in the spirit of seeing subsidiarity in action, what exactly that will mean for the Scottish Parliament?

The Prime Minister: We are currently giving the Scottish Parliament the immense responsibility of being able to raise its own taxes. We are still negotiating that, but it is probably the biggest act of British subsidiarity that we have had for many years, and I would urge the SNP to pick up the baton and run with it.

Chris Philp (Croydon South) (Con): On the topic of in-work benefits, the Prime Minister has already said that the emergency brake is in the hands of the Commission. Does he agree that it would greatly help the “in” case if, over the next two or three weeks, he could get a slightly stronger commitment to apply that handbrake for a period into the future and not just initially? Secondly,

[Chris Philp]

on that topic, what would happen if we were to vote to stay in but the European Parliament did not subsequently ratify these measures?

The Prime Minister: On my hon. Friend's latter point, the European Parliament is a party to these negotiations and I have had a number of meetings with it. If he looks at the draft declaration of the European Commission on the safeguard mechanism, it is very clear that we are justified in triggering the mechanism straight away. On his other point, he is absolutely right to say that we need to secure in the negotiations the best possible agreement on all the other aspects of the operation of this mechanism: how long it lasts for, how many times it can be renewed, and all the rest of it.

Patrick Grady (Glasgow North) (SNP): There were approximately 500 days between the announcement and the date of the Scottish independence referendum, which is roughly the same length of time between today and 23 June 2017. There are 30,000 British citizens living in European countries and claiming benefits, so how will this draft, permanent, still-to-be-negotiated, legally binding package affect them?

The Prime Minister: I can let the House into a little secret. The reason why there were 500 days between the announcement of the Scottish referendum and the referendum itself is that I was so determined that there was going to be one question and one question only that I granted the former First Minister, the right hon. Member for Gordon (Alex Salmond), the right to name the date. He wanted to make sure that the referendum took place after as long as possible, after the anniversary of Bannockburn, after everything—everything he could throw in. I have to say that, from my point of view, the result was still very clear.

Paul Scully (Sutton and Cheam) (Con): Benefits as a pull factor for migration might have been blunted somewhat by these proposals but they have not been eliminated. Arguably the bigger pull factor for migration is our successful economy and job creation in the UK. Will the Prime Minister tell us what the draft proposals will do to enable the UK to control immigration from within the European Union in the long term, beyond the four years of the emergency brake?

The Prime Minister: On the long-term approach, we are dealing with the abuses of free movement with a more comprehensive package than ever before to deal with the fraudsters, the criminals and the sham marriages. We have the emergency brake which will deliver a four-year welfare brake, which I think is significant. Frankly, I am sure that the eurozone economies will start to recover over time; that has been one of the issues. In the long term, we need to do better at controlling immigration from outside the EU but we also need a welfare policy and a training policy inside our own country, which we increasingly have, to train up the people in this country to do the jobs that our strong economy is providing.

Mr Robin Walker (Worcester) (Con): As one of the top five economies in the world, Britain has to have a

world view, and we need friends and allies not just in one continent but in six. I agree with the Prime Minister that this should be a question not just about whether we could manage outside the European Union but about where we would be better off. With that in mind, what feedback has he had on his negotiations from our allies in the Commonwealth and from Britain's wider networks around the world?

The Prime Minister: The advice has been pretty comprehensive from all of them: they value their individual relationship with Britain, but they think we are better off inside a reformed European Union. The Prime Ministers of New Zealand, Australia and Canada, the American President and others are all pretty clear about this—not simply because they think we are better off, but because they think the influence we bring to bear on the European Union is positive from their point of view.

Alberto Costa (South Leicestershire) (Con): The SNP, in rummaging for an argument, referred to a 1953 case, the case of *MacCormick*, and to obiter comments—that is, comments made in passing. May I remind the Prime Minister that he among EU leaders has unique up-to-date experience of tough negotiations that led to a referendum agreement, which in turn led to 55% of the Scottish electorate voting to keep the sovereign United Kingdom together? He should take comfort from that success, because those 55% will be voting, just like the English, the Welsh and the Northern Irish, to listen to the British Premier about what is in Britain's best interests.

The Prime Minister: I am grateful to my hon. Friend. What these two referendums have in common is that, as a country, we should be confronting and dealing with these big issues. Does Scotland want to stay within the United Kingdom? Does the United Kingdom want to stay within a reformed Europe?

Mark Spencer (Sherwood) (Con): Just as important as the result will be the legitimacy of that result, and a high turnout will be essential. What can the Prime Minister do to engage with trade, industry and businesses to encourage them to discuss with their employees the implications of the outcome, whichever way the debate goes?

The Prime Minister: I will certainly do everything I can, in the event of a successful negotiation, to encourage engagement at all levels. I would also encourage businesses, charities and other organisations to ensure that they feel they can come forward. There are some in the business community who feel that that they will have to go through all sorts of corporate governance concerns, but I would advise them to get on with that process so that if they think they have important arguments to put forward to their workforce, their customers or their shareholders, they are able to do so.

Richard Graham (Gloucester) (Con): A key question for many is whether the UK will be able to say no to European migrants when we need to. This draft Council statement spells out clearly that we will be able to do so on the grounds of public policy, public health and public security, which include legitimate goals such as reducing unemployment or the suspicion of marriages

of convenience. Will my right hon. Friend confirm that this is a considerable step forward for our own immigration and security interests?

The Prime Minister: My hon. Friend makes an important point. If we read section D of the main document, we see that it is quite refreshing about the number of instances in which the control of migration and the limitation of free movement will be possible. That document bears careful reading.

Kevin Foster (Torbay) (Con): I welcome the Prime Minister's statements so far. I particularly welcome the fact that, for the first time in my lifetime, a Prime Minister is doing a deal in Europe and coming back to this country to give all the British people a chance to have a say on it, rather than just Members of Parliament. Can he reassure me that, even if people do vote to remain in the European Union on the basis of this deal, we will still have a vision that Europe should be doing less and doing it better?

The Prime Minister: I absolutely agree with that; the idea of Europe only where necessary but nation states wherever possible is absolutely right. There will be people who say, "Maybe we have addressed some issues of concern to the British people but there is more to be done." Let me say again that that is a perfectly acceptable view, but I would argue that the "more to be done" should be done from inside the EU, rather than by us slamming the door and trying to do it from outside.

Mark Pawsey (Rugby) (Con): It is now clear from the renegotiations that Britain can improve its position within Europe by continuing to benefit from influence over a market of 500 million people, while maintaining our borders and preventing abuse of free movement. Is the Prime Minister as encouraged as I am by the very positive support that has come from business across the piece?

The Prime Minister: It is important that business raises its voice, particularly as regards jobs and investment. We need to demonstrate that this negotiation and this outcome can actually lead to a strong and more secure economy, for the sake not just of business, but of people who want security.

James Cartledge (South Suffolk) (Con): I congratulate my right hon. Friend on his statement. Is he aware that 90% of FTSE 100 chairmen would vote to remain in the European Union? Does he think that that is because they are part of some so-called "project fear"? Alternatively, is it because they run our very largest companies in the real world and know that a vote to leave is a vote for huge economic uncertainty and that a vote to remain, with the protections we will have on the single market and our currency, is a vote for our economy to go from strength to strength?

The Prime Minister: It is important that we hear the voice of business, both large and small, and I encourage all businesses to speak out because they have an important contribution to make to the debate. The more that people can give concrete examples of how access to this market and to the rules of this market matter, the better.

Mike Wood (Dudley South) (Con): I thank the Prime Minister for his efforts to secure the best deal available. Today's newspaper reports suggest that the changes needed to introduce an emergency brake would require approval from the European Parliament. Has he had an opportunity to assess levels of support among MEPs for these changes?

The Prime Minister: My hon. Friend is right in what he says. Obviously, it is a great advance that the European Commission has said that Britain qualifies for this brake, and if it existed now it would be brought in straightaway. As for the advice I have about the position of the European Parliament, I mentioned earlier that the head of the largest group in the European Parliament thinks this could be sorted out in a matter of months and is supportive of the approach.

Andrew Bridgen (North West Leicestershire) (Con): The German captain of the ship that is the European Union has deliberately steered it into a migration iceberg with all the watertight doors open. Rather than just rearranging the deckchairs, would it not be better to direct the British people to the available lifeboat while the band is still playing and before the inevitable happens?

The Prime Minister: The analogy was getting quite complicated, but I do not agree with that. If we were not outside Schengen, my hon. Friend would have a very fair point, but we are in a situation where we are able to have the best of both worlds. Let us keep our borders and let us not let in foreign nationals who do not have a right to be here—that is strengthened by this agreement—but let us keep the free movement, so that British people can live and work in other European countries. That is the best of both worlds.

Craig Mackinlay (South Thanet) (Con): I wish to press my right hon. Friend a little further about the emergency brake, which sounded so hopeful some weeks ago. My hon. Friend the Member for Gainsborough (Sir Edward Leigh) talked about backseat drivers, but the concept of 28 feet reaching for the pedal, all wanting an influence, really means that when a hazard is seen, indecision will mean that an accident will surely happen. Does my right hon. Friend agree that it is far better to have independent control of the brake, the clutch, the accelerator and, indeed, the steering wheel?

The Prime Minister: First, the European Commission's statement is very clear, saying that it

"considers that the kind of information provided to it by the United Kingdom shows the...exceptional situation...exists in the United Kingdom today."

That would enable us to pull this brake to make sure that people could not get instant access to our welfare benefits. But there is another consideration that those thinking that we would be better off outside the European Union have to think about: when most of those countries outside the EU that want a close relationship with it ask for free access to the single market, the first demand is that there should also be the free movement of people. That is the case with Norway, for example. This is a deal from within and in many ways, even on this issue, it would be better than a deal from without.

Kevin Hollinrake (Thirsk and Malton) (Con): In his statement, the Prime Minister outlines the work we have done to tackle migration from outside the EU. What conversations has he had with other European leaders about what they are doing to tackle the migrant crisis? Many of my constituents are very worried about the future implications of migration, particularly given that we are seeing such unsustainable levels of people coming into the UK at the moment.

The Prime Minister: My hon. Friend asks a crucial question that needs to have a full and proper answer. The arrival of these people on to the European continent does concern people. What I say is that, first, we do not have to allow into our country foreign nationals resident in other states. That is why we keep our border controls.

Let us consider, for example, the situation in Germany. Getting German citizenship can take as long as 10 years and it is the product of a lot of work, tests and everything else. We must therefore, first, keep our Schengen no-borders agreement and, secondly, continue to exclude people if they are not European Union citizens and they do not have a visa. Thirdly, I should say that the changes here that mean that we can crack down on the fraudsters, criminals and sham marriages, and on those who are trying to get round our immigration controls, put us in a much better place to deal with the pressures of the future.

Martin Vickers (Cleethorpes) (Con): It has been a long wait, Mr Speaker, but the voice of the Humber will not be silenced, as the Prime Minister said last week. He rightly said in his opening remarks that the British people are proud of their democratic institutions. Let me suggest to him that when they see British Ministers having to go cap in hand to Brussels to determine who receive benefits or who is allowed into the country, that pride is somewhat diminished. May I urge him further, in his final negotiations, to remain robust and achieve even more? Although he will not persuade me, he may persuade a few doubting people in Cleethorpes to vote to stay.

The Prime Minister: I am sure the voice of the Humber could help me with that, if he really wanted to. Britain is a member of a number of international organisations, some of which involve our having obligations towards them. We have ceded some of our sovereignty and our obligations to NATO, yet we do not see that as a cap in hand issue; we see it as a cornerstone of our security. What I am trying to secure here with Europe is that we are in the things we want to be in and we are out of the things we do not want to be in. If that is the case, we are not weaker, less powerful or less sovereign as a result; we are more able to get things done for the people who put us here.

Mr Adam Holloway (Gravesham) (Con) *rose*—

Mr Speaker: Order. No, no, I am always very keen to hear from the hon. Member for Gravesham (Mr Holloway), but he only toddled into the Chamber some considerable way into the statement, as his puckish grin testifies. We will hear from him on a subsequent occasion. Perhaps we can just thank the Prime Minister for his patience and his courtesy. [HON. MEMBERS: “Hear, hear!”] I would like to thank all colleagues for taking part. There will be many opportunities further to debate these important matters, but let us give thanks where they are due.

Automatic Electoral Registration

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

2.38 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I beg to move,

That leave be given to bring in a Bill to impose certain duties upon Her Majesty’s Government to ensure the accuracy, completeness and utility of electoral registers; to make provision for the sharing of data for the purposes of electoral registration; and for connected purposes.

As I am sure all hon. Members will agree, it is our job in this House to make sure that the citizens we represent can truly exercise their democratic rights, but, as we speak, British citizens in this country are being marginalised and excluded from the democratic process.

The problem is less about getting people to sign up and more about maintaining people’s registration. The people who are being excluded from the process are exactly the people we need to be prioritising. According to recent trends, we are witnessing further marginalisation of already marginalised groups, including those from poorer backgrounds, those who are disabled and those from ethnic minorities. Research published just yesterday showed that pensioners in the shires who own their own home have a 90% chance of being on the electoral register, whereas a young man from an ethnic minority background in private rented accommodation in a city has less than a 10% chance of being registered. Meanwhile, the Prime Minister has launched an important drive against “overt, unconscious or institutional” racial discrimination, in university admissions, the justice system and the police. However, the fact that people from ethnic minorities are far less likely to be registered to exercise their democratic rights undermines the Government’s commitment.

When it comes to electoral registration, the picture across the country is bleak. I celebrate the work of my hon. Friend the Member for Ashfield (Gloria De Piero), who has raised the issue of voters dropping off the register. Since the introduction of individual electoral registration, a staggering 800,000 people—1.8% nationwide—have dropped off the register. To put those figures into context, Liverpool has seen a drop in its eligible register of 14,000, Birmingham 17,000 and Lewisham 6,000, and those are all areas that have seen an increase in population.

The situation is even worse in areas where the population is transient, such as in university towns. Canterbury has seen a huge drop of 13% in those registered to vote. Cambridge has seen a drop of 11%, which means that its electorate is now smaller than it was in 2011. Those drops are the result of the absurdities of the current system. I ask Members to imagine what it would feel like if, every time they started a new job, they needed to apply for a new national insurance number and to prove to Her Majesty’s Revenue and Customs again and again that they were eligible to pay tax and NI. They would find the process cumbersome, costly and repetitive—just as the process of IER is.

In sum, these developments mean that British citizens, particularly those who are on the sidelines, are being disfranchised and denied their democratic rights. It also means that, as the pool of potential voters decreases,

our political status quo becomes more limited. If the Government are serious about combating social exclusion, they urgently need to review that dire situation. Disfranchisement is marginalising the already marginalised.

Being on the electoral register is the closest thing that we have to a civic contract. Those who are not on the register will not have access to mainstream loans, and they might not be able to get a mortgage either. They also cannot serve on a jury and be part of our justice process. Most fundamentally of all, if a person is not on the electoral register, they cannot participate in the democratic process.

Our present system of electoral registration is fundamentally flawed, and it is not cheap, with IER roll-out costing at least £108 million, but it does not have to be that way. Automatic electoral registration provides the opportunity to reduce costs, improve administration, cut bureaucracy and enable everyone to access their right to enfranchisement.

The Bill is a statement of common sense, proposing a cheaper, simpler and more effective model. It places a responsibility on the state to do everything in its power to ensure that the electoral database is full and complete; imposes a duty on the Government and public bodies to work better together; and proposes to make the system truly convenient for the citizen by integrating national and local datasets, which will mean that an individual's address details would be automatically updated according to trusted datasets. The trusted datasets would collate information at each point that a citizen interacts with the state—whether it is when they pay a tax, receive a benefit, use the NHS or claim a pension.

The walls between datasets used to be sacrosanct, but they are falling away more and more as the Government prioritise security and anti-fraud measures. For instance, the housing benefit Department already uses the electoral register to find households that are claiming the 25% single-persons council tax discount, but that have more than one voter registered there. That demonstrates the huge potential when Government Departments and public bodies communicate with one another.

These reforms would vastly improve registration, and have been tested elsewhere. A very similar model operates in Australia, with huge success. For instance, the state of Victoria has a population of 3.5 million people and a 95% accuracy in its registration process. It does that at extremely low cost, employing just five members of staff to maintain the rolling register. Rolling out this reform in the UK is timely for so many reasons.

Greater Manchester will submit to the Cabinet Office next week its plans to pioneer that system of automatic electoral registration, and its proposals for a pilot scheme. I sincerely hope that the Government will support those plans and introduce the primary legislation on data sharing that is needed to ensure that the pilot can go ahead.

I am sure that Members are aware that this is the week of Bite the Ballot's national voter registration drive. Last year's drive saw almost half a million people register to vote, making it the most successful voter registration campaign ever. I hope that the results this week will match that achievement. In the long run, though, voter registration should be the responsibility not of charities or non-governmental organisations, but of the state, which should do all it can to ensure that everyone, especially those who are most marginalised, can access their democratic rights.

I hope that Members will consider this a non-partisan issue and agree that it is in all our interests to get more people signed up. Then we can all get on with our job, as representatives of political parties, to try to persuade and enthuse voters that we are worthy of their vote. At a time when social exclusion is getting worse, voter turnout is declining and IER has caused registration to deplete, automatic voter registration has never been more important. Voting is the backbone of this House, and it is one of the most important interactions between the citizen and the democratic state. It is a fundamental symbol of engagement, as it signifies that you are not on the margins of society, but part of the majority. No longer can we accept a system that excludes and marginalises potential voters, not least because they are exactly the groups with which we need to engage to end social exclusion.

I do not think that it is controversial to argue that voting is not just for the elite; it is something that we should all be able to access. That is why, for the sake of our democracy and of social cohesion, I hope that the Government will support my suggestions, and make registering to vote more, not less, a way of life.

Question put and agreed to.

Ordered,

That Siobhain McDonagh, Ian Austin, Dawn Butler, Rosie Cooper, Jim Dowd, Jim Fitzpatrick, Mr George Howarth, Chris Leslie, Marie Rimmer, Joan Ryan, Mr Virendra Sharma and Ruth Smeeth present the Bill.

Siobhain McDonagh accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 5 February, and to be printed (Bill 127).

Opposition Day

[18TH ALLOTTED DAY]

Tax Avoidance and Multinational Companies

2.48 pm

John McDonnell (Hayes and Harlington) (Lab): I beg to move,

That this House notes the agreement reached between HM Revenue and Customs and Google to pay £130 million in respect of taxes due over the period 2005 to 2015; and calls on the Government to publish the full details so that the British public can judge whether this is, as stated by the Chancellor of the Exchequer, a major success; and further calls for a swift international agreement to implement country-by-country reporting of company accounts.

I welcome the Minister who is responding to the debate. I truly sympathise with him as he has been placed in this situation by the Chancellor. I understand that the Chancellor is in Rome today. If it is true that he is associated with the current EU negotiations on the future of our relationship in Europe, may I say that it is unfortunate to say the least that securing a firm agreement on tax avoidance and evasion has not been a core issue in those negotiations so far. It could be a significant missed opportunity for this Government.

We have called this debate today because, over the past 12 days, we have witnessed the most supine capitulation to corporate interest by any British Government in the recent history of this country. Understandably, it has caused immense anger within our community among individual taxpayers, businesses small and large, independent commentators and people across the political spectrum. At a time when many of our constituents were filling in their tax returns and paying their taxes, they saw what the Government were allowing Google to get away with.

Several hon. Members *rose*—

John McDonnell: I will give way in due course, but may I remind Members that this is a time-limited debate and I wish to press on as quickly as I can? Of course Members will have the opportunity to engage.

On the Friday before last, Google announced late in the day by press release the company's tax deal with HMRC. Google celebrated a deal comprising a payment of £130 million to HMRC in respect of taxes from 2005 to 2015. Astoundingly, in the early hours of the morning, the Chancellor was in an equally celebratory mood and tweeted that this was a "victory"—a major success.

Several hon. Members *rose*—

John McDonnell: I will give way in due course. Calm down.

The Google deal and the Chancellor's exultation about it were immediately received with incredulity by independent tax analysts—understandably. The Chancellor and HMRC were all too keen to publicly parade the deal, but when challenged to release the detail of it, hid behind confidentiality conditions.

Mark Spencer (Sherwood) (Con): What assessment does the shadow Chancellor make of the Labour Government, who were in charge of taxation during part of that period?

John McDonnell: I am grateful for the intervention. The hon. Gentleman probably knows that I was not the most enamoured of the Labour Government's track record during that period, but it was a Labour Government who started this inquiry and the hon. Gentleman's Government took six years to complete it. According to a recent estimate by the *Financial Times*, the measures introduced by the Labour Government will reap 10 times the amount of tax that this Government have secured.

Andrew Gwynne (Denton and Reddish) (Lab): Will not many of our constituents find it difficult to understand the fact that this information is largely in the public domain? We know the profits, assets and liabilities of Google in the United Kingdom because those finances are public. We also know how much tax is being paid. Does that not lead us to the conclusion that the tax rate is 2.77%, not 20%?

John McDonnell: Let me come on to that point.

It did not take long for independent analysis to show what a derisory sum the Google tax payment was. The word "derisory" is not just my description, but the word used by the hon. Member for Uxbridge and South Ruislip (Boris Johnson), the Mayor of London, as well as many others. Google had a UK turnover of approximately £4 billion in 2014-15. If profits here were similar to those across the whole group, about a 25% return, that implies £1 billion-worth of profits. If the standard 20% corporation tax is levied, that implies a £200 million tax bill for the one year, not the £200 million paid by Google for the decade. As my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) said, independent assessors have estimated that the Google tax rate for the past decade was 3%.

Mike Wood (Dudley South) (Con): Companies such as Simworx in my constituency are extremely successful at selling products around the world that are based on their intellectual property developed in the UK. Does the shadow Chancellor think the profits from that intellectual property should be taxed in the country where those products are sold, or here in Britain?

John McDonnell: The economic activity definition has to be examined when profits are assessed. I will come on to that point because it is valid and reasonable.

Several hon. Members *rose*—

John McDonnell: Let me press on as we are time-limited.

It is no wonder that local small businesses and taxpayers in all our constituencies feel so strongly that the arrangement with Google is grotesquely unfair. They have not been allowed to ignore their tax demands for a decade, then negotiate a sweetheart deal at mates' rates. It show who counts with this Government that, in the month when they let Google pay a paltry sum in back tax, they lose in court in their pursuit of disabled people over the issue of the bedroom tax, and then they decide to appeal the court decision so that they can persecute some of the most vulnerable and the poorest people in the land over a relatively insignificant sum. That demonstrates to us a bizarre, upside down and callous sense of justice and fairness.

Neil Gray (Airdrie and Shotts) (SNP): Does the shadow Chancellor agree that what compounds the sense of unfairness that our constituents feel is that the tax gap has been estimated by many to be well over £100 billion, and at the same time this Government are cutting HMRC offices and at the weekend announced compulsory redundancies for tax collectors? How on earth can we narrow the tax gap when that is happening?

John McDonnell: I will come to that in my recommendations for the future.

Alex Chalk (Cheltenham) (Con): Under Labour, hedge fund managers were routinely paying a lower rate of tax than their cleaners because Labour was a soft touch on tax. Is not the hon. Gentleman's argument just political opportunism on stilts?

John McDonnell: I am not sure whether the hon. Gentleman was listening. I just answered that point by reference to my critique of the Labour Government. I convened the Tax Justice Network campaign meetings in this building, and I have campaigned for 18 years. The *FT* assessment is that the measures introduced by the Labour Government will reap 10 times as much as anything introduced by this Government.

Let me press on. Last Monday, to get some answers about the Google deal, I tabled an urgent question to the Chancellor, and I am grateful that Mr Speaker granted the question. Typically, the Chancellor failed to turn up and the Minister was left to defend this "victorious" deal. By that time, No. 10 was furiously distancing itself from the Chancellor. Within 72 hours the Google deal had gone from "a major success" to merely "a step forward", according to No. 10. I see that this weekend the Business Secretary was describing the deal, with masterly understatement, as "not a glorious moment".

Yesterday Ruth Davidson, the leader of the Scottish Conservatives, said:

"It doesn't feel fair. And in our hearts, I think we all know it isn't fair."

I agree wholeheartedly.

During the urgent question discussion last Monday the Minister was specifically asked by my hon. Friend the Member for Kingston upon Hull North (Diana Johnson) whether he knew the rate of tax that Google was paying. He said bluntly, "No." We heard the assertion that the HMRC calculation of back tax was on the basis of tax levied on profits as a result of an assessment of economic activity. That implies very little economic activity in Google UK. That argument wore a bit thin when it was pointed out that Google employs 2,300 staff in the UK on average earnings of £160,000, and is building a new headquarters in addition to the two it already has.

Joan Ryan (Enfield North) (Lab): May I join the shadow Chancellor in demanding more transparency? I have been contacted by people in my constituency who are concerned that the Government are creating a loophole especially for Google and nobody else. We in the House and in this country deserve full transparency on this deal.

John McDonnell: I will come on to the recommendations for future action, which cover my right hon. Friend's point.

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

John McDonnell: In due course; let me press on a little further.

As last week wore on, there was a growing sense of outrage at the Google sweetheart deal. Many felt betrayed by the Chancellor. We supported the Chancellor on the introduction of the diverted profits tax legislation to tackle firms using complex profit-shifting schemes to avoid tax. It was referred to as "the Google tax". We learned last week that Google will not be paying a penny under that legislation.

We also supported the Chancellor in seeking international agreements on tackling tax avoidance, but we discovered at the weekend that Conservative MEPs had been directed by the Chancellor on at least six occasions to vote against the very tax avoidance measures being introduced by the EU that the Chancellor told us he was supposedly promoting.

Steve Brine (Winchester) (Con): I know the shadow Chancellor seeks consensus when he can and I am listening to what he says. I have been doing some totting up and I reckon that there have been about 40 changes to tax law since this Government have been in office, which has led to about £12 billion being raised since 2010. For the record, does he welcome that?

John McDonnell: Of course; I have welcomed that. I have just been saying that I have supported the Chancellor on each piece of legislation that he has introduced to tackle tax avoidance and tax evasion. This deal flies in the face of everything the hon. Gentleman and I have been supporting in the Chamber.

Rachel Reeves (Leeds West) (Lab): Last year Google funnelled £8 billion-worth of royalty payments to Bermuda. Does my hon. Friend believe that the British Government should be doing much more to crack down on tax havens, particularly those that are British overseas territories?

John McDonnell: I will address the Bermuda question, so if my hon. Friend waits a few minutes she will hear just how shocking the situation really is.

The Chancellor appears to be missing an opportunity in the EU negotiations to secure a robust international agreement to tackle tax avoidance and tax evasion, which Members across the House have been calling for.

Several hon. Members *rose*—

John McDonnell: I am going to press on.

We all supported the changes to public procurement rules that enabled the Government to prevent public contracts from being awarded to companies found to be engaged in tax avoidance schemes. Staggeringly, it is understood that no company has been denied a public contract on those grounds and that, even though its tax affairs were under such lengthy investigation by HMRC, Google was awarded public contracts to supply services—who to?—to HMRC.

Chris Philp (Croydon South) (Con): On the point about international agreements, the United Kingdom Government have been at the forefront of the base erosion and profit shifting initiative. Richard Murphy,

[Chris Philp]

who describes himself as the author of Corbynomics, told the Treasury Committee yesterday that he was “pleased and very surprised” by the progress the Government have made since 2010.

John McDonnell: I support the Government in that action, but this deal flies in the face of that action and undermines the agreements that we are trying to make.

Over the weekend we also heard from Mr Jones, the Google whistleblower. In his view, HMRC ignored his exposure of Google’s tax avoidance methods. That evidence was received by the Treasury Committee on a cross-party basis.

We all accept that the existence of tax havens and the complexity of national tax systems present an ongoing challenge to national Governments. As a result, we have all supported the negotiation of international agreements on tax collection. The UK is a signatory to some of these. As the hon. Member for Croydon South (Chris Philp) said, the Government have agreed in successive steps to abide by the base erosion and profit shifting programme under the auspices of the OECD. We supported that.

Several hon. Members *rose—*

John McDonnell: Let me press on, because time is short.

At the end of last week, the UK joined 30 OECD partner countries in signing up to the multilateral competence co-operation agreement. We supported that. That is the kind of international co-operation, albeit limited, that will help close the loopholes and ultimately close down the tax havens. It is the kind of agreement that we have backed for years and that we support the Chancellor in undertaking, but last week, by allowing the special treatment of one company, the Government drove a coach and horses through the entire international approach. As the EU’s Competition Commissioner suggested, that could amount to unlawful state aid. The UK is now being depicted across Europe as a tax haven. It risks establishing a race to the bottom in which all countries seek to outbid each other to offer the lowest possible taxation. We have written to the Competition Commissioner to request a formal investigation of the deal.

Mrs Sheryll Murray (South East Cornwall) (Con): Does the hon. Gentleman not accept that this Government have done more than the previous Labour Government to close those loopholes? He says that he did not agree with the previous Labour Government, so will he tell us what he did to oppose those measures and raise the matter when he was in Parliament?

John McDonnell: I know that the hon. Lady was not here at the time, so perhaps she should check my voting record throughout my 18 years in this House. I do not want to keep on repeating this. I wanted both Governments to go further, but an independent assessment has shown that the legislation introduced by the previous Labour Government will drag in 10 times more in tax than the current Government’s legislation, and even then I wanted to go further. We should at least accept the independent assessment that has been made.

Robert Jenrick (Newark) (Con) *rose—*

John McDonnell: I am going to press on, because time is short.

I have written to the Competition Commissioner to request a formal investigation of this deal. There was a visible flicker of life from the Chancellor a few days ago. In the pages of Monday’s *Financial Times* he let it be known that he might, after all, favour country-by-country reporting for multinational corporations. Tax experts and campaigners and I have long argued that this is a vital step towards transparency, and therefore towards fair collection. By revealing in their accounts in which tax jurisdiction their revenues were earned, a proper rate of tax can be applied to multinational companies. If the Chancellor now supports country-by-country reporting, I welcome that. However, the impression was given that even without international agreement the Government would act. Is this the case, or was it just a publicity stunt that has now been dropped?

My hon. Friend the Member for Leeds West (Rachel Reeves) referred to Bermuda. On the “Andrew Marr Show” on Sunday a senior Google representative revealed that the company has £30 billion of profits resting in Bermuda, a British overseas territory. This is in order to avoid US tax rates. We now know that the Chancellor has been lobbying the EU and instructing his MPs to vote against anti-avoidance measures against Bermuda. It is a disgrace.

It was also revealed last week that Government Ministers have met Google 25 times over the past 18 months. I note that the Prime Minister himself has spoken at Google’s conference not once, but twice. If Ministers are to meet anyone, my advice is that they go and meet the trade union representatives of HMRC staff. With almost half the workforce having been laid off, and with offices having been closed across the country, it is widely known that morale is at rock-bottom, especially with the loss of highly experienced and expert staff. [Interruption.] Madam Deputy Speaker, a reference has just been made to declaring an interest. I have no interest to declare. I think that was a reference to the Public and Commercial Services Union and part of its trade union group. It does not fund the Labour party or my constituency. There is no interest to be declared.

We cannot allow the Government to go on like this. Trust and confidence in our tax system is being undermined. Every pound in tax avoided by these large corporations is a pound taken from the pockets of honest taxpayers. It is also a pound not spent on our schools, our NHS and our police. We need a real tax reform agenda, based on the principle of complete openness and transparency. First, that means, as a start, the publication of the details of this deal in full, so that we and our constituents can judge whether it is fair enough. Secondly, we need real country-by-country reporting of a company’s activities, and not just a secret exchange of information between tax authorities, but full publication so that we can all judge.

Graham Stuart (Beverley and Holderness) (Con): The shadow Chancellor said that he would set out his ideas, and I had hoped that he would talk about a more revolutionary change to the methods of taxation. With the massed ranks of corporate lawyers put up against national tax jurisdictions, it is an uneven battle, so perhaps we need some more radical thinking altogether.

John McDonnell: The hon. Gentleman has taken an interest in this matter over many years and has regularly been in debates with me in this Chamber. I fully agree that we need a more radical approach.

Let me complete the recommendations briefly, because I think that they will open up a much wider debate. Thirdly, we need an end to mates' rates and sweetheart deals with major corporations. Tax law should be applied fairly whatever the size of the company. Fourthly, we need full transparency in the relationship between Ministers and companies, so I want to see publication of all the minutes of all such meetings. Fifthly, we need firmer action to curb the tax avoidance industry, so action should be taken against the advisers when the tax avoidance schemes they designed are found to be unlawful by tax tribunals and courts. The same advisers advise Her Majesty's Treasury and help write our tax laws. That is unhealthy and unacceptable.

Chris Heaton-Harris (Daventry) (Con): Will the hon. Gentleman give way?

John McDonnell: I cannot give way, because I am concluding my speech.

Sixthly, we clearly need independent scrutiny of HMRC and the implementation of taxation policy overall. Let us now explore the establishment of a cross-party committee, along the lines of our Intelligence and Security Committee, to perform that role. Finally, we need an end to the counterproductive staffing cuts and office closures at HMRC.

For most of my time in Parliament, I have been campaigning for a fair tax system that secures tax justice. Of course companies such as Google make a significant contribution to research and development and through the employment they provide, and I welcome that, but we expect all companies to play fair when it comes to their tax responsibilities. I am unable to accept the Government's amendment because it fails to support our key demand for openness and transparency. The amendment would remove Labour's central demands for publication of the Google deal and the adoption of full public country-by-country reporting. If anything good is to come out of the sordid deal that the Government cut with Google, I urge Members of this House to use this opportunity to secure a just, fair, open and transparent system of taxation for our country and to start that process by backing our motion today.

Madam Deputy Speaker (Mrs Eleanor Laing): I have to inform the House that Mr Speaker has selected the amendment in the name of the Prime Minister.

Before I call the Minister to move the amendment, I should tell the House that a great many people have indicated that they wish to catch my eye this afternoon. More than 20 hon. Members wish to speak, and this debate will last for considerably less than two hours. There will be a time limit of three minutes initially on Back-Bench speeches. *[Interruption.]* There is no point in people complaining about it—that is the amount of time there is. There will be three minutes and, even then, not everyone who wishes to be called to speak will be called to speak.

I say, very importantly, to the House that people who have intervened and taken part in the debate must remain in this Chamber for the whole of the debate—leaving for the odd five minutes is fine—because they are taking

up time that other people, who have sat through the whole of the debate, will then not have. This is nothing to do with old-fashioned rules or conventions—it is simple courtesy by one Member of Parliament to another. I call Mr David Gauke to move the Government amendment.

3.11 pm

The Financial Secretary to the Treasury (Mr David Gauke): I beg to move an amendment, to leave out from "House" in line 1 to end and add:

"notes that the Government has taken action to promote international cooperation in relation to clamping down on tax avoidance by multinational companies, challenging the international tax rules which have not been updated since they were first developed in the 1920s, that multilateral cooperation at an international level has included the UK playing a leading role in the G20-OECD Base Erosion and Profit Shifting Project to review all international tax rules and increase tax transparency, and as part of that, the UK was the first country to commit to implementing the OECD country-by-country reporting model within domestic legislation, that the Government recognises the case for publishing country-by-country reports on a multilateral basis, that the Government has introduced more than 40 changes to tax law, that the various measures taken by the Government have included the introduction of a diverted profits tax aimed at targeting companies who use contrived arrangements to divert profits from the UK, stopping the use of offshore employment intermediaries to avoid employer National Insurance contributions, stopping companies from obtaining a tax advantage by entering into contrived arrangements to turn old tax losses or restricted use into more versatile in-year deductions, and requiring taxpayers who are using avoidance schemes that have been defeated through the courts to pay the tax in dispute with HM Revenue and Customs upfront, and that the Government is committed to going further, enabling HM Revenue and Customs to recover an additional £7.2 billion over the Parliament."

It is a great pleasure to move the Government's amendment. There is much that we have heard from the Labour party today on this subject that is wrong, confused and, to put it kindly, oblivious to the record of the last Labour Government. However, before addressing those points, I hope to strike a note of consensus. Both sides of the House believe that all taxpayers should pay the taxes due under the law. Both sides believe that taxpayers should refrain from contrived behaviour to reduce their tax liabilities, and all taxpayers should be treated impartially. That is why the Government's record is one of taking domestic and international action to tackle tax avoidance.

I will set out details of that action, but first I want to address another issue. The shadow Chancellor's approach has generated more heat than light, and often reveals a complete misunderstanding of how the corporation tax system works. Let me take this opportunity to explain to the House how it does, in fact, work.

The independent Institute for Fiscal Studies, in a paper it published last week, puts it well:

"The current tax rules are *not* designed to tax the profits from UK sales. They're certainly not designed to tax either revenue or sales generated in the UK. They are instead designed to tax that part of a firm's profit that arises from value created in the UK. That is the principle underlying all corporate tax regimes across the OECD."

I make that point because it is fundamental to understanding the tax we are entitled to receive from multinational companies. It is not a point that the shadow Chancellor appears to have grasped.

Let me give an example of why this matters, and it is similar to the point made by my hon. Friend the Member for Dudley South (Mike Wood). The UK is home to

[Mr David Gauke]

one of the most successful video games sectors in the world. Would it be fair for a firm to design a game here, develop it here and take the risks here, but to go on to sell it overseas and then have to pay corporation tax on all that activity in the country in which it makes the final sale, and not in the UK? The current international tax arrangements are clear that such profits are taxed in the UK—the place of economic activity—rather than in the place where the sales are made. That is the internationally agreed and internationally applied concept of corporation tax. That is the law that HMRC applies. Quoting numbers to do with revenues or profits from sales, as opposed to activities, demonstrates a lack of understanding of how the tax system works, or—and this is worse—an understanding of the way the tax system works, but the hope that those following these debates do not.

John McDonnell: Is the Minister saying that Google employs 2,300 staff in this country on an average salary of £160,000, and they cannot be defined as involved in economic activity or as adding any value? What are they doing? Playing cards all the time? Are they not actually involved in economic activity—this sizable proportion of the Google workforce?

Mr Gauke: The point I am making is that the shadow Chancellor goes around quoting numbers based on profits from sales. To be fair, he went through the methodology carefully in the House today, but that methodology appears to be based on a complete misunderstanding of how the tax system works.

Rachel Reeves: I do not misunderstand how the corporation tax system is applied, but without information from HMRC, and without publication of the deal, it is difficult to know exactly how much tax Google should be paying. That is why we are seeking answers. Also, there have been \$8 billion of royalty payments to Bermuda. Does the hon. Gentleman really think that that is where the economic activity is and where the value is being added?

Mr Gauke: I will deal directly with the issue of transparency in a moment.

On the issue of how our international tax system works, I have explained that it is based on economic activity. However, I would be the first to say that that international tax system needs to be brought into the modern world. That is the very reason why the UK has led the way on the base erosion and profit-shifting process. We should also be aware that there are particular issues with the US tax system, which is failing to tax intellectual property developed in the US in the way that it should.

I gave the example of video games companies. However, I recognise that there are many cases that are much more complex, and where it is not so easy to identify where the economic activity takes place. There is an issue about where multinational companies allocate their profits and where they identify economic activity as taking place. There is a need to address that, which is why we need tax rules that genuinely reflect where economic activity takes place, to ensure that profits are aligned with it. However, that is a very different matter

from making big claims about profits from sales and saying that those sales profits have to be taxed where the sales take place. That is the misunderstanding I wish to address.

Mr Richard Bacon (South Norfolk) (Con): The Minister is right, of course, that these issues are sometimes very complicated. However, sometimes there are loopholes that are exploited. Will he identify some of the loopholes closed by this Government that were opened by the previous Labour Government?

Mr Gauke: There is a whole host I could draw attention to, but in the interests of time, I will not run through that lengthy list. I have it here, and there are quite a number of cases—there are 40 I can identify straightaway—where there were loopholes, and we have tried to address that.

The diverted profits tax—I will come back to this again in detail in a moment—is designed to ensure that, where companies divert their profits away from the UK, and where the economic activity is happening in the UK, we get some of the tax yield.

David Mowat (Warrington South) (Con): The difficulty with the economic activity test the Minister talks about is that it is intrinsically judgmental, and that gives us many of the issues that we try to grapple with. The test came in in the 1920s, way before the internet. Might it not be a way forward to move more towards taxing sales and, if necessary, dividends, with less on corporation tax, which would take these judgments away?

Mr Gauke: The first point to make is that this is a debate on the operation of the tax law as it stands, not on how people might want it to be, and to be fair to HMRC, it can only collect the tax that is due under the law as it stands, not as how people might want it to be. On reform of this area, there is no reason why we should not debate these matters. However, with regard to a move towards taxing profits on the basis of sales—there is a perfectly respectable case for reform in that direction—I would be worried about the impact on, for example, the UK's creative and scientific sectors. I have mentioned the video games sector, and one could also look at pharmaceuticals. There are a number of areas where the UK—businesses in our constituencies—would lose out in those circumstances, so I would be a little wary about it.

Joan Ryan: May I bring the Minister back to the fundamental point about transparency? It would make this debate much easier and more useful if he published the details of this deal in full so that we can be sure that we are not talking about mates' rates and a special tax loophole for Google.

Mr Gauke: I will come on to transparency, but let me first return to this Government's record on changing domestic law and leading the way in updating the international system.

This Government have led internationally on the G20 and OECD base erosion and profit-shifting project, making the international tax rules fit for the 21st century. My right hon. Friends the Prime Minister and the Chancellor of the Exchequer, in particular, took on

highly prominent roles in initiating those discussions and taking them forward through the G20 and the OECD. The outcome will be to level the playing field among businesses, give tax authorities more effective tools to tackle aggressive planning, and help us better align the location of taxable profits with the location of economic activities and value creation. This is a major step forward in addressing the underlying causes of aggressive tax avoidance.

We have been at the forefront of implementing this agenda, acting swiftly to change the rules on hybrid mismatches and country-by-country reporting. Because we consider it important not to rely solely on international rules, we have also legislated domestically to introduce a world-leading measure to address the contrived shifting of profit from this country—the diverted profits tax. The diverted profits tax targets companies that divert profits from the UK, principally those with substantial activities in the UK who are trying to avoid creating a UK permanent establishment. Under our rules, those companies either declare the correct amount of profits in the UK and pay the full amount of corporation tax on them, or risk being charged a higher amount of diverted profits tax at a rate of 25%. By the end of this Parliament, the diverted profits tax will raise an extra £1.3 billion, both directly and as a result of associated behavioural changes. The tax is already having that effect, and multinationals will pay more corporation tax as a result.

Stephen Timms (East Ham) (Lab): Of course, the diverted profits tax was referred to as the Google tax. My hon. Friend the shadow Chancellor has alleged that under the terms of the deal Google will not pay a penny. Is he right about that?

Mr Gauke: The purpose of the diverted profits tax, which came into effect in April, is to ensure that companies stop diverting their profits and pay corporation tax like everybody else. I repeat that I cannot talk about the Google case beyond information that is in the public domain, but if this tax is effective in driving companies to stop diverting their profits, it is a success.

Mark Durkan (Foyle) (SDLP): The Minister refers to the Government's record over the past Parliament and this one, but he has not mentioned the changes to the controlled foreign companies rules, which favoured a number of companies at the expense of the Exchequer and, in net terms, at the much greater expense of exchequers in developing countries.

Mr Gauke: The controlled foreign companies regime was driving business out of the UK, whereas now businesses are looking to locate their headquarters in the UK, and I am pleased about that.

Robert Jenrick: The Minister is making a very important point about the diverted profits tax. It is important that Members on both sides of the House recognise that this extremely important development was brought in by this Government, and that it is not correct to say that Labour Members supported it, because at the time, a year ago, their position was that it was not wise to bring it in until the BEPS process was completed, which it still is not. Had we taken the advice of the then shadow Chancellor and shadow Chief Secretary, there would be no diverted profits tax, and the points made by Labour Members would be irrelevant.

Mr Gauke: I am grateful to my hon. Friend, who reminds the House of an important point. When we brought in the diverted profits tax, the intention was clearly to make sure that we got more money being paid in corporation tax. We want to stop companies diverting their profits out of the UK, and we are leading the way in bringing forward legislation on this.

Let me address the shadow Chancellor's point about resources for HMRC. We have invested heavily in HMRC's ability to strengthen its anti-evasion and compliance activity, including through extra funding and hiring professionals whose area of expertise is multinational companies. For example, contrary to the impression that he gave, the number of people working in HMRC's large business directorate has gone up, since it was formed in 2014, from 2,000 to 2,600 people. We believe in competitive taxes—that is why we have cut our rate of corporation tax so that it is the lowest in the G7—but we also believe in making sure that those taxes are paid.

I turn to the issue of transparency raised by several hon. Members. Taxpayer confidentiality is a fundamentally important principle of our tax system, as in the tax systems of every other major economy. We hear complaints that HMRC is not disclosing full details of the settlement. HMRC is prevented by law from disclosing taxpayer information. The resolution of tax disputes, however, is subject to full external scrutiny by the independent National Audit Office, which has reviewed how tax inquiries are concluded by HMRC. In 2012, it appointed a retired High Court judge, Sir Andrew Park, to investigate HMRC's large business settlement process. Sir Andrew concluded that all the settlements he scrutinised “were reasonable and the overall outcome for the Exchequer was good.”

I do wish that those who are so keen to accuse HMRC and its staff of sweetheart deals were as keen to look at what happens where independent scrutiny occurs in order to see that in fact there are no sweetheart deals. HMRC introduced—

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

Mr Gauke: Let me just make this point. [*Interruption.*] I will give way to the hon. Lady.

Helen Goodman: I am grateful to the Minister, who is doing his best in a difficult situation. However, Ministers are not barred by law from publishing the minutes of meetings that they have, so could he now publish the minutes of all 25 meetings that Ministers have had with Google?

Mr Gauke: We have a very open and transparent arrangement for disclosure of meetings. I am very clear that when it comes to determining the tax liability of a company such as Google—or, indeed, any other taxpayer in this country—there is no ministerial involvement. HMRC is entirely operationally independent. There is no ministerial interference in such areas, and no suggestion that there would be. When it comes to determining the tax bill of any taxpayer, it is a matter of HMRC enforcing the law; it is not for ministerial involvement. HMRC introduced new governance arrangements for significant tax disputes in 2012 to provide even greater transparency, scrutiny and accountability. They included the appointment of a tax assurance commissioner to ensure that there is clear separation between those who

[Mr Gauke]

negotiate and those who approve settlements. The tax assurance commissioner oversees the process and publishes an annual report on his work.

Let me be absolutely clear. There are no sweetheart deals, and there is no special treatment for large businesses. HMRC resolves disputes by agreement only if the business agrees to pay the full amount of tax, penalties and interest. Otherwise, it is a matter for the courts—an arena in which HMRC has a strong track record of fighting and winning.

Wes Streeting (Ilford North) (Lab): I am grateful to the Minister for his assurance that there are no sweetheart deals, but if the process is so independent and Ministers are so far removed from it, how can he give us that assurance? Similarly, how was the Chancellor able to hail the deal as a major success?

Mr Gauke: We have in place strong governance. The NAO has looked in the past at settlements when accusations have been made of sweetheart deals, and those accusations have been dismissed. It is very clear that HMRC's remit is to get the tax that is due under the law, and no one has ever produced a shred of evidence to suggest otherwise; they have merely displayed a prejudice against HMRC staff and a tendency to insult them.

Several hon. Members *rose*—

Mr Gauke: I want to make a little progress, but let me give way to my hon. Friend the Member for Croydon South (Chris Philp).

Chris Philp: Does the Minister agree that the reason why this announcement is welcome is that we collected £130 million of tax from Google, while Labour collected nothing?

Mr Gauke: It certainly appears that next to nothing was collected in that case.

Chris Stephens (Glasgow South West) (SNP): Will the Minister give way?

Mr Gauke: I must press on. Tax avoidance is a global issue, which requires global solutions. Fruitful partnerships with other countries on the matter are part of the reason why the Government have been at the forefront of efforts to increase tax transparency. That appeared last year in the Conservative party manifesto, in which we pledged to

“review the implementation of the new international country-by-country tax reporting rules and consider the case for making this information publicly available on a multilateral basis.”

The Government are dedicated to increasing tax transparency, and we have already taken action. Just last week, the UK signed an agreement with 30 other tax administrations to share country-by-country reports from next year. We want such agreements so that information can be made public, as we spelled out in our manifesto. We will continue to lead any multilateral debates on tax transparency, as we have done in so many areas of international tax avoidance.

Reforming the international and domestic rules, investing in HMRC's capacity and leading the way on global tax transparency—those actions were taken by this Government, but were sadly lacking during 13 years of

Labour. The result of those actions has been £130 million to the Exchequer from Google, on top of the tax already paid. Under Labour, that sum was next to nothing. That is testament to the importance we have given to tackling the tax risks posed by multinational enterprises. Last month's announcement represents an important result of our actions on the matter, and I assure hon. Members that we will continue to work hard on that agenda over the coming years, to give the Exchequer more money to fund the public services that we rely on. I urge the House to support the Government amendment.

3.32 pm

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): This is, undoubtedly, an important debate for all the people outside the House who have commented on the subject, which is of great concern. We are talking about a complex matter, which may require, in the longer run, fundamental reform and international co-operation. There are no easy fixes. The deal with Google needs to be scrutinised, for the sake of all who are concerned that it might be described as a sweetheart deal. That is why I fully supported my hon. Friend the Member for Dundee East (Stewart Hosie) in taking the initiative and being the first person to write to the European Commission to seek an independent examination of the settlement. There is a lack of transparency in the deal, but these are difficult matters, and we may have to look at changing some of the rules in the longer run.

To many people, the recent agreement between Google and HMRC is very obscure and opaque, and gives the appearance of being very generous to a large multinational corporation. It contrasts sharply with the experience of many local SMEs. I would be astonished if I were the only Member of the House who has received comments from innumerable small businesses about what they perceive as the unfairness of the deal. I want to quote the views of two SMEs in my constituency. First:

“It is galling that my business pays its taxes on time and in full, but huge corporations like Google do not and seem to be able to avoid doing so for years”,

says Jim Cruickshank of Cruickshank Glaziers. Secondly:

“It seems there are stringent rules for small domestic businesses but another much easier world for major companies. This often gives unfair competitive advantage to the large companies”,

says Stewart Murray of the Farm Shop, Kirkcaldy. That is a concern of many of our domestic businesses. Because of the complexity of their tax affairs and of how they can operate, many of the largest corporations find that they have—in many cases, legitimately, in this system—a major competitive advantage over domestic businesses.

Andrew Gwynne: Does that not show how SMEs across the United Kingdom feel they have been treated? Their impression is that there is one tax law for them and another for large multinational companies. Does it not also provide a contrast between the British approach and the approach of some of our European colleagues to the very same issues? They are holding out for a much better deal for their taxpayers.

Roger Mullin: Many people throughout Britain will think that the hon. Gentleman has made a very fair point. That is why I have been arguing that we must have a proper investigation and why, perhaps in the

longer run, we need to do something about greater transparency. It will be very difficult for us to bring a proper critique to bear if we do not get such clarification.

It must, of course, be admitted that this is not a new phenomenon. I first became aware of concerns about multinationals paying their fair share of UK taxes back in the early 1970s, when I briefly worked for the multinational IBM, and I am aware of concerns predating that. This has not been going on for just one or two years; Governments have not been able to resolve this issue satisfactorily for decades, which emphasises its complexity. The issue has been around for a long time, regardless of whether this country had a Labour or Tory Government and regardless of which parties formed Governments in many other countries.

I remember that the concerns back in the early 1970s were about what was called “transfer pricing”. For example, a company could buy a handle from a parent company in another country and charge an exorbitant fee for it, which allowed them easily to transfer profits from one area to another. I would be the first to admit that there have been moves to tighten up many such matters since the 1970s, but it remains a fundamental problem to this day. Corporation tax seems to be very susceptible to avoidance by multinational corporations because of the way in which they can, quite legally, operate.

Mr Bacon: The Public Accounts Committee found that HMRC as a whole had only 65 specialists in transfer pricing, which was about the same as each of the big four accounting firms. Does the hon. Gentleman welcome this Government’s introduction of more transfer pricing specialists in HMRC?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. May I say to hon. Members who wish to speak but are now making interventions that I assume they will not mind if they go to the bottom of the list because they have almost used up their time?

Roger Mullin: I thank the hon. Gentleman for his intervention, because I must admit I was not aware that only 65 staff were involved in transfer pricing. That seems to me to be remarkably few, given the challenges they face. I would welcome anything that can be done to strengthen their numbers.

Times have changed. Back in the 1970s, it was never envisaged that huge multinational corporations could quickly arise as a result of operating in the world of the internet. The tax system, which has been built up over many years—as the hon. Member for Warrington South (David Mowat) mentioned, part of it dates from the 1920s or thereabouts—is singularly unable to deal with some of the types of international corporations, such as Facebook and Google, that there are today.

The world has changed fast in other regards. I am old enough to remember being able to go into a café and just ask for a coffee.

Rob Marris (Wolverhampton South West) (Lab): Surely not!

Roger Mullin: I am. Nowadays, I am delighted to say that I know about cappuccinos and other things.

Rob Marris: In your constituency?

Roger Mullin: Yes, throughout my constituency. There is wonderful cappuccino in Cowdenbeath, I have to say. The likes of Starbucks were not present years ago. The internationalisation of what seem to be simple products is a comparatively new phenomenon.

We must not lose sight of the fact that many more traditional players, not merely internet companies, are engaging in practices that may be legal, but create major challenges internationally. If I were to ask in a local pub quiz, which of course I rarely go to—

Rob Marris: Because you’re drinking coffee!

Roger Mullin: Quite. If I were to ask, “What is the biggest charity in the world?”, many people would say the Gates Foundation, which *The Economist* has estimated is worth about \$37 billion. Few would say that the answer is, as *The Economist* pointed out a few years ago, the Stichting INGKA Foundation—a charitable body whose aims include

“the advancement of architecture and interior design”.

This charitable foundation owns INGKA Holding, which owns the IKEA group.

