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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Thursday 3 November 2016

House of Commons

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The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

NEW SOUTHGATE CEMETERY BILL [LORDS]

Second Reading opposed and deferred until Thursday 17 November (Standing Order No. 20).

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State for Culture, Media and Sport was asked—

Nuisance Calls

1. **Martin Vickers** (Cleethorpes) (Con): What recent steps her Department has taken to tackle nuisance calls. [907002]

The Secretary of State for Culture, Media and Sport (Karen Bradley): May I start by welcoming all Opposition Front-Bench Members? It is good to see a full complement of shadow Ministers and I look forward to working with everyone in the foreseeable future. [Interruption.] My side is slightly depleted. My right hon. Friend the Minister for Digital and Culture currently has Her Majesty visiting his constituency, and sends his apologies.

The Government are taking forward a range of measures to tackle nuisance calls. This includes the recent announcement to consult on making company directors liable for breaches of the direct marketing rules.

Martin Vickers: I thank my right hon. Friend for the update and the moves the Government have made so far. In the last Parliament I was vice-chairman of the all-party group on nuisance calls and we produced a report containing many recommendations. What other work is being done to implement them?

Karen Bradley: I thank my hon. Friend for the work of the all-party group. A number of its recommendations have been taken forward, including the new requirement for all direct marketing callers to provide caller-line identification, and I have just mentioned our intention to hold company directors to account. More needs to be done and I stand ready to make sure we do what we need to do to stamp out the dreadful nuisance that is nuisance calls.

Dr Rupa Huq (Ealing Central and Acton) (Lab): Is the Secretary of State aware of the Fair Telecoms Campaign? It argues that, given the untargeted nature of the telephone, it is completely inappropriate for payment protection insurance and accident claims calls. It suggests that the Secretary of State should press colleagues at the Ministry of Justice to prohibit this entirely. Will she meet the campaign and my constituent David Hickson to sort this out?

Karen Bradley: I will look carefully at what the hon. Lady said, but I assure her that this is a cross-Government piece of work; we need to work together to tackle this and I fully recognise that nuisance calls can have a devastating effect on people.

Mr David Nuttall (Bury North) (Con): Nuisance telephone calls are a modern menace, especially for the elderly. I am pleased to hear that the Government are taking more action. What will my right hon. Friend be doing to monitor whether the new action is actually being successful?

Karen Bradley: I will look carefully at whether the action we have taken so far has the desired effect, and if it does not I do not rule out taking further steps.

Patricia Gibson (North Ayrshire and Arran) (SNP): I am delighted that the UK Government have announced they will accept the provisions of my ten-minute rule Bill in their entirety and hold named directors to account for nuisance calls with effect from spring 2017. Does the right hon. Lady agree that we must not rest on our laurels and that we must continue to strive against nuisance calls to protect the vulnerable, all consumers and legitimate and ethical businesses, and will she keep the House updated on action going forward?

Karen Bradley: I pay tribute to the hon. Lady for her Bill, which helped raise awareness of the issue, and I am pleased the Government are following her recommendations. We need to make sure this works; we need to work together to make sure that it does, and I will be very happy to continue updating the House on this matter.

Fixed Odds Betting Terminals

2. **Fiona Bruce** (Congleton) (Con): What assessment her Department has made of the effectiveness of regulation of fixed odds betting terminals. [907003]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch): Mr Speaker, you will recall that before I went on maternity leave I announced that the triannual review into stakes and prizes would happen this year, and I am pleased to say this promise has been kept. The review was published last week and will include a close look at fixed odds betting terminals.

Fiona Bruce: I thank the Minister for that reply. Will she look carefully at the merits of reducing the maximum bet per spin for FOBTs from £100 to £2, and at the important contribution that could make to significantly reducing problem gambling and the problems families suffer as a result?

Tracey Crouch: I am sure the House would not want me to prejudice the outcome of the review, but clearly the call for evidence will look at the stakes and prizes of all gaming machines, and I have no doubt that the Department will receive many representations on those of FOBTs.

Graham Jones (Hyndburn) (Lab): The whole House is concerned about FOBTs, which are the crack cocaine of gambling. It is possible to spend £100 every 20 seconds, or £300 every minute, on them. They are affecting our constituents, and people have a real concern about them. I welcome the fact that we are going to have a review, but when will the Government also deal with the Gambling Commission, which seems to have sat behind this and allowed it to happen, alongside the inaction of the previous Government?

Tracey Crouch: The review is looking at all stakes and prizes relating to gaming machines. The issue with FOBTs has clearly grown since the liberalisation of gambling, which was of course brought in by the Labour party when it was in government. The issue blights individuals and communities and I am very passionate about it. I look forward to the review concluding.

Philip Davies (ShIPLEY) (Con): Perhaps it would be topical to point out that the term “crack cocaine of gambling” was first coined by Donald Trump in the 1980s. He was talking about video keno games affecting his casinos. Perhaps the hon. Member for Hyndburn (Graham Jones) will start chanting “Lock her up” if we keep quoting Donald Trump. Can the Minister tell us what the point is of reducing the stakes on fixed-odds betting terminals in betting shops when people can go straight on to the internet and play exactly the same games with unlimited stakes and unlimited prizes?

Tracey Crouch: I welcome my hon. Friend’s comments on these issues. He will of course be entitled to reply to the call for evidence on gaming machines. Online gaming is obviously an area of increasing concern that we keep under regular review.

11. [907012] **Susan Elan Jones** (Clwyd South) (Lab): The Responsible Gambling Trust has made it clear that at least 37% of people using fixed-odds betting terminals can be deemed to be problem gamblers—[*Interruption.*] I rather think that the trust knows more than the hon. Member for ShIPLEY (Philip Davies) about this. What are the Government going to do to deal with the problem of vulnerable people gambling?

Tracey Crouch: The official statistic is that 1% of the adult population have a problem with gambling, but that still equates to 600,000 people, and in my view that is 600,000 too many.

Tourism

3. **Jessica Morden** (Newport East) (Lab): What assessment she has made of trends in the level of tourism to the UK over the next five years. [907004]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch): Together with VisitBritain, we actively monitor inbound tourism trends

to the UK. The latest figures predict a 27% growth in tourism visits between 2015 and 2020. International tourism has had a very strong summer, with August setting a new inbound record for that month with 3.8 million visits—up 2% on the same month last year—and July having the highest ever figure for that month.

Jessica Morden: Wales has seen the biggest rise in overseas visitors to the UK in 2016, and it is the only part of the UK to feature in the “Lonely Planet” guide’s list of the best places to visit in 2017. Hopefully, there will be many more. Does the Minister appreciate that there is great uncertainty in the sector over what Brexit will mean in practice? This means that we need Ministers to listen hard, have a plan and work closely with the Welsh Government to ensure that Welsh tourism goes from strength to strength.

Tracey Crouch: The hon. Lady is right: the number of international visitors to Wales is up 15% and the figure for domestic visitors is 4%. That is a tribute to the hard work of VisitWales and VisitBritain. With the “Lonely Planet” guide placing north Wales in its top places to visit and with the Champions League final being played in Cardiff in June, things can only get better next year. I can reassure the hon. Lady that I meet Ministers from all the devolved Administrations regularly, and that we want to work closely to ensure that more people come to Britain, and that means all parts of Britain, and Wales.

Mr Andrew Turner (Isle of Wight) (Con): For the first time for 12 years, Visit Isle of Wight will be at the World Travel Market, which takes place next week. Will the Minister pay a visit to the stand to show her support for tourism beyond London and, in particular, on my island?

Hon. Members: Your island?

Tracey Crouch: My hon. Friend will be pleased to hear that the Secretary of State will be visiting the World Travel Market next week, and I am sure that if she has time she will pop by and visit the Isle of Wight’s stand.

Mr Speaker: What a fortunate and apparently prosperous fellow the hon. Member for Isle of Wight (Mr Turner) is! We are always pleased to get a bit of additional information.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The “Lonely Planet” guide must be in a galaxy far, far away if it does not mention Yorkshire. We in Yorkshire demand a greater share of all the people who come here. Too many tourists come to London but do not go beyond it. When are we going to get the balance right?

Tracey Crouch: Visits to Yorkshire are in good health. One of the Government’s ambitions under the tourism action plan is to ensure that people get out of London and visit the rest of the country, and we are supporting that with the £40 million Discover England fund. I encourage the Yorkshire tourism industry to see whether it can apply for additional funds.

Steve Double (St Austell and Newquay) (Con): Like most of the sector, the Cornish tourist industry enjoyed a bumper summer, but there is still a degree of uncertainty about the impact on the industry of leaving the EU.

What conversations has the Minister had with the Secretary of State for Exiting the European Union to ensure that the voice of the tourist industry is heard in the negotiations?

Tracey Crouch: Cornwall has had many of my tourism pounds over the past few years. I reassure my hon. Friend and the whole House that we regularly meet the tourism industry as a whole. We have discussed Brexit issues at significant length and continue to do so. We have round tables and the Tourism Industry Council, and there are many other forums at which such issues are discussed. We are working hard to ensure that the industry's concerns are represented.

Mr Mark Williams (Ceredigion) (LD): The figures alluded to by the Minister, not least those for Wales, are welcome, but what assessment has she made of the further impact on the industry of the reduction in VAT on tourism and visitor attractions?

Tracey Crouch: The Department and I are sympathetic towards cutting VAT on attractions and accommodation. However, the industry needs to make that argument to the Treasury, not to us.

Mr Nigel Evans (Ribble Valley) (Con): Sadly, I do not own an island, but I do live in the glorious Ribble Valley. The falling pound should mean that far more foreign tourists look favourably at the United Kingdom. The Crown jewels may be in the Tower of London, but the real crown jewels are in the UK's regions, whether Yorkshire, Wales or the Isle of Wight. What more can be done to attract tourism away from London and into the regions?

Tracey Crouch: As I said earlier, we are working hard to ensure that we get visitors out of London and into the regions. I encourage my hon. Friend and his local destination organisation to apply for Discover England funding to ensure that we can attract visitors to all parts of the country, including Lancashire and his constituency, where one can purchase the finest sticky toffee pudding I have ever had.

Local Charities Day

4. **Seema Kennedy (South Ribble) (Con):** What support her Department is providing for Local Charities Day. [907005]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr Rob Wilson): Local Charities Day is an opportunity for all to celebrate small local charities across the country and for the Government to recognise the huge contribution that they make to local communities. Small charities make up 97% of the voluntary and community sector and have a massive impact, yet media attention usually focuses on the big players. Small local charities deserve much more recognition than they currently receive, and I encourage all hon. and right hon. Members to get involved on 16 December.

Seema Kennedy: Will the Minister tell the House how the Small Charitable Donations and Childcare Payments Bill will help charities such as the Leyland Project, which works with young people in my constituency?

Mr Wilson: I pay tribute to the Leyland Project, which does such great work in my hon. Friend's constituency, and possibly elsewhere in Lancashire. The Bill represents yet another commitment that we are making to small local charities that will help to ensure that the gift aid small donations scheme is more accessible to small and new charities. It is expected to be worth an additional £15 million a year for the sector. That means £41 million a year from the small donation scheme, which, when added to gift aid of £1.3 billion a year, should help an awful lot of small charities.

Joan Ryan (Enfield North) (Lab): Is the Minister aware that the latest findings from the national trustee survey reveal that almost a quarter of charity trustees have considered quitting due to mounting pressure and that it is becoming increasingly difficult to recruit trustees? Given how important trustees are to the sector, what plans do the Government have for further support so that trustees can fulfil their roles?

Mr Wilson: The right hon. Lady is absolutely right to mention the role of trustees, who do a fantastic job up and down the country supporting charities in their amazing work. The Government's job is to help charities big and small to become more independent, resilient and sustainable. That is exactly what we intend to do.

Tourism: Exchange Rate

5. **Imran Hussain (Bradford East) (Lab):** What assessment she has made of the effect of recent changes in the currency exchange rate on tourism in the UK. [907006]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch): It is too early to draw conclusions about the impact of changes in the currency exchange rate on tourism. Many trips to the UK are booked far in advance. Thanks to our world-class attractions, heritage and great marketing campaign, July and August set new records for inbound visits and spending.

Imran Hussain: Since the EU referendum result, the pound has devalued dramatically, and last month the Conservatives were celebrating the rising number of tourists coming to the UK. Is it now the Government's policy to encourage a weak pound in order to increase the number of visitors to UK tourist sites?

Tracey Crouch: I appreciate that this is a Labour party attack on the Government following Brexit, but the British tourism industry is going from strength to strength. The softening of the pound is a welcome boost for that, but it is a concerted action by Government and industry that has been driving record-breaking numbers of visitors to our shores. The hon. Gentleman should welcome that, because the number of visitors to west Yorkshire is up.

Nigel Huddleston (Mid Worcestershire) (Con): The latest VisitBritain report showed that every £1 spent on international marketing brought in £23 in incremental tourism spend. Is that a good way to spend money, given the weakness of the pound?

Tracey Crouch: We want to ensure that we have the best marketing campaigns to encourage international visitors to these shores, and I hope people will continue to get behind the GREAT campaign, because it is working incredibly well.

Creative Industries

6. **Judith Cummins** (Bradford South) (Lab): What assessment she has made of the contribution of the creative industries to the economy. [907007]

The Secretary of State for Culture, Media and Sport (Karen Bradley): The UK's creative industries are an economic success story, worth more than £87 billion to the UK economy and growing twice as fast as the economy as a whole. They account for almost 2 million jobs and export more than £19 billion-worth of services to the rest of the world.

Judith Cummins: This Government's northern powerhouse is not just about improving transport. In the words of the former Chancellor, it is also, importantly, about "creative, cultural, beautiful places". This Government have committed to providing £78 million towards Manchester's new theatre and exhibition space. That is welcome, but what are the Government doing to drive the creative industries in Yorkshire and the city of Bradford? Will the Minister agree to meet me, Bradford Council and business leaders to discuss what more could be done to support a new theatre and exhibition space in Yorkshire and the city of Bradford?

Karen Bradley: The hon. Lady will know that this Government are committed to promoting creative industries across the whole of the north of England, which is why Hull is the city of culture next year, we have the "Great Exhibition of the North" in Newcastle and Gateshead in 2018 and we have a legacy fund of £15 million, on top of the money for that exhibition, to promote the creative industries across the whole of the north of England. Bradford has many great creative industries, particularly in tech and gaming, and I want to make sure we do all we can to foster the economic climate in which they can thrive.

Mr Tom Watson (West Bromwich East) (Lab): In the post-Brexit economy, the creative industries will be more important than ever. Those 2 million jobs the Secretary of State mentioned, in music, TV production, film, video games, art, design, publishing, dance, drama and literature, are one of our strongest hands as we find a new trading place in the world. When I checked the Government website this morning, I noticed that the Secretary of State attends a Brexit Cabinet Sub-Committee but not the main Brexit Committee, which means the creative industries have no voice at the top table. May I help the Secretary of State in some way? Would she like me to write to the Prime Minister about this, because the creative industries need a voice at that table?

Karen Bradley: It is very kind of the hon. Gentleman to offer to help, but I think he would agree that there is no higher table than the Cabinet, and I can assure him that the creative industries are fully represented at that top table. It is also worth pointing out that I have held round-table meetings with the creative industries, and

the Creative Industries Council last week had a specific session looking at the work it has done to examine not only the threats there are from Brexit, but its many, many opportunities. This is a global industry in which the UK is a world leader, and he should take comfort from the fact that the Prime Minister mentioned the creative industries specifically in her conference speech as one of those strengths that we want to build on, here in the UK and in the rest of the world.

Homophobia in Sport

7. **Hannah Bardell** (Livingston) (SNP): What steps she is taking to reduce the incidence of homophobia in sport. [907008]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch): There is absolutely no place for homophobia in sport or anywhere in society. In the sports strategy, we asked Sport England to

"place equal emphasis on the support for LGB&T people in sport as it does for other characteristics"

that are protected. Some research has been commissioned, and Sport England is currently considering its findings.

Hannah Bardell: When the chairman of the English Football Association said that it was not the time for gay footballers to come out in the male Premier League he shamed himself and he shamed football. Does the Minister agree that those comments are wholly unacceptable, and that the FA and Premier League clubs in England should follow the example of Scotland, which, with the Equality Network, has developed an LGBT sports charter? Will she work with me and others to take that forward?

Tracey Crouch: The reported comments are indeed unhelpful and we should encourage and support people in all sports who wish to come out. We need to ensure that we use existing legislation to stop homophobic chanting and language during sporting events. I know that the Football Association is working hard trying to support people in the game and that progress has been made in tackling homophobia, but we need to consider other means of doing that as well. Supporting players is absolutely essential.

Mr Speaker: Very briefly, Gavin Newlands.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): I thank the Minister for her comments. I found the comment in the question from my hon. Friend the Member for Livingston (Hannah Bardell) that the FA was unable to offer protection in the event of a player coming out to be the most damning. Does the Minister agree that we require real leadership on this issue and that the Government, the Football Association, the Premier League and the Football League must now come together to create a lesbian, gay, bisexual, transgender and intersex-focused Kick it Out campaign, as the quicker that we can rid society of these appalling views the better off we will all be?

Tracey Crouch: Advances have been made in fighting discrimination in football over recent years, and the FA is putting its support behind the European Football v. Homophobia campaign, and it is trying to ensure that

everybody understands homophobia and transphobia. Stonewall's recently relaunched Rainbow Laces campaign helps. With regard to the Kick it Out campaign, it is a fantastic app that enables people to report any kind of abuse as it happens, and we should do more to encourage people to do that when it is related to homophobia.

Dr Rosena Allin-Khan (Tooting) (Lab): Since Justin Fashanu took his own life, no professional footballer has come out in England. The FA chair has recently admitted that the FA is still not doing enough to tackle homophobic abuse. Homophobia is rife, and has been for far too long. How are the Minister and the Government working with the FA to tackle homophobia at every level, from Sunday league to Premier League?

Tracey Crouch: First, may I welcome the hon. Lady to the Despatch Box? I look forward to sparring with her over the course—[*Interruption.*] It's okay. I can hold my own, don't you worry. There has been progress in the Football Association, but there is always more to be done. It is important that the FA remembers that it is there as the national governing body to support footballers. Our own strategy sets out a cross-Government vision for sport and will encourage more tolerance at every single level of all sports, including grassroots and Premier League football.

Topical Questions

T1. [907017] **Mr Ranil Jayawardena** (North East Hampshire) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for Culture, Media and Sport (Karen Bradley): Since the last oral questions, we have launched a call for evidence on gaming machines and a consultation on press regulation. We have also seen our Paralympians win 147 medals, 64 of which are gold. I am sure that the whole House will join me in celebrating their achievements.

Mr Jayawardena: Mr Speaker, as you will remember from my maiden speech, King John rode from his castle at Odiham to sign the Magna Carta. Eight hundred years later, the national lottery provided a three-day festival for our community to learn more about our heritage. Will the Secretary of State commend the Odiham Society for its work and celebrate the fact that the national lottery is awarding its 500,000th grant?

Mr Speaker: Of course I think of little else.

Karen Bradley: Mr Speaker, you only mentioned it to me yesterday.

Of course I will join my hon. Friend. The national lottery does fantastic work for good causes in all our constituencies, and immediately after this session—quite literally immediately—I will be hotfooting it on a train to Ipswich to visit a charity and sports organisations that have benefited from lottery grants. It behoves all of us in this House to celebrate those good causes in our constituencies that the national lottery supports, and make sure that we do all we can to support the lottery to keep giving to those good causes.

Louise Haigh (Sheffield, Heeley) (Lab): Yesterday, Facebook made the welcome announcement that it would not be allowing Admiral to use its data to determine insurance premiums. While the Government have been dragging their feet and refusing to update data protection legislation, private companies have been harvesting our personal data, against our knowledge, without our consent and to our detriment. When will the Government act?

Karen Bradley: I know that the hon. Lady, who is on the Digital Economy Bill Committee, is doing considerable work in this area. I look forward to working with her to ensure that we achieve all that we want to. May I make the point that the Investigatory Powers Bill, which is an incredibly important part of our law enforcement around data protection, is currently being hijacked and prevented from making progress and receiving Royal Assent because of press regulation? It is important that we get that matter of national security on the statute book to protect us all.

T5. [907021] **Mike Wood** (Dudley South) (Con): Will my right hon. Friend support any of the home nations who choose to display a poppy next week to remember all those from every part of the world who sacrificed so much? Will she also pass on to FIFA the anger that there is in this House and among our constituents?

Karen Bradley: My hon. Friend is right. We stand right behind the FA and the Scottish FA in their decision to wear poppies. I will be at the match next week and I will make sure that I pass on those comments. It is absolutely right that home nations should, if they choose, wear poppies to commemorate those who sacrificed their lives, and I hope that FIFA will see sense and withdraw any threat of sanctions for those who do so.

T2. [907018] **Kerry McCarthy** (Bristol East) (Lab): Many grassroots music venues are struggling, with 40% closing in London alone over the past decade. There are many pressures on venues, but will the Minister look specifically at the call from the Music Venue Trust for PRS for Music to scrap its minimum tariff, which is hitting grassroots venues very hard, and to introduce the 3% fee across the board?

Karen Bradley: I know that the hon. Lady is campaigning hard on this issue and I will look at all that she has said.

T7. [907023] **Chris Davies** (Brecon and Radnorshire) (Con): On a recent visit to Lambourn I saw at first hand the significance of the horse-racing industry to our rural economy, so will the Minister confirm that the proposed replacement of the horse-racing betting levy is on track for April 2017?

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch): Yes.

T3. [907019] **Holly Lynch** (Halifax) (Lab): Eureka!, the much loved National Children's Museum in my constituency, receives no day-to-day funding from central Government, despite being a national museum. Will the Secretary of State review this decision so that as many families as possible can enjoy Eureka! without the barrier of an entrance fee?

Karen Bradley: May I take the points that the hon. Lady has made and consider them? Perhaps my right hon. Friend the Minister of State could meet her to discuss the matter.

Rebecca Pow (Taunton Deane) (Con): I am not sure whether you are a football fan, Mr Speaker—[*Interruption.*] Oh yes, you are. Perhaps you could change your allegiance, because Taunton Town football club has reached the first round proper of the FA cup for the first time in 35 years. Will the Minister join me in praising all those who have worked so hard for years and years as volunteers at the club to help it to get this far, as well as the paid people? Will the Minister also join me in wishing the club the very best of luck for the big match on Sunday?

Tracey Crouch: I am well aware, Mr Speaker, that you are a football fan, albeit for the wrong north London team. I am delighted to join my hon. Friend in praising Taunton Town football club for its progress in the FA cup and I wish it all the best.

Mr Speaker: I hope I enjoy Sunday lunchtime more than the hon. Lady does. I say to the hon. Member for Taunton Deane (Rebecca Pow) that I am, of course, a fanatical Arsenal fan.

T6. [907022] **Gill Furniss** (Sheffield, Brightside and Hillsborough) (Lab): Sheffield has a proud and fabulous offer of cultural and sporting services, and many young people have benefited from Labour's scheme to give them five hours a week of cultural experience to improve access to the arts. What is the Minister doing to monitor the level of access to culture and the arts, and to enable young people from all backgrounds to gain access to them?

Karen Bradley: I am determined to make sure that there is access to the arts for everyone across the country. We have to make this a country that works for everyone, and that means access to the arts. From a sporting perspective, I am sure the hon. Lady will welcome the first Parklife activities that took place in Sheffield last week, which the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch), attended.

Andrew Selous (South West Bedfordshire) (Con): Are Ministers aware that Dr Peter Aitken, the chair of the faculty of liaison psychiatry at the Royal College of Psychiatrists, told the Health Committee on Tuesday that gambling addiction is becoming a major cause of suicide? Will Ministers be emboldened to take the issue further?

Tracey Crouch: I have seen the transcript of Dr Peter Aitken's comments, in which he said that we should not overlook gambling as one of the significant addictions of our day. As somebody who spent a lot of time working on addiction issues in this House before I was made a Minister, I could not agree more. I discussed the matter only last week with GambleAware, formerly the Responsible Gambling Trust.

Mr Speaker: Natalie McGarry—not here.

T8. [907024] **Mr Ben Bradshaw** (Exeter) (Lab): The Minister will be aware that a devastating fire destroyed one of the most historic and best loved parts of Exeter city centre last Friday and Saturday. The owners have said that they intend to restore the building to its former glory, which is very welcome, but will she guarantee that English Heritage will make absolutely sure on behalf of my constituents that it is restored to the highest possible standard?

Karen Bradley: I am very aware of the devastating fire in Exeter—I was actually in the west country over the weekend and saw the local news coverage. Having visited Exeter on a number of occasions, I know how important that building is in the cathedral precinct. Historic England sent a team of experts to the site on Monday to assess the situation, but I will take up the points that the right hon. Gentleman has raised.

Several hon. Members *rose*—

Mr Speaker: Ah, yes. Marathon man—Mr Graham Evans.

Graham Evans (Weaver Vale) (Con): When the Minister for Digital and Culture has finished hobnobbing with Her Majesty, will he agree to meet me and my residents to see if we can get Weaver Vale connected with 21st-century broadband speeds?

Karen Bradley: As my right hon. Friend is not here, perhaps I can volunteer him for a visit to Weaver Vale.

Jim Shannon (Strangford) (DUP): The favourable exchange rates mean that many people from the United States are visiting the Republic of Ireland for their holidays. What discussions has the Minister had with the Minister for the Economy in Northern Ireland to ensure that they also come north to Northern Ireland and across to the mainland?

Tracey Crouch: I thank the hon. Gentleman for his question. As I said earlier, I meet people from all the devolved Administrations, and I will be doing so again later this month. We have seen increasing numbers of tourists visiting Northern Ireland, specifically to see the Titanic exhibition. We will continue to market Northern Ireland as a great place to visit.

INTERNATIONAL TRADE

The Secretary of State was asked—

Trading Relationships: Israel

1. **Paul Scully** (Sutton and Cheam) (Con): What plans he has to strengthen the UK's trade relationship with Israel as a result of the decision to leave the EU. [907063]

The Parliamentary Under-Secretary of State for International Trade (Mark Garnier): The UK and Israel have a strong and important trading relationship, with nearly £6 billion in bilateral trade last year. The UK is the No. 1 destination for Israeli foreign direct investment

in Europe, and there are now more than 300 Israeli companies established in the UK. I recently visited Israel to discuss investment and trade, and we will continue discussions on strengthening our important trade relationship.

Paul Scully: I thank my hon. Friend for that answer. UK-Israel trade is at a record high, with strong ties in science and technology, cyber-security and medical science, but the terms are currently determined by the EU-Israel association agreement. Does he agree that our vote to leave the EU presents a great opportunity to strengthen co-operation between our countries, and will he update the House on progress on planning and securing a new post-Brexit deal with Israel?

Mark Garnier: We are taking advantage of all the opportunities presented to us to ensure that Britain becomes a truly global leader in free trade once we leave the EU, and that of course includes Israel, building on our strong relationship in areas such as research and development and cyber-security. For example, we have established the UK-Israel tech hub, which creates partnerships between British companies and world-class Israeli innovators.

Joan Ryan (Enfield North) (Lab): A survey this year found that 89% of Israeli tech companies and 86% of Israeli investors are interested in business and tech co-operation with the UK. What steps will the Minister be taking to take advantage of that good will and ensure that Britain continues to be a leading destination for Israeli tech companies?

Mark Garnier: The right hon. Lady is quite right to mention our growing relationship. In cyber-security, in particular, we saw a 24% growth in exports last year. I was recently in Tel Aviv and had the opportunity to visit a tech accelerator hub that is sponsored by Barclays. It is very encouraging to see that private sector relationship, which is something we will continue to encourage.

11. [907076] **John Howell (Henley) (Con):** One area in which the UK can strengthen its relationship with Israel is cyber, where Israel has 20% of the global market. Will the Minister welcome the UK-Israel cyber-physical initiative and say what is coming next?

Mark Garnier: My hon. Friend is quite right to raise the interest in cyber. In February we led a successful cyber-security collaboration mission of businesses and academics, and we will continue to promote further such delegations.

Alan Brown (Kilmarnock and Loudoun) (SNP): As part of these trade discussions, did the Minister raise the thorny issue of illegal settlements in Palestine and the demolitions that are ongoing? Demolitions of some buildings have actually been part-funded by the UK.

Mark Garnier: The hon. Gentleman will know that the Government do frown on the illegal settlements in the Palestine territories. These are not helping with the peace process—they are standing as an obstacle—and the Government continue to promote the two-state solution to ensure that Palestine becomes a viable and sovereign nation.

Bilateral Trade Deals

2. **Tom Pursglove (Corby) (Con):** What discussions he has had with his international counterparts on the development of bilateral trade deals between the UK and other countries. [907064]

The Secretary of State for International Trade and President of the Board of Trade (Dr Liam Fox): While we remain members of the European Union, discussions we have are limited by our considerations of the common commercial policy and our duties of sincere co-operation. We cannot negotiate and conclude trade agreements while we are a member of the European Union, but we can have discussions on our future trading relationships. The UK will continue to be a champion for free trade, and back the EU's current and ongoing negotiations.

Tom Pursglove: I am very grateful to the Secretary of State for that answer. Does he agree that the decision to leave the European Union presents this country with an enormous opportunity to re-engage with our Commonwealth friends and to forge proper trading links with them once more?

Dr Fox: Yes, we are keen to seize all the opportunities that leaving the EU presents, and so, too, are many of our international partners, who recognise the attractiveness of doing business with the UK. I will be accompanying the Prime Minister on a trip next week to India to take forward some of those opportunities.

Barry Gardiner (Brent North) (Lab): Does the Secretary of State see any irony or contradiction in his development of these new free trade and investment agreements, which involve the harmonisation of rules and standards with other countries—even obedience to supranational commercial courts—and the referendum instruction from the British people that we should leave membership of the largest free-trade agreement in the world so that we can set our own rules and take back our sovereignty?

Dr Fox: No, because the European Union is not simply a trading organisation. Were it simply a trading, and not a political, organisation, the referendum result may have been different. One of the major problems with the European Union, and one of the reasons why the public voted to leave, was that there is such a strong supranational imposition on the United Kingdom.

Mr Peter Bone (Wellingborough) (Con): As we are leaving the EU, and everybody knows it, why do we not just get on and start negotiating trade deals? After all, the EU can hardly punish us in the future.

Dr Fox: It is not a question of punishment; it is a question of what we have signed up to and our duty to fulfil the obligations we have entered freely into.

Kirsty Blackman (Aberdeen North) (SNP): Has the UK managed to get the World Trade Organisation's 160-plus members to agree that we will be a continuing member, rather than a new member, of the WTO? If the UK is not able to have negotiations just now, how will it get that agreement?

Dr Fox: We are a founding and full member of the WTO—there is no dispute about that. I think what the hon. Lady is referring to are the trading schedules under which we operate under the WTO, and, obviously, we will be in full discussions on those.

Michael Fabricant (Lichfield) (Con): As my right hon. Friend has already said, to do a bilateral trade deal we need to be out of the European Union. Does he therefore deplore, as I do, the High Court's decision this morning to rule against the Government and say that the will of the people in the EU referendum on 23 June is still subject to parliamentary approval?

Dr Fox: The Government are disappointed by the Court's judgment. The country voted to leave the European Union in a referendum approved by Act of Parliament. The Government are determined to respect the result of the referendum. This judgment raises important and complex matters of law, and it is right that we consider it carefully before deciding how to proceed.

Kevin Brennan (Cardiff West) (Lab): Will the Government respect the ruling of the Court in this matter, and also respect Parliament? If they want to get on with these trade deals, should they not accept that Parliament should have its say, as the Court has ruled?

Dr Fox: I have nothing to add, other than to reiterate that it is right that the Government will consider carefully before deciding how to proceed following the judgment.

Trade Negotiations: Parliamentary Vote

3. **Thangam Debbonaire** (Bristol West) (Lab): What discussions he has had with the Leader of the House on Parliament debating and voting on the outcome of trade negotiations before they are signed. [907065]

The Minister for Trade and Investment (Greg Hands): As the hon. Lady will know, I am a great advocate of parliamentary scrutiny. The Department for International Trade is currently working to shape a more independent UK trade policy. Once we begin to negotiate trade agreements, Parliament will, of course, play its crucial role in ensuring that we deliver on our commitment to secure the best possible negotiation outcome for the whole of the UK.

Thangam Debbonaire: Trade agreements need at least 50 negotiators per bilateral. The former Brexit Minister, the right hon. Member for West Dorset (Sir Oliver Letwin), said in July that the UK has “no trade negotiators”. The Minister of State himself said last month that the number has “doubled since June”. Zero doubled is still zero. Will the Minister come clean? Exactly how many trade negotiators do we have?

Greg Hands: I think the hon. Lady is conflating and confusing two different statistics relating to those working on trade policy and those working on trade negotiations. The answer that I gave in the written answer is correct: the number of people working on trade policy in the Department has doubled since the Department's creation in July.

Sir Edward Leigh (Gainsborough) (Con): The truth is that this Parliament is, always has been and always will be sovereign, so Parliament could overcome any trade deal it wanted. The question we have to ask ourselves is whether Parliament should resist the will of the people.

Greg Hands: My hon. Friend makes a very good point. I am not going to add anything to what the Secretary of State said earlier about the Court judgment, which has just been released.

Mr Speaker: Before I call the right hon. Member for Carshalton and Wallington (Tom Brake), I am moved to congratulate him on his achievement in winning the yellow jersey for his performance yesterday on the British Legion stationary bicycle. It was a remarkable athletic feat on his part.

Tom Brake (Carshalton and Wallington) (LD): Thank you, Mr Speaker. It is nice to come first at something when you are a Liberal Democrat.

More seriously, on the subject of debating and voting on essential trade matters, is it not essential that the Government give way to the courts and allow Parliament to be sovereign and to debate and vote on the issue of article 50?

Greg Hands: I first join you, Mr Speaker, in congratulating the right hon. Gentleman on achieving the yellow jersey. I thought for a moment that it was an internal Liberal Democrat award, in which case winning out of eight was perhaps not the greatest of achievements, but I commend him on what he has done.

I have nothing to add to what the Secretary of State said earlier, but I will say that, in general, we are very committed to consulting Parliament on the future of trade agreements, which is the subject of the question on the Order Paper.

Mr Speaker: Certainly, the right hon. Member for Carshalton and Wallington beat me, as he is signalling from a sedentary position. I did my best, but he was far superior and I pay him due tribute.

Geoffrey Clifton-Brown (The Cotswolds) (Con): Will my right hon. Friend the Minister confirm that, notwithstanding this morning's Court judgment, Brexit means Brexit—[*Interruption.*]—and the will of the British people in the referendum will be respected?

Greg Hands: I entirely agree with my hon. Friend. I campaigned for the remain side on 23 June, but nevertheless I fundamentally and totally agree that Brexit means Brexit. This Government are getting on with delivering and making sure that it works for the whole of the United Kingdom.

EU Customs Union

4. **Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): What assessment he has made of the international trade opportunities available to the UK in the event of the UK leaving the EU customs union. [907068]

The Secretary of State for International Trade and President of the Board of Trade (Dr Liam Fox): The people of Britain voted to leave the European Union and that is what we will do. It is the job of this Department to maximise the UK's trade opportunities,

whatever the relationship with the EU that the Government ultimately adopt. The Prime Minister has made it clear that the UK's agreement with the EU will get the best deal for Britain at home and abroad.

Jonathan Edwards: Via our membership of the customs union the UK has access to more than 50 international trade deals, which according to a parliamentary answer I received accounts for 15% of UK exports. In the event of Brexit outside the customs union, what estimate has the Secretary of State made of the length of time it will require to renegotiate those deals, bearing in mind that he will not be able to begin his negotiations until after exit in March 2019?

Dr Fox: There are a number of errors in what the hon. Gentleman has said. The EU currently has 36 free trade agreements covering more than 50 countries. It is entirely possible for us to be able to transition those into UK agreements and we are free to discuss them with countries while we are still a member of the European Union. Our aim will be to have minimum disruption of trade and no gap in market access for British companies.

Richard Fuller (Bedford) (Con): Although I welcome the Canadian-EU trade agreement, does my right hon. Friend share my concerns at the elements of protectionism that have emerged in this agreement? Do they not indicate that there are advantages to the United Kingdom outside the customs union in negotiating its own deals more rapidly, in defence of free trade?

Dr Fox: In recent history, most of the trade deals done in the world have been bilateral, because it is clearly easier to get country-to-country agreement. One of the reasons why the European Union does not have an agreement with the United States, China, Japan, India or the Gulf is that it is rather difficult to negotiate with 28 different partners, especially if they retain a veto.

Ian C. Lucas (Wrexham) (Lab): The creative industries are some of Britain's most competitive and successful industries, and they depend on worldwide access and negotiation with many multinational organisations. How, post-Brexit, will the UK maintain relationships with multinational organisations such as the EU and worldwide broadcasting organisations?

Dr Fox: The hon. Gentleman is absolutely right. The creative industries are incredibly important, and one of the jobs of the Department for International Trade is to promote them. When we take trade delegations abroad and when we make representations to other Governments, we will fully take those industries into account. Where we have got areas of excellence in our economy, we need to promote them—sometimes more than we have done in the past.

Richard Graham (Gloucester) (Con): The Secretary of State knows about the growing opportunities for trade and investment, in both directions, with the countries of south-east Asia. Does he agree that next year's 50th anniversary of the Association of Southeast Asian Nations offers a great chance for the UK to demonstrate

what a superb international platform we can be for all those countries' exports and investment in both directions? Will he commit to DIT offering some finance to help this great session to go well?

Dr Fox: I will certainly offer a great deal of help and goodwill. Mindful of the forthcoming autumn statement, I am not going to offer any sort of finance in advance of the Chancellor's permission being granted.

May I say what a great job my hon. Friend the Member for Gloucester (Richard Graham) does as one of our trade envoys? Our trade envoys have contributed hugely to our recent export gains. He makes the important point that trade has to operate in both directions, both in exports and imports and in outward and inward investment. It is very important that we maintain a balance if we are to have a chance of reducing our current account deficit.

Trading Opportunities Abroad

5. **Mr Alan Mak (Havant) (Con):** What steps his Department is taking to help businesses take advantage of future trading opportunities abroad. [907070]

7. **David Rutley (Macclesfield) (Con):** What steps his Department is taking to help businesses take advantage of future trading opportunities abroad. [907072]

9. **Michelle Donelan (Chippenham) (Con):** What steps his Department is taking to help businesses take advantage of future trading opportunities abroad. [907074]

The Minister for Trade and Investment (Greg Hands): We want more British businesses to take advantage of trade opportunities. Currently, only 11% of British businesses export. Our overseas teams continue to help British businesses to win opportunities in 108 different markets, with 190 high-value priority campaigns.

Mr Mak: British businesses benefit from the expertise of our embassies and consulates when seeking trading opportunities abroad. I saw that for myself at first hand while I was in Hong Kong over the summer. Will the Minister continue to back British businesses to gain market access by supporting our missions overseas?

Greg Hands: I certainly will. My hon. Friend and I had a productive conversation just last week following his successful visit to Hong Kong. The Under-Secretary of State for International Trade, my hon. Friend the Member for Wyre Forest (Mark Garnier) was also in Hong Kong last month, and we are absolutely committed to using our networks and our professionals overseas to boost both trade and investment.

David Rutley: Given the strong contribution made by the life sciences sector to UK exports—AstraZeneca's site in Macclesfield made a huge contribution to the company's £5 billion-worth of exports in 2015—will my right hon. Friend tell the House what steps he is taking to work with the sector to ensure that medicines that are researched, developed and manufactured in the UK continue to have ease of access to European markets and global growth markets once the UK leaves the EU?

Greg Hands: I know my hon. Friend's passion for life sciences, and particularly for AstraZeneca's key role in his constituency. We are liaising and working closely with the industry with an important working group, which has met on several occasions and recently briefed Ministers. We want, of course, the best possible arrangements for trade in all goods and services, including the pharmaceutical sector.

Michelle Donelan: UK Trade & Investment has been very helpful to businesses in my constituency, but there are still many small businesses that need help and support to export and utilise the exchange rate of the pound. Would the Minister advocate UKTI holding events in Wiltshire and around the country to achieve that?

Greg Hands: Yes, we are very open-minded about doing events on either a county or a constituency basis. I am open-minded about how that might best be pursued. We have regional teams in the Department for International Trade, but if my hon. Friend and I were to have a discussion, particularly about what we may be able to do in Chippenham, I would be all ears.

Chris Leslie (Nottingham East) (Lab/Co-op): Will the Minister look at the trading opportunities we need for sectors that play to our comparative advantage already? As he knows, financial services amount to 12% of our output, yet the sector faces not a 10% or 20% tariff after April 2019 if we get this wrong, but a ban on selling and trading in many financial products altogether. What about some transitional arrangements? Will he talk to the Treasury about that?

Greg Hands: The hon. Gentleman and I used to spar regularly on Treasury matters. I congratulate him on his election to the International Trade Committee. I look forward to appearing before him in due course. He will know that our priority is to maintain the maximum possible access to the single market across all these sectors.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): Research published this week by the National Institute of Economic and Social Research shows that access to the single market is vital for the future trading of many Scottish companies. Leaving would have implications of titanic proportions. The Minister's Government stood on a manifesto commitment to retain membership of the single market. Given that voters in Scotland voted to preserve that status in June's referendum and that both the Scottish Parliament and the Scottish Government believe that that is in our best interests, what assurance can the Minister give individuals and businesses in Scotland that he will listen to the forthcoming proposals by the Scottish Government and deliver on that Government's triple mandate to keep Scotland in the single market?

Greg Hands: Of course we will listen to proposals and suggestions made by the Scottish Government. The Prime Minister has been absolutely clear on that. However, as we are talking about icebergs, perhaps the hon. Lady will reflect on one thing: 64% of goods leaving Scotland are destined for the rest of the United Kingdom.

When it comes to a single market, I think she might prioritise that single market, rather than the one in which only 15% of goods go to the European Union.

Bill Esterson (Sefton Central) (Lab): The Foreign Secretary forgot about the icebergs when he mentioned the Titanic last night. Uncertainty is the enemy of business. Businesses need certainty about our future trading arrangements so they can make investment decisions. As the president of the Japanese chamber of commerce has said, other EU states are talking to UK-based companies. Are the warnings not there for all to hear? If the Secretary of State for International Trade has a plan, he needs to share it, otherwise businesses that need certainty will go elsewhere to find it.

Greg Hands: May I welcome the hon. Gentleman to the Front Bench? It is good to see that the hon. Member for Brent North (Barry Gardiner) has some reinforcements this week. I notice that he has lost three of his four portfolios since he last appeared in the Chamber, so it is good to see other hon. Members helping him out.

I attended an event with the Japanese ambassador only this week. He was clear about the role that Japan plays and that Britain plays in promoting global free trade and global free markets. That is rather in contrast to the hon. Gentlemen's leader calling free trade a "dogma", which I think should be condemned.

Topical Questions

T1. [907025] **Amanda Milling (Cannock Chase) (Con):** If he will make a statement on his departmental responsibilities.

The Secretary of State for International Trade and President of the Board of Trade (Dr Liam Fox): The Department for International Trade has three tasks: promoting UK exports to support a growing economy that serves the whole country; maximising opportunities for wealth creation, including through overseas direct investment to support the current account; and negotiating the best international trading framework for the UK outside the EU. Like the UK, my Department is open for business. Following my statement at our previous session of departmental questions, we received 111 applicants, in an international competition, for the post of permanent secretary, and we will shortly announce the successful candidate.

Amanda Milling: As a country, we need to export more. There are a lot of barriers to overcome to get businesses to start exporting or even to consider exporting, but we have a real opportunity to get existing exporters to export to more markets. Will my right hon. Friend outline the measures that the Government are taking to encourage and support small and medium-sized businesses to expand the number of markets to which they export?

Mr Speaker: Order. We must not expand the length of questions, I am afraid. I am sure it is a very important point, but let us have the answer.