That set-up, which is admittedly much more complex than I have just described, operates and moves money across territories such as the Netherlands, Luxembourg, Switzerland and so on. The money is not even tracked within that foundation. The IKEA trademark is owned by another private company, Inter IKEA Systems. Just to operate IKEA’s stores, of which there are approximately 290 in the world, the charity has to make substantial yearly payments. Eventually, the trail is thought to lead back to the owning family. When there is such complexity—and it is even more complex than I have summarised—we can see the kind of international challenge there is. That is why I believe the current tax regimes to be ill-equipped to cope and why we need fundamental reform.

Let me give a glimpse of another tactic that is used—the offshoring of companies. There are approximately 19,000 businesses registered at a single address in the Cayman Islands. That must be a pretty big hoose, as we would say in Scotland.

Rob Marris: Full of IKEA furniture!

Roger Mullin: Yes, full of IKEA furniture.

It has been claimed by Oxfam, although I have not checked this out, that 98 of the FTSE 100 companies have subsidiaries in tax havens. There is a wider ethical question to address. This is not merely about how international corporations may evade UK tax. Some countries are much more vulnerable than the UK. There are considerable concerns, as the hon. Member for Foyle (Mark Durkan) said, in the developing world. Some 30% of Africa’s wealth is held offshore. Research by the International Monetary Fund has found that developing countries lose \$200 billion a year to tax avoidance—more than they get in all forms of foreign aid.

The UK needs to take a lead. Hopefully we will see that when the Prime Minister hosts the anti-corruption summit in May 2016, because the UK remains at the centre of a global network.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): It is three years since the Prime Minister promised to clamp down on tax evasion and to publish the details of UK-based companies and people in the overseas territories. Does the hon. Gentleman agree that the Prime Minister should fulfil his obligation? This is a manifesto commitment that he has failed to fulfil.

Roger Mullin: I agree with the hon. Lady, and hopefully the Prime Minister will fulfil that obligation in the conference that he will chair shortly. We shall wait and see.

I shall conclude with one other example that is close to the heart of the Scottish people: our historical links with Malawi. This week, ActionAid launched a new campaign, calling for the UK to negotiate a fairer tax treaty with Malawi. Every constituency in Scotland has strong historical links with Malawi. The UK tax treaty with Malawi was signed in 1955 when Malawi was under British colonial rule, and it limits the ability of the Malawi Government to collect tax revenue from UK firms that operate there, thereby preventing that poor country from raising money that it desperately needs.

It is right to hold a thorough investigation into the Google settlement, and we should press for greater transparency. We should also press the UK to take an international lead in addressing the corrupt tax avoidance practices of the many, and not just the few. Getting our own house in order would be a fine start.

3.46 pm

Mark Spencer (Sherwood) (Con): I shall do my best to make the most of the three minutes available to me. This is clearly a complicated area, and we seem to have two approaches on different sides of the House. The shadow Chancellor was passionate in his approach, and I recognise the strong feelings about this issue. The Minister's approach was very measured and detailed. Unfortunately, the tax system must be approached in a methodical, detailed way—it cannot be emotional. I understand the strength of those emotions, and that people may feel that some large international companies do not pay their fair share. Unfortunately, however, we are blessed with a global taxation system agreement whereby companies pay tax not on the profit they make in the country but where they add the value and create the IP.

The hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin) spoke about Stewart from the Kirkcaldy farm shop, who clearly sells excellent produce. If he were to export his pork pies to Paris, he would expect to pay for the profit on that pork pie in Scotland and not in Paris, and in that way this country has benefited a great deal. My constituency contains Rolls-Royce, which is a fantastic international company that creates world-leading jet engines. It uses manufacturers and subsidiaries all over the world, but those dividends and the profit of that company should be paid to the UK taxpayer, and not to other countries.

The Minister referred to the video games industry, and Nottinghamshire is blessed with Boots, which created Nurofen, a world-leading drug. The IP for that drug remains in this country, as do the profits from it. I was fortunate enough to go to the cinema to see "Spectre", the latest James Bond movie, which was created in

Pinewood Studios in the UK. Tax on the profits from those movies should be paid in this country, not all over the world.

I gently say to the Opposition that, under their regime, no tax was claimed from Google. Sadly, I am rapidly running out of time, but we must recognise that it is more important to get some of those profits, rather than all of nothing if they are exported to other countries.

3.49 pm

Dame Margaret Hodge (Barking) (Lab): The most bizarre feature of the row over the past 10 days is that both Google and the Chancellor thought they had landed a public relations coup. Frankly, the arrogance of Google and the hopelessness of our Government take some beating. Just look at Google's results announced this week. It now claims to be the world's most valuable company. It claims with pride that it has cut its tax rate from 18% to 5%. If we look at Eric Schmidt's own earnings—the man at the top is very proud of Google's tax structure, saying "it's just capitalism"—he was paid £76 million in 2014 alone. That is the equivalent of well over half of what Google paid the British public for all the money it has made out of the British public over 10 years.

Joan Ryan: Is my right hon. Friend concerned that the Google agreement could present a threat to future tax revenues by setting a very dangerous precedent?

Dame Margaret Hodge: I agree entirely. The Minister talks about the work done by the Public Accounts Committee. The law is not a complete ass. I do not believe that. When the National Audit Office looked at, I think, 10 cases—I will be corrected if I am wrong—it found three where HMRC had not abided by its own rules. Every time something like this happens, it damages British jobs and British businesses—nobody else. We have definite proof that a sweetheart deal was entered into with Goldman Sachs.

Mr Gauke: It was five cases, and in every single case Sir Andrew Park concluded that the amount collected was reasonable and the overall result for the Exchequer was good. Those are the facts.

Dame Margaret Hodge: No. With the greatest respect, those are not the facts. The judge looked at five cases. The NAO looked at 10 cases and found in three of them that HMRC had not abided by its own rules.

The reason the Chancellor and his team do not get it is the people they talk to about tax. A small army of tax professionals and multinational companies are the only people with whom they converse. I have to say to the Minister that there is a difference between good working relationships, which I applaud, and undue influence and preferential treatment, which I do not. Talking to stakeholders is a good thing. Being captured by stakeholders is a bad thing.

We just have to look at the evidence—and not just the 25 meetings held with Google. If we look at the Tax Professionals Forum, its members are KPMG, Ernst and Young, Grant Thornton and so on. There is nobody from any of the tax campaigning organisations. There is nobody from any of the charities and no academic with

a different view. Ernst and Young made £250 million in recent years by advising Google, Apple, Facebook and Amazon.

Let us look at what the Minister has done. He appointed David Heaton from Baker Tilly to the Government's advisory panel on the general anti-abuse rule, which was supposed to look at closing loopholes. That particular gentleman was captured on video describing

"ways to keep the money out of the Chancellor's grubby hands".

Let us look at what happened to Dave Hartnett—within six months he was going to work at HSBC and within a year he was going to work at Deloitte. Let us look at Edward Troup, who is now our commissioner on taxation. He wrote in the *Financial Times* that "Taxation is legalised extortion." This is a small bunch of people who all have the same interests.

I want to make two other brief points. The Government say they want companies to pay proper tax, but the Government are obsessed with tax competition. That means far from tackling tax havens and so on, they are trying to make the UK an alternative best tax haven in the world. We only have to look at three changes the Government brought through on the control of foreign company rules, Eurobonds and the infamous patent box tax relief to see that that is right.

We do not know whether the Google settlement is fair, because under the existing law—the Minister is right—we cannot see it. I personally do not accept that HMRC properly challenged Google on the evidence the Public Accounts Committee collected, which demonstrated that it engages in economic activity here in the UK. I personally do not think the whistleblowers were listened to properly. Google does sell here. It does complete sales here. It does research and development here. Its economic activity is here. What on earth is that massive complex in King's Cross for if not to undertake economic activity?

I have to say to the Minister that he has lost the argument on transparency. He ought to cave in gracefully and open up the books of these multinational companies so we can restore confidence.

3.54 pm

Nigel Huddleston (Mid Worcestershire) (Con): I draw hon. Members' attention to the Register of Members' Financial Interests and go beyond that by declaring that, prior to the 2015 general election, I worked for Google—often commented on as the most desirable company in the world to work for. However, I must make it very clear that I am not a spokesperson for Google. I did make it clear in my maiden speech that I wish to be an advocate for the internet and digital sectors in the UK. After all, at 12.4% of gross domestic product, that is the largest of any internet sector in the world—greater than that in Germany and France, and even double the size of that in the US.

However, the question of whether Google, or indeed any of these internet companies, pays its fair share of tax is a reasonable one. Google does many things. Deciding on tax law is not one of them. That is squarely the responsibility of this place; we make those decisions in here. If we want to change the laws, that is our responsibility.

Corporation tax, like income tax, is not a voluntary tax. You pay what you owe—no more, no less—according

to the law. HMRC does a very good job of implementing that law under difficult circumstances, particularly for companies that are complex and deal internationally, where it is difficult to hold intangible products, where intellectual property and transfer pricing are involved, and where customers are served from multiple territories.

What we really need to do—the hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin) made some valid points—is update the international trade laws because these days, of course, international trade is as likely to be conducted by the push of a button as by being shipped in canisters and widgets from country A to country B. The reality is that some of our tax laws are as old as the 1920s.

While this Government are trying to make progress—indeed they have closed many loopholes—we have a lot more to do. Nothing should be taken out of consideration. We should carefully consider whether corporation tax in its current form is still fit for purpose. Comments about whether the practice of establishing intellectual property in international tax havens is valid or not are fair ones to investigate.

We must remember that Google was founded only in 1998, which makes it a teenager, and many other major internet companies are also teenagers. Teenagers make mistakes; they need guiding. It is up to us, in the role of a responsible parent, to make sure that we reset the ground rules on behaviour.

3.57 pm

Mike Kane (Wythenshawe and Sale East) (Lab): The Google tax debacle demonstrates that attempts to patch up the current international tax system are woefully inadequate. Despite the efforts of the OECD and its base erosion and profit shifting overhaul, it appears highly likely that corporate tax will continue to be an optional extra for most multinational companies.

The UK's tax treaties—this is to do with Ireland as well in terms of Google—with developing countries allow UK firms to limit their tax payments, often in countries where the money is most needed to fund hard-pressed public services. The hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin) rightly mentioned Malawi earlier and I praise him for that.

According to the IMF, recent calculations have shown that developing countries are losing around \$200 billion a year through tax avoidance by companies. The OECD has estimated that tax havens could be costing those developing countries three times the current global aid budget.

The value flowing out of countries from companies not paying their tax is huge: an estimated \$1 trillion a year. To put that into context, Africa is now a net creditor to the world in terms of the tax it loses from multinational companies operating in African countries' jurisdictions. According to Oxfam, corporate tax avoidance in the form of trade mispricing by G7-based companies and investors cost Africa \$6 billion in 2010—more than enough to improve the healthcare systems of the Ebola-affected countries of Sierra Leone, Liberia and Guinea.

Then there are the sins of omission. Anonymous shell companies in the British Virgin Islands were used to acquire mining concessions in the Democratic Republic

[Mike Kane]

of Congo for \$275 million. They were then sold for \$1.63 billion, costing the state \$1.36 billion, or twice the combined health and education budget.

What is to be done? The Prime Minister is hosting an anti-corruption summit in May, and is inviting Heads of State from all over the world to London, but how can the UK lecture other countries on what they should be doing to tackle tax avoidance and tax corruption when the Crown dependencies and overseas territories in our own constitutional backyard are such notorious purveyors of secrecy? I put that case to the Minister on BBC Radio 5 Live just before the election.

We need to insist that multinationals publish their basic accounts in every country. We need to insist that they clean up their backyards, and ensure that British-linked tax havens—the Crown protectorates—cannot continue to act as conduits for tax dodging. We need to stop applying sticking plasters to broken OECD tax rules, and mandate the UN to develop a set of rules that ensure that big businesses pay their fair share of tax in every country in which they do business.

Anna Turley (Redcar) (Lab/Co-op): Will my hon. Friend give way?

Mike Kane: I will.

Anna Turley: I appreciate—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The clock is on zero. I think it would be unfair to allow the hon. Gentleman to give way.

4 pm

Mr Richard Bacon (South Norfolk) (Con): I will be brief.

The hon. Member for Wythenshawe and Sale East (Mike Kane) said that paying corporation tax was an optional extra. If he is right—and there are some good arguments for why he might be right—it is because of the unbridled complexity of the system. I used to carry a number in my head: I thought that the tax code was 11,000 pages long. However, when I went to a Public Accounts Committee tax conference organised by the right hon. Member for Barking (Dame Margaret Hodge)—the Dame Professor Lady right hon. Member for Barking—I discovered that it was 17,000 pages long, and I was told on the radio yesterday that the figure might now be nearer 20,000.

If we made the Bible 10 times longer, we would not expect there to be less work for theologians. We need to sort this out. Complexity is not always avoidable in a mature economy, but there are steps that can be taken to make the code simpler. The Office of Tax Simplification examined 155 different tax reliefs and recommended that 47 should be abolished—43 actually were abolished—but over the same period, the Government of the day introduced 134 new reliefs. According to the Office of Tax Simplification, that produced a total of 1,140. Incidentally, HMRC had thought that there were only 398, which shows how extraordinarily complex the system has become.

That is the central problem, and it needs to be tackled. If a system that can only be dealt with by a high priestly caste is combined with a global economy, a country will

get what we have got. It was this Government who introduced the idea of an Office of Tax Simplification, and it is this Government who are starting to do something about flattening and simplifying the tax system.

There is also the question of the cost of tax reliefs, which is sometimes much higher than HMRC expects. When the right hon. Member for Barking was the films Minister, for very good reasons she introduced a film tax credit. She was then horrified to discover that, using the law of the land, some very clever entrepreneurs and accountants were going around doing things which bore some relation to UK film activity, but perhaps too tangentially for the right hon. Lady's taste. Much of what had been done was found by the courts to be within the law, and ended up costing HMRC, and taxpayers, hundreds of millions of pounds more than had been expected.

This Government are starting to tackle the problem. They have not made all the progress that they need to make, because this is a very big problem indeed, but at least they are starting to tackle it. The last Government did not collect the tax, but this Government are moving in the right direction, and I commend them for what they are doing.

4.3 pm

Stephen Timms (East Ham) (Lab): I am highly enamoured of the record of the last Labour Government, and particularly enamoured of their Treasury policies.

I am grateful to my hon. Friend the Member for Hayes and Harlington (John McDonnell) for drawing attention to an assessment by the *Financial Times* of the comparative records of the Labour Government between 1997 and 2010 and subsequent Governments. The article, written by Vanessa Houlder in February last year, made three very important points to set the record straight. First, it stated that the current Chancellor

“has raised much less income than the last Labour government from reforms to tackle corporate tax avoidance”.

The second point was referred to by my hon. Friend in his introductory remarks. The article stated:

“Measures put in place by Labour during its 13 years in power to counter corporate tax avoidance are projected to raise ten times as much over the next four years as those introduced by the...coalition government.”

Thirdly and importantly, the article stated that the coalition

“eased laws aimed at stopping companies using tax havens, which had been repeatedly tightened under Labour.”

That is the difference between the record of the Government when I was a Treasury Minister and the current Government. Labour in government did the heavy lifting on corporate tax avoidance. The new Government, when elected, had different priorities, as they were entitled to have, but they cannot claim to have maintained the progress Labour made, because they have not.

I welcome the Government's seeming support for country-by-country reporting, but those close to the process find it difficult to recognise that the Government have led on it since 2010, as they have claimed. We certainly led on it prior to 2010. The original idea was devised, I think, by Richard Murphy, about whom we have heard a good deal more in the last couple of years, but it was first brought to me, when I occupied the Minister's office, by Christian Aid. I pay tribute to its work on this. It came to see me in early 2009. We had a

series of international meetings in Berlin, Paris and elsewhere in 2009, at which I put the issue on the agenda, and that culminated in the first joint meeting of the OECD tax and development committee in January 2010 in Paris. That kicked off the process that I am delighted the Government are now swinging behind. But Labour in government started this off and Labour is entitled to the credit for that.

4.6 pm

Chloe Smith (Norwich North) (Con): It is rich to attack this Government for collecting tax. Big multinational corporations cannot carry on as they have been and must expect to pay more tax, and Google's payment is an important step forward to address the long-standing problem of larger corporations not paying fair amounts of tax under the last Labour Government.

Any debate about that past tax in particular and about aggressive tax avoidance in general is in the context of what past law required should be collected. This debate should look ahead to whether and how our laws should change in order to collect more. The tax gap is reported to be £34 billion, or 6.4% of tax liabilities, according to the 2013-14 figure. What might £34 billion buy us? It is half the deficit Labour left us. Public sector net borrowing is about £73 billion this year. It is three times the pay bill for nurses. To break it down further with an international example: £1 billion is what we contributed to the Ross Fund in the global fight against malaria. What is that £34 billion made up of? Only one third is committed by large businesses; half is committed by small and medium-sized businesses; and the rest, I take it, is made up of individuals in error and out-and-out criminals in malice.

We need to look at fairness in two ways. First, is the law applied fairly? We rightly expect HMRC to collect as much as possible from every source, large and small, mistaken or malicious, under a fair application of existing law. Secondly, is the law itself fair? Does the law need to change further, and if so how, to ask for more tax? That is obviously an international question. I welcome the OECD's work on base erosion and profit shifting—I look forward to scrutinising the results in the Finance Bill to come, because that is ready for implementation—and the Government's leadership on a diverted profits tax. I look forward to hearing a summary of what they have brought in during its first year.

In summary, I want tough action to ensure that all companies pay their fair share of tax; I want more tax collected; I want the laws we have to be used; I want new laws to be reported upon carefully so that my constituents can be assured that we are collecting what we need; and I want Britain to continue to lead the world in the OECD's implementation of a sensible set of multinational measures.

4.9 pm

Vicky Foxcroft (Lewisham, Deptford) (Lab): I am grateful for the opportunity to contribute to this important debate.

I was going to start this speech by going through the alphabet, naming different companies that did not pay their fair share of tax: Amazon, BP, Citigroup, Dell, eBay, Facebook, Google. I stopped at Google and went to the search engine of the same name and searched for the word "alphabet." Most people would assume that I

found information on the alphabet—A, B, C, D and so on—but no: what came up was "Alphabet Inc." It turns out that the Google we all know and use has created a parent company, and it has called it Alphabet. Alphabet is a multinational conglomerate that was created last year. It is the parent company of Google and several other companies previously owned by, or tied to, Google. It is the world's most valuable company, even wealthier than Apple. However, it does have something in common with Apple: the desire to not pay tax.

In a world that is becoming more and more connected, and as we seek to develop far-reaching global trade deals, we find that multinational corporations are moving their money and profits around the world. We should be under no illusion as to why they do this: it is to maximise their profits by reducing their tax liability.

So how do we make multinational companies pay their tax, when they invest so much in trying to dodge paying their taxes? Indeed, they use any system, loophole or avenue open to them to get out of their tax obligation. With this Chancellor they have even got someone on the inside helping them out. Frankly, it sends out the wrong message.

The Chancellor, often referred to as the octopus, with his tentacles reaching every part of Government, has declared his tax deal with Google a victory. He may be the octopus, but we are not his suckers. He should publish the details of the deal, show transparently what was agreed, deal with every loophole that comes forward and ensure we deal with the deficit by ensuring those who can pay do pay.

I join my colleagues today in demanding that the Government publish full details of the deal and implement country-by-country reporting of company accounts.

4.12 pm

Kwasi Kwarteng (Spelthorne) (Con): This is a timely debate and I am grateful for the opportunity to speak in it. It is important to remember what the previous Government did, because members of it are speaking, eloquently in many cases, in this debate. It is absolutely relevant, therefore, and gives us the context in which this debate has been called.

For 13 years Labour was in power and for at least the last five of those years these multinational companies—Amazon, Google, Apple—paid almost no corporation tax whatsoever. That was the immediate context. The right hon. Member for East Ham (Stephen Timms) suggested that that Government had a great record, but it was not great. These companies paid very little; this is the general context.

It is quite right for the shadow Chancellor to bring up this debate. I think he makes a reasonable point that ordinary people—our constituents—expect companies to pay their fair share, but I would observe that the very facts he points out about Google employing thousands of people at very high salaries shows, in a way, the success of Google. It shows the success of this Government in creating a business-friendly environment in which these companies can operate. In fact, every single one of those employees, who are paid an average of £160,000 a year, are contributing very significantly to the Treasury in the form of income tax and other taxes that they pay. That fact should be observed in this debate.

[Kwasi Kwarteng]

If we are looking at being able to tax multinational companies, we must consider the fact that, as my hon. Friend the Member for Sherwood (Mark Spencer) suggested, they are operating in lots of jurisdictions and, in many cases, if they are not internet companies they will probably be paying tax in only one country. There are lots of variations that we need to consider, and I do not think it is right for Opposition Members simply to try to make political capital in this sensitive and highly complicated debate.

As my hon. Friend the Member for South Norfolk (Mr Bacon) has said, the reason that companies avoid tax is the complexity of the system. There is a direct correlation between their propensity to avoid paying tax and the complexity of the tax system. Again, the last Labour Government had a pretty poor record on that. This is a complicated debate, and I object to the fact that Labour Members are trying to score political points in it.

4.15 pm

Caroline Flint (Don Valley) (Lab): The hon. Member for Spelthorne (Kwasi Kwarteng) might have commanded a little more respect if he had listened with respect to the views of my right hon. Friend the Member for Barking (Dame Margaret Hodge). This debate is about Google, but it is also about so much more. We know that Google is currently valued at \$524 billion, and that its profits in 2015 alone were £11 billion, an increase of £1 billion in a year, based on revenues of more than £52 billion. *The Daily Mail* has reported that Google has more than 5,000 UK-based employees, which is about a 10th of its total worldwide workforce. That figure includes 279 of its European, middle eastern and African directors, compared with Dublin, where it has 79 such directors. As colleagues have said, Google is constructing a new headquarters worth £1 billion near King's Cross, in addition to its five other offices in the UK.

I do not want to get into a blame game. I want us to get the way we recover tax in this country right, but I believe that certain factors did not help to ensure focus on this growing problem. The public finances were healthy up to 2008. In the year before the crash, the Treasury netted nearly 30% of its corporate tax receipts just from financial services. That figure had fallen to about 17% by 2009. Also, at that time, the online giants of today were largely below the radar. Many floated before they had made a penny profit. Let us look at the corporate giants of today. Twitter, which floated in 2013, was valued at \$18 billion on the day of its flotation yet it had never made a profit up to that point and did not do so for another year or more. Likewise, when Google first floated in 2004, its valuation was \$23 billion but it was not turning the kind of profits that we are talking about today. Google's circumstances are somewhat different today, yet after six years and with all the benefits of hindsight, this Government have achieved a payment of only £130 million, and we do not know how much of that is interest or penalties. We have to do more on this.

We can add other household names to the list of companies that paid no corporation tax in 2014: Shell, Lloyds Banking Group, AstraZeneca, SAB Miller, Vodafone

and British American Tobacco. Those six companies made a combined profit of £30 billion in 2014, yet they are notionally making no money in the UK.

Anna Turley: Does my right hon. Friend agree that initiatives such as the Fair Tax Mark, which is a bit like the fair trade stamp, should encourage more companies to demonstrate publicly their tax liabilities and responsibilities, and that they should consider it a badge of pride that they are paying their full tax?

Caroline Flint: Absolutely. I think that there is cross-party support for more transparency.

Given that Google, HMRC and the Chancellor were quick to publicise the outcome of their negotiations, surely they should be open about how they arrived at the figure of £130 million. We need to know what sort of benchmark this is setting not only for Google but for other companies as well. The Government make the rules and HMRC enforces them, and it is about time that we had more openness. To be honest, if I worked for Google and I were advising it, I would say, "Volunteer to give the information, because this situation is not doing your company any good whatsoever." This is important not only to reassure public opinion but to restore the confidence of those UK-based businesses that have much lower revenues than these giant corporations yet pay considerably more tax, including 20% corporation tax.

We cannot content ourselves with companies appearing to decide whether or not to pay any tax, as though it were discretionary or some kind of charitable payment to the UK. If the broadest shoulders are to bear their share of the burden for funding public services and our pension system, I am afraid that the Government will have to raise their game. We will support the Government on that. Our Labour motion might not receive a majority in the vote today, but this problem will not go away. I, for one, am looking forward to next week when, as a member of the Public Accounts Committee, I shall hear directly from Google and HMRC about what they have to say.

4.19 pm

Chris Philp (Croydon South) (Con): In preparing for this debate, I was keen to see some facts about the Government's record, so I turned to a study published by the Oxford University Centre for Business Taxation, probably the most academically reputable institution in the area of corporation tax. The report it published in February of last year identifies 42 separate measures that the Government have taken since 2010 to clamp down on corporation tax avoidance and evasion. They are forecast to raise £34 billion. I strongly welcome the measures that the Financial Secretary and his colleagues have taken in this area, which include the diverted profits tax and the general anti-abuse rule. The Government have also increased capital gains tax from 18% to 26%, dealing with a loophole that was being widely exploited by some hedge funds to end up paying rates of tax below that of their cleaners. The Government's record in this area does bear scrutiny. Indeed, Richard Murphy, who describes himself as the "father of Corbynomics" declared himself pleased and surprised at the progress made in this area since 2010, which includes the BEPS initiative, which the UK Government have been strongly pushing.

I noted with interest that the shadow Chancellor did not repeat a claim he has made in the past about £93 billion of what he has called “corporate welfare”, implying that there is some sort of evasion or avoidance going on. Richard Murphy said yesterday, before the Treasury Committee, that he would question whether that figure was correct, as it includes things such as capital allowances, and research and development tax credits, which of course support companies that are investing in productivity, a topic that we all care about very much.

On Google, I said in an intervention that this Government have collected £130 million of tax more than the last Labour Government, who collected precisely zero. As such, we are talking about a welcome step in the right direction. The 3% tax rate has been mentioned but, as some Conservative Members have pointed out, such an analysis completely ignores the fact that Google’s staff headcount and intellectual property reside disproportionately in the United States. Were we to adopt the approach being suggested, UK companies, particularly those in the music, pharmaceutical and other industries, would suffer greatly.

That is not to say that there is not more that can be done—more can be done. I particularly suggest to the Financial Secretary that we should look carefully at how things such as transfer pricing rules are applied. Two or three years ago, Starbucks successfully levied a 6% brand fee from an offshore jurisdiction into the UK which almost completely extinguished its UK profits. Any brand levy that results in a zero profit is, almost by definition, too high, so I ask him to give guidance to HMRC on that topic, but I support the Government’s initiatives and hope they go further.

4.22 pm

Wes Streeting (Ilford North) (Lab): I am grateful for the opportunity to speak in this debate. As someone who represents a constituency containing thousands of business, of all shapes and sizes, many of which feed into the national supply chain, I wish to say at the outset that I am very proud of the role that not just my constituency, but this country plays, with many of our leading industries leading the way globally. I want this country to be a good place to do business and to set up a business, and to continue to lead the world with competitive tax rates.

This debate is actually about fairness and transparency. To follow up something that the hon. Member for Croydon South (Chris Philp) said, the fact is that the Minister could not tell us last week what effective tax rate Google would be paying. I can tell him what the effective tax rate is for businesses in my constituency—what rate of corporation tax they will be paying—so why is it so difficult for Google, a multinational giant, to be transparent with the public about the rate of tax it is paying?

Mr Gauke: Just to be clear, the statutory rate is 20% and that applies to everybody. There are businesses that will have a lower effective rate, entirely lawfully and in accordance with the spirit of the law, because, for example, they make use of capital allowances or they might have losses that they are making use of. Someone having an effective rate below the statutory rate does not mean that they are conducting avoidance activity.

Wes Streeting: That is a fair point, but of course many tax experts have estimated that Google is paying an effective tax rate of 3%. If that is not the case, we need to see the numbers that give us that assurance. We do not doubt the difficulties here. In an increasingly globalised world, where intellectual property and the growth of internet companies makes this more important in the debate about tax, these are difficult issues to grasp, but there is no hint of fairness or transparency about this deal, and that is what we are seeking with this debate.

We would have more confidence if there had been consistent messages on this issue from both the Government and Google. On 23 January, the Tory Treasury Twitter account—not the most accurate of sources—claimed that the

“Google tax bill is for years 2005-2011, almost all under Labour”.

Yet Google Ltd’s account for the period ended 30 June 2015 reported

“a liability to HMRC of £130 million in respect of additional taxes and interest due for prior accounting periods and the current accounting period.”

The Minister says that there has been no sweetheart deal, but, as I asked him earlier, how can he give us that assurance if he has not seen the deal and is as far removed from it as he says. The Chancellor said it was a “major success”. How can he laud it as a major success if he is not close enough to the deal? If it is such a major success, why did the Prime Minister in Downing Street run so far away from that claim? Why has the Financial Secretary to the Treasury not once in recent weeks stood by his Chancellor in saying that this deal is a major success? I believe that it is because he knows that it is nothing of the sort, and that this Government look deeply out of touch with the public.

Labour were accused of attacking HMRC staff. The fact is that HMRC has a responsibility to apply tax law. It has a duty to go for the full rate of tax due, but, as my right hon. Friend the Member for Barking (Dame Margaret Hodge) pointed out, it has not always applied that duty. I am sure that, following the work of the Treasury Committee and the Public Accounts Committee, we will find that the issue at HMRC is to do with resourcing and extra teams and whether there are the people and the capacity to pursue not just the current claims and outstanding tax, but the historical backlog that exists as well.

Also of concern is the fact that Google itself has made some rather odd claims. On the one hand, we see senior Google executives writing to the newspapers about how great the deal is and how they have stood by their obligations, while, on the other, they are committing to paying more tax in the future. What is the reality? Is it that Google is paying the tax liability that is due; that it has somehow got away with it and plans to pay more in the future; or that it sees tax as a means of charity towards the state and it is willing to prop up the Treasury coffers a bit more generously in the future? Whatever the reality, there is deep inconsistency in the messages from the Government and Google.

We should look at the comments recently made by the Mayor of London who went as far as to suggest that finance directors have a fiduciary duty to minimise tax exposure. That cannot possibly be the case. If the

[*Wes Streeting*]

Mayor of London looked at the duties under the Companies Act 2006, he would see that they also have to make reference to

“the likely consequences of any decisions in the long term...the company’s business relationships with suppliers, customers and others”—

and—

“the impact of the company’s operations on the community and the environment”.

There is a problem with the ethos of those on the Conservative Benches. Many of them see tax as a form of theft, whereas we see it as a civic responsibility and duty and as a means of creating a more civilised society. I want businesses in my constituency to pay their fair share of tax, and indeed they do. It is not unreasonable to expect a multinational company such as Google to do the same. The Government need to do much more to ensure that there is transparency for all such companies in all of the jurisdictions in which they operate.

4.28 pm

Kevin Hollinrake (Thirsk and Malton) (Con): First, let me draw the House’s attention to my entry in the Register of Members’ Financial Interests. A company in which I have an investment is, in a very small way, a competitor of Google’s. If it ever makes a profit, it will always pay—at least while I am involved—the correct rate of corporation tax, as most companies do. All of us on the Conservative Benches believe that that is absolutely right. None the less, this is a global problem.

In the 1960s, Zhou Enlai was asked about the consequences of the French revolution 200 years earlier, and he said that it was too early to tell. The same applies to globalisation. These are all global problems. In the US, the effective rate of corporation tax has halved in the past 60 years. Apple has £120 billion of assets invested offshore. It does not want to repatriate them as it will have to pay tax. The Opposition sound like a failed football manager turned TV pundit who lost all their games without scoring a goal and who now criticise the new manager for not winning by a big enough margin.

Of course, nobody on the Government Benches would countenance tax avoidance. The thin justification is that the arrangement is for shareholders. Only this week, James Anderson, a Google shareholder, said that Google should be paying the effective rate of corporation tax. That is absolutely right. Warren Buffett has gone on record many times saying that companies should pay the going rate of corporation tax. We need to look at the role of advisers. My experience in my business, when these things have come across our desk, is that such a policy has been rejected on the recommendation of tax advisers. Firms such as Ernst and Young, global corporations themselves, are responsible for much of that activity. I wonder whether they have public sector contracts and whether such organisations should be allowed access to public contracts in the light of those activities.

My hon. Friend the Member for Mid Worcestershire (Nigel Huddleston) asked what we would be saying if we were the parents of Google. If I were the parent of

Sergey Brin, I would say, “Pay your taxes.” The company talks about values. It cannot talk about integrity and not pay its fair share of taxes.

Perhaps we should give companies that do pay their taxes greater prominence and recognition through some kind of kitemark for paying fair levels of tax. Overall, we must rely on the integrity of companies to pay their taxes where they have built their businesses—on the back of British people.

4.31 pm

Helen Goodman (Bishop Auckland) (Lab): I am pleased to have the opportunity to take part in this extremely important debate. Clearly, a number of things have gone wrong in the case of Google, but I shall focus on one aspect: the tax treatment of intellectual property. This is a growing part of the economy and we need to get it right.

I draw a distinction between two extremes—on the one hand, a large pharmaceutical company that does a great deal of research and development and employs a large number of people to make a new drug, and, on the other, a company such as Starbucks, which registers its name in Luxembourg, seemingly purely as a tax avoidance device. Between those extremes there is a continuum and Google is somewhere in the middle. It has done some mathematics to make some algorithms, but it also has a brand that is extremely powerful. We need to tighten up on this.

What happens at present is that a name is registered in a low tax domain. That separate company charges a fee to this country, where the work is done. That wipes out the entire tax treatment. That is ridiculous. One thing that is wrong is that the company seems to be able to set the price itself. The Revenue is not auditing it and asking whether that is reasonable. Obviously, maintaining a brand involves some costs, but small costs—perhaps to repaint some signs or to train its marketing people. Those costs cannot be compared to the cost of research and development.

Tom Tugendhat (Tonbridge and Malling) (Con): Does the hon. Lady understand that an awful lot of the cost could be in intellectual property and in ideas held by people overseas? That is not necessarily as cheap as a lick of paint, as she suggests.

Helen Goodman: I was trying to distinguish between real intellectual property and intellectual property that is purely branding. Take the example of the BBC, which sells television programmes. The BBC can get more money for its television programmes than a small television production company, partly because it is called the BBC, even though the actual costs of making the television programme are the same.

The question we have to ask ourselves is whether, because of the high value of the brand, the company should pay less tax. I submit that that is a fundamental mistake, because the brand is an asset. What the company is getting in that situation is economic rent. The fact that it has a valuable asset is not a reason for it to pay less tax. That is absurd. If a company invests in a piece of machinery and makes a claim against its capital allowance, over time the amount that it can claim against tax decreases as it moves from the point at

which the investment was made. In cases where the brand is the asset, companies are claiming more over time as they are selling more. I think that is an area where we could very usefully tighten up.

Perhaps this area of tax would be better handled if we had a few more economists looking at the underlying economics and fewer accountants, who seem very comfortable with the way the system works but are not driven by the desire that the rest of us have to make sure that these people pay their fair share.

4.35 pm

Chris Stephens (Glasgow South West) (SNP): Let me first declare that this morning I was elected chair of the all-party Public and Commercial Services Union group, succeeding the shadow Chancellor, who of course will be a hard act to follow. I will be referring to HMRC staff.

Such is the widespread scepticism and lack of public confidence following this deal that the term “to google it” now has a new meaning on the streets of the UK. No longer does it mean logging on to a computer and exploring a search engine; “to google it” now means something else. When members of the public grab their self-assessment forms, they might ask themselves, “Should I google it?”

The Minister had four opportunities—four tests, in my view—to address that widespread scepticism and lack of public confidence. The issue is about the messages that this sends. First, there was no real answer on what methodology was used to make the calculation. More worryingly, although the Minister praised HMRC staff, he did not address why 120 compulsory redundancies were issued to HMRC staff on 28 January. Worse still, there has been no explanation for why the chief executive of HMRC has refused to meet the PCS to try to help mitigate those job losses. That is a message that will be sent to multinational companies. They will wonder why HMRC offices are closing in towns, in many of which it is the largest employer, and why there are staff reductions. They will wonder whether the UK Government are serious about dealing with tax avoidance and tax evasion.

John Mc Nally (Falkirk) (SNP): Does my hon. Friend agree that taxes are the price we pay for a civilised society and that these multinational companies should be paying their taxes willingly?

Chris Stephens: I agree. In such debates we usually hear Government Members praise the self-appointed TaxPayers’ Alliance. Interestingly, it has not been mentioned today. I agree that taxes are the price we pay for a civilised society.

We heard nothing from the Minister about a financial transactions tax. I support such a tax, particularly a global financial transactions tax, which could bring in £250 billion for national Governments. Surely the UK Government could take a lead in introducing such a tax.

The Minister made no mention of tax havens in UK overseas territories such as the Cayman Islands, which my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin) mentioned. Research by the Tax Justice Network rates the Cayman Islands as the second most significant tax haven in the world. Of

the 279 banks registered there, only 19 are licensed to operate domestically; the other 260 are there to shuffle money from country to country. The Cayman Islands have a population of 56,000, but there are 100,000 registered companies. My hon. Friend mentioned Uglah house. As President Obama has said:

“That’s either the biggest building or the biggest tax scam on record.”

I believe it is the latter. Where is the action to tackle this? The Government made no mention of that. The Tax Justice Network has said that the UK and its dependent territories and Crown dependencies remain “by far the most important part of the global offshore system of tax havens and secrecy jurisdictions”.

The fact is that the widespread scepticism means that the public have no confidence in the Government’s handling of this affair or in their ability to deal with tax avoidance and tax evasion. That is why I will be supporting the motion today.

4.39 pm

Peter Grant (Glenrothes) (SNP): First, I apologise to the shadow Chancellor for missing the first 60 seconds or so of his speech.

It has been suggested that we are criticising the team manager for not winning by a big enough margin. If this was such an important victory, why is the team manager refusing all interviews, choosing instead to send the reserve team goalkeeper—not to do interviews about the game, but to talk about everything and anything apart from the great victory?

The Government have tabled an amendment that is four times as long as the motion they seek to amend, and it does not mention Google or the £130 million great victory anywhere. It is a strange victory indeed if the Government are trying to hide it under the biggest, deepest, darkest bushel they can find. It is to the Government’s eternal shame, and it exposes Parliament to ridicule and brings it into disrepute, that every time over the last week that Opposition Members—not only from Labour, but from other Opposition parties as well—have asked for a justification for this deal, every Minister has answered by batting the issue across to the Labour Benches, like the most expensive ping-pong ball in the history of sport.

I commend the shadow Chancellor for being prepared to acknowledge that the previous Labour Government’s actions might not stand up to much scrutiny on this issue. Labour’s downfall started when it got far too cosy with the big, anonymous multinational institutions. I suspect that quite a few people on the Labour Benches today would accept that with hindsight.

If all that the Government can say to defend their actions is that the previous Government were even worse, that sends the message to the people of these islands that the actions of both Governments are indefensible. A Government who try to defend the indefensible by saying that somebody else was more indefensible really are not delivering much for the people of these islands.

If we are to believe the selective information that Google has put out about how productive its 2,300 employees have been, the equivalent, taking a generous Back-Bench MP’s salary, would be for each of us to deliver less than 25p value added per year for each of

[Peter Grant]

our constituents. I doubt whether any of us would fancy the next election if that was all that we were delivering. It simply is not credible for a major successful multinational business to suggest that it employs so many people to deliver so little profit for its shareholders.

This is not just about the technicalities of what is admittedly very complex legislation; it is about Parliament holding HMRC and Google to account and about allowing the public to hold us to account. The clear message coming from the overwhelming majority of the 60 million-plus people represented in this Chamber today is that this Google deal stinks. It cannot possibly be justified, and it is interesting that the Government are not even attempting to defend it in the amendment.

4.42 pm

Marie Rimmer (St Helens South and Whiston) (Lab): The subject of tax avoidance and tax evasion is of real relevance to my constituents, for whom paying tax is not negotiable—unlike, it seems, for large corporations such as Google.

The rationale for public service cuts has been based on the notion that we, as a country, cannot afford to pay for public services in the way we have done—that we cannot afford to meet the basic needs of our citizens because of the debts facing the country.

It is important to note that the Government have been in office for nearly six years. During that time, the Chancellor and the Prime Minister have been able to take action on these issues. The limited progress that the Government have made is welcome, but the Google deal flies in the face of it. Their attempts to blame the previous Labour Government every time their record is questioned is wearing thin—even with their own supporters.

Issues of taxation and who pays are all the more pertinent when the Conservatives' political choices mean that jobs are being lost and services closed, and that people are suffering as a result. The cuts agenda the Government have embarked on over the past 69 months has hit my constituents extremely hard. The cumulative cuts that the St Helens and Knowsley councils, which cover my constituency, have faced since the Government took office add up to a staggering £168 million. The £94 million cut from Knowsley's budget is the highest of any council in the country, despite the area having some of the highest levels of deprivation and lowest incomes. That has meant unavoidable, savage cuts to services across the board, and that is clear to everyone in my constituency. However, the detail of why Google is paying only £130 million in tax is still shrouded in secrecy.

This is about a choice as to who pays what. The Government have made very clear who has no option but to pay and for whom the issue is negotiable. Local government is now meant to self-finance, with the phasing out of the block grant, and authorities are meant to generate business activity to get tax from it. So who is paying while Google does not? Many small, and large, businesses in my constituency pay their tax—they have no choice. The nature of their business means that they cannot physically move premises like some other businesses. They have no option to relocate their profits to other countries, as is convenient for others. If the Chancellor

wishes local authorities to generate more of their own finances for themselves and rely less on central Government, how can he justify businesses that make a large contribution to local economies and which pay their taxes locally subsidising, in effect, the likes of Google and other multinationals?

4.45 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I thank all right hon. and hon. Members who have made such excellent contributions to this debate, including my right hon. Friend the Member for Barking (Dame Margaret Hodge), who said that the Government have lost the argument on transparency. Other Members raised important issues about how we now seem to have one tax rule for large companies—multinationals—but another for small businesses in our country. We heard about the use of tax havens, transfer pricing, and the fact that the Tories cannot claim that they have continued Labour's progress on this issue. I pay tribute to the work of those who have campaigned for tax justice, including Richard Murphy, Christian Aid and others, as well as the Co-operative movement, with its campaign for a fair tax mark that includes country-by-country reporting.

Over the past week, the Google tax settlement issue has shocked us all. The Chancellor cut a lonely figure when he tweeted that that tax deal was a "victory". The tweet had scarcely had a chance of a retweet before Downing Street distanced itself and MPs in all parts of this House called the deal derisory. Questions then came thick and fast about how we could have reached a settlement that effectively implied a 3% tax rate. It was the moment when, as one journalist wrote,

"Google lost the argument in the court of public opinion."

Yes, there is a lot to admire about Google. Millions rely on the access to knowledge and information that the Google search engine helps to put at our fingertips, and innovative products pushing at the frontier of our digital age have transformed our personal and working lives. However, we cannot tolerate this huge global business not playing fair when it comes to tax. We now know for a fact that Google has been short-changing us for more than a decade. Whatever else it has done, this settlement proves that fact.

The deal has left a series of questions in its wake. Do we know whether Google is paying its fair share of taxes, as it tells us? We do not know, because the deal is shrouded in secrecy, but there is lots to suggest that it is not. Only this week, we heard that Google's parent company, Alphabet, is now the world's most valuable company, with a valuation of \$568 billion. In just four years, Google paid its chairman a total of £166 million—more than it paid in UK taxes for 10 years.

We support and celebrate success, but this is an issue of fairness. Many are therefore asking a second question—after his tweet, can we trust the judgment of the Chancellor on this issue? Can we trust the judgment of a man who describes what is effectively a 3% tax rate for the world's most valuable company as a "victory"? In 2014 alone, Google UK made an estimated £1 billion profit; 20% tax on that alone would have been £200 million, enough for 4,000 police officers. Fairness in the tax system is important for us all, and this is not a victim-free zone. When global companies such as Google do not pay their fair share, businesses and families in the UK take a hit. We have all heard from businesses in our constituencies that

wonder why there is one rule for large multinationals and another for them. British families lose out, too, because uncollected taxes mean revenue forgone, with bigger cuts to public services and lower levels of investment when we need it the most.

There is another reason for questioning the Chancellor's judgment. How can people trust the judgment of a man who thinks it is right to undermine and demoralise his tax-collecting agency? It is a classic example of a false economy—short-term cuts that have long-term costs. Why has the inquiry, which was set up under the Labour Government in 2009, taken more than six years? Nobody knows, seemingly not even the Chancellor. If ever a situation showed a lack of political will, it is this one.

People's trust in the Chancellor and in the fairness of the tax system has been undermined further by two recent reports. The Chancellor and 16 different Tory Ministers have had face-to-face talks with Google bosses over the last two years, but did any of them raise the issue of the company's tax structures? Perhaps the Minister can tell us today.

People feel a growing sense of huge injustice when large multinationals can shift their profits so easily and avoid the taxes that they should be paying. Now we find out that, only last year, Tory MEPs were instructed on six occasions to vote against proposals to clamp down on multinationals that engage in aggressive tax avoidance. In addition, they have voted repeatedly against measures to tackle tax evasion.

The Chancellor has even failed to apply his Google tax to Google. Perhaps he can tell us whether the Google tax—the diverted profits tax—would have applied if a deal had not been reached. Things need to change, and we believe that the Chancellor has a duty to take steps to restore public confidence in how HMRC operates in cases such as this. He must now address widespread concerns about the lack of transparency surrounding the deal and show us how the deal was reached so that it can be scrutinised by Parliament and the public. Few can understand how HMRC accepted at face value Google UK's claim that it, a company with more than 2,000 UK employees, does not have a permanent establishment in the country for corporation tax purposes.

Since last week, we have seen this deal unravel. Every step of the way, the Chancellor's failure of judgment has been apparent. It is not the first time that the Chancellor has failed to stand up for people in Britain. He is hurting, not helping, British businesses and families. We need renewed focus and action on tax avoidance and tax evasion, and a real plan to close the UK tax gap. That is what Britain deserves and the British people expect. We need a plan that puts transparency and fairness first—a plan through which we work to reach international agreement on country-by-country reporting and drive forward its implementation. The deal, and the way in which it came about, must not be allowed to set a precedent. If the Chancellor will not act, Labour stands ready. I urge all hon. Members to vote with us in the Aye Lobby.

4.53 pm

The Exchequer Secretary to the Treasury (Damian Hinds): The budget deficit that we inherited from the previous Labour Government was £153 billion. That is equivalent to nearly £6,000 for every household in the country. When a Government inherit such a deficit, one

of the first things that they go after is the money that is supposed to be coming in, but is not. As my hon. Friend the Financial Secretary set out comprehensively at the start of the debate, no Government have done more than we have to crack down on tax evasion and aggressive tax avoidance.

The Government crackdown, led by my right hon. Friends the Prime Minister and the Chancellor, has resulted in more than 40 changes to tax law to close loopholes that Labour left in place. Among those changes was the world-leading diverted profits tax, which stops multinational companies shifting their UK profits to other countries. That policy alone will bring in an extra £1.3 billion from multinational corporations by the end of the Parliament, some directly but some, more importantly, as a result of its deterrent behavioural impact. I believe that the Government can be proud of that record, but we need to continue to do more and we are doing so. Tax avoidance is a global problem and it calls for global solutions.

To be clear, corporation tax is not a tax on the sales that happen in this country, or even a tax on the profits that derive from the sales that happen in this country. The system that operates internationally is that profits should be allocated on the basis of what is called "economic activity" in each country. Economic activity is not just about sales, but about where research and development takes place, where the various stages of production take place and so on. In short, that was a simpler formula to work out in the 1920s, when the world tax system came into being, as the hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin), in his entertaining style, reminded us. Since then, there has been a move from manufactures to services, from the tangible to the intangible, and from the mechanical and the edible to the digital.

This Government have embarked on a programme to tighten the rules and the definitions. Domestically, we have acted to prevent companies trying to take advantage of ambiguities. Internationally, we are working to plug gaps and address loopholes.

Helen Goodman: Will the Minister give way?

Damian Hinds: I cannot give way because of the time. I apologise to the hon. Lady.

The Institute for Fiscal Studies has said that there is "literally nothing" that any one national Government can do unilaterally about some of the loopholes. That is why we are working together with our international partners. We led the debate on updating the international tax rules by initiating the G20-OECD base erosion and profit shifting projects during our presidency of the G8. We were the first country to take action to implement the G20-OECD recommendations to help us better to align the location of taxable profits with the location of economic activity. As part of the implementation of the recommendations, the UK last week signed an agreement with 30 other tax administrations to share country-by-country reports from next year. We now want agreements on making information public, as was spelled out in our manifesto. We will continue to lead any multilateral debates in this area.

We know that to achieve sustainable and long-term economic growth, to drive up productivity and to carry on creating jobs we need internationally competitive

[Damian Hinds]

taxes. We are clear, however, that those taxes must be paid. In 2009-10, the tax gap—the difference between tax liabilities and the amount of tax collected—was 7.3%; last year, it had fallen to 6.4%. Over the last Parliament, HMRC secured more than £100 billion in compliance revenues. In the spending review, the Chancellor approved an additional £800 million of funding for HMRC to recover an additional £7.2 billion of taxes, which is a great deal for the British taxpayer.

Let me be clear: HMRC investigates tax impartially. No organisation or individual gets preferential treatment because of their size or because of their income. Let me remind hon. Members, including the right hon. Member for Barking (Dame Margaret Hodge), that during the tenure of the Labour party in government, the House of Commons reaffirmed and enshrined in law the long-standing principle of confidentiality through the Commissioners for Revenue and Customs Act 2005. The principle of taxpayer confidentiality means that HMRC cannot publish details of a settlement. That is a fundamental principle of the tax system of every major economy, including ours: there is no ministerial involvement in this country. The hon. Member for Ilford North (Wes Streeting) asked how we can know that there has not been a sweetheart deal. HMRC publishes online its litigation and settlement strategy, which makes it clear that the department cannot and will not settle for anything less than the full tax, interest and penalties payable under the law.

My time is very short, but I want to respond briefly to a couple of points made in the debate. The hon. Member for Glasgow South West (Chris Stephens) secured a debate in this place on the HMRC office estate. As he knows, the plan is to concentrate expertise in a number of regional centres, which will make interaction between the areas of expertise more straightforward and, indeed, improve career opportunities for many people. The number of HMRC staff dealing with large businesses is not going down; it is going up in line with the increased investment that, as I have mentioned, the Chancellor has committed to tackling evasion and avoidance.

The hon. Member for Wythenshawe and Sale East (Mike Kane) talked, rightly, about developing countries. It is right that we give extra support to countries that need it. In 2015-16, HMRC established a new tax experts team to support a number of developing countries. I would be happy to take him through more of the detail of that if we had the time.

We had excellent and informative speeches from, among others, my hon. Friends the Members for Sherwood (Mark Spencer), for Mid Worcestershire (Nigel Huddleston), for Norwich North (Chloe Smith), for South Norfolk (Mr Bacon) and for Thirsk and Malton (Kevin Hollinrake). My hon. Friends the Members for Spelthorne (Kwasi Kwarteng) and for Croydon South (Chris Philp) reminded us of the record of the last Labour Government, but I fear that the Opposition's current plans are much worse. They claim that they want to make businesses pay more tax in the UK, but in truth their policies would drive companies away from this country, which would mean fewer jobs, lower wages and a weaker economy. This week, we have learned that they want to put taxes up not just for businesses, but for working people.

To achieve long-term economic growth, we need internationally competitive taxes, but our message has been clear: "If you operate in the UK, you pay tax in the UK, and whoever you are, the same UK law applies." We will continue to strengthen the law, to close the loopholes and to invest in HMRC's capacity through additional funding and extra powers. We will continue to lead the world in the fight against international tax avoidance to ensure that the UK has an internationally competitive but fair tax regime. I urge hon. Members to support the amendment and to reject the motion.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 271, Noes 299.