Dr Fox: I apologise for taking longer than usual to get to the Dispatch Box, Mr Speaker—the last time I take my own advice about going to the gym to get fit. It is important to get more small and medium-sized enterprises

exporting. If we look at the UK's performance we see that only 27% of our GDP is accounted for by exports, whereas for Germany it is 48%. A lot of that difference is accounted for by a lack of SME exports. We will be announcing a range of measures soon, and there will be a pack setting out those measures available for all Members of Parliament so that we can all help the SMEs in our own constituencies.

Barry Gardiner (Brent North) (Lab): The Government Front-Bench team has tried to suggest that the High Court decision that Parliament should have a vote before triggering article 50 is in some way antidemocratic or thwarts the referendum result. Will the Secretary of State acknowledge that the vast majority of Members in this House are now committed to honouring the decision to leave the EU, but that democracy demands that the terms of our leaving must be subject to the proper advance scrutiny and consent of this democratically elected House, and not negotiated in secret and smuggled through without the support of this sovereign Parliament?

Dr Fox: There will be numerous opportunities for the House to examine and discuss what the Government are negotiating. When we are clear about the position we will adopt, article 50 will be triggered, but given the nature of the judgment this morning we will now have to await the Government's appeal to the Supreme Court.

T3. [907027] **Mrs Theresa Villiers (Chipping Barnet) (Con):** Will the Secretary of State let us know whether, in his discussions with countries that have trade agreements with the EU, those countries have indicated their interest in continuing such arrangements with the UK when we leave?

Dr Fox: As I said earlier, the EU has some 36 free trade agreements, which cover more than 50 countries. A very large number of those have already made representations to the United Kingdom to say that they would like those agreements to continue. We will explore and discuss that, because, as I have said, our aim is to have no break in access to markets and to achieve the transition as smoothly as possible, with minimal disruption to the international trading environment.

T2. [907026] **Stuart Blair Donaldson (West Aberdeenshire and Kincardine) (SNP):** The EU trade deal with South Korea has reduced the tariff on scotch whisky to zero, while whisky imported to Korea from elsewhere faces a tariff of 20%. Does the Minister agree with the Foreign Secretary's new adviser, David Frost—a former chief executive of the Scotch Whisky Association—who has said that we are much more likely to get such deals

“with the weight of the whole of the EU behind us than we are in a negotiation nationally”?

Dr Fox: I take an intense personal interest in this area, from long experience. I am delighted to see David Frost in his new position—he was so pleased with our policy he joined the company. It is very important that we get reductions in tariffs. One issue I will be raising in India next week is the very high level of tariff against scotch whisky there, to see whether we can make major reductions.

T4. [907029] **Jeremy Lefroy (Stafford) (Con):** Business in my constituency has praised the work of UK Export Finance but expressed some concerns about the bureaucracy and the length of documentation required to seal those deals. Will the Secretary of State please look into that?

Dr Fox: May I first praise the work of UKEF? As a Government export credit agency it is the world leader and its practices are second to none. However, we are always trying to streamline and improve, and in fact have appointed a new chairman for UKEF, who will be announced shortly. When they are in place they will certainly be shaking up the organisation.

Mr Ben Bradshaw (Exeter) (Lab): Some 80% of the fish caught around our coastline in the south-west goes straight for export to the rest of the European Union, and there is huge concern in the industry about the impact of tariffs if we leave the single market. Given that concern, and the excellent news from the High Court, would it not be wise of the Government not to invoke article 50 as early as March?

The Parliamentary Under-Secretary of State for International Trade (Mark Garnier): Export tariffs on food products, and on animal products in particular, are determined outside the provision of trade agreements. They are determined in terms of licensing based on the quality of the food products, on a separate basis.

T5. [907030] **Mark Menzies (Fylde) (Con):** Yesterday I welcomed to Parliament a group of business leaders from Mendoza in Argentina. They want to increase our exports exponentially, which currently stand at 0.1%. Will the Minister assure me that everything will be done when we leave the EU to improve our trade relations with Latin America?

The Minister for Trade and Investment (Greg Hands): I commend my hon. Friend for his engagement with Argentina under its new Government, which he and I have discussed. As the Prime Minister has said, we will seek to be the global leader in free trade. While we remain a member of the EU, the UK will continue to press for and support an ambitious EU trade agenda, including its negotiations with the Mercosur bloc.

Daniel Zeichner (Cambridge) (Lab): The Minister repeated the mantra that he wants the best possible deal for the life sciences sector, but does he agree with industry leaders that we need to be part of a European-wide regulatory system? A simple yes or no will suffice.

Dr Fox: No.

T6. [907032] **Andrew Rosindell (Romford) (Con):** Will the Secretary of State give us a progress report on new arrangements to be put in place with Gibraltar to ensure not only that there is a common market between the UK and Gibraltar post-Brexit, but that it has uninterrupted access to financial services for its financial market?

Mark Garnier: My hon. Friend is right to raise that. We have strong economic links with Gibraltar and 20% of the UK car insurance market is underwritten within

Gibraltar. I stress that we have an interest not just in Gibraltar but in all the overseas territories. I met many of the leaders yesterday. They will very much be involved in the process of the negotiations of our deal with the EU as we progress through article 50.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): Leaving the single market would mean that our agricultural exports would be subject to World Trade Organisation tariffs, which will have a hugely detrimental effect on a vital industry for Scotland. Does the Secretary of State plan to get farmers a special deal to ensure that they are not affected by sudden rises in tariffs to protect that vital industry?

Mark Garnier: The hon. Lady is right to raise that. It is incredibly important that we secure good tariff deals with other countries, and agricultural products suffer some of the highest tariff levies, but it is a two-way operation. On the one hand, exporters from Scotland to other markets may face big tariffs, but on the other hand, if we end up with a very low tariff barrier, we will have to impose it, which could mean that her farmers in Scotland are flooded by imports. It is a difficult and nuanced area to try to get right.

Anna Soubry (Broxtowe) (Con): I refer to the answer given by my right hon. Friend the Secretary of State on today's article 50 ruling, which says that the trigger should be exercised within Parliament. I think my right hon. Friend said that the Government will appeal, but I ask him, on behalf of the Government, please to look at the learned judges' ruling and understand that it is not about a re-run of the arguments of the EU referendum. It is all about Parliament's sovereignty. In that event, will the Government look at it carefully to decide whether or not the learned judges are right, and that this place should and indeed will trigger article 50?

Mr Speaker: Not least we will bear in mind the importance of referring to international trade in responding to the right hon. Lady.

Dr Fox: As this is now an ongoing court case, I have nothing further to add to the comments I made earlier.

Several hon. Members *rose*—

Mr Speaker: Order. I am sorry to disappoint remaining colleagues—demand invariably outstrips supply—but we will return to these important matters ere long.

Air Quality

10.38 am

Neil Parish (Tiverton and Honiton) (Con) (*Urgent Question*): To ask the Secretary of State for Environment, Food and Rural Affairs what steps her Department will take to improve air quality after her defeat in the High Court on 2 November.

Hon. Members: Where is she?

Geraint Davies (Swansea West) (Lab/Co-op): She's in her diesel car.

Mr Speaker: Order. The hon. Gentleman is chuntering about diesel cars and who might be occupying them, but we have a Minister at the Dispatch Box, and she is a doctor as well. We are going to hear from her.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): Improving air quality is a priority for this Government. We are determined to cut harmful emissions to improve the health of the people we represent, and to protect the environment. The UK currently meets the legal limits for almost all pollutants but faces significant challenges in achieving nitrogen dioxide limit values. We are not alone in that, as 16 other EU countries face similar challenges.

We have already achieved significant improvements in air quality across a range of pollutants, but transport is responsible for 80% of nitrogen oxides emissions at the roadside in areas where we need to act to reduce levels. That is why transport has been the focus of our action on air quality. We have committed over £2 billion in green transport initiatives, including supporting the early market for ultra-low emission vehicles between 2015 and 2020. The main reason for the difficulty in meeting NO₂ limit values is the failure of Euro standards for diesel vehicles to deliver the expected reduction in NOx emissions in real-world conditions. Since 2011, we have been at the forefront of action in the EU to secure more accurate, real-world emissions testing for diesel cars.

The Transport Act 2000 gave powers to councils to introduce measures to help to tackle air pollution. The national air quality plan for NO₂, published in December, set out an approach to improve air quality and achieve compliance. We are mandating five cities to introduce clean air zones, and targeting the oldest and most polluting vehicles. The consultation on this framework was launched last month to ensure a consistent approach.

Our plan was based on the best available evidence at the time. We have been pressing for updates to COPERT—computer programme to calculate emissions from road transport—emission factors and got them in September. We said that when we got the new factors we would update our modelling and that is exactly what we are doing.

I am writing to councils to ask them what they are doing to tackle air pollution. Our local authority grant fund was launched in early October and we are encouraging all local authorities to apply. We will shortly launch a consultation on policy options for limiting emissions

from diesel generators. In addition, funding was announced last month to boost the uptake of ultra-low emission vehicles. We accept the judgment of the court and will now carefully consider it, and our next steps, in detail. However, legal proceedings are still ongoing, so I may not be able to answer every hon. Member's question in detail.

I can assure you, Mr Speaker, that this is a top priority for me. It is a top priority for the Secretary of State. As the Prime Minister said yesterday:

“We have taken action, but there is more to do and we will do it.”—[*Official Report*, 2 November 2016; Vol. 616, c. 887.]

Neil Parish: I thank the Minister very much for that response. The Department for Environment, Food and Rural Affairs is very much in the dock, but the whole Government need to take action. This is the second time the Government have lost in the courts on the issue of air quality in 18 months: they need to take this matter very seriously. The problem causes up to 50,000 deaths a year—more than 20 times the number killed in road accidents. It is a silent killer.

The Government's current air quality plan has only five compulsory clean air zones, but more than 40% of councils breach air pollution limits. The Government need to take rapid action or they will be back in the dock again. In April, the Environment, Food and Rural Affairs Committee report on air quality called for all councils to have the power and the funding to implement clean air zones. Will the Government make that commitment?

The Government have to look at getting the worst diesel vehicles off our roads quickly. Will the Department consider financial incentives, such as a scrappage scheme and changes to the vehicle tax system? Those changes would have to be made via the Treasury, because successive Governments have been encouraging diesels. That has to be reversed.

Some 70% of air pollution comes from road transport. Will the Department act now, with the Department for Transport, to promote electric cars and encourage taxi conversions from diesel to liquefied petroleum gas, which can reduce nitrogen dioxide levels by 80%? The court case revealed that the Treasury has been blocking stronger measures on air quality. I have sympathy with the Minister, but will her Department now commit to working with the Department for Transport and the Treasury to tackle this matter once and for all? Clean air should be a right, not a privilege. I look forward to the Minister's response.

Dr Coffey: My hon. Friend raises a wide range of issues. Let me try to pick up on them. In a parliamentary question, he rightly revealed the number of councils where there are issues. I take this seriously. In my constituency, there are two air quality management areas. That is why I want to work with local councils to do what we can to tackle action locally. Of course the Government will work on issues to tackle air quality nationally, but we need local action. Powers are already available, under the Transport Act 2000, for councils to take appropriate measures, and I will encourage them to do that. Again, that is why we are encouraging councils to apply for help from the air quality fund.

We are all aware of the issue with Volkswagen and diesel vehicles. We have been pressing for updated COPERT factors. The spreadsheet is exceptionally complicated. It

[*Dr Thérèse Coffey*]

is the biggest spreadsheet I have ever seen in my life. As I used to be chartered accountant, I can assure the House that I have probably seen more than most.

It is a complex situation, and we are working through it. We are coming up with what we can think of to try to tackle this issue, but I genuinely believe that we need targeted interventions rather than use a sledgehammer to crack a nut. The Labour Government introduced fiscal incentives that encouraged people to move to diesel. I am not going to complain about that. We are where we are, and the Government and local government must all pull together because we care about the people we represent. My hon. Friend is absolutely right: air quality is the top priority, which is why it is my No. 1 priority in government.

Rachael Maskell (York Central) (Lab/Co-op): Up to 50,000 people die prematurely each year in the UK as a direct result of air pollution, and many more suffer from respiratory disease. This is a crisis and a national scandal—deaths that would have been avoidable if the Government had taken action, and suffering on a mass scale, most prevalent in the most deprived communities. Nitrogen dioxide is a silent killer, but Labour Members will not be silent about this.

Yesterday's damning judgment in the High Court shamed this Government, who were told to put an air quality plan in place in 2010. Six and a half years later and following two further judgments in the High Court, the Government have been found wanting. The World Health Organisation and the European Union recognise how serious air pollution is. That is why yesterday Justice Garnham condemned the Government's poor estimates on emission levels—even after the Volkswagen scandal—and their slow response to addressing high emissions. Urgency is needed.

I thank ClientEarth for taking the action as there is no time to waste on tackling this issue, as Labour would have done. We cannot afford to allow this to continue or to shift the blame on to councils. This is negligence.

I therefore ask: will the Government guarantee that, instead of creating just five clean air zones, they will now put in place a network of zones across all 37 out of the 43 areas with high emission levels? Why have they wasted time and resources fighting court cases, instead of fighting air pollution? The High Court judge condemned the Government's delay in reducing ambient nitrogen dioxide levels. How soon will the Government have in place a comprehensive plan on air quality? How will fuel emission measurements now proceed? Will the Government guarantee that, in leaving the EU, they will not water down air quality standards, and how will this be policed? Will the Government introduce a clean air Act, which Labour has done in the past and will do in the future? Will the Government now clean up their act and clean up our air?

Dr Coffey: As I am trying show in the tone of my response to this urgent question, this really is a top priority. It is not straightforward. We produced a national air-quality plan based on the best available evidence at the time. We now have new factors, and we are updating the model. We are responding to the needs that we have. I have pointed out that a framework is already out for

consultation and councils can do this now if they wish. We are mandating. We need to look carefully at the evidence and what the model says about where we mandate further.

Leaving the EU has absolutely nothing to do with our determination to improve air quality in this country. There is no need for new legislation; we already have powers in place, and we are consulting on new powers.

We have already reduced nitrogen dioxide by 41% in the last 10 years. We are still taking action to do that. Let us not get into the blame game; otherwise, we could go into the history of Labour and what the Labour Government did on diesel in the first place. That is not worth while. What matters is that we pull together and address this issue.

Dr Tania Mathias (Twickenham) (Con): In the light of this judgment and of the fact that car journeys to Heathrow are increasing at a rate of 2 million over two years, how can the Government support more pollution that would come from a third runway at Heathrow?

Dr Coffey: My right hon. Friend the Secretary of State for Transport referred to that issue when he came to the House to discuss the Heathrow decision. The Government believe that the Heathrow north-west runway scheme can be delivered without it having an impact on the UK's compliance with air quality limit values, and with a suitable package of policy mitigation measures. Policies at national, London and local level will help to ensure that the scheme can be delivered in line with our legal obligations in respect of air quality.

Mary Creagh (Wakefield) (Lab): The Minister rightly says that this is not straightforward, but documents revealed to the court showed that the Treasury is blocking measures proposed by her Department and the Department for Transport that would actually tackle air pollution. The Environmental Audit Committee published a report on sustainability in the Department for Transport, in which we concluded that we had no confidence that the Department would meet either its 2020 or its 2030 target on low-emission vehicles. Given that the autumn statement is imminent, will the Minister now go back and work with the Department for Transport, and, critically, the Treasury, to unblock the pipeline and ensure that we stop dirty diesel?

Dr Coffey: The Environmental Audit Committee does important work in monitoring those ongoing issues. The Department for Transport and DEFRA have been working together, and we established the joint air quality unit earlier this year. I am also meeting public health and DCLG Ministers. As I have said, I am absolutely committed to trying to make a difference in this area.

The hon. Lady will be aware of the scheme that we launched last month to fund more charging points for low emission vehicles, focusing on taxis as well as cars. Those measures are well under way. I assure her that the Department for Transport takes this issue very seriously and that we will be making further progress, and I am sure that the Treasury has also heard her pleas. Moreover, the Prime Minister gave an undertaking in the House yesterday that we would do more in relation to air quality.

Mark Field (Cities of London and Westminster) (Con): I am encouraged to hear that the Minister is making air quality her first priority. I hope that it will continue to be so until the problem is solved, because this is a deplorable state of affairs. I know that the Minister is part of a new ministerial team, but I agree with everything that was said by my hon. Friend the Member for Tiverton and Honiton (Neil Parish). My own constituents have had enough of the current appalling state of air quality. I know that I am in the middle of a big city, but the same applies to many other parts of the country. We need to ensure that the perverse incentives for diesel are stopped in their tracks, and I hope that the Minister will make representations to that effect at the highest level.

Dr Coffey: As my right hon. Friend suggests, the Government intend to continue to encourage people to opt for low-emission vehicles. As for what is being done in London, the Mayor said that he would plant 2 million trees in the run-up to the campaign—[HON. MEMBERS: “Where are they?”]—and I hope that he keeps to his pledge over the next four years, because that will help to improve air quality. I know that the Transport Committee has asked him to appear before it. As I have said, it is important for central and local government to work together to help the people whom we all represent.

Mr Ben Bradshaw (Exeter) (Lab): May I gently suggest to the Minister that talking about sledgehammers and nuts is not really appropriate in this context? Air pollution is the biggest avoidable killer apart from smoking. The Minister needs a sledgehammer, and she needs to take the sledgehammer to the Treasury.

Given that this is the second humiliating defeat that the Government have suffered in the courts, surely there was a plan to announce some action here, today, in response to that defeat. Where is it? Where are the new measures?

Dr Coffey: As the right hon. Gentleman will know from his time in government, measures take some time to work up. He may shake his head, but I am not going to become involved in the blame game and talk about what happened under Labour, when the number of diesel vehicles on the road increased. What I will say is that I am working closely with officials to come up with the wide range of actions that we wish to take, and I can only add that we hope to announce them in due course.

Wendy Morton (Aldridge-Brownhills) (Con): I recognise that my hon. Friend acknowledges that more needs to be done, and I am grateful for her statement. Does she agree that, in seeking to do more to address the problem, we should take the opportunity to use some of our home-grown innovation and technologies?

Dr Coffey: My hon. Friend is right. We should recognise the progress that the United Kingdom has made in respect of low-emission vehicles, and I hope that some of the new incentives will encourage people to think of buying one when they come to replace their cars. The Department for Transport is investigating other technologies as well, and I hope that they will prove fruitful in helping us to tackle this issue.

Helen Hayes (Dulwich and West Norwood) (Lab): The Mayor of London is making huge strides in cleaning up London’s bus fleet, in stark contrast to his predecessor, and he deserves to be recognised for taking this issue seriously while the Government are failing. However, urgent action is needed to tackle HGVs, private cars and other diesel vehicles. Will the Minister now set up a comprehensive plan at a national level, including scrappage schemes, fiscal incentives and urgent investment in research and development to help the Mayor and others to remove the highest polluting vehicles from our roads?

Dr Coffey: Transport for London had an £11 billion settlement from which it can decide to prioritise certain actions. I do commend the Mayor, who is bringing forward measures more quickly, particularly on buses. We need targeted interventions rather than, perhaps not a sledgehammer, but comprehensive schemes which may not be the best use of taxpayers’ money in tackling this critical issue.

Kevin Hollinrake (Thirsk and Malton) (Con): Air quality in Malton and Norton is often at dangerous levels. Will the Minister join me in urging North Yorkshire County Council to develop and implement a clear strategy to deal with this problem?

Dr Coffey: I agree with my hon. Friend. Local councils know their communities best and can come up with good schemes where they work with local home and business owners. Of course, the national Government have their part to play; we have published our air quality plan and are updating our modelling, but local action with the help of a proactive local MP is good news for constituents.

Geraint Davies (Swansea West) (Lab/Co-op): The Minister talked about nuts and sledgehammers and there being no need for a comprehensive plan, but does she not agree that she needs a proper fiscal strategy to incentivise consumers and producers so that we have a sustainable future, with an infrastructure of hydrogen and electric and a commitment to EU air quality standards, yet she has given us none of those things?

Dr Coffey: I said earlier that leaving the EU has nothing to do with improving air quality, and I stand by that.

May I clarify something that I said earlier? We have done the analysis on the scrappage schemes. Having just one particular kind of scheme where any diesel car can be replaced would not be the best use of taxpayers’ money because it is not a targeted intervention. I want to be smart about this and use taxpayers’ money effectively so that we can tackle this issue, not just have a comprehensive scrappage scheme which will not help as much.

Jeremy Quin (Horsham) (Con): What role can the Government play in pushing the EU to improve the driving emissions test further?

Dr Coffey: I am not going to pretend I am the Department for Transport expert on this matter, but I know that we have been pushing for the last five years to get the real driving conditions actions updated. More is coming out next year, in 2017. We should be seeing

[Dr Thérèse Coffey]

action right across the EU, and I am looking forward to that. We will start to see whether those measures have really made a difference in 2019, because it will take a bit of time to bed in, but I can assure my hon. Friend that although we will be leaving the EU, we will continue to make sure that our air quality improves.

Kerry McCarthy (Bristol East) (Lab): A *Sunday Times* investigation last year revealed that 3,000 schools were in areas affected by toxic air pollution, and we know that childhood asthma is massively on the increase. What are the Government doing specifically to ensure that schoolchildren are protected from air pollution?

Dr Coffey: Schools are in local council areas. [Interruption.] I am not blaming local councils; I am trying to say that local councils know how best to work with their local communities in order to make a difference. The hon. Lady will know of various schemes—I am sure they happen in Bristol—such as walking to school. There are powers that councils have today that we encourage them to use; we are encouraging them to apply for the air quality grant fund. That is the kind of proactive action our local councils can take now to make a difference for children.

Several hon. Members rose—

Mr Speaker: Order. I gently remind colleagues that the business statement will follow these exchanges and after that there are two further ministerial statements before we reach the first of the two debates to take place under the auspices of the Backbench Business Committee. Therefore there is a premium upon time, necessitating brevity from Back and Front Benches alike, now to be brilliantly exemplified, I am certain, by Mr Jason McCartney.

Jason McCartney (Colne Valley) (Con): Labour-run Kirklees Council keeps forcing through huge housing developments on greenfield sites in my constituency, especially around Lindley, with scant regard for the impact on air quality. Can we please put air quality at the forefront of planning reforms, and can we have a clean air zone in Huddersfield?

Mr Speaker: By the way, there will also be up to 20 minutes on the Select Committee statement, which merely serves to underscore the force of what I have just said.

Dr Coffey: Thank you, Mr Speaker. In answer to my hon. Friend, I will need to check this—and I might need to write to him—but I think there is already guidance in the national planning framework to ensure that councils are mindful of the impact on air quality and other environmental matters when they consider planning applications.

Mr Clive Betts (Sheffield South East) (Lab): The M1 motorway runs right next to the Tinsley area of my constituency, and NO₂ levels there are so dangerously high that Sheffield Council has acted to move two local schools away from the motorway and rebuild a school elsewhere. In the end, however, the council can only do

so much, and it cannot prevent pollution from the M1. That needs a national plan from the Government to reduce NO₂ emissions from diesel vehicles. When are we going to get one?

Dr Coffey: One of the actions that the joint air quality unit is taking is to work up plans for the strategic road network, and that work is still under way. As I have said, our modelling was based on the best available evidence. A consequence of updating the modelling might be that more areas will come into it, but the strategic road network, including the M1, is on our agenda.

Oliver Colville (Plymouth, Sutton and Devonport) (Con): According to the World Health Organisation, Plymouth has been named as one of the worst cities in the UK for air quality, along with Saltash in the constituency of my hon. Friend the Member for South East Cornwall (Mrs Murray). There is an 11-year difference in life expectancy between the north-east of my constituency and the south-west. Would my hon. Friend be willing to meet members of my council to discuss how we can make significant improvements?

Dr Coffey: I am sure that I will make it to the south-west at some point, and hopefully not because of flooding this year. It is always a great pleasure to visit that part of the world. Poor air quality is one of the factors that contributes to early deaths, and I hope that we can work closely with our councils to ensure that we have local solutions that deliver local results.

Mrs Madeleine Moon (Bridgend) (Lab): I feel some sympathy for the Minister, who is having to deal with this issue today, because the problem lies with the Treasury rather than with her Department. I have to say, however, that it is a little rich to place this responsibility on local authorities when they are already so cash-starved and struggling to provide education and social care services. Is it not time for the Treasury to stand up and tackle this issue by providing the funds that are so desperately needed?

Dr Coffey: The Treasury has already created incentives to encourage people to move towards lower emission vehicles. I really want to work with local councils to make a difference locally—it does matter—and they can apply to the air quality fund. I do not know the situation in Wales; that will be a matter for the Welsh Assembly Government to tackle.

Andrew Selous (South West Bedfordshire) (Con): May I urge the Department for Environment, Food and Rural Affairs to liaise very carefully with the Department for Transport and the Treasury in the 20 days before the autumn statement to ensure that we get some good news on 23 November? Will the Minister also remember that the reason many people drive older diesel vehicles is that they are on lower incomes and those vehicles are their means of getting to work? We need to bear that in mind when we take action.

Dr Coffey: I recognise what my hon. Friend is saying. The miles-per-gallon rate is much better in diesel cars, and that is a reason to drive them in rural areas where petrol and diesel prices tend to be higher than in cities. We want to ensure that our interventions are targeted to

have the best impact. I can assure my hon. Friend that I am not shy about discussing these matters, either with the Department for Transport or with the Treasury.

Thangam Debbonaire (Bristol West) (Lab): In my constituency, there are four primary schools within 100 yards of the M32 motorway, and another that is bang in the middle of the city. It is not enough for the Government to blame local councils. Will the Minister meet me, the other Bristol MPs and the Mayor of Bristol, Marvin Rees, to discuss exactly what funding she will be providing to tackle this problem?

Dr Coffey: I am not blaming anyone. I have already set out that it is good for local councils to work with local communities on some of these solutions. The Government also need to do their bit, and I referred to the work on the strategic road network. There is a fund out there. Councils already know about it and I encourage them to use it. I would be happy for the hon. Lady to come and meet me to discuss the matter.

Rebecca Pow (Taunton Deane) (Con): While I applaud the Government's commitment to introduce clean air zones in five of our big cities, may I urge Ministers to consider introducing them more quickly, because the deadline is 2020, and in more cities and towns? Will the zones be tailor-made and specific to individual needs, such as the A358 in my constituency? Can we also have lots of trees to help as well?

Dr Coffey: The Government are committed to this and are on track to plant 11 million trees over the lifetime of this Parliament. I hope that the Mayor of London keeps to his commitment to plant 2 million trees in London. Some powers already exist, and the consultation on the clean air zone framework is out there. The difference is that we are now mandating five cities to implement clear air zones. I recently visited Derby to sit down with the council leader and go through what is being considered. I assure the House that I will keep encouraging local councils to take action.

Paul Flynn (Newport West) (Lab): There are two possible routes for the M4 relief road in south Wales. One, the blue route, would concentrate and increase pollution in the heavily populated heart of Newport, where air pollution accounts for 70 deaths a year. The other scheme would disperse pollution over a wider, less-inhabited area. Will the Minister assure me that she will give her wholehearted support to the black route in order to reduce pollution?

Dr Coffey: I must be careful when dealing with such issues in Wales as they are the responsibility of the Welsh Assembly Government, but I am sure that officials will have heard what the hon. Gentleman had to say.

Mr David Nuttall (Bury North) (Con): Does my hon. Friend agree that the best way to improve air quality is through innovation and new technology, not through regulation and more taxes?

Dr Coffey: My hon. Friend is right that we must pull on a number of levers. We should be proud of the innovations that we have undertaken, particularly in the

development of low emission vehicles. However, we must be serious when addressing this issue. We are working up targeted interventions that I genuinely hope will mean that in a few years we will be celebrating the fact that air quality is improving for everyone whom we represent.

Tom Brake (Carshalton and Wallington) (LD): The Liberal Democrats have opposed a third runway at Heathrow for 20 years, but the Government are ploughing ahead. What action will the Minister take now to improve the appalling air quality around Heathrow? Will she ensure that the third runway will not be built unless air pollution can be contained within the legal limits?

Dr Coffey: In answer to my hon. Friend the Member for Twickenham (Dr Mathias), I set out that the Government believe that the runway at Heathrow can be delivered without impacting on the UK's compliance on air quality. The Secretary of State for Transport was at the Dispatch Box on 25 October and talked about the Department for Transport, DEFRA and the Treasury embarking on a joint project

"to identify further ways in which we can tackle the issue."

He continued:

"By the time a new runway opens in the next decade, we intend to have made substantial progress on tackling such air quality challenges"

not only around Heathrow, but

"across our nation as a whole."—[*Official Report*, 25 October 2016; Vol. 616, c. 164.]

Chris Davies (Brecon and Radnorshire) (Con): In a few hours' time, I will be returning to my seat of Brecon and Radnorshire, where the air is clear and fresh. I recommend a visit to every hon. Member to replenish their lungs. However, I come to this great city for four days a week. What difference does the Minister think that hydrogen and electric vehicles will have on emissions in cities such as this and across Great Britain?

Dr Coffey: I think they would have a huge impact.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I have great sympathy for the Minister this morning because we are all responsible for the mess we are in, and I say that as chairman of my party's Back-Bench DEFRA committee. Does the Minister realise that the public are far ahead of us on this issue? No one in their right mind would now buy a diesel car. The fact of the matter is that we need a scrappage scheme to get these filthy, belching diesel buses and cars out of our towns and cities. We are choking and poisoning children. That is why we need action now.

Dr Coffey: We are taking action to target our interventions. I have heard what the hon. Gentleman says about scrappage schemes. May I ask whether there are any more MPs left to speak?

Mr Speaker *indicated assent.*

Dr Coffey: I ask that because I am really pleased that so many Members in the House today are concerned about this issue, and I hope that we can all become champions on it with our local councils. I am happy to be held to account on this, but we must work together to make sure that we make the difference.

Mr Speaker: It is a very good headline: “Minister wants more questions”. The hon. Lady is setting a splendid precedent.

Tom Pursglove (Corby) (Con): I am very happy to oblige the Minister on that. Does she agree that supporting British industries wherever possible, rather than importing cheap, poorly produced products from elsewhere, is good not only for jobs, but for air quality in this country?

Dr Coffey: As I have just been reminded, Nissan will continue to manufacture cars in this country; we have Toyota in Derbyshire, in the constituency of my hon. Friend the Member for South Derbyshire (Heather Wheeler); and we are already leading the way on ultra-low emission vehicles. Long may that continue.

Joan Ryan (Enfield North) (Lab): My constituency and the borough of Enfield are bound by the M25, the A10 and the north circular A406, so we have much more than our fair share of dirty diesels powering down our roads. Some of our roads, such as Bullsmoor Lane, are practically an extension of the M25. I do not think my constituents are going to feel reassured by what they have heard today; there has been no specific plan and no money identified from the Treasury. We have had nothing to stop the fact that we have kiddies in pushchairs sucking in this poisonous NOx.

Dr Coffey: I have outlined the fact that the Treasury has already provided incentives to make some changes and that we are looking at the strategic road network. We have to do this on the basis of the best available evidence. We are updating our modelling, and I hope that we will be able to help Enfield Council in due course.

Jim Shannon (Strangford) (DUP): Does the Minister accept not only that steps need to be taken, but that a knee-jerk reaction is not needed? We need action that does not adversely affect industry and our economy, but that encourages a reduction in pollution.

Dr Coffey: The hon. Gentleman makes a fair point, but we do have to have a sense of urgency on this issue, and I am absolutely committed to prioritising it. It is a top priority for me and the Secretary of State. I will echo what the Prime Minister said:

“We have taken action, but there is more to do and we will do it.”—[*Official Report*, 2 November 2016; Vol. 616, c. 887.]

Business of the House

11.12 am

Valerie Vaz (Walsall South) (Lab): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Mr David Lidington): The business for next week will be as follows:

MONDAY 7 NOVEMBER—A general debate on exiting the EU and workers’ rights.

TUESDAY 8 NOVEMBER—A debate on a motion on the role of grammar and faith schools, followed by a general debate on raising awareness of a new generation of veterans and service personnel. The subjects for both these debates were determined by the Backbench Business Committee.

The provisional business for the week commencing 14 November will include:

MONDAY 14 NOVEMBER—Second Reading of the Technical and Further Education Bill.

TUESDAY 15 NOVEMBER—Consideration of a Lords message relating to the Investigatory Powers Bill, followed by remaining stages of the Small Charitable Donations and Childcare Payments Bill.

WEDNESDAY 16 NOVEMBER—Opposition day (12th allotted day). There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 17 NOVEMBER—A debate on a motion on reductions to employment and support allowance and universal credit, followed by a general debate on International Men’s Day. The subjects for these debates were determined by the Backbench Business Committee.

FRIDAY 18 NOVEMBER—Private Members’ Bills.

I should also like to inform the House that the business in Westminster Hall for 14 and 17 November will be:

MONDAY 14 NOVEMBER—Debate on an e-petition relating to the status of police dogs and horses.

THURSDAY 17 NOVEMBER—General debate on the future of the Post Office.

It may be for the convenience of the House if I make a few comments following this morning’s High Court judgment. It is a lengthy and complex judgment, which my right hon. and learned Friend the Attorney General is currently studying. I can confirm to the House that it is the Government’s intention to appeal against today’s High Court judgment. As the House is aware, we are now in a situation in which we have this judgment today and, from a little while ago, a judgment from the High Court of Northern Ireland, which came to a completely different decision on the same subject. We now have the High Courts in two different parts of the United Kingdom coming to opposite conclusions about the same constitutional legal question. This will now need to go to a higher court. In the light of the two judgments, the Government intend to offer an oral statement next Monday so that, subject to the usual requirements on sub judice, Ministers can be questioned by Members from all parts of the House.

Valerie Vaz: May I just say that it was the Master of the Rolls and the Lord Chief Justice who handed down that judgment?

Business questions are proving to be very successful in many areas. Not only was Marmite returned to the shelves on the same day that it was raised here, but now Bob Dylan has contacted the Nobel Committee.

We still do not have a negotiating position on exiting the European Union. We had a glimpse of it—not in Parliament, but on the “The Andrew Marr Show”—the day before a statement to the House. The Secretary of State for Business, Energy and Industrial Strategy admitted that he had given assurances to a company that there will be continued access to markets in Europe, and vice versa. So, not a complete hard exit then, which reflects the Prime Minister’s comments to City bankers that she is worried about the effect of Brexit on the British economy.

A recent report by Professor Menon of King’s College said that cuts to personnel over the past few years have left the civil service depleted and with little expertise. Where do we get the expertise from? It is Europe, which is why we need a debate on the Government’s negotiating position. If the Government are going to provide letters of comfort, as the Secretary of State said, sector by sector, the British people would also like a letter of comfort. Sadly for us and for you, Mr Speaker, if the British people want to know what is going on and what the Government are thinking, they have to watch “The Andrew Marr Show”.

Mr Speaker, you will recall the words:

“You turn if you want to. The lady’s not for turning”,

but this Government seem to be turning again. In a written statement, the Education Secretary said last week that there will be no changes to education legislation in this parliamentary Session, which will run until next summer. Will the Leader of the House confirm that that is correct? Does that mean no forced academies, no education Bill and parents back on governing bodies? Will he please be explicit? If that is not enough, the legacy of the beleaguered Education Secretary at the Department for International Development has been trashed by her successor, who says that there will be a greater focus on trade and that she will “call out” foreign aid organisations using British money. The Government are in disarray and speak with forked tongues.

I recall the former International Development Secretary telling the House that she had undertaken an audit of all aid donations, and that the Department’s website clearly states where the money has gone. You know, Mr Speaker, because you sat on the International Development Committee, that aid is about supporting fledgling democracies. It is about what we saw in Burma—children going to school, fighting disease, and supporting the rule of law so that people will want to stay in their country. Our own Clerks, Library staff and others, under your leadership, Mr Speaker, go to places such as Burma as they enter into peace. They help to build capacity, expertise and confidence, and out of that comes growth. May we have a debate on the Government’s policy on aid and whether the 0.7% of GDP for aid, which was voted for by this House, is protected?

This week, all of us will take part in Remembrance Day services. We will hear the Kohima epitaph:

“When you go home,
tell them of us and say,
for their tomorrow,
we gave our today.”

That is why we remember them. The Royal British Legion wants us to rethink Remembrance to include today’s generation who have died serving their country. My hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty) has secured a debate next week to draw attention to that call. May I ask the Leader of the House to ensure that, across the parliamentary Estate, we take up the call to rethink Remembrance?

Those who served fought for future generations, and future generations will be here next week when we welcome the Youth Parliament on 11 November. Its sitting will involve more than 300 young people between the ages of 12 and 18 from throughout our United Kingdom. We can learn from them how to focus on debates.

Will the Leader of the House join me in sending a message to Bob: “If you don’t want the Nobel peace prize money, could you donate it to the White Helmets of Syria?”? That charity did not win the Nobel peace prize and was the beloved charity of our beloved colleague Jo Cox, who would have been delighted by the maiden speech of my hon. Friend the Member for Batley and Spennings (Tracy Brabin) yesterday.

Finally, we look forward to the result of the United States presidential election. Faced with a scary clown and the possibility of the first woman President of the United States, I think I know who I would vote for. I am sure the whole House will join me in wishing President Obama and his family all the best for the future.

Mr Lidington: I straightaway join the shadow Leader of the House in expressing best wishes to President Obama, who has shown himself to be a firm friend of the United Kingdom, and of efforts to bring about peace and stability in conflict-torn parts of the world. We wish him and his family well.

I, too, congratulate the hon. Member for Batley and Spennings (Tracy Brabin) on her maiden speech and welcome her from the Dispatch Box. We look forward to her playing an active part in our proceedings in the months and years to come.

Like the hon. Member for Walsall South (Valerie Vaz), I am looking forward very much to the Youth Parliament coming here on 11 November. As you and I discussed earlier this week, Mr Speaker, we are both going to play a small role in the opening of those proceedings. It is really good to see young men and women who are enthusiastic about and committed to the democratic parliamentary process. I hope they will go away from their experience on 11 November wanting to be ambassadors for the strengths of parliamentary debate and parliamentary democracy in their communities around the country.

I am certainly aware of the wish of the Royal British Legion and other armed forces charities to ensure that, while we rightly continue to honour the sacrifice of those who served in the world wars, without whom we would not have the freedoms that we can so easily take for granted today, we should also have in mind those who have served in more recent conflicts, and the work that the charities do to provide help and support to servicemen and women who suffer mental and physical injury as a consequence of that service, and their families. All of us should be working with local branches of the Royal British Legion, other service charities and the services themselves to ensure that this message, as well

[Mr Lidington]

as the sacrifice and the continuing service of our armed forces, is understood by the wider community and across the generations. We should be as proud of those who have served more recently in Northern Ireland, the Gulf, Iraq and Afghanistan as we are of those who served in previous generations.

On the more political elements of the hon. Lady's remarks, I was surprised by what she said about aid and international development. The Government could not have been clearer about our commitment to the 0.7% development spending, as we have demonstrated, not least by writing it into law. The very work to help to build democracy and good governance that she talked about, through organisations such as the Westminster Foundation for Democracy, is part of that 0.7%, and the criteria for our aid spending are laid down by the International Development (Official Development Assistance Target) Act 2015. There are clear guidelines and rules that govern how aid money should be spent, so I think that the hon. Lady is trying to set up some kind of Aunt Sally. There ought to be agreement across the House about our wanting an ambitious development programme, but also one in which we are rigorous in measuring the value for money of our aid and look carefully at the outcomes to make sure that that money—taxpayers' money, don't forget—is going to people who are in desperate need and is making a difference for good to their lives.

On education policy, I do not know whether the hon. Lady was on holiday when my right hon. Friend the Education Secretary recently launched a Green Paper and major consultation exercise on education reform. While we are taking forward our proposed work on further education and technical education, as I have announced, we think that it is right to look at broader school policies in the light of the consultation responses that we will get. My right hon. Friend will be coming forward in due course with a considered approach, taking in the ideas set out in the recent Green Paper.

Finally, when it comes to Europe and European exit, I have just announced that there will be a debate next Monday on one aspect—

Valerie Vaz: A Backbench Business debate.

Mr Lidington: No, it is a full day's debate in Government time on the UK's exit from the European Union and workers' rights, and it is but the first of a series of such debates that will provide ample opportunity for Members of Parliament from all parties to express their views clearly. I will just say this to the hon. Lady: if she really thinks that it is sensible for the Government to set out in public a detailed negotiating position ahead of a negotiation with 20 other countries, I would love to be negotiating on the other side of the table from her.

Mr Kenneth Clarke (Rushcliffe) (Con): I realise that the Government are trying to maintain their efforts to stop the House from having a vote on article 50, but can my right hon. Friend reassure me that he is not trying to assert that the Government regard themselves as not accountable to a vote in Parliament on their general policies on our political, economic and trade relationships with the European Union for the duration of the negotiations, which will no doubt take several years?

As my right hon. Friend is apparently offering a large number of fairly innocuous debates on broad-brush motions taking note of various European subjects, is he aware that, as a result of the number of Members who will wish to speak, many Back Benchers will unfortunately find that, as things stand, they have only three minutes in which to give a detailed explanation of their views on any subject? As the Whips will have nothing to fear from such debates, will he consider inviting the House to suspend the usual time rules so that we can have some more open-ended debates? Otherwise, the Government will try to dismiss the whole thing with a series of rather farcically constricted exchanges of views.

Mr Lidington: I am somewhat surprised that my right hon. and learned Friend appears to have an appetite for the kind of all-night sittings that he and I went through on the Maastricht Bill some 25 years ago. I do not think that that would be the right way to have a mature debate and to reflect public interest in these various European issues. I am sure that the House will have plenty of opportunities—not just in Government time, but in many others ways—to debate all aspects of our forthcoming negotiation, but the fundamental principle is that this House voted overwhelmingly to give the British people the final say when it voted through the referendum Bill earlier this year, and we need to accept and respect the consequences of that decision.

Several hon. Members *rose*—

Mr Speaker: Order. The House will decide its sitting hours—that is a matter for colleagues—pursuant to what the right hon. and learned Member for Rushcliffe (Mr Clarke) has said. I simply underline the point that I am a servant of the House, and whatever hours the House wants to sit to debate important matters, I am very happy to be in the Chair.

Pete Wishart (Perth and North Perthshire) (SNP): I thank the Leader of the House for announcing the business for next week. His response thus far to the High Court ruling simply is not good enough. This is an important, significant ruling, which suggests that this House is sovereign on these matters. As a leader of this House, not just of this Government, he should respect that. What plans does he therefore have to bring an early vote on these matters to the House? It is little wonder that the Foreign Secretary compared this process to the Titanic, because what we have is a stricken, doomed liner going to the bottom of the ocean, taking its captain with it. Well, we in Scotland are preparing our lifeboat to get out of this, because there is no way we are going to the deeps with this stricken Government.

May we have a debate on animal welfare? The nation is simply gripped by the story of Kim the Alsatian, and how the poor dog came to meet her ultimate maker. Lord Heseltine, of course, claims he did not strangle that dog, but it would not be the first time he had tried to dispatch a frothing-at-the-mouth but much-loved family member for the betterment of this nation.

Looking at the business, what meagre business we have. It is full of general debates and Backbench Business debates. I am glad that we have some time for the hon. Member for Gateshead (Ian Mearns), but there is no legislation, save one piece programmed for a week on Monday. It took the last Parliament four years to acquire

the moniker of the zombie Parliament; it looks like this Leader of the House is trying to achieve that in less than two years.

Mr Lidington: The hon. Gentleman is trying to work himself up into a sense of rage that, I am afraid, I find wholly synthetic. The judgment today is some 30 or 40 pages in length. The idea that I would come to the House within an hour of that judgment being read out in court and be able to provide the sort of detailed analysis and responses to questions that the hon. Gentleman seeks is, quite frankly, wrong-headed. That is why the Government are offering the oral statement when my right hon. and learned Friends have had the opportunity to look at the judgment in detail so that we can respond as best we can, given the sub judice rule, to the questions from hon. Members on both sides of the House.

When it comes to the business before the House, I am afraid that the hon. Gentleman is not correct. I did say that we have legislation on both Monday 14 and Tuesday 15 November. I am asked all the time in these sessions for debates on European matters. The Government are now offering, in Government time, a debate on European matters—on workers' rights, which is something the Scottish National party professes to care about a great deal. Now the hon. Gentleman argues that, instead of that, we should have Government legislation. I think he needs to make up his mind where his priorities really lie.

Dr Julian Lewis (New Forest East) (Con): I was going, yet again, to raise the question of BBC monitoring in Caversham, and the determination of the Defence Committee to get a Minister responsible before us, but I will let the Leader of the House off this week on that topic. Will he instead make a statement about the holding by Russia of 31 Ukrainian prisoners, half of whom are having their Ukrainian nationality denied by the Russians because they come from that part of the Ukraine that is now occupied by Russia? I believe he met Nadiya Savchenko, the courageous army pilot whom the Russians took prisoner and sentenced to 22 years in jail until a campaign successfully got her released. A statement from the Government on the way in which Russia could perhaps do something to improve relations between east and west by releasing those prisoners would, indeed, be welcome.

Mr Lidington: I have a great deal of sympathy for what my right hon. Friend said. I did, indeed, meet Nadiya Savchenko yesterday, and I said to her that it was really good to see her a free woman, but also to be able to meet her in a free and democratic Parliament. I just wish that those conditions pertained in Russia as well. The approach that the Russian authorities have been taking in detaining Ukrainian citizens and holding them as political prisoners is but one manifestation of the increasingly ruthless and authoritarian approach taken by the Kremlin. My right hon. Friend the Foreign Secretary has been very plain in his condemnation of the Russian Government's approach, and the British Government will continue to urge Russia through all diplomatic channels to change its approach, and will continue to support international sanctions, including European sanctions, against Russia so long as it continues to occupy Crimea and to interfere in the Donbass.

Ian Mearns (Gateshead) (Lab): The Leader of the House has announced Back-Bench business for up to and including 17 November, including two debates

next Tuesday. We are grateful to get debates on a Tuesday, even though it is the last day before the recess. We have two important Back-Bench debates this afternoon, but you have granted an urgent question, Mr Speaker, and two Government statements will also eat into our time. Will the Leader of the House consider finding protected time on days other than Thursdays, so that Back-Bench business is not eaten into by Government statements?

Last Saturday, I was privileged to attend the official opening of the north-east of England garden of remembrance in Saltwell Park, which is in the heart of my constituency of Gateshead. May I pay tribute to the Royal British Legion, the volunteers and the staff and members of Gateshead Council, who provide a wonderful, serene space in the town centre municipal park, for a magnificent display of commemoration for the fallen?

Mr Lidington: I am happy to join the hon. Gentleman in his salute both to the Royal British Legion in Gateshead and to the work done by Gateshead Council.

We will always do our best to ensure that there is no unnecessary intrusion of statements on Back-Bench business time, but there are always contending pressures for limited parliamentary hours. Just as Government business sometimes gets curtailed because of the need for time for statements or urgent questions, that applies to Back-Bench business as well. We will try to be as helpful as we can to the hon. Gentleman and his Committee.

Sir William Cash (Stone) (Con): The Government have rightly decided to appeal to the Supreme Court. Does my right hon. Friend appreciate that the vote to leave the European Union was fundamentally based on a sovereign Act of Parliament that expressly transferred the decision from Parliament to the voters of the United Kingdom as a whole?

Mr Lidington: As I recall, during the debates on the European Union Referendum Bill, hon. Members on both sides of the House agreed and said in their speeches that that was the political consequence of enacting it. The Court has come to its judgment and we will make a further statement on Monday, after the Attorney General has had the chance to look at it in detail.

Tracy Brabin (Batley and Spen) (Lab): May we have a debate on the increase in the use of food banks? During my recent campaign, I met the manager of Batley food bank, who is increasingly concerned about the upcoming winter months, as hard-working people and families left behind by this Government are forced to make the really difficult decision between heating their homes and putting food on the table.

Mr Lidington: One of the differences between this Government and the Labour Government who preceded them is that this Government have made a conscious decision to signpost people who might be in need to food banks as a possible source of support; whereas under Labour, staff working for the Department for Work and Pensions were expressly discouraged and forbidden from doing so. Despite that, there was a tenfold increase in the use of food banks under the last Labour Government. I would have hoped that the hon. Lady would have welcomed the fact that a record number of people are in work in this country, and that all the indicators of inequality, including those that the Labour

[Mr Lidington]

party has historically supported and championed, show that inequality has fallen compared with its level under the Labour Government.

Several hon. Members *rose*—

Mr Speaker: Order. Given the pressure on time, to which I referred earlier, I should now appreciate single, short supplementary questions.

Sir Edward Garnier (Harborough) (Con): I welcome the announcement by the Leader of the House that there is to be a debate on the European Union and workers' rights next week. Could he also provide an opportunity for the House to debate the rights of this House, because without our supporting our own rights, there are no rights for workers? The Court this morning reinforced the importance of parliamentary sovereignty. Will my right hon. Friend make it abundantly clear that this House believes in its own powers and privileges; that they should be sustained; and that we should not enter into the farce that we entered into last Monday, when Parliament made a mistake in relation to Select Committees? [*Interruption.*]

Mr Speaker: It is being chuntered from a sedentary position that the right hon. and learned Gentleman is a lawyer. He is indeed a very distinguished lawyer, but I fear that we will have to wait for the next question to get a brief one.

Sir Edward Garnier: I am also a Member of Parliament.

Mr Speaker: The right hon. and learned Gentleman is also a Member of Parliament, and we have heard him with great courtesy and, indeed, a degree of charity.

Mr Lidington: As recently as last week, we had a debate on a report from the Privileges Committee during which Members from all parts of the House spoke up for the rights, powers and authority of this House of Commons. The particular issues arising from this morning's High Court judgment are precisely the ones about which Members will have an opportunity to ask questions on Monday.

Alex Cunningham (Stockton North) (Lab): Bonfire night is almost upon us, and I really worry about the fire and rescue service in Cleveland—one of the highest fire-risk areas in Europe—where we have lost more than a quarter of our front-line staff since 2010. Firefighters are at breaking point and worried that their ability to save lives is compromised. May we have a debate on the funding of fire and rescue services, and will the Leader of the House encourage the Fire Minister to visit Cleveland at my invitation to understand what is happening there?

Mr Lidington: I will certainly alert my right hon. Friend the Fire Minister to the invitation and to the welcome that he will undoubtedly receive in Cleveland from the hon. Gentleman. The issue of fire safety as we approach fireworks night is always about trying to get the right balance between families' individual freedom to buy fireworks, to have bonfires and to celebrate; and our need to provide for their safety. That freedom-versus-security debate is so relevant here, as it is in other aspects of public policy.

The good news is that the trend in admissions to hospital A&E departments because of accidents on fireworks night is downwards. That suggests to me that individuals and local authorities are much more aware of the safety advice that the Government and local councils have promulgated, and that they are taking appropriate action.

Jeremy Lefroy (Stafford) (Con): President Kabila of the Democratic Republic of Congo is due to step down on 19 December. He will not do so, and he has not even arranged for the elections to replace him. May we have an urgent debate on the matter? There is great risk of substantial violence occurring on and after 19 December at a time when everybody will be off for Christmas and the United States will have an interregnum.

Mr Lidington: It is important that those elections in the Democratic Republic of Congo take place as soon as possible. That is in the interests of the stability of that country and the wellbeing of its people, so many of whom have to live lives of the most dreadful poverty and still fall prey to endemic violence within the DRC. The Government are using all diplomatic means available to try to ensure that those elections take place. The Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Bournemouth East (Mr Ellwood), the Minister with responsibility for Africa, issued a statement to that effect very recently.

Mr Speaker: I aim to move on to the next business at midday.

Alan Brown (Kilmarnock and Loudoun) (SNP): Will the Leader of the House make a statement explaining why the Government can give a £4.6 billion loan guarantee to Thames Water but will not provide loan guarantees to the oil and gas industry?

Mr Lidington: As the Prime Minister said yesterday, the Government provide a range of measures through the tax system that help to support oil and gas businesses in the United Kingdom. There is also the economic reality that the global price for hydrocarbons has fallen very sharply in recent years, and it is never possible to insulate any industry completely from that kind of movement.

Mr Peter Bone (Wellingborough) (Con): May I agree with my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) on the need for an open-ended debate on Europe? As normal on Europe, Ken and I are as one. For brevity's sake, would it help the Leader of the House if he just said yes?

Mr Lidington: Learning of this historic pact, my heart skips. Although the Government have pledged that there will be a series of debates on different aspects of the forthcoming EU negotiation, I fear we shall never be able to grant enough of them to satisfy my hon. Friend.

Kevin Barron (Rother Valley) (Lab): Will the Leader of the House arrange a debate on the re-routing of HS2 in south Yorkshire? The new route will decimate communities throughout the region and provide none of the advantages first associated with the Meadowhall station, which was going to be a catalyst for growth in the south Yorkshire economy.

Mr Lidington: I will certainly report to my right hon. Friend the Transport Secretary the concerns that the right hon. Gentleman has expressed on behalf of his constituents. As he will know, that phase of the HS2 route has not yet been published in the form of a Bill. I am sure he will continue to make very strong representations to HS2 Ltd and the Department for Transport asking them to look again at the plans in the light of his constituents' concerns.

Alistair Burt (North East Bedfordshire) (Con): As one who campaigned against leaving the European Union, I give my right hon. Friend the assurance that I would vote for triggering article 50 if given the chance. I welcome the fact that there will be a statement on Monday, but does he accept that the Government's tone need not be one of disappointment? It should be one of welcoming the operation of the British rule of law, which I thought the referendum was partly about. It is not a decision to be afraid of, even if the Government wish to appeal.

Mr Lidington: We certainly pride ourselves, rightly, on being a country that lives by the rule of law. The case in question involves some very important constitutional matters concerning the respective powers of the Executive, Parliament and, indeed, the courts themselves, so it is right and inevitable that this will end up in front of the Supreme Court. My right hon. Friend, like other hon. Members, will have an opportunity to make such points again on Monday.

Mike Gapes (Ilford South) (Lab/Co-op): The High Court has ruled that the "government does not have power" to trigger article 50. May we therefore have a debate to celebrate taking back control and parliamentary democracy, and to argue that Parliament should determine when article 50 is triggered on the basis of full consideration of the implications of the advisory referendum?

Mr Lidington: The hon. Gentleman has aired his view. I cannot recollect at the moment whether he voted for or against the European Union Referendum Bill when it came before Parliament. I suspect that he did not vote against it at the time, which might make his call for a celebration now seem slightly odd. As I have said, this is a matter about which hon. Members can question Ministers on Monday, and we shall then have to await the appeal hearing.

Mark Pawsey (Rugby) (Con): Thanks to the hard work of volunteers and Rugby Borough Council's parks department, under the leadership of Chris Worman, my constituency won a prestigious gold award at the recent Britain in Bloom awards. We are hoping for further success when Caldecott Park is nominated for the UK's Best Park awards. May we have a debate about the importance of our green open spaces?

Mr Lidington: I am delighted to congratulate Mr Worman and his team on the achievement that my hon. Friend mentioned. I hope that my hon. Friend will have the opportunity, perhaps through an Adjournment debate, to draw the House's attention further to this matter, as well as to point out how the Government's policy on neighbourhood planning will give local people a greater say in the future of their precious parks.

Paula Sherriff (Dewsbury) (Lab): My constituency is wonderfully diverse, so I was saddened this morning to read a very misrepresentative newspaper article about an area in my constituency, in which the journalist appears to do nothing but stir up racial hatred. Such articles serve no purpose. May we have a debate to discuss the role the media appear to be playing in creating racial tension?

Mr Lidington: I am obviously not aware of the details of the particular case that the hon. Lady has described. In my experience, to promote good community relations requires commitment and steady hard work by members of different communities at local level in towns and in cities, right down to the level of individual estates and neighbourhoods. In my years in this place, I have seen members of all political parties getting stuck into that kind of work. As a result, if we look at opinion poll findings, we see that although there are problems—I am not going to pretend otherwise—for the most part this is a country where people feel at ease with their neighbours, whatever colour skin, whatever religion or whatever background those neighbours may have or have come from.

Sir Edward Leigh (Gainsborough) (Con): My right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) and my right hon. Friend the Member for North East Bedfordshire (Alistair Burt) have a point. Irrespective of the court case, is a general debate on triggering article 50 good enough? Why should we fear a debate on a substantive motion? It would be a brave Member of Parliament who voted against the will of the people. When it comes to Brexit, the only thing to fear is fear itself—let's get on with it.

Mr Lidington: As I said earlier, some important constitutional questions were raised by the case in the High Court, and by the court case in Northern Ireland last week. The Government are going to appeal against today's High Court judgment. We shall see what the appeal brings.

Chris Elmore (Ogmore) (Lab/Co-op): The 2013 Tomlinson report identified malpractice at the Royal Bank of Scotland, and a constituent of mine, Mr Alun Richards, believes he has been the victim of similar actions by the former Lloyds TSB group and its surveyors, Alder King. May we please have a debate on the conduct of the banking industry in the years that followed the financial crash?

Mr Lidington: If the hon. Gentleman's constituent has been the victim of criminal malpractice on the part of a company or its employees, there are routes available with independent investigatory and prosecutorial authorities, and he should present his evidence to those. If the hon. Gentleman would care to write to me with the details of that constituency case, I shall pass them on to the Minister responsible.

Mr David Nuttall (Bury North) (Con): May we please have a debate on the time taken to obtain Disclosure and Barring Service checks? A constituent has been waiting six weeks for a check, despite having had a previous check only in January of this year. These delays are stopping people working.

Mr Lidington: Delays of the kind that my hon. Friend mentions are deeply to be regretted. Not only are they inconvenient—to put it mildly—for the individuals concerned but they often mean that a school, hospital or social services department has to carry a vacancy or employ temporary staff for longer than necessary. The information I have is that over the past 12 months DBS checks that have taken longer than 60 days amount to less than 6% of the total number dispatched, but if he would like to let me have some details about the problems in his constituency I shall ensure that the relevant Minister at the Home Office is made aware of them.

Dr Rupa Huq (Ealing Central and Acton) (Lab): The stabbing of a 14-year-old in Ealing made the front page of the *Standard* this week. It was the 68th one with a victim under 25 in our borough in 12 months, and there have been nearly 1,800 London-wide. May we have a Government statement on what is being done to get a grip on knife crime, to stop this becoming the new norm in the suburbs?

Mr Lidington: My right hon. Friends the Home Secretary and the Lord Chancellor are both very well aware of this challenge. Strong laws are in place against the carrying of knives in public places, but the real problem here is the gang culture that has grown up in parts of our cities. I know that the police and other criminal justice agencies make strenuous efforts to curb that gang culture. I do not think there is a single neat, easy answer to these questions. I hope that the hon. Lady will have the opportunity for further debate on the matter and also to put questions on it to the relevant Ministers.

Nick Herbert (Arundel and South Downs) (Con): Since a majority of Members of this House would vote to trigger article 50 but want further reassurance about the terms of Brexit, may I suggest to my right hon. Friend that whatever the legal position it would be wise of the Government to allow a discussion and vote on the plan, before they find that, one way or the other, they are required to offer that?

Mr Lidington: There are important constitutional questions that need to be resolved definitively one way or the other, but I take careful note of what my right hon. Friend says on article 50.

Tom Brake (Carshalton and Wallington) (LD): Will the Leader of the House make time available for a debate about the fate of Andy Tsege, with whom many Members of the House will be familiar, who is on death row in Ethiopia? There are concerns about his safety and the safety of the cell he is sharing, and there has been no consular access since August.

Mr Lidington: As the right hon. Gentleman knows, Foreign Office Ministers have made frequent representations to the Ethiopian authorities about Mr Tsege. I shall draw the right hon. Gentleman's continuing concern to the attention of the Foreign Secretary at the earliest possible opportunity.

Martin Vickers (Cleethorpes) (Con): The Leader of the House may have noted my ten-minute rule Bill on Tuesday on the admission to schools of children suffering

from autism, which affects thousands of people up and down the country. Will he arrange for a statement outlining whether the Government are prepared to reconsider the current situation?

Mr Lidington: All hon. Members will be aware from our constituency work of some pretty dreadful cases in which parents of children who have various autistic spectrum disorders run into difficulties in accessing one or more of the statutory services. It is important that we have the best possible practice and the best awareness of autistic spectrum disorders in the education service and all other parts of the public service. Ministers are doing their utmost to encourage such understanding. My hon. Friend will have the opportunity to pursue that further in Education questions on Monday 14 November.

Paul Flynn (Newport West) (Lab): What should be supreme: the single snapshot of public opinion taken on a single day in June, heavily influenced by racial scaremongering and the downright lie of extra billions for the health service; or the mature opinion of Parliament when the full titanic consequences of Brexit are known? The Government asserted on 30 September 2010 that all referendums are advisory. Will the Leader of the House stand up for the supremacy of Parliament, knowing that second thoughts are always better than first thoughts?

Mr Lidington: The Government, the former Prime Minister and the current Prime Minister have always been completely consistent. We have said that the referendum, while legally and constitutionally advisory, was something that we would regard as politically binding. That was also the view taken by the Opposition, and certainly Opposition Front Benchers, when the Bill was going through. I campaigned hard for the remain side, but I have to say that it takes us into very difficult and potentially dangerous territory if we lightly say that we set aside the results of an exercise in mass democracy that attracted a turnout on general election scale, and that had an outcome that, while close, was nevertheless decisive.

Graham Evans (Weaver Vale) (Con): In the run-up to Halloween, I held an event with Sainsbury's to raise awareness of the flame risk of children's fancy dress outfits. Sainsbury's has brought its fancy dress toys standards to the highest nightwear standards. Retailers should never compete on child safety matters. May we have a debate on that very important matter?

Mr Lidington: My hon. Friend raises a very important issue. Last year, following other concerns expressed in the House, the Government tasked trading standards with carrying out checks on a large number of such costumes, as a result of which various non-compliant products were withdrawn from sale by retailers. We are now in discussions with the British Standard Institution and the relevant European standards organisation to review, and if necessary revise, the fire safety regulations governing costumes. Of course, the advice to parents and anyone else buying or hiring such costumes must continue to be to check carefully the fire safety certification before they do so.

Geraint Davies (Swansea West) (Lab/Co-op): My private Member's Bill on sugar is published today. It requires the number of spoonfuls of sugar in processed foods

and drinks to be put on the label. Given that a man like him is supposed to have only nine spoonfuls a day, the equivalent of one Coca-Cola, and a woman only six spoonfuls, the equivalent of one Müller Light, will the Leader of the House find time to debate obesity, sugar labelling and the impact on the NHS?

Mr Lidington: Obesity is certainly a real challenge for the NHS, because of its link to chronic conditions such as diabetes. That is precisely why the Government have launched the most ambitious childhood anti-obesity strategy that any Government in the United Kingdom have set in motion. The Government will take a view on the hon. Gentleman's Bill if and when it is debated in the Chamber.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): As my right hon. Friend may know, I have been campaigning to save the hedgehog. Bonfire night will be on Saturday. Does my right hon. Friend agree that people should check their bonfires before they are lit to make sure there are no hedgehogs lurking inside them?

Mr Lidington: My hon. Friend will merit some kind of Tiggywinkles award for his devotion to hedgehogs. He is right. If our constituents want further advice, they can consult the website of the British Hedgehog Preservation Society, where further tips are available.

Mr Speaker: Truly, the hon. Gentleman has established himself as a hedgehog fetishist.

Justin Madders (Ellesmere Port and Neston) (Lab): My constituent David Greenway is currently struck in Iraq. His employer is an American company called Hannaford, which has not paid him or his accommodation costs for some time, with the result that his passport has been seized by his hotel, which will not release it until all arrears are paid. The embassy has intervened without success and I have written to the relevant Minister. May we have a debate on what more can be done to help British citizens left in this situation?

Mr Lidington: I am grateful to the hon. Gentleman for raising this case. He will understand that it is sometimes

the right course of action to raise an individual case in public, and that with particular Governments it is better to try to go in slightly under the radar and make representations. I will make sure that Foreign Office Ministers are very alive to the case he describes. If he would like to let me have further details, that will help to speed things up.

Chris Davies (Brecon and Radnorshire) (Con): Following the Welsh Assembly Government's decision to cut the local government settlement for Powys County Council for the 10th year in a row, may we have a debate on whether the Welsh Government are taking their responsibility to serve the whole of Wales seriously, or whether they are interested only in looking after their Labour heartlands?

Mr Lidington: My hon. Friend makes a powerful point. It is very important that he and others who represent rural communities in Wales impress on the Welsh Assembly Government the need to try to have a Welsh Government that works for all. The evidence, sadly, is that there is not much of that commitment on the part of the Labour party in Cardiff.

Mr Speaker: I trust the hon. Member for Leeds North West (Greg Mulholland) will now impress us with a single sentence inquiry.

Greg Mulholland (Leeds North West) (LD): At this time of year, when we remember those who died and their families, it is a national disgrace that there is a group of women who still do not receive any support from the state because after grief they again found love. May we have a debate on this injustice and an announcement from the Government that this will finally change?

Mr Lidington: The hon. Gentleman may have the chance to obtain an Adjournment debate on this subject, but I will make sure that the relevant Minister in the Department for Work and Pensions writes to him.

Mr Speaker: I thank the Leader of the House and colleagues.

Prison Safety and Reform

12.3 pm

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): With permission, Mr Speaker, I would like to make a statement on the Government's proposals for prison reform.

The prison system in England and Wales is under serious and sustained pressure. Rates of violence and self-harm have increased significantly over the past five years. In the 12 months to June 2016, there were nearly 6,000 assaults on staff and 105 self-inflicted deaths. Prison staff are responding to constantly evolving security threats, such as psychoactive drugs, mobile devices and drones. Too many prisoners are missing out on the chance to reform and too many are going on to reoffend when they leave prison. We owe it to our hard-working prison staff to reverse these trends. We owe it to prisoners and their families, and we owe it to our communities and victims of crime. The cost of reoffending by former prisoners to society is estimated to be £15 billion a year: £1.7 million every single hour of every single day, blighting thousands of lives.

In May, Her Majesty set out in the Gracious Speech that her Government would legislate to reform prisons, including increasing freedoms for governors, improving education opportunities for offenders and closing old and inefficient buildings. Today, I am publishing the Government's plans for doing so. They represent a major overhaul of the system—the biggest for a generation.

Prisons punish by depriving people of their liberty. They must also reduce reoffending. My starting point is to refocus the system so that everyone is clear that safety and rehabilitation is the purpose of the prison system, setting this out for the first time ever in statute. Governors and staff cannot lead and manage change in an environment where they fear violence. Likewise, offenders cannot be expected to turn their lives around while they are dependent on drugs or in fear of being assaulted.

I will invest in 2,500 more prison officers across the prison estate. This includes the recruitment of 400 additional prison officers, which is already under way, in 10 of our most challenging prisons. Increasing the number of front-line staff will give prison officers more time to turn around the lives of offenders. Starting with 10 of the most challenging prisons, each and every offender will have a dedicated prison officer offering regular, one-to-one support. This one-to-one support model will be rolled out to every prison in England and Wales.

We will combine this new support for prisoners with a zero-tolerance approach to criminality in prison. I will send the clearest possible message that if anyone attacks our prison staff, we will treat it as a serious crime. We are rolling out body-worn cameras across the prison estate to give staff extra confidence, and we will work closely with other organisations, including the National Crime Agency and the police, to improve our intelligence-gathering function to tackle organised crime within the prison estate.

We will also take robust action to address emerging threats to prison security. We have rolled out new tests for psychoactive substances across the estate, and have trained 300 dogs to detect these new substances. We will work with industry to rid our prisons of the mobile phones that are driving up crime within the prison walls, as well as of the drones used to smuggle goods in.

Alongside investing in our staff, we will give governors the tools they need to drive forward improvements. We will push decision-making authority and budgets for the things that make a difference to offenders down to governors—whether it be education, family services or how prisons run their regime.

We are already seeing what greater authority can achieve in our six reform prisons. Launched in the summer, these trailblazers have allowed governors to reap the rewards of greater authority and empowerment in their prisons. Now we want the whole of the prison estate to benefit from greater devolution of powers to local level. In return for greater authority, we will hold governors to account for improvements. For the first time, we will publish national league tables every year, so the public can quickly see an illustration of how each prison is performing. This will include assessing the progress that offenders have made to improve their maths and English skills as well as getting into work.

The various inspection and scrutiny regimes—Her Majesty's inspectorate of prisons, the prisons and probation ombudsman, and the independent monitoring boards—need to be strengthened. Their recommendations need to be taken seriously and responded to quickly. When failures happen, people want to see action taken. We will strengthen the role of Her Majesty's inspectorate, adding to its remit so that in addition to its broad focus on the treatment of prisoners, it takes account of the extent to which prisons are achieving the statutory purpose. There will be a formal process for the inspectorate's findings to act as a trigger for the Secretary of State to intervene in the worst cases.

Finally, reform simply cannot happen in decrepit jails. Some prisons are overcrowded and no longer fit for purpose. That is why I am investing £1.3 billion in a modern, fit-for-purpose estate. In addition to HMP Berwyn in Wales, which will open from February 2017, we will build new prisons for men and women and close those prisons that do not have a long-term future on the estate. This year, we will begin the process of submitting planning applications for new sites, starting with Wellingborough and Glen Parva. As the new accommodation is opened, we will start to close old accommodation. As part of this programme, we will not reopen Dover and Haslar as prisons. Over the next five years there will be a programme of closures, and I shall make a more detailed announcement about that shortly.

Over the course of this Parliament and beyond we will see tangible improvements in the condition of our prisons, and we will begin to see better results in what prisons are asked to achieve. I believe that over the coming years we can create a better system with pronounced and sustained improvements in results for offenders—improvements in their education, employment and health—so that those stubborn reoffending rates can come down, and fewer people will have to go through the terrifying ordeal of being a victim of crime. That will be the marker for whether these reforms have been a success.

This Government's mission is to reform the way our public services work for the benefit of everyone in society. As Justice Secretary, I have made urgent reform of our prisons my No.1 priority in order to bring crime down in our communities and reduce harm for both prison staff and prisoners. That priority will, I am sure, be shared by all Members, and I commend my statement to the House.

12.10 pm

Richard Burgon (Leeds East) (Lab): This morning the Secretary of State said that it was in July that she had realised that there was a problem in our prisons. The rest of the country was aware of that reality well before then. There is a crisis in our prisons, although the Secretary of State refuses to admit it openly. The story of our prison system since 2010 is a story of spiralling violence and drug use. The root cause of the prison crisis is the political decision to cut our prison service back to the bone, and today's announcement feels a lot like "too little, too late". The Secretary of State wants the headline to be "2,500 extra prison staff", but 400 of those jobs have already been announced, and, in fact, it is 2,500 "extra" after a reduction of more than 6,000 on the front line.

It is deeply concerning that it was only after a threat of unofficial action that the Secretary of State was prepared to meet representatives of the Prison Officers Association to discuss the safety crisis in our prisons. However, she has finally met the leaders of the officers of whom she has asked so much, and they have made the scale of the crisis clear to her. Will she now admit that there is a Conservative cuts-created crisis in safety in our prisons? In his annual report, published in July, the chief inspector of prisons, Peter Clarke, described our prisons as

"unacceptably violent and dangerous places".

Only if it is recognised that there is a prisons crisis can a prisons crisis be solved.

The Secretary of State clearly now feels that she needs to be seen to be doing something, but the provision of 2,500 extra prison officers is not a cause for celebration, given that more than 6,000 front-line prison officer jobs have been cut since 2010. We have a prison capacity of 76,000 and a prison population of 85,000, which has remained at about the same level since 2010. We had 24,000 prison officers to deal with 85,000 prisoners; now we have 18,000 to deal with the same number. Our hard-working prison staff are overstretched and overwhelmed, and what has that meant? It has meant a record number of prison deaths, including a record number of suicides. The rate is nearing one death every day. There have been 324 deaths this year, including 107 suicides. Overall, we have seen 1,416 deaths since 2010, including 473 suicides. There are now more than 65 assaults each day, and this year there have been nearly 24,000: there has been a huge surge in both prisoner-on-prisoner assaults and assaults on our hard-working prison staff. The statistics show that there have been more than 100,000 assaults in prisons since 2010.

Why is that? It is because the austerity experiment in our prison service has failed. The presence of fewer officers, overstretched and overwhelmed, means a stricter and increasingly unsafe prison regime, and it means that prisons cannot effectively reform and rehabilitate in the way that prisoners and wider society need. Working in prisons has become less appealing and more dangerous. The Government have said that they have recruited more than 3,100 prison officers since January 2015, but there has been a net increase of only 300 in that time. It is clear that they are failing on staff retention. Prison officers are now expected to work until they are 68, in conditions that the Prison Officers Association has described as

"dangerous for everyone, staff and prisoners alike."

I am afraid that this Conservative Government have not valued hard-working prison staff; in fact, they have driven experienced staff out of our prisons.

Former Conservative Home Secretary and party leader Michael Howard famously said "Prison works." Under this Conservative Government, prison isn't working. Prison isn't working for prisoners, prison isn't working for our prison staff, and prison isn't working for wider society. Reoffending rates are far too high, and the Government have failed on rehabilitation. Because prison isn't working under this Government, it is not protecting our society properly.

The Justice Secretary has undoubtedly grabbed headlines by promising an increase in the number of prison officers, but she needs to tell us how she will attract new staff. She also needs to understand that building new prisons is not a panacea in itself. There are problems over how league tables would work in practice, and there is a tension between more autonomy for prison governors and new powers for the Secretary of State—

Mr Speaker: Order. I thank the hon. Gentleman very much indeed. I gave him an extra half minute, which I think was fair.

Elizabeth Truss: I have to say that I am disappointed by what the hon. Gentleman has said. I thought that, following our exchange on Tuesday, he would welcome the fact that the Government are committing 2,500 extra staff to the front line. We have also produced a White Paper detailing some of the most significant reforms of prisons for a generation to address the violence and the reoffending rates. We are launching apprenticeship schemes to encourage more people to become prison officers, as well as a new graduate entry scheme and a scheme that is intended to increase the number of former armed forces personnel in the Prison Service.

The hon. Gentleman asked about staffing. Our staffing numbers are based on evidence. Our new programme will allocate to every prisoner a dedicated prison officer who will be responsible for supporting and challenging that prisoner. Each prison officer will be responsible for six offenders. We know that that approach works, because we have trialled it: it is based on evidence. For the first time, we are enshrining in statute the Secretary of State's responsibility to ensure that offenders are not just housed but reformed. Of course they need to be punished and deprived of their liberty, but they also need to be reformed while they are in prison. That is a major change, and I should have thought the hon. Gentleman welcomed it.

Of course it is right for us to give governors authority and accountability, but I have visited numerous prisons where I have met our hard-working prison officers, and they are the people who can turn lives around. They are the people who can motivate someone to get off drugs, to get an education and to get a job. It is right for us to give them the autonomy and authority that enables them to do that, while also holding them to account.

I am disappointed that the hon. Gentleman has seen nothing to commend in the White Paper, which I think addresses many of the long-standing issues in our prison service.

Mr Kenneth Clarke (Rushcliffe) (Con): I congratulate my right hon. Friend. I warmly welcome her prompt response to the crisis of violence in prisons, and her

[*Mr Kenneth Clarke*]

attractive proposals for strengthening the management of those prisons and the public accountability of the management for their results. Does she agree, however, that her overriding aim of protecting the public by reducing reoffending and preventing prisoners from committing crimes in future is almost impossible to achieve so long as prisons are overcrowded slums? Will she make the courageous decision to start addressing some of the sentencing policies of the 1990s and the 2000s, which accidentally doubled the prison population in those overcrowded slums? Will she ensure that our prisons are reserved for serious criminals who need to be punished, and find better ways of dealing with problems of mental health and drug abuse and with irritating, trivial offenders?

Elizabeth Truss: I am not in favour of an arbitrary reduction in the number of prisoners in our prisons. What I am in favour of is reducing reoffending rates so that we stop people revolving through the system and going in and out of prisons. We need to make sure our prisons work and reform people, and we also need more early intervention so that we prevent people from committing the crimes that lead to their serving a custodial sentence. The fact is we are seeing fewer first-time offenders, so more of our crime problem is now about those who persistently reoffend, and that is the important issue I am seeking to address.

Richard Burden (Birmingham, Northfield) (Lab): What concerns me is that the Secretary of State appears to think it is a brilliant new idea to establish no-fly zones for drones near prisons—apparently with a taskforce of eagles to be called in at the time, although I suspect the drone will have got in and out by the time the eagle is untethered. Does she not know that drone manufacturers have for some time had the technology to establish these zones? Why have they not been given the GPS co-ordinates of prisons by now, and why is she not meeting them until December?

Elizabeth Truss: The prisons Minister is working closely with drone manufacturers and leading a Government taskforce to address precisely this issue.

Robert Neill (Bromley and Chislehurst) (Con): The Secretary of State's statement should on any objective view be welcomed as bold and courageous. Will she confirm that it is part of the important emphasis on rehabilitation reform, which is absolutely right, and that there will be specific measures to test prisons on the extent of their work around education, proper training and preparation for work, and meaningful activity, as well as the amount of time prisoners are out of cell as opposed to in lockdown?

Elizabeth Truss: I thank the Select Committee Chairman for his question. He is absolutely right: there will be measures on the progress prisoners make in English and maths and on employment found. I want employers on the outside with jobs available to be working backwards into prisons. I saw a very good example at HMP Brixton: Land Securities has jobs in scaffolding and is training prisoners so that when they leave they have a job to go to, which we know reduces reoffending. Our league tables will reflect precisely these things.

Karl Turner (Kingston upon Hull East) (Lab): Is not the truth that we have 3,500 fewer prison officers in our prisons than in 2010? At the same time deaths and suicides in prisons are dramatically up, and assaults on prison officers are up as well. Will the right hon. Lady just come to that Dispatch Box and say, "I admit it: too little, too late"?

Elizabeth Truss: I have been clear that staffing is an issue. That is why we are investing in 2,500 more prison officers, but it is not the only issue. We also have an issue with drugs, drones and phones, which we are dealing with, and we have just rolled out testing for new psychoactive substances such as Spice and Black Mamba, which the prisons and probation ombudsman has said have been a game-changer in the system. We are also changing the way we deploy staff, so that there is a dedicated officer for each prisoner, helping keep them safe, but also making sure they are on the path to reform—getting off drugs, getting into work and getting the skills they need to succeed outside.

Crispin Blunt (Reigate) (Con): Unsurprisingly, I wholly associate myself with the question of my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke). Does the Secretary of State understand that the prisons are in this state now because of the Faustian pact between the Prison Officers Association and the National Offender Management Service and her predecessor-but-one, in order to deliver the savings demanded by the Treasury: to agree to stripping the public sector establishments down to the bone if he stopped the competition programme? That is what happened. Will the Secretary of State now ensure that the private sector builds the new prisons, and is given a proper opportunity, in competition with the public sector, to run both the new prisons and the existing prisons?

Elizabeth Truss: Today's White Paper is about the standards we expect of prisons, in both the private and public sector. I have been to some very good public sector prisons and I have been to some very good private sector prisons, and what I care about is getting the best possible outcomes so that we reduce reoffending and crime.

Mr Alistair Carmichael (Orkney and Shetland) (LD): There is a lot to welcome in this statement, but the Secretary of State would do well to listen to the sage counsel of her right hon. and learned Friend the Member for Rushcliffe (Mr Clarke). The root cause of prison violence is overcrowding, and the root cause of overcrowding is that we still send too many people to prison for short sentences, which will not achieve the purpose the Secretary of State now says she is going to enshrine in statute. Will she not consider a presumption against short sentences?

Elizabeth Truss: I thank the right hon. Gentleman for welcoming elements of the White Paper, in contrast to some of the other comments from the Opposition. We face immediate issues in our prison system, and increasing staffing is part of the solution to that, as is having a much clearer purpose to the prison system. As the number of first-time offenders goes down, we need to address the rump of reoffending in order to address the problems of crime in society. That is why I am focusing

on that. We have enough staff in our plans to be able to deliver safe prisons that reform offenders, and we also have a building programme creating 10,000 new spaces so we are able to house those offenders.

Michael Tomlinson (Mid Dorset and North Poole) (Con): I warmly welcome the statement. Unless there is the necessary discipline and a reduction in overcrowding and reliance on drugs in our prisons there simply will not be the rehabilitation the Secretary of State wants. May I urge her to continue down this path to ensure we help to reduce reoffending as well?

Elizabeth Truss: My hon. Friend is right: being on drugs is one of the major causal links to reoffending. That is why we will test prisoners for drugs on both entry and exit, to see how effective the regime in prisons is at getting offenders off drugs.

Kate Green (Stretford and Urmston) (Lab): It is almost 10 years since Baroness Corston's report recommended women should be held in small custodial units, if in custody at all, and as close as possible to home. The Secretary of State has just spoken of substantial investment in the women's estate, which is very welcome. Will she be able finally to take this important turning point as an opportunity to implement that Corston recommendation?

Elizabeth Truss: I can confirm we are developing the idea of women's community prisons, which will be smaller-scale prisons specifically designed to address the needs of women. We will outline more about that in due course, and look at overall reform in respect of women offenders in the new year.

Andrew Selous (South West Bedfordshire) (Con): A little while ago a former prisoner said to me that when he left prison he could mop a floor very well but that was not going to pay the bills. In the recent Dame Glenys Stacey in-depth look at 86 prisoners, not one left to go to a job, so may I urge in particular a focus on construction skills from day one of a sentence, given that we need 300,000 construction workers to build the houses this country needs and the infrastructure for our economy?

Elizabeth Truss: I commend my hon. Friend for the work he did as prisons Minister in promoting employment. I have seen some excellent schemes in prison. For example, Costa Coffee is offering jobs and training people as baristas, and I have mentioned Land Securities looking for scaffolding and dry-lining workers and training them in prison. I completely agree with my hon. Friend that rather than doing work in prisons and then seeing what jobs are available on the outside, we need to look the opposite way round; we need to see what is available on the outside and make sure those are the skills we are training up in prisons, preferably with the employers who are then going to take those offenders on.

Paul Flynn (Newport West) (Lab): Will the right hon. Lady have a word with the right hon. and learned Member for Rushcliffe (Mr Clarke) in order to reduce her naive optimism and to recall that no party in the last 45 years has reduced recidivism? On this Government's watch, a recent report said the number of prisoners who

first took drugs in, for example, Bedford jail had risen from 4% to 14%, meaning people were going in as shoplifters and coming out as heroin addicts. What is she going to do about that?

Elizabeth Truss: I completely reject the hon. Gentleman's counsel of despair. This is the first time we will ever be putting it in statute that reform is the purpose of prisons. At the moment the Secretary of State is merely responsible for housing prisoners, not making sure we improve outcomes. We have not had that systematic approach and I am determined we achieve it.

Lucy Frazer (South East Cambridgeshire) (Con): I welcome the White Paper, which rightly recognises the need to educate prisoners and help them into work. It also identifies existing good practice in the relationships between prisons and businesses. The Lord Chancellor mentioned the scaffolding work; another example would be the restaurant at HMP Cardiff. How will she build on the current schemes and incentivise employers to work more closely with prisons?

Elizabeth Truss: I completely agree with my hon. Friend that engaging with employers is vital. We have seen some fantastic examples, such as Timpson and Virgin, which are already working closely with us. My hon. Friend the prisons Minister will be doing further work on this subject and making further announcements on it shortly.

Andy Slaughter (Hammersmith) (Lab): I think I heard the Secretary of State admit that cutting 25% of prison officers had been a mistake, but restoring just over a third of that number might not be enough. Will she keep this under review, and can she tell me whether particularly troubled prisons such as Wormwood Scrubs, which have had a temporary uplift in staff numbers, will be able to keep those staff? Will the numbers there go up rather than down?

Elizabeth Truss: The number of staff we are putting in is based on the evidence of our new offender management model. The idea is that each prison officer will be responsible for supervising and mentoring six prisoners and challenging them to reform. There is an important evidential base for that programme, but we will of course continue to look at it as we develop it. We have measures in place in London prisons to help staff recruitment and retention.

Mr Peter Bone (Wellingborough) (Con): I have been banging on about Wellingborough prison almost as much as I have been banging on about Europe, so I should like to tell the Secretary of State how much I welcome today's announcement that it will reopen. I particularly want to thank Lynn Holcombe and the other local residents who have done such a good job in keeping the campaign going for such a long time. I must apologise to my hon. Friends the Members for Reigate (Crispin Blunt), for South West Bedfordshire (Andrew Selous) and for East Surrey (Mr Gyimah), and to the Attorney General. Over the years, I have badgered, bought them cups of tea and been a real pain. This will be a wonderful prison and it will be welcomed by the people of Wellingborough.

Elizabeth Truss: I am absolutely delighted to be able to announce the first phase in our programme, and delighted that we are able to make my hon. Friend's wishes come true in Wellingborough. I look forward to being able to make more announcements about new prisons in due course.

Susan Elan Jones (Clwyd South) (Lab): I hope that the Secretary of State will be able to give a similarly warm and positive answer to my question. Many charities work with reformed ex-offenders, and they are transforming people's lives. Those charities have a problem, however, in that some of the ex-offenders are unable to become trustees of a charity. I accept the importance of having safeguarding arrangements in place, but will she look into this?

Elizabeth Truss: I agree with the hon. Lady that we have some brilliant charities and brilliant people who are really transforming lives. I want to make that happen on a wider scale and I will certainly look into the point that she has raised.

Nick Herbert (Arundel and South Downs) (Con): I warmly welcome my right hon. Friend's statement and the continuation of a progressive agenda to ensure that prisons are places that not only keep offenders secure but rehabilitate them. Does she agree that it will be important to ensure that staff are empowered and held accountable for that objective of reducing reoffending, as well as for that of keeping people safe?

Elizabeth Truss: My right hon. Friend is absolutely right. We need to ensure that prisons are not only places of safety but places of reform. We are wasting a huge amount of talent at the moment, and we are also presiding over problems in society, with a £15 billion bill for the crimes that ex-offenders go on to commit. We have a progressive agenda, and it is also important to prevent there being more victims of crime.

Jeremy Lefroy (Stafford) (Con): A year ago, the dear son of my friend and Stafford councillor Ann Edgeller

was murdered in Dartmoor prison. Will the Secretary of State or the prisons Minister meet me to discuss the way in which these welcome reforms could ensure that this kind of tragedy does not happen again?

Elizabeth Truss: I am very sorry to hear about the case that my hon. Friend has mentioned, and I extend my greatest sympathy to the family. I would be delighted to meet him and his constituent.

Mr David Nuttall (Bury North) (Con): I welcome my right hon. Friend's announcement of more prison officers, but what my constituents really want is to see more burglars and robbers behind bars. When all the old prisons have closed and all the new ones have opened, will there be an increase or a decrease in the number of prison places?

Elizabeth Truss: We are going to ensure that there are enough prison places for those whom the courts are sentencing. That is our duty as a Government, but I also want to ensure that those prisons have safe, decent conditions and that they are places of discipline, hard work and self-improvement so that we can reduce the chances of those burglars burgling again.

Tom Pursglove (Corby) (Con): Corby and east Northamptonshire residents will wholeheartedly welcome the reinstatement of Wellingborough prison on the existing site. As a former local councillor, I can tell the Secretary of State that this is very good news for local people. I also commend my hon. Friend the Member for Wellingborough (Mr Bone) for his persistent efforts. Will the Secretary of State make my constituents even happier by promising to keep the use of British steel at the forefront of her mind when having discussions about these projects?

Elizabeth Truss: I congratulate my hon. Friend on his championing of British steel, and I shall look closely at his suggestion.