Division No. 184]

[5 pm

AYES

Abbott, Ms Diane	Creagh, Mary
Abrahams, Debbie	Creasy, Stella
Ahmed-Sheikh, Ms Tasmina	Cruddas, Jon
Alexander, Heidi	Cryer, John
Ali, Rushanara	Cummins, Judith
Allen, Mr Graham	Cunningham, Alex
Anderson, Mr David	Cunningham, Mr
Arkless, Richard	Jim
Austin, Ian	Dakin, Nic
Bailey, Mr Adrian	Danczuk, Simon
Bardell, Hannah	David, Wayne
Barron, rh Kevin	Davies, Geraint
Beckett, rh Margaret	Day, Martyn
Benn, rh Hilary	Docherty, Martin John
Berger, Luciana	Dodds, rh Mr Nigel
Betts, Mr Clive	Donaldson, rh Mr Jeffrey
Black, Mhairi	M.
Blackford, Ian	Donaldson, Stuart Blair
Blackman, Kirsty	Doughty, Stephen
Blenkinsop, Tom	Dowd, Jim
Blomfield, Paul	Dowd, Peter
Boswell, Philip	Dromey, Jack
Bradshaw, rh Mr Ben	Dugher, Michael
Brake, rh Tom	Durkan, Mark
Brennan, Kevin	Eagle, Ms Angela
Brock, Deidre	Eagle, Maria
Brown, Alan	Edwards, Jonathan
Brown, Lyn	Efford, Clive
Brown, rh Mr Nicholas	Elliott, Julie
Bryant, Chris	Elliott, Tom
Buck, Ms Karen	Ellman, Mrs Louise
Burgon, Richard	Evans, Chris
Butler, Dawn	Farrelly, Paul
Byrne, rh Liam	Fellows, Marion
Cadbury, Ruth	Ferrier, Margaret
Cameron, Dr Lisa	Field, rh Frank
Campbell, rh Mr Alan	Fitzpatrick, Jim
Campbell, Mr Ronnie	Fletcher, Colleen
Carmichael, rh Mr Alistair	Flint, rh Caroline
Carswell, Mr Douglas	Flynn, Paul
Cherry, Joanna	Fovargue, Yvonne
Clegg, rh Mr Nick	Gardiner, Barry
Coffey, Ann	Gethins, Stephen
Cooper, Julie	Gibson, Patricia
Cooper, Rosie	Glass, Pat
Cooper, rh Yvette	Glendon, Mary
Corbyn, rh Jeremy	Goodman, Helen
Cowan, Ronnie	Grady, Patrick
Cox, Jo	Grant, Peter
Coyle, Neil	Gray, Neil
Crausby, Mr David	Green, Kate
Crawley, Angela	Greenwood, Lilian

Greenwood, Margaret
Griffith, Nia
Gwynne, Andrew
Haigh, Louise
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Carolyn
Hayes, Helen
Hendrick, Mr Mark
Hendry, Drew
Hepburn, Mr Stephen
Hillier, Meg
Hodge, rh Dame Margaret
Hodgson, Mrs Sharon
Hollern, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Huq, Dr Rupa
Hussain, Imran
Irranca-Davies, Huw
Jarvis, Dan
Johnson, Diana
Jones, Gerald
Jones, Mr Kevan
Jones, Susan Elan
Kane, Mike
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Kerevan, George
Kerr, Calum
Kinahan, Danny
Kinnock, Stephen
Lammy, rh Mr David
Lavery, Ian
Law, Chris
Leslie, Chris
Lewell-Buck, Mrs Emma
Lewis, Clive
Lewis, Mr Ivan
Long Bailey, Rebecca
Lucas, Caroline
Lucas, Ian C.
Lynch, Holly
Mactaggart, rh Fiona
Madders, Justin
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marris, Rob
Marsden, Mr Gordon
Maskell, Rachael
Matheson, Christian
Mc Nally, John
McCabe, Steve
McCaig, Callum
McCarthy, Kerry
McDonagh, Siobhain
McDonald, Andy
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGarry, Natalie
McGinn, Conor
McGovern, Alison

McInnes, Liz
McKinnell, Catherine
McLaughlin, Anne
McMahon, Jim
Meale, Sir Alan
Mearns, Ian
Miliband, rh Edward
Monaghan, Carol
Monaghan, Dr Paul
Morden, Jessica
Morris, Grahame M.
Mulholland, Greg
Mullin, Roger
Murray, Ian
Nandy, Lisa
Newlands, Gavin
Nicolson, John
O'Hara, Brendan
Onn, Melanie
Onwurah, Chi
Osamor, Kate
Oswald, Kirsten
Paterson, Steven
Pennycook, Matthew
Perkins, Toby
Phillips, Jess
Pound, Stephen
Powell, Lucy
Pugh, John
Rayner, Angela
Reed, Mr Steve
Rees, Christina
Reeves, Rachel
Reynolds, Jonathan
Rimmer, Marie
Ritchie, Ms Margaret
Robertson, rh Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Ryan, rh Joan
Saville Roberts, Liz
Shah, Naz
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheppard, Tommy
Sherriff, Paula
Shuker, Mr Gavin
Siddiq, Tulip
Simpson, David
Skinner, Mr Dennis
Slaughter, Andy
Smeeth, Ruth
Smith, rh Mr Andrew
Smith, Angela
Smith, Cat
Smith, Jeff
Smith, Nick
Smith, Owen
Smyth, Karin
Spellar, rh Mr John
Starmer, Keir
Stephens, Chris
Stevens, Jo
Streeting, Wes
Stringer, Graham
Stuart, rh Ms Gisela
Tami, Mark
Thewliss, Alison
Thomas, Mr Gareth
Thomas-Symonds, Nick

Thompson, Owen
Thomson, Michelle
Thornberry, Emily
Timms, rh Stephen
Turley, Anna
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Watson, Mr Tom
Weir, Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Whitford, Dr Philippa

Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Dame Rosie
Wishart, Pete
Woodcock, John
Wright, Mr Iain
Zeichner, Daniel

Tellers for the Ayes:
Vicky Foxcroft and
Sue Hayman

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackman, Bob
Boles, Nick
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Bruce, Fiona
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, Alun
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clarke, rh Mr Kenneth
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colville, Oliver
Costa, Alberto
Cox, Mr Geoffrey
Crabb, rh Stephen
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Donelan, Michelle
Double, Steve
Dowden, Oliver
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Mr Nigel
Evennett, rh Mr David
Fabricant, Michael
Fallon, rh Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Fox, rh Dr Liam
Frazer, Lucy
Freeman, George
Freer, Mike
Fuller, Richard
Fysh, Marcus
Gale, Sir Roger
Garnier, rh Sir Edward
Garnier, Mark
Gauke, Mr David
Ghani, Nusrat
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen

Grayling, rh Chris
Green, Chris
Green, rh Damian
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, Stephen
Hands, rh Greg
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, Sir Oliver
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoare, Simon
Hollingbery, George
Hollinrake, Kevin
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jayawardena, Mr Ranil
Jenkyns, Andrea
Jenrick, Robert
Johnson, Boris
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, Seema
Knight, rh Sir Greg
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, Andrea
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Mackinlay, Craig
Mackintosh, David
Main, Mrs Anne
Mak, Mr Alan
Malthouse, Kit
Mann, Scott

Mathias, Dr Tania
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
Menzies, Mark
Mercer, Johnny
Metcalf, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Mills, Nigel
Milton, rh Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, rh Nicky
Morris, Anne Marie
Morris, David
Morris, James
Morton, Wendy
Mowat, David
Mundell, rh David
Murray, Mrs Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Dr Matthew
Opperman, Guy
Parish, Neil
Patel, rh Priti
Pawsey, Mark
Penning, rh Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Philp, Chris
Pickles, rh Sir Eric
Pincher, Christopher
Prentis, Victoria
Prisk, Mr Mark
Pritchard, Mark
Pursglove, Tom
Quin, Jeremy
Quince, Will
Raab, Mr Dominic
Redwood, rh John
Rees-Mogg, Mr Jacob
Robertson, Mr Laurence
Robinson, Mary
Rosindell, Andrew
Rudd, rh Amber
Rutley, David
Sandbach, Antoinette
Scully, Paul
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Chloe
Smith, Henry
Smith, Julian
Smith, Royston
Solloway, Amanda
Soubry, rh Anna
Spelman, rh Mrs Caroline

Spencer, Mark
Stephenson, Andrew
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
Throup, Maggie
Tolhurst, Kelly
Tomlinson, Justin
Tomlinson, Michael
Tracey, Craig
Tredinnick, David
Trevelyan, Mrs Anne-Marie
Truss, rh Elizabeth
Tugendhat, Tom
Turner, Mr Andrew
Tyrie, rh Mr Andrew
Vaizey, Mr Edward
Vara, Mr Shailesh

Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Warburton, David
Warman, Matt
Watkinson, Dame Angela
Wharton, James
Whately, Helen
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, rh Mr John
Wiggin, Bill
Williams, Craig
Williamson, rh Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wood, Mike
Wragg, William
Wright, rh Jeremy
Zahawi, Nadhim

Tellers for the Noes:
Jackie Doyle-Price and
Simon Kirby

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)),
That the proposed words be there added.

The House divided: Ayes 303, Noes 261.

Division No. 185]

[5.14 pm

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackman, Bob
Boles, Nick
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Bruce, Fiona
Buckland, Robert
Burns, Conor

Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, Alun
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clarke, rh Mr Kenneth
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colville, Oliver
Costa, Alberto
Cox, Mr Geoffrey
Crabb, rh Stephen
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donelan, Michelle
Double, Steve

Dowden, Oliver
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Gale, Sir Roger
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart

James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr
 Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil

Patel, rh Priti
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Prentis, Victoria
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Solloway, Amanda
 Soubry, rh Anna
 Spencer, Mark
 Stephenson, Andrew
 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
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Trednick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr
 John
 Wiggins, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
Jackie Doyle-Price and
Simon Kirby

NOES

Abbott, Ms Diane
 Abrahams, Debbie
 Ahmed-Sheikh, Ms Tasmina
 Alexander, Heidi
 Ali, Rushanara
 Allen, Mr Graham
 Anderson, Mr David
 Arkless, Richard
 Austin, Ian
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Betts, Mr Clive
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Blenkinsop, Tom
 Blomfield, Paul

Boswell, Philip
 Bradshaw, rh Mr Ben
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burgon, Richard
 Butler, Dawn
 Byrne, rh Liam
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Carswell, Mr Douglas
 Cherry, Joanna
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie

Cooper, rh Yvette
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Cox, Jo
 Coyle, Neil
 Crausby, Mr David
 Crawley, Angela
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 David, Wayne
 Davies, Geraint
 Day, Martyn
 Docherty, Martin John
 Donaldson, rh Mr Jeffrey
 M.
 Donaldson, Stuart Blair
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Dromey, Jack
 Dugher, Michael
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Elliott, Tom
 Ellman, Mrs Louise
 Evans, Chris
 Farrelly, Paul
 Fellows, Marion
 Ferrier, Margaret
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Gardiner, Barry
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glindon, Mary
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hillier, Meg
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon

Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Irranca-Davies, Huw
 Jarvis, Dan
 Johnson, Diana
 Jones, Gerald
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Kaufman, rh Sir Gerald
 Keeley, Barbara
 Kendall, Liz
 Kerevan, George
 Kerr, Calum
 Kinahan, Danny
 Kinnock, Stephen
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McMahan, Jim
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Morden, Jessica
 Morris, Grahame M.
 Mullin, Roger
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Nicolson, John

O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Oswald, Kirsten
 Paterson, Steven
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Pound, Stephen
 Powell, Lucy
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Ryan, rh Joan
 Saville Roberts, Liz
 Shah, Naz
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Spellar, rh Mr John

Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle
 Thornberry, Emily
 Timms, rh Stephen
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom
 Weir, Mike
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Williams, Hywel
 Wilson, Corri
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Dame
 Rosie
 Wishart, Pete
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Noes:
Vicky Foxcroft and
Sue Hayman

Question accordingly agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House notes that the Government has taken action to promote international cooperation in relation to clamping down on tax avoidance by multinational companies, challenging the international tax rules which have not been updated since they were first developed in the 1920s, that multilateral cooperation at an international level has included the UK playing a leading role in the G20-OECD Base Erosion and Profit Shifting Project to review all international tax rules and increase tax transparency, and as part of that, the UK was the first country to commit to implementing the OECD country-by-country reporting model within domestic legislation, that the Government recognises the case for publishing country-by-country reports on a multilateral basis, that the Government has introduced more than 40 changes to tax law, that the various measures taken by the Government have included the introduction of a diverted profits tax aimed at targeting companies who use contrived arrangements to divert profits from the UK, stopping the use of offshore employment intermediaries to avoid employer National Insurance contributions, stopping companies from obtaining a tax advantage by entering into contrived arrangements to turn old tax losses or restricted use into more versatile in-year deductions, and requiring taxpayers who are using avoidance schemes that have been defeated through the courts to pay the tax in dispute with HM Revenue and Customs upfront, and that the Government is committed to going further, enabling HM Revenue and Customs to recover an additional £7.2 billion over the Parliament.

Public Finances: Scotland

Madam Deputy Speaker (Natascha Engel): I inform the House that Mr Speaker has selected the amendment in the name of the leader of the Scottish National party.

Before I call the shadow Secretary of State to move the motion, I remind the House that there are a lot of speakers and very little time, so there will be a three-minute limit on Back-Bench speeches, but still we might not get everybody in. With that in mind, if the Front Benchers could make their contributions more like bullet points than great oratorical flourishes, the House will be grateful.

5.26 pm

Ian Murray (Edinburgh South) (Lab): I beg to move,

That this House notes the ongoing negotiations between the Scottish and UK Governments in the Joint Exchequer Committee on a revised fiscal framework to accompany the Scotland Bill; regrets that, despite both Governments repeatedly stating that the negotiation of a revised fiscal framework would be concluded by autumn last year, no agreement has been reached; further regrets the complete lack of transparency with which negotiations have been conducted; notes that, until agreement is reached, the measures in the Scotland Bill will not be implemented and the substantial new powers it contains will not be deployed for the benefit of the Scottish people; believes that both the UK and Scottish Governments have a duty to ensure that the negotiation of a revised fiscal framework which is fair to Scotland is completed in time for the Scotland Bill to be approved by the Scottish Parliament prior to its dissolution, so that it can use its current and future powers for the benefit of the people of Scotland; and calls on the UK Government to publish all minutes and papers from the Joint Exchequer Committee negotiations, and to assure the House that every effort is being made to ensure that agreement on a revised fiscal framework is reached, and the Scotland Bill is passed, prior to the Scottish Parliament elections.

I am sorry that you do not want an oratorical flourish, Madam Deputy Speaker, because that is what I was preparing to give—but never mind; we will continue with the debate. I appreciate that this debate has been curtailed because of the previous debate, which was on an incredibly important issue, and because of the Prime Minister's statement. We have to accept how the House works in such circumstances.

It is a pleasure to open this debate for the Opposition. At its core, this debate is about the transfer of new powers to Scotland under the Scotland Bill, which completed its passage through the House in November and is currently in the other place. It is worth briefly reflecting on the Bill, to put this debate about Scotland's public finances and the fiscal framework into context. The Bill had its genesis in the vow and the Smith commission, the recommendations of which were agreed by all five major Scottish political parties. When passed, the Bill will transform the Scottish Parliament into one of the most powerful devolved Parliaments in the world.

Scotland will have control over all income tax, apart from non-savings and non-dividends income, which generated almost £11 billion in revenues in 2013-14. The Scottish Parliament will have the power to vary the rates and bands of income tax, to increase or decrease those revenues. This greatly enhances the powers devolved under the Scotland Act 2012, under which the Scottish Parliament controls just 10p in the pound. On that note, the Scottish Labour leader, Kezia Dugdale, announced yesterday that, faced with a choice of cutting into Scotland's future or using the powers of the Scottish Parliament, we would use the latter to set the Scottish

rate of income tax at 11p, rather than the 10p in the SNP Budget, to invest in that very future for Scotland and to protect the low-paid. We made that point in the debate in the Scottish Parliament today.

These new revenue-raising powers are accompanied by new spending powers, such as control over £2.5 billion of welfare spending. The Scottish Parliament will be able to top up existing UK benefits and, thanks to concerted pressure from Labour and our amendments, will have total autonomy to create new benefits in devolved areas. When these new powers are enacted, the Scottish Parliament will be able to make different choices to create a better Scotland.

John Redwood (Wokingham) (Con): Who in the hon. Gentleman's party speaks for England to make sure that the settlement is fair to England as well as to Scotland?

Ian Murray: The settlement has to be fair to the rest of the UK as well, including England, but I will come to that later.

Alex Cunningham (Stockton North) (Lab): We hear of cheers in the Scottish Parliament this afternoon when the Scottish Finance Minister tried to justify public expenditure cuts by the Tories. Is that not the final proof that the socialist credentials that the SNP claims have no foundation whatsoever?

Ian Murray: I am grateful to my hon. Friend for that intervention, because what we have seen this afternoon in Scotland is a Scottish Labour party determined to use the current powers of the Scottish Parliament to try to do something different from Conservative austerity. The result of that is a Scottish Finance Minister and a Scottish Government just managing that Conservative austerity. As I said earlier, when faced with the choice of managing the Tory austerity or creating a different future for Scotland, we have chosen to create that different future.

I was explaining the principles behind the Scotland Bill. However, before the Scotland Bill can be enacted they must be underpinned by a new fiscal framework for Scotland. That runs alongside the legislative process, which is slightly different from what happened with the Scotland Act in 2012.

It is crucial to state that the Smith commission stipulated that the Barnett formula would be retained as the mechanism for determining Scotland's block grant. That is not in question in this debate. However, Scotland's block grant will need to be adjusted to reflect both the new tax-raising powers and new expenditure responsibilities that are being devolved, and that is at the heart of today's debate. Until that revised framework is agreed by the UK and Scottish Governments, the Scotland Bill cannot be enacted and the new powers and responsibilities it transfers cannot be implemented. We need a negotiated agreement in order to move on, otherwise the new powers will lie dormant and Scotland's financial position in the future will remain very uncertain.

David Mowat (Warrington South) (Con): The hon. Gentleman mentioned the Barnett formula and the vow, and of course he is right that the Barnett formula will be retained, but he will also be aware that it is not

[David Mowat]

based on relative need and therefore is not fair to England, and in particular to Wales. Will he therefore, as a member of a party of the left, support reform of the Barnett formula to make it more progressive for the whole island?

Ian Murray: There is consensus across the entire Chamber that the Barnett formula should stay in place. It was in the vow signed by all the major party leaders who went into the general election. The Smith agreement has been signed by all five political parties, and that includes the maintenance of the Barnett formula. The hon. Gentleman, from the Conservative Back Benches, wants to renew and review the Barnett formula, which means only the Labour party in this Chamber will defend it. It would seem that the policy from the Conservative Back Benches is to do away with Barnett and that the Scottish National party wants full fiscal autonomy, which would also do away with the Barnett formula. We will defend the Barnett formula, because it is in the interests of our constituents to do so.

David Mowat *rose*—

Ian Murray: I am happy to give way to the hon. Gentleman again, while bearing in mind that this debate is very much curtailed.

David Mowat: I do not want to do away with the Barnett formula. I would just like to see it revised so it is based on relative need, because that seems to me to be a very fair way forward.

Ian Murray: The Barnett formula is based on that need. It was designed in the 1970s to take into account not only the contribution that Scotland makes to the United Kingdom but its public service requirements and geographical nature. It commands broad political consensus and I do not think we should break that. That would be a very difficult message to send out.

The message from today is that it is the job of the Scottish and UK Government Ministers to get a deal. We heard today that the Chief Secretary to the Treasury, who I am delighted is in his place, will be in Edinburgh for talks all day on Monday. The people of Scotland will expect nothing less than a final deal that is signed, sealed and delivered. We support the Scottish Government in their efforts to reach an agreement that is fair, equitable and consistent with the Smith agreement. Again that is not in question, but reach an agreement they must.

Helen Goodman (Bishop Auckland) (Lab): Surely before the Scottish referendum the Scottish people were promised these extra devolved powers and they will be extremely disappointed with all this shilly-shallying around and failure to come to an agreement after 18 months?

Ian Murray: That is the crux of our calling for this Opposition day debate. I will come on very soon to the issues around timescales and what should have been delivered by now, but nobody will forgive us in Scotland, or indeed across the rest of the United Kingdom, for breaking the promise of getting these powers through so that the Scottish Parliament can choose a different course, if it so wishes, from the rest of the UK.

As I was saying, reach an agreement they must. I believe there is broad consensus on this point across the Chamber. Indeed the SNP chair of the Scottish Affairs Committee, the hon. Member for Perth and North Perthshire (Pete Wishart)—I am delighted he is in his place—has also said that he wants

“assurances...that a deal will be reached in time.”

We do not agree on very much, but we certainly agree on that particular point. Few people would understand if both Governments were to walk off the job before it was done and instead start a blame game.

I want to highlight two key issues in the debate. The first is the secretive nature of the negotiations and the consistent refusal of both Governments to publish any meaningful papers or minutes from the Joint Exchequer Committee meetings.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I thank my hon. Friend for giving way. I did not mean to interrupt his flow; he is making an important speech. The Communities and Local Government Committee has published an important report today, not about Scottish devolution but about English devolution, and it contains major criticisms of the lack of openness over deal negotiations. Does he share my concern that the Government seem to be operating in an underhand way in relation to these negotiations as well?

Ian Murray: I agree with my hon. Friend. This seems to be very much the way in which this Government operate. We have just had a debate about taxation, and we have also discussed the devolution settlements that the Communities and Local Government Committee's report mentions. It is important that we have transparency, because the only way to carry the public with us on the fundamental issue of devolution to local communities is to ensure that the arrangements are transparent, robust and democratic.

That brings me to my second concern in this Opposition day debate, which is the need to agree the framework so that the Scotland Bill can be passed in time for the Scottish parliamentary elections in May. For months now, the negotiations in the Joint Exchequer Committee have dragged on behind closed doors, shielded from public scrutiny. According to Scottish Government sources, agreement is as far off as it has ever been, while the tone of the Secretary of State suggests that he is straining every sinew to get a deal. There was always a danger that, away from the spotlight, the two Governments would fiddle and fixate and that the momentum to reach a deal would be lost. And so it has proved. This relates to the concern raised earlier by my hon. Friend the Member for Bishop Auckland (Helen Goodman).

At first, agreement was going to be reached by last autumn. The Scottish Secretary consistently referred to an autumn deadline, as did the Chief Secretary to the Treasury and the Deputy First Minister in Scotland, but no agreement materialised. Then the deadline was moved to mid-February. In mid-December, the First Minister talked up the prospect of a Valentine's day deal, but come January her deputy, Mr Swinney, struck a downbeat note emphasising the big gap between the two Governments. He also introduced an arbitrary deadline of 12 February for a deal on the fiscal framework. If negotiations were not concluded by then, he would not table a legislative consent motion prior to the

Scottish Parliament's dissolution before the elections in May. I have yet to find out why that is the case, because the Scottish Parliament does not dissolve until late March. If no agreement is reached, the Scotland Bill will effectively be kicked into the long grass. That would mean no new powers for the foreseeable future.

For all that, I remain confident that if the political will exists, a deal can be reached. To test that political will, however, we need to bring the negotiations out into the open and allow the public to see whether this is brinkmanship or a proper negotiation. From the very beginning, I have bemoaned the absence of transparency at the heart of these negotiations. It is simply unacceptable that the process of redrawing Scotland's fiscal terrain is taking place behind closed doors in vapour-filled rooms.

Andrew Gwynne (Denton and Reddish) (Lab): Does my hon. Friend agree that a key reason for the deal to be done before the Scottish parliamentary elections is to give the Scottish electorate some confidence in the promises being made by the political parties on spending and taxation? Does he also agree that there is great interest in this matter across the rest of the United Kingdom because of the asymmetric nature of devolution? We want to see how Scotland uses these powers.

Ian Murray: My hon. Friend is absolutely right. Without having the Scotland Bill on the statute book and available to be used from 1 April 2017, there will be obfuscation about what can go into party manifestos come May, and we will be having a constant debate about the constitution rather than about the transformation of Scotland. He is also right to suggest that this is not just about a fiscal framework for Scotland. It is important for these negotiations to run in parallel with the Scotland Bill, but they also have significant implications for the rest of the United Kingdom. The no detriment principle for Scotland works both ways; it is also a no detriment principle for the rest of the United Kingdom. That point is often lost in these discussions.

As I was saying, I have bemoaned from the very beginning the absence of transparency. It is simply unacceptable that the process of redrawing Scotland's fiscal terrain is taking place behind closed doors. David Bell, the respected economist, has noted the secretive nature of these discussions. He said:

"These discussions are taking place behind closed doors with little information publically available about the options being considered and the effects of these options."

Asked to offer his thoughts on these proceedings, Professor Muscatelli said:

"I will be honest, it is difficult for anybody on the outside to see what exactly the stumbling block is"

in these negotiations. Even the Chair of the Scottish Affairs Committee—this might be the second time we have agreed—said that the negotiations and the transparency at their heart are "not good enough". I also warmly welcome the Scottish Affairs Committee's in-depth inquiry on this issue, which it will publish soon.

I ask why both Governments refuse to publish papers and minutes, as requested. On 9 September, I wrote to the chairs of the Joint Exchequer Committee, John Swinney and the Chief Secretary to the Treasury, with the perfectly reasonable request to publish papers and minutes from the meetings, but they refused to do so. I

also tabled written and oral questions to ask that we be kept updated on the progress of the negotiations and that substantial details of the discussions be placed in the public domain, but, once again, my request was rejected. Both Governments said that they would not provide a "running commentary" on the negotiations, while providing the very same running commentary through the media. Meanwhile people in Scotland are very much in the dark. That has allowed politicians on both sides to seek to exploit the secrecy, rather than getting on with finalising the deal.

Stella Creasy (Walthamstow) (Lab/Co-op): Does that not also trouble my hon. Friend, because it goes back to the very principles of the Smith commission, pillar one of which explicitly said that one challenge faced in this new constitutional settlement was having much stronger, transparent parliamentary scrutiny of the work? It particularly identified the JEC. If we cannot get it right now, what hope do we have for the future?

Ian Murray: That is a timely intervention, because when everyone talks about making sure that the Smith agreement is delivered in spirit and in substance, they tend to forget the bits of the substance that it is inconvenient for them to remember, and that is one such bit. The JEC has not been transparent. One key plank of the Smith agreement was intergovernmental relations, and without that transparency we cannot see whether intergovernmental relations are actually working. One key thing about the whole devolution project, be it in Scotland, Wales, Northern Ireland or in the discussions about England, is to make sure that all the components of that devolved body of the United Kingdom can work together in partnership.

Let me compare these negotiations with the fiscal framework negotiations that sat alongside the Scotland Act 2012. I have here the minutes of the first meeting from that process, which took place on 27 September 2011, and they are a dusty tomb of information, giving details of who attended, points that were discussed, things that were agreed and things that were to come back to be agreed. By contrast, let me give a flavour of the communiqués from this year. The one relating to the 1 February meeting states:

"The Joint Exchequer Committee met in London today, chaired by John Swinney, Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy. HM Treasury was represented by...Chief Secretary to the Treasury.

This was the eighth meeting of the JEC since the publication of the Smith Commission report...The Ministers continued their discussion...

Both Ministers agreed to meet next week".

The minutes on the 21 January meeting again introduce who was at the meeting, with their very long titles. They then state:

"This was the seventh meeting of the JEC since the publication of the Smith Commission report. The Ministers continued their discussion on the indexation methodologies for the Block Grant Adjustments and also discussed the initial transfer of funding for new welfare powers....

Both Ministers agreed to meet again shortly".

They go on, running to less than a third of a page—a couple of paragraphs of minutes. I am not sure that having no details and no substance is acceptable.

[*Ian Murray*]

It is not acceptable because the Scottish Government have threatened to veto the Bill if it is “not fair to Scotland.” The problem is that we do not know what, in their opinion, or in the UK Government’s opinion, is a fair deal for Scotland and what that looks like. We do not know in what way the current detail on offer from the UK Government is deficient on that test of fairness. It would appear that the main stumbling block is on the method used for the future indexation of the block grant. Of the methods being considered, the Scottish Government now favour the per capita index deduction. People can go to the Library to find out what that is—I will not explain it at this juncture. [HON. MEMBERS: “Go on!”] I can go through the formula if Members want, and give a prize if they get the answer at the end. Less than a year ago, however, the Deputy First Minister told the Scottish Parliament’s Finance Committee that he favoured the indexed deduction, which takes into account population growth. There is clearly some confusion over which method is best for Scotland, which is why transparency of discussions is incredibly important.

Kirsty Blackman (Aberdeen North) (SNP): I understand that the Labour party is feeling a bit sad, because, as it has not been successful enough to be in government in either country, it is not involved in these negotiations. Now that the shadow Secretary of State has the opportunity to have his say, can he please tell us what method of block grant adjustment Labour would favour?

Ian Murray: Well, we do not know—[*Laughter.*] Let me answer the question! We have not seen the negotiations, but, as the leader of the Scottish Labour party has said, we prefer the per capita index reduction model, because it is important that we have that particular debate. It is strange that the intervention gave the impression that we are being locked out. It is not the Labour party that has been locked out of these discussions, but the Scottish people, which is why we called this debate. We want to shed some light on these very secret discussions.

I noticed that the hon. Lady did not say whether she supports doing something in Scotland with the powers that her party currently has, or whether she is willing just to manage Conservative austerity.

Alex Cunningham: I thank my hon. Friend for giving way again. Does he agree that there are some amazing parallels between these negotiations and the Prime Minister’s EU negotiations, where we were kept totally in the dark all along and then we found out that there was nothing to see anyway?

Ian Murray: Absolutely. I suspect that that is part of the problem that we have now.

I am conscious of the time, so let me quickly wrap up by paying some attention to the SNP amendment that has been selected in the name of the right hon. Member for Moray (Angus Robertson). I cannot quite fathom why the party has tried to amend what is a very uncontroversial motion. I thought that we could work together on this important issue given that we share the same goals for a fair deal for Scotland. Our motion merely reflects the views that have also been expressed by the Chair of the Scottish Affairs Committee. I have no problem at all with the SNP amendment as it is

written, but it is a wrecking amendment, as it would completely replace everything that we are asking for in our amendment. I wish that the SNP had tabled the amendment as an addendum, and we could have gone forward together in consensus. The purpose of this debate is to get transparency and to ensure that a fair deal is done, and I would have thought that SNP Members would have agreed with that. I welcome the fact that they are now defenders of the Barnett formula, as a few months ago they were voting in this Chamber with the Conservatives to scrap the Barnett formula in favour of full fiscal autonomy. It does pose the question of whether they are really interested at all in getting these particular issues resolved.

Let me finish by talking a little about the democratic deficit, which was the second plank at the heart of these negotiations. We must close that deficit. The Scotland Bill is much too important for us not to do that.

I will conclude by posing a few questions, which I hope can be answered by the Secretary of the State in his opening remarks, or by his colleague, the Chief Secretary to the Treasury, at the conclusion of this debate. The Chief Secretary to the Treasury announced today that he will be in Scotland for more talks on Monday. What are the Secretary of State’s aspirations for that meeting, and is a deal expected at those talks? Does the Secretary of State recognise 12 February as a final deadline, and what will happen if a deal is not reached by that date? Will negotiations continue regardless of dissolution and the Scottish parliamentary elections? Will the Secretary of State publish the final offers from both parties for transparency purposes so that the public can determine whether or not these were good deals for Scotland? Has consideration been given to agreeing a deal for a trial period thus allowing for assessment and adjustment?

Our motion urges both Governments to work together and to stay at the table until a deal is agreed. It also calls on the UK Government to publish all minutes and papers from the Joint Exchequer Committee, and I commend it to the House.

Madam Deputy Speaker (Natascha Engel): Order. I now have to announce the results of today’s two deferred Divisions. On the motion relating to social security regulations, the Ayes were 297 and the Noes were 73, so the Question was agreed. On the motion relating to the social security pensions Order, the Ayes were 301 and the Noes were 70, so the Question was agreed.

[*The Division list is published at the end of today’s debates.*]

5.48 pm

The Secretary of State for Scotland (David Mundell): Let me add my welcome to this debate this afternoon. A debate on Scottish public spending is important at any time, but it is particularly apposite today, as our colleagues at Holyrood are debating the latest draft Scottish Budget.

I am sure that we will be hearing a lot from SNP members about austerity, even as their counterparts in the Scottish Parliament vote through massive cuts to Scottish local government, while maintaining a council tax freeze which prevents councils from addressing their shortfalls and making use of the new Scottish rate of income tax. Public spending is about choices, and I am

proud to be part of a Government who cut tax for over 2.3 million people in Scotland, reducing the tax paid by a typical taxpayer by £825 and taking 290,000 Scots out of paying any income tax at all.

Ian C. Lucas (Wrexham) (Lab): Will the Secretary of State give way?

David Mundell: I have not started yet. I will give way to the hon. Gentleman in due course.

On the motion and the amendment, let me start by reminding the House what the Government are working on in relation to the fiscal framework. We are implementing the Smith commission—a cross-party agreement for the future of Scotland. I am determined to deliver the legislation required to implement the Smith agreement in full. That is why we are negotiating a new fiscal framework agreement for the Scottish Government. That is what the people of Scotland voted for—a stronger Scottish Parliament in a strong United Kingdom. They did not vote for independence. As the SNP's former adviser Alex Bell has noted,

“the SNP's model . . . that it was possible to move from the UK to an independent Scotland and keep services at the same level, without either borrowing a lot more or raising taxes”

is “broken”.

We base our position on the principles set out in the all-party Smith agreement. Smith stated that a fiscal framework needed to be agreed—that there should be no detriment at the initial point of devolution, that there should be appropriate indexation to adjust the block grant in future years, that this should be fair to taxpayers across the UK, and that we should address so called “spillover effects”. That means that the Scottish Parliament and Government will take on more economic responsibility and accountability.

Callum McCaig (Aberdeen South) (SNP): The Secretary of State quoted the Smith agreement as stating that, at the point of devolution, there should be no detriment to the Scottish public finances, but does he agree that the key to that is ensuring that the fiscal agreement does not build in detriment in the coming years, which is the crux of the deal and the problem in reaching agreement?

David Mundell: The crux of the deal is to deliver a settlement that is fair to Scotland and fair to the United Kingdom. As the hon. Gentleman knows, a number of mechanisms have been set out that could achieve that and they are part of the ongoing negotiation.

Melanie Onn (Great Grimsby) (Lab): Will the Secretary of State give me a little more information about what he considers to be fair? Will he explain the mechanisms that are being discussed?

David Mundell: If the hon. Lady is new to this debate, she will be able to find many detailed discussions about all the mechanisms. Under the new proposals, the Scottish Government would benefit from good decisions that they take which produce additional revenue for them, but they would bear some of the risk if they take decisions that lead to less revenue than had been anticipated. That is what I think is at the heart of fairness in the proposals being debated.

Mr Christopher Chope (Christchurch) (Con): Following on from what my right hon. Friend has just said, does he therefore confirm that the per capita indexed deduction is not the right way forward?

David Mundell: I do not think even my hon. Friend would expect me to express a view because I am not going to negotiate the arrangement on the Floor of the House. I am happy to comment on a number of aspects of the negotiation, but the Deputy First Minister of Scotland has made it abundantly clear to the United Kingdom Government that it is he who is negotiating these arrangements on behalf of the Scottish Government, not MPs, not the First Minister and not members of the Scottish National party. I have confidence in his wish to reach an agreement and to conduct those negotiations, as we have done so far, on the basis that we committed to—that is, by not giving a detailed running commentary.

Several hon. Members *rose*—

David Mundell: I give way to the Chair of the Scottish Affairs Committee.

Pete Wishart (Perth and North Perthshire) (SNP): We have heard from the Labour party that it does not know which index it favours in these negotiations, and I think that the Secretary of State is saying that he does not have a view about the indexation he prefers. Surely we need to know what both respective parties favour. We know what we want. What does he want?

David Mundell: The hon. Gentleman has just heard me set out the position. We are in an ongoing negotiation, and I remain optimistic that it will reach a positive conclusion. I must say that I do not recognise some media reports that say there is a gulf between the two Governments. I believe that we are both on the same page—one Government might be at the top of the page and the other might be at the bottom, but it is eminently possible for us both to move to the middle. That is what my colleagues the Chief Secretary to the Treasury and the Deputy First Minister will continue to do when they next meet. The Government are doing all we can to reach an agreement based on the Smith principles.

Neil Gray (Airdrie and Shotts) (SNP): The Secretary of State is unwilling to state his position today, but surely he agrees with Professor Anton Muscatelli, and indeed with the Scottish Trades Union Congress, that these powers cannot come at any cost. He must commit today to a position on non-detriment to the Scottish budget.

David Mundell: What I commit to is a fair settlement for Scotland. The discussions are ongoing. I am confident that we will be able to achieve a fair settlement for Scotland. The hon. Member for Edinburgh South (Ian Murray) alluded to the fact that the Joint Exchequer Committee has met eight times, with constant engagement at official level. I have met John Swinney on numerous occasions during this period. Work at official level continues. Senior UK Government officials will meet Scottish Government officials in Edinburgh tomorrow. My right hon. Friend the Chief Secretary to the Treasury has today confirmed that he will be available all day on Monday for further discussions. We stand ready to agree a deal. Our door is open and our efforts continue.

Stella Creasy: The Minister is setting out the discussions that have taken place and are taking place. I take him back to the Smith principles, to which he alluded, which state that there should be

“pro-active reporting to respective Parliaments of, for example, the conclusions of Joint Ministerial Committee, Joint Exchequer Committee and other inter-administration bilateral meetings established under the terms of this agreement.”

Is he really telling us that refusing today’s request for the minutes meets that principle, because it does not sound like it, and we have had so little detail of so much work?

David Mundell: I am sure that the hon. Lady could find a lot more detail if she studied the Scottish press and looked through the various debates that have been conducted on the issue. We will report what happened in full. I do not recall important negotiations being reported in detail and on a daily basis in the House of Commons or elsewhere when Labour were in government. We do not intend to do that. We intend to reach an agreement that is fair for Scotland and fair for the rest of the United Kingdom. That is where our efforts are focused.

I remain an optimist. We are making progress, and I believe that we will reach an agreement. A deal can and will be reached if both sides want it. I know that the UK Government want a deal, and I believe the Scottish Government when they say that they want one too. The two Governments have agreed to speak again in the coming days. Although there are still some difficult issues to resolve, we remain confident that a deal can be reached that is fair to Scotland and fair to the rest of the UK, now and in the future.

John Redwood: I am grateful to the Secretary of State, who is doing a difficult task with great skill. Has a recent model been produced for how the income tax might work, because we have seen in previous debates that the forecasts for oil revenue were grossly exaggerated, and there is an unfortunate danger that with the collapse of the oil price will come the collapse of oil-related incomes in Scotland, which would have a bad impact on income tax receipts?

David Mundell: My right hon. Friend makes an important point, which speaks against those who argued just a few short months ago for full fiscal autonomy. It is quite interesting to look back at the amendment launched by the SNP in November to bring about full fiscal autonomy, which the Institute for Fiscal Studies predicted would create a £10 billion gap in Scotland’s finances. When the SNP asked for that full fiscal autonomy, it did not ask for what they now claim are the levers it needs to grow the Scottish population and offset the risk it is being asked to take on in relation to the Smith commission proposals.

The Government have been as open and transparent as possible in these negotiations, and each meeting has been notified to the House. Just this afternoon, the Chief Secretary appeared before the Scottish Affairs Committee. Last month, we responded in detail to the Economic Affairs Committee in the other place on fiscal devolution, having previously submitted written evidence to that Committee.

Catherine McKinnell: It is vital that these negotiations have the confidence of not just the Scottish people, but the people of the whole UK. Does the Secretary of State recognise that there is a significant risk of these negotiations suffering from the same problems as the negotiations over devolution in England, which the Communities and Local Government Committee report published today clearly states have lacked openness?

David Mundell: I do not recognise, for the reasons I have just set out, that those circumstances characterise the negotiations we have been conducting with the Scottish Government, and I make the case that a degree of privacy for negotiations of this type is required.

The hon. Member for Edinburgh South mentioned deadlines. I do not think in terms of self-imposed or arbitrary deadlines. Personally—keen though I am to have a warm and supportive relationship with the Scottish Government—I have never felt that the St Valentine’s day date had much relevance to this process. I am willing to continue working towards a deal for as long as that takes and for as long as we can. However, the usual channels have agreed to move the next day of Committee on the Scotland Bill in the other place to 22 February, as discussions on the framework continue to progress, to enable us to give their lordships as full an update as possible.

We have shown flexibility in the negotiations. While I cannot, as I have said, give a commentary to the House, Members will have seen via media reports that the UK Government have put compromise proposals on the table. That is a clear signal of our commitment to reach agreement and of our willingness to be as flexible as we can be, within the Smith principles.

Without commenting on the proposals, I would point out that the House will be aware of some of the tenets of those on the table. There are some suggestions that the Scottish Government should retain all income tax raised in Scotland, as well as a guaranteed share of the growth in income tax in England, Wales and Northern Ireland. Professor Muscatelli, who was referred to earlier, told the Scottish Parliament that such an approach would not meet the test of taxpayer fairness. This seems, once again, to be the Scottish Government wanting to have their cake and eat it—indeed, to have a slice of everyone else’s cake while they are at it. That might be understandable enough politics, and an understandable enough position to adopt at the start of a negotiation, but it cannot really be said to be a credible position.

Once the powers are devolved, Scotland

“should retain the rewards of our success, as we will bear the risks.” —[*Scottish Parliament Official Report*, 16 December 2015; c. 23.]

Those are not my words, but those of John Swinney. Mr Swinney has been very clear in the past about exactly what he meant by “risks”. He meant the risk that Scotland’s population might decline relative to the rest of the UK’s.

When asked at the Scottish Parliament’s Finance Committee by Malcolm Chisholm MSP if the Scottish Government would seek to be protected from the possibility that the rest of the UK’s population will expand more quickly than Scotland’s, John Swinney was very clear:

“That is another of the wider range of risks that we take on as a consequence of gaining the responsibilities.”

The *Daily Record* newspaper, sometimes brandished by SNP MPs, set this out clearly, finding it hard to see why “a tax-raising Scotland should benefit from a growth in tax receipts in England and Wales”

and stating that

“there is an undeniable logic”

to opposing that view.

Kirsty Blackman (Aberdeen North) (SNP): The *Daily Record* completely misunderstood how per capita indexed deduction works. Academics have been clear that the Barnett equivalent is per capita indexed deduction. If the Secretary of State supports anything other than PCID, he is attempting to undermine Barnett. Is he trying to scrap Barnett to appease his Back Benchers?

David Mundell: I respect the hon. Lady’s imagination, which, I am afraid, she still sometimes lets run riot. We are committed to the Barnett formula. We are committed to delivering an agreement that is fair to the people of Scotland and fair to the rest of the United Kingdom, and that is what these negotiations are about.

Ian Blackford (Ross, Skye and Lochaber) (SNP) *rose*—

David Mundell: The position set out in the *Daily Record* reflects the reality. If the population of the rest of the UK were to rise at a faster rate than Scotland’s, that would cause an increase in demand on public services such as schools and hospitals in the rest of the UK, which would need to be funded. How could it be fair that those services be denied the funding required to sustain them because part of the income tax growth was being transferred to the Scottish Parliament? What would people in Carlisle, Newcastle or Liverpool say if their local services were not able to keep up with demand because the Scottish budget was being increased?

Ian Blackford *rose*—

David Mundell: Let us imagine if the situation were reversed. Does anyone think for a minute that the Scottish Government would accept a deal in which a growth in Scottish income tax relative to the rest of the UK was clawed back by the Treasury in Whitehall, to the detriment of Scottish public services? Of course they would not, and quite rightly. I want Scotland to enjoy the benefits when good decisions are made at Holyrood. As John Swinney said,

“If we take on a responsibility and make a success of it, we should bear the fruit of that; if we get it wrong, we must bear the consequences.”

Ian Blackford: I am grateful to the Secretary of State for giving way—I almost thought I had become invisible. We are having a very important debate. He talked about his responsibility to put the Scotland Bill through this House. Surely he has to see that the fiscal arrangements that are put in place are central to that. He must have a view on what is in Scotland’s best interest if we are to avoid detriment to Scotland. Is he really Scotland’s man in the Cabinet or the Cabinet’s man in Scotland?

David Mundell: The hon. Gentleman is not invisible, unlike some of his colleagues. He will find that I am very clear on my responsibility, which is to deliver the Scotland Bill and the powers that the people of Scotland voted for comprehensively in the referendum. The fiscal framework underpins that. It is to be based on the

Smith principles of no detriment and fairness to taxpayers in Scotland and across the rest of the UK. That is what I am determined to achieve. Because my glass is half full, I have confidence in the Scottish Parliament to do what is right for Scotland—to pass a legislative consent motion to agree a fiscal framework. The powers contained in the Scotland Bill will present the Scottish Parliament elected in May with a great opportunity to show how devolution can really benefit the people of Scotland.

I want to say a couple of things about population risk. I do not accept the counsel of despair that says that Scotland needs a more lax immigration system if it is to address the issue of relative population growth. The Government rightly wish to see net immigration come down, and we are taking steps to achieve that, but I am afraid we do still have some way to go. The latest figures show that annual net migration stands at 336,000 and there were 636,000 migrants coming to the UK in the past year. Those are considerable numbers, and if Scotland is not getting a share of that migration, the Scottish Government have some serious questions to answer.

The levers that the Scottish Parliament has over health and education, among other things, can be used to make Scotland the attractive place to live and work that it should be. The powers contained in the Scotland Bill will give the Scottish Government even more levers to make Scotland even more attractive. If they use the new tax powers in the Bill cleverly, they can attract more taxpayers to Scotland to make a contribution, boost the population and increase the tax take. Of course, if they adopt the frankly ludicrous proposals put forward by the Scottish Labour party this week to increase the income tax bill for most Scottish taxpayers by 5%, they may not succeed in making Scotland a more attractive place to live and work.

Let me conclude as I began. We are negotiating in good faith to deliver on the Smith commission principles, and I am confident that a deal can be reached. I give an absolute undertaking to this House that I will do everything in my power to achieve a deal that is fair to Scotland and fair to the whole United Kingdom. I remain optimistic that we can get such a deal, and that our debates can move on to how those new powers and the existing powers of the Scottish Parliament can be used to improve the lives of the people of Scotland.

Several hon. Members *rose*—

Mr Speaker: Order. I remind the House that this very short debate finishes at 7 pm, and that there will have to be two Front-Bench winding-up speeches, which I hope will be mercifully brief. Even so, there is very little time, a point of which I know the hon. Gentleman who is about to take the Floor will take note, although he is not subject to a time limit. I call Mr Stewart Hosie.

6.11 pm

Stewart Hosie (Dundee East) (SNP): I beg to move an amendment, to leave out from “accompany the Scotland Bill” to end and add:

“notes that the Smith Commission recommended that a fiscal framework be agreed between the UK and Scottish Governments on the basis that the Barnett Formula be maintained and that Scotland would be no worse or better off simply as a result of the transfer of additional powers; notes the clear statement by the Scottish Government that it will not recommend any fiscal framework

[*Stewart Hosie*]

to the Scottish Parliament that breaches the Smith Commission recommendations and which locks in a long-term financial disadvantage to Scotland; supports the efforts of the Scottish Government to secure a fair arrangement; and urges the UK Government to commit to the principle of no detriment so that a fair framework for the transfer of powers can be agreed and that the people of Scotland can benefit from the additional devolution of powers that they were promised by the UK Government following the referendum on Scottish independence in September 2014.”

Before I turn to the amendment and the motion, I will make a comment or two about the Scottish Secretary’s entertaining contribution. He said that his glass was half full—unlike the Benches behind him. Before he makes jibes about invisible SNP MPs, who are here in rather considerable numbers, he might like to have a glance around him.

The motion is entitled “Public finances in Scotland”, although it is not about the public finances in Scotland. At best, it can be described as being about the fiscal agreement, although in truth it is about the negotiations around the fiscal agreement. There is no reference in the motion to the continuation of the Barnett formula, which is a key point of the negotiations, although it was referenced in the speech. Neither is there any reference in the motion to “no detriment”, an important principle from Smith around which the negotiations are taking place, although it was referenced in the speech.

That does not take away from the fact that the fiscal agreement is vital. As Lord Smith said,

“it is fundamentally important to making Scotland’s new powers work...It is the final interlocking piece of the jigsaw.”

We could not agree more.

Alex Cunningham: Will the hon. Gentleman give way?

Stewart Hosie: I will give way in a moment. The shadow Secretary of State laid out the context for potential new powers, and I will do the same for the current state of play of Scotland’s public finances, and the situation in which we are negotiating the fiscal agreement. The UK Government’s cuts to Scotland’s fiscal departmental expenditure limits between the start of the last Parliament and the end of this one will be almost £4 billion, which represents a 12.5% real-terms cut. Almost half of that—£1.5 billion—will be between now and the end of the Parliament. That is, to put it another way, a 4.2% cut to Scotland’s fiscal DEL.

Even on capital, notwithstanding the Government’s assertion that it is being increased, Scotland will see a reduction of £600 million between the start of 2010 and the end of the Parliament. That is before we even get to the possibility of in-year cuts to the Scottish block grant, as we have seen in the past, having a real, immediate and direct impact on budgets that the Scottish Parliament has already set and agreed.

Alex Cunningham: *rose*—

Mr Kevan Jones (North Durham) (Lab): *rose*—

Stewart Hosie: I am conscious of the time, but I will take an intervention from the hon. Member for Stockton North (Alex Cunningham).

Alex Cunningham: The hon. Member for Perth and North Perthshire (Pete Wishart) said that the SNP knew what it wanted. If that is the case, will the hon. Member for Dundee East (Stewart Hosie) tell us what the SNP wants and where the Tory Government’s offer falls short?

Stewart Hosie: I will certainly speak to our amendment and comment on the motion tabled by the hon. Gentleman’s Front Benchers. I may even touch on what I think would be the best possible outcome for Scotland. I hope that will make him happy.

The cuts I have described are vital to the context in which the fiscal agreement is being negotiated. The cuts are not driven by a fiscal agreement or by the Scottish Government, but by the UK Government’s fiscal charter. The fiscal charter is a requirement to run a budget surplus of enormous proportions—a £10 billion absolute surplus and a £40 billion current account surplus by the end of this Parliament. The framework is being negotiated in the context of this Government’s cutting £40 billion a year more than is required to run a balanced current budget. That means we are negotiating on it in the context of being in the middle of a decade of UK austerity.

The alternative is clear: a modest rise in public expenditure. That would still see the deficit fall, the debt as a share of GDP fall and borrowing come down. A modest 0.5% real terms increase in expenditure would release about £150 billion for spending and investment, and make the cuts we are seeing, which are partly driving the fiscal agreement discussion, absolutely redundant.

Mr Kevan Jones *rose*—

Stewart Hosie: I will take one more intervention at this point.

Mr Jones: I would say this to the hon. Gentleman, whom I consider a friend. He is talking about percentage cuts to the Scottish budget, but he should look at areas, such as the north-east, that have had far bigger cuts proportionally. Unlike him, his party and his Government, people in those areas do not have the ability to raise taxes. Why have the Scottish Government not used the tax-raising powers they already have to fill some of the gap he is describing?

Stewart Hosie: That question is important, and I will come on to the use of tax-raising powers. We often hear such an argument from members of the Labour party but let us be under no illusion, because it is wrong. The Scottish Government use their tax powers daily. A council tax freeze to protect families for eight years was the use of a tax-raising power. The small business bonus to protect 100,000 businesses, which now pay no or lower business rates, was a good use of a tax-raising power. The power to mitigate the entire effect of the bedroom tax was a good use of such a power. The idea that powers are not used is simply wrong.

Mr Jones: Use them to raise money.

Stewart Hosie: For the hon. Gentleman’s benefit, I will come on to the specific issue of raising tax in a just a moment.

Before I leave the context of the UK fiscal charter, let me say that we all recall the vote on 13 January 2015 on the implied £30 billion of cuts, when we made many of the same points we are making today. The great tragedy then and now is that the Labour party supported £30 billion of extra Tory pain and austerity.

Ian Murray: Will the hon. Gentleman give way?

Stewart Hosie: I will happily give way.

Ian Murray: Let us just dispel this constant nonsense from the Scottish National party. The hon. Gentleman's own First Minister said, when she launched the Scottish business partnership at Tynecastle stadium in June, that the framework on which there was a vote on 13 January 2015 gave Governments enough flexibility to do as they wished. It was very similar to the fiscal framework or charter that he promoted back in November. He refuses to use such powers; he would rather demolish and demoralise Scottish public services.

Stewart Hosie: As the arguments are complicated, it is so much easier simply to quote in full from the 15 January issue of the new Labour leadership's favourite newspaper, the *Morning Star*:

"Labour MP Diane Abbott accused her party's leaders yesterday of doing working people a 'great disservice' by backing Tory plans for permanent austerity."

The hon. Gentleman keeps getting it wrong.

The key thing is that Scotland's budget has been cut and will continue to be cut by this Government, which makes the achievements of the Scottish Government all the more remarkable. That makes it all the more important not simply that we get any old fiscal agreement, but that we get it right. We must ensure that the Smith commission principle of "no detriment" is adhered to and that we do not embed unfairness in the system, so that we are not subject to possible additional cuts of about £350 million a year. We need to avoid that outcome so that we can continue to do good things and build on the progress we have seen in health spending, which is up to £12.3 billion this year and will be £13 billion next year, and in education.

The Chief Secretary to the Treasury (Greg Hands): May I bring the hon. Gentleman back to the fiscal framework? I am interested in the amendment that he has tabled, because it seems to quote from the Smith commission—particularly paragraph 95(3) on no detriment, which states that

"the Scottish and UK Governments' budgets should be no larger or smaller simply as a result of the initial transfer of tax and/or spending powers".

The amendment carefully deletes some important parts of the Smith agreement. It states that

"Scotland would be no worse or better off simply as a result of the transfer of additional powers".

Why has he deleted the word "initial", which is very important in respect of the transfer of powers, and any reference to fairness to the UK taxpayer?

Stewart Hosie: For the sake of brevity. Let me be very clear that the negotiations that are under way are founded on a number of principles, including no detriment as a result of the devolution of further powers initially and

no detriment as a result of the policy decisions of the UK Government or Scottish Government post-devolution. I would have thought that the Chief Secretary might have known that.

The whole point of getting this right is to avoid a potential cut of an additional £3.5 billion over a decade, so that the Scottish Government can continue their good work. We do not want those additional cuts to be made, because they would weaken our ability to internationalise the economy; hinder our support for businesses seeking to innovate and to do research and development; suck vital resources out of our plans to invest in education and infrastructure; and undermine all the work being done by the Scottish Government to deliver the fall in unemployment and the highest employment rates in the UK.

We understand the trajectory that Scotland's public finances will take if the wrong block grant adjustment is chosen. As I say, it will perhaps mean the loss of £3.5 billion over a decade.

Maggie Throup (Erewhan) (Con): Given how the hon. Gentleman is speaking, it almost sounds as if the SNP MPs are having second thoughts about the new powers in the Scotland Bill. Is that because they are afraid of taking them on board?

Stewart Hosie: No. The hon. Lady is absolutely wrong; we are not having second thoughts about the powers. We want the powers—indeed, we want more powers—but the agreement that is reached must deliver a Scotland Bill in line with the Smith commission principles, in particular that of no detriment.

We want to avoid a potential additional cut of £3.5 billion over a decade.

David Mowat: Will the hon. Gentleman give way?

Stewart Hosie: Not at the moment.

What is remarkable is that the motion does not talk about public finances or the impact of getting the fiscal agreement wrong. It is almost exclusively focused on the process of negotiating a formula—a formula that, of course, must deliver no detriment, which was one of the key principles identified by Lord Smith. Although fairness for Scotland is recognised in the motion, many other drivers of Scotland's public finances are not.

John Redwood *rose*—

Stewart Hosie: Not at the moment.

There was a cursory passing reference to Labour's plan, which was announced yesterday, to make Scotland the highest-tax part of the UK. That has a bearing on the public finances. It is a Labour plan to add to the tax burden of half a million Scottish pensioners. It is a plan to add to the tax burden of 2.2 million taxpayers. In essence, it is a plan to change the public finances by taxing Scots more to pay for Tory cuts. That is the weakness in Labour's plan.

David Mowat *rose*—

John Redwood *rose*—

Stewart Hosie: No, I am conscious of time and it would not be fair to give way.