Counter-Daesh Campaign: Iraq and Syria

Mr Speaker: I call the Secretary of State for Foreign and Commonwealth Affairs. It is good that he has beelied into the Chamber just in time. We are greatly obliged to him.

12.36 pm

The Secretary of State for Foreign and Commonwealth Affairs (Boris Johnson): Thank you very much, Mr Speaker. With your permission, I shall make a statement updating the House on the campaign against Daesh in Iraq and Syria.

Two years ago, a global coalition that now embraces 67 members came together with the overriding aim of destroying Daesh. The words of one Iraqi recently liberated from Daesh demonstrate in vivid terms why that goal is so necessary. He said of living under Daesh:

“Life was a disaster. We felt like captives and we were afraid all the time.”

Our campaign has now reached a crucial moment. Iraqi forces have fought their way to the eastern fringe of Mosul, two weeks after the onset of an offensive designed to break Daesh’s grip on the largest city within its domain. I want to update the House today on every aspect of the effort to vanquish Daesh and on Britain’s role in this endeavour.

I turn first to the situation around Mosul. Iraqi security forces and Kurdish peshmerga are advancing on the city from the east and the south. The town of Bazwaia, just 2 miles east of Mosul, is among several dozen settlements that have been liberated. Iraqi spearhead units have advanced still further, striking as far as the outskirts of Mosul itself. Overall, the campaign is making good progress. In some areas, Daesh has mounted fierce resistance, dispatching scores of suicide bombers against the liberating forces. It has mounted diversionary attacks in the city of Kirkuk and as far away as the town of Rutba, almost 400 miles south-west of Mosul. The House can be sure that Daesh will be driven from Mosul, but this is the toughest task that Iraq’s security forces have yet encountered, and success will take time.

We have worked tirelessly with the Government of Iraq, the Kurdish regional government, the United Nations and our coalition partners to prepare for this campaign. The aim is to defeat Daesh in a way that protects civilians, minimises human suffering and promotes a political settlement. I pay tribute to Prime Minister Abadi for his statesmanship and his acute awareness that genuine Iraqi national reconciliation must follow Daesh’s defeat. The terrorists have threatened to inflict a scorched earth campaign once the loss of Mosul becomes inevitable. Already, they have set oil wells ablaze and destroyed a sulphur plant south of the city, releasing clouds of noxious gas. Daesh’s vindictiveness in defeat may cause many of Mosul’s people to flee. The Iraqi Government are leading the humanitarian response, helped by aid agencies and the UN. My right hon. Friend the Secretary of State for International Development has announced a further £40 million of UK humanitarian aid, focused on Mosul. I commend her leadership, which has placed Britain at the forefront of the international response, bringing the total amount of British aid pledged for Iraq to almost £170 million.

Even before the advance on Mosul, the coalition and local forces had broken Daesh’s grip on about half of the territory it once controlled in Iraq and a quarter in Syria. Our armed forces have been crucial to this effort. The House will wish to join me in paying tribute to British servicemen and women who are working tirelessly to vanquish Daesh and keep our country safe. On the ground, we have 500 British soldiers in Iraq, where they are helping to train that country’s forces. Across the middle east, nearly 1,350 British military personnel are supporting operations against Daesh. Our troops have helped to train more than 29,000 members of the Iraqi security forces, including some units now approaching Mosul. As my right hon. Friend the Secretary of State for Defence announced last week, the UK will resume training of vetted members of Syrian opposition groups to fight Daesh. In the air, the RAF has delivered 1,105 air strikes against Daesh—1,038 in Iraq and 67 in Syria. With the exception of the United States, no country’s air force has carried out more strikes.

However, as the Chilcot report reminded us, the gains of any military operation will be preserved only if they are followed by the painstaking task of stabilisation and rebuilding lives. As more areas are liberated from Daesh, protecting the population and helping them to return to their homes is a central priority of the Government of Iraq, working alongside the coalition and the UN. Britain is providing over £15 million for UN stabilisation efforts. Wherever Daesh is driven back, we are helping to fund the UN to clear the lethal explosives the terrorists leave behind, repair water supplies, restore power networks and reopen schools. So far, over 775,000 people have been helped to return home to liberated areas of Iraq, including the Sunni heartlands of the Euphrates valley.

Daesh’s defeats on the battlefield are helping to counter its ideological narrative. The UK leads the coalition’s efforts in this area. We host the coalition’s global communications cell in London, where experts from 10 countries are working together to blunt the edge of terrorist propaganda. Daesh’s propaganda output has fallen by around 70% in the last year. As one defeat succeeds another, they are increasingly seen for what they are: a failing and disintegrating movement. On 19 September at the UN in New York, I launched a global campaign, alongside my Iraqi and Belgian counterparts, to bring Daesh to justice. Our aim is simply justice for all those affected by Daesh, regardless of their religious beliefs and including those who suffered in terrorist attacks around the world. I intend the campaign to be led by the UN and to begin by gathering and preserving evidence of Daesh crimes in Iraq. However long it may take, those who committed unspeakable acts must be brought to justice.

I turn now to the situation in Syria. As the House debated in September, the brutality of Assad, and the misguided interventions of Russia and Iran, are prolonging the civil war and postponing the final defeat of Daesh. Assad and his allies have hurled their strength against opposition-held eastern Aleppo. Russia and Iran claim to be fighting Jabhat al-Nusra, the Syrian branch of al-Qaeda, yet they have joined forces with Assad to carry out an assault on eastern Aleppo, where 275,000 people are living under siege and where the UN has been unable to deliver aid for the last four months.

[*Boris Johnson*]

The House should be in no doubt that the attack on eastern Aleppo has little to do with defeating terrorism and everything to do with preserving Assad's blood-soaked regime. Wherever Daesh has lost ground in Syria, this has frequently owed nothing to Assad or his backers. In August, it was the Syrian Democratic Forces that threw Daesh out of the town of Manbij. In September, moderate armed opposition groups, helped by Turkish forces, expelled Daesh from Dabiq, a town in northern Syria of great symbolic significance. The same combination drove Daesh from the towns of Jarabulus and al-Rai. The lesson is clear. While Assad, Russia and Iran inflict untold suffering on eastern Aleppo, it is Turkey and the moderate Syrian opposition who are pressing on with the task of defeating Daesh.

Meanwhile, the humanitarian situation across Syria is appalling. More than five years of civil war have killed or displaced about half of the entire population. Last Wednesday, Stephen O'Brien, formerly a member of this House and now the UN's Under-Secretary-General for Humanitarian Affairs, gave a briefing to the Security Council and I would recommend that every Member read it. He described the "apocalyptic horror" being visited upon eastern Aleppo. Only six partially functioning hospitals survive in this besieged wasteland where fewer than 30 doctors struggle to bind the wounds of a population under relentless assault. Last Friday, a rebel alliance that includes Syria's branch of al-Qaeda attacked regime-held western Aleppo. They shelled the area and killed at least 40 civilians, including children. I condemn attacks on civilians whoever carries them out—I am sure the whole House will agree.

Britain has pledged £2.3 billion to the Syria relief effort—our largest ever response to a single crisis, making us the second biggest humanitarian donor behind the US—but in the end a political transition away from Assad is the only way to end the civil war and defeat Daesh. That is why I convened a meeting on 16 October in London of our key partners, including Secretary Kerry of the United States. We discussed our options for responding to the situation in Syria, particularly the humanitarian crisis in Aleppo. The EU Foreign Affairs Council has agreed to increase the pressure on Assad, including by imposing sanctions on more members of his regime. Last week, another 10 individuals were added to the EU sanctions list, including military commanders responsible for ordering chemical attacks and planning assaults on Aleppo.

At the same time, a UN investigation confirmed yet again what this Government have long known, namely that Assad's forces have repeatedly used poison gas. The UN's Joint Investigative Mechanism has concluded that regime forces employed chemical weapons three times and Daesh once. We are pressing for a UN resolution to hold accountable those who used such horrific weapons in defiance of the rules of war. If Russia chooses, once again, to protect Assad by casting its veto, it will be shielding someone whose forces have been found guilty over and over again—by a UN investigation that the Kremlin itself supported—of killing their own people with poison gas. I say that vetoing such a resolution would be unconscionable. But I wish to make one point abundantly clear: Russia could win the acclaim of the world by permanently halting the bombing of civilians

and persuading Assad to return to negotiations. As well as being profoundly right in itself, that would be the single greatest contribution that Russia could make to the struggle against Daesh.

Daesh is also coming under pressure in Libya. Forces aligned to the Government of National Accord, supported by US airstrikes, have weakened Daesh's hold on the city of Sirte. The international community must support the full implementation of the Libyan political agreement, and that was why Secretary Kerry and I co-hosted a meeting on Monday with key international partners and the Libyan Prime Minister, Mr al-Sarraj. Hon. Members should have no false hopes. Despite our efforts and our progress, Daesh remains determined and fanatical. Its defeat will require the liberation of Raqqa, its stronghold in Syria.

Even as Daesh is being routed on the battlefield, our country still faces a grave threat from terrorism, so I pay tribute to the dedication of those in our security and intelligence services, who have foiled 12 plots to attack the UK since September 2013. The flow of British citizens to join Daesh or other terrorist groups in Syria has fallen steadily since the beginning of 2015. Approximately 850 people of national security concern have travelled to Syria since the war began. We estimate that just under half have returned, and 15% have been killed.

In conclusion, the campaign to liberate Mosul opens a vital chapter in the struggle against Daesh. It will not be the final one, but Daesh is now in retreat on every battlefield in Iraq and Syria. After so much bloodshed, its downfall is not a matter of if but when. I commend this statement to the House.

12.52 pm

Emily Thornberry (Islington South and Finsbury) (Lab): I join the Secretary of State in recognising the extraordinary commitment and bravery of the men and women of our armed forces. As we approach Remembrance Day, our thoughts are with not only those who have made the ultimate sacrifice in the past, but those who put their lives at risk every day to keep us safe.

I also welcome the Secretary of State's update on the progress made in fighting Daesh in both Syria and Iraq. Even in the past week, we have seen further evidence of the medieval horror and barbarism that has become Daesh's trademark: a Free Syrian Army prisoner blown to pieces with an artillery gun; children being forced to carry out executions; and Daesh's own fighters in Mosul being forcibly drowned for attempting to surrender. Equally disturbing was yesterday's audio message, attributed to Daesh leader Mr al-Baghdadi, calling on jihadis inside Mosul to fight to the death and urging their counterparts around the world to strike at western targets, and doing so in terms that were nakedly sectarian in their demonisation of Shi'a Muslims. What assessment have the intelligence agencies made of the authenticity of that audio message? If it is authentic, what is its significance?

There is no doubt that those words and actions, despicable as they are, are those of a movement that is embattled, weakened and in retreat. Nowhere is that more true than in the ongoing battle for Mosul. I join the Secretary of State in saluting the bravery of the Iraqi armed forces, the peshmerga fighters, the Shi'a militia and the Sunni tribesmen who are leading this courageous

and vital fight. I also pay tribute to the skill and expertise of the personnel from Britain and other countries who are advising them.

As the battle moves deeper into the city, it is more important than ever for this operation to proceed with discipline and professionalism. We know that Daesh will be fully prepared to use Mosul's population as human shields, to execute those who try to surrender and to use terrorist tactics against the Iraqi forces. Unfortunately, high numbers of civilian casualties therefore seem inevitable. Can the Secretary of State tell us how the Iraqi forces plan to keep those casualties to a minimum when conducting their own operations? I am sure that he will have been as shocked as I was by reports from Amnesty International of Sunni tribesmen taking part in the anti-Daesh coalition engaging in reprisals in the villages that they have liberated around Mosul against civilians who were alleged to have supported Daesh. How can we best ensure that such behaviour is not repeated inside Mosul itself? How can we best ensure that stability is restored? How can we avoid sectarian violence? How can we avoid a dangerous power vacuum once Daesh's forces in Mosul have been destroyed?

The Secretary of State has rightly referred to Chilcot and the lessons that need to be learned from it. Over the years, we have learned one clear lesson from Iraq: winning the battle is never enough; we must also plan effectively for the peace. I therefore hope that the Secretary of State can tell us how those plans are progressing.

Finally on Mosul, I welcome the Secretary of State's commitment to provide lasting support to the tens of thousands of civilians who have been displaced from their homes and will face destitution in the aftermath of the battle. Have there been similar commitments of humanitarian aid from our coalition partners in Iraq? If there have not, will he press them to match the UK's contribution?

I also thank the Secretary of State for his update on progress against Daesh in Syria. Although much of our attention has been focused on the dreadful assault on eastern Aleppo—I fully agree with his remarks about Russia and the Assad regime—we must not lose sight of the fight in Syria against Daesh. Last week, the US Defence Secretary, Ashton Carter, said that an attack on Raqqa would begin

“in the next few weeks”

This level of urgency was reportedly triggered because of fears that an imminent attack on targets overseas was being planned within Raqqa. However, the question remains as to whether Kurdish fighters can be part of any operation on Raqqa if Turkey is also involved. If they cannot, without those Kurdish fighters, are there sufficient numbers of trained moderate Sunni rebels to take Raqqa on their own? What is the Secretary of State's assessment of the likely timetable to move on Raqqa, of the composition of the ground forces who will wage that battle, and of the role that UK personnel and resources will play?

We welcome the progress that has been made in the fight against Daesh in recent weeks in Mosul and elsewhere. That vital fight is one on which we support the Government and that we are clearly winning. We also welcome signs that this progress will be maintained in Raqqa, meaning that Daesh will lose its strongholds

in both Iraq and Syria. I thank the Secretary of State again for his update, but hope he can address the few outstanding issues I raised.

Boris Johnson: I am very grateful to the hon. Lady for her general support for the progress that has been made by the coalition forces, involving 67 nations, in defeating Daesh in Iraq and Syria. British servicemen and women in that theatre will welcome her words and the support from the House of Commons.

Let me deal with some of the points that the hon. Lady raises. She asked about Mr al-Baghdadi's propaganda video inciting people to fight, which many Members will have seen. It is a cruel irony that, as she may know, some of the intelligence we have suggests that the gentleman in question has vacated the scene, but he is none the less using internet media to encourage people to take part in violence.

The hon. Lady asked the most important question, which is really about the management of Mosul after it is recaptured. I am talking about the management of a city of 1.5 million people who are mostly Sunnis. How will it be managed? It is vital that that should be done with a force that is plural in its composition—President Abadi and the Iraqi forces have done their level best to ensure that it is so—and that there is a government structure that commands the confidence of the people of Mosul, that delivers services for the people of Mosul, and that gets that town running again in a way that, frankly, it has not done under the tyranny of Daesh.

I can give the hon. Lady every possible reassurance that a huge amount of preparation has been made over many, many months by the United Nations Development Programme and others, with the active participation of this and other Governments around the world who wish to see a secure future for that city. Everybody understands the paramount importance of bridging the sectarian divide. Prime Minister Abadi has talked the right language about wanting to reconcile his country and the communities therein.

The hon. Lady asks about the timetable for the recapture of Raqqa and the American plans for that. It would be premature to give such a timetable now. What Ashton Carter was referring to was the plan to isolate Raqqa rather than specifically to recapture it. I do not think that we should get into detailed speculation about the timetable now.

None the less, looking at the situation in the round, I think that the House will accept that considerable progress is being made by the coalition in defeating Daesh, which not only has sustained a series of military defeats but, since 2014 when this campaign began, has lost Tikrit, Baiji, Sinjar, Ramadi, Hit, Ruqba and Fallujah in Iraq. In the Kurdish areas of Syria, it has lost al-Shaddadi, Manbij, Dabiq, Jarabulus and al-Rai. Very substantial progress has been made territorially, which is having a profound moral impact on the credibility of that evil body and exposing it for what it is: a disintegrating and failing terrorist organisation.

Several hon. Members rose—

Mr Speaker: Order. This is an extremely important and sensitive matter, but may I just point out to the House that there are several Members on both sides of the House who entered the Chamber after the Foreign

[Mr Speaker]

Secretary began his statement, but who apparently, in defiance of all convention, expect to be called, which they should not? Although this is incredibly important, we have important further business to which to proceed, so I appeal to Members to please ask brief, single-sentence supplementary questions without preamble no matter how elevated their status in the House. I call Mr Crispin Blunt.

Crispin Blunt (Reigate) (Con): Is the Foreign Secretary satisfied that he has resources in the stabilisation unit in the United Kingdom and the stabilisation forces in the United Nations that are adequate to the task in Mosul? Will he give us his assessment of what is going on between Turkey and Iraq—the war of words between those leaders and the massing of Turkish armour on the borders of, and indeed in, Iraq?

Boris Johnson: It is vital that where Turkey can be useful—it certainly can be useful, and is more than useful in the struggle against Daesh—we maximise and optimise its contribution. Clearly there are sensitivities and difficulties that need to be managed, particularly in its handling of the Kurdish areas, where there is a risk of disagreement about the nature of some of the Kurdish groups and the threat that they pose to Turkey, and the utility that they have for the world in defeating Daesh. I am confident that we will be able to work towards the stabilisation of Mosul. As my hon. Friend knows, the UK has made considerable financial contributions towards that effort already. In September, we announced £40 million in humanitarian assistance for Mosul, bringing our total contribution to £169 million. We are also providing £300 million in loan guarantees to Iraq through the World Bank. Clearly this process must primarily be done by the Government of Iraq. This is a massive moral and political challenge for them, and obviously we are doing everything we can to support them.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): I am very grateful to the Foreign Secretary and I welcome his update, particularly on the current situation in Mosul. I also take this opportunity to pay tribute to our servicewomen and men who put their lives at risk for our safety.

The lives of 1.2 million civilians trapped in Mosul are indeed in grave danger. Their wellbeing is paramount, and no effort must be spared in ensuring that they are protected during the fighting and cared for in the aftermath; they suffered long enough during the two years of Daesh occupation.

The Foreign Secretary recognises the challenges that face Mosul. Will he confirm what contingency plans have been made to support an exodus from Mosul, which has long been predicted by the UN and by aid agencies on the ground?

On Syria, the Foreign Secretary speaks of liberating Raqqa. I appreciate that he does not wish to provide a timetable, but will he confirm that there is in fact a plan in place to do that? He has often said that he is working with the Syrian High Negotiations Committee. However, that appears to be at cross purposes with the Ministry of Defence, which is providing military support to the Syrian democratic forces, which were excluded from opposition talks in Riyadh by the HNC less than a year ago. Will the Foreign Secretary explain that contradiction?

The Foreign Secretary refers to the resumption of training of vetted members of Syrian opposition groups. One year ago, the US-led \$500 million training programme of moderate Syrian opposition forces was suspended by President Obama because of its total failure to produce any competent soldiers. Will the Foreign Secretary explain what has changed on the ground since then to lead the Government to believe that the results will be any different now? He is on record as stating that it is only when the fighting and bombing stops that we can hope to deliver the political solution, but we need to see real evidence of progress in this direction as a matter of urgency.

Boris Johnson: I am grateful to the hon. Lady for her questions. She is right to be concerned about the possible westward movement of refugees from Mosul and the possible movement of Daesh terrorists from Mosul to Raqqa. That is certainly being considered in a military context. The United Nations High Commissioner for Refugees is currently budgeting for a migration of about 90,000 people. Preparations have been made. The UK, as I said earlier, is at the forefront of funding preparations for any such eventual movement. Clearly, the success of the operation in Mosul will largely dictate how that turns out.

On the hon. Lady's point about the Kurdish opposition and the High Negotiations Committee, let us be in no doubt that the HNC is a broad-based grouping that brings together people from across Syria. It has a great deal of credibility as a pluralistic and forward-looking entity that captures the possible future for that country and shows that there really can be a future for Syria without Assad, who can no longer govern that country given that he is overwhelmingly responsible for the deaths of the majority of the 400,000 people who have died in that conflict. The HNC has a great deal of credibility and we should be giving it our full backing.

Mr Speaker: I call John Redwood. [Interruption.] It is very unusual for him not to be here—[Interruption.] He was here, indeed. I call Sir Henry Bellingham.

Sir Henry Bellingham (North West Norfolk) (Con): The crimes committed by Daesh, including crimes against children, and hangings and crucifixions, are beyond brutal and horrendous. What more can be done to use UK expertise to help to bring those people to justice? Has my right hon. Friend discussed the matter with the Department for International Development in terms of funding specialist teams?

Boris Johnson: My hon. Friend raises an extremely good point. As I mentioned to the House a few weeks ago and repeated just now, the UK has launched a campaign, working with our partners, to bring to justice the Daesh terrorists, the perpetrators of violence and crimes against humanity. As I said before, the mills of justice grind slowly but they grind small. We are assembling the evidence, supporting NGOs in the gathering of evidence and working with our partners to establish exactly what legal mechanism would be most suited to bringing those people to justice.

Alison McGovern (Wirral South) (Lab): This statement is about Daesh, but the Foreign Secretary has quite rightly not held back his words condemning Assad's

brutality to his own people. In line with the campaign by the *Daily Mirror* to save Aleppo, which I am sure the right hon. Gentleman supports, will he come back to this House as soon as possible with a comprehensive British-led strategy to protect civilians in Syria?

Boris Johnson: I pay tribute to the long-standing commitment that the hon. Lady has shown to this cause. I will give the undertaking that she asks for, in the sense that we are working on that the whole time. The House will have heard me explain before that some options commend themselves to people in a slightly glib way—we talk about no-fly zones or no-bomb zones—and they sound easier than they are, but as I am sure the hon. Lady will know, there are other things that we could and should be doing. We can do them only in a coalition of international partners, and, as the Prime Minister rightly said at the October European Council, no option is off the table.

Sir Oliver Letwin (West Dorset) (Con): What is my right hon. Friend's strategy going to be if events in the United States next week are followed by the complete victory of Russia and Assad in Syria and the elimination of Daesh by those means?

Boris Johnson: With his characteristic brilliance, my right hon. Friend asks a very difficult but hypothetical question which, given that it is hypothetical, I am entitled to decline to answer. What I can say is that I believe that under any circumstances, whatever happens in the United States on Tuesday of next week, the relationship between the UK and the US is the single most important political relationship in the world and will continue to be robust.

Mr Ben Bradshaw (Exeter) (Lab): Nevertheless, that relationship would be a lot better if President Clinton wins, as I am sure most people in this House agree. Does the Foreign Secretary see any prospect in that of then not giving up on his desire to see a more robust response to the Russians and to Assad in Aleppo?

Boris Johnson: I cannot, as I say, comment on the elections in another very friendly country. We have to wait and see what happens there, but I do not think that anybody here wants the United Kingdom under any circumstances to abandon its driving role in that question.

David T. C. Davies (Monmouth) (Con): Does the Secretary of State agree that we have been absolutely right in this country to provide general financial support for refugee centres throughout the middle east, and that this must continue for humanitarian reasons?

Boris Johnson: My hon. Friend is completely right. We have a proud record in this country of contributing to humanitarian relief and to the care of refugees—the single biggest contributor after the United States. As the House will know, £2.3 billion is the total envelope of our commitment to humanitarian relief for the area.

Mike Gapes (Ilford South) (Lab/Co-op): The Foreign Secretary referred to Russia's vetoes, or potential vetoes, in the Security Council. There have been five in five years, most recently on 8 October on war crimes. Given the Russian vetoes in the UN, does he believe that the

Security Council is failing? Is it not time to consider using the other possible mechanism within the United Nations—the General Assembly's Uniting for Peace process? Would the British Government support that?

Boris Johnson: We are looking at that. It will not surprise the hon. Gentleman to know that the advice I have had so far is that that would almost certainly not work, but I have asked our officials to go back and see what they can do. I have studied the proposal with interest and with care. The hon. Gentleman should not get his hopes too high, but we should rule nothing out.

Sir Desmond Swayne (New Forest West) (Con): How likely is reform in Iraq, which is so vital to this enterprise?

Boris Johnson: My right hon. Friend asks the fundamental question. Everybody who has talked to Prime Minister Abadi or Foreign Minister al-Jaafari, as I have, will feel that they understand what they need to do. They get the scale of the problem and the credibility that they need to build with their own people. Whether they will achieve that is a matter for them. It is vital that they do not shirk their responsibility, and we will give them every possible support.

Kate Green (Stretford and Urmston) (Lab): The Foreign Secretary will be aware of the appalling persecution suffered by Christians and other religious minorities at the hands of Daesh, and the role that those religious communities can play in helping with the relief effort and the reconstruction of Mosul and other cities after the conflict. Can the right hon. Gentleman say what he is doing to support the idea in the Iraqi Government in particular of the positive role that Christians and other minorities can play during and after the conflict?

Boris Johnson: It is vital that freedom of religious belief should be guaranteed under the Iraqi constitution and under the future Syrian constitution. That is why I made the point to the hon. Member for Ochil and South Perthshire (Ms Ahmed-Sheikh) about the pluralism of the High Negotiations Committee. That is something that we have stressed time and again to Prime Minister Abadi and it is very much part of his manifesto and his plans for the country.

Alistair Burt (North East Bedfordshire) (Con): In relation to bringing people to justice, may I commend the work of the International Commission on Missing Persons which, by its work in identifying bodies, was responsible for a number of war criminals from Bosnia being brought to justice at The Hague? The ICMP, of which I am the UK's international commissioner, is seeking support from sponsoring Governments to continue its work in Iraq and Syria. May I assure my friends in the commission and its excellent director, Kathyne Bomberger, that the United Kingdom will remain first among equals among Governments supporting its work?

Boris Johnson: I thank my right hon. Friend for his excellent work in tracking down missing persons. I can assure him that both he and his organisation will continue to receive the full support of the Foreign Office and of Her Majesty's Government.

Tom Brake (Carshalton and Wallington) (LD): Can the Foreign Secretary reassure the House that in the town of Tal Afar to the west of Mosul, which Shi'a militias are moving into, there will be no risk of sectarian violence, which would clearly set back any prospect of reconciliation and reconstruction in Iraq?

Boris Johnson: The right hon. Gentleman will know that Tal Afar is a town with a very complex religious and ethnic mix. I wish I could give him the full assurance that he seeks, but that would be premature. We are doing everything in our power, with the training operations that we have conducted and the support that we have given, to make sure that sectarian reprisals do not happen in Tal Afar or anywhere in the recaptured territories of Iraq.

Dr Andrew Murrison (South West Wiltshire) (Con): The Foreign Secretary spoke about the training of soldiers and vetted forces, and the hon. Member for Islington South and Finsbury (Emily Thornberry) explained why that was necessary. Will my right hon. Friend confirm that that training will take place in theatre and not in the UK, as we would not want to repeat the mistakes of 2014 in respect of Libyan forces in Bassingbourn barracks in Cambridgeshire?

Boris Johnson: My hon. Friend will know that some of the training programmes over the past few years have not been entirely successful. As we step up our training efforts again and get on with vetting and security screening new candidates, that will be done outside theatre and outside Syria in order to get the best possible results.

Brendan O'Hara (Argyll and Bute) (SNP): Today I have written to the Prime Minister asking her to pay specific attention to the plight of the estimated 2,000 Yazidi women and children who are still held in sexual slavery in Mosul, and who, once released from the evils of Daesh, will need specialist care. Will the Foreign Secretary encourage the Prime Minister and Cabinet colleagues to look at the great work being done by the Baden-Württemberg Government in Germany, who have a programme of specialist psychological care and emotional support for these victims of unimaginable horror, with a view to the United Kingdom following suit?

Boris Johnson: I think that the number of female Yazidi captives has been put even higher than the hon. Gentleman indicates—I have seen a figure of 3,500. Clearly their needs will be very important as Mosul is recaptured. As he will know, the UK Government attach particular importance to looking after the victims of sexual violence in conflict.

Mrs Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): Will the Foreign Secretary join me in paying tribute not only to our service personnel but to each and every one of our military families, the spouses and children, who are silently and resiliently supporting our service personnel?

Boris Johnson: My hon. Friend makes an excellent point that I know the whole House will want to echo. The families of our servicemen and women face hardship, anxiety and, of course, terrible personal risk.

Tom Tugendhat (Tonbridge and Malling) (Con) *rose*—

Andrew Selous (South West Bedfordshire) (Con) *rose*—

Robert Jenrick (Newark) (Con) *rose*—

Mr Speaker: What a splendid troika. Tom Tugendhat.

Tom Tugendhat: Would my right hon. Friend care to mention whether he feels that the inaction of the west over the crimes being committed in Aleppo has empowered the Russians, should they get the opportunity in coming weeks, to seek further territorial expansion?

Boris Johnson: My hon. Friend, who is a student of military history, will probably agree that a critical moment for this House, and indeed for the west, came in 2013 when we could have taken another path. The military space was effectively filled 18 months ago by the Russians, and indeed by Daesh, and we are now living with the consequences of that failure.

Andrew Selous: What are the most hopeful examples of harmonious relations between Sunni and Shi'a that the Foreign Secretary could point to that could best be spread across the middle east?

Boris Johnson: My hon. Friend asks a very good question. It goes to the heart of the crisis across the middle east. Everywhere we look, we see people failing to move off their sectarian base and reach out to the opposite community. There is a tragic failure of leadership across the whole region. That is the core of the problem. It requires people to have the imagination, the generosity and the courage to see that they have to be bigger and that they have to reach out to the opposite faction. I very much hope that Prime Minister Abadi and the Iraqi Government are indeed made of such stuff, and I see signs of hope in the co-operation in that Government between Sunni and Shi'a. That is what we have to build on in that area.

Robert Jenrick: Presumably when Mosul falls the conflict could go into a new and equally dangerous phase in which Daesh fighters melt into the civilian population and become an insurgency. What support, in terms of retraining and re-equipping, are the Government offering the Iraqi security forces as they start becoming a counter-insurgency force?

Boris Johnson: Again, that is an extremely apposite question, because that is what some members of Daesh are already doing: they are acquiring razors, shaving off their beards and trying to melt back into the community. We must understand that this will be a long struggle for hearts and minds and for changing their mindset, but the UK is in there for the long haul; we are going to stay the course.

Mr Speaker: I am most grateful to the Foreign Secretary and to colleagues. In the presence of the Foreign Secretary, I should advise him that in his absence in the Robing Room on Tuesday afternoon, the Colombian President acknowledged in the most approving terms his book on Churchill. I trust that, as a result of that, the right hon. Gentleman will go about his business for the remainder of the day, as he should, with an additional glint in his eye and spring in his step.

A&E Departments: Winter Pressure

SELECT COMMITTEE ON HEALTH

Select Committee statement

Mr Speaker: We now come to the Select Committee statement. Dr Sarah Wollaston, the Chair of the Health Committee, will speak on the subject for up to 10 minutes, during which—I remind colleagues of this relatively new procedure—no interventions may be taken. At the conclusion of the statement, the Chair will call Members to put questions on the subject of it and call Dr Wollaston to respond to them in turn. Members can expect to be called only once each. Interventions should be questions and should be brief. Those on the Front Bench may take part in questioning.

1.26 pm

Dr Sarah Wollaston (Totnes) (Con): The Health Committee held an inquiry into winter pressures in accident and emergency departments. What we found, however, was that those pressures are now year-round, and that they worsen in the winter.

I would like to start by thanking all those who work in our national health service and our ambulances services, and all those who submitted written evidence and presented oral evidence to our inquiry. I also want to thank all fellow members of the Committee and the Committee team, especially Huw Yardley and Stephen Aldhouse, for their contribution to the report.

The root of the problem is unprecedented demand. It is not just about the sheer number of people arriving in our accident and emergency departments—on average, around 40,000 people attended a major accident and emergency department per day in 2015-16, which was 6,000 more per day than five years previously—it is also about the complexity of the conditions with which they are presenting. The worsening performance that we are seeing, which is of great concern to the Committee, is also a reflection of system-wide pressures across the whole NHS.

We noted that only approximately 88% of patients arriving at major accident and emergency departments are being admitted, transferred or discharged within four hours. That is concerning, because it falls considerably short of the target performance standard of 95%. We should not think of this as just an arbitrary target or a tick in a box; it matters for patient safety and for patients' experience of the care they receive.

Our report identifies a number of factors. We are also concerned about the level of variation in performance of accident and emergency departments. Often that performance cannot be attributed only to local pressures or demographics. We acknowledge that there are many things that hospital trusts can do to learn from the best performing departments to help improve the flow from the front door to the point of discharge, and to prevent people from getting caught in that revolving door by being readmitted. I pay tribute to the efforts of NHS England and of all those working locally and regionally to try to make sure that the NHS starts to learn from best practice, and I particularly commend Pauline Philip and her team for what they are doing.

One thing, however, comes across very clearly from our report: the impact that the deficiencies in social care are having on accident and emergency. If we cannot

discharge patients at the end of their journey because no social care packages are available, it has a domino effect throughout the whole system. Not only that, but people arrive in accident and emergency departments who could have stayed at home if they had had the right social care package. The Committee therefore repeats its request to the Chancellor to look at social care in his autumn statement and to prioritise it.

We also recognised that many accident and emergency departments are under particular pressure because of their working infrastructure—the premises may be completely inadequate to cope with the increase in demand and complexity—so we repeat our call to the Chancellor to look in his autumn statement at the capital budgets in the NHS and to make sure that the funds are available to allow the transformative changes that can bring struggling A&Es up to the same performance level as those that are functioning the best.

There are also, of course, issues with the workforce. We are concerned about the impact of workforce shortfalls in the NHS, and we ask Health Education England to redouble its efforts to look at them.

When we visited East of England ambulance trust we found that it was concerned, as were others who submitted evidence, about the impact of delayed transfers at the front door of accident and emergency departments. Again, there is great variation, and it is not all about infrastructure. If ambulances are all gummed up in one accident and emergency department it has a serious knock-on effect within an ambulance trust area, so we call on those who are not putting in place the correct procedures to look carefully at the impact that that is having and to make changes this winter.

The Government also need to look at issues around alcohol policy. Anybody who has attended an accident and emergency department on a Friday or a Saturday night will know of the pressures that problem drinking creates. We ask the Government to consider making health an objective for licensing and to look at doing all they can to reduce the impact of alcohol. That impact is felt not just on waiting times, of course, but on the morale and wellbeing of staff working in our emergency services.

I thank all those who have contributed to this inquiry, and I look forward to hearing the Government's response.

Justin Madders (Ellesmere Port and Neston) (Lab): I echo the words of the Chair of the Select Committee in thanking all the staff who work so hard in the health service. I also thank those who produced and contributed to the Select Committee's report, which is important and concerning in equal measure.

The report is clear that years of underfunding in social care are now having a dramatic effect on A&E presentation. Does the Chair of the Select Committee agree that, ahead of the autumn statement, if there is to be the necessary injection of cash into the social care sector the Chancellor will have to come up with a better solution than one that relies on hard-pressed local councils raising the necessary funds locally?

Dr Wollaston: I thank the shadow Minister. The Committee agrees that there needs to be more funding for social care. We were concerned that the evidence we heard in this inquiry and previous inquiries is that the money raised from the social care precept has been

[*Dr Wollaston*]

swallowed up by the cost of the living wage. We absolutely welcome an increase in pay for hard-pressed care workers, but we feel that the increase in funding is completely inadequate to deal with the scale of the increase in demand.

The Minister of State, Department of Health (Mr Philip Dunne): I would like to add my welcome for the work of the Health Committee in this report and to say how pleased I was to have the opportunity to appear before my hon. Friend's Committee for the first time since taking up this post.

We all recognise that the system is facing a challenging winter, but we are determined to ensure that the NHS and the social care sector are focused on trying to deliver for patients and that the national organisations, where possible, are in a position to support them effectively this winter.

This year, the NHS is better prepared for winter than ever before, with NHS staff working incredibly hard throughout the year and more ready for what will be the busiest time for the NHS. Despite increased demand, the NHS is performing well, with nine out of 10 people seen in A&E within four hours.

We have ensured that there are robust plans in place. That includes providing for the availability of key services, such as primary and social care, during the Christmas and new year bank holiday periods in advance, which has not happened before. For the first time, there is also a national A&E improvement plan to improve flow through hospitals from the front door to final discharge, with the implementation of five initiatives, and there is a specific intervention on discharge.

The Select Committee's report highlights continuing pressures on emergency departments, so does my hon. Friend share my welcome for the 25% increase in doctors—almost 1,200 more doctors—working in emergency medicine since 2010?

Dr Wollaston: Of course I welcome the increase in staff in our accident and emergency departments. As the Minister will recognise, there is further to go in this regard.

Mr Ben Bradshaw (Exeter) (Lab): Does the hon. Lady agree that the four-hour A&E target is absolutely vital, because it, more than any other target, shows the overall performance of a hospital, and that the figures are extremely worrying? Does she also share my concern that last winter was very mild, and we were relatively lucky, with the absence of a big winter flu outbreak? If this winter is as cold as this Chamber, the NHS could face a very serious crisis indeed.

Dr Wollaston: Certainly, the evidence we heard in our inquiry was that there is grave concern about the level of existing pressure. As the right hon. Gentleman says, if we see a very cold winter, and the flu vaccine does not work as well as it did last winter, we are in serious difficulties. But I stress again that the Committee was

very clear that we want to see the four-hour waiting time standard continued, because it is a good measure of whole-system pressure, and if people are facing very long waits that leads to a deterioration in patient safety. So it is a quality issue, as well as an issue about patient experience.

Andrew Selous (South West Bedfordshire) (Con): I note what the Chair of the Health Committee says about social care and delayed transfers of care. Would she commend an initiative taken in hospitals in Fife, where the most senior consultants were put into accident and emergency, which led to a 30% reduction in admissions to the hospital? Does she not agree that more junior staff are sometimes perhaps slightly more risk-averse because they do not have the experience? Does she not think that, where Fife has led, other hospitals around the UK could usefully follow?

Dr Wollaston: I thank my hon. Friend, and I welcome him to the Health Committee. Yes, he is absolutely right that one of the initiatives that has been put forward is to look at streaming at the front door, but what we heard is that this is quite nuanced. If very senior staff are tied up seeing every single person at the front door, that can be a waste of resources. However, if the patients who are most at risk of needing admission—the sickest individuals—are identified early on and seen by the most senior doctors available, then yes, absolutely, that makes a difference.

Karin Smyth (Bristol South) (Lab): I had a little smile to myself at the Minister's response. When I was a commissioner, we often said to each other, "It's another A&E plan—it must be winter again." On Monday, I asked the Secretary of State about the £2.4 billion protection for general practice, and I am afraid that there was not a satisfactory answer and the money will not plug the hospital deficits. There are very severe general practice problems in south Bristol and very worrying reports about sustainability. I am looking forward to the report, but will the hon. Lady say something about the role of general practice in the winter pressures issue?

Dr Wollaston: We have to think of A&E winter pressures as a marker for the whole system. The hon. Lady is absolutely right and I welcome her reference to primary care, because if people cannot get an appointment in primary care, they are more likely to end up in A&E. Luton and Dunstable is now co-locating primary care so that people arriving at the front door who are more appropriately seen there can be seen directly in that setting. There is, however, another viewpoint: co-locating can sometimes end up creating demand, meaning that more people go there directly, so our report calls for better evaluation of the different models. One of the things that Luton and Dunstable does particularly well is apply evaluation at every stage to the changes it makes. The answer is complex, in that co-location may be absolutely the right thing for some systems, but not necessarily the right thing across the board. I absolutely agree with the hon. Lady that people need to have decent, timely access to primary care.

Backbench Business

Leaving the EU: Financial Services

Mr Deputy Speaker (Mr Lindsay Hoyle): We have two debates to get through in three hours and 20 minutes, so brevity will help everybody.

1.40 pm

Liz Kendall (Leicester West) (Lab): I beg to move,

That this House has considered the effect of the UK leaving the EU on financial and other professional services.

I start by thanking the Backbench Business Committee for granting this debate and for giving us time on the Floor of the House to discuss this important issue.

The UK's financial and related professional services are critical to our economy. Together they account for almost 12% of GDP, employ more than 2 million people and contribute £66 billion a year in tax revenues. That is 11% of the total annual tax take, which is the largest contribution of any sector and essential for funding our public services.

While London benefits hugely from those sectors, two thirds of the jobs in financial and professional services are based outside Greater London. Some 160,000 people are employed in Scotland, with Edinburgh's economy more reliant on financial services than any other UK city, including London. More than 54,000 people are employed in those sectors in Wales. Elsewhere, major employers include Citigroup in Belfast, Deutsche Bank in Birmingham, Aviva in Norwich, American Express in Brighton, and J.P. Morgan in Bournemouth. Overall, there are 22 towns and cities in the UK that each employs more than 10,000 people in financial and professional services, including Manchester, Leeds and Liverpool, Sheffield, Reading and Bristol, and Norwich, Portsmouth and Poole.

James Berry (Kingston and Surbiton) (Con): Does the hon. Lady agree that keeping the financial services passport is vital for many people who work in the sector, not least a lot of my constituents, and that people in business would be the first to say that in financial negotiations it is not wise to give a running commentary?

Liz Kendall: I agree with the hon. Gentleman's first point and I will come on to the issue of passporting later. I believe that businesses really want certainty, which is why it is right that hon. Members raise issues in the House.

In my own fabulous city of Leicester, almost 7,000 people are employed in financial and professional services, including by HSBC, Santander and Hastings Direct. Those people are not the extremely wealthy bankers or hedge fund managers that we often read about in the papers. They are ordinary people on modest wages who work in customer services, call centres and office administration, and who pay their taxes and spend their money in the local community.

Sir Desmond Swayne (New Forest West) (Con): I do not want to diminish the importance of the financial sector, particular that which operates and needs to continue to operate in Europe, but overwhelmingly domestic financial services have no involvement with the continent at all. Their export potential is virtually

nil, in the words of the Commission itself. To what extent does the impressive list of employees that the hon. Lady has given divide between those that are involved entirely in the domestic market and those that are involved in transactions overseas?

Liz Kendall: The businesses in my constituency and those that I have talked about so far are deeply concerned about losing their membership of the single market and their passporting rights. I care about those jobs and the contribution that those companies make to our economy. It is right for us to raise questions, and it would be wrong to suggest that leaving the European Union does not give rise to serious concerns.

Mr Ben Bradshaw (Exeter) (Lab): Does my hon. Friend agree that today's excellent ruling in the High Court gives the Government a chance to reflect on the invocation of article 50 and the impact that it is already having on the financial services employers to which she refers, particularly with regard to the uncertainty about our future membership of the single market?

Liz Kendall: My right hon. Friend is right. Many companies have been planning for months, even before the referendum, to try to mitigate the risks of Brexit. There is a mandate to leave the European Union, but there is no mandate about the terms. The Court's decision today should allow this House to have its say, to raise the important issues and to hold the Government to account, and I hope that the Government listen.

Joanna Cherry (Edinburgh South West) (SNP): In answer to the right hon. Member for New Forest West (Sir Desmond Swayne), does the hon. Lady agree that this is not just about passporting rights, but about the vital regulatory framework that the EU provides for the financial and banking sector?

Liz Kendall: I agree with the hon. and learned Lady, and I will come on to that point later in my speech.

As well as playing a crucial role in our domestic economy, the UK's financial and professional services have an unrivalled reach and influence across the globe. The UK is the world's leading exporter of financial services. We have the world's fourth largest banking sector, third largest insurance industry, second largest fund management sector, and second largest legal services industry.

Many people believe that the British economy is too dependent on financial services and that, despite the significant number of jobs outside the City, that predominantly benefits London and the south-east. I agree. I have long argued that we need to rebalance our economy, develop a modern industrial strategy, and devolve power to our cities, towns and counties to boost jobs and growth in every region, in every part of the UK.

However, strong and effectively regulated financial services are crucial. They directly create jobs and growth, and support employment in related sectors such as legal and accountancy services. They are the bloodstream of the wider economy, pumping money through the country by lending to local businesses. They attract huge levels of inward investment, including about £100 billion over the past decade—more than any other sector—and they are crucial for our pensions and mortgages, and for

[Liz Kendall]

funding the public services on which we all rely. That is why I am so grateful to the Backbench Business Committee for granting today's debate, because the decision to leave the European Union has serious implications for the future of this vital sector.

Membership of the single market has brought huge benefits. In particular, it has entitled financial services to use the passport—the mechanism that gives companies the legal right to provide services across the EU, without having to obtain separate authorisation from other member states. Those passports are the foundation of the single market for financial services, and they are essential for investment banks and international insurance companies. Many are now deeply concerned about losing their passporting rights, but I am afraid that some leading hard-line Brexiters have poured scorn on the idea that we need passporting at all and say that third-country equivalence will do.

Equivalence is when the European Commission recognises that a country's rules and oversight of a specific area of business are as tough as its own. It is true that some countries outside the EU have been granted equivalence in some areas of financial services, but the Commission is under no obligation to grant it. It can also take years to negotiate, be time-limited, and withdrawn at short notice, and it does not cover areas that are crucial for UK financial services, such as insurance, bank lending and bank deposits.

The new Under-Secretary of State for International Trade and envoy for financial services—I am disappointed that he is not here today—admitted the problems with equivalence in his recent interview with Bloomberg. He said that the UK will probably lose its current legal rights to provide services in the EU after Brexit, and that equivalence will not be “good enough”. He told Bloomberg that the Government want a better version of equivalence, but that in return we may have to accept future EU regulations handed down from Brussels. The problem with that is that we will not have a seat at the table when the EU decides how to regulate our financial services. We will therefore lose our ability to influence regulatory decisions for the better.

The risks of losing our membership of the single market and our passporting rights for financial services are clear. While passporting is permanent, equivalence is precarious. The UK will move from being a rule maker to being a rule taker, and that is not what our financial and professional services want. Although they may hope for the best, they must plan for the worst, and they cannot wait until the last minute to find out what deal they might eventually get. That would not be right for their business, their employees or their customers, who expect them to take action to mitigate any potential risks now. It takes three to five years to move operations to a different country. That is why most international banks, many asset fund managers and other financial services are now working out which operations they might need to move to ensure that they can continue to service their customers, how best to do it, and by when they should do it. The chief executive of Morgan Stanley has said:

“It really isn't terribly complicated. If we are outside the EU and we don't have what would be a stable and long-term commitment to access the single market then a lot of the things we do today in London, we'd have to do inside the EU 27”.

Other countries have not been slow to try to exploit the uncertainty. France and Spain have already launched campaigns to lure companies to Paris and Madrid after Brexit. The more likely risk is that some jobs will move to Dublin, Luxembourg or Frankfurt, and even more will move to New York or Asia, unless the Government get their strategy right.

The impact of losing passporting rights and the risks of relying on so-called equivalence are not the only major worries for our financial services. They are also deeply concerned about the Government's plans for freedom of movement.

Mr Chuka Umunna (Streatham) (Lab): I congratulate my hon. Friends the Members for Leicester West (Liz Kendall) and for Nottingham East (Chris Leslie) on instigating this excellent debate. Of course, people want financial services to make a bigger contribution to the Exchequer, but they already make a massive contribution, which is why it is right to have this debate.

In respect of the point that my hon. Friend the Member for Leicester West just made about the benefits and other issues beyond passporting, the desire of other EU member states to take part of the City's market is illustrated by the fact that we have already had a tussle with the European Union over the City's role as the clearing house for euro-denominated transactions. That has already been the subject of court action. If we leave the single market, it will not simply be a question of access; the likelihood of our losing the ability to be the clearing house for euro-denominated transactions is only likely to increase.

Liz Kendall: My hon. Friend puts that point extremely well. There are a huge number of risks on the issue he raised as well as on access to services, but the Government have so far had virtually nothing to say. Businesses cannot wait to get that certainty. Their regulators, their boards, their customers and their clients want to know what will happen. This will have a huge knock-on effect on the rest of the economy.

Stephen Timms (East Ham) (Lab): My hon. Friend is making a very important case. If the Government get this wrong and we lose substantial financial services business, is not the likelihood that that business will go to New York? New York has the capacity to take it on and already has the equivalence agreement in place.

Liz Kendall: I cannot read the minds of those in charge of the many companies that are considering those options, but my right hon. Friend is probably right to say that there may be a greater likelihood that New York will benefit, although I think some jobs will move to the EU, too.

Financial services greatly rely on employing people from across Europe and the rest of the world. Many people in the sector were dismayed and, quite frankly, appalled by speeches made during the Conservative party conference. They do not care about where people come from; they care about what people can contribute. They understand that the success of their business depends on getting people with the right skills in the right place at the right time. They know that we cannot somehow separate freedom of movement from what is best for businesses and the wider economy, because the two are inextricably linked. Companies in the sector are

clear: if they lose their ability to get the best person for the job, when and where they need that person, they will simply take their work elsewhere.

Even worse, young people just starting out in their careers, such as the 700 apprentices that HSBC takes on each year, may no longer have the chances that they currently do to travel and develop their skills. Brexit risks placing an unnecessary limit on our young people's ambitions and opportunities.

Mr Alistair Carmichael (Orkney and Shetland) (LD): The hon. Lady makes an important point. Is she aware of the particular importance of freedom of movement to the so-called Fintech sector? In the region of 30% of chief financial officers and chief executive officers in one of the major expanding areas of our financial services sector come from countries in other parts of the EU. Does that not illustrate what is at stake?

Liz Kendall: It absolutely does. The right hon. Gentleman raises an extremely important point. This growing and developing sector is driven by skilled people from across the globe, and we do not want to miss out on those possibilities.

Norman Lamb (North Norfolk) (LD): The hon. Lady referred to the rhetoric at the Conservative party conference. Does she agree that such rhetoric causes a reaction, and that the reaction across Europe was wholly negative? That makes the politics all the more difficult as we try to secure a good deal for this country.

Liz Kendall: The right hon. Gentleman is absolutely right. It was a huge strategic mistake for the Prime Minister and the Home Secretary to say what they did at the Conservative party conference. That has not helped us to work better with our EU allies, with whom we need to get a deal. It has made people across the world think that Britain no longer wants people to come here to live and work. It has put off many people who already work in this country and are now thinking about going home.

Businesses in all parts of our economy want certainty, above all. There are things that the Government could be doing to give businesses greater certainty during the inevitably complex, difficult and lengthy process of leaving the EU, and I shall conclude by outlining three of them for the Minister. First, Ministers should set out the broad framework and priorities for their negotiations. Is the objective to secure for financial services their existing rights to trade in the single market; or have Ministers already accepted the loss of passporting rights, as the Trade Minister said in his Bloomberg interview, and do they seek instead to secure a different or hybrid version of passporting or equivalence? What are their objectives on freedom of movement for people working in financial and related professional services? Is this a priority area for the Government in reducing the number of people coming into this country? Do the Government seek to set quotas in this sector, require people to have visas, or both?

Secondly, the Government must commit to a transitional agreement—this has been raised time and again by those who work in financial services—to ensure that there is no cliff edge at the end of the article 50 process. It took four years to reach an equivalence deal on one

small aspect of commodity futures dealing with the United States, so it will be impossible to agree a deal covering all the many complex areas of the UK's financial services industry with the remaining 27 EU countries within two years. Without transitional arrangements, companies may have their passporting rights suddenly removed with nothing put in their place, which would create legal doubt for huge parts of their business. A transitional agreement is therefore essential, and it must come soon. We need at least a joint statement of intent from the UK and the EU before article 50 is triggered to give financial services the certainty they need. That should happen before politicians in France and Germany inevitably start focusing on their own elections next year.

Finally, the Government must make it a priority that they ensure that the remaining EU countries understand the benefits of maintaining an integrated market in financial services. Some £1.1 trillion has been lent to businesses in the remaining 27 countries by banks based in the UK. Putting up barriers to trade would be a self-inflicted wound that would make us all worse off—not just in the UK, but in mainland Europe.

One of the most important complaints I have heard during the past seven years is that nurses and teachers did not cause the financial crisis. That is true, but it was also not the fault of the call centre worker in a big insurance company or the bank teller in the local building society. Plenty of British people do a decent job working in our financial services, and they could be on the front line when it comes to Brexit. The Government must provide more clarity about their plans so that businesses can plan for the future, and so that we protect jobs and growth, and get the best possible deal for Britain.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I advise hon. Members that the speaking limit will be five minutes. I hope that we will not have to reduce it, but that might happen as we have very little time left.

2.1 pm

Stephen Hammond (Wimbledon) (Con): I should say at the outset that I am chairman of the all-party group on wholesale financial markets and services, and that I worked in the industry for a few years before I entered the House.

I congratulate the hon. Members for Leicester West (Liz Kendall) and for Nottingham East (Chris Leslie) on securing this incredibly important debate. We are concentrating on an industry in which we have the greatest comparative advantage. It is important for the economy not just because it means that we can help public services, but because, as the hon. Lady pointed out, it is the lifeblood of many other industries. She has set out the facts about how many people it employs. It is the largest taxpaying sector and the largest exporting sector.

The sector is also the one with the largest trade surplus with the European Union. It is absolutely clear that one reason for that is that we have had access to and membership of the single market. London was always a financial centre, but membership of the single market has allowed it to become the undoubted capital for financial services not just in Europe, but arguably in the world. We have had a common set of regulations, we have broken down barriers, we have attracted huge

[Stephen Hammond]

investments, and global operations have moved to Britain. Leaving the single market or losing access to it would be calamitous for the financial services sector.

Some colleagues have argued that immigration was a key reason why we voted to leave the EU on 23 June, and that freedom of movement must therefore be at the forefront of our thoughts. I have heard colleagues argue that we should say to the EU 27, “Trade on these terms or we will leave on WTO terms.” Such an outcome would make access to the single market impossible. That would be hopeless for financial services, because we are already seeing, in both analysis and actuality, the impact of what has happened. The hon. Member for Streatham (Mr Umunna), who is no longer in the Chamber, mentioned euro clearing. We have already seen euro clearing for currency dealing leaving London, and euro clearing for securities would leave as well. As the hon. Member for Leicester West pointed out, many institutions are drawing up contingency plans for that.

Last night, I attended a meeting of the National Institute of Economic and Social Research. Its most recent analysis shows that if we leave the EU on just WTO terms, which exclude most financial services, London would lose 60% of financial services business with the EU. I do not think that anyone, whatever their view, would regard that as anything other than a calamitous result.

The hon. Lady was right to concentrate on passporting. Passporting is necessary. It is not just a case of putting up a brass plaque on a door somewhere else in Europe; since the change in financial regulations, there is much more to it than that. It would be much more difficult to establish trade functions across Europe if we gave up passporting. The Chancellor told the Treasury Committee two weeks ago that he accepted the importance of passporting, and I hope the Economic Secretary will assure us that the Government recognise that.

Passporting is not only important for the banking industry. The Association of British Insurers put out a brief this week—I also met its representatives this week—about the ability of businesses throughout the UK to carry out insurance business across the world, and how they will be unable to do that if we lose passporting.

Sir William Cash (Stone) (Con): I am sure my hon. Friend is aware that there is not a single market in insurance, and that 87% of all insurers operate through subsidiaries in the EU, rather than in branches dependent on passporting?

Stephen Hammond: My hon. Friend would be right to claim that about asset management, but I think he is confusing the two industries. The London Market Group said this week that although the number is not as high as that for banking, the amount of business done in the EU is substantially higher than the number my hon. Friend cites. I am happy to ask the LMG to come and discuss that with him.

If the Government are prepared to be rational, a solution can be negotiated, and that is what many people will want to get out of this debate. We might be able to have cross-industry work visas that would involve some limit on access—that would fulfil the requirement of those who want to control freedom of movement—but would also allow us some access to the single market.

As the hon. Member for Leicester West pointed out, an equivalence regime would need to be established, but such regimes are fraught with difficulty. The issue is whether we could establish a bilateral equivalence regime similar to what we have with America. A regime dominated by the European Court of Justice would not be satisfactory for the financial services industry and would wind back our prospects substantially. I would have liked to have said more about that, but I will heed the strictures of the Chair.

It is absolutely clear that the Government must give some guidance on transitional arrangements. The industry cannot wait for the end of the article 50 process. This is a bridge: the Government might not be able to set out exactly where we are going, but they must show that they understand the importance of financial services to this country and our position globally by giving the sector some certainty that after the article 50 period—it is unlikely we will be able to do a deal within two years—they will have transitional arrangements in place. That would mean that wherever we end up, the financial services sector can start its journey over the bridge.

I have no doubt that the Prime Minister and the Economic Secretary understand the importance of this industry to our country. I also have no doubt that we can negotiate a hybrid deal through which we can retain jobs and maintain London as Europe’s financial centre.

2.8 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): I congratulate my hon. Friend the Member for Leicester West (Liz Kendall) on securing this debate. It is most important that we set the right tone for it: we must not let the events of 2008, with scandals about bankers’ bonuses and so on and so forth, detract in any way from the economic significance of this sector for this country.

My hon. Friend outlined many of the economic statistics underlining that argument, but we must be quite clear that, with more than 2 million people employed in the sector—not least the 300,000 people in my neighbouring town of Birmingham in the west midlands, where about 10% of jobs are dependent on this and related industries—it is hugely important for employment. It is also hugely important to the many people who benefit from the financial and insurance services that this industry delivers, and to the recipients of domestic or business loans who depend on it for the quality of their standard of living or for the economic performance of their area.

My hon. Friend has outlined the significance of passporting. I would like to amplify that. It is very interesting that a country such as Switzerland, which is synonymous with finance and financial management, has no passporting rights in the EU and, as a result, bases many of its companies and activities in London in order to get that access to the EU. The fact that one of the historical major global financial centres of the world is working through London to access the system underlines the sheer strategic importance of our maintaining our access in the negotiations.

I have heard the argument that because more EU companies use passporting to gain access to the UK than the other way around there is an equivalence of interest—the “we’ll be all right on the night” argument. But that does not take into account the fact that the negotiations will be carried out by politicians looking at

political issues rather than company representatives looking at the bottom line of their finances. It could well be that issues such as the single market will be debated and negotiated in such a way that other EU countries will use them as the justification for refusing access to passporting.

My hon. Friend the Member for Leicester West outlined the significance of the free movement of labour in the financial services industry. We could end up hitting ourselves twice—first by objecting to free movement of labour, which would be damaging to the financial services industry, and then by having that objection used by EU negotiators as a justification for ending the passport regime. The Government have to handle this incredibly delicately, with maximum support from the financial services industry, to arrive at a solution that will not be doubly damaging to the industry.

In the short time remaining I will mention something that is perhaps not so directly relevant to passporting within the EU but is relevant to financial provision in this country. The mutual sector contains companies that are often small and do not have or need passporting because they do not trade in Europe. Those companies have often been burdened by what they perceive as an EU-level of regulation. Now, I often think that it is our own regulators who needlessly apply the regulation, but that is a different debate. However, on coming out of the EU the argument about EU regulation can no longer be used. I look forward to seeing this country looking at its regulatory regime for those companies that trade only domestically and do not have or need passports, to ensure that we develop a regulatory system that is far more proportionate, and enables small financial services to thrive and provide better consumer options.

2.13 pm

Sir William Cash (Stone) (Con): There seems to me to be a great deal of overstatement and exaggeration in this arena. The media have tended to overstate difficulties in this area to a very significant extent.

This is about confidence. For nearly 400 years, up to our entry to the EU under the European Communities Act 1972, the United Kingdom was able to run one of the most effective—if not the most effective—financial services centres, the City of London. The idea that somehow or other, because of the intervention of the European Union, things will get better is completely outweighed by the disaster area and dysfunctionality that the EU now represents.

Only a few days ago, in Bratislava, I heard the chairman of the European Parliament's Committee on Budgets saying that the EU needed an "electric shock", that there was far too much regulation, that it was far too intrusive, and so on. The chairman of ECOFIN said that the EU was facing the biggest economic and political crisis in modern political history. All that is true. The idea that we would not have to leave the European Union—thank heavens the British people made their own judgment about that—and the construal of our leaving the European Union as a disaster in itself simply belie the facts.

The reality is that EU legislation is deeply embedded in the financial services sector. Just to state the obvious, not only are we obliged under sections 2 and 3 of the 1972 Act to absorb all the legislation—I warned in a letter to the *Financial Times* in 2008 that that would

lead to the kind of difficulties we are now experiencing with regard to financial services—but because of the Court of Justice we have to obey all the regulations. The massive regulatory overkill of the whole of the financial services sector as a result of that arrangement is an undoubted disadvantage. There are huge benefits to be gained by being outside the European Union, which I will come to in a moment.

George Kerevan (East Lothian) (SNP): Surely the hon. Gentleman is aware that most EU bank regulation—especially since 2008—has been at the behest of the G20, so we will be subject to it whether we are in the EU or not.

Sir William Cash: The problem that the hon. Gentleman has perhaps not quite taken on board is that because of the European Communities Act there is a legislative requirement for us to accept those rules. Outside, we will, I hope, be able to benefit not only the United Kingdom but the EU, as I will come on to in a moment.

We only have to look at places such as Singapore and Hong Kong to understand that one does not have to be in the European Union to have a successful financial services sector and compete in the global marketplace. The same applies to New York. The objective must be to keep the financial markets open throughout the European Union as a matter of mutual concern throughout the UK and the other 27 member states. Breaking up the London system would involve much greater costs for everyone. Europe would end up far worse off, in my judgment—and that of many others, too—if the financial sector migrated to New York, Singapore or Hong Kong.

The passport is not specific to any one aspect of the financial services field. It works best in relation to banking accounting for about a fifth of annual banking sector revenue. It works less well in relation to asset management, which my hon. Friend the Member for Wimbledon (Stephen Hammond) mentioned. It is vital to understand that there are subsidiaries set up all over Europe carrying on the business of other countries irrespective of a passport. A significant amount of EU assets are already in Dublin and Luxembourg and their management—this is the key issue—is run from the UK. Indeed, on a recent assessment I have read, only 7% of assets managed in the UK are thought to be threatened by the loss of the passport.

There is not a single market in insurance at all. I appreciate that my hon. Friend might wish to come back to me on that, and I am very happy to talk to the people he mentioned in reply to me, but I simply make the point that we are not always dependent on the passport. There is a special problem regarding Lloyd's of London, but I am informed that the pool of underwriters across the EU amounts to only 11% of the market's gross written premium, and only 3% is directly reliant on the passport.

We have three main alternatives: equivalence, bespoke agreements and local arrangements. Equivalence is granted by the European Commission. The Commission is guardian of the treaties and has the legal clout that we will get away from when we vote to leave, so equivalence would not apply to us if we left the EU. But we have the same regulations as the EU, and under the repeal Bill, which I put together just before the referendum and am glad the Government are so interested in, we would be able to run parallel operations where it was in our mutual

[Sir William Cash]

interests to have regulatory arrangements in the UK equivalent to those elsewhere in the EU—and, indeed, internationally, as well.

As regards bespoke agreements, we have the potential to secure an agreement similar to that with Switzerland, for example. If no cross-border access arrangement is made, firms will still be able to set up subsidiaries. That would, I have to admit, cost money, but it would not be disproportionate. I do not want to go into the details of a private conversation so I will simply say that I got that straight from some very senior bankers the other day. It boils down to this: we can arrive at an arrangement similar to Switzerland's or at a free trade agreement. Of the two, I must admit I prefer the latter.

2.19 pm

Alison McGovern (Wirral South) (Lab): I congratulate my hon. Friends the Members for Nottingham East (Chris Leslie) and for Leicester West (Liz Kendall) on achieving this Backbench Business debate. Unsurprisingly, I agree very much with the contribution made by the latter.

I shall speak specifically about financial services outside London and the south-east. [Interruption.] I seem to have infinite time, which is fine.

I want to say three things: first, to correct an impression about who we talk about when we think of financial service; secondly, to correct an impression about globalisation and trade; and finally to correct an impression about what is required of the Government in face of Brexit in financial services and the broader economy.

As my hon. Friend the Member for Leicester West said, too often there is an easy, knee-jerk reaction when we think about financial services. People bang on about bankers, but people who work in financial services are not who we might think they are. They are ordinary working people from around the country. I was blessed to be able to find that out in person when I served as shadow City Minister for my party last summer. Several financial services companies were good enough to welcome me through their doors to shadow members of their workforce. It was absolutely fascinating. In cities, none of which was London, I sat with people working in financial services, including insurance and pensions, and talked to them about their daily lives. They worked incredibly hard serving their customers—the British public and exporting businesses.

I was struck by the story told to me by one set of workers who were recalling the global financial crisis. They were told by their manager: “Just don't mention what you do when you go down the pub after work.” Nobody in our country should have to do that. Nobody should be made to feel ashamed of what they do. I am a Labour MP for a reason, and that is it. We should never engage in language that seeks to condemn people simply because of their employment.

I was also struck by the passion with which those in the insurance industry fought fraud and tried to get people a better deal. Those people deserve Members' support and backing. This is not a London issue. We might call it the “City of London”, but 11,000 people in Belfast; 54,000 people across the north in Leeds, Liverpool and Manchester; 58,000 people in Edinburgh and Glasgow; 10,000 people in Sheffield; and 4,000 people in Norwich do a good day's work for a good day's pay and need our backing.

Andy Slaughter (Hammersmith) (Lab): My hon. Friend is absolutely right that this is a national issue, but I hope she acknowledges the work the Mayor of London has done in drawing attention to the importance of financial services. It would be curious if London were not represented on a Brexit Cabinet sub-committee but the other countries and regions were.

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I appreciate that the hon. Member for Wirral South (Alison McGovern) is in some difficulty because the clock is broken, but she is handling it with great competence. I have been watching. She has taken an intervention and can speak until about 2.25 pm and 30 seconds. I thank her for dealing with the matter so well.

Alison McGovern: Thank you, Madam Deputy Speaker. I will do my best.

I thank my hon. Friend for his intervention. I am happier to support the words of the current Mayor of London than those of the previous one, who said that no one could deny that London is the engine of our economy. In financial services, as with everything else, our regions should be on equal footing. One should not be over another. It is a fact that London has extra lobbying capacity because Parliament is located in the city, so a corrective is necessary.

The second point on which I want to correct people's impressions is that, although the hon. Member for Wimbledon (Stephen Hammond) is right to talk about competitive advantage, which matters, when we talk about globalisation and international markets, not least in the financial service sector, we are talking not necessarily about increased trade but about increased multinationalism. Companies stretch themselves much more over borders, which is why I still believe that our membership of the European Union was important. I accept the result of the referendum, but when we have multinational companies, we need to be involved in global governance so that we can protect the people who work for them in our country. The 1,000 people who work for Santander in Bootle and the 1,000 people who work for Merrill Lynch in Chester work for global companies. They therefore need global protection and global response. I hope that goes some way to answer the points made by the hon. Member for Stone (Sir William Cash), although no doubt he will not agree.

Finally and very briefly, we need to correct the impression of what is required. Passporting is absolutely crucial, as has been described by several Members, but it is not just that. The concentration of financial services in our country's economy has meant that London has overheated for far too long. Financial services outside London have another crucial role. Building societies and the mutuals sector have been mentioned. We need to use our financial services outside London and the south-east to partner with Government to improve infrastructure investment and investment in small and medium-sized enterprises. Forty-two per cent. of start-ups happen in London and the south-east, which is simply not good enough. That is why I ask the Government not only for passporting but for rebalancing by supporting our financial services.

2.26 pm

Tom Tugendhat (Tonbridge and Malling) (Con): The clock is back. The excitement! The hare is running!

I should briefly declare an interest. I have at times worked in the financial services industry. I draw Members' attention to my entry in the Register of Members' Financial Interests.

Like so many other hon. Members, I am here to talk about financial services outside the capital. I pay tribute to the hon. Member for Leicester West (Liz Kendall), who spoke very powerfully about that. In my constituency, I drive past the Fidelity asset management centre, which is based in Hildenborough and employs nearly 1,000 people. Financial services also support economies such as the legal economy, accountancy and various other innovators. As we have discovered from the success of start-ups in the United States, access to financial services is often a trigger for improvements in the tech sector.

Robert Neill (Bromley and Chislehurst) (Con): I apologise for not being in the Chamber earlier because of Select Committee duties. Does my hon. Friend concede that it is important that we link access to financial services with access to other professional services including legal services, which are critical to building the infrastructure backing up the financial services sector?

Tom Tugendhat: My hon. Friend makes an extremely good point and I will let it rest there.

Access to financial services is not just about the financial services industry but about all industries. Finance greases the wheels of the whole economy. It is important that we maintain the access we have in the UK. I therefore urge hon. Members to see Brexit not just as a threat, which sadly so many people do, but also as an opportunity. The United Kingdom used to be extremely good at taking the opportunity to innovate. Too often we have limited ourselves. Many people will look at the potential loss from the eurobond clearing and various other elements, but we should also look at the potential openings in financial technology, where we have already seen such innovations in the UK, to which I hope we agree we can add.

Services here in the UK are built on the foundation of skills that support the current industry and that will support future growth. Tomorrow's growth will be based on those same skills, which come from a highly educated, highly literate and highly open population of people across our islands, whose languages, ethnicity and cultural links tie them around the world. They are able not only to do deals but to finance and enable entrepreneurs and businesses around the world. That is why I am less concerned than some about the potential closing off in markets in the European Union. We must remember that the EU itself depends on the City of London and that the depth of asset pools in the City gives the industries of Germany, Italy and France a reach they would not get from their own domestic markets. It gives them an opening to other financial sources around the world, including east Asia, that they would not get from Milan, the Paris Bourse or the Frankfurt exchange. I know that the Minister, who is in his place, will see this as a good deal for both parties, as all good deals should be, because the EU and Britain have a common interest.

Having that common interest requires us to remember who we are. It requires us to remember that we, here in the United Kingdom, are in so many ways more than the sum of our parts. We define ourselves not by the nations we come from, but by what we give together.

I mean this very seriously. In so many countries in the world, people define themselves as a "something-something". In the United States, for example, people often define themselves as a Polish-American or an Irish-American. I, who am the son of a French woman, the grandson of an Austrian man and an Irishwoman, do not define myself by that. I define myself as British, as so many people here do. It is that openness and inclusivity that has made Britain the home for so many and the centre for so much.

That is why, when we look at the financial industry, we must not look at it alone, or indeed just consider the legal and accountancy aspect. We should not even consider its enablement of other industries. We should consider the ethos it requires. That ethos is the ethos that we have promoted on these islands for a thousand years. It is one that defines people by the breadth of their experience, skill and knowledge, and not in a narrow sectarian definition of origins or passports. It is much greater than that.

I will leave it there and urge the Minister, as he takes the negotiations forward and sits around the Government table, to see that the financial services around our whole country, particularly in the great kingdom of Kent, are not just a simple route to enrichment, but an avenue to openness, growth and the support of what the UK has always been: a beacon to other nations, an island of safety and in many ways an example to all to enrich all.

2.32 pm

Joanna Cherry (Edinburgh South West) (SNP): I rise to speak about the impact of leaving the European Union on the financial sector and the legal profession, with particular reference to my constituency.

An estimated 7,000 of my constituents are employed in the financial services sector. Across the whole city of Edinburgh, there are 34,800 people employed in financial services. Edinburgh is the UK's second-largest financial centre. It is a major European centre for asset management and asset servicing, and home to the global headquarters of the Royal Bank of Scotland and the UK headquarters of the Green Investment Bank. Edinburgh is the UK's largest financial capital centre after London by both gross value added and employment. The financial sector in Edinburgh also supports many other jobs in the service sector. Some of the best coffee shops, sandwich shops and restaurants are in my constituency, supplying constituents who work in the financial and legal sectors.

Very worryingly, earlier this week an independent report for the Scottish Parliament's Economy Committee revealed that Edinburgh's reliance on financial services is greater than that in any other city in Europe. Therefore, Edinburgh is at most risk of being affected if we lose the protection hon. Members have been speaking about. I pause to pay tribute to those hon. Members who secured this debate.

There are serious concerns about the potential for lost jobs and business if there is a loss of full access to the single market. Leading economists gave evidence to members of the Scottish Parliament on Tuesday on the impact that Brexit and leaving the single market would have on Scotland's economy. Across Scotland, the financial sector directly and indirectly employs almost 200,000 people, 20,000 of whom are European Union workers. It contributes £8 billion to the economy of Scotland. In fact, Edinburgh's economy is more reliant on financial

[*Joanna Cherry*]

services than London's economy, or indeed any other city's economy in the UK. As I said earlier, if we look at Edinburgh's share of financial services, we see that it is markedly ahead of most large European cities.

Kirsty Blackman (Aberdeen North) (SNP): Is my hon. and learned Friend concerned that the Scottish asset management sector is bigger than that in Frankfurt and in Paris put together? We stand to lose out significantly.

Joanna Cherry: Yes, I am concerned about that. Edinburgh's reliance on financial services is 23.8%, compared with 18.9% in London, 17.3% in Brussels and 17% in Amsterdam. By comparison, Glasgow's financial services sector is worth about 12.4% to its economy.

This is not fearmongering. Paris and Frankfurt are already angling for some of the jobs that may leave London and Edinburgh if we leave the single market. I attended a briefing last week at which the Irish ambassador spoke. He pointed out that while Britain leaving the European Union poses some problems for the Republic of Ireland, it will also provide some fantastic opportunities for Dublin to attract jobs that we really need in our financial sectors across the UK. In Edinburgh, we really want to hang on to those jobs.

I am happy to say that a lot of people in my constituency are employed in legal and accounting services, which is what I used to do before I came to this place. More than 3,000 of my constituents are employed in the legal services sector. Across Edinburgh, that figure for the legal and accounting sector is closer to 10,000. The Law Society of Scotland has its headquarters in my constituency, and the Faculty of Advocates, of which I am non-practising member, has its headquarters in the neighbouring constituency of Edinburgh East. A lot of lawyers and other people who work in law firms live in my constituency and are worried about the impact of Brexit on legal services. There are many aspects of EU law that have particular relevance to the legal system and professions, including the directive on the mutual recognition of diplomas, the lawyers establishment directive and the lawyers cross-border provision of services directive.

Sir William Cash: Does the hon. and learned Lady recognise—I imagine she might—that there is a certain circularity in her argument? It is not surprising that the legal profession inside the European Union, which is concerned about European law, would want to protect that particular part of their activities. She could perhaps be a little more generous in understanding that those who want to leave might actually end up with laws that are made in this place.

Joanna Cherry: That is not what I am actually talking about. I am talking about the way in which European Union law has enabled Scots lawyers, English lawyers and lawyers across these islands to practise across Europe not for their benefit but for the benefit of their clients. That is the point. It is also to the benefit, as earlier speakers pointed out, of the financial services sector and to the British economy in general. This is not naked self-interest on the part of the lawyers. Lawyers depend on their clients to make a living. If lawyers are not able to practise across Europe easily, they will not be able to

provide such a good service to their clients. That does not just apply in the financial sector. It covers all sorts of areas, including, very importantly, child and family law.

In Scotland, the Law Society of Scotland will be urging the UK Government and the Scottish Government to argue in negotiations that the current arrangements for lawyers to be able to practise in the European Union should be retained. It would be very disappointing if the only route for lawyers to be able to practise in Europe in future would be to requalify in other EU jurisdictions and go through the cumbersome processes that we have done away with as one of the many benefits of being in the EU.

Clearly, the best way to protect the legal and financial services in my constituency and in the city of Edinburgh is to remain part of the single market. That would be the easiest way to give comfort to those sectors. Of course, we are not able to give any comfort to those sectors, because the Government "do not want to give a running commentary". However, it appears, as the result of a legal decision today, that the Government may in due course be forced to come to this democratically elected Chamber and tell us a little bit more about what their plans are. It is worthy of comment that that is not as a result of European judges sitting in Brussels, Luxembourg or Strasbourg. It is the result of English judges sitting in London. As a Scots lawyer, I wish to pay tribute to those English judges for the decision they have reached.

Tom Tugendhat: Of course, a few judges sitting in Belfast came out with a slightly different decision, as the hon. and learned Lady may be aware.

Joanna Cherry: Ultimately, it will be for the Supreme Court of the United Kingdom to decide, and it includes, of course, two very senior Scottish judges. I believe that the Supreme Court has already allocated a few days in December. I read that the full Bench will sit, so the Scottish judges will be there as well. The Scottish Government have said that it is very likely that Scotland will intervene in that case, and I have every confidence that the Supreme Court will reach the right decision.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I am afraid that I shall have to reduce the time limit to four minutes: everyone has taken considerably more than five minutes because of interesting interventions.

2.40 pm

Chris Evans (Islwyn) (Lab/Co-op): I begin by congratulating my hon. Friends the Members for Nottingham East (Chris Leslie) and for Leicester West (Liz Kendall) on bringing forth this timely debate. They are both known as having been huge talents, and their absence from the Front Bench is unfortunate.

I come to this debate with a sense of frustration. Like the hon. Member for Tonbridge and Malling (Tom Tugendhat), I worked in financial services for a number of years before I came to this place. I get frustrated when I hear politicians characterising bankers as greedy, yacht-going men who live in high-rise apartments, looking for ways to rip off the British public to make themselves even richer. That is not my experience of the banking

system, and it is not the experience of the people I meet in my constituency, such as those who work on the high street in Blackwood or people such as Jonathan Brenchley from Barclays, a community relations manager who works hard to improve community relations. I recently had a meeting with NatWest, which is trying to improve IT and promote small IT businesses so that they can grow in Wales.

It is true that financial services are the largest exporters in the world. Some 11.8% of our GDP is in the financial and related sectors. The financial industry employs over 2 million people, and not all of them are based in the City of London. It employs one in 14 people in the UK on average, and two thirds of them are based outside Greater London. In Wales, for example, 54,300 people are employed by the financial and professional services industry. These are people who really believe in their companies; they have a buy-in, and they want to provide the best possible customer service. That is why I am concerned.

Before the referendum of April 2016, PricewaterhouseCoopers conducted an analysis of what effect leaving the European Union would have on the financial services sector. The outcome was grim, forecasting that leaving would result in the loss of 70,000 to 100,000 jobs by 2020, with a slight recovery over time, but remaining with a loss of 10,000 to 30,000 jobs by 2030.

As we have heard, work in the financial services industry involves helping businesses to grow and individual people to reach their potential. Suffice it to say, it is the base industry for everything in this country. The prospect of the UK leaving the EU is a real threat to the financial services industry. Our financial services industry does not operate in a vacuum; rather, it relies on international trade and the flow of capital around the world and particularly the EU.

At the moment, the sector makes extensive use of passporting, as we heard from my hon. Friend the Member for Leicester West. The Treasury Committee's publication of figures from the Financial Conduct Authority shows that 5,476 companies registered here in the UK depend on these passport rights to do business with the EU.

Sir William Cash: In the light of the hon. Gentleman's condemnation of the vote to leave, will he remind us how his constituents voted in the referendum?

Chris Evans: The hon. Gentleman has spent 30 to 40 years in this House going on about the European Union. All his birthdays must have come at once on 23 June—that is all I can say! [*Interruption.*] He knows the answer very well. I think he is trying to create a bit of mischief for me.

Essentially, we need to ask whether this will mean the loss of passport rights. What structures will be put in place to allow people to continue doing business and paying their taxes? Banks and the financial service industry simply need to know that.

I am short of time, but let me say that my second key concern that generates uncertainty is the extent of EU-originated law that now governs financial services. The law itself, of course, is not the issue, but what replaces it and the process by which it will happen is still a mystery. It is hard to find reliable information to quantify the extent to which EU law governs the UK

financial services sector. However, since the EU implements many international regulations and agreements relating to the financial services sector and the UK relies on that body of law, leaving the EU can raise questions.

Ultimately—I am running short of time—it is no good for the Prime Minister to come here and, when she is challenged, to say every week, “Brexit means Brexit.” It is no good her saying that she is not going to give a running commentary on the negotiations either. The financial services industry needs certainty. It needs to move on, and it is time that the Government came up with some answers to the questions I have raised today.

2.45 pm

Kirsty Blackman (Aberdeen North) (SNP): Members may be surprised to discover that I am not going to focus on what happens outside the City of London. It is important to talk about the City of London, and not just the areas outside it. What happens in the City of London benefits the whole of the UK's economy. Whether or not Scotland is independent by the time that Brexit happens, it will still be really important for us that there is a strong financial services structure in the UK.

Robert Neill: Will the hon. Lady give way?

Kirsty Blackman: Not right now; I do not have much time.

I have a couple of points to make, starting with the issue of capital flight and passporting, which has been widely mentioned. As the hon. Member for Leicester West (Liz Kendall) said, passporting is important because banks have to make these decisions now. They have to make them today. They cannot wait for the Government to mess about while they come up with deals on Brexit. The structural decisions have to be made now, because it takes a number of months and years for these things to happen. Banks do not have the luxury of being able to wait until two years down the line when the Brexit negotiations are concluded to discover whether or not there is a cliff-edge at that stage. They need to make those decisions now. When we hear that the Government are not going to give a running commentary, it means that banks have to take those decisions now, and it is disadvantageous the whole of the UK as a result.

I understand that it is difficult for the Government to provide certainty. They do not yet have certainty even on what language the negotiations will be conducted in, let alone anything else about them. It is unlikely that we will reach a position where we have certainty by the end of the two-year period. That is why organisations such as the London Market Group are suggesting that what the Government need to do as a matter of urgency is to agree transitional arrangements. It represents insurers, who generate over 20% of the City of London's total income. What it says they need is financial regulatory certainty and transitional arrangements for five years post-Brexit in order not to severely disadvantage the insurance industry. Five years post-Brexit is a very long time, and the Government have not given them any certainty at this point in time.

Clearing is the other really important issue that I want to talk about. The London Clearing House is a huge success story for the City of London, and it has become very important. Clearing is the process through which risk in the financial markets is managed. It catalyses growth by helping to manage that risk, and it

[Kirsty Blackman]

is central to the UK's delivery of the G20 post-crisis legislative framework. Our financial markets are less risky and better regulated as a result of having so much of the clearing house function based in the UK.

There are conversations about euro-denominated currencies moving from London, but we will lose not just euro-denominated currencies. The London Stock Exchange Group and the London Clearing House work in 17 currencies, and the only reason the London Clearing House has such a large market share and is so successful is its access to all those currencies. If euro-denominated clearing is moved from London to New York—and let us not kid ourselves that it will move anywhere else—we, the United Kingdom and the whole of Europe, will lose out. As a matter of urgency, the UK Government need to secure agreement from the European countries that euro-denominated clearing will not be removed from London. The clearing house function supports 100,000 jobs in the United Kingdom. It is not true that, as the Chancellor said recently,

“in terms of...jobs and value...it is a relatively small part of the total.”—[*Official Report*, 25 October 2016; Vol. 626, c. 149.]

A huge amount of the market, and City of London services, rely on the clearing house function, and the Government must prioritise it.

2.49 pm

Chris Leslie (Nottingham East) (Lab/Co-op): Let me begin by welcoming the ruling that Parliament should be sovereign in this area as in others. That does not mean that Brexit will not proceed; as was pointed out by my hon. Friend the Member for Leicester West (Liz Kendall), we have a duty to honour the will of the British people. However, as elected representatives, we also have a duty to ensure that article 50 is triggered in the right way and at the right time, safeguarding the best interests of this country. The referendum was clear about the act of triggering article 50, but it was silent on when that should happen and with what safeguards. I think that it is important for us in Parliament to stand up, as we are today, and, rather than leaving these issues to the Crown prerogative and to Ministers, to do our duty when it comes to this particular question.

I do not believe that there can be many other sectors as large as the financial services sector. It produces 12% of our economic output and millions of jobs: in Nottingham alone, 500 firms deal in financial services. Many Members have drawn attention to the significance of the sector, whose scale is very obvious. However, I think that there is some confusion among Conservative Members, particularly the hon. Member for Stone (Sir William Cash). The hon. Gentleman seemed to be saying, “Oh well, we can leave the European Union and it will all be fine. We will just muddle through. We will find our way to a sort of happy equilibrium where everything will be fine.” He is wrong, because the other 27 countries in Europe are massive markets for our industries and for those who are employed in the financial services sector in this country. The hon. Gentleman and others need to realise that it is not just a question of leaving the EU and then facing tariffs of 10% or 20%; it is a question of whether we will have a legal right to trade in those products at all with those other 27 countries.

Sir William Cash: Will the hon. Gentleman give way?

Chris Leslie: I do not have time to give way to the hon. Gentleman. Well, I may do so if I am tempted. The clock stopped after he spoke, and it felt like the 19th century.

Let me read out to the hon. Gentleman a list of the products that will be banned after April 2019, the time at which we would be out of the European Union. It will no longer be possible to trade in these services with the other 27 countries unless we secure a transitional arrangement or some solution from the Government.

There will be no deposit taking, regulated commercial lending services, trade finance, finance leasing, regulated receivables financing such as factoring, derivatives, hedging services, credit card services, payment services, consumer credit, mortgage lending, equity and debt capital markets, fixed income secondary market trading, regulated foreign exchange spot and forward trading, securitisation, regulated commodities trading, or clearing and executing brokerage. It will be illegal for British-based firms to trade into those 27 countries after April 2019 unless the Government manage to secure a decent deal.

The challenge to the Minister, who has already heard it from many Members on both sides of the House, is yes, to focus on the right solutions—automatic access rights to the single market must be our goal—but before we reach that stage, in January or February, he must start to ensure that we have some evidence on the transitional arrangement talks. A transitional arrangement must begin before we trigger article 50, in the reporting season, so that banks and other financial institutions can plan ahead. If the Government do not give a clear commitment to seeking a transitional arrangement, we will find that those financial institutions have a “stick or twist” option. Do they stay and risk it, hoping that something will crop up after 2019, or do they twist, leave the UK and try to locate elsewhere? That is too much of a gamble. It should not be so binary. I hope that Ministers will think very seriously about doing the right thing for the sector and those who are employed in it.

2.53 pm

George Kerevan (East Lothian) (SNP): Let me begin, as others have, by commending the hon. Member for Leicester West (Liz Kendall) for securing the debate. Let me also commend her for summing up everything that I think Opposition Members, as well as many Conservative Back Benchers, believe about the nature of the problems that will face the financial sector post-Brexit. If there were any political justice, the moment that the hon. Lady had finished speaking the Minister would have stood up and agreed with everything that she had said. That would have been the end of it, and we could have gone on to actually solve some of these problems. Sadly, though, the Minister did not do that. We are faced with a situation in which the UK's major industry, in terms of employment, taxes raised and the nature of our links with the rest of the world—it is a key strategic industry—is left blowing in the wind, waiting to find out what happens.

I always listen with great interest to what the hon. Member for Stone (Sir William Cash) says because he is forensic and thinks things through. He came up with a whole series of fixes—sticking plasters—that could be applied so that the financial sector could legally maintain

its markets in Europe. However, I put it to him and those who agree with his line of argument that there is a problem: since 2008, the UK financial sector has been in a special place compared with many other industries. It has had to undergo massive regulatory change, which has produced massive uncertainty in the industry. That process has not yet fully played out. We still have to get to 2019 before we will have implemented all the Vickers proposals on ring-fencing, so the banks are in a major process of reorganisation. Many Members have been to bank headquarters in the City and know that the situation on the ground is very complex. To add to that process of uncertainty, we have another period of uncertainty when the institutions will not even know whether they have the right to trade any longer in the rest of Europe, and that is a step too far.

We all know what the Minister will say when he makes his speech as he has come along to a number of such debates. He will do a fine job of not telling us anything. He will say we cannot have constant reporting on negotiations, but we are not asking for that. Instead, we are saying that given the unique uncertainties in a major industry that is undergoing massive regulatory change, the Government must put forward a transitional period. It must tell the financial institutions, “Yes, we have a transitional period. We will put down a time period, and it will go beyond 2019, when the Vickers proposals bed in.” That would allow everyone to calm down. If the Minister will not do that and instead maintains the silence, the Government will be adding to the regulatory uncertainties that are piling up on the industry.

Joanna Cherry: My hon. Friend talks about the uncertainty that is caused by the Government saying that they will not give a running commentary. Does he agree with the First Minister of Scotland that the Government are refusing to give a running commentary and to allow a vote in this House not for reasons of high constitutional principle, but because they do not have a coherent position, and they know that if they come to this House, that fact will be exposed?