[Stewart Hosie]

It is absolutely right that the negotiations are done privately. Imagine if there was a running commentary and slight snippets of information, out of context, became the fodder for a new “project fear” campaign run by Labour. We do not want that. We want a Labour party that, instead of sniping from the sidelines, is determined to support fair play, and a fair settlement that delivers on the principle of “no detriment”. Instead, we have this thin motion, combined with Labour MSPs who last week backed the Tories and refused to back the per capita index deduction block grant adjustment mechanism, which would deliver the “no detriment” principles that Labour signed up to in the Smith agreement.

In my view, that is economic and political madness from Labour, but it is not a surprise. After all, in advance of the fiscal agreement, before agreement is reached on an LCM, and before powers are transferred, the Labour party has spent many times over the modest cost of a reduction in air passenger duty—a policy that will create 4,000 jobs and put £200 million of economic activity into the economy—by committing to spend £650 million of Scotland’s public finances from a pot that does not yet even exist. No wonder Labour Members are more interested in talking about process than policy.

As the First Minister has said, the Scottish Government are negotiating the fiscal agreement in good faith, but they will not sign up to a deal that systematically cuts Scotland’s budget, regardless of anything that they, or any future Scottish Government, might do. That message has been reiterated many times by the Deputy First Minister, who said a few moments ago that the reason why we do not have a fiscal agreement right now is that there is no basis to be agreed that is consistent with the Smith commission, and we will not sign up to any document that is not consistent with the Smith commission report.

Let me conclude by being even clearer on behalf of my party: we will not agree to a fiscal agreement that abandons the principle of “no detriment” and embeds unfairness into the Scotland Bill. We will not support Labour tonight. This is a silly motion about publishing minutes that does not address the core substance of the fiscal agreement. We have tabled an amendment to that motion, and I commend it to the House.

Several hon. Members *rose*—

Mr Speaker: Order. A three-minute time limit now applies.

6.27 pm

Mr Christopher Chope (Christchurch) (Con): It is a pleasure to follow the hon. Member for Dundee East (Stewart Hosie), but I cannot agree with him that the principles of per capita indexed deduction, which he and the Labour party support, are consistent with the Smith commission. That commission had two “no detriment” principles, and that system of indexation and deduction does not comply with both those principles. It will be difficult for the rest of the United Kingdom to accept any deal that is premised on such a biased indexation system.

Professor Gallagher stated in his article “Algebra and the Constitution” that, under per capita indexation, Scotland’s devolved tax yield would be increased each year by roughly the growth in the rest of the United Kingdom population, and that would be on top of Barnett. Although he concedes that that might be to Scotland’s advantage, he stated that

“it hardly seems fair to the rest of the UK, which will carry the spending burden created by the new taxpayers”.

When I look again at the article by Professor Gallagher, I see that public expenditure per head on devolved services in Scotland is £1,400 per person higher than it is on average for the rest of the United Kingdom. It is 24% higher than in the rest of the UK. The proportion of spending is enormously higher. We—the English and the rest of the UK taxpayers—are contributing to that, and we have not heard much thanks for that from the Scottish National party this evening.

This is an important issue. When the Minister replies, will he tell the House who is representing the rest of the United Kingdom in these negotiations? The Joint Exchequer Committee contains somebody from the United Kingdom Government and from the Scottish Government, but there is nobody who represents the rest of the United Kingdom.

6.29 pm

Liz McInnes (Heywood and Middleton) (Lab): On 8 June 2015, the Financial Secretary said:

“We have agreed to aim to finalise the fiscal framework by the autumn, alongside the passage of the Scotland Bill through Parliament.”—[*Official Report*, 8 June 2015; Vol. 596, c. 1012.]

I believe he meant autumn 2015, not autumn 2016. Some would say even the latter is looking hopeful. The First Minister, on 14 December 2015, raised expectations of a Valentine’s day agreement, following a meeting with the Prime Minister. However, that is only 11 days away now and somehow I doubt there will be an agreement among the hearts and flowers.

Since July 2015, the Joint Exchequer Committee has met eight times. Press releases have been published after each meeting, giving a summary of the broad topics discussed but without going into any great detail. My hon. Friend the Member for Edinburgh South (Ian Murray), the shadow Secretary of State for Scotland, has consistently asked that greater details of those meetings be published in the interests of transparency and democratic accountability, yet both the Scottish and UK Governments have refused to publish papers and minutes from the meetings. The opacity of the negotiations has allowed both Governments to exploit them for political purposes. It is disappointing that the Joint Exchequer Committee appears to want to conduct business behind closed doors.

That is not just the opinion of the Labour party. Witnesses appearing before the House of Lords Committee on Economic Affairs were concerned about the lack of information on the progress of the fiscal framework. Some felt it possible for information to be provided, for instance on points of disagreement and on the timetable for conclusion. That is an important point: if points of disagreement were made available, everyone would be able to see the main sticking points.

I call on the SNP in this House to play its part in bringing forward the deal and to be open about the sticking points in negotiations with the Government.

I have relatives in Scotland. They passed on to me SNP election literature that they received. It states:

“The SNP will play a constructive role in Westminster and bring ideas forward in a positive spirit.”

Now is the ideal opportunity for the SNP to fulfil its election promise to my relatives and to the people of Scotland, by supporting Scottish Labour MSPs who voted today to increase income tax to escape Tory cuts to Scotland’s public services.

6.32 pm

John Redwood (Wokingham) (Con): I wish to speak for England. The current settlement between Scotland and England, as the constituents of many of my right hon. and hon. Friends know, is not fair. It is very important that the Government take full account of the needs of England, as well as being scrupulously careful to meet the promises they and the other leading parties made to each other during the Scottish referendum. Please do not make the settlement even less fair to England as a result of the changes going through with the transfer of tax revenues, particularly income tax, to the Scottish Parliament and Government.

It is extremely difficult to know what factors lie behind an increase or a diminution in revenues. Some of us study it and we feel we get somewhere near the truth by looking at historical patterns, but it is clear that sometimes when the tax rate is put up we receive less, rather than more, revenue. Models have to reflect those perverse effects, particularly on higher levels of tax. Sometimes a tax increase may in itself, if it is one of the lower tax rates, produce some increase in revenue, but then something else happens that actually reduces the revenue. Conversely, there can be windfall effects through no particular action by the Government.

Scotland has had a very good windfall effect, not just from oil revenues proper, but from income tax revenues as a result of the very high price of oil in recent years and the way that drove up a large number of incomes in the oil and oil service sector. Unfortunately, from Scotland’s point of view, that may now be reversing. The model we use to assess what the revenues are now and what they are likely to be in the future has to be able to capture that complexity. I fear that a lot of the models used in the past by both Governments have not captured that because there are rather extreme effects when there is a big change in the price of oil. That needs to be used to inform the debate about how the grant should adjust to the changes in tax revenue.

It appears from what the Scottish nationalists have been saying that, while they want the power to vary income tax, there are absolutely no circumstances in which they would ever do so. They would always wish to keep the income tax rate in Scotland absolutely in line with England’s. That seems to be their very clear position. We have not been able to draw out of them any circumstances in which they would do so, but that makes the modelling a bit easier, because many of the changes in revenue are not going to come from changes in tax rates—as I say, they do not want to do that. They will come from the economic effects of their other policies.

6.35 pm

Deidre Brock (Edinburgh North and Leith) (SNP): Like everyone in Scotland, we have an interest in these

negotiations. I thank the Leader of the Opposition for bringing this debate to the Chamber, especially in view of the time pressures. It is important to conclude the negotiations quickly. As has been mentioned, the parties standing in the Holyrood elections will want to fashion their manifestos with the extra responsibilities in mind and lay their plans before the Scottish people in good time.

Labour’s leader in Scotland, Kezia Dugdale, has already started with her proposed tax increase, which would mean that basic rate taxpayers would pay 5% more tax than they do now, that being the effect of a 1% rise in the base rate. It is a brave strategy and I am sure we will watch her progress with interest.

We note from the motion that Labour wants all the negotiations out in the open. May I gently remind that party that the Smith commission was not the first to examine Scottish devolution? It followed the Calman commission, which resulted in the 2012 Act, and that followed the constitutional convention of the 1990s. Never were the negotiations over the fiscal model conducted in public. The Treasury statement of funding policy to the devolved Administrations, now in its seventh edition, was presented as a *fait accompli*. It was never fair to Scotland, and it became a hurdle that the Scottish Government had to clear in trying to deliver for Scotland.

The introduction of local income tax in Scotland was held back as a result of the refusal of the then Chancellor, now in the other place, to amend the funding policy to allow council tax benefit to be applied to a new tax system. Of course, Labour was in government both in London and Edinburgh at the time the funding policy was created, and the negotiations were in private. As we would expect, nothing was made public at that time. At least with the involvement of the SNP Scottish Government, we know that someone in there is standing up for Scotland, and we are hearing at least some of the details.

We understand Labour’s frustration—we all want to know what is going on—but it would be a foolish negotiator who gave away their entire position with the first round of tea. Time is running out, however, and if the deal is not done, the Scottish Government will be left with no choice but to take the issue back to the people. A deal that is not good for Scotland will not be acceptable either to the Scottish Government or to we who sit on these Benches casting a gimlet eye in the UK Government’s direction.

A couple of weeks will determine whether the coming Scottish Parliament election is fought in a spirit of good-spirited competition. The alternative will be a Scottish electorate once more setting their face against a UK Government who have forgotten that governing can be done only by consent. The ideal solution, of course, is independence, but we will have to wait a little while longer for that. In the meantime, we must have a system that can serve Scotland’s people well.

6.38 pm

David Mowat (Warrington South) (Con): My remarks will be very brief. I take note of the comment just made on independence and the concern about the Labour income tax. My understanding in terms of what has happened to North sea oil is that independence would require income tax to go up by approximately 20p in the

[David Mowat]

pound. The point I want to make, however, is that we are talking about two terms: “fairness”, which has been mentioned a lot, and “no detriment”, which has also been mentioned a lot. I am not at all sure, having heard the dialogue, that those two things are reconcilable.

My right hon. Friend the Member for Wokingham (John Redwood) said that we accept that the Barnett formula has been conceded and that it means that per capita expenditure in Scotland is 115% of that in England. That was what was agreed and it will presumably be the cornerstone of the agreement. However, it would not be right if, as a result of the agreement currently being negotiated, “no detriment” means that, whatever happens in Scotland and whatever decisions are made by the Scottish Government, the 115% ratio will stay the same indefinitely. I shall have a great deal of difficulty with that, as will my constituents. I should add that my constituents entirely agree with the concept of a Scottish Parliament. They agree that it is right for the people of Scotland to be able to choose their priorities, whether it is a question of prescriptions or tuition fees.

George Kerevan (East Lothian) (SNP): In all his years of learning, has the hon. Gentleman not grasped the fact that the Barnett formula is specifically designed to bring per capita levels of spending in every region and nation of the United Kingdom to the same level?

David Mowat: In all those years, I stayed away from the Barnett formula, but since the hon. Gentleman has raised the point, I will respond to it. No one who has seriously considered the Barnett formula thinks that it is an attempt to be a proxy for relative need; nor is it true that the Barnett squeeze to which the hon. Gentleman has just referred really happens. I note that no Welsh Members are present, but the Barnett formula has caused a massive problem in Wales.

It strikes me that the formula presented an opportunity to the Scottish national party to show how progressive and internationalist it was. It seems to me that a progressive party of the left, an internationalist party, would not say, “We in Scotland want every single penny that we can get.” The approach of such a party would take account of need in Wales, in England, in my constituency, and elsewhere.

I ask the Chief Secretary, in the negotiations that he is currently leading, to bear it in mind that, however we interpret the phrase “no detriment”, the ratio of increased expenditure in Scotland—the figure should be higher than it is in England on the basis of need, but not as much higher as it is now—should not be allowed to continue and be built on, no matter what decisions are made in respect of the relative economies over the next few years.

6.41 pm

Mr Kevan Jones (North Durham) (Lab): This is an important debate not just because it proposes a fiscal framework for Scotland, but because of the huge impact on my electors in North Durham.

The Secretary of State said that he wanted no detriment to Scotland and a fair deal for the rest of the United Kingdom, but we do not know that there will be a fair

deal for the rest of the United Kingdom. The Secretary of State said, strangely, that the negotiations required “a degree of privacy”, but what we actually have is secrecy. He then used what I considered to be new terminology, although it has clearly been well practised by this Government: he said that one of the roles of the press was to leak. At the end of the day, however, my constituents and I have no way of influencing or scrutinising what happens in the negotiations.

John Redwood: Does the hon. Gentleman think that the current distribution of grant and other money between England and Scotland is fair?

Mr Jones: No, I do not. Scottish Members were crying over Barnett, but my constituents would welcome the levels of expenditure that we see in Scotland. The main point is this, though. How can I, a Member of the House of Commons, scrutinise this deal if it is done behind closed doors, in a way that is clearly intended to satisfy the Scottish national party—[*Interruption.*] The point is that I will not have any opportunity to scrutinise that process.

The hon. Member for Dundee East (Stewart Hosie) trotted out, again, the argument about how badly Scotland had been treated. Let me gently say to him that he needs to look at the percentage of expenditure that the north-east of England has lost. The north-east is not a wealthy region; indeed, it is the poorest region in the United Kingdom, with the highest levels of unemployment, and its views should not be ignored.

The hon. Member for Christchurch (Mr Chope) asked who spoke for England, or the United Kingdom, in the negotiations. If the answer is the Conservatives, I have to say that they have been no friends of the north-east for many years, and we will get a very bad deal. The real test, however, relates to the powers that will be given to the Scottish Government. They already have the alternative of raising revenue, but they do not use it. Instead, they are aping the Conservatives with notions such as the freezing of council tax, which is not at all progressive in terms of redistribution.

The House should have the ability to look at how the deal will affect constituents in the rest of the UK. That said, I do not think we will need to bother, because it is quite clear what the Scottish nationalist party will do. It is going to string it out until May, cry foul and then use its victim mentality, which it has turned into an art form, to persuade the Scottish people that they are getting a raw deal from the rest of us. I do not think, therefore, that we will find ourselves in that position, which is sad, because it means we are not going to have a debate this May in Scotland about the use of the powers; instead, we are going to have the victim mentality. The SNP will blame the rest of us in the UK for the poor deal it has got, when, frankly, it does not give a damn about my constituents or any others in the UK.

6.45 pm

Maggie Throup (Erewash) (Con): As everybody in the House is aware, the vote in Scotland in 2014, despite the SNP’s thinking it gave the wrong answer, has resulted in the largest shift of power and fiscal responsibility our nations have ever seen. At the time, some of my constituents wanted a say in whether Scotland remained part of the

UK, yet the system denied them that vote. I can understand why they wanted their say—on the whole, they felt we were better together.

My constituents did not cry about the fact that public spending per head in the east midlands was £8,219, as opposed to £10,275 per head—over £2,000 more—in Scotland, yet the SNP gripes about every little thing that does not fit its narrow agenda. Only the Conservatives, skilfully led by Ruth Davidson in Scotland, are standing up for the 2 million Scottish voters who overwhelmingly rejected independence at the ballot box. They want not another divisive independence debate, but a plan to tackle the everyday issues that affect them most, such as health, education and jobs. That is what this Government are delivering.

Everything done for Scotland by the UK Government, whether on the fiscal framework or the Scotland Bill more widely, is based on the Smith principles. If the powers in the Bill are used well by the Scottish Government, Scotland will do well. I disagree fundamentally with the SNP and its dogged determination to break up our country, but at least it fights for what it believes is best for the Scottish people. Sadly, that cannot be said for Labour, which clearly has no plan for Scotland, as shown by this debate.

It is all well and good debating how much of taxpayers' money goes from one pot to another, but with devolution comes responsibility for the countries within the Union to make their own way in the world. Labour and the SNP both oppose Trident. If they got their way, thousands of jobs would be lost and it would have a major impact on the Scottish economy and Britain's security.

Above all, I am concerned about British taxpayers, whether north or south of the border. I therefore urge my right hon. Friend the Chief Secretary, who is leading the negotiations on the fiscal framework, to ensure adequate protections in any agreement, so that future Scottish Governments cannot simply come back, cap in hand, to the UK Treasury because they have taken the wrong fiscal decisions.

6.48 pm

Andrew Gwynne (Denton and Reddish) (Lab): It is not fashionable these days to describe oneself as British, but I am proud to be British. I was born to a Scottish mother, which is where I get my name Andrew, of Welsh parentage, which is where I get my surname Gwynne, and I am proud to be English, Mancunian and Dentonian.

The powers being extended to the Scottish Parliament and Government have far-reaching implications for the rest of the UK. I want the asymmetric nature of devolution evened out across the UK, and I want the Scottish Parliament within the UK to succeed using its fiscal and welfare powers, because that is exactly where the Greater Manchester Combined Authority and the Mayor of Greater Manchester want to take devolution in my city region. I call on the Government to press ahead with the deal. Let us challenge the Scottish Parliament to use those powers, and let us extend them to the rest of the UK.

6.49 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): May I start by thanking all Members who have made important contributions to the debate? I will mention

just a few because of the brief time we have left. My hon. Friend the Member for Heywood and Middleton (Liz McInnes) spoke about how we need transparency to see if the agreement is fair, and challenged the SNP not just to manage Tory austerity but to do something about it. The right hon. Member for Wokingham (John Redwood) talked about how the position of the SNP is not to use tax powers, but it has given no indication of ever using them; indeed, the hon. Member for Edinburgh North and Leith (Deidre Brock) refused to say whether they would use new powers and seems to want local income tax.

Several hon. Members *rose*—

Seema Malhotra: I am afraid that, in the interests of time, I will have to proceed.

My hon. Friend the Member for North Durham (Mr Jones) said that there is a critical issue about the rest of the UK and the need to scrutinise the deal to make sure his constituents, too, are represented. While the hon. Member for Dundee East (Stewart Hosie) commented on the performance of the Secretary of State, he may want to work harder on getting his own facts right. He claimed that the Labour party has spent air passenger duty twice, and it is true: once on mitigating tax credit cuts, when Labour in the end no longer needed to use it for that, and then, secondly, reallocating it to supporting people to buy their first home.

As my hon. Friend the Member for Edinburgh South (Ian Murray) observed, the focus of today's debate is the transfer of new powers to Scotland—powers that will transform the Scottish Parliament into one of the most powerful devolved Administrations in the world with the ability to make different choices to create a better Scotland. That is the essence of devolution: the chance to take a different path based on different circumstances; the chance to reject the short-term Tory cuts—false economies that will hurt Scotland. The new powers to be devolved to the Scottish Parliament will only enhance the range of choices on offer. The Scotland Bill that is due to transfer those powers was based on the recommendations of the Smith commission—recommendations which were agreed by all parties.

Of course, the Smith commission was based on the solemn promise made to the people of Scotland. The Scotland Bill was passed in this place and is currently being debated in the other place. The only sticking point—the only remaining obstacle—is agreement on the fiscal framework. Until that revised framework is agreed by the Conservative Government and the SNP Government, the Scotland Bill cannot be enacted, and without agreement, Scotland will never get the power and responsibility it has been promised. As Labour's motion states, the lack of transparency from the Tories and the SNP continues to block progress.

The deadline for concluding the negotiations has consistently been pushed back, yet no one outside the two Governments knows the reasons why. We need a negotiated agreement in order to move on, otherwise the new powers will lie dormant; and we need an agreement before the Scottish Parliament rises for the Holyrood elections in May.

There has been a democratic deficit at the heart of the negotiations of Scotland's revised fiscal framework. It is a deficit that must be closed, and that is the purpose of today's debate. It is a deficit caused by the Tories in

[Seema Malhotra]

Westminster and the SNP in Holyrood, a deficit that is hurting, not helping, the people of Scotland—*[Interruption.]* An agreement has not been reached. Only when the Scotland Bill is enacted and the powers transferred can we truly move on from the constitutional wrangling that has come to dominate the political discourse in Scotland.

The questions that my hon. Friend the Member for Edinburgh South has asked remain unanswered, so I will reiterate them. The Chief Secretary to the Treasury announced today that he would be in Scotland—*[Interruption.]* I hope that he will have a chance to listen to me in a moment. He announced today that he would be in Scotland for more talks on Monday. What are his aspirations for that meeting? Perhaps he could share them with us today. Does he recognise 12 February as a final deadline? What will happen if that deadline is missed? Will the Secretary of State publish the final offers for both parties, for transparency purposes? Has consideration been given to agreeing a deal for a trial period, to allow for assessment and adjustment? I call upon the UK Government to publish all minutes and papers from the Joint Exchequer Committee negotiations and to assure the House that every effort is being made to ensure that an agreement on the revised fiscal framework will be reached and the Scotland Bill will be passed prior to the Scottish Parliament elections.

6.55 pm

The Chief Secretary to the Treasury (Greg Hands): This Government are united in their belief in a successful and prosperous Scotland—a Scotland that is strengthened through being part of the United Kingdom and whose presence makes the United Kingdom itself stronger. It is clear to us that the Scottish people should have greater control over their affairs and that the Government in Edinburgh should be more accountable. The referendum of 2014 was a defining moment in Scotland's history. The Scottish people's voice was clear: they wanted to make Britain stronger and not to break Britain up. It is now right that we should deliver a fair and lasting settlement that works for Scotland and for the UK as a whole. The UK Government are committed to delivering the Smith agreement, which, let us remind ourselves, was agreed by all five parties in Scotland, including Labour and the Scottish National party. That commitment has driven every step of our work.

James Berry (Kingston and Surbiton) (Con): What assessment has the Chief Secretary to the Treasury made of Labour's recently announced plans to put up income tax in Scotland? What impact does he think that would have on the Scottish economy?

Greg Hands: I was amazed by Labour's announcement in the Scottish Parliament yesterday about wanting to increase income tax. I think it would be a disaster for the Scottish economy and for the people of Scotland, so I wholly agree with my hon. Friend.

The Smith agreement was clear: the Scottish Government should bear the economic responsibility for their decisions; or, as the Scottish Deputy First Minister has put it:

"If we take on a responsibility and make a success of it, we should bear the fruit of that; if we get it wrong, we must bear the consequences".

I want to make three main points. Why are we doing this taxpayer devolution? The answer is to give Scotland one of the most powerful and accountable devolved Parliaments in the world. The stress there must be on the word "accountable". Since 2010, the amount of taxes raised in Scotland and spent by the Scottish Government will have increased from around 10% to around 20% under the Scotland Act 2012, and to 40% under these proposals. These measures would also allow the Scottish Government the opportunity to grow their economy, to use new devolved powers and to see the fruits of their efforts.

Mr Alistair Carmichael (Orkney and Shetland) (LD): The Chief Secretary to the Treasury is right to say that accountability is at the heart of this matter. That is why we must have a deal, and if we do not get one, we in this House and those in the Scottish Parliament need to be told the reason why. Without a deal, the people of Scotland face the prospect of going to the polls in May not knowing exactly what powers will be given to the Parliament.

Greg Hands: I thank the right hon. Gentleman for that intervention, which leads me nicely on to the fact that the UK Government are absolutely committed to getting a deal. I announced earlier today, before the Scottish Affairs Committee, that I will be going to Edinburgh on Monday to continue the negotiations. I am hopeful that we will get—

Mike Weir (Angus) (SNP) claimed to move the closure (Standing Order No. 36).

Question put forthwith, That the Question be now put.

Question agreed to.

Question put accordingly, That the amendment be made.

The House divided: Ayes 54, Noes 297.

Division No. 186]

[6.59 pm

AYES

Ahmed-Sheikh, Ms Tasmina	Kerevan, George
Arkless, Richard	Kerr, Calum
Bardell, Hannah	Law, Chris
Black, Mhairi	Mc Nally, John
Blackford, Ian	McCaig, Callum
Blackman, Kirsty	McDonald, Stewart Malcolm
Boswell, Philip	McDonald, Stuart
Brock, Deidre	C.
Brown, Alan	McGarry, Natalie
Cameron, Dr Lisa	McLaughlin, Anne
Cherry, Joanna	Monaghan, Carol
Cowan, Ronnie	Monaghan, Dr Paul
Crawley, Angela	Mullin, Roger
Day, Martyn	Newlands, Gavin
Docherty, Martin John	Nicolson, John
Donaldson, Stuart Blair	O'Hara, Brendan
Fellows, Marion	Oswald, Kirsten
Ferrier, Margaret	Paterson, Steven
Gethins, Stephen	Robertson, rh Angus
Gibson, Patricia	Sheppard, Tommy
Grady, Patrick	Stephens, Chris
Grant, Peter	Thewliss, Alison
Gray, Neil	Thompson, Owen
Hendry, Drew	Thomson, Michelle
Hosie, Stewart	Weir, Mike

Whiteford, Dr Eilidh
Whitford, Dr Philippa
Williams, Hywel
Wilson, Corri

Wishart, Pete
Tellers for the Ayes:
Jonathan Edwards and
Liz Saville Roberts

NOES

Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackman, Bob
Bone, Mr Peter
Borwick, Victoria
Brady, Mr Graham
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Bruce, Fiona
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, Alun
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clarke, rh Mr Kenneth
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Costa, Alberto
Cox, Mr Geoffrey
Crabb, rh Stephen
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Double, Steve
Dowden, Oliver

Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr
 qalain
Dunne, Mr Philip
Elliott, Tom
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Mr Nigel
Evennett, rh Mr
 David
Fabricant, Michael
Fallon, rh Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Fox, rh Dr Liam
Frazer, Lucy
Freeman, George
Freer, Mike
Fuller, Richard
Fysh, Marcus
Gale, Sir Roger
Garnier, rh Sir Edward
Garnier, Mark
Gauke, Mr David
Ghani, Nusrat
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Chris
Green, rh Damian
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, Stephen
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir
 Alan
Hayes, rh Mr John
Heald, Sir Oliver
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
Howell, John
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jayawardena, Mr Ranil
Jenkin, Mr Bernard
Jenkyns, Andrea
Jenrick, Robert
Johnson, Boris
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Kawczynski, Daniel
Kennedy, Seema
Kinahan, Danny
Knight, rh Sir Greg
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr
 Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Mackinlay, Craig
Mackintosh, David
Main, Mrs Anne
Mak, Mr Alan
Malthouse, Kit
Mann, Scott
Mathias, Dr Tania
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McPartland, Stephen
Menzies, Mark
Mercer, Johnny
Merriman, Huw
Metcalfe, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Mills, Nigel
Milton, rh Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, rh Nicky
Morris, Anne Marie
Morris, David
Morris, James
Morton, Wendy
Mowat, David

Mundell, rh David
Murray, Mrs Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Dr Matthew
Opperman, Guy
Parish, Neil
Patel, rh Priti
Pawsey, Mark
Penning, rh Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Philp, Chris
Pickles, rh Sir Eric
Pincher, Christopher
Prentis, Victoria
Prisk, Mr Mark
Pritchard, Mark
Pursglove, Tom
Quin, Jeremy
Raab, Mr Dominic
Redwood, rh John
Rees-Mogg, Mr Jacob
Robertson, Mr Laurence
Robinson, Mary
Rosindell, Andrew
Rudd, rh Amber
Rutley, David
Sandbach, Antoinette
Scully, Paul
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, David
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Chloe
Smith, Henry
Smith, Julian
Smith, Royston
Soames, rh Sir Nicholas
Solloway, Amanda
Soubry, rh Anna
Spelman, rh Mrs Caroline
Spencer, Mark
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Streeter, Mr Gary
Stride, Mel
Stuart, Graham
Sturdy, Julian
Sunak, Rishi
Swayne, rh Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Throup, Maggie
Tolhurst, Kelly
Tomlinson, Justin
Tomlinson, Michael
Tracey, Craig
Trevelyan, Mrs Anne-Marie
Truss, rh Elizabeth
Tugendhat, Tom
Turner, Mr Andrew

Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig

Whittingdale, rh Mr
 John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
Jackie Doyle-Price and
Simon Kirby

Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Irranca-Davies, Huw
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Kaufman, rh Sir Gerald
 Keeley, Barbara
 Kendall, Liz
 Kinnock, Stephen
 Lammy, rh Mr David
 Lavery, Ian
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Long Bailey, Rebecca
 Lucas, Ian C.
 Lynch, Holly
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 McCabe, Steve
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonnell, John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahan, Jim
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Morden, Jessica
 Morris, Grahame M.
 Mulholland, Greg
 Murray, Ian
 Nandy, Lisa
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Pearce, Teresa

Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Pound, Stephen
 Pugh, John
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Jonathan
 Rimmer, Marie
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Ryan, rh Joan
 Shah, Naz
 Sharma, Mr Virendra
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Starmer, Keir
 Stevens, Jo
 Streeting, Wes
 Stuart, rh Ms Gisela
 Tami, Mark
 Thomas, Mr Gareth
 Thomas-Symonds,
 Nick
 Thornberry, Emily
 Timms, rh Stephen
 Twigg, Derek
 Twigg, Stephen
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom
 Whitehead, Dr Alan
 Williams, Mr Mark
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Dame Rosie
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Vicky Foxcroft and
Sue Hayman

NOES

Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Bone, Mr Peter
 Borwick, Victoria

Question accordingly negatived.

Main Question put.

The House divided: Ayes 201, Noes 295.

Division No. 187]

[7.12 pm

AYES

Abbott, Ms Diane
 Abrahams, Debbie
 Alexander, Heidi
 Ali, Rushanara
 Allen, Mr Graham
 Anderson, Mr David
 Ashworth, Jonathan
 Austin, Ian
 Barron, rh Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Betts, Mr Clive
 Blackman-Woods, Dr Roberta
 Blenkinsop, Tom
 Blomfield, Paul
 Bradshaw, rh Mr Ben
 Brake, rh Tom
 Brennan, Kevin
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burgon, Richard
 Butler, Dawn
 Byrne, rh Liam
 Cadbury, Ruth
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Carmichael, rh Mr Alistair
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 Cox, Jo
 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
 Davies, Geraint
 De Piero, Gloria
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Dromey, Jack
 Dugher, Michael
 Eagle, Ms Angela
 Eagle, Maria
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Evans, Chris
 Farrelly, Paul
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Gardiner, Barry
 Glass, Pat
 Glindon, Mary
 Goodman, Helen
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendrick, Mr Mark
 Hepburn, Mr Stephen
 Hillier, Meg
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hopkins, Kelvin
 Howarth, rh Mr George

Brady, Mr Graham	Gillan, rh Mrs Cheryl	Lilley, rh Mr Peter	Shelbrooke, Alec
Brazier, Mr Julian	Goodwill, Mr Robert	Lopresti, Jack	Simpson, David
Bridgen, Andrew	Gove, rh Michael	Lord, Jonathan	Simpson, rh Mr Keith
Brine, Steve	Graham, Richard	Loughton, Tim	Skidmore, Chris
Bruce, Fiona	Grant, Mrs Helen	Lumley, Karen	Smith, Chloe
Buckland, Robert	Grayling, rh Chris	Mackinlay, Craig	Smith, Henry
Burns, Conor	Green, Chris	Mackintosh, David	Smith, Julian
Burns, rh Sir Simon	Green, rh Damian	Main, Mrs Anne	Smith, Royston
Burrowes, Mr David	Grieve, rh Mr Dominic	Mak, Mr Alan	Soames, rh Sir Nicholas
Burt, rh Alistair	Griffiths, Andrew	Malthouse, Kit	Solloway, Amanda
Cairns, Alun	Gummer, Ben	Mathias, Dr Tania	Soubry, rh Anna
Carmichael, Neil	Gyimah, Mr Sam	May, rh Mrs Theresa	Spelman, rh Mrs Caroline
Cartlidge, James	Halfon, rh Robert	Maynard, Paul	Spencer, Mark
Cash, Sir William	Hall, Luke	McCartney, Jason	Stephenson, Andrew
Caulfield, Maria	Hammond, Stephen	McCartney, Karl	Stevenson, John
Chalk, Alex	Hands, rh Greg	McPartland, Stephen	Stewart, Iain
Chishti, Rehman	Harper, rh Mr Mark	McZies, Mark	Streeter, Mr Gary
Chope, Mr Christopher	Harrington, Richard	Mercer, Johnny	Stride, Mel
Churchill, Jo	Harris, Rebecca	Merriman, Huw	Stuart, Graham
Clark, rh Greg	Hart, Simon	Metcalfe, Stephen	Sturdy, Julian
Clarke, rh Mr Kenneth	Haselhurst, rh Sir Alan	Miller, rh Mrs Maria	Sunak, Rishi
Cleverly, James	Hayes, rh Mr John	Milling, Amanda	Swayne, rh Mr Desmond
Clifton-Brown, Geoffrey	Heald, Sir Oliver	Mills, Nigel	Swire, rh Mr Hugo
Coffey, Dr Thérèse	Heaton-Harris, Chris	Milton, rh Anne	Syms, Mr Robert
Collins, Damian	Heaton-Jones, Peter	Mitchell, rh Mr Andrew	Thomas, Derek
Colvile, Oliver	Henderson, Gordon	Mordaunt, Penny	Throup, Maggie
Costa, Alberto	Henderson, Gordon	Morgan, rh Nicky	Tolhurst, Kelly
Cox, Mr Geoffrey	Herbert, rh Nick	Morris, Anne Marie	Tomlinson, Justin
Crabb, rh Stephen	Hinds, Damian	Morris, David	Tomlinson, Michael
Davies, Byron	Hoare, Simon	Morris, James	Tracey, Craig
Davies, Chris	Hollingbery, George	Morton, Wendy	Travelyan, Mrs Anne-Marie
Davies, David T. C.	Hollinrake, Kevin	Mowat, David	Truss, rh Elizabeth
Davies, Glyn	Hollobone, Mr Philip	Mundell, rh David	Tugendhat, Tom
Davies, Dr James	Holloway, Mr Adam	Murray, Mrs Sheryll	Turner, Mr Andrew
Davies, Mims	Hopkins, Kris	Murrison, Dr Andrew	Tyrie, rh Mr Andrew
Davies, Philip	Howell, John	Neill, Robert	Vaizey, Mr Edward
Davis, rh Mr David	Howlett, Ben	Newton, Sarah	Vara, Mr Shailesh
Dinenage, Caroline	Huddleston, Nigel	Nokes, Caroline	Vickers, Martin
Double, Steve	Hunt, rh Mr Jeremy	Norman, Jesse	Villiers, rh Mrs Theresa
Dowden, Oliver	Hurd, Mr Nick	Nuttall, Mr David	Walker, Mr Charles
Drummond, Mrs Flick	Jackson, Mr Stewart	Offord, Dr Matthew	Walker, Mr Robin
Duddridge, James	James, Margot	Paisley, Ian	Wallace, Mr Ben
Duncan, rh Sir Alan	Javid, rh Sajid	Parish, Neil	Warburton, David
Duncan Smith, rh Mr Iain	Jayawardena, Mr Ranil	Patel, rh Priti	Warman, Matt
Dunne, Mr Philip	Jenkin, Mr Bernard	Pawsey, Mark	Watkinson, Dame Angela
Elliott, Tom	Jenkyms, Andrea	Penning, rh Mike	Wharton, James
Ellis, Michael	Jenrick, Robert	Penrose, John	Whately, Helen
Ellison, Jane	Johnson, Boris	Perry, Claire	Wheeler, Heather
Ellwood, Mr Tobias	Johnson, Gareth	Phillips, Stephen	White, Chris
Elphicke, Charlie	Johnson, Joseph	Philp, Chris	Whittaker, Craig
Eustice, George	Jones, Andrew	Pickles, rh Sir Eric	Whittingdale, rh Mr John
Evans, Graham	Jones, rh Mr David	Pincher, Christopher	Wiggin, Bill
Evans, Mr Nigel	Kawczynski, Daniel	Prentis, Victoria	Williams, Craig
Evennett, rh Mr David	Kennedy, Seema	Prisk, Mr Mark	Williamson, rh Gavin
Fabricant, Michael	Kinahan, Danny	Pritchard, Mark	Wilson, Mr Rob
Fallon, rh Michael	Knight, rh Sir Greg	Pursglove, Tom	Wilson, Sammy
Fernandes, Suella	Knight, Julian	Quin, Jeremy	Wollaston, Dr Sarah
Field, rh Mark	Kwarteng, Kwasi	Raab, Mr Dominic	Wood, Mike
Foster, Kevin	Lancaster, Mark	Redwood, rh John	Wragg, William
Fox, rh Dr Liam	Latham, Pauline	Rees-Mogg, Mr Jacob	Wright, rh Jeremy
Frazer, Lucy	Leadsom, Andrea	Robertson, Mr Laurence	Zahawi, Nadhim
Freeman, George	Lee, Dr Phillip	Robinson, Mary	
Freer, Mike	Lefroy, Jeremy	Rosindell, Andrew	
Fuller, Richard	Leigh, Sir Edward	Rudd, rh Amber	
Fysh, Marcus	Leslie, Charlotte	Rutley, David	
Gale, Sir Roger	Letwin, rh Mr Oliver	Sandbach, Antoinette	
Garnier, rh Sir Edward	Lewis, Brandon	Scully, Paul	
Garnier, Mark	Lewis, rh Dr Julian	Shannon, Jim	
Gauke, Mr David	Liddell-Grainger, Mr Ian	Shapps, rh Grant	
Ghani, Nusrat	Lidington, rh Mr David	Sharma, Alok	
Gibb, Mr Nick			

Tellers for the Noes:
Simon Kirby and
Jackie Doyle-Price

Question accordingly negated.

Business without Debate

DEFERRED DIVISIONS

Motion made and Question put forthwith (Standing Order No. 43A(3)),

That, at this day's sitting, Standing Order No. 41A (Deferred divisions) shall not apply to the Motion in the name of John Penrose relating to Reform of the Electoral Law of the EU (Reasoned Opinion).—(*Kris Hopkins.*)

Question agreed to

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

REFORM OF THE ELECTORAL LAW OF THE EU (REASONED OPINION)

That this House takes note of Unnumbered European Union Documents, a European Parliament Resolution of 11 November 2015 on the reform of the electoral law of the European Union, and a Proposal for a Council Decision adopting the provisions amending the Act concerning the election of members of the European Parliament by direct universal suffrage; supports the Government's initial view that it is not persuaded of the merits of many of the proposed measures, and that a number of the proposals concern issues that should be decided at a national level; further notes that there is a power of national veto in respect of the European Parliament's Proposal, and that the Government is therefore not committed to agreeing to any of the proposed measures; and considers that the Proposed Council Decision does not comply with the principle of subsidiarity for the reasons set out in annex 2 to Chapter 1 of the Nineteenth Report of the European Scrutiny Committee (HC 342-xviii) and, in accordance with Article 6 of Protocol (No. 2) annexed to the EU Treaties on the application of the principles of subsidiarity and proportionality, instructs the Clerk of the House to forward this reasoned opinion to the Presidents of the European Institutions.—(*Kris Hopkins.*)

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

IMMIGRATION

That the draft Immigration and Nationality (Fees) Order 2016, which was laid before this House on 11 January, be approved.—(*Kris Hopkins.*)

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 10 February (Standing Order No. 41A).

Child Dental Health

Motion made, and Question proposed, That this House do now adjourn.—(Kris Hopkins.)

7.26 pm

Sir Paul Beresford (Mole Valley) (Con): I have a well-known interest to declare as a very part-time, or occasional, dentist. I am a member of a number of dental organisations that have applied considerable pressure on me to seek this debate.

On 27 May, the Minister will give the opening address and take questions at the British Dental Association's annual conference in Manchester. There are 39,000 dentists and 63,000 dental care professionals in the United Kingdom, spread over the four nations, with the majority of them in England. They will wish to hear about the national health service and contracts, but as professionals their biggest concern will probably be child dental health. Perhaps the Minister's reply could be secret practice for opening the meeting, bearing in mind that, I suspect, very few dentists will be watching us.

Dentists feel that their small branch of general health is seen as a "Cinderella" service and a sideline within the national health service. Increasingly, the biggest problem they face is child dental health in the form of caries. This disease is almost entirely preventable, but it is not being prevented. As the Minister is aware, the biggest single factor in dental caries is sugar. The raw statistics on child dental health are pitiful. Deciduous teeth, or baby teeth, are particularly susceptible to decay as they have thinner enamel compared with permanent dentition, and this obviously contributes to children having dental decay. Dental decay is the No. 1 reason for children aged five to nine being admitted to hospital in the United Kingdom.

Jim Shannon (Strangford) (DUP): In Northern Ireland, tooth decay among under-15s has fallen consistently since 2000, and specific education has been done by our health and education Departments to make that happen. The hon. Gentleman referred to those aged between five and 10 consuming sugar. Every child will eat their weight in sugar in a year. Does he agree that we need a tax on sugar, because if we address this at the early stages, we will go a long way towards addressing the problem of tooth decay?

Sir Paul Beresford: I wish it were that simple. I personally believe that that would not make one iota of difference after a few months. One need only stand in the supermarket watching the kids pushing the mothers for sweets and the mothers feeding them to realise that, as I say, it will not make one iota of difference unless it is prohibited, in which case we would have other difficulties that I will not go into.

As I have said, the No. 1 reason for children aged five to nine being admitted to hospital in the United Kingdom is dental decay. The NHS spent £30 million on hospital-based extractions for children aged 18 and under in the year 2012-13. That is 900 children a week, who are being admitted primarily for tooth extraction—often under a general anaesthetic, which carries a slight risk in itself.

I am sure that the Minister is aware of the results of the 2013 child dental health survey. For the sake of those who have not read the statistics and who may

glance tomorrow at the debate, I will touch on some of the figures. For example, 31% of five-year-olds had obvious decay in their primary teeth. That figure was higher in more deprived areas, where 41% of those eligible for free school meals had decayed primary teeth, in comparison with 29% of other children of the same age. Of five-year-olds who were eligible for free school meals, 21% had severe or extensive tooth decay, compared with only 11% of those who were not eligible.

By the age of 15, 46% of our children have tooth decay. Of the 15 year-olds, 59% of those eligible for free school meals had decay, compared with 43% of other children of the same age; 45% reported that their daily life had been affected by problems with their teeth and their mouth in the previous three months; and 28% reported being embarrassed to smile or laugh because of the condition of their teeth. Those are 15-year-olds, who are suddenly taking notice of the world and hoping to be taken notice of themselves.

Mr Graham Allen (Nottingham North) (Lab): I thank the hon. Gentleman for kindly taking an intervention, as we discussed beforehand; I also obtained the Minister's permission to intervene. The hon. Gentleman knows more than anyone else in the House about the matter, and he is widely respected for what he does. He knows that I am the chair of a charity in Nottingham North that has three public health ideas, one of which is that every three-year-old should have the free NHS dental check. I am attempting to work with local dentists to make that happen, but without success; believe me, I have tried. Will the hon. Gentleman facilitate for me a meeting with the British Dental Association to discuss the matter? If I may, I will use this opportunity to ask the Minister to see me, at his convenience, to discuss how we can get dentists to help three-year-olds, who are entitled to that check.

Sir Paul Beresford: I would be more than happy to do so, because that has to be one the key ways forward. Sadly, the problems are not new, and people are looking at them. One of the areas that I have discovered to be a considerable problem is the dental care of disabled children. I draw the Minister's attention to a recent report entitled "Open wide", published by an organisation called Contact a Family. In addition, I know from my local government days that dental care for children in care is exceedingly poor.

The situation is not new; it has gone on for decades. I am not sure whether it is getting worse, but it is certainly not getting any better. I first practised dentistry in this country on the NHS in east London. The state of our child patients' dental health, compared with that which I left behind in New Zealand, was staggering. Every Thursday, I or the principal of the practice ran general anaesthetic sessions with an anaesthetist. Fortunately, it is forbidden to do so now. Those sessions were packed with patients, predominantly little children, who had to have all or most of their teeth out. It was appalling, but not as appalling as seeing those children in pain when they came in, having had sleepless nights as a result of dental decay.

I will touch on the issue of sweet things. I went to the local supermarket, where there were huge long racks of biscuits, cakes, sweets and sweet drinks. However, the racks of fruit, vegetables and meat were infinitely shorter.

Most of the children I dealt with did not have toothbrushes, and most of the parents were unaware that their children had such damaged teeth because of their diet.

Prevention, with progressively increasing reductions to NHS costs, can be achieved. If one realises that the UK population eats about 700 grams of sugar a week—an average of 140 teaspoons of sugar a week—it is obvious that a reduction is a necessity. That intake is not spread evenly; it is higher in the north of the country and lower in the south-east. Teenagers, as we would expect, have the highest intake of all age groups, consuming some 50% more sugar, on average, than is recommended.

The Scottish Government have a recent programme called Childsmile, and more than 90,000 nursery school children currently take part in supervised tooth-brushing. The Scottish Government have also directed the distribution of fluoride toothpaste and toothbrushes in the first year of life at nursery and in the first year of primary school. They are having great success: they reckon that, because of the reduced dental care required, they have managed to save the health service £6 million between 2001 and 2009. Wales has a similar programme with similar benefits. In England, we do not have one.

If I may be so bold, I will suggest to the Minister some possible solutions. We need to invest in a national oral health programme, possibly like the one in Scotland. It should particularly target areas with problems of poor oral health. This should be done in nurseries and schools, with the backing of local authorities, which would need a small amount of funding from the Minister's Department. It would not be too much of a burden on schools to run a check system to ensure that every child in a primary school has visited the dentist once a year. From what the hon. Member for Nottingham North (Mr Allen) said, dentists will obviously have to be persuaded, if not bullied or forced, into such a system.

Not just dental healthcare professionals, but all healthcare professionals, such as midwives, health visitors and pharmacists, should be given the opportunity and training to apply oral health education, including in relation to persuasion on fluoride. The tax on sugar has been mentioned, but I am sceptical about it. Other ways, such as education, will have to be used. Perhaps—just perhaps—we can persuade the producers of such products to tone down the sugar content.

Far and away the biggest—the proven and most successful—way of reducing tooth decay among children, and ultimately adults, is of course fluoride. Fluoride in toothpastes has made a remarkable change. However, that surface application is nowhere near as effective as the fluoridation of water supplies. With fluoridated water supplies, the fluoride builds up in teeth as they develop. As part of a health professional programme, use of oral fluoride for children should be promoted to parents and children until such time as the water supply in the area in which the children live is fluoridated.

We have very few fluoridated areas in England. The marked difference in the incidence of tooth decay in UK fluoridated areas, compared with those in almost identical neighbouring but non-fluoridated areas, is stark and obvious. In the United Kingdom, approximately 330,000 people have naturally occurring fluoride at the right level in their water supply. In addition, some 5.8 million people in different parts of the country are supplied with fluoridation. That is about 6 million out of a total population of about 64 million, which is

[Sir Paul Beresford]

about 10%. The percentage of fluoridated water supplies in the United States is 74%, in Canada 44% and in Australia 80%. I believe that the percentage in New Zealand is not far behind that of Australia.

I have just come back from the southern hemisphere, so perhaps I can use New Zealand as an example. Early in the last century, the New Zealand Government set up a programme to train dental nurses, or what in this country we call dental auxiliaries. They provided dental care and oral hygiene instruction for every child in primary school. Those services were provided in clinics within the grounds of the bigger schools. As hon. Members can imagine, every child in the country called such clinics "the murder house". These young ladies turned around the dental health of the children of New Zealand. They were trained at three schools in the country, and they predominantly provided dental health care by restoring decayed teeth, whether permanent or deciduous. Since 1954, water supplies in New Zealand have increasingly been fluoridated, and I understand that the demand for treatment in schools for such children has diminished dramatically. There is now one school, not three, and the dental nurses spend about 50% of their time on oral education, not on drilling and filling teeth.

In England, the decision to fluoridate the water supply is, in essence, in the hands of elected councillors. However, I believe it is important that the Government, along with the dental profession, apply pressure on local authority wellbeing boards to implement fluoridation. These boards will need support, professional guidance and scientific advice. They will need to be aware that they will be harangued with misinformation and false scientific facts, and that scaremongering will abound.

I will conclude with an example from a debate in this House on fluoride and fluoridation under the last Labour Government. A Welsh MP claimed that fluoridated water induced brittle bone disease. In fact, research has proved that fluoride in the water supply infinitesimally increases the strength of bones. As I pointed out to the Welsh MP, the All Blacks had recently trampled through the fields of Wales and every one of them had almost certainly been brought up in a fluoridated area. The only broken bones were Welsh.

The extent of dental caries among children in England is sad and it is a disgrace. It has been a disgrace for decades. It is preventable and, if we prevent it, we can make considerable savings to our health service and save the pain and suffering of England's children. Minister, it is in your hands.

7.40 pm

The Minister for Community and Social Care (Alistair Burt): It is a great pleasure to respond to my hon. Friend the Member for Mole Valley (Sir Paul Beresford) and his excellent speech. The House has been fortunate to benefit from his professional knowledge on a number of occasions. As a new Minister coming into office some nine months ago, I had an early meeting with him, from which I benefited hugely and continue to benefit. I am grateful for the way in which he put his case and for the heads-up in respect of what I might do and the speech that I might make to the British Dental Association in due course.

I am grateful that the usual suspects have been here to listen because of their interest in these matters, namely the hon. Members for Strangford (Jim Shannon) and for Nottingham North (Mr Allen). I thank my hon. Friend the Member for Battersea (Jane Ellison), who is the public health Minister, for being here, together with the Whip and the Parliamentary Private Secretary. I also saw the hon. Member for Dewsbury (Paula Sherriff), who has been to see me to talk about dental matters and who clearly cares very much about these issues.

I congratulate my hon. Friend the Member for Mole Valley on securing this very important debate about children's dental health. Poor oral health in children and young people can affect their ability to sleep, eat, speak, play and socialise with other children. Other impacts include pain, infections, poor diet and impaired nutrition and growth. When children are not healthy, it affects their ability to learn, thrive and develop. To benefit fully from education, children need to enter school ready to learn and to be healthy, and they must be prepared emotionally, behaviourally and socially. Poor oral health may also result in children being absent from school to seek treatment or because they are in pain. Parents may also have to take time off work to take their children to the dentist. This is not simply a health issue; it impacts on children's development and the economy.

It is a fact that the two main dental diseases, dental decay and gum disease, can be almost eliminated by the combination of good diet and correct tooth brushing, backed up by regular examination by a dentist. Despite that, as my hon. Friend has set out, their prevalence rates in England are still too high. Dental epidemiological surveys have been carried out for the past 30 years in England and give a helpful picture of the prevalence and trends in oral health. Public Health England is due to report on the most recent five-year-olds survey in the late spring.

There is a mixture of news, as the House might expect. The good news is that the data we have at present show that oral health in five-year-olds is better than it has ever been, with 72% of five-year-old children in England decay free. Between 2008 and 2012, the number of five-year-old children who showed signs of decay fell by approximately 10%. The mean number of decayed, missing or filled teeth was less than one, at 0.94. Indeed, the data suggest that, notwithstanding the All Blacks' rugby success and their bone-crushing efforts on the field, oral health in children is currently better in England than in New Zealand. New Zealand's data for children aged five in 2013 showed that the proportion who were disease free was 57.5% and that the mean number of decayed, missing or filled teeth was 1.88.

Jim Shannon: We have had a marked reduction in dental decay in children since the year 2000, as I said earlier in an intervention. With respect, Minister, I would say that we are doing some good work in Northern Ireland. The Under-Secretary of State for Health, the hon. Member for Battersea (Jane Ellison) knows that I always say, "Let's exchange ideas and information." We are doing good work in Northern Ireland and we want to tell Ministers about it.

Alistair Burt: This is possibly the fourth or fifth invitation that I have received from my hon. Friend to come to see different things in Northern Ireland, and he

is right about every one. He finds in me a willing ear, and we will make a visit because there are several different things to see. Where devolved Administrations and the Department can learn from each other, that matters, and I will certainly take up my hon. Friend's offer.

In older children there are challenges when comparing different countries, because of how the surveys are carried out. The available data still show that we have among the lowest rates of dental decay in Europe, but despite that solid progress we must do more. There is disparity of experience between the majority of children who suffer little or no tooth decay, and the minority who suffer decay that is sometimes considerable and can start in early life. In this House, we know the children who I am talking about—it is a depressingly familiar case. We can picture those children as we speak, as my hon. Friend the Member for Mole Valley described in the sometimes horrific parts of what he told the House. The fact that we know that such decay affects children in particular circumstances makes us weep.

Public Health England's 2013 dental survey of three-year-olds found that of the children in England whose parents gave consent for their participation in the survey, 12% had already experienced dental decay. On average, those children had three teeth that were decayed, missing or filled. Their primary, or baby, teeth will only have just developed at that age, so it is highly distressing for the child, parents, and dental teams who need to treat them. Dental decay is the top cause of childhood admissions to hospitals in seven to nine-year-olds. In 2013-14, the total number of children admitted to hospital for extraction of decayed teeth in England was 63,196. Of those, 10,001 were nought to four-year-olds, and so would start school with missing teeth.

From April 2016, a new oral health indicator will be published in the NHS outcome framework based on the extraction of teeth in hospital in children aged 10 and under. That indicator will allow us to monitor the level of extractions, with the aim of reducing the number of children who need to be referred for extractions in the medium term. Extractions are a symptom of poor oral health, and the key is to tackle the cause of that. Today I commit that my officials will work with NHS England, Public Health England and local authorities to identify ways to reach those children most in need, and to ensure that they are able and encouraged to access high-quality preventive advice and treatment.

The good news is that the transfer of public health responsibilities to local authorities provides new opportunities for the improvement of children's oral health. Local authorities are now statutorily obliged to provide or commission oral health promotion programmes to improve the health of the local population, to an extent that they consider appropriate in their areas. In order to support local authorities in exercising those responsibilities, Public Health England published "Local Authorities improving oral health: commissioning better oral health for children" in 2014. That document gives local authorities the latest evidence on what works to improve children's oral health.

The commitment of the hon. Member for Nottingham North to early intervention and the improvement of children's chances is noteworthy and well recognised in this House and beyond, and of course he can come to

see me. I would be happy to discuss with him what he wants to promote in Nottingham, which sounds just the sort of initiative we need.

Public Health England is also addressing oral health in children as a priority as part of its "Best Start in Life" programme. That includes working with and learning from others, such as the "Childsmile" initiative in Scotland, to which my hon. Friend the Member for Mole Valley referred. It is important that health visitors—I know that the Public Health Minister takes a particular interest in their work—midwives, and the wider early years workforce have access to evidence-based oral health improvement training to enable them to support families to improve oral health.