George Kerevan: It would be my guess that the Government’s silence may just cover up a lack of strategic vision.

I also want to address a point raised in an intervention by the right hon. Member for New Forest West (Sir Desmond Swayne). He said that only about a fifth of revenues from the UK financial sector come from Europe and that we have a huge domestic sector, particularly in retail banking, so we should not exaggerate the crisis in the financial sector that might emerge due to Brexit. I have an answer to that: the problem is that the strategic sectors of banking, particularly high-value investment banking, which is where the profits are, do relate to Europe, and the threat is not from Paris or Frankfurt, but from Wall Street.

I have no wish to force US banks out of the City of London, but the banking community that has gained most since 2008, and that has consolidated and expanded its market share, is the major US banks, particularly the five big investment banks. They have increased their market share in London and Europe while European investment banks are in major decline—Deutsche Bank is in financial trouble, as are the Swiss investment banks, and all we are left with is the European champions,

Barclays. If we break up the European financial family in another period of uncertainty, all we will do is strengthen the arm of the US investment banks, and behind them is a whole series of other US financial institutions that are coming into Europe.

US private equity has driven a coach and horses through traditional German bank lending at a regional level. For example, Cerberus is coming in and using a network of Cerberus companies across Europe to buy its way into European property by buying distressed debt. It is using the fact that it can play off one of its divisions against another through transfer pricing to take a gain in taxation. The real threat to our banking system is that, unless we get a grip, Wall Street and the American banks will dominate it. The right hon. Member for New Forest West suggested that the British domestic market was strong enough to survive whatever happens in the next few years, but that is not true. As we weaken the entire European banking family, we open up the possibility that the British retail banking system, which has retreated into its own domestic market, will be very much weakened when it comes to further American competition.

We need a solution to the passporting issue. The Minister will probably not respond to my proposal today, but I will put it on record anyway. The Scottish Government are seeking to maintain Scotland’s position within the single market, and I want to make it very plain that we would do that while being part of the United Kingdom. The UK Government have already done a side deal with Nissan and said that they will keep an open border between Northern Ireland and Ireland, so side deals—by industry and by region—are already out there. If Scotland were allowed to stay in the single market as part of the United Kingdom, that would give us a solution to the passporting problem. British banks could use their offices in Edinburgh and Glasgow to continue to trade with Europe because they would have the passport, and the Treasury would still be able to tax their profits because they would still be in the UK. The alternative is that the major European and American banks will move their nameplates to Dublin and Frankfurt, and the bulk of the business will be run from New York. We need a solution, and one solution would be to accept the Scottish Government’s proposal—or at least give an assurance that it will be thought through, rather than instantly dismissed—that Scotland should remain within the single market.

3.2 pm

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): It is a pleasure to contribute to what has been an excellent, thoughtful and timely discussion. I congratulate my hon. Friends the Members for Leicester West (Liz Kendall) and for Nottingham East (Chris Leslie) on securing this debate to discuss one of our most important industries at a critical time for its future. The financial services sector and its related professional services form part of the backbone of the UK economy. According to a report published earlier this year by TheCityUK, these sectors together represent nearly 12% of UK economic output. They contribute £66 billion in taxes and generate an annual trade surplus of £72 billion.

We have heard from several hon. Members today, particularly from my hon. Friend the Member for Wirral South (Alison McGovern) in her eloquent speech, that it is wrong to misinterpret the term “the City” as simply

[Jonathan Reynolds]

meaning London—it does not. The financial sector's presence and contribution are felt throughout the UK. TheCityUK's report also highlighted the fact that, when related professional services are included, the industry employs 2.2 million individuals across Great Britain, two thirds of whom are located outside the capital. For each of those workers, the value added to the economy is £87,000, compared with the annual average of £52,000 for workers in other sectors. It is evident from those figures that financial services go far beyond a handful of well-paid jobs in the square mile. This is an association that we need to break down to ensure that the future of the industry is given the careful consideration it demands in the Brexit negotiations in order to safeguard stability for the rest of us.

Next year will mark the 10th anniversary of the early stages of the global financial crisis. In the intervening decade, the City has made measurable progress towards becoming a fairer and better functioning sector through the combined efforts of regulators and the industry itself. None the less, public trust in financial services remains at an all-time low, in some cases for understandable reasons. There is still some way to go for the sector to rebuild its reputation and regain that trust. For that reason, the fact that financial services might suffer disproportionately as a consequence of Brexit might not elicit sympathy in some quarters. However, if the financial crisis proved anything, it is that the success of our economy and nation is inextricably linked to the performance of our financial services sector. Arguably, that relationship had become too dependent in several ways before the crisis, but it is still true that it is challenging for the UK to achieve its full potential if our financial sector is not in good health. The positive flipside is that when the City does succeed, it brings a raft of accompanying benefits.

Our financial services sector is world leading. There is good reason why centres such as Frankfurt and Paris are vying to capture a slice of our thriving activity. The *Financial Times* revealed this week that the French Government are on the cusp of launching a cross-party initiative to lure businesses across the channel, while local financial regulators have simplified the process for new financial companies to register in Paris. The city's business district has unveiled new adverts that are designed to entice companies to move with the inventive strapline: "Tired of the fog? Try the frogs!" The tone may be light-hearted, but we must take seriously the hard-headed commercial motivations. These existential threats do not mean giving the sector preferential treatment at the expense of others; it is about recognising the sector's value and ensuring that we can build the environment it needs to continue to grow.

The £72 billion trade surplus, as mentioned in TheCityUK's report, represents more than that for all other net exporting industries in the UK combined. We are discussing the future of our largest export industry. Getting Brexit right is fundamental to the overall success of our financial services sector and our continued economic prosperity. We need to focus on three main outcomes for financial services to ensure that, at least in the interim, the Government do not inflict damage on one of the most productive elements of our economy.

The first is clarity. Markets loathe uncertainty. While the Government fail to deliver a clear outline of their negotiating plans for financial services, investment and key decisions will continue to stall among domestic and international financial institutions of all sizes because they lack the information that they need to plan properly for the future. Equally, the outline needs to be fair and then effectively communicated. We do not want a bank-by-bank process of deal making similar to the approach that appears to have been offered to Nissan under which one institution receives mystery assurances while another is kept in the dark. Coherence and transparency—not a system of discreet concessions to those who shout loudest—will be critical. The eventual agreement must not cover just one industry, but the whole British economy, to make sure that Brexit works for everyone.

Secondly, the City is heavily invested in and dependent on the principle of free movement for its workers. At the very least, the sector needs basic guidance on what will become of the EU nationals upon whom it relies to function. London in particular boasts a cosmopolitan financial services workforce, attracting talent from the EU and beyond that helps to fuel its success. There is ambiguity about what the status of these individuals might be in the eventual negotiations. Once again, that stalls companies' ability to plan for the future and make the right hiring choices. Equally, it will discourage people from coming to this country. It is unacceptable to use the personal circumstances of individuals working in financial services as a bargaining chip, so I call on the Government to guarantee their ongoing residency rights.

Thirdly, one of the central goals of the Brexit negotiations must be to guarantee freedom of trade for UK businesses in the EU, which is critical to financial services. The industry's exports to the EU represented £18.5 billion in 2014. We will strongly argue for the rights of UK financial services companies to win business across the EU. In a world where global markets are becoming ever more connected, it makes no sense to put up barriers. The fact that we are already compliant with EU standards and regulations puts us in a position of strength, because we should at least qualify for equivalence on the day we depart. I second the view of my hon. Friend the Member for Leicester West that passporting—the right to do business across the EU—is a deal breaker in the negotiations.

The scale of this task must not be underestimated. In the lifecycle of a typical equity trade, there are around 100 different stages at which EU laws have an impact. When we discuss passporting, it is important to recognise that we are talking about not one simple directive, but a bundle of legal instruments that stretch across myriad items of regulation. They include the markets in financial instruments directive, the European market infrastructure regulation, the market abuse regulation, the prospectus directive—the list is long. Each financial market component and participant contributes to a complex ecosystem that is made up of many co-existing businesses. Inhibiting or obstructing a single part of the ecosystem could have a significant unforeseen impact. The Government must therefore consider carefully how to provide clarity and equal access for every single link of the chain.

I want to conclude by sharing two scenarios that underline the importance of today's debate. We are operating in an environment of extreme uncertainty that seems to be benefiting no one except currency speculators.

Despite that, a recent report by consulting firm Oliver Wyman managed to produce two reasonable forecasts of what might happen, depending on which type of Brexit we can achieve. Its analysis suggests that an exit from the EU that can deliver passporting and equivalence, alongside access to the single market in a similar scenario to that enjoyed currently, would prompt a decline of about £2 billion in revenues from EU-based activity and put 3,000 to 4,000 jobs at risk. That is the best-case outcome. In the worst-case scenario, with the UK moving to third-country status, without equivalence, and our relationship with the EU being principally through the World Trade Organisation, the implications could be severe. That framework puts up to 35,000 jobs at risks and could cost approximately £18 billion to £20 billion in revenue each year.

I am most grateful for this debate, which has taken place at a critical juncture for the UK economy, and I thank hon. Members for the valid points they have raised. I urge the Government carefully to consider this sector, which sits at the heart of our economic health, and to take on board the arguments that have been made about protecting future jobs, future revenue and the future prosperity of the United Kingdom.

3.10 pm

The Economic Secretary to the Treasury (Simon Kirby):

I am grateful to the Backbench Business Committee for allocating time for this debate, and to the hon. Members for Leicester West (Liz Kendall) and for Nottingham East (Chris Leslie) for requesting it.

Earlier this year, the British public made it clear that they want a new relationship with the European Union. Although we are under no illusions that this will not mean hard work and adjustment, we are committed to getting on with the job to make Brexit a success for people across the UK and for businesses across our industries. That includes, of course, our world-leading financial services sector, because it is clear, both from the many points raised today and the regular discussions I have with Members on these issues, that we are all in agreement on the importance of this industry to the British economy and of making sure this sector remains robust, highly competitive and open for business after our withdrawal from the EU.

First, it is worth reflecting on why this sector is of such importance to our economy. We have heard many statistics today, and they tell a compelling story. Last year, this industry contributed more than 7% of the value of all goods and services produced in the UK. The industry also exports £63.7 billion of services worldwide every year, making it the world's largest exporter of financial services. From a Treasury perspective, the sector also brings a huge amount of money to our Exchequer. Let me give hon. Members a sense of the scale: in 2015, the banking sector alone contributed £24.4 billion through just corporation tax and PAYE. Recent analysis suggests that if we look at the broader financial services sector, we find that the tax contribution increases to £67 billion.

Leaving aside the enormous value this industry adds to what we produce, the services we export and the taxes we receive, we also have to remember how many jobs this industry gives to British workers. Across the country, more than 1 million people have jobs in this sector, with two thirds of these outside London, and in addition more than 1 million people are employed in jobs related

to the financial services sector. To give just one example, the north-east has more than 50,000 people working in financial services.

What are the Government doing to ensure the continued success of an industry of such huge importance to our economy? First, since the referendum result we have been engaging extensively with companies across the financial services industry, to understand how we can make sure that our withdrawal from the European Union is a success for the financial services industry.

Secondly, the Prime Minister has made it clear that we will invoke article 50 no later than the end of next March to begin our formal negotiations with the EU. The Government are determined to continue with that plan. Finally, we have said that the European laws and regulations will be transferred to British law on our exit from the EU to provide continuity for businesses that operate in the EU.

On the points that have been raised, the hon. Member for Leicester West (Liz Kendall) asked me for some clarity. I am very pleased to say that, hopefully, I can do just that. She asked about passporting. I can say that the Under-Secretary of State for International Trade, my hon. Friend the Member for Wyre Forest (Mark Garnier), was not correct on this matter. Passporting, or rather the access to EU markets that comes with it, is one of the key areas under negotiation. The UK is looking for a sensible discussion on how our two markets can continue to serve one another, and on what is needed to support that. She also mentioned freedom of movement. It might be helpful if I were to quote the Chancellor of the Exchequer, who said:

"I see no likelihood of our using powers to control migration into the UK to prevent companies from bringing highly skilled, highly paid workers here."—[*Official Report*, 25 October 2016; Vol. 616, c. 134.]

The hon. Lady mentioned transitional arrangements. We are determined to secure the best possible deal for UK goods and services, and that is very much in the interests of both the UK and the EU. Given the strong level of interconnection between our economies, continuity of service and an orderly withdrawal from the EU are also very much in the interests of both sides,

The hon. Lady finally asked me to agree with her that the best possible Brexit for the UK was also the best possible Brexit for Europe. I do agree with her, and that is a message that we should all do our very best to persuade others of: it is in everyone's interests that we get the best possible deal.

I thank my hon. Friend the Member for Wimbledon (Stephen Hammond) for his thoughtful and sensible contribution. The hon. Member for West Bromwich West (Mr Bailey) asked about the impact of withdrawal on smaller businesses. It is a very important point and we must always remember that companies involved in financial services are not necessarily all huge firms in the City of London. My hon. Friend the Member for Stone (Sir William Cash) obviously knows a great deal about Europe and I am always very pleased to hear from him. He made an interesting contribution, and I can reassure him that it is our intention to secure the very best possible deal.

The hon. Member for Wirral South (Alison McGovern) made the good point that not all financial workers are fat cats in the City. Indeed, they are hard-working

[Simon Kirby]

people up and down the country, two thirds of whom operate outside the City of London. From Edinburgh to Brighton, and from Belfast to Bournemouth, the financial services industry is a very important employer, and I pay tribute to all those people who work so hard in it.

My hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat) made an excellent point about the benefit that the UK offers to all of Europe, and it is in our common interest to get the best possible deal. The hon. and learned Member for Edinburgh South West (Joanna Cherry) might be pleased to know that I am planning to visit not only Scotland but Northern Ireland and Wales in the near future to look at financial services and to demonstrate the Government's interest in all parts of the country. The hon. Member for Islwyn (Chris Evans) will also be pleased to hear that Wales is an important part of the solution. The hon. Member for Aberdeen North (Kirsty Blackman) sought certainty. What I can say is that I am certain that we will seek the best possible deal, and the clearing function is an important element of that deal.

As usual, the hon. Member for Nottingham East (Chris Leslie) made some thoughtful points. I can assure him that I listened to them carefully. The hon. Member for East Lothian (George Kerevan) thanked me and said that I was doing a fine job. Who am I to disagree? I can tell him that Brexit does mean Brexit, we will not be giving a running commentary, and we do intend to get the best possible deal. I thank the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) for his sensible and constructive contribution. We all want Brexit to work for everyone and I look forward to working with him where we can to make sure that we get the best possible deal.

In conclusion, it is important that we retain our reputation for excellence in financial services and remain the most competitive place in the world to do business. It is not only about doing what is best for the British economy, but about doing what is best for everyone throughout the country, maintaining the quality of financial services available to British customers and taxpayers.

Once again, this has been a useful debate. I thank everyone for sharing their thoughts. We are very much in listening mode and I look forward to listening as things progress.

3.21 pm

Liz Kendall: Once again, I thank the Backbench Business Committee for granting this debate. We heard many excellent contributions. I am only sorry that we did not have more time and that some Members could not speak for as long as they wanted to.

I do not think we learned any more from the Minister's comments than we knew before the debate—[*Interruption.*] My hon. Friend the Member for Nottingham East (Chris Leslie) says that the Minister may regard that as a triumph. I am glad the Minister said that passporting is important, but he did not say that the Government would set out the broad framework and their objectives for the Brexit negotiations. He did not say that it was a priority to get the same access as we currently have to the single market for financial services, and he did not commit to a transitional agreement, let alone such an agreement any time soon. That is a huge mistake. If we want to protect this vital industry as well as jobs and growth, the Government need to act now, because businesses cannot wait. They have to plan for the future. Their customers, their regulators and their boards demand it. I ask the Minister to think again.

Question put and agreed to.

Resolved,

That this House has considered the effect of the UK leaving the EU on financial and other professional services.

Joanna Cherry: On a point of order, Madam Deputy Speaker. It is 49 years today since my colleague Mrs Winifred Ewing won the Hamilton by-election and came to this House as a solitary Scottish National party MP, and of course that means 49 years of SNP representation in this House, although we are rather more than one now. How would it be appropriate for me to mark this illustrious occasion in the history of my party and have it entered in the record?

Madam Deputy Speaker (Mrs Eleanor Laing): The hon. and learned Lady has just proved herself to be a very adept and clever lawyer. Coming from me, that is a compliment. She will appreciate, as the House appreciates, that the point she made is not a point of order and does not, fortunately, require any comment from the Chair. However, she has made her point and it will be on the record that an historic event occurred 49 years ago today. I am sure the House will note that and, in its own way, celebrate it.

Living Wage

3.24 pm

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

That this House recognises Living Wage Week which began on 31 October; believes that the use of the introduction of the national living wage to drive down conditions and take-home pay is against the spirit of the law; calls on the Government to close down those loopholes which make this possible; and further believes that any move to reduce the value of the national living wage to a level below the promised £9 per hour in 2020 is unacceptable.

I thank the Backbench Business Committee for granting time for this debate. Living Wage Week is about celebrating the real living wage—£9.75 in London and £8.45 outside London—which provides an income that meets a minimum cost of living.

I called the debate to highlight the inadequacies of the so-called national living wage, the new statutory minimum rate of pay. Initially, the main criticism of the wage was its name, because, at £7.20 an hour, it is far lower than the actual living wage. However, since April a growing number of high-profile companies have used its introduction to cut total pay for long-standing employees, despite the former Chancellor's promise that "Britain is getting a pay rise."—[*Official Report*, 8 July 2015; Vol. 598, c. 337.]

Back in February, I was approached by a constituent who worked at B&Q and had been told that his contract would change. His contractual entitlement to double-time pay and seasonable bonuses meant that he would be losing £2,600 a year, after the increase in his basic pay. He is a man with two children, living in London and earning around £15,500 a year. B&Q is one of the main employers that have offset the basic pay increase with a total pay cut for employees on old contracts. It has cut the majority of its discretionary payments to staff on older contracts, stripping their pay and removing almost all their employee benefits. Although B&Q's chief executive has promised me that all affected employees will continue to receive transitional payments to top up their pay, I know that thousands still believe that they will be significantly worse off.

It is a similarly sad story at Marks & Spencer. As one of Britain's premier retailers, Marks & Spencer employs tens of thousands of workers across the country. It forced a consultation a few months ago to cut the terms and conditions for its employees on pre-2002 contracts. Like those at B&Q, these employees have been penalised for their long and loyal service. Their double time has been cut, as has their unsocial hours entitlement. In fact, M&S went even further than B&Q and scrapped its employees' pension scheme at the same time.

Carolyn Harris (Swansea East) (Lab): As my hon. Friend is aware, my mother was a long-time member of staff in Marks & Spencer—45 years. Such was the affection for the company that it was known by the staff, and indeed in our house, as "our shop." Does my hon. Friend agree that this betrayal of loyalty of long-time members of staff is nothing short of, in the words of one staff member, a "kick in the teeth"?

Siobhain McDonagh: Absolutely, and I thank my hon. Friend for her involvement in the campaign. She will know that 11,000 employees were adversely impacted

by the changes. Of those, 2,700 have lost at least £1,000 a year, 700 have lost at least £2,000 a year, and a significant proportion will lose up to £6,000 a year.

The human cost of those actions is huge. Literally hundreds of employees from across the country have contacted me in desperation. Let us consider just two examples. There is a gentleman—we will call him Connor to keep his identity secret—who has worked for M&S for more than 20 years, mainly on night shifts. He told me:

"I have enjoyed those years... getting satisfaction from delivering our goals and feeling like I was contributing greatly to achieving our targets. But as you are aware, M&S are cutting my night premium, Sunday premium and bank holiday, totalling several thousand pounds worth of shortfall in my wages per annum. On top of that, they suggest I also start to contribute into a pension. How am I going to be able to do that? I am sick but have a wonderful, large family to support, as well as a mortgage. I stand to lose everything... I have nothing to fall back on. I have given my best years to M&S... I feel cheated and betrayed."

Let us consider Ms Smith from Yorkshire, a hard-working, low-paid mum. As a result of B&Q's contractual changes, she is going to receive a staggering 30% pay cut and will lose £2,000 a year from 2018. She told me:

"How exactly am I going to make up this wage deficit? I have a young son to support, and next year is looking very bleak for us...I am worried about how I will support my family...I am heartbroken that the company I have worked so hard for, done 16-hour shifts for, come in on days off for, and valued greatly, has treated me like this."

Two companies, one sad pattern of hard work and loyalty being punished. Thousands of employees at these two companies will never earn again what they earned in April. Indeed, the general public have been shocked by these actions, with a quarter of a million people signing Change.org petitions against these practices.

What is so shocking is the ease and speed with which these companies have legally cut staff pay. Both companies launched 90-day consultations, which is the statutory minimum. Neither recognises a trade union. Both targeted those workers on older contracts, and both conducted consultations that ended with these pay cuts being pushed through, regardless of the employees' heartache and the reputational damage the companies have faced.

The consultations are a foregone conclusion. In fact, M&S's head of retail told me that the company had been planning these changes for 18 months. M&S's board will meet tomorrow to finalise these contractual changes, and it will be issuing notices a few weeks before Christmas to staff members who refuse to sign their new contracts. I ask the Minister to address that point in summing up.

Joan Ryan (Enfield North) (Lab): I commend my hon. Friend for her tireless campaign on this issue. Given that a Resolution Foundation survey of employers found that there was no evidence for the claim that the national living wage leads to job losses, does she agree with John Hannett, the general secretary of the Union of Shop, Distributive and Allied Workers, that

"employers must not be allowed to blame higher wages for every job loss, every cut in hours and every change to terms and conditions"?

Siobhain McDonagh: I completely agree with my right hon. Friend, and I will go on to say how cuts in pay never seem to apply to those at the top of an organisation or to impact on its profits.

[*Siobhain McDonagh*]

Steve Rowe, the chief executive of Marks & Spencer, still refuses to meet MPs to discuss these changes, and he has not accepted that he should have a pay cut in solidarity with his shop-floor staff. I hope Members will bear all this in mind when they are doing their Christmas shopping at M&S next month.

The fact that this happens at the same time as low-paid workers have been promised a pay rise by the Government is incredible. In many ways, B&Q and Marks & Spencer have just been unlucky in being singled out, because there are many more doing the same thing.

Liz Kendall (Leicester West) (Lab): My hon. Friend has secured a really important debate. Is she aware of very similar problems at Samworth Brothers in my constituency? Long-serving workers are seeing their night shift and weekend work pay cut; there is no recognition of a trade union; and the bosses are refusing to provide information and are not taking a pay cut themselves. Does my hon. Friend agree that that is unacceptable and that they should commit to the spirit and the law of the legislation?

Siobhain McDonagh: My hon. Friend has anticipated my next paragraph, which was to congratulate her on the work she has been doing at local employer Bradgate Bakery, which is part of Samworth Brothers. Somebody doing the Saturday night shift at Bradgate this week will earn 30% less in three years' time than they will this Saturday. How can that happen in the 21st century? Over the way in Grimsby, the Seachill fish factory, which works for The Saucy Fish Co, has cut overtime payments, despite the fact that overtime work is written into the employees' contract.

Smaller benefits are also being ruthlessly got rid of. I hope Members will excuse the way I pronounce the name of the next company, but Le Pain Quotidien, where a cup of tea will set you back £3, cut paid breaks this year, while Zizzi has cut the range of free food options available to staff. Caffè Nero baristas are no longer eligible for free food on their lunch breaks, which saves the company about £3.60 per staff member. It seems that all retailers are racing to the bottom and cutting everything they possibly can to save a few pennies here and there.

It looks like the John Lewis Partnership—the top retailer on our high streets—will be the next big employer to cut staff pay, potentially going the same way as M&S and B&Q. Having already got rid of Sunday and bank holiday premiums for new starters, its chairman has outlined plans to “review historic pay structures”. In other words, it, too, will potentially cut the terms and conditions of the oldest and most loyal employees.

Each of those cases demonstrates that we desperately need to tackle in-work poverty and the unscrupulous pay practices and governmental inaction that lead to its entrenchment. Years ago, a typical family in poverty would be out of work, but now they are far more likely to be in work on low pay. According to the Resolution Foundation, almost a quarter of UK workers earn less than the real living wage—the equivalent of £16,500 a year for a full-time week outside of London, and £19,000 in London. A staggering 1.5 million workers earn only the statutory minimum wage of £7.20 an hour—that is just £15,000 a year for a 40-hour week.

Bob Stewart (Beckenham) (Con): I thank the hon. Lady for allowing me to butt in. Her theme has been the cutting of wages in a number of companies. Is there a macro-reason for why that is happening right now, particularly in companies such as M&S and John Lewis?

Siobhain McDonagh: There seems to be an issue in retail and I completely understand that, but it appears—contradictorily and counterintuitively—that the living wage has precipitated companies looking at issues other than the hourly rate. The hourly rate has become king and everything else is being cut, but I am absolutely convinced that that was not the Government's intention.

Not everybody's pay is being cut or terms and conditions undermined. It is a completely different story for our country's chief executives. The High Pay Centre has shown that the UK's top bosses earned an average of £5.5 million each last year. That means that chief executive officers enjoyed a 10% pay rise last year, while wages for low-paid workers rose by just 2%, according to the Office for National Statistics. On average, FTSE 100 CEOs now earn 129 times more than their employees, when we take into account pensions and bonuses. The UK's top bosses could take a page out of the book of Berkshire-Hathaway's CEO, Warren Buffett, who paid himself a much more modest salary of \$100,000 in 2015.

All of that demonstrates that the link between productivity and remuneration is breaking. It should be common sense that those who make a company's profits possible should receive a decent day's pay. They certainly should not be rewarded for their years of loyal service by a receiving a pay cut.

I share the Prime Minister's sentiments when she said earlier this year that

“there is an irrational, unhealthy and growing gap between what these companies pay their workers and what they pay their bosses.”

I just hope that she will act on those words and encourage companies to think about a whole company pay policy and how much they pay their poorest employees.

Tristram Hunt (Stoke-on-Trent Central) (Lab): I, too, pay tribute to the great leadership that my hon. Friend has shown. On the issue of raising wages, the average salary in my constituency is the fifth lowest of anywhere in the west midlands, with a median average salary of £22,000. Having a proper, real and decent living wage will make an extraordinary difference to some of the lowest paid in our communities.

Siobhain McDonagh: I completely agree with my hon. Friend. I ask the Government not to renege under any circumstances on their promise to ensure that the national statutory minimum wage will reach £9 by 2020. The British public were promised £9 an hour, so that should be the minimum they receive. The Government must also act to tackle the unscrupulous employment practices of employers who cut staff pay to offset the higher per-hour rate. In the words of the former Chancellor, the right hon. Member for Tatton (Mr Osborne), although such practices may be legal, they are not in the “spirit of the law.” Given the Prime Minister's vocal desire to champion the situation of the poorest in the UK, I sincerely hope that she will review the ease with which employers can scrap long-standing and historical terms and conditions.

Companies have a responsibility to show a lot more respect to their loyal, long-standing staff. Company boards should count among their members not only lawyers and accountants but ordinary employees. Whether they are HR representatives or shop-floor workers, those who make a company's profits possible deserve a place at the table.

I welcome the Prime Minister's forthcoming employment review led by Matthew Taylor, a man who is known to many Labour MPs. I am pleased that the review will consider the issues I have raised over the past year. We need a public discussion that considers more than just pay per hour. We need to consider how the world of retail is changing, leaving many employees behind and offering less and less in the way of career progression. For instance, at B&Q and M&S, new members of staff with little or no professional experience will now receive the same per-hour pay as much more experienced members of staff. Where is the incentive to work hard if someone cannot work their way up? As the fourth industrial revolution beckons, what will happen to communities that have, until now, relied on retail work? What repercussions will that have for the way in which we educate and train citizens and the skills with which we equip them for the world of work?

We also need to consider the repercussions of the new gig economy. Over the last few months, we have seen how employers such as Hermes and Uber mistreat their self-employed workers to keep costs to a minimum. I was extremely pleased that the hard work of the GMB paid off with its win in a monumental employment case against Uber. But the Government need to be more proactive and champion the rights of the self-employed and the responsibilities of employers; the Government should not just pick up the pieces when things fall apart.

We have called out these actions, and our words in this place have been heard. They have been heard by top corporate executives who have flocked to me after debates to try and explain away their companies' behaviour. Our words have been heard by thousands of staff nationwide whose pay has been cut unscrupulously and who have felt alone and ignored. Our words have been heard by countless employers who have been deterred from pursuing such changes for fear of the reputational damage that they would cause. Today, I hope these words will also be heard by the Prime Minister and the Government, and that we will all realise that a society in which the poorest flourish is one in which we all benefit.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. We have to move immediately to a time limit for Back-Bench speeches of five minutes.

3.42 pm

Paul Scully (Sutton and Cheam) (Con): I congratulate the hon. Member for Mitcham and Morden (Siobhain McDonagh) on securing this debate via the Backbench Business Committee. It is not the first time I have supported her application for a debate. This is another example of an issue that she has raised about which we can agree on a significant amount.

Living Wage Week provides a good opportunity to raise the issue of low pay with employers, and to encourage them to pay their employees a fair wage and thus reduce employers' dependence on Government

subsidy of their payroll costs through in-work benefits such as tax credits. The living wage is paid voluntarily by employers and set according to the cost of achieving an adequate standard of living. I question whether it is a real living wage, but it is a living wage as judged by the Greater London Authority for people in London, and by the Centre for Research in Social Policy at Loughborough University for those outside London.

I have employed people, on and off, for the last 20 years or so. As, I hope, a responsible employer, I try to pay more than the market rate if possible. People are more than commodities; they are the shop window, the engine room and the support team of any business. Investing in their people should be a top priority for any employer. I hope that my parliamentary staff, who may be tuning into this debate, will not be too inclined to raise a quizzical eyebrow at what I have just said.

Satisfaction at work is not all about pay. It is about conditions; it is about how bosses, managers and colleagues relate to and value an individual; and it is about career development. In this debate, we are focusing on the lowest-paid in our society—the people who are struggling to pay their bills and who are having to make difficult daily choices to be able to survive, let alone thrive. The Government have made a lot of progress since 2010 in improving the circumstances of low-paid employees. We will lift another 1.3 million people out of income tax altogether, while basic rate taxpayers will be more than £1,000 better off than they were five years ago. A full-time low-paid worker aged 25 or over now earns about £900 more than they did last year.

The national living wage means that earnings have risen for the lowest-paid workers at the fastest rate since records began. The Office for Budget Responsibility estimates that in total up to 6 million people could receive a pay rise as a result of the ripple effect that causes pay to rise further up the earnings distribution. By increasing the national living wage, taking millions of people out of tax and making welfare reforms, the Government are ensuring that it always pays to be in work.

Joan Ryan: Is the hon. Gentleman aware of the Joseph Rowntree Foundation evidence that a third of families earn less than they need for a decent standard of living? Given that, does he agree, as he supports a living wage, that the Government should provide firm guarantees that no employee will earn less as a result of the national living wage?

Paul Scully: I will deal in a second with what the Government are doing and the manifesto commitments we made last year, but I agree that we can always do more to lift the low paid out of poverty and low pay. It is very important that we continue to move to a higher wage, lower tax and lower welfare society, building a more productive country, because we must give families the security of well-paid work. It is important for the Government to help businesses to offset the costs of the national living wage, including the ripple effect that I have mentioned. Corporation tax will therefore be cut and businesses will benefit from a 50% increase in the employment allowance.

Siobhain McDonagh: Does the hon. Gentleman accept that the problem is that businesses sometimes do not pay corporation tax? When I made such a point to

[Siobhain McDonagh]

Kingfisher, the owner of B&Q, it said that the cut was of no help because it did not pay any corporation tax last year.

Paul Scully: It is important to encourage businesses to pay their fair share of taxes. Despite what the hon. Lady says, many companies pay a significant amount in corporation tax, and I know that businesses value lower taxes and the employment allowance. I benefited from employment allowance in the company I ran before I was elected in that it allowed me to create another job.

The Low Pay Commission is charged by the Government with recommending the level of the national living wage premium each year, to increase the national living wage to 60% of median earnings by 2020. According to independent OBR forecasts, the Government expect it to reach £9 by 2020. I have heard nothing that implicitly or explicitly suggests that the Government are wavering in that commitment. I will be interested to hear the Minister reaffirm that, as I am sure she will, when she sums up.

Beyond supporting pay initiatives, the Government have sought to boost jobs and apprenticeships by involving businesses in the design of new apprenticeship standards and offering grants of £1,500 for businesses with up to 1,000 employees to take on new 16 to 24-year-olds as apprentices if they have not taken one on in the past year. That has been extended for another year. From this April, employers have not had to pay employer's national insurance contributions for apprentices under the age of 25.

I know that the Government understand the ripple effect on companies, which I have mentioned, and that Ministers—including the Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Stourbridge (Margot James), who is in her place—have pushed companies to implement the national living wage in the spirit in which it was introduced. For that reason, the examples raised by the hon. Member for Mitcham and Morden are very important. I am sure that the company that is having its board meeting tomorrow and the others she talked about will listen to what is said in this debate.

We should also hold up good examples of where the national living wage has worked well, because such companies are the beacons to which others can aspire. Such examples show the positive effect of valuing employees by paying that little bit extra and offering other benefits. That happens in higher-paid, graduate employment. We hear about companies such as Mars, KPMG and Aldi that are very good employers for graduates. We should look for great examples of employers who take on a significant number of lower-paid employees, to show how doing so can very much work for the company, as well as for the individual and their family. Let us get other companies to emulate fair pay, great conditions, excellent career prospects and very productive work. We should look to the two types of example, good and bad. The hon. Lady has started a very significant campaign that I hope employers will listen to.

3.50 pm

Holly Lynch (Halifax) (Lab): I too start by thanking my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) for the leadership and tenacity

she has shown on this issue and for securing this debate with the support of the Backbench Business Committee.

Although I have been surprised at and saddened by at the variety of ways workers in receipt of the living wage have had other terms, conditions and benefits revoked or reduced, I will focus today on those who are potentially not even receiving the living wage at all—workers under the age of 25. In June, I secured a Westminster Hall debate on age discrimination and the national living wage. The Government have failed to respond to some of the points raised by myself and others in that debate, so I welcome the opportunity to discuss the issue again.

The decision to deny the Government's so-called living wage to under-25s means that from 1 April this year, many workers under the age of 25 will have discovered that their pay packet is substantially less than that of their older colleagues. As things currently stand, those between the ages of 21 and 24 are paid 50p less per hour than the living wage. The margin is greater again for those between 18 and 21, who are paid £1.90 less an hour; those under the age of 18 are paid just £3.87 an hour, which is £3.33 less per hour than the new living wage.

I am sure that the Minister will accept that many young workers, who were already demoralised at being left behind, felt that salt had been rubbed in their wounds by the comments of the then Minister for the Cabinet Office and Paymaster General, the right hon. Member for West Suffolk (Matt Hancock)—now the Minister for Digital and Culture—at last year's Conservative party conference. Outlining the rationale for the decision to pay under-25s less, he said:

"Anybody who has employed people knows that younger people, especially in their first jobs, are not as productive, on average."

As someone who was doing three part-time jobs at the age of 17 while studying for my A-levels, I can sympathise with those workers under 25 who find that sweeping generalisation grossly unfair.

We hear that young people are not as productive, so how are the Government measuring productivity? I asked in a written question for their figures on the productivity of young workers. I was told that they had absolutely no evidence to support the claim. In his answer, the then Minister for Skills, the hon. Member for Grantham and Stamford (Nick Boles), told me that "there are no official statistics estimating the productivity of workers by their age."

So we know that the Government cannot give evidence to support the reasoning of the right hon. Member for West Suffolk. I accept that those embarking on a new role often require training and support from their employers and perhaps therefore initially represent a reduced return on investment for an employer, but that could be said of any employee, of any age, taking on a new role or returning to the workplace. Up and down the country there are countless examples of young people who give it their all and are a huge asset to their firms, yet now face the demoralising prospect of unequal pay.

Recently, it feels as though the Government have moved on from the productivity argument and are instead arguing that the ability to pay under-25s less will incentivise firms to hire young workers. Indeed, when I asked the former Leader of the House for a debate on this issue at business questions, he replied:

"I...think it is important to do everything that we can to incentivise employers to take on young people."—[*Official Report*, 28 April 2016; Vol. 608, c. 1564.]

We all want to see youth unemployment addressed, yet organisations, including the Federation of Small Businesses, have pointed out that the Government's approach could see employers wandering into legally precarious territory. An employer that actively seeks to recruit under-25s to cut wage costs will almost certainly fall foul of age discrimination legislation. The Equality Act 2010 prohibits discrimination on a number of grounds; section 5 of the Act recognises age as one of those characteristics. It is direct discrimination if, because of a protected characteristic, one person is treated less favourably than another. The House of Commons Library has confirmed that to recruit workers on the basis of their age would constitute direct age discrimination.

In evidence to the Low Pay Commission, the Federation of Small Businesses said that

“our survey data suggests that some businesses may focus their recruitment on the under 25s. However by doing this they run the risk of potentially breaching age discrimination legislation, which should lead many employers to re-evaluate this stance.”

Will the Minister clarify the Government's intention on the threshold for 25-year-olds as a financial incentive, and respond to the advice of the FSB? If, as a result of the Equality Act, the threshold for under-25s is not permitted to serve any purpose in boosting youth employment rates, why have a lower rate at all?

Having campaigned on the issue, I joined my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) earlier this week to meet a number of young workers who were brought together by the GMB trade union—I thank them for their work on the campaign. Those young workers told their stories, including a testimony from a 20-year-old retail worker called Rebecca, who said:

“Earning less than older workers stops me from socialising with friends, studying part time to get a better job and I can't afford to have driving lessons or even think about owning a car. I'm frustrated at the fact that I am expected to live on so little, whereas if I was older I would automatically be paid more.”

I hope the Minister reflects on Rebecca's story and many others, and rewards under-25s for their hard work by extending the living wage.

3.55 pm

James Berry (Kingston and Surbiton) (Con): I thank the hon. Member for Mitcham and Morden (Siobhain McDonagh) for bringing the debate to the House. I enjoy working with her on human rights in Sri Lanka, and I enjoyed hearing her comments in the debate. I welcome the speech of the hon. Member for Halifax (Holly Lynch), whom I am following for a second day running.

The national minimum wage was introduced by the Labour Government in 1999 at £3.60 an hour for those aged over 22. Successive increases based on recommendations from the independent Low Pay Commission meant that it reached £6.70 by last year. I commend the Labour Government for introducing the national minimum wage, but this progressive Conservative Government introduced the national living wage, increasing the lowest rate of pay for those aged 25 and over to £7.20 this April, and to £9.35 from April 2020.

That was significant for at least three reasons. First, some had often wrongly characterised the Conservative party as an opponent of statutory minimum wages, which was clearly not the case. Secondly, the 2016 rate

represents a 7.5% increase, or a 10.8% year-on-year increase, which is the largest cash increase ever to a living wage. Thirdly, the independent Low Pay Commission concluded that the real value of the new national living wage would restore and surpass the value lost in the economic downturn. I was therefore delighted when the Government announced the national living wage, as were many of my constituents in Kingston and Surbiton who were among the 1.8 million workers in the UK benefiting from the introductory wage increase.

I was concerned about the effect of the national living wage, particularly in sectors such as nursing homes. Members on both sides of the House raise the issue of the high cost to councils of placements in nursing homes, and the high costs to private users of nursing homes, which I thought would only go up if the minimum wage was increased. I discussed that with a number of care home owners in my borough of Kingston, who pointed out that they were either already paying in excess of the then proposed national living wage or planning to do so—there was such a shortage of nurses and healthcare assistants willing to work in nursing homes that they had to pay the additional amount to get quality staff.

Jim McMahon (Oldham West and Royton) (Lab): The hon. Gentleman has started a very curious train of thought. Let us say that the employers had said that the increase would have an impact. Would his view have been that the staff who look after some of the most vulnerable people in his community should not be allowed the increase?

James Berry: My concern was that the cost would be passed on to the customer, which would either be the council or private payers, who often have to shell out a huge amount to pay for the care of their parents or loved ones. As it happens, as far as I have seen, that has turned out not to be the case. In fact, I have seen no significant evidence of widespread transfers of the cost of the national living wage to customers.

How have the costs been absorbed? Some companies have absorbed them by taking a hit to their profits. Others are doing the very things that the hon. Member for Mitcham and Morden listed, many of which are absolutely disgraceful—I have no quarrel with her about that. There are other examples of companies forcing staff to buy their own uniforms or pay for their training, which I similarly condemn, as I am sure she would.

What action are the Government taking? First, with minimum wage enforcement, an employee can take their employer to an employment tribunal for breach of contract. Secondly, when there is non-payment of a minimum wage, including the national living wage, the employee can complain to Her Majesty's Revenue and Customs, which investigates every single case and can require repayment of the underpayment. Following changes made by the Government in April, a fine amounting to 200% of arrears can be levied. There is also provision for naming and shaming, which is popular in this context at least, as 687 companies have been named and shamed so far. As far as I am aware, there have been no complaints of this action not being taken when it has been demanded of HMRC.

What happens when the rule is not breached, but the spirit of it is? I hope that the Government will continue to criticise employers that do not follow the spirit of the

[James Berry]

rules in exactly the way the hon. Members for Mitcham and Morden and for Halifax and my hon. Friend the Member for Sutton and Cheam (Paul Scully) have taken the opportunity to do today so that we, as customers, can also take direct action by not shopping at Marks & Spencer this Christmas if we are not happy about how it treats its staff.

What we did not hear from the hon. Member for Mitcham and Morden was any suggestion of how the Government could do more to deal with employers who do not behave according to the spirit of the rules without wrapping them up in regulation after regulation. If I had an answer to that, I would certainly give it to the House, but I have not heard of one yet. I am pleased there are regulations in place to tackle those who breach the letter of the rules. I hope that hon. Members and the Government will continue to call out those who breach the spirit of the rules; I will continue to do that, too.

4.1 pm

Helen Goodman (Bishop Auckland) (Lab): I congratulate my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) on running an excellent campaign over many months and bringing to light a significant problem. I think the hon. Member for Kingston and Surbiton (James Berry) is well intentioned, but he is perhaps a little over-optimistic about how easy it is for people to get into conflict with their employers, especially now that tribunal fees have been increased. My hon. Friend motivated me to find out what is going on in my constituency. I have heard stories very similar to those that she told about Marks & Sparks and B&Q from the GMB trade union with respect to Asda, but the story that shocked me most was what is going on at Morrisons.

Morrisons made an increase to its basic hourly rate of £1.27, taking the figure from £6.93 to £8.20. A person working 20 hours mid-week would therefore appear to gain £25.40 a week, or more than £1,000 a year. To pay for that, however, paid breaks became unpaid, at a cost of £2.05 for each break lost. Morrisons also abolished the Sunday premium of time and a half. Instead of being paid £12.30 an hour, people received a pay cut from £10.39 to £8.20. This has had a particularly bad impact on those who regularly work weekend shifts. One of my constituents gained a miserly £1.64 a week from these changes. Their partner told me that this had caused a lot of “heartache”—that was the word she used. One very unpleasant aspect of this, of course, is that it sets workers against each other. One person’s pay rise is literally at the expense of another person’s pay cut. It is not necessary, because the people I have spoken to who work for the Co-op have not been treated in this way.

Morrisons no doubt told its employees that this was all that it could afford, so hon. Members will imagine my astonishment at a parallel development in my constituency. They might know that I have an extremely large constituency of 300 square miles, with very contrasting communities at either end. At the same time as Morrisons was cutting the pay of its Sunday workers, William Morrison was buying a castle at the other end of my constituency for more than £3 million.

When most of us buy a house, we haggle to get the price down—not Mr Morrison. He saw the advertisement for the castle, priced at £3 million, in *Country Life*.

He was so keen to have it that he offered a quarter of a million pounds more. As is recorded by the Land Registry, he paid £3.24 million. The increase is more than enough to buy a family house in my constituency. Of course people are free to spend their money as they like, but I am afraid that this paints a picture of modern capitalism that is ugly and exploitative. I am not sure what his great grandfather would have made of all this, but there seems to be something very Victorian about the rich man in his castle and the poor man at his gate.

The Morrison family shareholding is now worth some £270 million. Over the past two years, the dividend payments have been 20p per share, so the family has been getting about £24 million on their shareholding. In real terms, the pay deal for Morrisons’ Sunday workers has been a cut. This inequality is not necessary. It is not efficient, it is not just and it is wrong. There is really only one word to characterise what has been going on—greed. That is why people need Labour’s real living wage, independently set and properly enforced.

4.6 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): I congratulate the hon. Member for Mitcham and Morden (Siobhain McDonagh) on securing this important debate. I also welcome the hon. Member for Birmingham, Erdington (Jack Dromey) to his shadow ministerial position; this is the first time that we have faced each other across the Dispatch Box.

I congratulate everyone involved in the Living Wage Foundation on all that they have done to promote the concept of a living wage and to motivate more companies to pay it. As the Minister for small business, I was pleased to see that research carried out by the Universities of Middlesex and Liverpool about the adoption of the living wage by SMEs showed that 70% of respondents said that becoming a living wage employer had had a positive effect on their brand and corporate image.

I am proud to be part of a Government who have introduced the first national living wage, so let me take some time to acknowledge the magnitude of this change for workers. New earnings data released last week by the Office for National Statistics shows that 1.5 million workers will have seen a pay rise this April. The introduction of the national living wage meant that a full-time, low-paid worker working 35 hours a week would be earning about £900 more this year than last year, and even more workers will benefit as we make our way towards 2020.

As my hon. Friend the Member for Sutton and Cheam (Paul Scully) set out, new data have confirmed that wages have continued to grow by more than inflation. That is even more the case for the lowest paid, for whom the gains are by far the largest this year. I listened carefully to what hon. Members said about certain companies, but the overall impact of the new living wage has seen gross weekly pay for the lowest paid growing by 8.6% between 2015 and 2016. That is significantly higher than the growth at the median, which was just 3.2%. Despite what we heard this afternoon, wages rose well over twice as much for the low paid as they did for those on average or higher pay. The national living wage is now the highest minimum wage that the country has ever seen—not just in cash terms, but when inflation is taken into account.

Siobhain McDonagh: The Minister refers to the lowest-paid people gaining an increase of 8.2%, but that does not compare well with the top FTSE 100 chief executives, whose pay increase was 10%. My fear is not just for the lowest paid, but for the group of people just above them, who are finding that the introduction of the living wage is stripping out all the other benefits, leading to an overall reduction in their pay.

Margot James: I shall be dealing later with some of the points that the hon. Lady made in her speech about other benefits, and the overall impact on wages and take-home pay, but she should bear in mind that 8.2% is not very dissimilar to 10%. That does not mean that I am defending what many people have described as excessive pay rates at the top end. Indeed, the Prime Minister has asked my Department to produce a discussion paper on corporate governance. She has made it clear that she expects some of that top-end remuneration to come under the microscope, especially when it does not seem to reflect improved corporate performance.

I have listened carefully to representations about the level at which Governments should set the national living wage and the way in which overall pay should be managed. Higher pay needs to be affordable for employers, because if they cannot afford to pay it they will not hire workers and, worse still, may even lay workers off. The Low Pay Commission is led by an expert panel and is absolutely independent of the Government. We will continue to take its expert and independent advice, which will help us to set the national living wage. The commission will make its recommendations after careful consideration of the state of the economy to ensure that we can afford to make the living wage as high as possible without costing jobs. It will gather extensive evidence across the economy from workers, their representatives and employers, and will then reach an independent view.

Mr Alistair Carmichael (Orkney and Shetland) (LD): As the Minister will know, the merchant marine service has been one of the most difficult areas of employment when it comes to enforcement of the national minimum wage. When will we have the updated guidance on the application of the minimum wage to seafarers that we were promised?

Margot James: I will ask Her Majesty's Revenue and Customs, which is the enforcement body for the minimum wage, what stage its investigation has reached. As one of my hon. Friends pointed out earlier, HMRC investigates every single complaint for underpayment, but it also mounts sector-based inquiries into such matters as the circumstances of seamen.

Let me now deal with some of the overall issues raised by the hon. Member for Mitcham and Morden. I share some of the concerns that have been expressed today. We know that employers are responding to the national living wage in a range of ways, depending on the markets in which they operate and the current state of their businesses. The extent to which they may be able to absorb the extra costs from profits, pass them on in the form of increased prices, increase the productivity of their staff or reduce other costs will vary between and within sectors. We think it essential for employers to ensure that their reward packages are competitive, and that they reward staff for their work in order to retain and develop workers who are fundamental to their success.

Ultimately, however, although we can set the minimum wage, it is for employers to decide how to manage those increases in their costs. Any changes in contracts must be agreed with workers, and must be in line with the law at the very least. Any instances of unfair dismissal that might result are, of course, a serious matter, and would be dealt with through employment tribunals, but employees could always contact the Advisory, Conciliation and Arbitration Service for guidance at the same time.

It is worth noting that changes in pay structures in the retail sector can reflect long-term changes to introduce greater consistency, perhaps the sort of changes that we have heard about this afternoon. Some may be coincident with, but not a consequence of, the introduction of the national living wage, and I do not accept that they are in any sense loopholes. The Government will continue to set a minimum hourly wage, and remuneration over and above that rate is a contractual matter between the employer and the employee.

Joan Ryan: Will the Minister give way?

Margot James: I will give way one last time. I am aware that many other Members wish to speak.

Joan Ryan: I thank the hon. Lady for giving way. She talks about going to ACAS or a tribunal in a way that makes that sound extremely easy. However, companies only have to have a 90-day consultation, and when that is finished they can take the measures they wish to take that lower wages by reducing overtime and bonus payments, despite the fact that they are implementing the Government's national living wage. Surely this is a loophole and the Government should act; otherwise, what is the point of any of the Government's measures?

Margot James: I do not see these matters as loopholes because there is no proof of a connection between the introduction of the national living wage and some of the cases we have heard about this afternoon.

I object to the automatic assumption that the changes that Marks & Spencer has made to its contracts and conditions are exploitative or a direct result of the national minimum wage. The hon. Member for Mitcham and Morden stated that Marks & Spencer had scrapped its pension scheme. It has not done so; like a host of other firms—the vast majority of private sector firms—it has moved from a defined benefit scheme to a defined contribution scheme. Indeed, the hon. Lady herself pointed out that the John Lewis Partnership had moved in such a direction several years ago, and it is not surprising when we consider what has happened to some of our large corporations' defined benefit schemes in recent years. In August alone the deficit of those schemes increased by a massive £100 billion—and that was just in one month.

These pension schemes have to be sustainable; otherwise, we are going to see a calamity unfold over the next decade. Marks & Spencer has, along with the vast majority of other corporations, taken the entirely reasonable decision to move over, after consulting their employees at length and after putting in place a compensation programme to cover a three-year transitional period.

I took the precaution of talking to Marks & Spencer representatives to find out about the wider impact of some of these changes on employees of one of our most famous high street stores. I found that a rather different

[Margot James]

picture emerged from what we have heard from some Members in this debate. The company has put in place a Marks & Spencer living wage of £8.50 as a minimum for all store staff from April next year, and all those staff will receive a pay rise for every hour worked, and longer serving employees, who I agree have had to give up premium rates for Sunday and bank holiday working, will at least receive a lump sum in compensation. The conclusion is that approximately 90% of M&S employees will receive higher pay as a result of all the changes, which staff are free to accept or reject. M&S has also undertaken a very lengthy consultation covering all its store staff.

Siobhain McDonagh: Will the Minister give way?

Margot James: I will; I did say I would not give way again, but it is the hon. Lady's debate.

Siobhain McDonagh: As I have always done, I am specifically referring to those long-standing loyal members of staff who have worked at Marks & Spencer since before 2002—they have worked for at least 14 years for the store. Thousands of those members of staff are going to lose thousands of pounds each year. There is a two-year lump sum to be had. They have no choice; the 90-day consultation has taken place. If they reject their new contract, they will be sacked for another substantial reason. Does the Minister, on behalf of the Government, believe that that is a fair way to treat thousands of long-standing loyal staff who have gone into work at weekends and on bank holidays to keep the company they love going?

Margot James: I do not accept that that is a fair representation of what Marks & Spencer is doing at the moment, for many reasons. I note that the hon. Lady said that if staff did not accept the terms, they would be sacked for another reason. That would be illegal and I do not believe that Marks & Spencer would go down that road. I think it has been much—

Siobhain McDonagh: On a point of order, Mr Deputy Speaker. What the Minister has just said is legally and factually incorrect. The law states that if a company has a 90-day consultation with its staff about changes to terms and conditions, it can then issue a new contract. If a member of staff refuses to sign that contract, they can be sacked for another substantial reason.

Mr Deputy Speaker (Mr Lindsay Hoyle): That is not a matter for the Chair, but the hon. Lady has put it on record for people to see.

Margot James: I think I will move on—[*Interruption.*] I do not accept what the hon. Lady has said. The 90-day consultation period ended with Marks & Spencer still having a few people not agreeing to the contract, and those people are still employed by Marks & Spencer. Also, 99% of employees have accepted the contracts. The other point that I would contest in what the hon. Lady accuses Marks & Spencer of doing—[*Interruption.*] I make no apology for trying to set the record straight. Hon. Members are free to speak in this House without fear or favour, and I make no apology for trying to set the record straight when I feel that a company, or perhaps an individual, in the outside world has been maligned unfairly. I make no apology whatever for that.

I shall conclude my remarks, because time is marching on. The national living wage has brought immense benefits to the workforce in this country and I am absolutely delighted that, for the first time in many years, wages have risen more than twice as much for the low paid as they have for those on average or higher pay around the country. That is to the credit of companies and workers alike, and for that reason among many others, I am delighted to support the whole notion of the national living wage.

4.22 pm

Mr Alistair Carmichael (Orkney and Shetland) (LD): I am pleased to have this opportunity to contribute to this important debate, and I pay tribute to the hon. Member for Mitcham and Morden (Siobhain McDonagh) for securing this time from the Backbench Business Committee. I am grateful for the many examples that she and others have brought to the House today. I do not in any way seek to diminish those examples when I say that the people I am about to speak about would probably bite your hand off if they were offered the terms and conditions that the hon. Lady and others have described. I want to talk about the pay levels and employment practices on offer to our seafarers that are all too common in the maritime sector in the United Kingdom.

The recent detention of two vessels operating in the North sea—the Malaviya Seven and the Malaviya Twenty in Aberdeen and Great Yarmouth respectively—lifted the lid on payment and employment practices that are frankly scandalous, and from what I hear from many of those who work in our merchant marine in the North sea, this is just the tip of the iceberg. These practices are much more widespread and there is much more to be found. To put it bluntly, if these practices were happening on dry land, enforcement action would be taken immediately. They would not be tolerated. Because they are happening at sea, however, they are somehow out of sight and out of mind. I hope that when the Minister speaks to representatives of HMRC, she will impress it upon them that that attitude has to change.

I want to bring to the House's attention the situation regarding two ferries that run lifeline freight services to my constituency from Aberdeen. The Helliar and the Hildasay are operated by Seatruck Ferries, but they are on contract to Serco, which operates the Scottish Government-funded lifeline ferry service. The RMT tells me that in 2014, when it last had sight of the contracts, some 20 ratings on the two ferries were being paid £3.66 an hour. The ferries' journeys start in Aberdeen and finish in either Orkney or Shetland in the Northern Isles, but the company is able to pay that rate because it is deemed to be operating wholly outside UK waters. It beggars belief. It is wrong not only for the ratings, most of whom are probably Estonian nationals, but for UK seafarers whose jobs and livelihoods are being undercut by such employment practices. It is outrageous that a taxpayer-funded service is being operated in a way that undermines the opportunities of British seafarers to get working conditions and employment rates to which they would otherwise be entitled.

Seatruck Ferries recently said:

“Seatruck Ferries operates in a worldwide shipping market where NMW”—

national minimum wage—

“application in isolation would place the company at a serious disadvantage in relation to its competitors.”

It would appear that what it is doing is illegal, but, frankly, that is sheer sophistry. It is a scam that the Government could stop if they were minded to take the necessary action to stop it. That is why the point about the Government guidance on the application of the national minimum wage that I made in an intervention on the Minister is not just important, but extremely urgent. The practice may be bad, but from what I hear an awful lot worse is going on in the North sea on ships that have been chartered to the oil and gas industry.

I will not detain the House much longer because I do not have the time, but in evidence to the Energy and Climate Change Committee I challenged the chair and chief executive of the newly created Oil and Gas Authority to bring the operation of the maritime sector in the North sea within its remit, but they flatly refused. It seems to me as though they knew that there was something nasty underneath the stone and for that reason they were not prepared to lift it.

Mr Deputy Speaker (Mr Lindsay Hoyle): The time limit is now four minutes.

4.27 pm

Jim McMahon (Oldham West and Royton) (Lab): I thank my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) for securing this important debate. The fact that the time limit that has now been applied is testament to how many Members wanted to speak.

I will talk about the national minimum wage, in particular its impact on young workers over 18-years-old. A fair society should recognise hard work and contribution. In doing so, it should ensure that work pays a decent wage in return. In this country, it should be about more than just getting by; people should be paid enough to get on and do well.

I took exception to the living wage brand being hijacked by the Government, who tried to claim it for what is basically a discounted living wage that is not enough for people to live on. Putting that cynical, cheap ploy to one side, now that the brand has been adopted—some commentators say “stolen”—by the Government, it is important that a genuine fist is made of trying to ensure that it is enough for people to earn a decent living. That will be good not only for workers and their employers, but for society and the Government, too.

To realise that ambition, we must move to a real living wage. Much has been said about the Government needing to honour their existing commitment, but even that does not go far enough. A real living wage by today's standards is about £10 an hour. I commend the work of the Living Wage Foundation and our trade unions, and I am proud to be a member of the GMB, particularly at this moment in time, when it is leading the “£10 Now” campaign. That is about recognising the real cost of living and the real cost involved in people having a decent lifestyle as a result of their hard work and toil.

The situation is even more unfair for the under-25s. Younger workers can be working alongside someone slightly older who is doing the same job in the same location, for the same employer and with the same

commitment, yet they can be paid between 3% and 23% less. That cannot be fair or just in a decent world. The current estimate is that 3.4 million people are in exactly that circumstance, where they are working for less than the national living wage.

I want to bring to the Chamber my own experience. I have always been a hard worker, and when I left school I worked as an apprentice during the daytime and as a delivery driver in the evening. On Saturdays, I worked in a newsagent's, which I did just so that I could run a car. My shock came when we discovered that our first son was on his way. I was earning very little at the time, but it was enough to get a mortgage, which we did. I was 21 when Jack came along. I was 21 and paying a mortgage and council tax; paying for utilities; and trying to keep the food stocked up in the fridge and the cupboards. Under the current proposals, in today's world, I would be earning far less than somebody doing the same job with the same expenditure, and I cannot see how that can be right or fair. If it was not for the University of Manchester taking me on as an apprentice technician, I would be in that same circumstance today, as many of my friends and family have found themselves. I would like to believe that in a just society and a fair society today they can achieve far more than just getting by.

I wish to read out an important quote, which comes from Rebecca Pitchford, a young 20-year-old retail worker. She says:

“Because of my age the Government says I can live on £5.55 an hour whilst my colleague earns £7.20 an hour for doing exactly the same job. Rent and living expenses are exactly the same, so why aren't the wages?”

Let us give Rebecca the answer. More importantly, let us give Rebecca and the 3 million people like her a solution and pay them a decent wage.

4.32 pm

Liz McInnes (Heywood and Middleton) (Lab): First, I thank my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) for securing this debate and for her exceptional work on this issue since the Government's national living wage took effect. She has campaigned tirelessly for the rights and wages of workers, to make sure companies do not renege on their contractual commitment to the rate of statutory pay by reviewing and diminishing their staff benefit and reward structures. She has held firms such as B&Q and Marks & Spencer to account. They have tried to offset the cost of the national living wage by cutting Sunday pay, bank holiday pay, company pension contributions and unsocial hours. I echo the words of the right hon. Member for Tatton (Mr Osborne): that is not

“in the spirit of the law.”

I commend my hon. Friend's unshakeable belief in following through on this undertaking, persistently raising this issue inside the Chamber and relentlessly campaigning outside the House. I am sure the thousands of affected workers would also like to thank her, too.

Many of those people are in my constituency. This week, I received a letter from a constituent, Lynn, who works for Marks & Spencer and has done so for 34 years. These are her words:

“I feel I have been blackmailed and threatened to sign the form to accept the small pay-out because I was told I would not receive this; also they would change my contract and that would mean I

[Liz McInnes]

would have to start working Sundays and work all bank holidays. No matter what they say the loyal long service worker has been sold down the river and threatened.”

Lynn clearly feels that she has been forced into an “agreement”, despite the warm words from the Minister, and that she has been blackmailed—those are her words, not mine. It is disappointing to hear reports like this from employees of stalwarts of our high streets, which really should be striving to be seen as exemplar employers. While all this has been going on, Marks & Spencer has reported a 4.3% increase in profits; the total is £689 million in the UK and £1.1 billion internationally this year alone.

As we are all aware, this week is Living Wage Week—the real living wage, as determined by researchers at Loughborough University, not the Government’s misnamed “national living wage”, which is a new national minimum wage, no more, no less. The real living wage is good for the individual, good for the family, good for society and good for business itself. Two thirds of employers who pay the living wage—the real living wage—reported a significant impact on recruitment and retention. They also saw a sharp fall in absenteeism. More than 80% reported improvements in staff performance. It was my privilege yesterday to visit the living wage event held in Parliament and to talk with many small and medium-sized enterprises about the benefits of having living wage status and what it brings to their businesses. Large companies such as Marks & Spencer could learn a lot from them.

The former Prime Minister said that the genuine living wage was

“an idea whose time has come”,

and yet here we are, six years on of Conservative rule, and it has not been implemented.

James Berry: Instead of making tendentious points about the name of this living wage, perhaps the hon. Lady will explain why her party’s manifesto at the last election did not include bringing the living wage up to the level of the London or national living wage?

Liz McInnes: I believe that my party’s manifesto championed a decent standard of living for all workers. [Interruption.] I will have to go back to the 2015 manifesto and see what we actually said and get back to the hon. Gentleman.

Mr Deputy Speaker (Mr Lindsay Hoyle): I do not think that we will be debating the manifesto.

Liz McInnes: I have no intention of debating the manifesto, but I appreciate the warning.

The time is now upon us to commit to making work truly pay. I hope that the current Prime Minister will not fall short on her promise to make

“Britain a country that works for everyone.”

I will give the last words to Lynn, my constituent. She wants the Government to step in and stop Marks & Spencer, as well as other companies, reducing their employees’ rates of pay via benefits just so they can pay the national living wage. I hope that this Government will rise to this challenge and do the right thing for Lynn, and for workers up and down the country. What “party of the workers” could refuse that?

4.36 pm

Patricia Gibson (North Ayrshire and Arran) (SNP): I thank and congratulate the hon. Member for Mitcham and Morden (Siobhain McDonagh) on bringing this debate forward.

We are celebrating Living Wage Week, which is about raising awareness of the vital need for all those who go out to work to earn enough to meet the cost of living and to applaud those employers who have signed up to this scheme, committing to pay their staff the living wage. Of course I am talking about the real living wage of £8.45 an hour, which has just come into effect. It is not the same as the UK Government’s “pretendy” national living wage, which is set at £7.20 for people over the age of 25.

The national living wage relates to average earnings, not living costs. Therefore, it should not be called the living wage and it is disingenuous to call it so. By contrast, the living wage is calculated according to the basic cost of living and so takes account of adequacy of household incomes for achieving what everybody should aspire to have—an acceptable minimum standard of living. It cannot be too much to ask employers to pay their staff literally enough on which to live.

James Berry: Will the hon. Lady give way?

Patricia Gibson: I will indeed.

Mr Deputy Speaker: Let me explain. The Minister had probably 18 minutes in which to speak. The Front-Bench speeches are down to six or seven minutes. It is not fair. It is up to Patricia Gibson whether she wishes to give way.

Patricia Gibson: On the basis of what you have just said, Mr Deputy Speaker, I will proceed so that others can get in.

In the light of all that I have said, how can we not conclude that the UK Government’s so-called national living wage is not a living wage at all? By contrast, the Scottish National party Government have long championed the payment of the living wage and they see the real benefits to our economy of treating working people much more fairly.

Paying the real living wage—not the pretendy one—makes economic sense for employers. It increases productivity, reduces staff absence and reduces staff turnover. All the research on this area bears that out. Some 80% of employers felt that their staff delivered better quality work after paying the living wage and 75% of employees agreed that their work improved after receiving it. We know that low pay is a driver of in-work poverty, so with around 20% of Scotland’s workforce still earning less than the living wage, there is still much more work to do. However, the UK Government’s so-called national living wage also creates problems because it discriminates against people under 25. People aged 24 do not have a cheaper lifestyle than those aged 25, so the distinction is false and spurious.

The real living wage pays all workers over 18 years old the same pay. I am proud that Scotland has the highest proportion of employees paid the living wage—some 79.9%. A job should help people out of poverty, not keep them there. It is important that we understand that a real living wage makes a real difference to the lives of

working people. It ought not to be controversial that workers earn a wage that they can live on. I wish the UK Government would take a leaf out of the Scottish Government's book. The Scottish Government have long championed the living wage, understanding that it is important and it is a matter of social justice that people earn a minimum standard of living, not a wee pretendy national living wage, as the Government try to tell us.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The two Front-Bench speakers have nine minutes each.

4.40 pm

Chris Stephens (Glasgow South West) (SNP): It is a pleasure to take part in this debate. I congratulate the hon. Member for Mitcham and Morden (Siobhain McDonagh) on securing the debate. I know that she has been a tenacious campaigner on the issue and has contacted many MPs about it. I am pleased to support the motion in her name.

It has been an excellent debate. I look forward to the hon. Member for Bishop Auckland (Helen Goodman) telling us on a future occasion what the pay rates of the butlers and housekeepers are in Mr Morrison's castle. I want to pick up on some of the themes in the speeches of the hon. Members for Halifax (Holly Lynch) and for Oldham West and Royton (Jim McMahon) in particular.

As others have said, the UK Government's national living wage is not a living wage, but an additional tier of the national minimum wage. The national living wage does not benefit those under 25, who still face the lower rates of the national minimum wage. I view that as direct discrimination against young people. Differential pay for young workers is not acceptable and our long-term aspiration should be that the living wage becomes the norm across the board. There is no justification for paying people in their early 20s 25p an hour less than those who are younger.

Let us take the example of two workers in a fast food outlet, one aged 17 and the other aged 37. If they are both flipping hamburgers in that fast food outlet, surely they should be paid the same, but they are not. One is paid £4 an hour and the other is paid £7.20 an hour. Because of the way the Government have done the calculation and added the living wage to the national minimum wage, for someone who enters employment at 16 or 17 and stays with that employer, it will take eight or nine years to qualify for the highest minimum wage rate. No employer in the UK would keep a worker on a grade for that length of time before they reached the top of their pay scale. This is clearly discrimination against young workers, and it is one of the reasons why today's young generation is likely to be poorer than generations before them.

There has been no adequate explanation in this debate of why the living wage applies only to those aged 25 or more. More importantly, as the hon. Member for Mitcham and Morden pointed out, the real issue is the enforcement of minimum wage rates. The National Audit Office confirmed last year that 209,000 workers were not paid the national minimum wage. That is a scandalous figure, and the pernicious practices of rogue employers who are trying other means to get round paying the living

wage should be investigated. These are multinational companies that should be paying their tax and are not doing so. That should be addressed.

I support the comments of the right hon. Member for Orkney and Shetland (Mr Carmichael), who made the very serious point that somehow seafarers are exempt from the living wage and the national minimum wage. I hope Members will consider signing early-day motions 231 and 516 on this subject. The information that I have from the RMT is that seafarers are paid less than £2 an hour, which starkly illustrates the issue.

The so-called national living wage relates to average earnings, not living costs, and therefore cannot be a living wage. It is calculated according to the adequacy of household incomes for achieving an acceptable minimum living standard.

In Scotland the SNP continues to set the bar on fair work. On Monday 31 October the First Minister welcomed the new rate of the real living wage of £8.45 an hour, which will benefit thousands of workers in Scotland, and urged more Scottish organisations to sign up as accredited living wage employers. Peter Kelly, director of the Poverty Alliance, said on Monday:

"Today's announcement of the new, increased, Living Wage rates of £8.45 brings a welcome pay rise to thousands of workers across Scotland. 430,000 people in Scotland still earn less than the wage they need to get by. This is an increase on the number of people struggling since last year's figures. That's why it's more important than ever for leading employers to join the growing movement of businesses and organisations that are going further than the government minimum and making sure their employees earn enough to cover the real cost of living."

The knowledge exchange project, carried out by the University of Strathclyde and the Living Wage Foundation, has found that implementing the real living wage encourages businesses to re-evaluate their approaches to staffing and payment, leading to more effective and efficient working patterns. Implementing the real living wage encourages businesses to re-evaluate their business model and increases skills development, staff performance, job satisfaction and staff retention.

According to the New Economics Foundation, one study found that when employers transitioned to paying staff at least the real living wage, they experienced significantly lower rates of staff turnover, reputational benefits, a reduction in sick leave, better motivated staff and an increase in productivity. A massive 80% of employers felt that their staff delivered better quality work after paying them the real living wage, with 75% of employees agreeing that their work was improved. One major UK firm found that paying contractor staff the real living wage cut staff turnover by half, saving it £75,000 on the value of a single contract.

There are now more than 624 Scots-based living wage accredited employers paying the real living wage, and the SNP Government have set a target of 1,000 by autumn 2017. I want to thank those living wage employers in Glasgow South West, including housing associations, Money Matters, Ypeople, Lifelink and Agripa, which is a local printing company.

4.47 pm

Jack Dromey (Birmingham, Erdington) (Lab): I welcome the Minister to the Front Bench. I congratulate my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) on her fierce advocacy of the living wage,

[Jack Dromey]

and on exposing those who seek to avoid their responsibilities, rightly naming and shaming employers such as Marks & Spencer. She is right that I have met employees in my constituency who are affected in exactly the same way, so I think that the Minister—I say this with respect—will have to be careful not to sound like an apologist for Marks & Spencer. I hope that tomorrow Marks & Spencer will hear this debate and do the right thing.

Fifteen years ago I was a founding member of the drive for the living wage, together with what was then TELCO, which became London Citizens, which became Citizens UK. I ran the organising department of the Transport and General Workers Union. In what was a moral alliance with TELCO, faith groups and community organisations, we organised and won the living wage for 3,000 cleaners in Canary Wharf and the City of London, tackling the obscurity of cleaners on the minimum wage cleaning the toilets and boardrooms of those who earn millions.

Next, I am proud to say that I organised the first ever strike in the history of the House of Commons to win the living wage. I have in my office to this day a cartoon from *The Times* showing, in a wonderful parody of Black Rod at the state opening of Parliament, a cleaner with a mop in one hand and a bucket in the other, knocking down the doors of this place. We won the living wage.

I am proud to say that Birmingham, the city I represent, is now the most advanced in the country. We have 4,000 directly employed people on the living wage, with cleaners such as Elaine Hook saying it has transformed their lives. She said:

“I can now afford the little things in life that have made such a difference to my life.”

The same is true of care workers, with the council now rolling out the living wage and saying, “Why should we pay the least to those who care for those we love the most?” There is also a whole raft of private sector employers, such as National Express and Aviva, that have said that the living wage is right for them and right for their business.

I say with respect to the Minister, who talks about what we “can’t afford”, that the evidence we now have after 15 years of experience shows that the living wage is good for workers—of that there is no doubt—because it ends working poverty and contributes to the dignity of labour. It is good for the employer and for business in terms of productivity, flexibility and reduced staff turnover. It is good for the family, and I remember one of the Canary Wharf cleaners saying to me, “Mr Jack”—he kept calling me Mr Jack—“previously I had to sleep on buses between jobs. I did between three and four jobs to make ends meet, and I bitterly regretted it because I never saw my kids.” It is good for the local economy, because if the low paid get an increase, they do not salt their money away in Swiss bank accounts; they go out and spend it locally. And it is good for the national economy, because the workers concerned pay more tax and claim less in benefits. Quite simply, it is good for our society, and this is about what kind of country we want to be. The kind of country we need to be to succeed in the 21st century is one with an economy that is not based on low pay and low productivity, but that

recognises, crucially, that how we treat workers is vital to the quality of the service they provide and the product they produce.

Three issues have been identified today. First, my hon. Friend was absolutely right to talk about the industry of avoidance, which ranges from bogus self-employment in the gig economy—now exposed by the successful GMB test case last week—to companies such as Fujitsu that should know better. Right now, there is a dispute there involving my union, Unite. Last year, Fujitsu made £85 million in profit; it paid one director £1.4 million. Yet it has been resisting the living wage. Now that it has started—finally—to concede, it has been doing exactly the same as Marks & Spencer, cutting bonuses for the employees concerned. It is a case of now you see it—the living wage—and now you don’t. People lose so much money that they end up worse off. When my hon. Friend the Member for Bishop Auckland (Helen Goodman) said that this was about greed, she was absolutely right.

Secondly, we need to tackle age discrimination. Together with my hon. Friend the Member for Halifax (Holly Lynch), I met those young GMB workers earlier this week. It is simply wrong that someone who can join the Army or get married is not entitled to the living wage until they are 25. That is unacceptable age discrimination, and it needs to end. My hon. Friend quoted Rebecca, and the point that came out of that discussion was that this was somebody who was coming out of university and who had built up all sorts of money they had to pay back, including tuition fees, but who was not able to earn the living wage. In addition, there was Thomas, another young worker. He said:

“In the end I had to take more jobs and borrow money from my family which has now put me into debt, all because my work is apparently worth less than if I was born before 1991.”

That is unacceptable age discrimination, and we are determined to stand up for the young people of this country and their entitlement to the living wage.

Thirdly, this is about the real living wage. With respect to the hon. Member for Kingston and Surbiton (James Berry), who may have had a damascene conversion on these issues, I remind him that the Conservative party resisted the national minimum wage every step of the way, year in, year out. The conversion is welcome, but I need to put history right.

The real living wage matters because, sadly, not least as a consequence of Government policies, we have had a low-wage, low-investment, high-debt economy, in which productivity has stagnated. We have an economy of grotesque contrasts. Andrew Haldane of the Bank of England has exposed that, whereas 30 years ago £10 in every £100 would go on company dividends, the figure is now £60 to £70 in every £100, with labour and investment being increasingly squeezed. Average weekly earnings are not expected to return to pre-crash levels until 2020, following the longest fall in wages since world war two. Between 2007 and 2015, wages in the UK fell by 10.4%—a drop equalled only in Greece. According to the ONS report, 3.9 million people in the UK are in persistent poverty. The Trussell Trust gave out more than 1 million three-day emergency food supplies through a network of 424 food banks in 2015-16.

Working poverty is quite simply shameful in 21st-century Britain. My hon. Friend the Member for Oldham West and Royton (Jim McMahon) was absolutely right to say

that we are determined not only to enforce the existing national living wage properly and to prevent employers from taking other money away from employees who enjoy it, but to fight for a higher national living wage and ultimately to win. That is why we have set out a more ambitious approach than the Government of £10 an hour by 2020.

In conclusion, I pay tribute to all the hon. Members who have stood up today for the working poor and a proper living wage. I also pay tribute to the whole range of players from the public and private sectors who have been involved nationwide over the past 15 years, but in particular to Citizens UK. Had it not been for its work, we would not be where we are now. It has made and changed history with an idea that is in our blood in the Labour party, which is that no one should endure working poverty. The dignity of labour is paramount, and that means a wage with which someone can enjoy life with their family and kids, without having to scrimp and save, which has been the case for too long, and which still endures, in this country.

4.57 pm

Siobhain McDonagh: I thank the Backbench Business Committee and all the Members who have contributed to this great debate. This, in essence, is about fairness. If someone is promised a pay rise, they should receive a pay rise. There are employers—large, well known, respectable companies—that are simply not doing that. They can dress it up whichever way they like, but that is what is happening, and we as politicians of all parties need to call it out. The vote for Brexit was in part a cry from people that life is not being fair—that they are not having the opportunity to get on; that there is no connection between productivity and pay; and that a fair day's work does not get a fair day's pay. If we are to keep our country together and get everybody to act as one, we need to ensure that that happens, and it will happen only if we do what we say and take on all those companies, well known or otherwise.

Question put and agreed to.

Resolved,

That this House recognises Living Wage Week which began on 31 October; believes that the use of the introduction of the national living wage to drive down conditions and take-home pay is against the spirit of the law; calls on the Government to close down those loopholes which make this possible; and further believes that any move to reduce the value of the national living wage to a level below the promised £9 per hour in 2020 is unacceptable.

Business without Debate

DELEGATED LEGISLATION (COMMITTEES)

Ordered,

That the First-tier Tribunal (Immigration and Asylum Chamber) Fees (Amendment) Order 2016 (S.I., 2016, No. 928), be referred to a Delegated Legislation Committee.—(*Michael Ellis.*)

Care Homes for Older People

Motion made, and Question proposed, That this House do now adjourn.—(*Andrew Griffiths.*)

4.59 pm

Peter Heaton-Jones (North Devon) (Con): I am delighted to have secured this debate about the regulation, inspection and complaints process for care homes for elderly people. Let me be clear about something from the start. In half an hour on a Thursday afternoon, it is not my intention to tackle the huge, overarching issue of social care provision in this country.

5 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—(*Andrew Griffiths.*)

Peter Heaton-Jones: Members on both sides of the House know that social care provision is one of the biggest challenges that we face, but that debate must be for another day. My debate is about something very specific: the way in which privately run care homes for elderly people are inspected and regulated, and the process that exists to raise complaints when relatives believe that something is going wrong. This is vital for two reasons. First, we are talking about nothing less than the welfare of vulnerable elderly people. Secondly, I believe it is possible to make significant improvements at relatively little cost, and I hope in the next 15 minutes or so to set out why.

Before I do so, I will provide a little background. Why have I taken up this cause? Three years ago, while I was still a mere parliamentary candidate, a local resident in North Devon told me a very moving story. John Barrass's mother, Vera, a former resident at a private care home, died in 2009. Mr Barrass had serious concerns about the care she received in the final weeks of her life, and believed that a poor system of inspection, regulation and complaint handling was a significant factor. Specifically, he believed that a mechanism did not exist to allow him satisfactorily to raise his concerns about shortcomings in his mother's care.

I do not seek to reopen that case, and neither does my constituent. In the years since his mother died, Mr Barrass pursued all avenues available to him to have her case fully investigated. He invariably hit a brick wall, so he began to look beyond his individual circumstances to examine instead the more general question of how care homes are inspected and regulated, and how complaints are dealt with. He came to the conclusion that the system was simply not fit for purpose, and he met me to explain why. That was the birth of a long campaign, which reaches another milestone with this debate.

Tomorrow marks the first anniversary of my raising this matter in Westminster Hall on 4 November 2015. Since then, I believe we have made some progress, but much of what I said at the time still stands today. What I have to say is based largely on a report produced by Mr Barrass, which I have here, called "Care means care, Justice in care". The report was created in memory of his late mother Vera who, in Mr Barrass's words,

"spent a nightmare in care,"

which led him to spend seven years producing this document.

[Peter Heaton-Jones]

I have helped Mr Barrass to take this to the very top. The previous Prime Minister, my right hon. Friend the former Member for Witney, received a copy and arranged a meeting with the former Minister, my right hon. Friend the Member for North East Bedfordshire (Alistair Burt). I am delighted to see him in the Chamber and pay tribute to him for the work that he did in this area, and for his sincere engagement with me and this campaign. Recently, the document was sent to the current Prime Minister. I quote Mr Barrass's letter to her:

"I cannot bring my mother back or stop what I have agonisingly had to witness and go through, but I can try to stop this happening to others".

I agree. An estimated 300,000 older people currently live in some 15,000 registered care homes in England. The average age of those people is 85, and a significant proportion suffer from dementia. They are largely without a voice, and that needs to change.

Jeremy Quin (Horsham) (Con): I congratulate my hon. Friend on his campaign and his persistence with it. The matter affects many of us in this House; my constituents are still concerned about Orchid View care home and the issues that arose out of that. Does he agree that we have to learn from the mistakes of the past? We should have proper inquiries and proper investigations, and we should learn from those mistakes.

Peter Heaton-Jones: I thank my hon. Friend; I am sure that the Minister will have heard his comments. We need to move forward, and when things go wrong, we need to put them right.

The body responsible for the regulation and inspection of care homes is the Care Quality Commission, with which I have worked closely since launching this campaign. I believe that it is listening, but there is still considerable room for improvement. Today, the CQC's website tells us that of the 448 care homes it has inspected most recently, a staggering 200—45%—have been rated as "requires improvement" or "inadequate". There is no reason to believe that those figures are unrepresentative of the sector as a whole, which means that more than four in 10 of all establishments are not reaching the required standard. Surely the purpose of any system of inspection and regulation must be to drive up standards. The figures alone suggest that the current system simply is not working.

In June 2013, the CQC issued a consultation called, "A new start", which proposed a whole new approach to inspection across all sectors, including care homes. That approach was confirmed in October 2013, and the new inspection regime was introduced. I broadly welcome it, but there are still huge question marks over its implementation. The original deadline for carrying out an initial inspection of all care homes was February 2016. However, in July 2015, the National Audit Office found that just 9% of care homes had been assessed because of a shortfall of about 160 inspectors. Not surprisingly, the original February 2016 deadline to complete the work was not going to be met, so it was pushed back to this October—last month. Yesterday, when my office asked the CQC for an update, it told us that it is

"committed to completing the first phase of the comprehensive inspection programme by March 2017".

In other words, this new deadline—the third—is more than a year later than the original target.

I absolutely recognise that the CQC faces many challenges. The managers and inspectors are working hard, but my point is that we would not accept a delay of more than a year in the inspection of NHS services, so we should not accept it just because we are dealing with private sector care homes. We are still talking about vulnerable people who might well be suffering. We need to get a grip on this problem and to challenge the CQC to undertake its inspection programme in as timely a way as possible. I seek to be helpful when I say, "Let us, as a Government, work with the CQC to ensure that it delivers what seems to me to be such an important inspection programme without further delays."

That brings me to another major area of concern: the CQC's role in handling complaints, and indeed the role of myriad organisations and authorities involved in this area. What can someone do if they fear that an elderly relative is being neglected or mistreated, or is not being given the right healthcare? What can they do if they fear that their relative's life might even be in danger, and the care home provider has dismissed the complaint or will not even listen to it?

When things go wrong, and a member of the public needs to make a complaint against a care home, they are faced with a bewildering labyrinth, and that needs to change. The website of the CQC, the body responsible for the regulation, says that the CQC

"is unable to investigate individual complaints"

against providers. To many people, that will seem odd.

Many people are in care homes commissioned by their local authority, so that offers another route for making a complaint. However, the complaints procedures in many local authorities—I speak as a former councillor in a unitary borough—consist of several layers, shall we say, and such a system does not lend itself to a speedy resolution. Not all people in care homes are in places paid for by local authorities, but even if they were, their complaint may fail to get through those many layers.

Should such an individual go to the Parliamentary and Health Service Ombudsman? Again, no, because that is another brick wall. The ombudsman says:

"By law the Ombudsman cannot look into complaints about privately funded healthcare."

There is another possibility, which is an organisation called the Independent Healthcare Sector Complaints Adjudication Service. The ombudsman's website states that people "may"—I stress that word—"have the option" of going to that organisation, which covers some independent healthcare providers, but if the healthcare provider of the person concerned is not one of them, they are stuck.

In a nutshell, the system is bewildering. It lacks accountability and transparency, and would leave most people confused and frustrated. People simply do not know who to turn to when they are worried that something is not right. Given that level of confusion, let us imagine what the situation is like for people whose elderly relative is in a care home. They are worried and in an emotional state, yet still have to deal with an incredibly complex complaints procedure.

I believe we could solve this quickly and cheaply, simply by requiring every care home to display a standard notice clearly setting out the complaints procedure with

the relevant contact details. It seems incredible—I use the word in its literal sense—that that is not already mandatory. I ask the Minister to investigate with the CQC the possibility of producing such a notice. Something that simple really could make a huge difference.

As for the longer term, in the document I referred to earlier, my constituent John Barrass is convinced that we need one body only to investigate, regulate and handle complaints about care homes, with that being its one and only purpose. That suggestion deserves serious consideration.

A further problem thrown up by this entire process has been highlighted effectively by an organisation in Devon—not in my constituency, as it happens, but elsewhere in the county—called Your Voice Matters. I pay tribute to its founder and director, Jenny Moore, who has done very good work in this area. I have met her a number of times, most recently yesterday, in preparation for this debate. The issue in question is the growing number of cases where relatives are banned from care homes simply for complaining. This can take the form of a complete ban or of restricted visits; in some cases, it has even been known to lead to the eviction of the elderly person from the home.

Your Voice Matters has launched a good campaign called “Rights 2 Speak Up 4 Care”. It has identified the issue succinctly. In a nutshell, it is that private care homes are defined in law as ultimate landlords. Quite simply, they can decide who goes on the premises and who does not. Families who raise concerns are threatened or banned. As I have said, sometimes residents are evicted, and a private paying resident is not protected under any legislation—not the Health and Social Care Act 2012 nor the Human Rights Act 1998, for example. A private care home also has the power to prevent health professionals from visiting the home. Let us think about that for a moment: a care home has the power to stop doctors and nurses going into it to visit its clients.

Something has to change. Recommendations from Your Voice Matters include legislation to close those loopholes and to give protection to all residents and their families, a review of the relevant legislation and an independent panel to offer a fair hearing should a private care home want to place restrictions on a family member or a resident. Your Voice Matters has been working on this for some time, and literally yesterday—just yesterday—there was something of a breakthrough. In the run-up to this debate, there has been a flurry of media activity, with TV and radio programmes covering the issue. Yesterday, the CQC published new guidelines on its website. Care homes will now be required to keep a register of any occasions when relatives are banned or people are evicted. I am not convinced that that goes far enough, but it is a start, and I will keep working with Your Voice Matters to ensure that we go further.

That campaign group has made a number of other recommendations that I will mention briefly, as they have considerable merit. It suggests there should be better protection for whistleblowers who wish to highlight shortcomings in homes, as well as better training, with a mandatory training course for all those who work in or manage care homes.

I have referred several times to my constituent Mr John Barrass. He has carried out an investigation lasting seven years but, as he says, he is only one of the 65 million

little people in the UK—those are his words—who are very rarely listened to but whose experiences, and what they have witnessed and suffered, should not be ignored any more. He says:

“I just wish we had been raising these issues before mum had this serious stroke, and helped to change the care system. Maybe, just maybe, my mother would not have had to go through what she did and my father and I would not have gone through 11 years of suffering.”

I want to leave enough time for us to hear from the Minister, but let me be clear about one further thing before I conclude. Many fantastic caring professionals work in care homes. They do their jobs on low wages and care brilliantly for many people. The owners and managers of many care homes are committed to providing the best possible service. They face all the pressures of running a small business and the costs that that entails. There are good managers, investigators and staff at the CQC. I do not wish to criticise those who are doing well, but I do seek to call out those who need to do better.

I should briefly mention the many organisations and individuals who contacted me in advance of the debate. I am unable to name them all, but I have received good representations from the British Medical Association, Independent Age, Hootvox, which is an organisation looking at ways to measure the success or otherwise of care homes, and many other individuals and constituents.