Public Health England and the Royal College of Surgeons Faculty of Dental Practice are working with the Royal College of Paediatrics and Child Health to review the dental content of the red book—the personal child health record—to provide the most up-to-date evidence-based advice and support for parents and carers. The National Institute for Health and Care Excellence has also produced recent oral health guidance that makes recommendations on undertaking oral health needs assessments, developing a local strategy on oral health, and delivering community-based interventions and activities for all age groups, including children. Community initiatives to improve oral health include supervised fluoride tooth-brushing schemes, fluoride varnish schemes and water fluoridation.

I agree with my hon. Friend that water fluoridation is an effective way of reducing dental decay. However, as the House knows, the matter is not in my hands. Decisions on water fluoridation are best taken locally and local authorities now have responsibility for making proposals regarding any new fluoridation schemes. I am personally in favour. I think I am the only Member in the Chamber who remembers Ivan Lawrence and the spectacular debates we had on fluoridation in the 1980s. He made one of the longest speeches ever. Fluoridation was bitterly and hard-fought-for and I do not think there is any prospect of pushing the matter through the House at present. I am perfectly convinced by the science and that is my personal view, but this is a matter that must be taken on locally.

Diet is also key to improving children's teeth and Public Health England published "Sugar reduction: the evidence for action" in October 2015. Studies indicate that higher consumption of sugar and sugar-containing foods and drinks is associated with a greater risk of dental caries in children—no surprise there. Evidence from the report showed that a number of levers could be successful, although I agree with my hon. Friend that it is unlikely that a single action alone would be effective in reducing sugar intake.

The evidence suggests that a broad, structured approach involving restrictions on price promotions and marketing, product reformulation, portion size reduction and price increases on unhealthy products, implemented in parallel, is likely to have the biggest impact. Positive changes to the food environment, such as the public sector procuring, providing and selling healthier foods, as well as information and education, are also needed to help to support people in making healthier choices.

Dentists have a key role to play. "Delivering Better Oral Health" is an evidence-based guide to prevention in dental practice. It provides clear advice for dental

[Alistair Burt]

teams on preventive care and interventions that could be delivered in dental practice and school settings. Regular fluoride varnish is now advised by Public Health England for all children at risk of tooth decay.

For instance, the evidence shows that twice yearly application of fluoride varnish to children's teeth—more often for children at risk—can have a positive impact on reducing dental decay. In 2014-15, for children, courses of treatment that included a fluoride varnish increased by 24.6% on the previous year to 3.4 million. Fluoride varnishes now equate to 30.9% of all child treatments, compared with 25.2% last year. This is encouraging progress.

There are many measures that can and should be taken in order to reduce the prevalence of decay in children, but we recognise it is unlikely that we will be able to eradicate entirely the causes or the effects of poor oral health in children. This means that the continued provision of high quality NHS primary dental services will continue to be an important part of ensuring that every child in England enjoys as high a standard of oral health as possible. NHS England has a duty to commission services to improve the health of the population and reduce inequalities—this is surely an issue of inequality—and also a statutory duty to commission primary dental services to meet local need. NHS England is committed to improving commissioning of primary care dentistry within the overall vision of the “Five Year Forward View”.

Mr Allen: The Prime Minister announced an excellent initiative on life chances less than two weeks ago. The cornerstone of that was improving parenting skills. Will the Minister's Department ensure that feeding into that process there is, within the parenting programmes, stuff around health in general, but dental health in particular?

Alistair Burt: Yes. [Interruption.] Immediate information passed to me by the Minister with responsibility for public health indicates that that is a very positive initiative and we are indeed taking it up.

Overall, children's access to NHS dentistry remains consistently high, with the number of children seen in the 24 months to September 2015 by an NHS dentist standing at 8 million, or 69.6% of the population. There are localised areas where children have access difficulties, but the more common problem is that the parents and carers of the children most at risk do not seek care until the child has developed some disease—this again emphasises the importance of health visitors and others in the process.

To help focus on prevention, the Government are committed to reforming the current system of primary care dentistry to improve access and oral health further. In line with the welcome improvements in oral health over the last 50 years, we need an approach in primary care dentistry that can provide a focus on prevention, while also incentivising treatment where needed.

That is why, following the piloting of the preventative clinical pathway, we are now prototyping a whole possible new system remunerated through a blend of quality, capitation and activity payments. The aim is to allow dentists to focus on prevention and, where appropriate, treatment, and how effective that could be for the children we are talking about. The new approach will be tested until at least 2017. We need to do a proper evaluation and, if successful, numbers will increase with a possibility of a national roll-out for 2018-19.

I hope I have been able to demonstrate the seriousness with which the Government take this subject—a seriousness that I know is accepted by the whole House. It comes back to some fundamental issues of inequality in health that are, as I said, depressingly familiar and which we are all absolutely dedicated to removing. The concept of total clearance for a child—I suspect that none of us has had to contemplate that in our personal lives, but it affects some of our constituents—is something that brings us all up short. I am grateful to my hon. Friend the Member for Mole Valley for raising this subject for debate.

Question put and agreed to.

7.56 pm

House adjourned.

Deferred Divisions

SOCIAL SECURITY

That the draft State Pension and Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2016, which were laid before this House on 30 November 2015, be approved.

The House divided: Ayes 297, Noes 73.

Division No. 182]

AYES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Boles, Nick
 Bone, Mr Peter
 Borwick, Victoria
 Bradley, Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, Alun
 Cameron, rh Mr David
 Carmichael, Neil
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Davies, Byron
 Davies, Chris

Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Dinenaage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evnnett, 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
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Goodwill, Mr Robert
 Graham, Richard
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver

Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kirby, Simon
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robinson, Mary
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly

Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David

Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Boles, Nick
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, Alun
 Cameron, rh Mr David
 Carmichael, Neil
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip

Ellis, Michael
 Ellison, Jane
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Gale, Sir Roger
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Goodwill, Mr Robert
 Graham, Richard
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth

NOES

Ahmed-Sheikh, Ms Tasmina
 Arkless, Richard
 Bardell, Hannah
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Bottomley, Sir Peter
 Brock, Deidre
 Brown, Alan
 Campbell, Mr Ronnie
 Cherry, Joanna
 Cowan, Ronnie
 Crawley, Angela
 Docherty, Martin John
 Dodds, rh Mr Nigel
 Donaldson, Stuart Blair
 Durkan, Mark
 Edwards, Jonathan
 Elliott, Tom
 Fellows, Marion
 Ferrier, Margaret
 Flynn, Paul
 Gale, Sir Roger
 Gethins, Stephen
 Gibson, Patricia
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Hendry, Drew
 Hermon, Lady
 Hoey, Kate
 Hollobone, Mr Philip
 Hosie, Stewart
 Kerevan, George
 Kinahan, Danny
 Law, Chris
 Lucas, Caroline

Mc Nally, John
 McCaig, Callum
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McGarry, Natalie
 McLaughlin, Anne
 Meale, Sir Alan
 Monaghan, Carol
 Monaghan, Dr Paul
 Mullin, Roger
 Newlands, Gavin
 O'Hara, Brendan
 Oswald, Kirsten
 Paterson, Steven
 Pugh, John
 Ritchie, Ms Margaret
 Robertson, Mr Laurence
 Robinson, Gavin
 Saville Roberts, Liz
 Shannon, Jim
 Sheerman, Mr Barry
 Sheppard, Tommy
 Simpson, David
 Skinner, Mr Dennis
 Stephens, Chris
 Thewliss, Alison
 Thompson, Owen
 Thomson, Michelle
 Weir, Mike
 Whiteford, Dr Eilidh
 Whitford, Dr Philippa
 Williams, Hywel
 Wilson, Corri
 Wilson, Sammy
 Wishart, Pete

Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, Alun
 Cameron, rh Mr David
 Carmichael, Neil
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip

Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Goodwill, Mr Robert
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 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth

Question accordingly agreed to.

SOCIAL SECURITY

That this draft Pensions Act 2014 (Consequential and Supplementary Amendments) Order 2016, which was laid before this House on 30 November 2015, be approved.

The House divided: Ayes 301, Noes 70.

Division No. 183]

AYES

Adams, Nigel
 Afriyie, Adam

Aldous, Peter
 Allan, Lucy

Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kirby, Simon
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah

Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Pery, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robinson, Mary
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie

Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben

Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

NOES

Ahmed-Sheikh, Ms Tasmina
 Arkless, Richard
 Bardell, Hannah
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Brock, Deidre
 Brown, Alan
 Campbell, Mr Ronnie
 Cherry, Joanna
 Cowan, Ronnie
 Crawley, Angela
 Docherty, Martin John
 Dodds, rh Mr Nigel
 Donaldson, Stuart Blair
 Durkan, Mark
 Edwards, Jonathan
 Elliott, Tom
 Fellows, Marion
 Ferrier, Margaret
 Flynn, Paul
 Gethins, Stephen
 Gibson, Patricia
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Hendry, Drew
 Hermon, Lady
 Hoey, Kate
 Hosie, Stewart
 Kerevan, George
 Kinahan, Danny
 Law, Chris
 Lucas, Caroline
 Mc Nally, John

McCaig, Callum
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McGarry, Natalie
 McLaughlin, Anne
 Meale, Sir Alan
 Monaghan, Carol
 Monaghan, Dr Paul
 Mullin, Roger
 Newlands, Gavin
 O'Hara, Brendan
 Oswald, Kirsten
 Paterson, Steven
 Pugh, John
 Ritchie, Ms Margaret
 Robertson, Mr Laurence
 Robinson, Gavin
 Saville Roberts, Liz
 Shannon, Jim
 Sheerman, Mr Barry
 Sheppard, Tommy
 Simpson, David
 Skinner, Mr Dennis
 Stephens, Chris
 Thewliss, Alison
 Thompson, Owen
 Thomson, Michelle
 Weir, Mike
 Whiteford, Dr Eilidh
 Whitford, Dr Philippa
 Williams, Hywel
 Wilson, Corri
 Wilson, Sammy
 Wishart, Pete

Question accordingly agreed to.

Westminster Hall

Wednesday 3 February 2016

[MR GARY STREETER *in the Chair*]

Fuel Poverty

9.38 am

Derek Thomas (St Ives) (Con): I beg to move,
That this House has considered fuel poverty.

I am grateful for your arrival, Mr Streeter. “My home lets out the heat. My heating fuel is expensive, and I can’t afford it. I am in fuel poverty.” That is the personal testimony of more people in my constituency than anywhere else in England, and the UK is the leakiest country in the EU, so homes in my neck of the woods could be among the leakiest in Europe. This is a national issue, not an isolated problem for the west country. Fuel poverty affects 10% of the population of England, and the situation is even worse in Scotland, Wales and Northern—may I say that I am so grateful to everyone who has turned up this morning to support and take part in the debate?

Jenny Holland, from the Association for the Conservation of Energy, said this just before the spending review:

“Of the 26 million households in the UK, four out of five have poor levels of energy efficiency, rated band D or below. As today’s findings clearly show, this places our nation right at the bottom of the European rankings for housing and fuel poverty and represents an energy bill crisis for UK consumers. Ministers must now embrace the opportunity for a national energy efficiency infrastructure programme”.

Ms Margaret Ritchie (South Down) (SDLP): I congratulate the hon. Gentleman on obtaining the debate. As an MP representing a constituency in Northern Ireland, I concur with his viewpoint, but does he agree with me that opening up infrastructure funding for energy efficiency improvements has massive potential both to improve lives by reducing fuel poverty and to save the taxpayer money by reducing NHS winter costs?

Derek Thomas: Certainly. I thank the hon. Lady for that intervention. She is absolutely right. Reducing the impact on hospitals in terms of admissions, but also creating skilled jobs and reducing emissions, are good reasons to use the infrastructure money to tackle and solve this problem.

I congratulate successive Governments on initiatives that they have introduced to tackle fuel poverty. I also congratulate the many MPs who have addressed this issue in this place. There have already been many Westminster Hall debates on fuel poverty, including one just a few weeks ago. However, my constituency demonstrates that not enough has been achieved. My constituency has more leaky homes than anywhere else in rural England. Cornwall and the Isles of Scilly are in the top three areas in England for homes without central heating; 14% of homes in Cornwall do not have central heating and 22% of homes in the Isles of Scilly, which is also in my constituency, do not.

David Simpson (Upper Bann) (DUP): One part of the United Kingdom that the hon. Gentleman left out at the beginning of his speech was Northern Ireland, but we will forgive him for that. It is the case that 42% of the households in Northern Ireland are in fuel poverty. The Government have promised, I think, £640 million or £650 million to go towards efficient homes. We trust—I am sure that the hon. Gentleman will agree with me—that all the regions of the United Kingdom will get their fair share of that.

Derek Thomas: Certainly. I thank the hon. Gentleman for the intervention, although I think that I did mention Northern Ireland at the beginning. If I did not, I apologise. It is certainly in my notes, so I apologise if I missed it out. [*Interruption.*]

Mr Gary Streeter (in the Chair): Order.

Derek Thomas: I am really here for the west country, so I am not too concerned!

Michael Tomlinson (Mid Dorset and North Poole) (Con): My hon. Friend mentions the west country; Northern Ireland has been mentioned as well. Dorset and the more rural areas are also affected by fuel poverty. When it comes to improving efficiency, does he agree that there should not just be a fairer share, as the hon. Member for Upper Bann (David Simpson) said, but that the money should be targeted at those who are in fuel poverty in order to tackle this issue?

Derek Thomas: Certainly, because that would result in more help for my part of the world. We are not helped by the fact that we have an ageing population. We all know that right across the country the population is getting older and more vulnerable to ill health as a result of poorly insulated homes. Furthermore, the west country is very rural, which means that delivering solutions such as the energy company obligation is expensive and the energy companies have gravitated their efforts towards more urban areas. In my part of the world, ECO measures to help older people have been unremarkable, with only half the national average benefiting from that help.

I have noticed since being elected that it has become a tradition to read out constituents’ letters and emails in order to make a point. I now want to do just that, because I have had an email from someone on the Isles of Scilly who sums up exactly the scale of the challenge in my constituency. He says:

“I write from the Isles of Scilly, where I have just moved with my partner and my parents. We have moved into an old property which has little-to-no insulation and thus is extremely cold. I have therefore been researching grants which may be available to help, and in particular the Energy Companies Obligation Scheme...I was extremely disappointed to find that these sort of schemes seem to finish at Land’s End and that—as far as I can tell from my research—no energy company will provide free insulation for us on the islands. I understand, of course, that there would be increased costs involved for the energy companies to offer insulation on the islands, but frankly feel that a government-backed scheme should benefit all people in the country, irrespective of geographical location. On Scilly it seems we are hit by a perfect storm when it comes to energy bills. Much of the housing stock on the islands is very old and of traditional construction, so uninsulated. Incomes here are among the lowest in the country. Combine this with the fact we have no mains gas so have no practical alternative to

[Derek Thomas]

inefficient and costly electricity to...our homes, and the fact energy companies will not offer free or subsidised insulation to households on the islands, despite this being a government scheme which should benefit all, and I think you will agree we have a serious problem.”

Steve Double (St Austell and Newquay) (Con): I congratulate my hon. Friend on securing this important debate. As he knows, I have strong family connections to the Isles of Scilly so I am familiar with the situation there. The people are heavily reliant on bottled gas to provide for cooking and sometimes for heating. Does he agree that the Government could help the market for bottled gas? They could try to bring down the prices, which are often very high and do not seem to come down when other energy prices fall.

Derek Thomas: I welcome that intervention because 57% of homes in Cornwall are off grid. It is the right thing to address, and those bills need to be cut.

I accept that older homes are harder to insulate, that efficient heating systems are expensive, and that it is more costly to deliver ECO in a rural area. In a low-wage area such as mine, households do not necessarily choose to replace their windows and insulate their properties adequately. So, given the scale of the problem, is it really worth the effort? Does it really matter? Why is fuel poverty such an issue?

As we have heard already in an intervention, fuel poverty affects people's health. It is more difficult for people to live full and healthy lives in cold homes and the result is extra demand on acute services and social care. That alone is a good reason for us to deal with the problem. It is difficult for young people living in a cold home to study and succeed as they cannot really concentrate, and it concerns me that people are held back simply through poor housing. We have high energy use and high carbon emissions.

Chris Evans (Islwyn) (Lab/Co-op): The hon. Gentleman is making a succinct point but it is important to remember not only young people, but people such as the ex-miners in my constituency, who have chest complaints and need to keep the heating up a bit higher. Unfortunately, a huge number of people also suffer from cancer and have been deeply affected by fuel poverty as they have to keep the heating up because they feel the cold more than other people.

Mr Gary Streeter (in the Chair): Just before the hon. Gentleman continues his powerful speech, may I point out that 13 colleagues are trying to catch my eye in the main part of the debate? Wind-ups will begin at about 10.30 am. Do the maths—13 speakers in about 35 minutes. The more interventions there are, the longer it will take and the fewer the colleagues who will be able to speak.

Derek Thomas: I take that point and I will speak quicker. I thank hon. Members for all interventions so far because they help to strengthen the argument that more must be done.

I mentioned high energy use and high carbon emissions. We are all now concerned about what we can do to look after the planet and we take that responsibility seriously. However, the real concern for me is that in one of the richest nations on the planet, people are still choosing

to heat or eat. We should resolve that once and for all. I am concerned that as the Government quite rightly push forward with rolling out the smart meter programme—a piece of technology with enormous benefits—there is a potential problem. Some people may be sat in the corner of the room choosing to use nothing but an electric fan heater because of their concern about energy costs. A smart meter might further aggravate the problem, and they might choose to heat their home even less. We need to be careful that we provide the right kind of heating in people's homes as the smart meter programme rolls out.

What am I doing to help? It is not fair for me to bash the Government if I am not prepared to tackle the situation myself. Soon after I was elected, I found a work experience student called Primrose at the local college. She now spends a day a week in my office, looking at the issue of renewable energy and fuel poverty. This Friday, she is bringing together people from my constituency and from further afield who are concerned about the issue, and who have solutions and ideas so that they can help me to understand the issue better. We have a conference on Friday to put forward a strategy for west Cornwall and the Isles of Scilly, which I hope the Government will be able to work with me to deliver.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Gentleman on securing this debate. Does he agree that every hon. Member must do more to raise awareness in the wider community of facilities, in terms of energy, insulation and the price of fuel, that are already available but are not being availed of in many cases?

Derek Thomas: The hon. Gentleman is right that we have a responsibility to make people fully aware of what is available, and to help them take the matter into their own hands, if possible.

I shall be brief, because I want to bring my speech to an end. This is the time to address fuel poverty. Today, we have better information through research, we have advances in technology and innovation that bring the solution within reach, and we have a Government who believe in reducing energy use, reducing household costs, reducing hospital admissions and investing in infrastructure. I welcome all those things. We are well placed to wage war on fuel poverty.

There are things on which we need to shed some light. The Government's fuel poverty figures state that 1% of fuel-poor households were brought up to band C in every year from 2010 to 2013. At that rate it would take 100 years to bring all fuel-poor properties up to band C. Under the new ECO from 2018, a target of 200,000 hard-to-reach properties will receive low-cost energy efficiency measures. I have 6,924 fuel-poor households in my constituency and I estimate that, within the 200,000 target, only 302 of those households will get help each year, so we have a long way to go to address the problem.

We are also spending £320 million a year on helping vulnerable households with their energy bills. As I understand it, and I am willing to be corrected, that money, although it is a lifeline to those households, does nothing to reduce heat loss; it simply reduces the cost of the heat that we waste. There must be a better way to get value for money.

[SIR ROGER GALE *in the Chair*]

My shopping list, and it is not very long, is that the Government should invest a modest level of capital infrastructure funding in an energy efficiency programme that can deliver those additional economic benefits, boost energy security and economic productivity, reduce fuel bills and save lives—it would also benefit our local economy.

I would like to see a system similar to Scotland's. I have heard what Scottish MPs have said, but it is important to note that it is a devolved issue and local authorities in Scotland receive money on a needs-based formula that they can use to address this problem. I would like to see something similar in England and other parts of the UK, so that we can receive such funds on a needs-based formula, which responds to the point made by my hon. Friend the Member for Mid Dorset and North Poole (Michael Tomlinson), to ensure that all households in the area receive an offer to have the energy efficiency of their home improved.

I would like to see efficient heating upgrades and the installation of renewable heating systems in off-grid households. There are small businesses in Cornwall that have developed the technology to do that, and not only would we dramatically reduce energy costs and pollution but we would create skilled jobs. Porthleven is a fairly contained and important part of my constituency. It is off grid, and residents have been told that eight households will need to put in £3,000 if they want gas to be supplied.

One solution that the Government should enable, or at least support if they can, is a utility that uses ground-source heating. I have been in the building industry, and we have put ground-source heating in barns by simply running pipes into the ground to collect warm water and to take out the heat to heat our homes and supply hot water. It is possible to do that for homes, and it could be possible to do the same for large estates. We could effectively run a new utility, so that people can tap in and pay a standing charge to cover the cost of installation. That is one idea among many that we could use and pilot in my part of the world if the Government are looking for such examples.

It makes sense to invest in addressing fuel poverty—it is a win-win situation. I finish by quoting Ed Matthew, the director of the “Energy Bill Revolution” campaign:

“By far the greatest opportunity to cut energy bills is to invest in energy efficiency infrastructure programme for our nation's leaky homes. Recent research from Frontier Economics shows this would bring an £8.7 billion net economic benefit to the country, comparable to HS2 Phase 1 and Crossrail. This would boost GDP growth, reduce UK reliance on gas imports and help deliver a net increase in employment across the country. It would also help keep energy bills down, reduce health costs and warm up the homes of the fuel poor.”

Thank you, Sir Roger Gale.

Sir Roger Gale (in the Chair): The late Sir Roger Gale. I apologise to hon. Members. I am afraid that unavoidable circumstances kept me from the Chair. Apparently I have no power to extend the sitting. I would be more than willing to stay in the Chair, but I have no power to do so, so I am afraid that I have cost you eight minutes by my tardiness. That means, given the number of Members present and wishing to speak, that I will have to impose a time limit. I suggest that we try for three

minutes. I will not be as rigorous as I might otherwise be, but if hon. Members can respect that, we will try to get everybody in, as is my custom.

9.56 am

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): It is a pleasure to see you in the Chair, Sir Roger. I congratulate the hon. Member for St Ives (Derek Thomas) on securing this debate and on a fine speech, the vast majority of which I agree with. I absolutely agree that fuel poverty is one of the most significant social problems in the UK and that more needs to be done, but what I find most frustrating about this debate is that this is an issue that can be solved. The technology and the workforce exist, but this country so often lacks the political will to address the issue. The Government's strategy is not delivering the kind of gains that we need.

As the hon. Gentleman said, the UK has the worst fuel poverty in Europe except for Estonia. In my constituency, like his, some 10% of all households are in fuel poverty. What does that mean? It means that children are going to bed cold, that teenagers are falling behind at school when they should not and that pensioners are afraid to put on the heating when they need it, simply because our housing stock is so old and inefficient. Understanding that point is crucial, because we will not end fuel poverty until we can substantially reduce households' energy consumption—not just the cost of each unit of energy but the overall consumption of energy in each household.

That is different from the Government's approach. The Government often talk about fuel poverty. They talk about more liberalisation of the market and ending subsidies for renewables, but that will not bring us the gains that we need. Every form of new generation will require some form of subsidy. Renewables will need subsidy until they become cost-effective, nuclear will always need subsidy, and new gas will need subsidy as part of the capacity market. The only answer to those problems is greater energy efficiency and cutting consumption, which can be done.

Energy efficiency is the way that we can address climate change while keeping bills affordable, and of course it is far cheaper than any new generation that we could bring into the system. What does that mean? It means sorting out the simple stuff that needs to happen—cavity wall insulation, loft insulation, draft-proofing and modern windows. Energy companies are quite good at getting that out the door and into households, and they have gained considerable expertise in Government policy over the past few years. But energy efficiency also means addressing the very difficult stuff, such as solid wall insulation. Half of all fuel-poor homes in the UK require solid wall insulation, and a Government programme is required because it will never be economical for householders to make such large investments themselves.

In policy terms, we have now lost the green deal and the pay-as-you-save model. We are left with ECO, which I have never liked because it is not fit for purpose. ECO produces huge fluctuations in work for the workforce and in the price received for that work. Fundamentally, ECO does not go to the people who need it most. ECO brokerage will always find people who are in need, but not the most need. It will find people who qualify but who can also make a personal financial contribution,

[Jonathan Reynolds]

yet millions, or at least thousands, of people in the UK desperately need help but cannot make that contribution themselves. The Government changed ECO after one year of operation, and it does not offer anything for solid wall insulation. Now that we do not have the green deal, we are seeing many jobs lost in the energy efficiency sector at a time when we need them more than ever. Big and small companies have gone to the wall under this Government and at the end of the coalition Government's time in office. That is a tragedy, because we need that workforce, those jobs and those skills more than ever.

The Government could pursue many alternatives to make things happen. We should have zero-interest loans, as happens in Germany, where they have been a tremendously successful programme for people who can afford to pay. There should be stamp duty incentives for buying a more efficient home or for turning an inefficient home into a more efficient one.

There should eventually be a degree of compulsion. Measures such as cavity wall insulation and loft insulation are effectively still free under Government programmes. Given our climate objectives, there has to be a point where we say to people, "If you want to move house, you've got to have these programmes in." They are effectively free; it is just a matter of getting them out the door.

There are also a lot of small changes that can be made. In this country, 10 million homes do not even have thermostats. If someone does not have a thermostat, they cannot control their heating to any substantial degree, yet that problem could be easy to solve. In addition, we need to do something about the private rented sector, where I believe standards—particularly on energy—are extremely poor.

There is a lot more that I would like to say, Mr Gale, but I will respect the time limit. I will simply say now that we have the workforce and the technology to deal with this issue, but what we do not have is the political will. I would love to see that situation being addressed.

10 am

Fiona Bruce (Congleton) (Con): I recently had the privilege of launching in this House a report entitled "The poor pay more", by the debt counselling charity Christians Against Poverty. It outlines concerns that I want to express today about a specific issue, which is the prepayment metres that 10.8 million people across this country use.

It is a sad fact that the poorest in our country pay more for their fuel. As the CAP report highlights, the reason is that people on prepayment meters face higher tariffs and charges than those who pay in other ways. They simply cannot get on to the best tariffs, so they are forced to pay more, and they often have to turn to payday lenders to do so. Their difficulties are compounded by the fact that prepayment meters are predominantly used by vulnerable consumers: lower-income households, the unemployed, those with long-term disability and often those with mental health challenges, terminal illness or learning disabilities.

I do not have time to cite CAP's statistics, but they reveal how extensive the problem is. Prepayment meter consumers are more susceptible than others to consumer detriment, because they find it more difficult to engage

with suppliers, or to switch to or obtain the best tariff. Higher tariffs are not just a penalty for those in arrears; they affect thousands of people who are unable to engage effectively and switch. Those people need more support to engage effectively, and I hope that the Minister will consider how that support can be provided.

Ofgem estimates that PPM users pay an extra £300 a year compared with those on the cheapest tariff. Moreover, even if those people can engage effectively, they face other significant barriers that prevent them from switching to more competitively priced deals, such as charges for the installation or removal of a PPM, credit card checks and security deposits. Put simply, this is a matter of social justice; the poor should not pay more for such a basic and important commodity.

The unfairness of the situation is starkly illustrated by the statistics in CAP's report, and behind every statistic is a human story: 8% of PPM users never use their heating in the winter, and a quarter use it for less than two hours a day. People miss hot meals, or do not wash themselves or their clothes. Many people fall behind in making payments, or have no energy supply at all.

Official disconnection figures hide the true statistics. In 2015, there were only 192 instances of official disconnection. However, in most cases where a customer falls into difficulties, energy suppliers install a PPM instead of disconnecting a supply. Then when customers cannot afford to put money into their meter, they are classed as a "self-disconnection", so they do not fall within the official figures. The number of such self-disconnections is high. In 2014, approximately 300,000 new electricity PPMs and 320,000 new gas PPMs were installed. Customer Focus estimates that one in six PPM users are self-disconnecting. Current methods of measurement simply do not detect the level of disconnection that exists or the human stories behind each disconnection.

I could go on, Sir Roger—there are other points I would have liked to make, for example the need for clarity about standing charges over the summer months. Currently, when PPM users put money in as winter approaches, they often find that all their money has gone, simply to pay for the standing charges. That situation needs to be looked at, and people need help to understand it.

We also need to ensure that more innovative social and smart tariffs are introduced. Steps should be taken to ensure the introduction of smart meters, which promise infrastructure savings for suppliers and cost reductions for PPM users. They should be given as a priority to those who currently have PPM meters. However, with full smart meter roll-out not expected for another five years, action is needed today to ensure that the price differentials that 10.8 million PPM users currently experience are eradicated.

10.4 am

Ian Blackford (Ross, Skye and Lochaber) (SNP): It is a pleasure to serve under your chairmanship for the first time, Sir Roger, although I will point out that if you were 23 minutes late for the jobcentre you would run the risk of being sanctioned.

I will deal specifically with fuel poverty in the highlands and islands. I am grateful to Changeworks, which has estimated the percentage of households in my region

that are in fuel poverty. It bands each locality in the highlands and islands into groups. On its calculation, there is no district in my constituency that has less than 47.9% of households in fuel poverty, and there are a number of districts where fuel poverty is evident in at least 73.5% of households. If I look to the Western Isles, across from my constituency, fuel poverty is at an eye-watering 71% of all households.

The highlands and islands experience the harshest climactic conditions in the UK and record levels of fuel poverty. There is far greater area-wide dependence than elsewhere on electricity for heating, as well as for lighting, but the standard unit price charged is 2p per kWh more than in most other parts of the UK and 6p more per kWh for various “economy” tariffs that are on offer. Perhaps 2p per kWh does not sound much, but it is a price premium of 15%. That is the price set by this Government for living in the highlands and islands of Scotland.

On top of that, there is also far greater reliance on domestic heating oil and solid fuel in off-gas grid areas, which pushes up heating costs still further. The Government must accept that having 14 regional markets in the UK, with consumers in the highlands and islands paying a premium, is discriminatory. We must have a universal market throughout the UK. I must ask the Minister why highlanders and islanders are being penalised. The lack of action on creating a national market for distribution is partly responsible for the high rates of fuel poverty in my constituency. Fuel poverty is made in Westminster, but highlanders and islanders have to pay the price. Fuel poverty is delivered to Scotland from Westminster.

The Government have the responsibility and the power to do something about the situation. I might add that it should have been tackled under the last coalition Government, when Liberal Democrat Ministers such as Danny Alexander sat on their hands.

On 23 December last year, news that was designed to bring Christmas cheer to those of us in the highlands and islands was reported as follows in *The Press and Journal*:

“The UK Government has today announced that it will continue to protect bill payers in Scotland from higher electricity distribution costs.”

The Minister who is here today said:

“It is not right that people face higher electricity costs just because of where they live.”

I agree with that, but let us take the action today that is needed to create a national distribution market.

It is a pity that I do not have the time go through my other points, but that is the most important matter, and the Minister must act on it. Stop this unfairness, and let us create a national market in the UK.

10.7 am

Rebecca Harris (Castle Point) (Con): Fortunately, I speak very quickly, so I hope that I can manage to say what I want to in three minutes.

I speak as the co-chair of the all-party group on fuel poverty and energy efficiency, formerly the warm homes group, which tries to tackle the trilemma of fuel poverty, namely high energy prices, low incomes and the very poor energy efficiency of our domestic housing stock.

We saw energy bills falling early last year, with all the major suppliers passing on to their customers—to some extent—savings from the lower global wholesale gas prices. That should have helped many householders make their finances go a little further. I am pleased to say that the Government were also able to reduce energy bills by an average of £50 per household by reducing the green levies that had been placed on bills. However, we must go much further, as hon. Members have highlighted this morning.

I draw Members’ attention to a report by the Turn2us charity, which has highlighted people’s lack of awareness of the financial help and support that is currently available for households. There are many schemes that can provide support for people who are struggling to heat their home, whether directly through their energy supplier or by encouraging people to seek information from the many excellent campaigns, such as the “No Cold Homes” campaign, which ran last December, and the Home Heat Helpline, which I regularly recommend to my constituents—I believe that many hon. Members do the same.

This is cold homes week, when we will consider action on fuel poverty and excess winter deaths. Publicising excess winter deaths is a good way of raising the issue in the papers and getting headlines, but the reporting of such deaths does not cover the whole story. The truth is that cold homes cause excess morbidity and have a personal cost both for young people, who suffer many extra illnesses as a result, and for our older people, which causes extra admissions to our hospitals. The cost to the NHS and our social services must be enormous, and for some reason we never seem to manage to take those two different cost streams for the Government into account. One doctor commented to me, “If only I could prescribe insulation to my patients, rather than expensive drugs. How much more cost-effective that would be, and how many fewer admissions I would have to hospital and my surgery.”

When it comes to measures to tackle fuel poverty and home energy efficiency, one group of people is persistently overlooked, and that is park home owners. I have the biggest park home in the country in my constituency, Kings Park, and I was recently handed a petition by residents calling for park home owners to receive the same home improvement grants as other homeowners. I duly passed it to my right hon. Friend the Secretary of State for a response. Park home owners are overwhelmingly older people on fixed incomes who have often lived rather beyond their savings. It is a superb way of downsizing and a marvellous lifestyle for older people. If we could have more older people in low-rise accommodation such as park homes, it would be a great blessing for social services and all the rest of it, but their issues must be addressed. Park home owners have told me that they are not eligible for the energy company obligation. Frequently, when they apply for it, the companies refuse them.

I conclude by saying that I will not offer any solutions. My hon. Friend the Member for St Ives (Derek Thomas) and the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) have offered suggestions, and it must not be beyond the wit of man to sort the problem out and end the need for an all-party group on fuel poverty.

10.11 am

Julie Cooper (Burnley) (Lab): I am grateful to the hon. Member for St Ives (Derek Thomas) for securing this debate on a truly shocking issue. I am shocked that we are still having to debate it, but clearly the Government are not as shocked as me. In my constituency, more than 5,000 households live in fuel poverty. That is 13.5% of all the households in Burnley and Padiham.

What does fuel poverty mean? There has been a lot of talk about it in recent times, but that is all it is: talk. I will tell the House what fuel poverty means. The bottom line is that it means being cold. It means someone spending so much of their income paying for fuel that there is not enough for all the other costs of living. It means misery. It means children coming home from school on a cold winter's day to a cold house. It means old people deciding to spend the day in bed to save on fuel or skimping on food so that there is enough money to pay the gas bill. It means avoidable winter deaths. In the UK, an average of 65 people die each day whose death can be attributed to a cold home. In the past three years, an average of 40 people have died each year in my constituency because they could not keep warm at home.

This weekend, people will die of cold in their own homes in the world's fifth largest economy because they cannot afford to pay the high prices charged by energy companies. Although the cost of fuel to the Big Six energy companies has tumbled, they have not cut prices to match. Rather than make them do so, the Government have chosen to attack renewable power. It is calculated that every seven minutes in winter, an older person dies from the cold. Even relatively mild January temperatures increase heart attacks and strokes. Nearly two thirds of over-65s worry that they will not be able to pay their fuel bills and say that they are more likely to cut back on their energy usage than turn their heating up, even on the coldest of days.

It is not only the elderly, either. More than five million British households live in fuel poverty, and people have to devote more of their income to energy than in any other EU country except Estonia. That is a national scandal. In the past two years, the wholesale price of gas and oil has fallen dramatically, and meanwhile the Government seem content to sit back and let the energy companies maintain ridiculously high prices. As with most things, it is the poorest and most vulnerable households that feel the pain most. They are more likely to have low incomes, more likely to live in damp or poorly insulated houses and more likely to pay through the nose for their fuel courtesy of a prepayment meter. Reform is long overdue, and it is time the Government put a stop to the scandal of our time.

10.14 am

David Warburton (Somerton and Frome) (Con): It is a pleasure to serve under your chairmanship, Sir Roger. I echo others in congratulating my hon. Friend the Member for St Ives (Derek Thomas) on securing this timely and important debate. My constituency in Somerset has a huge number of homes in fuel poverty. That is very much part of the unwelcome trend whereby we see a direct correlation between sparsity of population and fuel poverty. That is pretty bad news for the people of Somerton and Frome, scattered as they are across

900 square miles and more than 130 towns and villages. That real sense of isolation is reflected in the way that fuel poverty is often considered a bit of an outlier in debates on energy, and subordinate to the two big issues of renewables and headline energy costs for consumers.

However, I share my hon. Friend's guarded optimism that in tackling the issue, we also create opportunities. Properly insulated homes will reduce carbon emissions and hospital admissions, as well as creating jobs. I am sure that Members of all parties will have welcomed the Secretary of State's recognition that fuel poverty is a particular problem for rural areas, and I very much hope that the consultation that is currently under way will consider how the Government can respond to that correlation sustainably and productively.

The past four years have apparently seen 375,000 people taken out of fuel poverty, but we have much further to go. Recent estimates suggest that a massive 2.3 million households still need to be supported. Fuel poverty is a problem that sprawls across many different areas: deprivation, carbon reduction, health, the cost of living and rural isolation. That makes it all the more difficult to address directly, but perhaps that overlap presents us with an opportunity to have an impact on a variety of different issues that reinforce and entrench disadvantage.

This debate is important, and it is right that we reflect on it and on the representations made by so many constituents, but it is important that we think practically and that solutions are found, whether they are a UK-wide needs-based formula, greater efficiency awareness, insulation drives or stamp duty incentives. Whatever the solutions might be, this is a real and powerful issue on which progress seems rather overdue.

10.16 am

Jim Shannon (Strangford) (DUP): I thank you, Sir Roger, for allowing me to speak on this matter, and I thank the hon. Member for St Ives (Derek Thomas) for setting the scene clearly. I think it is the hon. Member for Vauxhall (Kate Hoey) who says that Jim Shannon can get more words to a minute than any other MP. That does not mean that I will talk even faster than I normally do, because that will make it more difficult for the Minister to understand, but I will make a short comment and raise a few important issues. It is a pity that we do not have the time, but that is where we are.

It is a sad reflection on society that in this day and age, people across the fifth largest economy in the world—our United Kingdom of Great Britain and Northern Ireland—are unable to heat their homes. Other Members have said that, but I wanted to put it on record. Despite the fact that fuel poverty has been an issue for many years, it continues to grow across the United Kingdom. The population in my constituency, and indeed across the whole United Kingdom, is ageing, and we are seeing the economic consequences of that in older households. We can talk about protecting the most vulnerable in our society and advocate better treatment of our most vulnerable, but we need to walk the walk and talk the talk.

Average electricity costs in Northern Ireland are 15% higher than on the mainland, so we know the consequences of fuel poverty only too well. Unfortunately, we have the highest levels of fuel poverty in the United Kingdom. The Office of the First Minister and Deputy First

Minister said that 42% of Northern Ireland households experience fuel poverty. That is a rate 13 percentage points higher than in Wales and 27 percentage points higher than in England. We need to look at the regional circumstances, which go some way to explaining why we in Northern Ireland have greater costs for energy and heating.

I know this is not the Minister's responsibility, but to underline the issue the talk on the news this morning was about universal credit. I am not trying to be controversial or adversarial, but the news said that universal credit will cost everybody. It will add to fuel poverty issues, and I put that on the record too.

The Minister knows this, because she has been to my constituency and is a responsive Minister—I know she will be able to answer my questions—but we have had some good news with the natural gas network in my constituency, which will be extended to Ballygowan, Saintfield and Ballynahinch. That is good news, because that will help to bring costs down. We have the winter fuel allowance and the payments to alleviate fuel poverty, but they help only in the short term. We need to look at the long term too.

The hon. Member for Castle Point (Rebecca Harris) spoke about park homes, and I want to put a marker down on that, too. Those aged between 55 and 80 are most likely to live in park homes, and that age group is most affected by fuel poverty. The Minister knows about that issue, but we need to address it. In Northern Ireland, we have looked at quality insulation, boiler systems and how heating systems can be upgraded. We have looked at all those things. In Northern Ireland we have some innovative and exciting projects to address fuel poverty. It is good to exchange those ideas across the whole of the United Kingdom of Great Britain and Northern Ireland.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): Will the hon. Gentleman give way?

Jim Shannon: I am sorry; I cannot. It would be unfair. With that I conclude.

10.19 am

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): It is a pleasure to serve under your chairmanship, Sir Roger. I first want to thank the hon. Member for St Ives (Derek Thomas)—I know his area very well—for securing a debate on such a critical issue. It affects not only his constituents, but the constituents of all Members here today, including my constituents in Coatbridge, Chryston and Bellshill.

As I have previously stated in other parliamentary debates, statistics show that 40% of households in Scotland are considered to be living in fuel poverty. This, to me, is an unacceptable fact that sticks in one's throat. Fuel poverty means more than simply not being able to keep the heating on. Critically, fuel poverty negatively impacts on the educational attainment and emotional well-being of children. It means that household income, which could otherwise be used to purchase healthy, nutritious food, goes to pay for high energy bills. The combination of mental and physical health problems, poor diet, emotional turmoil and diminished educational opportunity caused by fuel poverty is a recipe for condemning

people to the cycle of poverty. In essence, it takes me back to an old Scottish Consumer Council report in 1994, "Poor and paying for it", with 40% of households in Scotland face the consequences of fuel poverty every winter.

Fuel poverty is the result of a combination of, among other issues, low household income, fuel costs and the energy efficiency of homes. There are a number of practical ways in which those contributing factors can be addressed. For instance, lower household income can be tackled through a living wage for everyone. Recent policy developments implemented by this Conservative Government, such as increased benefit sanctions, as touched on by my hon. Friend the Member for Ross, Skye and Lochaber (Ian Blackford), put even more people at risk of fuel poverty because they hurt those in lower-income households. We must provide a fairer deal for hard-working individuals and families, and not force them to bear the cost of letting the producer interest come out on top.

The hon. Member for Burnley (Julie Cooper) touched on the Big Six. We can no longer stand by while those companies make massive profits. That must surely end. The Competition and Markets Authority has in recent times found that energy consumers were being overcharged by £1.2 billion every year. Following its findings, I asked the Secretary of State for Energy and Climate Change what steps would be taken to amend policy in response to this high level of overpayment. To be honest, there has been very little response and a lack of robustness.

Finally, there is huge scope for the Government to assist in making homes more energy efficient. Unfortunately, this Conservative Government do not seem to think such programmes worth while. The Chancellor of the Exchequer recently cut the budget for the Department of Energy and Climate Change by £70 million, £40 million of which will be cut from the budget for energy subsidies. This cut means that the green energy deal and the green deal home improvement fund, as well as solar power subsidies and feed-in tariffs, will be cut. The full impact of those cuts have yet to be seen. We can no longer stand by and allow this to happen. In a modern developed society, the fact that 40% of Scots face this dilemma every winter is a disgrace. Swift, meaningful action must be taken.

10.22 am

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): It is a pleasure to serve under your chairmanship, Sir Roger. I congratulate the hon. the Member for St Ives (Derek Thomas) on securing this important debate. He referred to a debate that was conducted in my name in this room in November, when I raised issues and gave solutions to the Minister. I am still waiting for answers, but I hope to get those.

The UK Government's own figures show that 4.5 million people in the UK are in fuel poverty—one in five households. As a highland MP, my hon. Friend the Member for Ross, Skye and Lochaber (Ian Blackford) has already described the situation for our constituents and has called for the sensitive reconstruction of a universal market for people. The Institute for Fiscal Studies has suggested that by 2020 an additional 100,000 children in Scotland will live in relative poverty after housing costs because of the UK Government's

[Drew Hendry]

welfare reforms—a matter that was raised by the hon. Member for Strangford (Jim Shannon)—and this does not include the welfare changes announced in the summer Budget.

I want to ask three specific questions. The wholesale price of fuel is not being passed on to consumers. When prices rise for wholesalers, they rise for consumers; when prices fall for wholesalers, those falls are not passed on to the people, who do not see the drop in energy prices. The wholesale price of gas has fallen by 30% since last year and electricity by 8% in the same period. We are seeing suggestions of a reduction of 5.1% in gas prices from some companies, which is nowhere near enough. The Scottish Government's energy Minister, Fergus Ewing, has written to the UK's leading energy suppliers calling for a fair deal for Scottish energy consumers. Will the Minister commit to taking action now to make sure that cost savings are passed on to customers at the earliest opportunity and to the fullest extent?

Secondly, the majority of the highlands, in common with other areas, is not on the gas grid. LPG is 100% more expensive, heating oil is 50% more expensive than mains gas, and people in off-gas areas are paying on average £1,000 more per annum than the dual fuel national average, according to the Highland Council report. That is a disgrace. Will the Minister commit to extend Ofgem to cover off-grid supply?

Finally, on welfare cuts, we have heard about the charity Turn2us and the staggering statistics—I do not have time to run through them all now, but they are eye-watering. The Scottish Government have done what they can by using millions of pounds. Again, I cannot go through the individual measures, but they were referred to by the hon. Member for St Ives earlier. So my final question—I could ask a whole lot more—is: will the Minister commit to ensuring that everyone has the entitlement to live in a warm home that is affordable to heat?

10.25 am

Patricia Gibson (North Ayrshire and Arran) (SNP): Any discussion of fuel poverty must necessarily include calls for the Big Six energy companies to cut their gas and electricity prices. One or two have now started to do this, but it is too little too late. As my colleague has pointed out, the SNP Scottish Government energy Minister, Fergus Ewing, has written to the UK's leading energy suppliers, calling for a fair deal for Scotland's consumers. Wholesale costs savings must be passed on to customers at the earliest opportunity and to the fullest extent possible. No one can seriously believe that that is what has been happening to date. It is an absolute disgrace that some of the most vulnerable consumers, particularly those in remote areas without access to mains gas and those on pre-payment meters, should be paying more for energy costs.

The roll-out of smart meters is to be welcomed, but there must be concern about how the UK Government are planning to implement the programme, particularly when it comes to the costs of the roll-out, which will be borne by all energy consumers.

Margaret Ferrier: Will my hon. Friend give way?

Patricia Gibson: I apologise, but I have very little time.

In addition, some of the meters being installed are not of the highest specification, and there are fears that this will make it problematic for consumers to switch supplier in the future. Vulnerable customers must be given greater protection, as the SNP Scottish Government have been arguing. The programme must be delivered to the greatest possible number of Scottish consumers at the lowest possible cost, while enhancing the benefits to the most vulnerable in our society and those at risk of fuel poverty.

It is deeply disappointing that the Smith agreement fell well short of the Scottish Government's proposal for joint governance of energy regulation, which would have allowed the Scottish Government to better protect consumers. But make no mistake: the new powers that Scotland has will be used in the strongest possible way to build a better energy market for Scottish consumers.

With £12 billion of further welfare cuts to be imposed, fuel poverty is set to become a deeper and wider problem across the entire UK. The charity Turn2us, which has been mentioned, found last year that one in two low-income households are struggling to afford their energy costs. The Scottish Government are doing what they can to put measures in place, with £104 million to mitigate the worst aspects of welfare reform in 2015-16, but there is still much to do. I hope the Minister will take cognisance of our particular concerns about fuel poverty in this wider context. I urge her to set out proposals that recognise that this is a health issue, a quality of life issue, and an issue that means that far too many of our most vulnerable, those living with disabilities, our children and our families are living in cold houses because they cannot afford both to eat and to heat their homes. I grew up in a home where we did not have the heating on because it cost too much money. I do not want any other child in the UK to grow up in such circumstances.

10.28 am

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): I congratulate the hon. Member for St Ives (Derek Thomas) on securing this extremely important debate.

Fuel poverty has wide-ranging impacts. As well as affecting people's ability to keep their homes warm, it can affect their ability to feed their families and to manage other essential bills. It is also a long-standing health issue, in terms of both physical and mental health. The impact and emotional pressures caused by living in fuel poverty have been recognised for decades by researchers, medical professionals and policy makers alike. Turn2us has recently highlighted the fact that one in five people struggling with energy costs have experienced stress and other mental health problems, which compounds their difficulties.

From speaking to Denis Curran MBE, chairman of the Loaves and Fishes charity in my constituency, I have learned that some of the people who use his food bank specifically request food that does not need to be cooked. He is extremely concerned about the effects on children who are not receiving proper nutrition, and highlighted the plight of some desperate parents who are forced to use his service and ask for foods that require only hot water. He is concerned that further welfare cuts will

invariably perpetuate the problem of people having to choose between the fundamentals of heating and eating. Denis told me:

“I have mothers walking three to four miles in the rain with children breaking their hearts in despair, asking for anything at all.”

The UK Government must act now to address poverty and energy prices. Wholesale gas and electricity costs have fallen, but the benefit does not appear to making its way to customers. I consider myself to be relatively bright, but I cannot understand some of the price comparisons, or even the price structures that the energy companies advertise. I am particularly concerned about my constituents who have prepayment meters and pay what appear to be disproportionate amounts. They must be supported with the installation of smart meters. I am also extremely concerned about the difficulties of my constituents who live in rural areas. They have no access to mains gas in the local area and must often choose bottled gas, oil or coal-based heating. Aside from the additional costs, their homes may be older and less insulated. All that contributes to physical health problems and illness in the elderly. There is a significant risk of mortality.

We must address the following issues promptly. We must look at renewable options; we must ensure clear pricing and competitive price comparisons; we must support people by changing their prepayment meters to smart meters; and we must ensure that those in rural areas are adequately assessed and resourced. Fundamentally, we must ensure that the most vulnerable in our society never have to choose between heating and eating.

Several hon. Members *rose*—

Sir Roger Gale (in the Chair): Order. Members' conduct has been exemplary; you have almost made up for your Chairman's shortcomings. Mr McCaig, if you can confine your remarks to eight minutes, we will be back on track.

10.31 am

Callum McCaig (Aberdeen South) (SNP): Thank you, Sir Roger. I am pleased to have the opportunity to speak in this debate and congratulate the hon. Member for St Ives (Derek Thomas) on securing it. We have had an interesting discussion that has taken in both aspects of the issue. First, there is the issue of direct fuel poverty—how we insulate our homes and pay for our bills, and how we can make that better. Secondly, there is the broader issue of poverty—if people cannot afford to pay for anything, fuel poverty is clearly going to happen. I am always somewhat perplexed that we focus our poverty debates not on poverty itself but on specific manifestations of poverty. In this case it is fuel poverty; sometimes it is food poverty or child poverty. The issue is not the individual manifestations but poverty as a whole. Nevertheless, as this is a debate on fuel poverty, I will address my remarks accordingly.

The hon. Member for St Ives gave an excellent speech. The phrase that stood out to me was that it was time to “wage war on fuel poverty”. That is absolutely correct. I was struck by the comment by the hon. Member for Strangford (Jim Shannon) that we need to learn from the different approaches in the UK's different jurisdictions.

I welcome the comments made by the hon. Member for St Ives about the Scottish Government's projects and how they could be replicated in England to deal with rural constituencies such as his. The situation in Scotland is by no means perfect, and we can learn from others. Debates such as this can help.

The hon. Member for St Ives also mentioned making fuel poverty a national infrastructure priority, which is what the Scottish Government have announced. That could bring jobs and support, along with benefits in terms of climate change, but above all it could ensure that people can live in homes that they can afford to heat. The hon. Member for Stalybridge and Hyde (Jonathan Reynolds) mentioned the lack of political will and how many of the attempts to tackle fuel poverty were being directed at reducing subsidies for renewable energy. That is completely and utterly the wrong way to go about it. The cost of the contributions to renewable energy projects is infinitesimal when compared with fuel poverty. Yes, we should be looking to bring down bills, but a far bigger issue is the failure to pass on savings from wholesale prices, as has been mentioned. We risk throwing the baby out with the bathwater and missing some of our climate change targets, which will not help those in need.

The hon. Member for Congleton (Fiona Bruce) and my hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron) both mentioned the scandal of prepayment meters and how those who are in greatest need face the highest bills. I can see no justification for that—I have heard several justifications for it, but none of them cut the mustard. It is unfair and iniquitous and it must stop. There are barriers to switching and it is a trap for people who can least afford to be trapped like that.

A number of Members talked about how fuel poverty is incredibly acute in rural areas. My hon. Friends the Members for Ross, Skye and Lochaber (Ian Blackford) and for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) mentioned the need for a universal market. In a previous debate, my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey secured a commitment from the Minister that she would launch, around the end of last year, a public consultation on the most appropriate level of support for electricity distribution charges in the north of the country. It is clearly now the start of this year, so when will that consultation be coming?

One of fuel poverty's hardest impacts is its effect on people's health, education and lives as a whole. The hon. Member for Castle Point (Rebecca Harris) mentioned a GP talking about prescribing insulation—that really stands out as testament to the scale of the problem. We are tackling the symptoms of fuel poverty and paying millions to deal with its manifestations. Investment at source in the form of insulation is money that will pay itself back many, many times in improved health, education and social outcomes, as well as in reduced bills and less need to seek energy from elsewhere.

David Mowat (Warrington South) (Con): I am listening carefully to the hon. Gentleman's arguments. He will be aware that the country that has reduced fuel poverty the most in the world over the past few years—indeed, it has also reduced carbon emissions—is the United States. That is because gas there is now one third of the price of

[David Mowat]

our gas. Does he think that unconventional oil and gas in our country could make a big contribution to relieving the fuel poverty he is so concerned about?

Callum McCaig: I have had several conversations with people in the onshore and offshore oil and gas industries. Because of the nature of the European gas trading market, very few people seem to think that such options would reduce the costs here anywhere near as much as they have in the United States. They are also likely to be less cost-effective, so I do not believe that that is the answer to fuel poverty. It might be an answer to another question, but that is for another time.

Margaret Ferrier: Does my hon. Friend agree that district heating systems, such as the biomass system that has been installed in the West Whitlawburn housing co-operative in my constituency, can really help to alleviate fuel poverty? Such community-driven initiatives are to be truly commended.

Callum McCaig: I certainly do agree. That was one of the things on which I was going to close my speech. Most of the contributions to this debate have been on rural fuel poverty, and of course I accept that it can be more acute in rural areas because of the extra charges and costs. Nevertheless, I represent an urban constituency, and fuel poverty is an issue there as well. One way it has been addressed is through district heating, which is an important way of solving some of the problems. I often look with jealousy at our northern European neighbours, because they do things so much better: properly insulated homes, proper district heating schemes, and a social support network that means people can afford to pay their bills. The solution is not beyond the wit of this country, so it is time we got on with solving the problem.

10.38 am

Clive Lewis (Norwich South) (Lab): I congratulate the hon. Member for St Ives (Derek Thomas) on securing this important debate. Alas, this is the second time in my short career as a shadow Minister that I have had to speak about fuel poverty. That underlines just how serious a problem it is. Today's discussion has again been informative and shed light on many pressing matters. Alas, it is not light that millions of our constituents need, but heat.

Let me go through some of the points that hon. Members made. My hon. Friend the Member for Stalybridge and Hyde (Jonathan Reynolds) spoke at great length about his frustration at the Government's lack of action on energy efficiency. I, too, will touch on that issue shortly. Other Members talked about the fact that we have the worst fuel poverty in Europe with the exception of Estonia. I have been to Estonia, and I saw the 1950s Stalinist housing blocks that spread out across the country, so that is a sad fact if true.

Members spoke about prepayment meters and the fact that the very poorest—those least able to pay—are charged more for their energy. That is a perverse state of affairs, if ever there was one. In the highlands and islands of Scotland, some districts struggle with 71% fuel poverty, which is completely outrageous in the sixth-richest country in the world. The hon. Member

for Castle Point (Rebecca Harris), who sits on the all-party group on fuel poverty and energy efficiency, spoke about the trilemma of high energy costs, low incomes and poor energy efficiency. I was struck by the words of a doctor that she quoted, who said he wished he could prescribe insulation rather than medication. We must highlight that not investing in energy efficiency and not having proper fuel poverty strategies is a false economy.

My hon. Friend the Member for Burnley (Julie Cooper) painted a moving picture of the grim reality that fuel poverty represents for millions of people across the country. The hon. Member for St Ives said that our nation has some of the oldest, leakiest housing stock in Europe. Fuel poverty saps people's ability to work and study, and to get ahead in life. It affects people's health and wellbeing. I am keen to hear the Minister address the question whether the Government will make affordable warm homes a basic human right that all people should be able to access.

Ms Ritchie: The hon. Gentleman is making some compelling points. Does he agree that we need to include energy efficiency in infrastructure spending to deal with the issue of fuel poverty throughout our housing stock, whether in the social or private rented sector?

Clive Lewis: Yes, I agree. I went to see the new head of the National Infrastructure Commission, Lord Adonis, with Frontier Economics and E3G, which have been quoted. We asked him whether energy efficiency could be made a priority in the National Infrastructure Commission's first tranche of spending. I will not say we were given short shrift—he was very polite—but I understand that he will not make the case for such spending in his recommendations. I think that is a missed opportunity. Unfortunately, the Treasury still refuse to see energy efficiency spending as infrastructure spending. Frontier Economics made a compelling case when it said that the characteristics of spending on energy efficiency are exactly the same as those of traditional infrastructure spending on, say, transport or broadband. We will press Lord Adonis on that issue, and I will happily keep the hon. Member for South Down (Ms Ritchie) informed.

I have worked on fuel poverty and participated in debates on that issue, and I am struck by how easy it is to get sucked into the statistics and detail. Other Members made that point, too. Clearly, the detail is an essential to understanding not only the scale of the problem and the sheer depth of the Government's failure, but the resources required to turn the problem around.

Before I get into the stats, let me remind hon. Members that behind every percentile, every missed target and figure and every set of depressingly high numbers there is a fellow human being. Perhaps they are one of the thousands of people expected to die this winter as a result of living in a cold home. Perhaps they are over 65—an age group in which one person is expected to die every seven minutes because of fuel poverty. I am sure someone much better at maths than I am will be able to work out statistically how many will have died over the course of this debate. Perhaps they are disabled, unable to get out of their home, and reduced to living in one or two rooms for the duration of the winter because they fear racking up excessively high fuel bills. Perhaps they

are one of the 1.5 million children living in fuel poverty across the UK. Perhaps they are one of the Prime Minister's strivers, and are working as hard as they can but are still struggling to heat their home. There is somebody in work in more than half of the 2.3 million households in fuel poverty.

That is the reality behind the statistics. Those are the people who, this winter, will pay a heavy price for the Government's failure to tackle this issue meaningfully. I see that failure compounded day in, day out. I sit on the Energy Bill Committee, and throughout our proceedings the Government have routinely used fuel poverty as an excuse for inaction or, worse still, for slashing the UK's renewables industry. They claim to care so much about poorer consumers, yet by attacking the two cheapest renewables—onshore wind and solar—they damage investor confidence, increase risk, and push up the price of renewable investment and, ultimately, our energy bills. At the same time, they are setting an incredible strike price for nuclear-generated electricity and are happy to heap those costs on to consumer energy bills.

One of the most cost-effective ways of meeting our climate change commitments and tackling fuel poverty is to increase energy efficiency, which has been mentioned so many times today, but it is being fundamentally undermined. Any serious attempt to tackle fuel poverty will require serious action to improve our housing stock. Poor-quality housing and fuel poverty are almost inseparable. The figures speak for themselves: 73% of households in fuel poverty live in properties with the lowest energy ratings—E, F or G. Only 2% live in properties with the highest energy ratings—A, B or C. The Government's goal of ensuring a minimum energy-efficiency rating of band C by 2030 is woefully inadequate.

David Mowat: I am listening carefully to what the hon. Gentleman is saying on renewables. Is his position on the speed and velocity with which we should go down the renewables route—ours is the fastest, certainly in terms of energy emissions targets, in Europe—the same as that of the Scottish National party, which regards its impact on bills as infinitesimal? Does he think that the Government and Opposition have a duty to match the speed of carbon reduction with cost, so that at the margin there are fewer energy deaths in the short term?

Clive Lewis: The Energy and Climate Change Committee is clear that the most cost-effective option for decarbonising our economy is set out in the carbon budgets. We have made it clear in the past few weeks that if we intend to decarbonise our economy, renewables will play a crucial part. Our problem with Government policy is that it is going backwards on renewables. Renewables will play a crucial part in ensuring that this country meets its climate change commitments and carbon budgets cost-effectively. We must have a balanced energy portfolio; the dash for gas and going all out for fracking is not the way forward. The Opposition are calling for a more balanced approach as the best way to achieve our commitments.

Between 2010 and 2013, only 70,000 fuel-poor households upgraded, leaving 95% still to be improved. As the hon. Member for St Ives said, at that rate the Department will miss its own target by 100 years. The Energy and Climate Change Committee estimates that

investment of £1.2 billion to £1.8 billion per annum is needed to attain the Government's fuel poverty strategy for England. The cheapest third of our approach to tackling our climate change commitments is the energy that we never use. Energy saved through efficiency is the cheapest. We talk about energy security, but energy that we never use is the securest. Funding for energy efficiency for the fuel-poor has been cut in real terms by a fifth, and the installation of energy efficiency measures has been cut by a third. As Members are aware, two new Government incentive schemes were introduced in 2013: the green deal and the energy company obligation. Two years later, the green deal has been stopped, and support for ECO is yet to be set beyond 2017 and no new funding is due to be announced until 2018.

Schemes aside, we come to the grim reality of this litany of failures. An estimated 43,900 excess winter deaths occurred last year in England and Wales—the highest number since 1999. Some 27% more people died in the winter months, compared with the non-winter months. It does not take a genius to understand that the situation will get worse the longer this Government refuse to have any semblance of a coherent fuel poverty strategy, and as long as growing inequality and poverty are at the heart of their economic policies.

The hon. Member for Aberdeen South (Callum McCaig) touched on that and we sometimes forget that fuel poverty is often just another term for old-fashioned poverty. Why? The vast majority of the 2.3 million households living in fuel poverty are also on low incomes. The link is inescapable, but rather than tackling it, the Government have opted to lower the bar and reduce their ambition. Dithering, inconsistency, U-turns and failure are the trademarks of this Government on this matter, and I look forward to hearing the Minister explain how they will tackle this most pressing issue.

10.50 am

The Minister of State, Department of Energy and Climate Change (Andrea Leadsom): I congratulate my hon. Friend the Member for St Ives (Derek Thomas) on securing such an important debate, and on the conference that he is holding in his constituency this week focusing on what can be done to address the matter. Several hon. Members from across the House have asked me what they can do to help their constituents, and it is fantastic that so many are interested in seeing what they can do on the ground to help. I am thinking about providing some kind of support for Members who want to get involved locally.

Tackling fuel poverty is of utmost importance to the Government and energy security is the No. 1 priority. We have been clear that keeping the lights and heating on while meeting our decarbonisation targets at the lowest possible cost to consumers is a priority in this Parliament. All our policy work since we came into office last May has been resolutely focused on what more we can do to keep costs down for consumers and how technology can enable people to manage their own costs better. The human dimension matters enormously. Better insulation, better heating systems and better heating controls possibly sound a bit dry, but they can make a huge difference to people's lives. Ultimately, this is about people living in warmer homes, paying lower bills and having more control over their own lives and comfort.

[*Andrea Leadsom*]

Several hon. Members, including my hon. Friend the Member for Somerton and Frome (David Warburton), raised the importance of focusing all our schemes on tackling fuel poverty. I can assure him and other hon. Members that we are reviewing all our policies to ensure that they prioritise the fuel-poor in every possible way. We have already made a difference. Since April 2010, Government policies have supported the insulation of 3.8 million lofts and 2.1 million cavities. In fact, the number of households in fuel poverty in England has fallen every year since 2010, but it remains a massive problem. Over 2.3 million households remain in fuel poverty in England alone, and our fuel poverty strategy must and does set stretching goals to continue to address the challenge.

My hon. Friend the Member for Congleton (Fiona Bruce) mentioned the particular problem for those with prepayment meters, and I agree that the challenges are huge. She will be aware that the Competition and Markets Authority is looking at how energy suppliers are behaving towards those with prepayment meters. Smart meters can make a big difference to the cost of a prepayment meter, and I urge all consumers to consider switching. They can seek help from their citizens advice bureau. In previous debate in the Chamber, I was able to highlight some of the cost savings that can be achieved even for those on prepayment meters with the support of the CAB.

Jonathan Reynolds: The Conservative manifesto contained a promise to insulate 1 million homes in this Parliament but, as the Minister just said, 5 million homes were tackled in the previous Parliament, which was lower than in the Parliament before that. Can the Minister see why hon. Members of all parties present feel that the target does not represent a particularly ambitious Government objective?

Andrea Leadsom: I can assure all hon. Members that focusing on tackling fuel poverty is our priority.

From April 2017, a reformed domestic supplier obligation focused on energy efficiency measures will upgrade well over 200,000 homes a year and tackle the root cause of fuel poverty. Our extension of the warm home discount to 2020-21 at current levels of £320 million a year will help households at the greatest risk of fuel poverty with their energy bills. We will focus our efforts through both policies increasingly on households in fuel poverty and will be consulting within weeks on how we can do that.

The hon. Members for Ross, Skye and Lochaber (Ian Blackford), for Coatbridge, Chryston and Bellshill (Philip Boswell), for South Down (Ms Ritchie) and for Strangford (Jim Shannon) and other Scottish, Welsh and Northern Ireland Members have asked what the UK Government are doing, but they are all aware that fuel poverty is a devolved matter. I am sure that they will be raising their views with their own Parliaments as well as in this place.

It is important to address the point about a single national network charge, particularly for Scotland. We had a debate in this room only recently and I pointed out that Ofgem's recent report shows that there would be winners and losers from a national network charge. Some 1.8 million households would face higher bills and 700,000 would see reductions.

Ian Blackford: I am grateful to the Minister for giving way. She said at Christmas that no one should be penalised for where they live. Is it not fair, right and sensible to have a universal market? People should not be penalised for living where they do.

Andrea Leadsom: I have just addressed that point. Conceptually, the hon. Gentleman makes a good point, but he must realise that many would be worse off. It is important to note that while fuel poverty is a devolved issue, some of our schemes to help tackle fuel poverty—

Drew Hendry: Will the Minister give way?

Andrea Leadsom: I will not; this is not really about Scotland per se. Some of our schemes to tackle fuel poverty are GB-wide, including the energy company obligation, which has delivered energy efficiency measures throughout Great Britain. Some 83% of the ECO was delivered in England, 12% in Scotland and 5% in Wales, meaning that 35.3 households per 1,000 homes were treated in Scotland, which is the greatest share of the policy.

The issue of the high energy costs that many face was also rightly highlighted during the debate. For instance, households that are off the mains gas grid are more likely to face higher energy costs and are more than twice as likely to be in fuel poverty as households connected to mains gas. Off-gas grid households pay more for their energy and are more likely to live in a solid-walled property with a low energy efficiency rating. We have announced £25 million in funding through the central heating fund, which will be managed by local authorities, specifically to help support non-gas fuel-poor homes. We expect the fund to deliver up to 8,000 new central heating systems to low-income households in England.

My hon. Friend the Member for Castle Point (Rebecca Harris) and the hon. Member for Strangford mentioned the specific challenge of the energy efficiency of park homes. I can tell them that the ECO is now being offered in park homes. Solid-wall insulation has been provided for a few hundred, with more still to come.

As many have mentioned, support must be available to help people with their energy bills during winter. In the long term, the cheapest energy is that which is not being used, which is why energy efficiency is so important. On that point, I fully agree with the hon. Members for Aberdeen South (Callum McCaig) and for Norwich South (Clive Lewis). People also need help with their energy bills right now, which is why we are supporting 2 million customers a year with the warm home discount. We have increased the level of the discount, and over 1.4 million of the poorest pensioners received £140 off their electricity bill in 2014-15, with more than 1.3 million of them receiving the discount automatically. Some 600,000 low-income and vulnerable households, including families, will also benefit from £140 off their bill. Altogether, a total of £1.1 billion of direct assistance has been provided to low-income and fuel-poor households since the scheme began. The hon. Member for Burnley (Julie Cooper) mentioned the over-65s, and I can tell her that the winter fuel payment, which went to around 12.5 million older people in 9 million households last winter,

will continue alongside the cold weather payment, which is paid to vulnerable people during periods of very cold weather.

I would like to emphasise the point raised by my hon. Friend the Member for St Ives about the importance of local action. The Government also have several energy efficiency schemes that are delivering through local authorities. My hon. Friend the Member for Castle Point mentioned health-focused schemes, and I can tell her that we have provided £1 million of funding to local GPs to provide health-related referrals for local people.

I hope that hon. Members are persuaded that the Government are absolutely focused on tackling fuel poverty, on prioritising those in the greatest need and on doing everything that we possibly can in this Parliament to try to ensure not only that costs come down, but that people can choose how and when to heat themselves.

Motion lapsed (Standing Order No. 10(6)).

Sir Roger Gale (in the Chair): Would Members leaving the Chamber please do so quietly, and may I again thank Members for their understanding this morning?

Serious Fraud Office: Bryan Evans

11 am

Byron Davies (Gower) (Con): I beg to move,

That this House has considered Bryan Evans and the Serious Fraud Office.

It is a pleasure to serve under your stewardship, Sir Roger. I bring this matter to the House so that Mr Bryan Evans, my constituent, may have his account of events put on the parliamentary record. It is a complex matter that involves many actors, which I hope to make clear. I know that this matter has affected other people, which is made evident by the number of colleagues here today and those who have co-signed a letter to the Select Committee on Business, Innovation and Skills that asked it to examine the ongoing allegations of fraudulent misrepresentation and collusion involving banks and the receivers used by those banks.

I pay tribute to the hon. Members for Cardiff Central (Jo Stevens) and for Ogmore (Huw Irranca-Davies), who have previously brought forward cases from their constituencies for debate and worked hard and with great diligence on the issue. I hope we will continue to make progress on a cross-party basis.

I have known Mr Evans for several years—I first met him when I was his Welsh Assembly Member—so I am well aware of his case. I have been directly involved for some time, so I am aware of the devastating effect that it has had on him and members of his family. Mr Evans is firmly of the belief that he is the victim of fraud, and that he has evidence to substantiate that. Indeed, before he took his evidence to the South Wales police economic crime unit some four years ago, it had been reviewed by two retired senior fraud officers who both confirmed that, in their opinion, a fraud investigation was warranted. However, to this day Mr Evans is adamant that his case has not received the attention it warrants. An investigation into the conduct of Mr Evans's case by the aforementioned crime unit is currently being undertaken by the professional standards department of South Wales police, which endorses Mr Evans's beliefs.

Mr Evans tells me that he, along with his former MP, Martin Caton, and I, as his Assembly Member, had been misled from the highest level. Furthermore, he forwarded his evidence to the Serious Fraud Office two years ago, and here again he says that no proper action was taken.

Mr Evans was the managing director and 50% shareholder in EP Leisure, with the other 50% being owned by Mr Robert Sullivan. The company was a vehicle to develop a prestigious piece of land that it owned on the seafront in Mumbles. The site was, and still is, being run as a car park, grossing approximately £180,000 a year. The land was adjoined by council-owned land and it had been agreed to unify the sites for a comprehensive development.

In 2003 EP Leisure engaged Poolman and Harlow, a firm of valuers. The firm was owned by Roger Poolman and Bob Harlow and the latter worked closely with Mr Evans on all aspects of the proposed development. EP Leisure was funded by Barclays bank. In April 2006 Poolman and Harlow were bought out by a national firm, Lambert Smith Hampton. It is believed that Messrs Poolman and Harlow received a substantial amount of

[Byron Davies]

money for their property portfolio, part of which was EP Leisure's land. Mr Harlow continued to work with Mr Evans under the Lambert Smith Hampton banner.

In 2007 Mr Harlow placed a valuation on EP Leisure's land of between £4 million and £6 million, and that value would increase if certain criteria were achieved. The valuation was so buoyant that Barclays was happy to return equity to Mr Sullivan that had been supporting a loan, so the loan of some £2.2 million became free-standing. In 2008 Barclays introduced a manager, Mr David Little, into the frame. It was at that time that Mr Evans tells me Mr Harlow started liaising more frequently with Mr Little, which led to Mr Evans asking Mr Harlow if he was now in a conflict-of-interest situation. Mr Harlow assured Mr Evans that he was not.

In November 2008 Mr Evans was informed by Mr Little that Bob Harlow had now devalued EP Leisure's land to £1 million, leaving Barclays "significantly under water". Oddly enough, 18 months later, Mr Evans attended a meeting with his solicitor and his accountant where he met Mr Jonathan Hoey of TLT Solicitors and Mr Sainsbury, the head of recovery for Barclays bank. Mr Sainsbury told him that that valuation did not exist, and it is that valuation report that is at the heart of the case.

Mr Evans told me that Mr Little's attitude became extremely aggressive. He tried to pressurise Mr Evans into acquiring the adjacent council land and putting it under EP Leisure's ownership. Mr Evans refused to do that and wrote the first of many letters to the then chief executive of Barclays, Mr John Varley. Mr Evans later wrote to two subsequent chief executives and the chairman of Barclays. Subsequently, Mr Little was removed from EP Leisure's account.

In July 2009, at the behest of Mr Varley's office, Mr Evans, along with his co-director, Mr Derek Morgan, met Mr Steve Thomas and Mr Wynne Walters of Barclays to resolve all issues. However, at that meeting Mr Evans was told that his file had already been sent to London by Mr Little for recovery. Mr Evans said that that was later proven to be untrue in writing from Martin Sainsbury. In September 2009 Mr Evans was written to by Martin Sainsbury, asking him either to sell the land or to refinance the debt. Mr Evans agreed to the latter. Mr Sainsbury also requested that Lambert Smith Hampton take the lead in all future negotiations. Mr Evans explained that that was not possible and Mr Sainsbury accepted that.

Mr Evans had become extremely suspicious of Mr Harlow's actions. He believes his suspicions were borne out when, out of the blue, he received a letter from Mr Sainsbury that stated that he was disappointed that he was not co-operating with Mr Harlow, and that he was placing Lambert Smith Hampton as Law of Property Act receivers over his land. Mr Evans contacted Mr Sainsbury to explain that Mr Harlow was at all times fully informed of all matters and the threat of receivership was withdrawn.

In November 2009, after receiving another report from Mr Bob Harlow, which was to be later referred to as a pre-receivership report, Mr Sainsbury placed Mr Andrew Hughes and Roger Poolman of Lambert Smith Hampton as LPA receivers over EP Leisure's

land. That report is at the heart of Mr Evans's allegation of fraud and of Mr Evans losing his land and Lambert Smith Hampton's gain.

Mr Steve Baker (Wycombe) (Con): In a similar case, a constituent of mine has alleged that NatWest committed a fraud by persuading him to surrender a 25-year buy-to-let mortgage in exchange for a 12-month loan in anticipation that he would subsequently receive a 25-year mortgage, but that was not forthcoming. Written agreements are missing and my constituent has suffered material disadvantage. The ombudsman has ruled against my constituent, so I want to ask the Minister what is to be done in such cases.

Byron Davies: I am grateful for that intervention, which goes to prove that there are many ongoing cases.

Mr Evans believes that Mr Harlow was determined to prevent him from refinancing with another bank as Lambert Smith Hampton would lose the contract for the development, which could in turn lead to Poolman and Harlow having to reimburse Lambert Smith Hampton for that loss, which is commonly referred to as a clawback.

Mr Evans engaged Geldards solicitors in Cardiff. Over a period of time, Mr Karl Baranski of Geldards discovered that Barclays had no legal charge over EPL's land and therefore its actions to date could be challenged. Mr Baranski also pointed out to Barclays that Lambert Smith Hampton was in a conflict-of-interest situation.

Huw Irranca-Davies (Ogmore) (Lab): I congratulate the hon. Gentleman on securing this important debate. As I listen to him laying out the particulars, it seems to me that we are hearing the same plot, although with different characters, as in our recent debate with the Minister and in the point made by the hon. Member for Wycombe (Mr Baker). When I asked the Minister, who is a good friend, about when the Serious Fraud Office gets involved, he helpfully laid out its statement of principle. It considers

"whether there is new species of fraud...whether actual or potential economic harm is significant...whether the actual or potential financial loss involved is high"

and so on. I suggest that that threshold has been passed.

Byron Davies: I thank the hon. Gentleman for his intervention.

Mr Baranski also pointed out to Barclays that Lambert Smith Hampton was in a conflict-of-interest situation. In a shocking twist, Lambert Smith Hampton assured Barclays that it had never represented EP Leisure or Mr Evans. Mr Evans says his solicitor then presented Barclays with irrefutable evidence to the contrary, which it subsequently ignored.

At that time, Mr Evans took his case to the police. Detective Inspector Runnells and Sergeant Owen of South Wales police interviewed Mr Evans with regard to his allegations. The two detectives then interviewed Karl Baranski and Jonathan Griffiths of Geldards. As a result of those interviews, Mr Sainsbury of Barclays bank was informed by Sergeant Owen that they would be travelling to London to see a report written by Bob Harlow in October 2009.

On arrival in London, Mr Sainsbury was represented by Mr Jonathan Hoey of TLT Solicitors. Mr Hoey was told that if he sat in on the interview, he could no longer represent Lambert Smith Hampton. He assured the police that he was now "100% the bank's man". As will

be shown later, that was not to be the case. At the meeting, the bank refused to show the police the report, and this is where Mr Evans's story takes a rather unwelcome turn: the police returned to Swansea and decided to take no further action, with DI Runnells stating that he did not think fraud had been committed.

Mr Evans says he has asked the police on numerous occasions how they can conclude there is no case to answer if the evidence at the centre of the fraud has been withheld. He believes that the police have more than enough evidence to seek a production order for that report, but to this day they have shown a great reluctance to do so.

Mr Evans is of the opinion that the police have spent an inordinate amount of time and public funds to avoid seeking a production order, which would have had no financial cost. He has dealt with several senior officers of South Wales police—in fact, they are too numerous to mention. At present, Mr Evans is dealing with a new inspector, Detective Inspector Hough. Mr Evans states that the situation has got to the point where Barclays bank now says it cannot release the report as it belongs to Lambert Smith Hampton, which in turn says that it cannot release the report as it belongs to Barclays—a farcical situation, to say the least. One may ask why, if this report is so innocuous and could vindicate the actions of both Lambert Smith Hampton and Barclays, they will not release it.

Returning to the situation with Barclays, in May 2012, after a lengthy period of negotiations, Barclays, in order to “reflect what had transpired”, offered to reduce EP Leisure's debt by £1 million, lift the receivership and refinance the outstanding balance of around £1.25 million for 12 months. During that period, EP Leisure would seek to refinance with another bank, give Barclays legal charges over the property and make monthly payments of £3,600. The deal was to run until June 2013. Mr Evans also had to sign a confidentiality agreement.

At this point, it should be noted that Mr Jonathan Hoey of TLT Solicitors, despite the assurance he gave to the police in London, was now representing Barclays bank, the two named receivers and Lambert Smith Hampton. Mr Evans tells me that during the negotiations, Mr Hoey tried to force Mr Evans into dropping his allegations against Lambert Smith Hampton as a condition of the deal with Barclays. Mr Evans refused to do so and reported Mr Hoey to the Solicitors Regulation Authority for abuse of power and conflict of interest, but it was unwilling to take any action, saying, “I know you think it's blackmail Mr Evans, but it's just business.” Mr Evans has stated unequivocally that the SRA introduced the word “blackmail” and he did not.

During the following 12 months, Mr Evans discovered that the receivers had acted illegally by signing contracts in the name of EP Leisure and registering for VAT in the name of EP Leisure. That registration has now been voided, but those actions made it impossible for Mr Evans to refinance. He kept Barclays fully informed of the situation and carried on making the agreed monthly repayments after the June 2013 expiry date. Indeed, payments were made in July, August and September and were accepted.

In October 2013, Mr Evans received a letter from Barclays asking for full repayment, otherwise action might be taken to recover the debt. Just two days later, EP Leisure, without any warning, was placed into

administration by Barclays, with TLT once again acting for both the bank and the administrators. EP Leisure's land was sold within days and it has now been wound up, despite Mr Evans telling the administrator that the company could well be owed substantive damages. Mr Evans believes that that is just a sinister ploy to silence him and prevent the truth from being exposed. He intends to reinstate the company and pursue all claims. Furthermore, Mr Evans has reported the circumstances of the sale to the police, who say they intend to investigate, but I am sure Members will appreciate that Mr Evans has dwindling faith in their intentions.

The domino effect of the aforementioned action has resulted in Mr Evans and his family losing absolutely everything, including his house. He poses the following questions, which need to be answered. Why have the police prevaricated and refused to properly investigate serious allegations of fraud? Why have the police refused to seek a production order? Why has the SFO also refused to take any action? How can a solicitor—in this case, Jonathan Hoey of TLT—represent Barclays bank, Lambert Smith Hampton, the two named receivers, Andrew Hughes and Roger Poolman, and the administrators without a conflict of interest?

How can a firm of valuers that had been representing EP Leisure for many years devalue EP Leisure's assets significantly then become receivers and take control of EP Leisure's land and income? How can Jonathan Hoey of TLT, as an officer of the court, negotiate a settlement with EP Leisure on behalf of Barclays bank with the knowledge that the settlement could not be honoured? For instance, he would have known that the receivers had possibly acted illegally, hence his insistence that as a condition of the settlement, Mr Evans would take no action against them.

This case and others give rise to wider questions surrounding the motives and actions of the banks and receivers involved in such cases, and whether there has been collusion and fraudulent representation. What we are dealing with here has had a devastating effect on the victims and their families, with a trail of devastation and ruined lives. These cases must be answered, and it must be ensured that the law on such matters is upheld by the Government.

In conclusion, Mr Evans believes there has been a conspiracy to defraud, but to date, no one has been held accountable. He continues to seek justice for himself and to reinstate his business. The whole episode remains, frankly, a mess that could easily have been resolved by the relevant actors performing their roles with transparency and diligence throughout the whole sorry affair. It is not too late, and I have secured this debate in the hope that we will receive positive action for Mr Evans.

11.17 am

The Solicitor General (Robert Buckland): It is a great pleasure to serve under your chairmanship, Sir Roger. I pay warm tribute to my hon. Friend the Member for Gower (Byron Davies), who brings his case to the House with passion as not only a constituency Member of Parliament but a former senior police officer, with a degree of insight into the matters we are discussing. I think he would agree that the thrust of his speech, which I listened to carefully, dealt with issues relating to

[*The Solicitor General*]

the police, their involvement in this case and—I will put this neutrally—the lack of positive progress made for his constituent, Mr Evans.

My hon. Friend asked some specific questions, in particular why the police refused to seek a production order from the bank. Of course, I am aware that Mr Evans complained to South Wales police about the outcome of the original investigation, and that its professional standards department is currently investigating that complaint, which I very much hope will be concluded. It would be inappropriate for me to comment on the merits of that, or indeed the merits or otherwise of the case. From what I have heard, however, it must be a deeply troubling and huge problem for Mr Evans. Stepping into his shoes for a moment, I can understand why he feels as he does.

As one of the Ministers with a superintendary role over the independent Serious Fraud Office, it is important, in the context of the debate, that I outline as succinctly as I can the principles and guidelines that the SFO applies in determining whether to embark upon an investigation and a prosecution. As I said, having an independent agency is vital, bearing in mind the constitutional importance of having an independent prosecutorial authority, but I remind hon. Members that the SFO was created under an Act of Parliament—the Criminal Justice Act 1987—to deal with the top tier of serious and complex fraud cases. We know the sort of cases that the director, David Green, has taken on—cases such as Rolls-Royce, GlaxoSmithKline and Tesco, to name but a few. They are high-profile and high-risk, involving huge sums of money, great numbers of victims or species of fraud. That is not to understate the seriousness of the loss that my hon. Friend's constituent has suffered.

Mr Baker: Is it not the case that there might be in aggregate a very large sum of money involved in similar cases?

The Solicitor General: I am grateful to my hon. Friend for that intervention, and I listened with interest to his earlier intervention and that of the hon. Member for Ogmore (Huw Irranca-Davies). I know the point he is making, and the straight answer is that the SFO keeps the matter very much under review. If there is indeed a cumulative effect and a clear *modus operandi* that suggests widespread and similar frauds of this nature, the circumstances will clearly change.

To answer directly the question that the hon. Member for Ogmore asked, I do not quite think we are there yet, but let me explain further—I know he is very familiar with this issue, because he has asked written questions, to which he will get very swift answers, I promise. However, he gives me the opportunity to outline the statement of principle.

The decision by the director of the SFO on whether to launch an investigation has to be made on the facts and circumstances of each case. Being overly prescriptive would not be appropriate, bearing in mind the unique circumstances of every case. Many factors are taken into account, but for guidance, the statement of principle sets out that when considering cases for investigation, the director will consider the following: first, whether the apparent criminality undermines UK plc commercial or financial interests in general and in the City of

London in particular, causing reputational damage to the country; secondly, whether the actual or potential financial loss involved is high; thirdly, whether actual or potential economic harm is significant; fourthly, whether there is a significant public interest element; and finally, whether there is a new species of fraud.

“That is not a tick-box exercise where, if every one of a set of measures is met then the SFO will open an investigation. That would inevitably lead to cases being taken on by the SFO which did not require its unique model of investigators, prosecutors and other professionals working together in one organisation or its set of powers.”

I will quote from the “Protocol between the Attorney General and the Prosecuting Departments”, which sets out that the decision for the SFO to investigate and prosecute is

“a quasi-judicial function which requires the evaluation of the strength of the evidence and also a judgment about whether an investigation and/or prosecution is needed in the public interest.”

That will not always be an easy decision, but for the vast majority of financial crimes, the traditional model of a police investigation and a Crown Prosecution Service prosecution is the best model. That is because the police, as my hon. Friend the Member for Gower knows, rightly have primary responsibility for investigating crime in this country, and Action Fraud has been established as the national reporting centre to which reports of alleged fraud should be referred in the first instance.

I repeat that the SFO's role is limited to investigating and prosecuting cases of serious or complex fraud, so it cannot and should not take on every case referred to it. To give that some context, the SFO takes on between 10 and 20 cases each year. It receives nearly 3,000 reports of fraud directly from the public each and every year, so the vast majority of referrals are not about matters that it can properly investigate. Complainants are then advised that the complaints will be referred on to Action Fraud for dissemination to the relevant police force where appropriate.

The SFO retains the material and uses it for intelligence purposes, and that is the point that hon. Members have made. That intelligence material is part of the SFO's work in building an intelligence picture, and through that information and material it can properly identify the top-tier cases that are appropriate for it to investigate. In other words, debates such as this are invaluable in bringing into the public arena information that can then be collated and properly reviewed. I said that to the hon. Member for Ogmore in September and I repeat that assurance today.

Alex Cunningham (Stockton North) (Lab): My constituent, Michael Fields, who has suffered, is part of a large network of people—I know he has been touch with the Minister personally. The Minister talks about not being quite there yet. Do we know how far off we are? Are we halfway up the hill? Have we much further to go? That network is working hard to identify other people who are similarly affected, to try to build the critical mass that may well lead to consideration of the matter by the SFO.

The Solicitor General: I know that the hon. Gentleman raised that point in an intervention in the September debate, so he has consistently advocated on behalf of his constituent. It would be wrong of me to start

prejudging or second-guessing what the independent prosecutorial authority should do—that would be inappropriate—but I can tell him that the co-ordinated work that he, his constituent and other similarly affected people do, of course, improves the intelligence picture. It cannot do anything but assist the authorities in understanding the true extent of frauds of this nature, so I am grateful to him.

Huw Irranca-Davies: The Solicitor-General is giving a very helpful answer. Is he struck, as I am, by the incredible system similarities between the case outlined today by the hon. Member for Gower (Byron Davies) and the case that my hon. Friend the Member for Cardiff Central (Jo Stevens) and I outlined? The parallels between the two cases are incredible, and I know of at least half a dozen more out there that other Members of Parliament have raised.

The Solicitor General: I have heard the hon. Gentleman and my hon. Friend the Member for Gower. Although I do not want to start making evidential judgments about similar fact evidence, I take the point.

In the brief moments I have left, I turn to the specific allegations that my hon. Friend has made today. It is, of course, unusual to comment in detail on specific allegations, but I want to say a few brief words about the case.

As has been explained, Mr Evans had obtained a secured loan from the bank in relation to a land development in 2007 on the basis that the land would be turned into a mixed leisure development. It was valued accordingly at between £4 million and £6 million. However, by 2009, due in part to some planning permission issues, the development had not been carried out. The bank appointed a receiver and the value of the land,

which was security for the loan, was reassessed and subsequently put at the dramatically different figure of £1 million. The allegation is that this was an orchestrated devaluation by the bank and the receiver.

The reason why the SFO has not opened a formal investigation relating to Mr Evans's allegations is that they do not, of themselves, amount to the type of matter that the SFO is there to investigate. That is not to minimise the seriousness of the allegations. The situation would have a significant impact on most of us if it happened to us, but in the context of the SFO criterion, the potential scale of the loss is somewhat limited and the allegations are not complex. They relate to one surveyor falsifying a valuation on behalf of a bank, and therefore I have to be honest and frank and say that the issue of the wider public interest does not actually apply, so the situation would not call for an SFO investigation.

However, as I have said, the SFO will keep the allegations and the information that it has received on file, and will consider the matter again if further information comes to light. In particular, given the points that hon. Members have made today, if there is evidence to suggest that the allegation is part of a more widespread issue, the matter will be revisited.

I hope that what I have said gives my hon. Friend the Member for Gower some assurance that the Serious Fraud Office has fully considered the allegations referred to it and will consider any further evidence, but, for perfectly proper reasons, at this stage has decided not to investigate the allegation.

Question put and agreed to.

11.29 am

Sitting suspended.

Local Government Funding

[PHILIP DAVIES *in the Chair*]

2.30 pm

Liz Kendall (Leicester West) (Lab): I beg to move,

That the House has considered changes to the level of local government funding.

It is a pleasure to serve under your chairmanship, Mr Davies. I want to start by paying tribute to councils across the country that are doing amazing work in very difficult circumstances to get better results for their citizens and better value for taxpayers' money. I am a long-standing champion of reforming public services, and over the last 12 months I have seen countless examples of innovative councils rethinking what they are doing by joining up local services, shifting the focus towards preventing problems in the first place and giving local people more say and control. But welcoming and supporting the excellent work that many local authorities are doing must not obscure the brutal reality that councils now face.

My own council has suffered grant cuts of 37% in real terms since 2010 and has had to make £100 million of annual savings. Over the next four years, Leicester City Council will have to find an additional £55 million of savings.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I thank my hon. Friend for securing this very important debate. In the light of the Prime Minister's recent letter to Oxfordshire County Council, does she share my concern that the significance of the problem seemed to take him by surprise?

Liz Kendall: I indeed find it ironic at best that the Prime Minister is writing to complain to his own council about the cuts his Government are forcing it to make. Many councils, including mine, are considering making very difficult changes in future. Even if they do that, as my council is trying to, and use up virtually all their current reserves, they will not be able to fill the gap, and the impact on vital local services will be severe. This picture is being repeated up and down the country.

If the Minister does not believe me or thinks I am biased because I am a Labour MP, he should listen to the Conservative chair of the Local Government Association, Lord Porter. After the spending review, he said:

"Even if councils stopped filling in potholes, maintaining parks, closed all children's centres, libraries, museums, leisure centres and turned off every street light they will not have saved enough money to plug the financial black hole they face by 2020.

These local services which people cherish will have to be drastically scaled back or lost altogether as councils are increasingly forced to do more with less and protect life and death services, such as caring for the elderly and protecting children, already buckling under growing demand...Local government has led the way at finding innovative ways to save money but after five years of doing so the majority of savings have already made."

He finished by saying:

"Tragically, the Government looks set to miss a once in a generation opportunity to transform the way money is spent across the public sector and protect the services that bind communities together, improve people's quality of life and protect the most vulnerable."

I agree.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Lady on securing this debate. Does she agree that while the big political picture often passes people by, what does not pass them by is when front-line services, often delivered by their local council, are impinged upon and restricted, as they seem to be in her local area? That is when hard-core political issues affect ordinary local people and they complain bitterly to their elected representatives.

Liz Kendall: The hon. Gentleman is absolutely right.

This huge problem is clearest in the hugely important area of adult social care. Already under this Government, 400,000 fewer older and disabled people are receiving publicly funded social care. That is a fall of 25% at a time when our population is ageing. More than 1 million people who struggle with the very basics of daily living—getting up, washing, dressing, feeding and going to the toilet—now get no help at all from paid carers or their families. Last year, the Care Quality Commission found that one in five nursing homes does not have enough staff on duty to deliver good quality care.

The latest survey from LaingBuisson shows that, for the first time ever, more older people's care beds closed than opened. Five of the largest care providers predict significant provider failure over the next 12 to 24 months. I want to issue a warning that another failure of a big care home provider could be on the cards. Three of the larger home care providers have already withdrawn, or signalled their intention to withdraw, from providing publicly funded care.

Steve McCabe (Birmingham, Selly Oak) (Lab): My hon. Friend is making a powerful case. Does she agree that if councils like mine in Birmingham or hers in Leicester followed the Chancellor's advice and raised extra money through the precept for social care, they would still have the problem that the King's Fund identified? If every council in the country did that every year for the next four years, we would still have a social care funding gap in excess of £3 billion.

Liz Kendall: My hon. Friend has hit the nail on the head. I will come to the social care precept. These problems will not go away. In fact, they will get far worse. Far from what the Government would like us to believe, there is a growing gap in funding for social care, which will have dire consequences for elderly and disabled people, their families and the NHS.

Chris Davies (Brecon and Radnorshire) (Con): I thank the hon. Lady for bringing this debate forward. I remind her that in areas such as mine, which is run by her party in a devolved Administration, we are suffering great difficulties with local authority handouts. My local authority is suffering a 4.1% cut and delivering rural services exactly as she was describing. The cost of delivering those services to rural areas has doubled, if not trebled. That massive problem has been delivered by the hon. Lady's Administration in my area.

Liz Kendall: I thank the hon. Gentleman for his intervention, but I know where I believe responsibility lies. It lies with the current Government. They say more money for social care will be provided, first, through the better care programme, although this money is not what it seems and is arriving far too late, when the sector is already in crisis. There will be no increase in better care

programme money until 2017 and even then there will be only £105 million extra. The full additional £1.5 billion that the Government said social care is getting will not be available until 2020.

That will not all be new funding, because £800 million of it is supposed to come from savings in the new homes budget. Due to the way the money is distributed, a handful of councils will receive no additional better care programme cash and others will lose more in their new homes bonus than they gain. It is completely unclear whether the full £1.5 billion extra in the better care programme will still be allocated if the Government do not achieve the saving in the new homes bonus.

New powers to raise council tax by up to 2% to spend on social care—my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) referred to this—were announced in the spending review, but they will be nowhere near enough to fill the gap in social care funding.

Neil Coyle (Bermondsey and Old Southwark) (Lab): I congratulate my hon. Friend on securing this debate. Having faced £156 million of cuts over the last five years, Southwark Council has to find £70 million in cuts over the next three years, and that is expected to include about £30 million in social care services. Is she aware that the social care precept will contribute only £1.7 million per year if Southwark Council chooses to implement it?

Liz Kendall: I thank my hon. Friend for his intervention. He is absolutely right, and I will say more about that in a moment. In Southwark Council, like mine, there is no way that the social care precept will fill the gap.

Catherine McKinnell: My hon. Friend is being generous in taking interventions and is making a brilliant speech. Does she share my concern not only about the funding shortfall, but about the gross unfairness of the 2% council tax precept? Areas such as Newcastle, with the greatest social care needs, also contain the people who are least able to pay that additional sum of money. Once again, the Government are hitting the most vulnerable the hardest.

Liz Kendall: My hon. Friend is absolutely right. Even with the social care precept, the King's Fund says that the gap in the funding required for social care will be about £3.5 billion by the end of the Parliament once the costs of increasing the national minimum wage in the social care sector are taken into account. And as my hon. Friend says, the social care precept could actually end up disadvantaging deprived areas and further widening inequalities, because the councils with the greatest need for publicly funded social care tend to have the lowest tax bases.

Leicester City Council and, indeed, Southwark Council will be able to raise only about £6.50 per head of population from the 2% social care precept, whereas Richmond upon Thames will be able to raise almost £15 per head. How can that be fair when Leicester, Southwark and other councils like that have a greater need for publicly funded adult social care than better-off parts of the country? In total, Leicester faces increased costs for adult social care of £21 million by 2020, but according to the Institute for Fiscal Studies, which has modelled this—I would be happy to give this information

to all hon. Members—the council will be able to raise only about £7.5 million. That is only one third of what is needed. Where will the extra money for vulnerable elderly and disabled people come from?

Barbara Keeley (Worsley and Eccles South) (Lab): My hon. Friend is making an excellent case. Does she, like me, wonder how the Minister will square the fact that adult social care has lost £4.6 billion since 2010 with the fact that the £3.5 billion that is being talked about will come in at a maximum of £400 million a year, as she is so carefully pointing out, and the fact that the better care funding will be only £1.5 billion by 2019-20? What we have is a gap that is widening by £700 million a year and money that is so risky, back-loaded and late.

Liz Kendall: My hon. Friend is absolutely right. Once again, we see the difference in the funding deal that social care gets compared with the NHS, where the money is more front-loaded. The social care funding is back-loaded, and what are councils supposed to do in the meantime?

These cuts to services are morally reprehensible and economically illiterate. They will leave elderly and disabled people without the help that they need. They will push families to breaking point and force even more people to give up their work so that they can look after elderly or disabled relatives because they cannot get the support that they need. That will deprive the economy of their skills and increase the benefits bill, and all of that will pile further pressure on an already struggling NHS, which will cost the taxpayer more.

We now have the second highest ever number of delayed discharges from hospital since data were first collected. One third of those are due to a lack of social care. In the last year alone, there has been a staggering 65% increase in delayed discharges due to a lack of care in the home. That makes sense for no one. The Government must urgently rethink their immediate support for council care services in the upcoming Budget, to ensure that people get the support that they need, and they must grasp the nettle of the long-term reforms that we desperately need to truly join up the NHS and social care, so that we finally have a single budget for these local services that people depend on and we stop the farce of continuing to rob Peter to pay Paul, pushing the costs up for everyone.

Steve Double (St Austell and Newquay) (Con): The hon. Lady is making a passionate speech highlighting what she thinks the problem is. Will she enlighten us on what the solution is? Will the solution be more borrowing, or which other Departments will she take the money from?

Liz Kendall: If the hon. Gentleman had listened to what I said, he would know that the first point is that we are spending more money unnecessarily because we do not have a fully joined-up NHS and care system. We are spending more on elderly people ending up in hospital and getting stuck in hospital when they could be cared for at home. Also, we need a fairer funding formula. If the most disadvantaged communities, who most need publicly funded care, do not get it, we will increase costs and demands because people will end up in the NHS. We need proper reforms of the system to get the best results for the people who use it and the best results

[Liz Kendall]

for taxpayers' money. My worry is that the Government are thinking, "The NHS and social care? Job done," which is to be completely ignorant of the crisis that is unfolding and not take seriously the reforms that we need for the future.

I know that many hon. Members want to speak, so I will finish by asking the Minister some questions about the Government's plans to change the way local councils are funded in the future and to give councils additional new responsibilities as a result. As a strong supporter of devolving more powers to local councils, I welcome the spending review announcement that councils will be allowed to keep 100% of their business rate growth by 2020. That will help to give councils some of the tools that they need to boost jobs, growth and investment and for which they have been arguing for many years. However, there is a real risk that that change, combined with the total abolition of grants, will exacerbate existing inequalities between different parts of the country and further harm deprived areas, which have already been hit hardest by the Government's cuts. Once grants are abolished, how will the Government ensure a fair distribution of resources, especially when more deprived areas, with higher levels of need, may be less able to raise funds from business rates and council tax?

Can the Minister confirm that the additional responsibilities that the Government are considering giving councils by 2020 include funding all of public health services, attendance allowance and the administration of housing benefit? How will the Government ensure that future revenues from council tax and business rates keep pace with demand for the services for which councils already have responsibility, such as adult social care, and the new responsibilities that they may gain, such as attendance allowance, especially when our population is ageing?

The Government must work closely with local councils to provide proper answers to those questions and, crucially, to hardwire fairness into the system to ensure that the local services that my constituents and those of all hon. Members here today value and depend on continue to get the support that they need in the future.

Several hon. Members *rose*—

Philip Davies (in the Chair): Order. As everyone can see, there is heavy demand to speak in this debate. I do not like setting time limits, but to try to accommodate everyone fairly, I will have to impose a time limit of three minutes each.

2.47 pm

Sir Edward Leigh (Gainsborough) (Con): It is always a pleasure to see you, with your acerbic wit, in the Chair, Mr Davies.

I thank the hon. Member for Leicester West (Liz Kendall). We all know that there is not enough money in the pot. I accept that cuts have to be made, but I want to make the case for fairer funding. I know how wasteful government can be, although generally, local government has delivered broadly the same service over the last five years despite having to face considerable cuts. I want to make the case for fairness between urban and rural government.

For my local district council, West Lindsey, Government-funded spending power—the overall funding available for local authority services—was £76 per head for 2015-16. The Government propose to cut that to just £52 for 2019-20. Many hon. Members here represent urban councils. Let us take Wolverhampton as an example. For 2015-16, Wolverhampton's funding was £559 per head. It is being cut to £455 per head over the same period. That means that the people of Wolverhampton face a reduction of just 18.6%, while my constituents in West Lindsey will have to bear cuts of 31%.

The facts are just as bad at county level. The average amount awarded in Government grant per head across urban England is £486, while the grant per head in rural Lincolnshire is just £385. Metropolitan non-fire authorities face cuts of 19% over this five-year period, while shire counties, non-fire, are being saddled with an average of 34% cuts, and predominantly rural unitaries, non-fire, face cuts of 30%.

We have to face the fact that the sparsity allowance is totally inadequate. It does not even meet the higher operating costs of running essential services in rural areas. Urban residents are receiving a grant settlement from a Conservative Government that is about 50% higher than that received by rural residents. It is a double blow, as we in rural areas face higher council tax burdens, which have to be extracted from people who, on average, earn less than those in cities.

Steve Double: Does my hon. Friend share my concern that, despite the Government's intention to narrow the gap between local government funding in rural and urban areas, the new formula seems to widen the gap and make the matter even worse?

Sir Edward Leigh: Yes, it widens the gap. We are asking the Minister not for more money but for fairer funding between rural and urban areas, which is precisely the point that my hon. Friend makes.

I have worked alongside Lincolnshire County Council and West Lindsey District Council for decades, and they are not spendthrifts. They count every penny, but they are being penalised for having saved so much in the past. They know the needs of our people far more than anyone in Whitehall does. We have already given up much of our invaluable network of local libraries, and got rid of our magistrates courts and our police stations. Are we going to get rid of our fire stations now? How much more does Whitehall really expect that rural England can take?

Closing the gap between the Government grant to the urban dweller and to the rural inhabitant by just 5% over five years would make a huge difference to service provision in rural areas. In Lincolnshire, it would mean an extra £13,130,000 per annum at the end of a five-year period. Right now, good, hard-working people in rural areas are subsidising much better provision of services to people in urban areas, and that has to change.

Barbara Keeley: Does the hon. Gentleman think it is a good idea to keep robbing Peter to pay Paul, as my hon. Friend the Member for Leicester West (Liz Kendall) said in her speech? As she laid out so well, adult social care has been cut by 31% across the urban councils that the hon. Gentleman is talking about. It is really necessary to cut funding for those councils more to bring fairness to the councils he is talking about?

Sir Edward Leigh: Obviously that is the argument that those representing urban areas will make. I do not deny that the Minister has a delicate balancing act to make, but let right be done. Let there be justice. How can we have such an extraordinary discrepancy? People think of rural areas as fundamentally prosperous. I represent Gainsborough, a small industrial town, and the south-west ward of Gainsborough is one of the most deprived wards in the entire country under any measure.

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

Sir Edward Leigh: No, I must finish now. Rural areas nowadays are not like some Gainsborough or Constable painting. There are real areas of deprivation, and we ask for justice. We know that it is not practical to have absolute parity per head across the country, but it is totally unacceptable that, in a time of tightening, we are not bearing the burden equally. Are we not one nation? The settlement is totally unfair to the rural taxpayer and our rural authorities. It must be revisited.

2.52 pm

Sue Hayman (Workington) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies.

I will raise just a few of the significant concerns that Cumbria County Council has spoken to me about regarding the provisional local government finance settlement. I am sure that everyone is aware that Cumbria suffered very badly in the flooding before Christmas, but what people perhaps do not realise is that it is ongoing. Another bridge collapsed last week. Our problems are not over. The amount of money with which the Government propose to support us is so woefully inadequate that it will add to the difficulties we have with the settlement.

I will speak about rurality and the fact that we have a super-ageing population. Rural residents on the whole—certainly in west Cumbria—earn less than their urban counterparts, yet they pay more in council tax, get less in Government grants and receive poorer and fewer services, which often cost residents to access them because they might have to move. It is not a fair system.

Imran Hussain: Although I have some sympathy with the argument regarding the rural and urban comparison, surely this is not a matter of rural versus urban. This is a matter of some of the most deprived authorities, whether they are rural or urban, being hit the hardest. My district of Bradford will face up to £260 million of cuts by 2018. Does my hon. Friend agree that the most deprived authorities, regardless of whether they are rural or urban, are the worst hit, and that that will increase inequality and deprivation and decrease opportunities?

Sue Hayman: The fundamental point of argument, which I will come to, is about the way that funding is decided on need. That relates to what my hon. Friend says.

Cumbria has one of the fastest-growing populations of older people in the whole country, which will put extra pressure on the council in the future. This is about not just the funding formula now but the proposals for future years, and that is not taken into account.

The timing of the announcement and the consultation process is important, but it often gets glossed over. The announcement of the provisional settlement came very late in the year, more than three weeks after the autumn statement and the announcement of the spending review. Inevitably, that resulted in a short consultation period, which happened over Christmas. I understand that that was done to keep to the timetable for the announcement, but it is not helpful when councils are trying to manage their budgets and prepare for the future. There were significant changes, which should have meant a proper consultation, as Government guidance states that “12 weeks or more” is appropriate when significant changes are being made. The consultation fell well short of that. I urge the Minister to look at how we can improve consultations and their timings.

On the proposed approach to allocating the funding, I appreciate what my hon. Friend the Member for Leicester West (Liz Kendall) said, but the methodology does result in rural areas losing a significant amount of funding.

Steve Double: As the hon. Lady may know, I represent a constituency in Cornwall that faces many of the same challenges as her constituency. Does she agree that part of the problem—this is not a party political point, because this has been true under successive Governments—is that deprivation is not measured in the same way in rural areas as it is in urban areas? It is often hidden, but it is just as much of a real issue.

Sue Hayman: The hon. Gentleman makes an extremely pertinent point. People who live in rural areas often have very low expectations of the level of service they should receive, so they often put up with receiving an awful lot less. That is not sufficiently taken into account.

I will briefly touch on the topic of social care, about which my hon. Friend the Member for Leicester West made some powerful points. My understanding was that the Government’s stated desire—the Minister may put me right on this—is for greater protection for councils that provide adult social care. Therefore, it does not make sense to me that that money is diverted away from the county areas, such as Cumbria, that have a larger proportion of ageing people and a faster-growing elderly population. It has a profoundly negative impact on the stability of an already very fragile care market, and will have a knock-on effect for the wider health sector.

The distribution of funds for councils should take into account not only resources but needs. The proposals do not reflect that, and it is important to address that for the future. If we do not reflect need, where are we going, particularly with regard to social care? Cumbria County Council struggles to deliver social care and mental health services. To come back to my first point, social care and mental health care will be under increased pressure because of the impact of the floods. I urge the Minister to consider how he can support us in those areas.

2.58 pm

Jo Cox (Batley and Spen) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Leicester West (Liz Kendall) on securing this important debate. She and I serve together on the Select Committee on Communities

[Jo Cox]

and Local Government, and we have received deeply worrying briefings of late on the future of local government finance, some of which I will touch on.

It is right, as a principle, to offer councils a four-year funding settlement to help them plan for the future. I welcome the Government's initiative. However, when councils simultaneously face rumours about huge new services, such as the attendance allowance or public health, for which they may be expected to take responsibility over the same timeline, they are left with no security in their financial planning. I speak to council finance directors who are struggling to understand what will be expected of them over the next four to 10 years, which means it is incredibly difficult to plan.

The reality is that many councils have very little room left for long-term financial planning. My council tells me that it is firefighting from budget to budget without long-term certainty, and that it will be 2.5% worse off in 2020 than today, compared with national average cuts of about 0.5%. That figure does not seem very big, but it is about the size of the entire libraries budget, and let us not forget that it comes on top of incredibly severe cuts over the past four years that mean that Kirklees Council will be spending about 15% less than it spent in 2010.

I do not believe that anyone becomes a councillor to cut local library services by 32%, to cut children's music services by 94%, to remove £700,000 from the budget to cut grass or to completely scrap community events and festivals, which is what is happening in Kirklees. Many of my constituents are feeling the even sharper end of council cuts to adult social care and other important services. My fear is that the Government want to blame local councillors.

I am struck by the fact that families living in a £70,000 terraced house in Batley in my constituency will now be getting £60 less per family member in council services than they did in 2010, but families living in a £2 million home in Oxfordshire will be getting £50 more per family member. That seems blatantly unfair, and my constituents struggle to understand it. That disparity in core spending power over the course of this Parliament is staggering and seems to be growing. For councillors such as mine in Kirklees, it does not feel like we are all in this together.

I welcome the intent behind the proposed business rate growth retention, but the Government's announcement leaves many unanswered questions. In Kirklees Council, the potential funding gap—

Philip Davies (in the Chair): Order.

Jo Cox: Can I just finish this point?

Philip Davies (in the Chair): No; I do not like doing it, but I have to cut the hon. Lady off in her flow.

3.2 pm

Helen Hayes (Dulwich and West Norwood) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Leicester West (Liz Kendall) on securing this debate. There can

be no doubt that local government has been hit harder than almost any other area of the public sector over the past six years of the Government's austerity programme. Among local authorities, councils with the most deprived populations have been hit the hardest of all. I represent part of Lambeth and part of Southwark. For simplicity, I will talk about Lambeth today, but exactly the same picture is played out across the border in Southwark.

Lambeth Council is the 29th most deprived area of England, and it has experienced the 13th highest level of cuts to date, with tens of millions of pounds of cuts still to come. Councils have been through six rounds of efficiency savings, and Lambeth has consolidated the number of core office buildings from 14 to two, reduced the number of staff by 1,000, cracked down on fraud to raise an additional £3.6 million and innovated to deliver more services online and share services with neighbouring boroughs, but it has lost more than 56% of its Government funding since 2010. Despite efficiency savings and innovation, cuts of that scale mean that the council still faces further impossibly difficult choices.

As the Prime Minister is aware, cuts to front-line services are hard to bear. Councils are increasingly forced to make a kind of Hobson's choice between: the essential statutory services upon which our most vulnerable residents rely, such as the safeguarding of children and social care for older residents; the services that bind us all together, such as libraries, parks and street cleaning; and the services that help us build for the future, such as planning and school places.

The Government have taken a system designed to allocate resources to councils on the basis of need and turned it on its head, so that the councils with the greatest needs are dealt the greatest cuts. While the Government have cut, needs have continued to grow. The Government's disastrous approach to housing has resulted in a dramatic increase in families presenting as homeless and needing temporary accommodation. Lambeth's expenditure on temporary accommodation has increased from £2 million in 2011 to £11 million last year, and an ageing population means that the need for social care continues to grow.

By 2020, councils will receive no revenue support grant from the Government and will be funded entirely from council tax and business rates, with 55% of funding coming from business rates. That is a fundamental shift from a system of local funding based on allocation according to need to a system that will benefit councils with strong council tax raising abilities, a large business sector and the capacity for economic growth. Although there will undoubtedly be some winners in that system, there could potentially be some very big losers. There are big questions about how the Government will redistribute funding to councils with significant need to ensure that those with limited capacity to raise additional business rates do not face unacceptable consequences.

There is limited time today, and I will finish on time, but I hope that the Minister will answer some of those big questions about the mechanism for redistribution, and about the better care fund and how it will be distributed across the country. Without those clarifications, this major reform of council funding is a big leap into the unknown, fraught with risk.

Philip Davies (in the Chair): Order. I call Jack Dromey.

3.5 pm

Jack Dromey (Birmingham, Erdington) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I pay tribute to my hon. Friend the Member for Leicester West (Liz Kendall) both for securing this debate and for her excellent contribution. Birmingham is the city of Chamberlain, the workshop of the world, the birthplace of municipal governance and municipal enterprise, and the biggest council in Europe. It is an ambitious city with immense potential, but it is also a city of high need. The constituency that I am proud to represent, Erdington, may be rich in talent but it is one of the poorest in the country.

Birmingham is suffering from the biggest cuts in local government history. Some £567 million has gone already, and £258 million will go over the next four years—£90 million will go this year. More than half of Birmingham's spending power has gone, with serious consequences for a caring city struggling now to care. I was at the Royal Orthopaedic hospital last Friday and was told about its desperate difficulties in discharging patients into the community precisely because there are no people there to care for them.

School crossing patrols have been put at risk; home starts supporting vulnerable families, likewise. It is not just the council but our police service and our fire service that have suffered enormous cuts and been treated unfairly. A grotesque unfairness of approach has been common throughout. In relation to the police, for example, Surrey has been treated twice as favourably as the west midlands. The National Audit Office has frequently criticised the Government's approach to the council, and the provisional settlement this year sees Birmingham's spending going down by £100 per household, which is much more than the average—in Oxfordshire, after the intervention of the champion of Chipping Norton, the figure is but £37.

That is why all the parties have come together in our city. In the words of the *Birmingham Mail*, which has been championing the campaign for a fair deal, "No More #Brumcuts". This is a well-timed debate because the local government and police settlements will be announced next week. Birmingham MPs of all political parties recently met the Secretary of State for Communities and Local Government and made the kind of case that my hon. Friend the Member for Leicester West made for a fairness of approach. We argued that we need a more sensible, longer-term approach. Of course it is about quantity, but it must also be based on need, and not pretending that the social care precept will address the problems of the mounting costs of social care. We also made the case that if fairness is acted upon now, it would see our city £85 million better off.

Steve McCabe (Birmingham, Selly Oak) (Lab): Does my hon. Friend agree that it would be helpful to hear today that, where councils and NHS providers are willing to propose innovative ideas to try to address some of the social care problems, the Government will put up some extra funding now to make that a possibility?

Jack Dromey: My hon. Friend makes a powerful point. When we met the Secretary of State for Communities and Local Government to discuss the immediate problems, we also discussed the wider and longer-term problems. My hon. Friend the Member for Birmingham, Selly Oak

(Steve McCabe), my right hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) and the right hon. Member for Sutton Coldfield (Mr Mitchell) will be working together at the next stage on a sensible integration of health and social care, which we badly need nationwide, and particularly in our city. We want to make progress, but it will take time because we are confronted by an immense task.

There are big wider and longer-term problems, but here and now the plea from Birmingham is simply for a fair approach. If Birmingham is treated fairly, it will suffer but £5 million cuts this year, as opposed to £90 million cuts. If Birmingham is treated unfairly—I say this with all earnestness—children going to school will be put at risk, vulnerable families will be let down, and those badly in need of care, likewise. Those who wish to come out of hospital to rejoin their loved ones at home will be stuck in hospital. I therefore urge the Government to listen to the case for the fair treatment of our city.

3.9 pm

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Davies.

I congratulate my hon. Friend the Member for Leicester West (Liz Kendall) on securing this important debate and I start by paying tribute to Liverpool City Council, the councillors and, in particular, the elected Mayor of Liverpool, Joe Anderson, who have provided outstanding leadership over what has been a very difficult period—almost six years—since they took office.

Liverpool faces funding cuts from central Government of 58% and the first response of Joe Anderson's administration has been to seek efficiency savings. Another response has been to find innovative solutions to problems. For example, the council is undertaking very significant community asset transfers to ensure that savings can be made and services protected.

Liverpool City Council is working with the other Merseyside councils and it has been determined to achieve serious devolution through the agreement that was reached for Liverpool city region devolution. It is not a council that is turning its back on efficiency, innovation or reform. Far from it—Liverpool wants to achieve all those things—but even with efficiencies and measures such as community asset transfers we are left with a massive gap, and it is a very similar story to the one that my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) has just told with regard to Birmingham.

Imran Hussain: Like Liverpool, many councils in that situation are looking, first, towards making efficiency savings and, secondly, towards innovative ideas. However, those things only go a certain way and then something must give. Most of those councils are now in that place where front-line services—libraries, cleaning services and all those important community services—are on the verge of closure. Once again, does my hon. Friend agree that this situation will have the biggest negative effect on those people who are already living in deprivation and poverty?

Stephen Twigg: I thank my hon. Friend, who has anticipated the next part of my speech, because his argument is exactly the one that I want to make, and that a number

[Stephen Twigg]

of our hon. Friends have already made. It is precisely the poorest areas of the country that are being hit hardest by the scale of the cuts in local government spending that we are witnessing. Efficiencies take us so far, and innovation can save money and sometimes improve services, but we are still left with a very wide gap.

My hon. Friend the Member for Leicester West spoke about the challenges in social care. Liverpool City Council, like other local councils, has been allowed to increase the council tax for the coming year to pay for social care. That will raise about £2.5 million, which is a fraction of the money that Liverpool will need to plug the gap in social care.

One of the biggest challenges facing us is how to ensure that those who most need support in social care are getting the support they deserve. As my hon. Friend the Member for Leicester West said, the saving in council money is not necessarily a saving in overall public spending, because a lot of those resources then have to be spent by the NHS in treating people who might otherwise be out receiving social care.

Therefore, when the Minister responds to the debate, my plea to him is to understand why it is that in some of the most deprived parts of the country, such as Liverpool, there is so much anger about the scale of the cuts that are being faced. Liverpool has said, and I believe is saying this genuinely, that it will struggle to meet its statutory responsibilities as a local authority if cuts on the scale being proposed go ahead. Liverpool has had a 58% cut in central Government funding since 2010, which is simply not sustainable. I urge the Minister—working, of course, within the constraints that his Department is operating under—to look again, especially at those authorities that are facing the largest scale of cuts.

I welcome the fact that my hon. Friend the Member for Leicester West has given us this opportunity today to air these important issues.

3.13 pm

Simon Danczuk (Rochdale) (Ind): It is a pleasure to serve under your chairmanship, Mr Davies, and I thank the hon. Member for Leicester West (Liz Kendall) for securing what is a very important debate.

Under this Government and the previous one, local authorities have faced enormous cuts to their budgets while receiving an ever-increasing workload. Rather than power, the only thing that seems to have been devolved is austerity. The Chancellor's spending review and the recent local government settlement were further blows for Rochdale.

During the last Parliament, Rochdale was hammered. The council was forced to cut more than £200 million from local services, which was almost half the available budget. The council leader, Richard Farnell, has been preparing for a £40 million cut over the next two years, but he will now have to plan for a further 4.5% cut to spending powers after the local government settlement, when the average cut across England was only 2.8%.

Jeff Smith (Manchester, Withington) (Lab): I am grateful to my borough neighbour for giving way. Like others, he has made an important point about the

unfairness of the cuts. To illustrate that unfairness, if Manchester had had a fair share of cuts over the course of the last Parliament—not being protected from cuts but just suffering our fair share of them—we would be £1.4 million a week better off. Surely that is unfair to the really deprived boroughs in this country.

Simon Danczuk: The hon. Gentleman makes an important point about the unfair way that these cuts have been spread across the country.

Services in Rochdale have already been stripped back to the bare bones. For example, £8 out of every £10 in Rochdale is spent on children, the elderly and the disabled. The cuts to our budget will have a devastating impact on the most vulnerable people in our town.

I do not say this lightly, but Rochdale is one of the most deprived communities in the United Kingdom. Unemployment is higher than the national average; people in the town are earning £635 less per year than they were in 2010; and on top of that, under this Government we have to accommodate more than 1,000 asylum seekers every year.

Rochdale has repeatedly been one of the three councils in the country that have been hardest-hit by successive cuts under this Government. There are proposals to cut the public health grant, despite the grant providing vital support for preventive services around drugs and alcohol, and for community health improvement. We are struggling with these issues in Rochdale, and such a cut would be devastating.

As has already been mentioned, measures in relation to the social care precept are welcome. I welcome the concept but there is an added problem, because these measures are just scraping the surface in terms of the problems facing local government. The measures will disproportionately benefit wealthy areas, not least because most of Rochdale's housing is in council tax bands A and B, which means it only raises £1.3 million for the local authority. That money will go nowhere in terms of meeting the demand for social care. It will not even meet the increases to the minimum wage for workers in care homes; that is how inadequate the policy is.

Let me briefly turn to the point about the 100% retention of business rates, which gives Rochdale a similar problem to the one I have just described. We do not have the ability to generate the same level of resources locally for the services the area requires compared with councils with a higher tax base.

I will finish by saying that if we truly want to empower our local communities, we need to fund them properly. A one-size-fits-all policy will not deal with the issues that we need to tackle: health, education, jobs and local regeneration. Rochdale needs and deserves a better funding regime than this Government are currently creating.

3.18 pm

Colleen Fletcher (Coventry North East) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies, and I congratulate my hon. Friend the Member for Leicester West (Liz Kendall) on securing this really important debate on local government funding.

It is clear that Government cuts to local authorities have impacted on the authorities' ability to deliver services. That is certainly true in Coventry, where Government

cuts are hollowing out our local communities. Since 2010, Coventry City Council has lost £94 million from its budget and by 2020 its Government grant will have been cut by a massive 65%. As a result, the council is being forced to consider proposals that will further reduce its ability to deliver the services that my constituents deserve and depend upon.

Coventry City Council has rightly prioritised the needs of vulnerable people, and despite the pressure on its budgets the council has found more than £10 million to invest in children's services, to help to turn around a service that is overwhelmed by children who need support from the social care system.

Like many other local authorities, however, Coventry City Council is also seeing a significant rise in the number of elderly residents requiring support from adult social care. While I recognise that the Government have permitted local authorities to add a further 2% to council tax as part of the adult social care precept, that simply does not go far enough. Social care budgets are facing a perfect storm of rising demand and rising cost, but funding is not increasing far enough to cover that.

Steve Double: Will the hon. Lady give way?

Colleen Fletcher: No, I will not. I am going to finish in a bit, as I only have a minute. In Coventry this year, adult social care budgets are predicted to have been overspent by £6.7 million, but the social care precept will add only £2 million. That leaves a massive gap that the council will need to cover by reducing spending elsewhere, and it is to that expenditure that I now turn.

Many have spoken about the "graphs of doom" that show local authorities ceasing to be able to provide anything other than the most basic of statutory services and social care. Those predictions are becoming a reality in Coventry. The council has made a frank assessment that in future it will be unable to fund, among other things, libraries, community centres, voluntary agencies and road repairs to the same level that it has in the past. That means that the colour and lifeblood of our communities will begin to dwindle as support that they once received from the council is no longer there. If the Government want to help people escape poverty, tackle poor levels of productivity and deal with the long-term problems associated with worklessness, they must provide local government with the resources it needs to let our communities grow and flourish.

3.21 pm

Justin Madders (Ellesmere Port and Neston) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I first commend my hon. Friend the Member for Leicester West (Liz Kendall) for the clear way in which she set out the issues, in particular the impossibility of councils' social care obligations being met. For all the talk of devolution, the reality is that the Government have shown contempt for local democracy. They are devolving not only power, but cuts, risk and blame. Worst of all, they do so in the most cynical and Machiavellian way, using sleight of hand at every opportunity. Indeed, they have got so good at spinning on these issues that they have even managed to fool the Prime Minister, as my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) pointed out earlier.

One consistent concern that I have heard from local government is about how the Government keep moving the goalposts. The most recent autumn statement contained a total of 10 changes that have left my council, Cheshire West and Chester, £8.4 million worse off. That is on top of a funding formula error that means the council will receive £2.3 million less than previously indicated. Overall, the council will lose £90 million of central Government grant over 10 years, and in-year cuts such as those to public health not only make planning difficult, but will cost us all more in the long term.

There is widespread agreement that devolution is a good thing, but I do not believe the Government are so good at putting it into practice. True devolution means central Government trusting local government. An example of where they have not done that is the proposal to deny councils the new homes bonus where planning permission has been granted on appeal. That is a blatant attack on local democracy. It seems we have a transfer of responsibility, but not a genuine transfer of power.

The council tax reduction scheme is a classic example of the Government passing on a cut locally, but dressing it up as a new power to be enjoyed by local government. It is an invidious choice for councils: do they cut local services or take money off some of the poorest people in their communities? Another example is the Housing and Planning Bill, which proposes an annual raid on council housing revenue accounts. The retention of business rates is in principle a welcome measure, but in its current form it passes on risk and uncertainty while failing to pass on the power and flexibility to allow councils to grow their local economies.

There has to be greater consistency in the powers given, so that it does not look like local government is just getting the difficult decisions that central Government want to swerve. The Communities and Local Government Committee has just published a report on devolution, and I want to draw attention to one comment in it:

"We also believe that the Government's approach to devolution in practice has lacked rigour as to process: there are no clear, measurable objectives for devolution, the timetable is rushed and efforts are not being made to inject openness or transparency into the deal negotiations."

I hope the Government will take heed of those comments, as they not only apply to devolution, but rather neatly sum up many of my criticisms of how the council funding regime operates. Local government is full of great innovators, and they should be given respect, true freedom and fair funding.

3.24 pm

Mr George Howarth (Knowsley) (Lab): I, too, congratulate my hon. Friend the Member for Leicester West (Liz Kendall) on the clarity with which she presented her case and the characteristic forcefulness of her argument.

I mainly want to say a few words about Knowsley Council and how it is affected by the settlement, but before I do that, it is worth looking at the context of the past 10 years. My hon. Friend the Member for Liverpool, West Derby (Stephen Twigg) referred to our city region. Over the past 10 years, the support to local authorities in the Liverpool city region has been cut by a staggering £800 million. In Knowsley, that has meant a cut of £90 million, which I calculate to be £1,500 a household. He rightly mentioned devolution, which the local authorities and he and I welcome, but any pretence that it will

[Mr George Howarth]

resolve the problems we are confronting with funding for local government is fraudulent, because all it brings with it is £30 million a year in extra funding for infrastructure problems, and it will not resolve any of the issues that concern us in some of the most deprived parts of the country.

The hon. Member for Gainsborough (Sir Edward Leigh) talked about the difficulties that his local authority is experiencing. I have every sympathy with him, but his area has not been subject to the reductions in grants and support over the past 10 years that areas such as Knowsley, Liverpool, Manchester and Birmingham have. He sets up a slightly false dichotomy between rural and urban areas. The dichotomy is between the areas with the greatest need and those with less need.

I want to say a few words about some of the issues that the Minister might mention when he comes to reply. We welcome the additional 2% flexibility on social care, but in Knowsley's case that produces only £550,000 a year, when we face pressures of £3 million a year. There will be a massive reduction in the resources available. With the new homes bonus mechanism, for every pound that is withheld, we only get 38p back, so that is not much of a help. Finally, we do not even know what the figures on public health are at the moment, but it is likely that there will be a reduction there, too, and that is disgraceful.

3.27 pm

Tulip Siddiq (Hampstead and Kilburn) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I, too, congratulate my hon. Friend the Member for Leicester West (Liz Kendall) on securing a debate that is close to my heart. I was a councillor before I entered Parliament, and I saw at first hand the effects of the Government's policies because I was in charge of a £22 million budget. The Chancellor will often talk about making tough decisions to secure economic stability, but when it comes to direct attacks, such as cuts to tax credits or police budgets, the Government make embarrassing U-turns. However, when it comes to cuts to local government, they persist, because they can shove the blame on to local councillors and local councils, who then have to face angry residents.

When I was on Camden Council, we were told to find £80 million of cuts between 2010 and 2014. That level of cuts cannot be found just through efficiencies and cutting the fat and discretionary services. We had to cut front-line services. Consider this: by 2018, Camden Council will receive half of what it receives from central Government. In a few years' time, the council will have to have cut £180 million from its budget. That represents one year's spending on adult social care—including mental health services—at £99 million, homelessness support at £33 million and waste services at £36 million.

Parts of Brent are in my constituency, and that borough has had an £80 million shortfall. It will face further cuts of 25% over the next three years, and it is considered to be one of the four most vulnerable boroughs in London. It ranks in the top 10% of vulnerable boroughs in the country. Some 31% of children in the borough live in families that are dependent on tax credits. One third of residents live on salaries below the London living wage, because of our low-wage economy.

Liz Kendall: My hon. Friend mentions the difficulties and cuts in social care services. Has she seen in her local NHS the problems of more elderly people going into hospital and the delayed discharges from hospital, which, as I have argued before, cost the taxpayer more?

Tulip Siddiq: I thank my hon. Friend for her intervention. Yes, I have seen real-life examples of the situations she describes. We could focus on many vulnerable groups, but I particularly want to mention people with mental health problems. The Prime Minister has said over and over that we should have a frank discussion about people with mental health problems and not talk about them in hushed tones or whisper around the topic. Well, let me tell the House: people with health problems are the ones who are shouting the loudest, because local services are a lifeline for people with mental health problems. One constituent of mine tells me that the day centre she relies on—which helps her to handle her mental health problems and helps her with independent living and support—will not be there any more because it will be receiving £100,000 of cuts in the next few years.

We cannot talk about fixing the roof when the sun is shining if we crush the roots of local democracy, which is what is happening by disfranchising people and taking away the services they rely on. I urge the Minister to think carefully about how local councils are struggling and suffering as their budgets are hit over and over by national Government. If we have to make tough decisions, we have to take it on the chin in national Government and not simply push the blame on to local councillors and councils that are dependent on handouts from national Government.

3.31 pm

Rosie Cooper (West Lancashire) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I wish to congratulate my hon. Friend the Member for Leicester West (Liz Kendall) on securing this debate on the far-reaching, deep and savage cuts to local government funding.

My involvement with local government goes back many years. I was elected to Liverpool City Council in 1973 and remained there until 2000. I had a front-row seat during the Thatcher years, witnessing the devastating effects of a Government determined to bring local government to its knees. Today, sadly, I see that happening all over again, but I fear it will be even worse this time. The Government are pushing local authorities to the financial brink, to the limits of their organisational capacity, and pushing even statutory services to the point of collapse. The Government explain the need for cuts and assure us that front-line services should not be affected. We have heard it on the NHS and policing time and again, but the reality is very different.

Lancashire County Council had projected to make £65 million in budget reductions this year, with a £263 million funding gap by 2020. The Government formula, imposed without consultation or any transitional arrangements, means that the council is required to make £76 million in savings, and by 2020 will face a £303 million gap. Those are staggering sums of money, but it is often difficult to know what it really means. Besides cuts in social services, in West Lancashire there is a long list. Vital bus services, such as the 3A and 5, are facing the axe. Schoolchildren and people wanting to go

to the doctor's, the hospital or social events are being abandoned. Eroding the principle and availability of public transport has a direct financial and sometimes personal cost. There is an irony in offering people a bus pass when there are no buses to use them on. It is like giving people a free TV licence and confiscating the TV. Public transport is an absolute lifeline.

The Government talk about choice in education, but there is no choice if people cannot get a bus there. In West Lancashire, the Environment Agency's budget has been cut, and now there is talk of turning off pumps, which will mean that the area is flooded even more. We have been subject to the most savage and awful flooding in recent weeks.

I do not think it is dramatic to say we are facing a crisis in local government. The Government need to make the right decisions—fair decisions—and they cannot stand by, tie the hands and feet of local government, kick them into the river and stand back and say, "Look, they can't swim." Now it is clear that the Conservatives know the cost of everything and the value of nothing.

3.34 pm

Mr Iain Wright (Hartlepool) (Lab): As my hon. Friend the Member for Leicester West (Liz Kendall) has mentioned, areas of deprivation have suffered more in cuts to council funding than more prosperous areas. Inner London boroughs, metropolitan areas and councils in the north have seen disproportionately harsh cuts. Hartlepool Borough Council's grant has been reduced by 40% since 2010, and, as per the 2010 index of multiple deprivation, Hartlepool is the 24th most deprived local authority out of 354 areas in Britain. I see the consequences of austerity and deprivation every day.

For Hartlepool Borough Council's budget over the five years to 2015-16, there has been a cut in spending power of £313 per person, the highest of any local authority in the north-east, which is itself the region with the highest cuts to council funding. In December, it was announced that the local authority would lose a further £2.1 million in Government grant in 2016-17, on top of an anticipated £2.8 million. How does the Minister think that areas such as Hartlepool can have such levels of unfair cuts? Why has he moved the funding formula away from a needs-based approach for the provision of local government services?

My second point relates to business rates and the unusual, if not unique, position of Hartlepool and the nuclear power station. Hartlepool is the second smallest unitary authority in the country, although there is nothing wrong with being small. About £33 million comes from council tax generated locally. Business rates are a bigger provider of local government finance, with a total rateable value of nearly £100 million. The nuclear power station in my constituency provides about a third of that entire business rate income, at just over £33 million. So the business rates bill equates almost identically to the council tax revenue.

The unique position of Hartlepool is two-fold. First, there is nowhere else in the country that has such a large payer of business rates proportionate to the rest of the business rate base. Secondly, the nuclear power station has often quick and unexpected shutdowns for health and safety purposes, with a consequent loss of business rates that cannot be collected, and the council has no ability to manage or plan for that. In addition, there has

been a revised valuation of business rates, which means that the power station pays less—£3.9 million this year and every year in perpetuity. To put that in context, to make up this shortfall of income, there would need to be an increase in council tax of about 11%, or the construction of 2,700 properties paying band D council tax: the equivalent of increasing the size of the town by 12%. That is simply not going to happen.

The Secretary of State was kind enough to meet with me, the leader and the chief executive of Hartlepool Borough Council to discuss this matter. Will the Minister continue to look at this so that Hartlepool residents do not suffer?

Philip Davies (in the Chair): Just to confirm, the Front-Bench spokesmen are not subject to the same time limits, but I want to get to the Minister before 10 minutes to 4, to give him time to answer the points raised and also for the hon. Member for Leicester West to briefly sum up.

3.38 pm

Alison Thewliss (Glasgow Central) (SNP): It is a pleasure to serve under your chairmanship, Mr Davies. I thank the hon. Member for Leicester West (Liz Kendall) and my colleagues from the Communities and Local Government Committee for their contributions this afternoon. It seems absolutely clear that there is a serious crisis in local government in England in terms of funding and the resources allocated according to the funding formulas that are in place. I cannot say that I am greatly familiar with how the funding formulas operate in England, but it seems clear that, regardless of which part of the country Members come from, there seems to be a sense that the funding formula does not work.

The hon. Member for Gainsborough (Sir Edward Leigh) made clear his concerns about the funding formula, and the hon. Member for Birmingham, Erdington (Jack Dromey) and Members from other places, both urban and rural, raised concerns about how it works for them. The Minister really ought to look more closely at the formula to see whether there is another mechanism that could be used, because there clearly is a problem.

The disproportionate level of cuts that local councils face in England is stark. We are having a debate in Scotland about local government funding, and we have been able to protect it in Scotland to a far greater extent than has been possible here. What is happening here is a choice. The Government have chosen austerity and they are passing the blame for austerity on to local government, which is completely unfair and unjust. That really should be looked at again.

The hon. Member for Ellesmere Port and Neston (Justin Madders) talked about cuts being passed on in the guise of powers. That is true and really quite stark. It is a very sleekit way for the Government to duck their responsibilities and pass on cuts. It is really unfair for them to pass on the social care precept as a tax rise for local government to carry out.

The hon. Member for Hampstead and Kilburn (Tulip Siddiq) spoke movingly about vulnerable people and areas of deprivation. People are already suffering great injustices and there are great societal imbalances in how people live that are now being compounded. I very much agree with what the hon. Member for West Lancashire (Rosie Cooper) said about the Thatcher years, when

[Alison Thewliss]

councils were brought to the brink. We are coming round to that again. In parts of Scotland, particularly parts of Glasgow, we are still living with the social impact of those cuts, and that will be true for constituencies throughout the country. Many families have already lived through that. We do not want to see it again if it is in any way avoidable, because it seems completely unfair.

With some exceptions, such as the hon. Member for Gainsborough, there are relatively few Tories present. The House of Commons Library debate pack provides some evidence that Conservative MPs and councillors throughout the country have concerns about these matters, so it is a shame that that was not reflected in the balance of the debate.

I do not want to take up much more time because I know that Members will want to the Minister's response.

Mr Jim Cunningham (Coventry South) (Lab): This is the first time I have attended a debate for which you have been in the Chair, Mr Davies, and we have known each other a long time. I thank the hon. Lady for giving way. I want to give her an idea of what is happening in places such as Coventry, which by the end of the decade will have lost something like 60% of its budget to cuts. Over the next three years it has to find about £28 million. That is a hefty sum in anyone's language. She made a telling point in her opening remarks: we have to remember that the Conservatives always pick up from where they left off the last time they were in government. If people do not see that, they must be blind.

Alison Thewliss: The hon. Gentleman is absolutely correct. The Government are making a choice. I hope that councils throughout the country will challenge them very strongly on this. The Communities and Local Government Committee hears concerns from across the country about the range of policies that are coming and the funding gaps that are emerging. We have to be extremely careful, because it will be our constituents who come back to us and say, "What's happened to the service provision in my area?" It is this House and the Government's austerity obsession that are causing all these problems locally. We need to challenge that wherever we can.

3.43 pm

Mr Steve Reed (Croydon North) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Leicester West (Liz Kendall) on securing this important debate and thank the many Members who have turned up to take part.

I really hope that the Minister is in listening mode today, because my goodness, he has had a powerful lesson in the impact of his decisions on communities right across the country. I predict that when he responds he will claim that he and the Government have protected local government funding, but they have not. In fact, they have cut £1 in every £3 available to councils as the settlement funding assessment falls by 34%. They have cut some NHS budgets, handed them over to local government to take the blame and included that figure in the core spending power so that it does not look like spending has fallen by so much overall.

To partly fill the gap, the Government's funding assumptions expect councils to increase council tax by 1.7% a year, every year, and on top of that impose a 2% social care precept. That still leaves a giant £1 billion social care funding gap, which will hit the poorest communities in the country the hardest. All that adds up to a 20% council tax rise over four years—a council tax rise that was designed in Downing Street. The scale of the Government cuts that are being imposed means that council tax payers will be forced to pay more while getting less.

Justin Madders: Would my hon. Friend be surprised to learn that the Conservative party's manifesto for last year's general election promised to keep council tax rises to a very low minimum?

Mr Reed: Given the rest of what the Government are up to, I am not surprised at all, but I share my hon. Friend's disappointment.

As we have heard this afternoon, local government funding under this Government is deeply unfair. That is illustrated by the fact that the 10 most deprived councils in England have been hit by cuts that are 18 times higher than those for the 10 least deprived councils. Research by the Joseph Rowntree Foundation found that during the last Parliament, social care spending fell by £65 per person in the most deprived areas. We have more frail and older people in need of care, but less and less money to pay for the services they need.

Even the Tory-led Local Government Association has warned that after the local government settlement, social care will still face a giant £1 billion funding black hole by 2020. That can mean one of only two things: either more older and disabled people will be denied the vital services that they need, or other vital public services will be cut back even harder to make up the difference. That means services such as keeping street lights on at night, filling in potholes, repairing broken pavements, sweeping the streets, removing dumped rubbish, emptying the bins, maintaining parks, providing youth services and children's centres and keeping libraries and museums open. All those things that affect the quality of life of every community are under threat because of the Government's decisions on funding local services. I urge the Minister to explain whether it is his Government's policy to close the funding gap and ensure that older people get the care that they deserve—or will he stand back and watch as services are decimated?

The Government have come up with a cunning plan to cut the NHS while pretending to have kept their promise not to. Services have been taken out of the NHS and then cut before being handed over to councils in the clear expectation that the councils will take the blame for the chaos that will follow. Particularly affected will be treatments for drug and alcohol abuse and work to tackle the country's obesity crisis and to prevent sexually transmitted infections. Not only is that a bad idea in health terms, but it makes absolutely no sense in financial terms. We will all be made to pay the cost of dealing with health crises as they get worse because of short-sighted, short-term funding cuts. In the words of the LGA, which, let us remember, is led by the Conservative party, these

"drastic cuts will have a major impact on the many prevention and early intervention services carried out by councils."

Labour welcomes the Government's proposal to allow the full retention of business rates, although we are disappointed that that will not happen before 2020. Nevertheless, without an effective equalisation measure, the Government's plans for business rates devolution will make the system even more unequal. Without certainty about what further services will have to be paid for, there is no knowing whether it is simply cover for yet more Government cuts. Westminster City Council accounts for 8% of England's entire business rates intake—that is more than Birmingham, Manchester, Sheffield, Liverpool and Bristol combined. The Minister promised me in the main Chamber that the Chancellor would make the equalisation mechanism clear during the autumn statement, but the statement came and went with no announcement. Worryingly, the *Municipal Journal* quotes a senior official saying that the Department for Communities and Local Government has done "no thinking" about how the system will work. Will the Minister explain why not? Does the fact that the Department has done no thinking explain why the Chancellor did not make the announcement that the Minister told me he would?

The entire financial crisis stemmed from the irresponsible behaviour of the banks, but instead of being open about their response to dealing with it, the Government are cutting councils harder and harder while coming up with ever more ingenious ways to try to cover up what they are trying to do. By the end of this Parliament they will have cut council funding by more than two thirds, with Britain's poorest communities suffering the biggest cuts. Unfair funding, council tax hikes and an assault on the quality of life of every community in the country—that is the Tory record on local government funding. It is simply unacceptable.

3.49 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): I congratulate the hon. Member for Leicester West (Liz Kendall) on securing the debate, and it is a pleasure to respond to it. Before I proceed, I want to acknowledge the hard work and dedication of councils across the country over the past five years and the contribution they have made to improving local services in challenging times. However, we need to make more savings as we finish the job of eliminating the largest deficit in post-war history.

We listened carefully to councils when preparing the provisional settlement that was recently consulted on. I thank everyone who took the time to respond to the consultation and made considered comments about our proposals. I and my fellow Ministers spoke to local government leaders from across the country and many colleagues in the House. Although the hon. Lady did not make representations to that consultation, I am pleased to be able to discuss these issues with her today. I thank all Members who took the time to respond to the consultation, and I thank councils for their detailed and considered comments on our proposals. We are reflecting carefully on them at the moment.

We have previously had one of the most centralised states in the world—almost 80% of council spending was financed through central Government grants at the start of the previous Parliament—but councils will be entirely financed by their own resources by 2020. Local government will retain 100% of the business rates, fees and charges raised by councils, leaving them fully

accountable to the electorate rather than Whitehall. Those huge changes will not be made without careful consideration and consultation in the coming months. Hon. Members will have the chance to have input into the design of the new business rates retention process, which is the other side of the Government's devolution agenda.

Mr George Howarth: The Minister might recall that that was almost exactly the argument that was used to justify the poll tax—[*Interruption.*] Oh yes, it was. Does he accept that local authorities with lower tax bases will not benefit from the changes unless there is a proper recognition of need? If anything, the situation will get worse.

Mr Jones: I have got very little time, but I have made my views on that point very clear to the House in recent months.

Hon. Members will have the chance to get involved in the process of business rate retention in the coming months. The Government do not underestimate the challenges. Local government representatives consistently tell me, as they told my predecessors over many years, that greater certainty about their income over the medium term would enable them to organise more efficiently and strategically, and put their safety-net reserves to more productive use. This settlement will for the first time ever offer a guaranteed budget to every council that desires one and can demonstrate efficiency savings for the next year and every year of the Parliament. Four-year settlements will give local government more certainty and confidence. Councils will also be able to spend 100% of capital receipts from asset sales to implement cost-saving reforms.

As we move to a world of full localisation of income, it does not make sense to talk simply about Government grants, as a number of Opposition Members did. As colleagues know, the revenue support grant will be phased out by 2020, but local government will still spend significant sums of money. Therefore, it makes more sense to talk about the wider measure of council spending power, which we improved after listening to the Public Accounts Committee and the Communities and Local Government Committee. We no longer include the NHS-scored better care fund or the ring-fenced public health grant in the calculation, since councils cannot spend those funds as they wish.

Overall, our proposals are fair. Councils' core spending power will remain virtually unchanged over the Parliament—it will go from £44.5 billion in 2015-16 to £44.3 billion in 2019-20.

Sir Edward Leigh: Will the Minister give way on the issue of rural areas?

Mr Jones: I am sorry, but I have not got time to give way again. There are a number of things I need to talk about, but I will come to the issue of rural areas in a moment to address my hon. Friend's earlier point.

Real-terms savings of 6.7% are required over this spending review period, compared with the 14% savings announced in the 2010 spending review. Even the Institute for Fiscal Studies recognises that that is substantially lower than the spending reductions that councils had to deliver between 2009-10 and 2015-16.

[Mr Marcus Jones]

On adult social care, we responded to the clear call from all tiers of government and many colleagues in the House to recognise the importance of the growing cost of caring for our elderly population. The Local Government Association and the Association of Directors of Adult Social Services asked for £2.9 billion by 2020 as a contribution to the cost of social care. In the settlement, we make up to £3.5 billion available by that year. It will be distributed fairly to local authorities with social care responsibilities. There will also be a package of support for councils working with the local NHS to address pressures on care, a dedicated social care precept of 2% per year, and a fund of £1.5 billion by 2019-20 to complement the new precept. We recognise that councils providing services in rural areas face additional costs, so we have proposed that the rural services delivery grant should be quadrupled from £15.5 million this year to £65 million by 2019-20 to address those issues.

Let me cover one or two of the points that the hon. Member for Leicester West made. She and a number of other Opposition Members spent a lot of time talking about the effect that the reduction in central Government spending will have on local government. They have very quickly forgotten that their election manifesto clearly set out a path for reducing local government spending. They may wish to take that into account. The core spending power measure is the most accurate way of measuring councils' expenditure. Leicester has a core spending power of £2,003 per household this year, compared with the English average of £1,829, so I hope that reassures the hon. Lady that Leicester is not getting a bad deal.

On the point made by the hon. Member for Croydon North (Mr Reed) about council tax, the Conservative party will not listen to any lectures from the Labour party. Council tax is 11% lower in real terms than it was five years ago. I remind the hon. Gentleman that council

tax doubled under the Labour Government between 1997 and 2010, so the Labour party clearly says one thing in opposition and does something else in government.

We recognise the challenges that have been raised today and those that lie ahead. This is a time of big opportunity and expectation for local government reform. We are moving to a world long desired by local government, in which councils are financed by local sources. Whitehall's apron strings will be cut. Central and local government are decisively addressing social care pressures, and we are beginning to design long-term integrated care and lasting local solutions.

I know that these changes require a lot of hard work from councils, but changes always do. However, I am confident that, after we have carefully considered the consultation responses before announcing the final settlement, and after we have undertaken a further period of meaningfully engaging and working with local government to design a 100% business rates retention scheme, hon. Members will agree that a better future of proper local control is becoming a reality at last.

3.59 pm

Liz Kendall: With the greatest respect, that was a head-in-the-sand denial of the problems. The Minister said that, overall, the Government's proposals are fair. They are not. The areas with the greatest need and the most deprived communities have been hit hardest.

I ask the Minister to look again at what is happening to adult social care. I am deeply concerned that care home providers will fail and that vulnerable elderly people will not get support. That will pile pressure on the NHS, and in the end we will have to pay the cost, but it will be more expensive and done in the least efficient way. Opposition Members will continue to press the case for fair funding for our councils and communities.

Motion lapsed (Standing Order No. 10(6)).

Bootham Park Mental Health Hospital

[MR PETER BONE *in the Chair*]

4 pm

Rachael Maskell (York Central) (Lab/Co-op): I beg to move,

That this House has considered the closure of Bootham Park mental health hospital.

It is a pleasure to serve under your chairmanship, Mr Bone. It has taken four months to secure today's important debate about the circumstances surrounding the sudden closure of Bootham Park hospital. I am still waiting for the round table that I requested with the Minister, and for the vital independent investigation into what really happened at Bootham. Although City of York Council and NHS England are carrying out an operational review, but not a strategic review, we must remember that NHS England is not independent of what happened at Bootham.

Today, I will describe the story behind the headlines of how the system failed mental health patients in my constituency and put their lives at risk, why the issues cannot be ignored any longer, and how what happened at Bootham has national implications. Without urgent change, the problems could be replicated anywhere in the country. Two successive Care Quality Commission inspections in 2013 and 2014 highlighted risks at the 240-year-old hospital, including the line of sight around the quadrangle wards, ligature points and doors that presented suicide risks, and not enough staff. Those issues should have impressed upon all involved in the service that the setting was not safe and urgent action should have been taken, but even with the CQC report, inertia followed.

First, too many bodies were involved at Bootham Park. NHS Property Services Ltd owned the site. The commissioning was done by Vale of York clinical commissioning group. Leeds and York Partnership NHS Foundation Trust was the provider. York Teaching Hospital NHS Foundation Trust provided maintenance. English Heritage—now Historic England—had an interest in the listed buildings. Tees, Esk and Wear Valleys NHS Foundation Trust—TEWV—became the new provider from 1 October 2015. By the end, other bodies, including City of York Council's health overview and scrutiny committee, NHS England, Monitor and the CQC, had a role in proceedings but, strangely enough, the safeguarding board did not.

The problem with the system was the unbelievable scope for too many organisations to blame one another for the lack of progress in addressing the CQC's safety demands. I do not have the time today to run through each authority's lack of action, but their cumulative inaction put lives at risk. There should be one authoritative body and one controlling mind, not different jurisdictions with different lines of accountability and different interests that do not relate to one another as they need to. They did before 2012. There must be a place where such matters can be settled. The Health and Social Care Act 2012 gives scope for confusion, which is admitted by those involved and evident from what happened. There are conflicting authorities, so there must be one clear and authoritative oversight of decision making in the NHS, so that everyone knows where responsibility lies. If clarity is needed, it should be quickly and easily established. This is about good governance.

Secondly, there was an issue with making things happen. Why did years pass without the CQC recommendations being implemented? How was that allowed to happen? The CQC stated the necessary improvements, but then the very bodies criticised are the ones who have to implement the repair plan. The lack of external oversight of the work meant failure and delay. External leadership must be provided, to ensure that the right solutions are expedited. Assignment to NHS Improvement would seem the obvious choice. The CQC's enforcement policy is clearly not working, and who polices it? The CQC has powers, including when there are repeated breaches and when action has not been taken to remove risk, but they were not used. If an effective system was in place, there would be no slippage, confusion or blame, and patient safety would be at the forefront.

Thirdly, the service was to be recommissioned. There was clear dissatisfaction with the provider's performance and an alternative provider was selected. However, a board member at the time has reported that the Leeds and York partnership trust did not invest in the required upgrades

“in case it did not win the contract”.

In other words, the contract interests of the provider outweighed patient safety, the problems were not addressed expediently, and the hospital was left in an unsafe condition.

Julian Sturdy (York Outer) (Con): I thank the hon. Lady, who is my neighbour, for giving way and congratulate her on securing the debate. I agree with what she has said so far. Does she agree that the Leeds and York partnership not only failed at that point, but had failed for many months down the line? That is why we have to get to the bottom of how it behaved throughout the whole system at Bootham Park.

Rachael Maskell: The hon. Gentleman makes an excellent point. We need to get to the bottom of why there has been continual failure not only at Bootham, but in the general delivery of clinical services.

The board member's revelation was shocking and demonstrated that the current system allows for interests other than that of patient safety to be put first. Leeds and York did not invest in mental health in York, which was noted by staff and patients alike, and let the service be deemed unsafe by the CQC not once but twice, and then a third time, following a third inspection, which I will come on to later. It is also clear that the other bodies involved were not able to accelerate the inactivity. It is not that nothing was happening; discussions were ongoing, and the CQC and the Department of Health knew that a plan was slowly being drawn up by the CCG-led Bootham Park hospital programme board to address the CQC report's findings, but “slippage” was evident. However, it is clear that frustrations existed between the bodies and blame for inaction was passed from one to the other. People hid behind jurisdictions and clear leadership was lacking once again, which is why there must be external oversight.

How can we have a health system in which there is scope for other interests, lack of focus, delay, lack of enforcement and blame, and in which CQC findings are not managed as a priority? We are back to poor governance and poor frameworks, which is what this debate is really all about. Leeds and York lost the contract to provide mental health services for the Vale of York CCG to TEWV.

[*Rachael Maskell*]

The trust appealed the decision to Monitor last June. Leeds and York then ran a highly public and politicised campaign that showed it was not interested in improving patient safety at Bootham, only in contractual matters, as I witnessed when I met with its chair. Monitor rejected the appeal and TEWV became the new provider. However, TEWV understandably wanted to inspect the plans for the building from which it would be delivering its services. I stress that the Bootham Park hospital upgrade could only ever be a temporary step, as I outlined in my maiden speech on 2 June 2015. The only safe solution will be a new build.

The CQC made an unannounced inspection on 9 and 10 September 2015. I have been unable to ascertain if this was at their instigation or that of Leeds and York partnership, but it is clear that the 20 weeks' notice for Bootham to be removed as a suitable location was shortened due to the Monitor appeal process requested by Leeds and York, which the CQC told me impacted on its processes. However, as soon as it was clear that Monitor had turned down the Leeds and York appeal, the CQC knew that the trust would deregister, and that TEWV would have to be registered. The CQC also knew of the safety risks at Bootham, and that repairs had not been made. The CQC therefore knew that it would not be able to register Bootham as a location for TEWV to deliver services. That prompts two questions. First, why did the CQC leave the inspection until September, which then led to a rapid closure? Secondly, why did it then wait over two weeks to announce the inspection's outcome? A longer run-in would have given more time for transition. We must keep remembering that mental health patients were put at serious risk.

The third inspection found a worsening situation. In addition to the safety risks already identified, staffing levels were worse and unsafe, record-keeping was poor, the water was found to be at a scalding temperature, and the kitchen, lounge and activity rooms gave access to an urn, electrical wires, scissors and knitting needles. A long-standing leaky toilet was leaking urine and foul water to the ward below and there was a risk of Legionella. There were other poor maintenance issues—as the CQC's inspectors were assessing Bootham, a piece of masonry fell from the ceiling.

The CQC reported more than two weeks later, on Friday 25 September, that Bootham Park hospital must close because of the ongoing safety risks. The need for closure by midnight on 30 September 2015 was because the CQC could not re-register the facility against the new provider as being safe, because it was not. However, if the current provider were to continue to deliver the service, other options would be available.

The Leeds and York trust chief executive said on that same day that if the Vale of York CCG at the eleventh hour did not transfer over the service at the end of the month and let Leeds and York continue to provide it, it could keep the hospital open as it would not have to re-register. He said it was important that that was achieved for months until repairs were addressed. Even as patients were being cast out of their beds and out of our city, contractual issues were being placed above patient safety. The hospital was given five days—including a weekend—to close.

The CQC fulfilled its registration remit, but that meant that the building's registration was placed above the unsafe environment that sudden closure and relocation would place service users in. That highlights how process was the factor that closed the hospital. Patients were put at risk. There was no scope for review of the decision, no one to assess the balance of risks and transitioning arrangements and no one to agree more time despite the clinicians, patients, families and their MP all highlighting the risks.

Let me mention some of those risks: the closure of the place of safety, section 136 suite, so people in a crisis have to travel at least to Harrogate for an assessment and then on again for a bed for their own safety; the closure of acute beds, with in-patients moved as far away as Middlesbrough, creating a huge risk and insecurity; patients moved away from their support networks and families to strange environments; and the moving of 400 people engaged in out-patients' services to new locations. I heard how one service user's condition became so exacerbated on hearing about their move that they became seriously ill, and that is not the only story.

I have heard from a parent how their child totally withdrew—from food and from them—because he was very frightened, and they were fearful for him. I have since supported frightened service users and family members. Out-patients who were suddenly discharged were confused and one senior clinician said it would be a miracle if someone does not die.

The situation continues. We have the place of safety back and we hope that out-patients will also be back in the near future. The acute in-patients' service will be placed in temporary accommodation from the summer, all being well. However, serious risks resulted from the decision and the deterioration of service users' mental health occurred. Safety was put after process, with some of the most vulnerable service users placed in an unsafe situation. There was no one in the NHS under the 2012 Act who had the authority to weigh up the balance of risk and decide, when greater risk to the lives of service users could occur with the sudden move, that an alternative call could be made, such as properly planned transition. No intervention was made, not even by the Minister—in other words, no one has overarching responsibility for patient safety in the NHS. That was confirmed by all the bodies. This must change immediately.

The reason I am so vexed is that four months have passed and nothing has been done about the system. Lives remain at risk, were such events to happen elsewhere. My constituents ask me, and I ask myself: is it because we are in the north? Is it because it is mental health? Or is it because the Government are too proud to admit that their Act has created that risk, as before 2012 there was someone who made such decisions?

I know that the circumstances at Bootham Park are exceptional and I trust that this will not happen again, but it could. The lives of my constituents were put at risk, and harm to their health occurred. The system failed them. That is why I and my constituents are focused on the need for a fully independent strategic investigation. Through my work and the health overview and scrutiny committee's processes and now their operational local review, issues have come to the surface, but an independent review must occur. Lessons must be learnt of the failures in the way that health bodies relate to one another, and the problems that there are with governance. My constituents deserve to have answers.

Serious risks to patients were created in the NHS, and that cannot be ignored. No one died, but do we always have to wait until it is too late for someone before problems are taken seriously and situations are investigated? Agreement to an independent investigation is overdue.

In closing, I want to thank the service users and their families and carers for their continual pressure to get answers as to what happened to their services. They have been extraordinary in these very difficult times and deserve a confirmation that their concerns about the system will be addressed. I again invite the Minister to meet them. I also want to praise the outstanding efforts of all the staff involved in trying to support this unnecessary crisis, and in particular Martin Barkley for providing the leadership as the chief executive of TEWV. After 40 years of working in mental health, Martin is standing down, but I trust that his legacy will be a new, state-of-the-art mental health facility on the Bootham site for York by 2019.

Minister, four months is too long to wait to meet, too long to wait to undertake an independent review of the situation, and too long for my constituents to get the answers they deserve. Lives were put at risk and harm occurred. I trust that we can move the situation forward today.

4.16 pm

The Minister for Community and Social Care (Alistair Burt): It is a pleasure to serve under your chairmanship, Mr Bone, especially in the circumstances of the powerful case put forward by the hon. Member for York Central (Rachael Maskell), with whom I have been in contact pretty much since this incident started. We spoke on the telephone around the day things happened and I have been in regular contact since. It is true that we have not met in a round table, but that is not a decision of mine. We agreed that when there was a point to meeting all together, we would, but things had to happen and we had to go some way down the line before that. My door has always been open and the hon. Lady has always been able to speak to me.

Rachael Maskell *indicated dissent.*

Alistair Burt: If she would like to deny that, I will be happy to sit down, but she knows full well that I have spoken to her regularly and I have been available. I will happily see her and her constituents at a time that is entirely appropriate: when there is something to discuss. I do not think that her charge is particularly fair.

Rachael Maskell: I am confused because I have been trying to get a meeting with the Minister—I have got correspondence for three months. I am therefore sorry if his office has let him down, but we have been trying to get a meeting, which senior clinicians also want to hold.

Alistair Burt: Let me be clear. I spoke to the hon. Lady at an early stage and first I advised that a debate would not be a bad idea to bring issues out. I was concerned that there might be delays with the trust in terms of what may happen with the new premises, but at the time of the incident there was no point in having a meeting about what would happen next. Since then I have genuinely not been aware of a request for a meeting. I am very happy to have such a meeting, but at the time it seemed sensible that we would wait until there was a

point in having a meeting. We have met and passed each other pretty regularly in the meantime and, had there been a delay that had caused grave concern, it would have taken a matter of a second to say, “How about that letter—are we going to meet?” but I have not had that conversation.

May I thank my hon. Friend the Member for York Outer (Julian Sturdy) for his interest? We have spoken on this subject from time to time.

Those issues, however, are incidental. The hon. Lady’s interest has been sincere and consistent, and she highlights a pretty unhappy story in which there are circumstances that cause me genuine concern. I will first say a little about what we know about the circumstances and then what we can do next.

Bootham Park hospital could provide care to about 25 to 30 in-patients and about 400 out-patients. The Vale of York CCG had previously announced its intention to commission a new, state-of-the-art facility and is working with NHS Property Services Ltd and NHS England to press for funding. I understand that the intention is to provide a new hospital in York to replace Bootham Park by 2019. At this stage, I have heard no suggestion that that will not be the case.

Julian Sturdy: On that point, will the Minister highlight what discussions he has had with the new trust, TEWV, about the new hospital, and whether the timelines are still on track?

Alistair Burt: I have not had those discussions at this stage, because my understanding is that the timelines are on track. I suggested to the hon. Member for York Central that if there were concerns about foot-dragging, I was very willing to have that conversation with other colleagues in the room, to ensure that the original stated timetable was stuck to. I was interested in whether there was any opportunity to bring that forward, but my understanding is that that is not the case. I will come to what happens next in a moment.

Until recently, as the hon. Lady said, the hospital was operated by Leeds and York Partnership NHS Foundation Trust. In October 2015, the Vale of York clinical commissioning group ended the relationship with that trust and asked Tees, Esk and Wear Valley NHS Trust—TEWV—to take over the provision of services.

Bootham Park is a very old building, at 200 years old, and is probably one of the oldest buildings in use for patients in the NHS. It is also a grade I listed property, which has not necessarily made things any easier over time. The hon. Lady said in her maiden speech:

“Bootham is not fit for purpose and the CQC concurs.”—[*Official Report*, 2 June 2015; Vol. 596, c. 512.]

She was entirely right. As such an old building, Bootham Park had a number of problems that modern buildings designed for healthcare services normally avoid, one of which was ligature points—in other words, fixtures or fittings that someone could use to hang themselves from. As the hon. Lady knows, that was sadly not a theoretical problem at Bootham Park, since a lady was found hanging in her room at the hospital in March 2014.

The inquest heard that in December 2013, CQC inspectors had already identified the ligature point that that lady later used, along with a number of others, and asked that it be removed. The CQC’s report, published

[Alistair Burt]

in 2014, clearly said that there were a significant number of ligature risks on the ward, but that work was unfortunately not done by the trust. The coroner noted at the inquest that he would have expected management to see that the work was done.

The Leeds and York Partnership NHS Foundation Trust fully accepted that it should have done the necessary work. However, when the CQC returned to inspect the hospital in January 2015, it again identified risks to patients from the building infrastructure and a continuing need to improve the patient environment. Refurbishment had been taking place both before and after the January 2015 inspection. Work carried out since February 2014, at a total cost of £1.76 million, included a number of improvements. Among those was an attempt to remove all the ligature points, as well as an overhaul of the water hygiene system and other repairs.

The CQC inspected the hospital again in early September 2015. At that point, it once more recorded a number of familiar problems, although it acknowledged the effort the trust had made to deal with them. The CQC found insufficient staffing numbers; areas with potential ligature points that could have been remedied without major works; poor hygiene and infection control; poor risk assessments, care plans and record-keeping; an unsafe environment due to ineffective maintenance; areas deemed unsafe or found unlocked; and poor lines of sight on ward 6. Furthermore, part of the ceiling had collapsed in the main corridor of the hospital. The debris was cleared away but the area was not cordoned off, which meant people were still at risk of harm.

The building's listed status meant that it was not possible to remove all potential ligature points. The quadrangle-shaped wards meant there could never be a constant line of sight for nurses to observe patients. Despite the money already spent, the systems for sanitation and heating were outdated. The CQC felt that despite repeated identification of problems at inspections, not enough had been done—the hon. Lady was quite right to point that out—or perhaps could be done to provide services safely at the hospital. Patients remained at risk. The CQC therefore took the decision, as the regulator, to close the hospital with effect from October 2015. The CQC and the Vale of York CCG both agreed, as the hon. Lady said, that the current estate was not fit for purpose.

The timing of the closure was unfortunate. Mental health and learning disability services in the Vale of York were due to transfer from the Leeds and York Partnership NHS Foundation Trust to TEWV on 1 October 2015. That meant the new provider was taking over as the facility was being closed down for safety reasons. However, when the CQC, as the responsible regulator, comes to the conclusion that a building is so unsafe for patient services that they cannot continue and that it cannot be made safe, the local NHS has no choice in the matter.

The hon. Lady spoke about the number of different organisations involved. I understand her frustration, and I am interested in looking at how that has happened. Different bodies have different responsibilities. Bodies' not having separate responsibilities for regulation, supply, commissioning and so on runs other risks. She is quite right, however, that having such separation and so many different parties involved means we run risks.

If people are ducking and diving to evade responsibility—I will come to that in a second—that is a risk too. There is no easy way to do this, but I am quite clear that bodies have specific responsibilities that they should live up to; I do not think that that is necessarily wrong, provided they all know what they are doing. This situation was particularly difficult.

Nearly two years had passed since the CQC identified serious safety issues at the hospital, which seems more than adequate notice of the problems. The CQC said that it could not allow the service to continue indefinitely or allow a new application to open services at the hospital until the risks to patient safety had been addressed. Ensuring continuity of services for patients immediately became a priority. By midnight on 30 September, eight patients had been transferred to facilities in Middlesbrough, two went to another facility in York and 15 were discharged home. Arrangements were made for some 400 out-patients to continue to receive services at other locations in York. That was a considerable undertaking for the local NHS and achieved under great pressure. It was, of course, not what patients needed or wanted. The change and speculation about what would happen was inherently unsettling.

The NHS had to get matters back to an even keel as soon as possible, and that is what has been happening since. As the hon. Lady said, there has been a recovery of the section 136 services at the hospital. The NHS now has an interim solution in the adaptation of Peppermill Court. The in-patient service for older men with dementia, formerly provided at Peppermill Court, will now be provided at Selby. TEWV started work this week on the development of Peppermill Court as an adult in-patient unit and intends the refurbished 24-bed in-patient unit to be completed by the summer. Out-patient clinics continue to be held at a number of locations in York, and TEWV hopes to move all out-patient appointments back to Bootham Park hospital later this month.

That is where we are, with one further caveat: the business of trying to find out what has happened and why. My understanding is that an external review has been taking place, involving a number of different bodies that have had responsibility and are now looking at this. It seems almost impossible for the review to be concluded without its findings being made public, which would be a good opportunity for people to examine exactly what has been done. I want to see that review's findings. I want to see the questions that the hon. Lady has raised today answered, and I want a good, clear line of sight as to what has happened, how it happened and, as far as lessons learned are concerned, how to ensure that this could not happen again in the rest of the system, as she says.

Based on what the review says, I will have further thoughts about the questions the hon. Lady has asked. Until we see the review's findings, we will not know how complete it is or the answers to all the questions. Let us see the review's findings first. If it is plain that the review is inadequate and leaves things unsatisfactorily handled and dealt with, with questions still arising, we will need to have a conversation at that stage. It might be appropriate, after the review has concluded, to have a round table and use it as an opportunity to have that conversation. However, until I have seen the review's findings, I cannot decide whether there is anything further to be done at this stage. I want to ensure that the

questions are answered, and that there are ramifications across the system. We also want to make progress with the new hospital. Let us see what comes out of the review, and then we will meet again.

On the hon. Lady's request for a meeting, I have just been handed a note—we had an email from her office on 15 January. We are now going through the invitation process but have not responded.

Rachael Maskell: I was chasing up.

Alistair Burt: If there has been correspondence that has not been answered, I apologise, but as the hon. Lady knows from my previous contact with her, she can come and see me, and we will sort that out as soon as we can.

Mr Peter Bone (in the Chair): Order. I thank Members for a very important debate, but I am afraid time has beaten us, and we must now move on.

Motion lapsed (Standing Order No. 10(6)).

Cycling: Government Investment

4.30 pm

Chris Green (Bolton West) (Con): I beg to move,

That this House has considered Government investment in cycling.

It is a pleasure to serve under your chairmanship, Mr Bone. As you may be aware, the debate was preambled by an online digital debate, supported by parliamentary outreach. Between us, we managed to reach more than 2.1 million Twitter accounts, the highest number ever for a digital debate. I wish to put on record my thanks to everyone who took part. It created a forum a lot of interesting and important questions about how we can deliver the Government's ambition to support and promote cycling.

It is important to point out that the benefits of cycling reach across many different areas. There is a strong business and economic case for both local and national Government to invest in cycling. Sustrans has calculated that investment in cycling returns the equivalent of £9.76 for every £1 spent. Cycling also alleviates congestion and will help us cope with the forecast pressure on our roads due to population growth, particularly in northern cities—current estimates suggest a 55% increase in road congestion by 2040. Cyclescheme estimates that the national health service could save £2.5 billion if 10% of car journeys were made by bicycle instead, and that inactivity costs the United Kingdom economy £20 billion every year.

Henry Smith (Crawley) (Con): Will my hon. Friend join me in paying tribute to the many private sector companies that are encouraging cycling? For example, Evans Cycles, which is headquartered in my constituency, has done a fantastic job locally and nationally to ensure that we all get on our bikes and live a healthier lifestyle.

Chris Green: I agree entirely that the work of Evans and other organisations in the private sector is absolutely key to making sure that we have a healthy society. The contribution of responsible employers is vital to that.

For the reasons that I have highlighted and for many others, it is vital to have investment in cycling and to include it as part of an effective transport policy. I will touch on the benefits in my speech later. I wish to allow plenty of opportunity for other Members to make contributions as well, because I know that this is a really popular debate.

During the past five years, the Government have invested more in cycling than any of their predecessors, through cycling ambition grants and the local sustainable transport fund to name but two measures. I hope to see investment in cycling increase and continue on that trajectory. Despite the increase, more can always be done to improve the situation further. During the last Session, the Select Committee on Transport reported that although investment had increased, the splitting of funding between initiatives can make it difficult to be clear about the total budget for cycling. It was initially estimated at £2 per head, but with further investment it is now £4 per head of the population, compared with an estimated £75 per head for motorised transport.

Julian Knight (Solihull) (Con): I congratulate my hon. Friend on securing the debate, particularly as I invested in my fourth road bicycle this weekend, much to my wife's

[*Julian Knight*]

chagrin—[*Interruption.*] Only my fourth. Will he reflect on the health benefits of cycling for a moment, considering that the British Heart Foundation has found that cyclists live an average of three years longer than those who take no exercise whatsoever? Admittedly, those extra three years are spent clad in skin-tight Lycra.

Chris Green: I am not sure that I want to comment on Lycra yet, but the health benefits of having an active lifestyle are well recognised.

I am now a member of the all-party cycling group. Its report called for the budget to be increased from its current very low level to a minimum of £10 per head, with the spending then increasing further to £20 per head of the population.

Dr Sarah Wollaston (Totnes) (Con): Having been a member of the all-party group, which produced the report on how we “Get Britain Cycling”, I wonder whether my hon. Friend agrees with me, with the report’s findings and with the Select Committee on Health that the benefit of cycling is that active travel is the type of physical activity that people are most likely to sustain throughout their whole lives. We should really focus on that if we really are going to get Britain moving as well as cycling.

Chris Green: I absolutely agree, and this debate is a great opportunity to reinforce that message to the Minister.

The members of the all-party group are not the only ones who want investment at £20 per head; a Sustrans survey suggests that the public want to see investment of £26 per head on an annual basis. More important than pinpointing an exact figure for investment is ensuring that current investment provides good value for money and is adequately utilised by the main practitioner of the funds, which is local authorities. Making cycling ambitions a reality requires collaboration at all levels of government.

The Department for Transport is giving local authorities significant amounts of funding to improve their road infrastructure and to support cycling at a local level. That funding is not ring-fenced and allows local authorities to decide on and implement solutions that best suit their needs. I am pleased that the Government are encouraging all local authorities to have a cycling champion—an official to take cycling development forward in their area and to champion cycling in their area.

Julian Sturdy (York Outer) (Con): My hon. Friend is making an important argument. With regard to the cycling champions and cycling in the north, does he agree that one of the biggest boosts to cycling in the north came from the Tour de France being held in Yorkshire? That boost has now continued with the Tour de Yorkshire being set up. Does he agree that that is pressing the need for cycling and giving a boost to tourism locally?

Chris Green: Fantastic events such as the Tour de France do a wonderful job in promoting cycling. I will mention the different aspects of cycling that we perhaps need to focus on a little bit more.

Chris White (Warwick and Leamington) (Con): Following the intervention by my hon. Friend the Member for York Outer (Julian Sturdy), I want to report that the route for the women’s cycling tour in June, which was announced today, includes a stage through my constituency. It is the first time that has taken place in Warwickshire. Does my hon. Friend the Member for Bolton West (Chris Green) think it is a good idea for such events to be spread throughout the country, as it provides an opportunity to promote the benefits of cycling across the UK?

Chris Green: I absolutely agree. It is vital that we have those events across the country. Seeing the beautiful Yorkshire countryside was wonderful, and I am sure that we will be inspired by the countryside in Warwickshire as well.

David Rutley (Macclesfield) (Con): I feel greatly honoured not only to be able to participate in this debate, but to sit next to the former Sports Minister, my hon. Friend the Member for Maidstone and The Weald (Mrs Grant), who was there when the Tour de France came to Yorkshire and who did so much to help promote cycling. Importantly, she also paved the way towards making sure that outdoor recreation, of which recreational cycling is a very important part, was fully integrated into our new sport strategy, which focuses on outcomes, including physical activity. Does my hon. Friend the Member for Bolton West (Chris Green) agree that the new sport strategy in its integrated form will be a major boost in helping to achieve many of the things that he seeks to achieve?

Chris Green: I absolutely agree. It is so important that we integrate the strategies with other policies and the work that various Departments are doing. It is absolutely vital to have that integration, because things can be so much more effective in that way.

Huw Irranca-Davies (Ogmore) (Lab): Well done to the hon. Gentleman for securing the debate, and I declare my interest as a long-term cyclist. I have withdrawn my name from the speakers list to allow others to speak.

May I ask the hon. Gentleman to commend civil society as well? That includes the Rhondda Tunnel Society, which is aiming for a huge project to establish the longest tunnel for pedestrians and cyclists in the whole of Europe, connecting the Rhondda and Afan valleys as part of the massive network for cycling that we have in the south Wales valleys. It is a tremendous initiative, just like the one in the lower Llynfi, which is trying to connect up urban settlements along strip valleys. Will he commend all those who put their petitions and their weight behind those campaigns?

Chris Green: I absolutely agree. It sounds like a wonderful idea—imagine going through a tunnel and having a beautiful environment ahead of you. It is such a wonderful thing to see happening.

I was talking about cycling champions, and it would be interesting to hear from the Minister just how many cycling champions are now in place. I dare say that many people do not recognise their own cycling champion; perhaps local authorities have not always implemented the idea.

As we move towards further devolution with the establishment of mayors—as a Greater Manchester Member of Parliament, I particularly appreciate that—we would all do well to follow London’s example of investing in infrastructure to make the roads safer for cyclists. In conjunction with that, we must ensure that our planning system makes cycling and walking an early consideration in any new street design, housing development or business park, and encourages local authorities to design road improvements with cyclists in mind. Although that is contained in the national planning policy framework as a mechanism for sustainable development, the existence of cycle lanes alone is not enough. The quality of cycle lanes in new developments can and should be improved.

A key factor in getting more people into cycling is the condition of roads and the availability of cycle lanes. Badly designed cycle lanes force cyclists to use the road. Too often, they are just half a path, and many cyclists choose to use the road because it is dangerous to weave in and out of pedestrians. Such paths also tend to stop at every junction, but cyclists want to maintain their momentum and not stop and start all the time.

Amanda Milling (Cannock Chase) (Con): I congratulate my hon. Friend on securing the debate. He talks about cycle lanes on roads. Does he agree that what we need includes investment in cycle trails, such as those around Cannock Chase? They are an excellent facility to encourage leisure cyclists and families.

Chris Green: Absolutely. We need a whole range. Emphasis on the roads is important, because people use them to go to the shops and so on, so there is a lot of functional utility to them, but we also need to encourage families to spend time together on their bicycles. It is a great way of having a sustainable cycling environment and culture.

Ruth Cadbury (Brentford and Isleworth) (Lab): I, too, congratulate the hon. Gentleman on securing the debate. He gave the excellent example of cycle routes on main roads. Does he agree that in many areas, particularly residential ones, rather than dedicated cycle routes, what works well is quietening back streets to reduce through traffic? My hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) explains how her local authority has done that. That makes the environment safe for cyclists and pedestrians without the need for dedicated cycle routes.

Chris Green: I appreciate that. It sounds like a great use of local initiative. We must be very careful about prescribing too much and telling local authorities, “This is what you must deliver and how you must deliver it.” They must reflect local circumstances and ideas for the local community, because they can make a huge difference.

Many cyclists see how much priority councils sometimes give to maintaining cycle lanes—if a cycle lane is unusable, is it really a cycle lane? We often see overhanging branches, impassable potholes, large puddles, parked cars and poor-quality surfaces, which are especially noticeable for those on racers. I have a racer, and I cannot use some cycle lanes. I have to go on the road, simply because of the nature of the bike. I wish I had four bicycles so that I could choose one appropriate to the road surface. All cycle lanes should conform to the Department’s design guidance, but too often it seems the bare minimum is done rather than what most cyclists

want. The design should be centred on cyclists’ needs. It would be better if more people cycled—if those who made decisions about cycle tracks were cyclists, they would understand better what should be implemented. It is particularly important to have good cycle tracks for disabled people who are able to cycle and use a bike as a mobility aid, but find that the infrastructure is working against them.

As a cyclist, I am acutely aware of the lack of good-quality bicycle racks, which, by their presence alone, promote cycling. If we create the right environment, the cyclists will come. Our local authorities have a duty to provide an environment suitable to support and promote cycling.

Sir Oliver Heald (North East Hertfordshire) (Con): Does my hon. Friend agree that good-quality cycle racks, in quantity, are important at railway stations so that people can interact with another form of transport that might take them to London or another city?

Chris Green: Absolutely. It is important that cycling is part of a daily routine, perhaps as part of a journey if not the whole journey. I was thinking earlier about Bolton station, a major station serving many of my constituents, who have to travel all the way through the station to one of the platforms to drop their bike off at the cycle rack. Then on the return trip, instead of just being able to just pick it up at the entrance and off they go, they must make an awkward journey through rush-hour passenger traffic. It is important to have the right facilities at railway stations.

Naturally, interest in cycling naturally peaks with the Olympics and the Tour de France, which generate a great deal of interest in cycling as a sport, but we need to ensure that people feel that they can cycle as part of their daily routine. Good governance is essential in improving investment in cycling and the execution of that investment in local government and communities. Many hon. Members will be aware of the Government’s cycle to work scheme, which operates as a salary sacrifice employee benefit. Employers buy or lease cycling equipment from suppliers and hire it to their employees. Employees who participate in the scheme can save up to about 40% on the cost of a bicycle and cycling safety equipment. More than 600,000 employees have participated in the scheme to date. I have heard anecdotally that councils have a slightly lower take-up rate than the private sector, which is not only a concern for the health of council workers but is perhaps suggestive of councils’ enthusiasm for cycling.

The cycle to work scheme provides a mechanism to change the perception of cycling and sustainable travel and behaviour towards it. The Cycle to Work Alliance’s recent survey showed that 62% of participants were non-cyclists, novice cyclists or occasional cyclists before joining the scheme. Having joined, 79% of respondents described themselves as enthusiastic cyclists.

John Stevenson (Carlisle) (Con): I congratulate my hon. Friend on securing the debate. In Pendle, a huge number of firms have taken advantage of the Government’s scheme. One is Carradice cycle bags in Nelson, in my constituency. It has seen a huge increase in the number of employees cycling to work thanks to the Government’s initiative, so it is important to continue it in the years to come.

Chris Green: It is fantastic to hear about the impact of the Government's scheme in the private sector, and about bosses encouraging people to live healthy lives on daily basis, which will make a difference to people. There will be all kinds of other benefits.

In setting out the process and timescales for the first cycling and walking investment strategy, the Government are seeking to ensure that local government and business partners design places and routes for people travelling by bicycle or on foot at a local level across the country. Members will be aware that funding for the strategy, which has not been done before, is to be allocated on the same basis as that for rail, motorways and main A roads, with £300 million dedicated to cycling and walking over the next five years.

Mrs Helen Grant (Maidstone and The Weald) (Con): I, too, congratulate my hon. Friend on securing the debate. Although a lot more people are cycling, which is good, does he agree that more effort needs to be made to ensure that people from black and minority ethnic communities and deprived communities also have that opportunity?

Chris Green: Absolutely. There is a perception that cycling is for young to middle-aged white men. Those who cycle in competitions and on the sporting side are representative of those who cycle in society as a whole, and we need to encourage people throughout society to cycle. That is why it is so important that London and our cities develop cycle routes.

Greg Mulholland (Leeds North West) (LD): I congratulate the hon. Gentleman on securing the debate. I share his passion. In Otley, we are proud to have the women's road cycling world champion, the wonderful Lizzie Armitstead, who was nominated for sports personality of the year. We welcome the fact that we have the first women's Tour de Yorkshire starting in Otley this year. We must use that to get more women and girls cycling both recreationally and for sport.

Chris Green: That sounds like a fantastic opportunity to promote women's cycling. So much more can be and is, I am pleased to hear, being done to promote role models to show that more people from all kinds of backgrounds can and should participate in cycling, both on the recreational side and for its utility in daily life.

I emphasise that the strategy is about a desire for walking and cycling to become the norm for short journeys or as part of longer journeys. Cycling does not need to be reserved exclusively for exercise—in other words, people pursue it as a sport and have to spend a huge amount of money on a bicycle and wear Lycra. In fact, it is the non-Lycra side of cycling that we need increasingly to promote. Cycling should be seen not as an expensive sport, but as a normal activity that people can undertake while wearing normal clothes and on an affordable bicycle.

Through the promotion of cycling, the Government are creating a catalyst for attitudinal change towards modes of transport and an active lifestyle. Integrating cycling into routines for small journeys, whether that involves popping to the local shop for groceries or cycling to work each day, can have a profound effect on health.

Sport England has reported that 27.7% of adults in England do less than 30 minutes of moderate physical activity a week. It is now feared that, for the first time, children's life expectancy will be lower than that of their parents because of physical inactivity. Shockingly, one in six deaths is now linked to physical inactivity, which is on a par with smoking as a cause of death. Only yesterday, in the Select Committee on Science and Technology, we heard Professor Dame Sally Davies, the chief medical officer, giving evidence and describing us as living in an "obesogenic environment"—that does not sound very positive.

I hope that in this short time I have highlighted the considerable benefits of investment in cycling for the national economy, local government and community wellbeing and the considerable health benefits that people of any age, gender, fitness level, income or background can get from cycling. It is encouraging to know that, as a country, we are improving on our investment in and promotion of cycling. However, we must keep pressing the issue to avoid complacency and build on the achievements thus far. There is no quick fix or easy solution to create a change in cycling. We need strong leadership from central Government and commitment from local government. There is a great deal more that we can do to get Britain cycling.

I ask the Minister to respond by giving us an update on the Government's cycling policy and by explaining his intentions and ambitions for the cycling and walking investment strategy, which will be published this summer, and what more the Government can do to ensure that the aim of a "cycling revolution" is achieved.

Mr Peter Bone (in the Chair): Nine hon. Members have put in to speak, and we will try to get through as many as possible. I am therefore happy to impose a three-minute limit on speeches. The House is likely to divide at 5 pm, in which case the sitting will be suspended for 15 minutes if there is one vote, but if we can get back here earlier, we will start earlier.

4.53 pm

Mr Ben Bradshaw (Exeter) (Lab): I shall be brief to allow as many colleagues to speak as possible. I congratulate the hon. Member for Bolton West (Chris Green) on securing the debate and on the very salient points that he made. This is the umpteenth debate that we have had in the House since I was elected in 1997, and I want my remarks to focus on the financial commitment to this agenda.

The report by the all-party group in the last Parliament was an important report that all the Back-Bench members signed up to. The Prime Minister declared that he wanted to see a cycling revolution in this country. The Minister is a man who, thankfully, has been in the job for some time, so he knows about it. I believe that he is sincerely committed to this agenda.

We made it clear that the essential components of a successful cycling strategy were political leadership and a sustained funding commitment. The hon. Member for Bolton West was partly right when he talked about the level of funding that the Government have now committed, but the figure that he referred to included London, and London massively skews the overall figures. The overall amount that we are currently being offered in terms of cycling investment is still little more than £1 per head per

year, in contrast to the £10 per head per year that the all-party group report said was a starting point, leading to £20, which is equivalent to what most other European countries spend.

We will not deliver the cycling revolution that the Prime Minister spoke about without significant extra resources for cycling. My one request of the Minister is that he explain something that he and predecessors have not really been able to explain to me. We are talking about such a tiny amount of money—a fraction of his roads budget, for example, and a fraction of his overall strategic transport budget. All he would need to do is reallocate a very small amount of money that is already committed to other things—we are not asking for more money from the Treasury—to cycling, and he would deliver the cycling revolution that the Prime Minister says he wants, so my simple question for when the Minister responds is: why can they not do that?

Mr Peter Bone (in the Chair): When the House divides, could I see the Minister, the shadow Minister and the Scottish National party spokesman here?

4.55 pm

Alex Chalk (Cheltenham) (Con): I, too, congratulate my hon. Friend the Member for Bolton West (Chris Green) on securing the debate and on his excellent speech. I declare an interest: I am a cyclist and I am a co-chair of the all-party cycling group. But as has already been intimated, the problem is that I am far too typical. The reality of cycling in the UK is that it is disproportionately the preserve of young to middle-aged males. We will be sure that we have done a half-decent job on cycling only when we have as many women as men cycling in our country, and we will know that we have done an excellent job only if the sight of women cycling with their children becomes far more routine than it is now.

The case for cycling is not some ill thought out, muddle-headed notion; it is hard-headed, practical and robust. As we have heard, the economic case is clear, particularly when it comes to utility cycling—by that I mean the daily commute or short journeys. A healthier population places a smaller burden on the NHS and, as has been said, people who cycle regularly in middle age typically enjoy a level of fitness equivalent to that of someone 10 years younger. That makes my hon. Friend about 25, I think—close.

There are so many advantages to cycling, but I cannot go through them all now. However, when we are calling for more funding, it is in reality a call for investment that over time will yield a good return for our society, for the taxpayer and for the planet. I believe that the Government are committed to increasing cycling participation. We have had very useful and constructive meetings. However, I gently suggest that funding sources for cycling are not as clear as they might be, because they are divided across various pots: the Highways England cycling fund, the Bikeability pot, the cycle city ambition grants, the access fund and the local growth fund. I invite the Government to clarify the available funding, so that we can be absolutely clear on what funding exists for cycling and what scope exists for improving it in our country.

The key ask, the bottom line, is that we will get a step change in cycling participation only if we invest in segregated highways on our urban arterial routes. Cyclists need that physical separation to feel truly safe. There is

no way I would take my children out in a cycle trailer without one, and that is a shame. We need to look at segregation and at 20-mph speed limits in residential areas if possible.

I am very grateful for the work the Government have done so far. I urge them to go further and, in particular, to clarify the funding streams, because the prize for our society, for taxpayers and for the planet is great indeed.

4.58 pm

Jim Shannon (Strangford) (DUP): It is a pleasure to speak in the debate. I congratulate the hon. Member for Bolton West (Chris Green) on initiating it and thank him as well.

Cycling has been a somewhat surprising and unsung hero of the emerging leisure industry in Northern Ireland. When I come to this Chamber to speak on anything, I always try to give a Northern Ireland perspective. I know that this is a devolved matter, but we are aware of the importance of cycling. We have come from the dark days to host the start of the famous Giro d'Italia, which went through my constituency, which attracted many people for the charity ride—those who perhaps were not ardent cyclists, but wanted to participate in the charity part—and which attracted many people to watch it as well. There is a plethora of outstandingly beautiful routes, including the Comber Greenway in my constituency. We have one route from Comber through to Dundonald. It was organised by and paid for by Sustrans. The great thing about it was that it gave people on bikes as well as pedestrians a chance to follow their sport in a safe fashion.

We have the Mourne coastal route and a whole host of coastal roads across the area of outstanding natural beauty in my constituency of Strangford. North Down Cycling Club regularly has its races up and down the Ards peninsula. Cycling provides a boost not only to the leisure industry, but to tourism. We are part of the fight against obesity.

Just this week, my party colleague Michelle McIlveen, an MLA and Minister for Regional Development, has launched what has been hailed by local cycle campaigners as a “cycling revolution.” It is always good in Northern Ireland—and, indeed, in Ireland—to say we are having a revolution that involves not guns, but cycling. We have spent some £800,000 on the trial scheme, which includes three cycling routes through Belfast. One route links the east to the west, which is important because it unites Unionists and nationalists. It brings the communities together. Cycling has not just been a leisure activity; it has united the communities of both sides of Northern Ireland.

Northern Ireland Greenways campaigner, Jonathan Hobbs, hailed the plans as a “radical” shift in the right direction, commenting:

“These plans were produced by a dedicated Cycling Unit which is now working across government with a growing budget”. Belfast Bikes recently received its 150,000th journey, so there is an impending cycle revolution. Cycling lanes in Belfast are clearly used, and cycling is a popular pastime for enjoyment and recreation.

All those things provide the momentum that has led to cycling taking off in Northern Ireland. As well as all the positive developments, the Stormont Assembly has an all-party group on cycling. Only by investing in safe cycle routes, as many of my party colleagues have done

[*Jim Shannon*]

in Belfast, can we begin to promote cycling not only as a recreational activity, but as a viable alternative form of transport. I wholly support this debate and congratulate the hon. Member for Bolton West on securing it. I look forward to hearing other thoughts from people across the whole United Kingdom of Great Britain and Northern Ireland, where we are better together.

5.1 pm

Sitting suspended for Divisions in the House.

5.22 pm

On resuming—

Mrs Flick Drummond (Portsmouth South) (Con): I thank my hon. Friend the Member for Bolton West (Chris Green) for securing this debate.

As a cyclist myself, although I do not wear Lycra, I am fortunate to live in Portsmouth, a compact, flat city in a beautiful setting, with the sea, two harbours and the Hampshire downs behind it. Portsmouth should be a paradise for cyclists, but in fact its casualty rate for cyclists is one of the highest in the country; indeed, it was second only to London in 2014. During a five-year period, 157 cyclists were killed or seriously injured on our streets, and quite rightly local cyclists are lobbying strongly for improvements to our roads, and for cultural change to bring that terrible figure down.

We have some great national groups fighting for cyclists, such as the CTC, but the figure I have just quoted comes from our excellent local cyclists group, the Portsmouth Cycle Forum. It has produced a strategy document called “A City to Share”. The vision of that document, and mine, is to make Portsmouth the cycling capital of the UK, and given what I said a moment ago about the city’s geography, people will see why that makes sense. The strategy document identifies five goals: a safer city; improved health outcomes; a stronger local economy; a better environment; and a more liveable city for everyone, not just cyclists.

Another source of inspiration for everyone is the Tour de France, which Portsmouth City Council hopes to bring back to our streets. We were lucky to be visited by the Tour over 20 years ago, and I know that the cyclists and organisers had a fantastic time touring our historic streets in Portsmouth and the beautiful Hampshire countryside. Since then, Portsmouth has seen a huge amount of renewal and the city would like to have le Grand Départ in 2019, to coincide with the 75th anniversary of the D-day landings. Any help the Minister can give to ensure that that event comes to Portsmouth would be helpful, not least to tourism. Any help—financial or otherwise—would be great.

I hope that, through the access fund, it will be possible to get support for a thorough survey in Portsmouth, so that we can match up the vision set out in “A City to Share” with the city council’s road strategy. We need to do that because the roads in Portsmouth are under growing pressure.

Finally, while we are debating cycling here in the context of what the UK Government can do, I want to remind everyone that there are all sorts of cycling schemes operating across the EU. Having recently pointed Portsmouth City Council in the direction of one such

scheme, called FLOW, I want to make sure that everyone is getting the best out of the various programmes in Europe. We can learn a lot from best practice on the continent but, as with many other areas of policy, I am not sure that we are yet very good at ensuring that we tap into all the resources that are available through the European Union.

5.24 pm

Greg Mulholland (Leeds North West) (LD): I congratulate the hon. Member for Bolton West (Chris Green) on securing this important debate and I look forward to working with him and all hon. Members to push this agenda forward.

I am very proud to represent a region that has clearly become the UK capital of road sport cycling, with the incredible success of the Tour de France being followed up by the Tour de Yorkshire. We also have the inspirational Lizzie Armitstead, who is from Otley and who has become the women’s road race world champion, having won the silver medal in the women’s road race at the London Olympics; in fact, hers was the first medal won by a Team GB athlete in the 2012 games. Of course, we also have the Brownlee brothers in the triathlon, one of the three disciplines being cycling. To see them out cycling inspires local people.

One message coming out very strongly today is that we need to invest in cycling, both at the sporting level and in terms of infrastructure and recreational cycling. They are linked, because one leads to the other, if the first is properly inspired. However, the infrastructure must be there.

The “bang for your buck” that comes from investing in cycling is really quite remarkable. The cost of staging the three days of le Grand Départ of the Tour de France was £27 million, of which £10 million came from a Government grant, which was much appreciated. The staggering boost to the UK economy from that investment was worth £130 million.

Regarding infrastructure, I was delighted that the coalition Government backed the Leeds and Bradford Cycle Superhighway. When that route is completed, it is expected that 9,000 trips will be made on it every single day. The coalition Government put in £18 million towards it. Again, that shows the change that such investment can make.

Of course, we need to make sure that the success in the sport of cycling, which is welcome, leads to more people just getting on their bikes to go to work, to school or to the shops. I pay tribute to the Leeds Cycling Campaign for the work it does, because that work is part of the real legacy when it comes to changing the culture in a society, which is what we need to do. We need education as well as investment in infrastructure.

Where we can have cycling lanes, we should have them, and we should plan them into both road schemes and light rail schemes. I want to see more of those schemes as well. However, where that is not possible we need more innovative solutions, such as the Superhighway and cycling-friendly routes across medieval cities.

My final plea to the Minister is this: will he back the four-day Tour de Yorkshire next year, because that event will make a huge difference and get even more people in our beautiful county and our wonderful country on their bikes, which is clearly what we all want to see?

5.27 pm

Pauline Latham (Mid Derbyshire) (Con): It is a delight to serve under your chairmanship again, Mr Bone.

I congratulate my hon. Friend the Member for Bolton West (Chris Green) on securing this important debate. I wish to follow on from my hon. Friend the Member for Cheltenham (Alex Chalk), who talked about women and children cycling. In my constituency, I have literally hundreds and hundreds of cyclists, but they are not families. Families are frightened to go out on bicycles. The most amazing world heritage site—the Derwent Valley Mills—is in my constituency, but cyclists cannot get to it. We cannot encourage tourists in, because they cannot get to it. To reach it, cyclists have to go up the main A6. There is no sensible place to put a cycle route, so we need an off-road, dedicated cycle route, but one that can be used by walkers and others as well, so that it is multi-use.

I have got a group of local people working towards plotting such a cycle route. They are working with all the local authorities, who are mainly on board, apart from Derbyshire County Council, which does not like to do anything in a Conservative area. Everybody else is on board.

We need that cycle route, so that we can encourage tourism into Belper and other places. We can get people cycling for leisure, instead of having to put their bikes on their cars to drive out into the countryside to go on the various trails. I do not have a cycle route in my constituency at all, which is a real deficit for people who genuinely want to get out and take their families out, without having to make a major journey to do it. They want to be able to just take their kids out for a cycle on a Saturday or Sunday afternoon. That dedicated route would help that happen and encourage more and more people to cycle.

Mary Robinson (Cheadle) (Con): I congratulate my hon. Friend the Member for Bolton West (Chris Green) on securing this debate. I wholly agree with my hon. Friend the Member for Mid Derbyshire (Pauline Latham) on this point. It is great that we get the investment—in Greater Manchester there has been £40 million of investment in 100 km of cycleways, and there have also been smaller schemes, such as the cycle friendly district centres scheme—but it is crucial that we also have the feeling of safety. Perhaps we could increase driver awareness—their consciousness of cyclists on the road and their safety.

Pauline Latham: My hon. Friend is right that we need to raise awareness, but with a road such as the main A6, which is just a two-lane road with huge lorries—sometimes those lorries are coming from quarries and going all over the place—it is dangerous for anyone, whether man or woman, and definitely so for a child.

I implore the Minister to look at how we can get more people off the road in my constituency and on to cycle routes, because I know that there is demand. That would not only help the leisure cyclist, but commuters coming into or going out of Derby—some do commute out for work. Removing cyclists from the main road could benefit the whole population by making cyclists' lives safer and helping prevent traffic congestion caused by cyclists weaving in and out. They can cause hold-ups. I would like to see that dedicated cycle route happen,

so I hope that the Minister will give us a crumb of comfort that he might look at investing in that route in Mid Derbyshire.

5.31 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): It is a pleasure to serve for the first time under your chairmanship, Mr Bone. I congratulate the hon. Member for Bolton West (Chris Green) on securing this important debate, which is on an issue we can all get behind. Time does not allow me to go into a lot of detail, but the Scottish Government are committed to the largest transport investment programme that Scotland has ever seen. That includes investing in cycling infrastructure. Cycling is beneficial, not only for the local environment but for health and wellbeing, too. There were pilot schemes in Scottish towns between 2008 and 2012 under the “Smarter Choices, Smarter Places” programme. Under those schemes, which aimed to encourage cycling, it was found that attitudes towards the local community and neighbourhood became much more positive and ratings of the area improved, too.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): Will my hon. Friend join me in congratulating community initiatives such as CamGlen Bike Town in my constituency and organisations such as Healthy n Happy and Cambuslang Community Council on the work they do in promoting cycling and safe cycle routes?

Drew Hendry: I certainly will. I hope to mention briefly a couple of such schemes in my constituency, but there are many such schemes in all the nations of the UK, and they are to be congratulated. Studies have found that cyclists spend more in local shops. They are good at consuming locally, because they pass those places.

This is a life and death issue. I was pleased to be present when Sir Harry Burns, a former chief medical officer of Scotland, gave us a presentation on the causes of early death. We might expect those to include a range of diseases, such as cancer and heart disease, and those are important and should be tackled, but by far the biggest factor is a lack of exercise. Cycling is a great way to challenge that and to get people to be healthy again. We must encourage people to live healthier lives. In Scotland, cycling as a main mode of travel has seen a 32% increase since 2003. The UK Government published their own strategy in December, but I hope that they will also look at the successful work of the Scottish Government in this area.

Inverness aims to be Scotland's cycling city. Some 5.6% of people make their journeys to work by bike. We have four out of the top 10 council wards in Scotland for cycling to work. Nairn, Badenoch and Strathspey schools have received funding for projects through the Scottish Government's “Cycling, Walking and Safer Streets” initiative, and that has also helped. Some 64,000 people have used the Millburn Road cycle route since November 2014, which is a massive indication of the importance of that route.

In my constituency, we have the Velocity cafe and bike workshop. It is a social enterprise running several projects, such as “Women's Cycle to Health”. The bike academy teaches mechanics in its shop. The Go ByCycle project works with four Inverness schools and offers workplace sessions on bike mechanics and safer routes

[*Drew Hendry*]

to encourage people to get on their bikes. Kingussie was selected by Cycling Scotland to help develop a new cycle friendly community award. Next week I will be attending the launch of a new vision, “Cycling INverness: Creating a City Fit for the Future”, and I hope the Minister will join me in welcoming that initiative. Finally, I make a plea to him to protect the salary sacrifice scheme. It is a tax-efficient and beneficial scheme, which helps create better outcomes for health and wellbeing. I hope he will commit to ensuring that it is protected.

5.35 pm

Andrew Stephenson (Pendle) (Con): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Bolton West (Chris Green) on securing this important debate and other Members on their contributions.

In the time I have represented Pendle, cycling has become an ever more important part of everyday life, whether that is as an activity that people participate in or through events that provide amazing spectator opportunities. In my maiden speech back in 2010, I made reference to the national road race championships, which showcased Pendle’s wonderful countryside and villages to potential future visitors. That major sporting event paved the way for similar events, such as the Colne grand prix that sees my home town centre turned into a race track for a night of racing every July. Most notably, stage 2 of the Tour of Britain last September showcased Pendle and Ribble Valley in all their glory.

Such events are more than just fun memories; they contribute to the local economy. The Tour of Britain itself brought more than £3 million into Pendle and Ribble Valley. Pendle is lucky to have many vibrant businesses linked to cycling, such as Hope Technology in Barnoldswick, which the Prime Minister visited in April 2013. It is a fine example of a firm that is benefiting from the increased interest in cycling in the UK. More than 2 million people now participate in cycling at least once a week. The interest is so great that the company has ambitious plans to build a velodrome to aid its research and development and to create an amazing facility open to the community. I think it would be the first velodrome built in the UK outside a major city.

I cannot let the opportunity pass without mentioning our Olympic hero and gold medallist, Steven Burke. His success at the London 2012 Olympics continues to be an inspiration to many aspiring riders, young and old, in Pendle. That is nowhere more evident than at the Steven Burke cycle hub, a 1 km enclosed floodlit cycle track that opened in 2015 thanks to funding from British Cycling and Sport England’s inspired facilities fund. From that excellent community facility, Cycle Sport Pendle continues to train the next generation of cyclists.

Cycling is of course much more than a spectator sport and an enjoyable pastime; it is a mode of transport. That is why I particularly welcome the Department for Transport’s announcement in December 2015 that £50 million would be provided to fund Bikeability training in our local schools. I had the pleasure of attending a Bikeability session at Sacred Heart Primary School in Colne, where I spoke to the young people involved. They told me how important it was to learn how to ride

safely on our roads. Teaching young people to ride safely is important. The Government’s Cycle to Work scheme, which my hon. Friend the Member for Bolton West mentioned, is also important.

I urge the Minister to ensure that we take the opportunity to improve our cities, towns and villages for cyclists, so that we continue to see an increase in the number of people taking to two wheels.

Mr Peter Bone (in the Chair): The Front-Bench spokesmen have been gracious in reducing the time they will take, so I call Ruth Cadbury and ask her to be brief, please.

5.38 pm

Ruth Cadbury (Brentford and Isleworth) (Lab): It is a pleasure to serve under your chairmanship, Mr Bone. Along with the hon. Member for Cheltenham (Alex Chalk), I co-chair the all-party parliamentary cycling group, and I refer the Chamber to its 2013 report, “Get Britain Cycling”.

I want to try and resist using the term “cyclists”, as it might imply that people who ride bikes are in some way a protected category. Most households have at least one bike in their shed or garage. Many people cycle occasionally and some cycle regularly. Many more would cycle regularly if they were encouraged to and if they felt their route was safe.

The advantages of cycling for people’s health, the economy and the public purse are clear and have been alluded to by other speakers today. However, to increase cycling, we need to see not only financial investment from the Government, but investment in political leadership and policy development and the setting of a good example. If the Dutch Government can make the journey that they have made over the past 30 to 40 years, there is no reason why the UK Government cannot follow.

Safety is at the heart of the investment strategy, for people will not get on their bikes unless they feel safe. There are a number of examples of improvements that need not cost the public purse anything but which could be described as investment in cycling. Transport for London has trained 20,000 heavy goods vehicle drivers in cycle awareness and many thousands of cyclists in HGV awareness. The “Exchanging Places” programme educates HGV drivers and cyclists in London about the problems of visibility from the driver’s cab of a cyclist trying to pass. That is now being rolled out in other cities.

There has been work in London to improve the mirrors installed in drivers’ cabs, and also to install alarms, but we ask the Department for Transport to make those mandatory. If TfL can enforce such standards in London, the Department and police authorities can surely work together to do that nationally. It would be really helpful if the DFT required all HGVs to install full-length windows on their left-hand cab doors—a small expense if it can save a life. While waiting for EU law to catch up, the DFT could set an example by requiring all contractors on major transport schemes to use such cabs.

The all-party group on cycling has invited the Secretary of State for Transport to see for himself a new generation of HGVs—I invite the Minister to see them too—as used by a company called Cemex; the lorries are made by Mercedes. We hope to bring a demonstration model into the precincts of the Palace of Westminster so that all parliamentarians can see it.

Many Members will join me in expressing deep concern about today's story from Nottinghamshire that the Crown Prosecution Service is unable to prosecute the driver of a hire car who was filmed carrying out a brutal and deliberate hit and run attack. There is not a good defence. Nottinghamshire police can surely work out who drove the car and enforce the law.

We seek a single, national set of design guidelines, building on the excellent work of TfL and the Welsh Assembly. I hope the DFT will put aside a modest budget to house a repository of good practice knowledge.

5.41 pm

Stewart Malcolm McDonald (Glasgow South) (SNP): It is a pleasure to serve under your chairmanship for the first time, Mr Bone. Like other Members, I congratulate the hon. Member for Bolton West (Chris Green) on securing the debate this afternoon. In his opening remarks, he noted that cycling is an important part of transport policy, and he is absolutely right to mention that. Although there is a good story to tell on cycling across the UK, it could be so much better, as has been highlighted by every contribution made.

There might be a question as to why Scottish Members wish to contribute to a debate on an issue that is entirely devolved, but I hope the fact that Sir Chris Hoy comes from our part of this island puts to bed any question over our interest in cycling.

We are meeting here in the great cycling city of London. On Friday morning, I will take the Eurostar train to Paris. To take my bicycle, I would have to box it up and pay a fee of £30 to get to another great European cycling city. That would cost me more than the ticket cost me to get there in the first place—I happened to find a good deal in a sale, but it is more expensive to take a bike on Eurostar, so I hope the Minister will have discussions about that.

In my constituency in Glasgow we had the Commonwealth games, as a result of which there has been an enormous interest in cycling. Cathkin Braes in my constituency overlooks the entire city of Glasgow. There is a fantastic new development there involving the national lottery and Ardenglen Housing Association to create a new mountain biking facility. The great thing about it is that there is a special interest in making sure that it is available to local people and not just the middle-class, middle-aged men who we have heard about this afternoon. I invite all Members in this debate to come to Menock Road in my constituency and look at some of the hellish cycle lanes put down by Glasgow City Council. They will have to cycle through bins, bus stops, lamp posts and people's driveways to have a safe cycle up and down that street.

The ambitious target in Scotland of 10% of all journeys being made by bike is an example to the UK Government. My hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) has already outlined some of the things the Scottish Government are doing and the fact that cash has been put in place to get more people on to their bikes. There is therefore no need for me to rehearse that, but it is something that central Government and devolved and local government can work well on, so that we start to look more like European cycling cities than we do at the minute.

The hon. Member for Brentford and Isleworth (Ruth Cadbury) rightly mentioned the Dutch example, which has been an excellent example of a cycle-friendly place for many years. I think Members of all parties want to see the UK Government catching up with that.

5.44 pm

Daniel Zeichner (Cambridge) (Lab): It is a pleasure to serve under your chairmanship, Mr Bone. I congratulate the hon. Member for Bolton West (Chris Green) on securing this debate.

We have heard a wide range of strong contributions today, including from my right hon. Friend the Member for Exeter (Mr Bradshaw), who asked the Minister exactly the right question: why can't we do it? Let us hope the answer is "Yes, we can". We also heard from both co-chairs of the all-party group. I want to follow up on the comments that my hon. Friend the Member for Brentford and Isleworth (Ruth Cadbury) made about safety.

I recently met Kate, who is here watching the debate today. Her husband, Martyn, died in 2011, while on a charity cycle ride, after hitting a pothole and ending up in the path of a car. The Government said in their recent road safety statement:

"Behind each and every collision statistic there is an individual story."

They are right: these are real policies that affect real lives. That is why investment in cycling infrastructure and safety must never be an afterthought. Kate is here today because she is passionate about making sure that we do everything possible to make sure that what happened to Martyn does not happen to others.

Mr Andrew Smith (Oxford East) (Lab): I am grateful to my hon. Friend for giving way. Does he agree that we really do need concerted action to make sure that urban design guides—street scene manuals—factor in safe and, wherever possible, segregated provision for cyclists, because it does not happen enough?

Daniel Zeichner: My right hon. Friend is absolutely right.

A few years ago, buoyed up by the fantastic British cycling achievements in the 2012 Olympics, the Prime Minister promised a cycling revolution, but as so often he has failed to deliver on that promise. He has back-pedalled. There is a real gap between the Government's rhetoric and the reality for cyclists.

The Government say that funding for cycling in our country has risen to £6 per person per year, and that it is at over £10 per person in London and the eight cities that secured cycle city ambition grants. The figure of £10 was recommended by the all-party group in its excellent report, "Get Britain Cycling", and I pay tribute to my predecessor, Julian Huppert, along with my hon. Friend the Member for Dudley North (Ian Austin), for their work. So far so good. What the Government will fail to mention is that while funding levels in London and the cycle cities lift the country's average, funding for cycling outside those areas, after the spending review, is projected to be around just £1.39 per person.

Furthermore, the cycling and walking investment strategy is slowly making its way forward not at a cycling pace, nor at a walking pace, but at perhaps a snail's pace. How will it be funded? Cycling has apparently been allotted £300 million in funding until 2021, but as

[*Daniel Zeichner*]

we push for further detail, we seem to repeatedly run into a brick wall when attempting to get from the Government how much they actually intend to spend. In fact, in answer to a written question that I tabled about funding levels outside of London and the cycle cities in November, the Minister said:

“It is not possible to predict the geographical distribution of other funding for cycling at this stage.”

It therefore seems that the Department for Transport is unable to predict the outcomes of its own spending commitments. Indeed, funding has been disconnected, as others have said—split between various initiatives, bundled into grants, not ring-fenced—and data on local authority spending are no longer centrally collated.

What we do know is that the £300 million that has been promised for cycling over this Parliament includes the £114 million for the cycle city ambition grants and continued funding for Bikeability training, which we support. What funding, if any, will be left over to fund the investment part of the cycling and walking investment strategy?

There is a real danger that the Government are drawing up an investment strategy with no investment. That matters, because the strategy to improve infrastructure, which was included in the Infrastructure Act 2015 after a powerful campaign, is key to increasing cycling safety. The Conservative party promised in their election manifesto, “to reduce the number of cyclists and other road users killed or injured on our roads every year”,

but the Government have failed to set national road safety targets, claiming that it is a matter for local authorities and thereby trying to absolve themselves of responsibility.

This debate is really important, because cycling safety is a key factor in encouraging people to get on their bikes in the first place. Anxiety and fear about safety stops many people cycling, especially women and older people. In London, three quarters of those aged 65 and over can ride a bike, yet only 6% ever do. Two thirds of non-cyclists and half of all cyclists say that it is too dangerous for them to cycle on the road. We must put in place the right measures to make cycling a safe, accessible mode of transport for all, whatever a person’s age or gender.

5.49 pm

The Minister of State, Department for Transport (Mr Robert Goodwill): I congratulate my hon. Friend the Member for Bolton West (Chris Green) on securing this important debate on investment in cycling. Indeed, as part of the Greater Manchester cycle ambition programme, new cycleways are being built in his area: there will be some in Bolton town centre and a route towards Salford along Archer Lane. I also congratulate the hundreds of Twitter users who helped to instigate this debate.

This subject is as close to my heart as it is to the public’s, as I am a self-confessed sprocket head. Indeed, I have made three cycle journeys already today, and before joining the Government I was an active member of the all-party group on cycling. Last week, I spoke in front of that group for an hour, so although my time today is very limited, many of the Members present will have heard what I had to say on that occasion. Also, I was proud to be at last year’s Tour de Yorkshire finish line in Scarborough.

The short answer to the questions asked by the right hon. Member for Exeter (Mr Bradshaw) and the shadow Minister is: yes, we can. But we are of course in an era of devolution of power and budgets. We need to trust the people in the local enterprise partnerships, local authorities and combined authorities to understand the importance of cycling. The evidence so far is that that is working. Indeed, I had a meeting with some LEPs today and made it clear that cycling should be central to some of their work.

The Government want to create a walking and cycling nation, where cycling and walking become the norm for short journeys or as part of a longer journey. Our vision is of streets and public places that support walking and cycling, and a road network where infrastructure for cycling and walking is always being improved. The evidence tells us that more people would cycle if cycling on the road was made safer—incidentally, the risks in London are about the same per kilometre for cycling as they are for walking, but we do not hear people saying, “You must be crazy to walk in London.” The evidence also suggests that the greatest opportunity to increase the levels of cycling in England is to focus investment on providing infrastructure in dense urban environments and towns. Cities that have invested in infrastructure have seen significant increases in cycling.

The cycling and walking investment strategy will go some way to delivering our vision for cycling. In February 2015, the Government introduced through the Infrastructure Act 2015 a duty on the Secretary of State to set a cycling and walking investment strategy in England. Our first publication, “Setting the first Cycling and Walking Investment Strategy”, was published on 17 December 2015. It set out the timescales for publication and our intended structure for the strategy. We aim to consult on a draft first strategy in the spring, with the final strategy published in the summer.

In 2010, under the Labour party, for every person in this country £2 was spent on supporting cycling. Spending on cycling is currently around £6 per person across England and, as we have heard, around £10 per person in London and our eight cycling ambition cities. In future, long-term funding will be available from a wide range of sources, including the new access fund, the integrated transport block, the highways maintenance block and the local growth fund. That means that everywhere that wishes to invest £10 per head will be able to. Local enterprise partnerships are also doing what they can.

In conclusion, the Government understand the importance of a cycling revolution. We absolutely back the Prime Minister in wanting to have that revolution, and we are delivering it with both money and policies.

Mr Peter Bone (in the Chair): I congratulate the hon. Member for Bolton West (Chris Green) on securing the debate. We have had 13 speeches and 16 interventions in an hour.

Question put and agreed to.

Resolved,

That this House has considered Government investment in cycling.

5.52 pm

Sitting adjourned.

Written Statement

Wednesday 3 February 2016

CABINET OFFICE

State of the Estate: 2014-15

The Minister for the Cabinet Office and Paymaster General (Matthew Hancock): I have today laid before Parliament, pursuant to section 86 of the Climate Change Act 2008, the “State of the Estate in 2014-15”. This report describes the efficiency and sustainability of the Government’s civil estate and records the progress that Government have made since the previous year and since 2010. The report is published on an annual basis.

In the past year, the Government have saved £842 million by selling empty buildings and exiting expensive rentals. Since 2010, we have raised £1.8 billion in capital receipts and reduced the size of the estate by nearly a quarter, exiting 2.4 million square metres of unneeded space—an area larger than the entire state of Monaco. All this has been achieved while cutting carbon emissions by 22%.

The amount of space used by an average staff member in our offices fell to 10.4 square metres in 2014-15, from 11.3 square metres in 2013-14, a reduction of 8% in one year. This is an enormous achievement, and makes the UK Government one of the most space-efficient major organisations in the world. But we can achieve even more. A new space target of 8 square metres per person was set on 1 January 2016, and we are confident of meeting this target by the end of March 2018.

We will also adopt the new international property measurement standard introduced in January 2016 by the Royal Institution of Chartered Surveyors, which will future-proof the way we measure Government buildings and ensure consistency across the UK and internationally.

Our drive for more modern, efficient and smarter workplaces for our workforce continues. The autumn statement confirmed and funded three key cross-departmental property programmes for this Parliament. The first is the Government hubs programme to reduce the Government estate from 800 buildings to fewer than 200 by 2023. Departments’ workforces within a locality will be accommodated in 18-22 multi-departmental hubs across the UK, allowing us to achieve economies of scale, enabling easier cross-departmental collaboration as well as having important benefits for recruitment and retention.

Within this programme is the Whitehall campus project. Government’s central London estate has already reduced from 181 separate properties in 2010 to 54 now, and we expect this number to fall to some 20 efficient, fit-for-purpose buildings by 2025, supported by smarter working. We will retain core buildings in Whitehall, relocating civil servants to well-connected hubs both in London and beyond, and accommodating those that remain in central London in the most cost-effective way possible, with many departments sharing buildings.

The report can be accessed online at:

http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/497449/2014-15_State_of_the_Estate_accessible.pdf

[HCWS507]

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Wednesday 3 February 2016

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