I end with this thought. The problem is that we have a growing number of cases in which care homes are simply not coming up to scratch. I have spent many days, weeks and months on this, discussing it with my constituent John Barrass and the Your Voice Matters campaign group in Devon. Whenever we discuss it, we keep coming back to one thing. I said exactly this a year ago in Westminster Hall and I say it again now: this is not about processes, systems or organisations, but about people—people who do not have a voice in a system in which, let us remember, four in 10 care homes fail to reach a satisfactory standard on the CQC’s measures. That means that some vulnerable, sick and elderly people are not being properly cared for. That cannot be right. I look forward to hearing from the Minister. We have to do something and we have to act now.

5.17 pm

Alistair Burt (North East Bedfordshire) (Con): With the permission of my hon. Friend the Member for North Devon (Peter Heaton-Jones) and the Minister, I am grateful to be able to take just a moment to speak.

I am here to encourage both my hon. Friend and the Minister. I was very moved by the debate last year, which chimed with my sense that something needs to be looked at in the care system. The stone in the shoe or the grit in the oyster often brings something necessary to the surface. I am grateful for what my hon. Friend said about the progress made by the Department and the CQC in continuing to work to ensure that care homes realise their responsibilities to others. I encourage him and the Minister because great work is done in care homes. However, there are still dark corners on which the light must be shone. To protect families, it is essential that the things brought out by my hon. Friend’s campaign and the media in the past couple of days must come to an end to give the public confidence. I have every confidence that the Minister and her colleagues will continue to work on this and that we will be reassured.

5.18 pm

The Parliamentary Under-Secretary of State for Health (Nicola Blackwood): I thank my hon. Friend the Member for North Devon (Peter Heaton-Jones) for securing this important debate. He is a doughty campaigner. As he said, it is almost a year to the day since he last raised the issue in the House and he has taken much action since. I pay tribute to my predecessor, my right hon. Friend the Member for North East Bedfordshire (Alistair Burt), for his work. He has laid great foundations for the work we are doing now. As he said, care homes play a vital role in our society, but the decision to move into a care setting or place a family member there can be exceedingly stressful. It is essential that the public have confidence in the quality of care that they seek. Poor care, abuse and neglect are completely unacceptable at all times, whatever the cause, and we are determined to stamp them out.

My hon. Friend the Member for Horsham (Jeremy Quin) is right that we must learn from the mistakes of the past. That is why in October 2014 we introduced a tougher CQC inspection regime based on the five important questions that matter most to people: are services safe, caring, effective, well led and responsive to people's needs? It is why we brought in a new criminal offence of ill treatment and wilful neglect, and why a fit and proper person test has been introduced to ensure that providers do not recruit directors who are known to have been responsible for unacceptable standards of care.

The CQC can and does take robust action against providers that breach regulations and standards, from issuing warning notices and fines, through imposing conditions on a provider's registration, to cancelling that registration altogether. During 2015-16, the CQC took 901 enforcement actions in adult social care, ranging from warning notices to prosecuting providers.

The CQC now has specialist inspection teams, which under the leadership of the chief inspector of adult social care include people who have personal experience of care. Inspections are required to take into account the views of service users and their families. Furthermore, the great majority of its adult social care inspections are now unannounced. The timing of inspections is based on assessment of provider risk, but their frequency in usual circumstances can be expected to be at least every 24 months.

The CQC's fundamental standards that registered providers are required to meet include two very important registration requirements. The first is the duty of candour, which requires providers to be open with service users about all aspects of their care and to inform service users where their failures are in their care. The second is, as I have said, a fit and proper person requirement for directors that ensures that accountability for poor care can be traced all the way to the boardroom if necessary. These standards now give the CQC an effective power to prosecute providers in cases where a failure to meet standards results in avoidable harm or a significant risk of such harm.

Jeremy Quin: Will my hon. Friend or one of her ministerial colleagues kindly meet me and my hon. Friend the Member for Crawley (Henry Smith) specifically on that point in relation to Orchid View? We would be most grateful if that was possible.

Nicola Blackwood: I am absolutely sure that the Minister with responsibility for this area will do so.

The point I am making is that together we now have a more robust inspection standard and the fundamental standards to ensure greater accountability for providers of unacceptable standards of care. The CQC now has a much stronger baseline of information that tells us about the quality of adult social care across the country. From October 2014 to the end of July 2016, it inspected and published ratings for more than 16,000 adult social care services, out of a total of some 25,000.

As my hon. Friend the Member for North Devon highlighted, I recognise that delivering this more comprehensive inspection programme has taken longer than originally planned. The National Audit Office itself acknowledged that the CQC would have been hard pressed to have been aware of the amount of work needed to complete the initial round of inspections and re-inspections. The CQC acknowledged that it experienced early difficulties in recruiting sufficient inspectors with the right specialty and calibre. These problems are now resolved and the Department agreed with the CQC that it should consider the quality and rigour of inspections, and having the staff to carry them out, as the most important issue. The CQC is now on track to complete adult social care inspections by their published deadline of March 2017. We are closely monitoring its progress towards that delivery date.

We should be pleased that this work is starting to bear fruit. We have seen improvements since the observation that

“four in ten establishments are not reaching a required standard.”

At the end of July 2016, 72% of all adult social care services were rated good or outstanding, compared with 60% when the CQC published its findings in the 2014-15 “State of Care” report. The 2015-16 report shows that about 70% of care homes were rated good or outstanding, and 2% of all adult and social care services were inadequate at the end of July 2016, compared with 7% when the CQC published its last report. These quality ratings matter, because they are an important starting point for driving improvements. They are an encouraging early sign that this is happening.

The regulation of adult social care has three key roles to play: to identify poor practice and to take action to protect service users from the risk of harm; to encourage improvement by identifying areas of weakness; and to highlight and share good practice and success. All those roles are built on the foundations of effective use of data and rigorous inspection. The evidence shows that this is now happening. I would like to quote the National Audit Office, which confirms that the

“CQC has made substantial progress since 2011 and its new regulatory model strengthens the way it monitors and inspects hospitals, adult social care providers and GPs”.

We are by no means complacent, and we recognise the work that needs to be done to ensure that we are exactly where we want to be. Care homes look after some of the frailest people in society, and if there is a possibility of a home closing, or of other serious problems, it is completely understandable and reasonable for the families to have the reassurance that it will end up in the position they want it to be.

In recognition of the wider social care challenges, the Government are giving local authorities access to £3.5 billion of new support for social care by 2019-20. Since April, councils have been able to introduce a new social care precept, enabling them to increase council tax by 2% over the existing thresholds. This could raise up to £2 billion a year for social care by 2019-20. In addition, from April 2017, the spending review will make social care funds available for local government, rising to £1.5 billion by 2019-20 and to be included in the better care fund. Together, the new precepts and the additional better care fund contribution means that social care spending will increase in real terms by the end of the Parliament. Funding issues, however, are no excuse for poor care or—worse—abusive treatment. It does not cost any more to treat someone with kindness and compassion and to respect their dignity.

Finally, I want to address the important concerns around complaints that have been raised this evening. I know my hon. Friend is due to meet the Minister with responsibility for community health and care shortly on this matter and that he has previously met the Minister with responsibility for care services, the local government ombudsman and the CQC's chief inspector. On the earlier point that he raised, I want to assure him that there is a statutory requirement for care home providers to operate a complaints system. Care homes are held to account for the effectiveness of the complaints process by the CQC.

We know from discussions we have had that the system is not working perfectly. Despite the progress we are making, we still hear too many stories that highlight people's real concerns about quality and safety in social care—and we are determined to do better. We also hear that those receiving care or their families can be reluctant to make a complaint for fear of the consequences,

especially if it is about a care home where someone is living. Indeed, only this week there was a story on the "Victoria Derbyshire" show about care homes banning relatives who made a complaint about the quality of care. We find that completely unacceptable. It is right that people and their families should feel able to raise concerns without fear of reprisals.

Ministers and the sector are looking to develop an adult social care quality strategy that will look at complaints and the culture of why people fear speaking up, as well as how we can improve the system to make it easier for them to complain. Care homes must have a complaints procedure, and if people are not happy with the response they receive the local government ombudsman can investigate complaints on their behalf. It is clear that everyone—not just the Government, and the CQC in its role as regulator, has a part to play in bringing about improvements in the quality of adult social care.

The Government are committed to improving the quality of social care, because care homes play a vital role in our society. There are many good and even outstanding homes, and we need to encourage them to share best practice so that it becomes the norm everywhere. We know that while a robust regulation and inspection regime is a key part of encouraging providers to improve, it is not the only influence. Sustained quality demands a commitment from everyone—from staff and providers to commissioners, funders and regulators—to make adult social care the best it can be. We are committed to working with all parts of the care system to make sure that we achieve just that, because our constituents deserve no less.

Question put and agreed to.

5.28 pm

House adjourned.

Westminster Hall

Thursday 3 November 2016

[MR GERAINT DAVIES *in the Chair*]

Steel Industry

1.30 pm

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): I beg to move,

That this House has considered the future of the steel industry.

I draw the House's attention to my entry in the Register of Members' Financial Interests as a member of the Community trade union. I thank my hon. Friend the Member for Redcar (Anna Turley) for co-sponsoring the debate, which is much needed to get the steel industry crisis back on the national agenda.

The steel industry is not a dead or dying industry. That is something I and colleagues here today have repeated throughout the crisis and prior to it. I know everyone here understands the importance of the industry, but some confusion persists, so I hope colleagues will understand if I reiterate why the steel industry is particularly significant to the UK.

Fundamentally, steel is a strategic and foundational industry. If the Government want to rebalance the economy away from London and to build our manufacturing sector, they simply must support the steel sector. The products of our steel industry supply the booming automotive manufacturing industry and the aerospace manufacturing industry, among others. A successful steel industry helps those industries and a weak one damages them. As well as being the foundation for other industries, steel is strategically important because it allows us to retain the capacity to build infrastructure projects, from Trident to transport to energy. It means our security, our ability to compete and our ability to keep the lights on are not dependent on other countries.

As an aside, look at the problems the French Government are having in building the Flamanville EPR nuclear reactor. In the summer, France's nuclear safety authority found weaknesses in what I believe is Japanese-made steel in the reactor, which further delayed the project and raised safety concerns. British steel, such as that made at the main competitor to that manufacturer, Sheffield Forgemasters, is more reliable, and I hope it will be used in the similar Hinkley Point C EPR reactors. That is a simple example of the importance of using high-quality steel for infrastructure and why choosing to use British steel for such projects is not just the patriotic choice, but the best choice.

Nic Dakin (Scunthorpe) (Lab): I congratulate my hon. Friend on securing this important debate. Does he agree that if we really are concerned about taking back control, we need control of our steel industry, so that our infrastructure is built with UK steel?

Tom Blenkinsop: I thank my hon. Friend for raising that point. There have been warm and welcome words from the Government about an industrial strategy. The Opposition have been talking about that for the past

six years, but be that as it may, the Government are there and we want to work with them over the next few months to form that industrial strategy. There are immediate issues that need to be resolved, hopefully in the autumn statement, and there are further long-term issues in relation to an industrial strategy, how we form that strategy by sector and how the steel sector needs specific treatment in order to go forward.

The other aspect of the steel industry's significance is the jobs it provides, the communities it forms and has formed, and the culture of which I am proudly a part. More than 30,000 people work in the steel industry, from watermen to control panel engineers and from craft workers to lab technicians. What is important is not only the numbers but where in the country those jobs are, because as well as adjusting the mix of our economy to include more manufacturing, a long-term aspiration of successive Governments has been to rebalance the economy away from London. The UK steel industry supplies more than 10,000 jobs in Yorkshire and the Humber, 8,500 in Wales, 4,000 in the west midlands, 2,000 in my own region, the north-east, and at least 1,000 in Scotland. Those regions are desperate for jobs and investment, and they have been the worst hit by the decline in manufacturing and domestic industry.

Simply put, if the Prime Minister is serious about spreading opportunity around our nation, she cannot abandon the steel industry. Steelworkers across the UK are not asking for charity, merely for access to a level playing field on which to compete with steelmakers from across the world, but in a number of ways, UK steel is fighting an uphill battle. The trade tariffs that protect American steel producers from Chinese steel are many times those in place to protect British producers. Despite limited Government assistance, energy for British steel producers remains more expensive than for our European competitors, and Government-led infrastructure projects, most recently Trident, continue to use foreign-made steel instead of British alternatives.

Where our industry can compete and has been leading the world is in our people and our skills. It is difficult to estimate the value of the institutional knowledge and experience in Port Talbot, Stocksbridge, Skinningrove or Sheerness, but it has helped those communities to stay afloat and their steelworks to function. The Materials Processing Institute in Teesside is producing world-leading research, and has received visits from German, Slovak and Swedish Government representatives who wish to draw on our expertise in this country.

It is testament to the combination of those institutional skills, the experience of steel communities around the country and the cutting-edge research of institutes such as the MPI that the productivity of the steel industry has consistently improved over the last decades. It is for those reasons that the UK steel industry should be seen as an opportunity—a reservoir of potential—rather than, as it is sometimes called, a burden on a modern economy.

We should be wary of how quickly that reservoir can evaporate. A steel or metals industry cannot be created from scratch overnight. The average age of a steelworker is growing, and the current crisis means fewer young people are coming into the industry. Without a secure future, the skills developed over decades could be lost. Those skills are not important only for the steel industry. I recently met representatives from Metalysis—a company

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that uses an innovative process developed at Cambridge University to produce metal powders and alloys that will be vital for 3D printing—who emphasised to me the importance of those skills grown in the steel industry for their business. To allow that experience and research reservoir to dry up with the decline of the steel industry would not merely affect the future of steel in the UK, but would cut off our competitive advantage for the metals sector.

Rather than let that advantage disappear, we should build on that potential by creating a steel sector catapult and a metal materials strategy, through which knowledge can be shared, built upon and turned into results for British industry. I hope the Government will work with MPI and members of the all-party parliamentary group on steel and metal related industries to fashion a new bid for that catapult. That is something the Government could commit to today that would show that they are serious about the future of the industry. I hope the Minister will remark on that later.

Steel in the UK is not an odd nostalgia but a viable industry with a future. It does not need charity but access to a level playing field on which to compete. If given that access, it is reasonable to believe the industry could be the world leader it already is. There are immediate challenges, though. The five asks on energy costs, business rates, Chinese dumping and procurement have still not been fully delivered on by the Government, and they demand the Government's immediate attention. They can be acted on now and the solutions announced in the autumn statement.

The drop in sterling and the change in global steel price is not a solid foundation on which to build the steel industry's future. The Government must not believe that their short-term work is done. They must take action, with long-term milestones and with a long-term view, so that not only people in the House know where they stand, but investors in the industry know exactly what the 20 or 30-year view is, and associated industries that rely on steel know exactly what to expect.

Angela Smith (Penistone and Stocksbridge) (Lab): Members across the House could be forgiven for thinking that the Government have assumed that, because the sense of immediate crisis appears to have passed, their foot can be taken off the brake and that we can rely on the industrial strategy emerging next spring to address the problems. Does my hon. Friend agree that that is definitely not the case, and that the Government need to keep at this, on top of it, and give it the priority it deserves now?

Tom Blenkinsop: I thank my hon. Friend for raising that. There are a number of issues within that general question that still hang over the industry. I am at pains to talk about the broader industry and the new, smaller companies that are emerging. The debate tends to be dominated by issues around Tata, for obvious reasons, but we need to look at how we develop smaller companies, hence our desire for the steel sector catapult to be established. Although those smaller companies have come to the fore, they have told me directly that if a steel sector catapult existed, they would have been able to get where they are now a lot quicker and with a lot

less capital, which would release more capital to do other things or to develop other research and development potential. One of the most profound issues, which I will go into later on, is the British Steel pension scheme.

Producing steel is a massively energy-intensive process. Despite the Government's policy, which compensates energy-intensive industries for the disproportionate impact of carbon reduction measures on them, British energy prices are still far higher than those in Germany and elsewhere in Europe. The steel industry is aware of the need to transition to low-carbon energy sources, but only in a way that makes business sense.

Everyone I have spoken to in the steel industry welcomes the inclusion of the energy portfolio in the same Department as the business and industry strategy portfolio. That makes sense, and it is about time it happened. However, the Department has yet to respond to the EEF's five recommendations aimed at addressing the competitiveness of UK energy costs. Since the initial meeting with the Department for Business, Innovation and Skills on this issue in June, EEF estimates that the disparity between UK and European energy costs means the UK steel industry has paid £20 million more in energy bills than their continental competitors. What is being done on energy costs? What benefit has the sector felt since the creation of the Department for Business, Energy and Industrial Strategy?

Mr Peter Bone (Wellingborough) (Con): The hon. Gentleman is making an excellent speech. Can he explain why energy costs are so much lower in continental countries than here? Is it something that we as a Government are doing wrong, or is there some other reason?

Tom Blenkinsop: Other colleagues may want to comment on this, but my view is that in general the energy sector is predisposed to giving the individual consumer cheaper prices, with the costs going more towards manufacturing. The consequences of that have led to some manufacturers going off grid; and a consequence of that may be higher prices for the individual consumer, as capacity cannot be fulfilled by larger consumers. In European countries such as Germany and Holland, there are discounted energy costs for large manufacturers but with the understanding that the individual pays higher bills. There is consensus, to a certain degree, that people are willing to pay higher energy bills in order to maintain manufacturing in their country so that they have a job—but that is with open political consensus. We as politicians need to talk about what type of economy we want. Do we want to move it away from finance and services back to a more balanced economy? We need to talk about that in terms of energy policy, but I will go into that issue in more depth later.

The Government can act to support the steel industry's attempts to improve its energy efficiency and thereby cut emissions and costs by providing an energy efficiency fund. Such a fund could supply capital for companies to make improvements and efficiencies in the way they use energy, meaning they can better compete on energy prices and millions of tonnes of carbon emissions can be cut.

The second immediate challenge is that of the British Steel pension scheme. The scheme's deficit, estimated at £700 million earlier this year, has been a major obstacle to the sale of Tata Steel sites. In response to that, the pension scheme's trustees have asked if it would be

possible to alter the scheme's benefits in order to make it viable without a sponsor employer. The Government have been consulted on that option and on the alteration to section 67 of the Pensions Act 1995 necessary to alter the scheme's benefits. We are yet to hear a statement on the consultation, but recently the pensions deficit has been drastically re-estimated at £50 million, due to the trustees taking advantage of the post-Brexit economic situation—I must mention that that has more to do the British Steel pension scheme's investments in other nations' stock, which has boosted the pension fund.

If interest rates were to rise and the scheme's asset value continued to increase, hypothetically the trustees may wish to withdraw their request to change the scheme's benefits, and therefore a change in section 67 of the Pensions Act may not be necessary. The compounded complications are that any change to section 67 could affect any other workplace pension scheme, and any other representative of any other constituency without a steel interest would be highly hesitant about voting for such an action. I hope we can keep in constant contact with the Minister, so that if the scheme's benefits continue to rise, we can look at measures short of the scheme falling into the Pension Protection Fund, because that is fundamental to the existing Tata sites. The Government must act to explore that possibility, provide certainty in an uncertain situation and secure the continued viability of Tata Steel sites. The BSPS is a fulcrum of the continuation of the current Tata sites.

As well as the five asks, strategic decisions will need to be made soon by Government that have the power to end or secure the industry's future. Those are decisions that come in the wake of Brexit. There are many implications for the steel industry of the UK leaving the European Union, from workers' rights to an ability to attract expertise and investment from the continent, but I wish to focus on one: trade, and in particular access to markets and trade defence measures.

Earlier this week, I warmly welcomed the Government's actions to secure investment, jobs and growths at the Nissan plant in Sunderland, via the production of the two new Qashqai and X-Trail models. That move is warmly welcome, not least because Nissan is one of the largest buyers of British strip steel, largely from Tata Steel sites. It is a shame the Government did not take the same decisive action when it came to the closure of the SSI Redcar steel plant over a year ago, which I am certain my hon. Friend the Member for Redcar will talk about. None the less, it seems the Government have reassured Nissan that it will have access to European markets tariff-free. That is fantastic news, but it is not just Nissan or the automotive industry that rely on access to tariff-free trade with Europe.

Over half of all British steel exports are to the European Union, therefore any tariffs on British goods would damage the health of UK steel. I hope the Minister will commit today to providing steel producers with similar assurances. Doing so would again demonstrate this Government's commitment to the sector, and of course do much for those whose jobs who are dependent on the steel trade. The Nissan deal also reflects how big and powerful the industry players and the automotive lobby is as a whole. Steel requires its players to come together and command such attention. It must also gain the understanding of the auto sector and all the other industrial lobbies that the UK steel supply on their doorstep requires their clear verbal support.

Leaving the European Union presents both an opportunity and a threat in terms of trade defence measures—a threat in that it means we would leave behind the trade defence measures provided by the EU, modest and limited though they are, and an opportunity in that it allows this country to implement our own trade defences. As many here will know, the over-production of primarily, though not exclusively, Chinese steel and its dumping, sometimes at below-cost prices, in foreign markets poses a real and significant threat to industry here in the UK. Currently the EU's tariffs on steel differ by product: the highest import duty is about 73% on heavy plate steel, whereas in the US in March duties were set at over 265%.

While Chinese production of steel did slow as global demand dipped, the latest International Steel Statistics Bureau statistics show that Chinese exports remain at a year high, with August levels being some 7% above last year. The problem is not going to go away; it will certainly re-emerge. However, this Government seem to have set their face against trade tariffs on Chinese steel, as two quotes reveal. The first, from the Chancellor, was on granting China market economy status. He said:

“Our position on China's market economy status is that we gave certain undertakings to China and believe that we are bound to go down this route.”

Recognising market economy status for China would limit our ability to apply duties on Chinese steel, potentially opening up our markets to a flood of cheap steel, undercutting domestic producers and risking thousands of British jobs.

Commitments made to endear ourselves to China should not take precedent over commitments to steelworkers or common sense. It is obvious that Chinese steel is not made under market competition conditions, and it is also obvious that by campaigning for MES for China, the Chancellor is campaigning against the interests of British steelworkers. This may be further complicated by Brexit. If we campaign for market economy status for China—as a country, I add; that is the Government's position—while we are in the EU, will not this Government be obliged to recognise that once we can do so unilaterally after leaving the EU? Perhaps the Minister can shed some light on that.

The second telling quote came from the Secretary of State for International Trade. During his speech to the Conservative Way Forward group, the right hon. Gentleman, now infamous for calling British business people fat and lazy, said we

“must turn our backs on...voices that tell us: ‘It's OK, you can protect bits of your industry, bits of your economy and no one will notice’”.

That seems to set the right hon. Gentleman against any industrial strategy and certainly against trade defence measures for the steel industry. I hope that that misapplication of free trade dogma to trade with a communist country and its state-owned and subsidised steel industry does not spill over into Government policy. I hope Ministers from BEIS have explained the absurdity of that position to the Secretary of State; if not, I fear someone will have to very soon. Those two aspects of the Brexit negotiations are fundamental to any industrial strategy and I hope the Minister will outline today the conversations he has had with and the cases he has been making to the Chancellor, the

[Tom Blenkinsop]

Prime Minister and the Secretary of State for Exiting the European Union about Brexit and our industrial strategy.

I would like now to address my own Front Benchers. As a party, we have been vocal in campaigning to save our steel industry, and we should be proud of that, but, if our party is to help to revive the steel industry in the UK, as I hope it will, and not merely be its pallbearer, we must stop cutting off potential demand for British steel by opposing or sitting on the fence over major infrastructure projects. Heathrow will require 370,000 tonnes of steel and could support hundreds of jobs in the industry. Labour does not seem to have a settled opinion—I know mine—and we must be clear. Trident will support British jobs in the steel industry, despite the Government allowing French steel to be used in the vessels' hulls, but Labour's own leadership casts doubt on our commitment to this project, despite party policy and a consensus at our conference and among trade unions to accept it.

Shale gas is an example. Our party has vowed to ban the practice of fracking. The GMB union called this decision ridiculous, nonsense and madness, and my union, Community, said the decision was rushed and did not fully consider the evidence. Both unions have since signed a memorandum of understanding with United Kingdom Onshore Oil and Gas, the industry trade body. Two proud unions, with large private sector bases and affiliated to our party, are asking the party to back a proposal that would provide jobs in regions across the UK—not just jobs, but secure, well paid jobs that would help to stop our reliance on autocratic nations for our energy. It would offer people, not least the thousands of offshore oil workers being made redundant, well trained, highly skilled, long-term roles, but we have denied them that option. Shale gas would cut energy prices for the steel industry more profoundly than any tax break or subsidy. On Teesside, it would provide a gas supply to a much-needed chemicals industry at 50% less than the cost of conventional North sea gas.

The infrastructure and sites would also require thousands of tonnes of steel. The viability of British-made welded steel pipes for fracking is currently being explored. It is vital to both Corby's and Hartlepool's pipe mills. The industry is moving ahead without the Labour party. We should be shaping the shale gas industry, not ignoring it for our own satisfaction. We should be making sure it is safe, that it uses British steel, that energy price cuts are passed on to steel producers and that they organise their workforce so that it can bargain collectively and secure benefits for local communities.

Blanket opposition to infrastructure projects may offer the false comfort of the moral high ground, but it is not responsible. Failing to make these choices is not the action of a Government in waiting who intend to deliver for steelworkers. As a party, we must be pro-jobs and pro-steel choices, and not just attend marches and wear badges. I hope my party will think about these issues and choose jobs over familiar, fashionable and flawed opinion.

Geraint Davies (in the Chair): From one Tom to another, I call Tom Pursglove.

1.53 pm

Tom Pursglove (Corby) (Con): It is a pleasure to serve under your chairmanship this afternoon, Mr Davies. It is always a pleasure to follow the other Tom, the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop), who is a passionate advocate for our steel industry and with whom I very much enjoy working. People out there in the country often take a dim view of the proceedings they see in Parliament, but I believe strongly that the work of the all-party parliamentary group on steel and metal related industries is incredibly important and crosses party lines, which have nothing whatever to do with our work. We all work together for what is best for our steel industry. All Members here this afternoon can be proud of that.

I welcome the Minister to his place. I have great regard for him. He is one of the hardest-working Ministers in the Government. I am also delighted that we have a Secretary of State from good, steelmaking stock, which brings a lot to this debate. He completely understands what is at stake, given his family background. I welcome both Ministers to their new positions and look forward very much to working with them.

It would be remiss of me not to thank the previous ministerial team for its efforts. The right hon. Member for Broxtowe (Anna Soubry) and I regularly disagree on certain matters, particularly in relation to the European Union, but I have enormous respect and admiration for her work and her engagement with Members who have steel-related industries in their constituencies. She went around the country visiting our steelworks and talking to employees, unions and site managers about the steps that needed to be taken. She should be given a lot of credit for that.

I pay tribute to the Community union and Roy Rickhuss, whom I enjoy working with. He is a real advocate for our steel industry. Roy's representatives on the ground do much to ensure that the views of steelworkers throughout our steel sites are heard as part of these debates. Great credit should be paid to him.

I am proud of much of what the Government have sought to do to try to help our steel industry. We have moved the debate on energy compensation along and have a package in place. We have made great strides forward on procurement, and I will come to that. Although there is more work to be done on dumping, I, for one, have appreciated Ministers' efforts to raise directly with the Chinese the consequences of what is happening.

The big concern in Corby—I visit the steelworks regularly to talk to the site management, unions and employees—is that there seems to be a bit of a vacuum. Not much information is coming from Tata on where we are, and this is at a time when we have had some positive announcements about other sites, such as Scunthorpe, where the workforce now have real certainty about the future. We need further certainty about Tata's existing portfolio. I know that discussions are ongoing with ThyssenKrupp, but I urge that the message from this Chamber this afternoon is that Tata should say publicly as much as it can about the current state of play, which hangs like a cloud over our steel towns that are Tata sites. We must try to put an end to that uncertainty as quickly as possible and to do the right thing for our steelworkers.

There are three areas where Government leadership will be key in the coming weeks, months and years. The first is EU exit. I campaigned to leave the European Union and I am pleased that the British people's verdict was that we should leave, but I accept that other people have sincerely held views to the contrary. Exit offers a real opportunity to our steel sector, but engagement will be crucial to getting it right, and we must thoroughly engage with the unions, the companies and the workforce to get the policy absolutely right. We need to understand the requirements, needs and aspirations of our steel sector for the years ahead.

I believe that when we leave the European Union we will have more tools at our disposal, but it is important to get that right. The Government will be able to act directly on dumping and state aid rules; they have had to go through Brussels in the past. We all agonised over the difficult few months when Ministers were going to Brussels and making the case for the energy compensation package, only to see the can kicked down the road. We eventually got to the right place, but it is welcome that in future the British Government will be able to put those things in play.

Stephen Kinnock (Aberavon) (Lab): The hon. Gentleman is making a very insightful speech, but the fact is that the way in which state aid and the European Commission work is that national Governments must provide the Commission with a list of their priority cases. It is a matter of record, however, that this Government consistently failed to put the energy-intensive industries package at the top of that list. The Commission was dealing with cases as they came from our Government, so it was the failure of our Government to make that a priority. Only thanks to the pressure that we put on them did they suddenly put the energy-intensive industries compensation package to the top of the list, and the case was then resolved within three months.

Tom Pursglove: My understanding was that British Ministers were going over to Brussels regularly to make the argument for the energy compensation package. I remember having numerous conversations with Government colleagues about the importance of that, and they were certainly relaying the significance and severity of the delay and its impact on the industry. Again, I commend them for those efforts.

Another point is that outside the European Union the British Government would be in a position, if they wanted to, to emulate the sorts of tariffs that we have seen in the United States. We would be able to do that if we felt that it was in our national interest. Whereas before we would have had to try to enact it through Brussels, we would be able to do it directly. I think that we should look at all these things.

Hannah Bardell (Livingston) (SNP): Forgive me, but I am a little confused. Was it not the UK that, in the EU, was holding back the EU from having strong anti-dumping measures? If the UK Government were not able to do that in the EU, how on earth does the hon. Gentleman think that outside the EU and with the Conservatives in charge, they will be able to do a better job? Perhaps he can enlighten me.

Tom Pursglove: I thank the hon. Lady for her intervention. The point that I am making is that outside the European Union, that will be entirely within the gift

of the British Government. We will not have to get agreement from multiple member states to make progress on these things. I have consistently said that I think we should look at the tariff side and, where there is flexibility and opportunity to increase tariffs in response to particular problems, we should look to do that.

Mr Bone: My hon. Friend has been a champion of Corby steel since the day he became the Member of Parliament for Corby. The one thing that I want to pick up on in these exchanges is that people talk about "the Government". We have a new Government, a new team, a new Prime Minister and new Ministers. Does my hon. Friend the Member for Corby (Tom Pursglove) agree that we have seen a different attitude to steel since we have had a new Prime Minister?

Tom Pursglove: I am grateful for the intervention. I certainly agree with that point and will touch on it later.

Of course, there is a particular challenge with the current tariff situation. Ministers have said consistently that one difficulty has been that some of the tariffs are bound up with other things; the impact on other things also comes into play. It would be much easier outside the European Union. We would be able to take those decisions ourselves. We would be able to take the decisions in isolation, separated out, and not have to get that wider agreement from other nation states.

Tom Blenkinsop: I thank the hon. Gentleman, a vice-chair of the APPG, for giving way. Whether we are in the European Union or not, that issue is resolved. On the issue of tariffs, he agrees with me; we have some consensus there, and we are willing to work together to try to build in those trade defence mechanisms. The real issue is Chinese market economy status. The Government are advocating a policy of no tariffs with China—a country that is the primary problem, in terms of dumping, in the world. That presents significant complications for the UK steel industry, and we need to work together to try to change the Government's opinion about market economy status for China so that we can defend not just steel but manufacturing generally in Britain.

Tom Pursglove: Again, I am grateful for the intervention. I have consistently said that I think it is incumbent on British Ministers to make the point to the Chinese that if they want to play in the premier league, they have to play by the rules. That is fundamental; it has to be front and centre in our ongoing discussions with the Chinese Government as we try to make progress. That is absolutely right and proper. If they want to be regarded as a significant international player in trade, they have to play by the rules.

I welcomed what the hon. Member for Middlesbrough South and East Cleveland had to say about trade earlier, because I think that this issue will be crucial. What opportunities will there be to better export British steel around the world in a post-EU exit world? I ask that because the steel that this country produces is the best in the world. There is no doubt about that, and I think that we ought to be shouting from the rooftops, making the point that the steel that we produce is of that high quality, that it is good value for money because of that, and that we want to sell it the world over. I would be interested to hear the Minister's thoughts on that.

[Tom Pursglove]

I also want to know about some of the early cross-departmental discussions that are taking place. What is the current thinking? What is the interface between the different Departments to ensure that the steel sector is properly represented in those discussions? What work has been done to hear what the needs, aspirations and requirements are? I recognise that there will be many competing priorities at the moment, but for my constituents and me and for all hon. Members present, the steel issue is very pressing and we need to know what the direction of travel is likely to be.

On industrial strategy, I come back to the point about the emphasis of the Government. I very much welcome the shift in emphasis. The steel APPG, to a man and woman, campaigned for it. We always wanted to see an industrial strategy develop that would help to bolster the steel industry. I am proud to be part of a Conservative Government who are delivering on that, who have recognised the need for an industrial strategy that is designed to ensure that steel is properly represented in our industrial policy. That is a very big step forward; it is a step change. And I say that coming at the debate as a small-c conservative. I recognise that the Government do not have all the answers, but this is about getting the broad economic conditions right and ensuring that where there are opportunities for our industries to thrive and prosper, we try to fit all that together to ensure that it works and has the best possible outcomes.

An industrial strategy is key to ensuring that we have strong core industries in this country. We have all said for a long time that steel is fundamental to our national security. Having an industrial strategy means that policy discussion in this country focuses on that point and ensures that no community is left behind. In Corby, people feel acutely that the steel industry is what our town is all about. Our town was built on the steel industry; that is what we are about in Corby, and I think that this measure gives real regard to that. I would therefore be interested in a progress report from the Minister on where the thinking is on the industrial strategy, what engagement there has been and what opportunities he thinks that will bring for our steel towns.

On procurement, I commend the Government, because we have made enormous strides forward, working across Government, in recent months. Of course we must maximise the public sector opportunities that exist. Today we heard about the construction of a number of new prisons. I urge my right hon. Friend the Secretary of State for Justice to ensure that British steel is used. One of the sites is Wellingborough, which is 10 minutes down the road from my constituency. We can provide top-quality steel, probably within the hour, if that is what is needed to build that new prison.

We must ensure that these big, Government-backed infrastructure projects use British products, British content and British steel at every opportunity. I want to pick up the point made by the hon. Member for Middlesbrough South and East Cleveland about fracking, because Corby is one of the sites that would be strongly placed to provide top-quality steel for fracking. When the Government are looking at subsidies for renewable energy projects or any energy projects, it makes sense to hammer home the expectation that British content and British steel will be used. That should be the key condition.

However, this debate is not just about the public sector; it now has to be looked at also in the context of the private sector. I welcomed Heathrow's commitment to use British steel in the forthcoming construction. I hope that that will lead the way in encouraging other companies and organisations around the country to use British content wherever possible. On most occasions, we can cater for their requirements, and if we do not cater for those requirements, we have the ingenuity and ability to innovate to make that happen. The industry should be given the opportunity to cater for these projects whenever possible, because it is morally right to use British steel. We have great quality and a great workforce, and we should feel the benefit in the supply chains in this country.

Earlier, there was an urgent question on air quality. In my view, it does not make sense to be bringing poor-quality steel across from other countries around the world when we can produce great steel in this country and reduce some of the transport costs and implications of shipping steel from all over the world. Overall, that must be better for air quality across the globe.

Those issues should be front and centre of what the Government, the public sector more broadly and the private sector ought to be championing. That is a key element of the debate. How does it link to the industrial strategy? That will be a very important consideration that we need to reflect on as we move forward. How does the whole thing link together to ensure that, from end to end, we do right by British steel producers?

I am a regular visitor to the Corby works and I pay tribute to all those who work there. They are incredibly talented and hard-working people. We have a remarkable workforce and we can all be exceptionally proud of that. Whenever I visit at the moment, I am asked about three key policy areas: where is Government thinking on the industrial strategy, on the EU exit and on procurement? We have to show leadership on all those points.

I am proud of Corby's steelmaking—the quality of our product, our incredible workforce—and of our rich steel history, which is what the town of Corby is all about. I am proud of the Conservative Government for really trying to show some leadership and for listening, acting and getting out there in pursuit of solutions to help to secure the future of the industry. But I am under no illusions; I do not think this is going to be straightforward. It is not going to be plain sailing as we move to a world outside the European Union. It is going to be difficult and there are going to be bumps in the road. However, if we get out there and get the engagement right, we can have an enormously successful future chapter for our steel industry because we have got those broad policy foundations in place.

Geraint Davies (in the Chair): From a small “c” conservative, to a big “L” Labour, I call Angela Smith.

2.10 pm

Angela Smith (Penistone and Stocksbridge) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friends the Members for Redcar (Anna Turley) and for Middlesbrough South and East Cleveland (Tom Blenkinsop) on securing this debate.

It is always timely to have a debate on steel, such is its importance to the economy, but at this particular moment, given the wide range of issues we face, including Brexit, it seems particularly timely.

I want briefly to go back to October 2015, when the SSI crisis hit TV screens. As we know, the company went into liquidation and 6,000 people lost their jobs. That is 6,000 men and women lost to the industry, potentially forever, and 6,000 families who face an uncertain future. Yet since the collapse of SSI and the problems that Tata faced earlier this year, although there have been some improvements in the conditions faced by steel producers—not least because of the 16% devaluation of the pound—there are still major problems facing the steel industry.

The Chinese dumping of steel continues, and the UK is still blocking attempts to put meaningful tariffs on that steel as it comes into Europe. It has never been about protectionism—this is a really important point. Rather, it is about effectively countering the hidden subsidies that the Chinese state has embedded in its own production of steel. I have listened to the Chinese and have heard them say they will roll out figures on their production and about how they are reducing the volumes of production, but they never, ever refer to the fact that they are effectively undercutting the global steel market by embedding subsidies in their pricing structures.

Let us not forget that we still have all the other issues that my hon. Friend the Member for Middlesbrough South and East Cleveland mentioned in his opening remarks: the five key asks that were developed some time ago by UK Steel, supported by the union Community and supported by parliamentarians across the House. My hon. Friend did an excellent job setting out the key strategic issues facing the industry at this point. I will not go through them all again, because he did that brilliantly and the case is made.

As would be expected of me, and because of the situation I face in my constituency, I want to focus briefly on the situation with the Tata holdings in the UK. Although the sale of Port Talbot has been suspended while Tata and ThyssenKrupp talk about a joint venture, Speciality Steels, which has plants in Sheffield—in Stocksbridge, in my constituency—and Rotherham, is still up for sale.

I do not apologise for rehearsing the point about the importance of the Stocksbridge plant. Members have heard me say before that the steel produced at Stocksbridge is in the top 7% of the value chain for global steelmaking. Two thirds of the aviation steel made globally is made in Stocksbridge: it makes steel for landing gear, for the Rolls-Royce engine and for the sliding doors on the aircraft body. It is an incredibly important and valued part of our steel industry. I have even heard it said—by people who frankly do not know a great deal about what goes on there—that there is effectively old-fashioned steelmaking going on in that facility, in something that looks like a shed. I know that the Minister has visited Stocksbridge and so entirely understands my point. What goes on inside that building—that very old facility—represents some of the best and most advanced steelmaking technology in the world.

I am incredibly proud of what Stocksbridge does, and I know that the community is too. We are confident that the plant will have a future and we know that the right investment plan can secure that future. It has got

the vacuum induction melting facility, but it needs further capital investment if it wants not only to maintain its place in the value chain, but to move up it. That is the ambition: to move into the era of 3D printing mentioned by my hon. Friend. Stocksbridge wants to be able to produce—if hon. Members will forgive the layperson's way of saying it—the powdered steel, which we know will enormously increase the value of what we make there. That is something like £30,000 to £40,000 a tonne initially. It is critically important that we get the right buyer for Tata Speciality Steels: a buyer who is in it for the long term and prepared to make the investment.

Recent reports about the apparent boardroom manoeuvrings at Tata are a little worrying, to say the least. Given the current instability at the global board-level at Tata, I ask the Minister what the Government are doing to ensure that the sale of Tata Speciality Steels in South Yorkshire is not compromised by the uncertainties apparent at boardroom level at Tata HQ. What communication is he having with Tata at the highest level? I do not expect the detail, or for commercial sensitivity to be compromised, but can he tell us what discussions are taking place to make sure that the sale of Speciality Steels is given the priority by Tata that it deserves?

Yesterday, during Prime Minister's Question Time, I raised the Prime Minister's visit to India next week. I did not really get the clear answer I was looking for, but can I now ask the Minister to commit to ensuring that the delegation led by the Prime Minister that is going out to India next week takes the opportunity to raise with Tata the business of ensuring a sustainable future for Speciality Steels and, indeed, the other Tata holdings at Port Talbot and elsewhere? In other words, what are the Government doing to support Speciality Steels, Port Talbot and the other Tata holdings in the forthcoming period?

If we are to have a successful steel industry, we need demand for steel produced both for home markets and abroad. Recently we have heard some pretty bad news about the demand for UK content even in British infrastructure projects. We all know about the recent decision to award the contract to supply the steel for the pressure hulls of the new successor Trident submarines to a French company, despite the fact that we have the capacity here in the UK and two UK firms submitted a joint bid for the work. There are other upcoming projects that could, with a bit of support and leverage from the Government, absolutely maximise the use of UK steel.

Tom Blenkinsop: On the Ministry of Defence contract, which occurred two years ago, when two British firms—or two UK sites—came forward with ideas for the plate steel for the hulls on the successor programme, they were actively told to go away by the MOD, as it had already procured the contract from a French site. The two British sites involved, which wanted to come together and provide a solution, just wanted a bit of time—given the time that has subsequently passed, those two sites could have provided the steel. That was another missed opportunity in a period when we were still members of the EU, and defence contracts are exempted from competition regulations.

Angela Smith: I completely agree with my hon. Friend. His point relates entirely to the situation with shale gas. My hon. Friend made an impassioned case for the shale

[Angela Smith]

gas industry earlier this afternoon, and I entirely support him in that. I support the signing of the memorandum of understanding by Community and by the GMB. We all know that the domestic supply of shale gas will help not only the steel industry, but a range of industries in the UK, because it will provide valuable feedstock for the chemicals industry, for example.

Are the Government continuing to support the development of the relevant steelmaking capacity to ensure, for instance, that UK steel will be used in developing the new industry? There have been difficulties in ensuring that the UK steel market can provide that capacity, but we know that work is ongoing, in partnership with the oil and gas industry, to get over those obstacles and make it possible for the UK steelmaking capacity to deliver the steel that the shale gas industry needs. That relates entirely to the point my hon. Friend made: will we ensure this time that we do not miss an opportunity to expand the UK steel industry and exploit new opportunities that become available, such as shale gas?

The same can be said of the Swansea bay tidal lagoon. Is the Minister providing input on the process to the so-called Hendry review? That is critically important. There are huge advantages for the UK steel industry from that project, if it goes ahead.

Stephen Kinnock (Aberavon) (Lab): My hon. Friend is giving a passionate speech, as always. It is also important to note that the Swansea bay tidal lagoon is just the first in a number of projects. The economies of scale coming out of that could deliver lagoons in various places around the country—far larger, in fact, than at Swansea bay—so the potential for steel and steelmaking from lagoon projects is enormous.

Angela Smith: I completely agree. Potentially, this is an exciting new industry for the UK that would provide reliable baseload energy to meet the nation's needs. The steel necessary for building those tidal energy projects will come not just from south Wales, but from Firth Rixson and Forgemasters in Sheffield. It will involve some of the best and most technologically sophisticated steelmaking available in the UK. Is the Minister absolutely committed to ensuring that the voice of the steel industry is heard at the heart of Government in looking at whether we give the project the go-ahead? Can we look forward to hearing something specific about that in the autumn statement?

Hannah Bardell (Livingston) (SNP): The hon. Lady's point about tidal and wind energy is absolutely key. Does she agree that the Government's lack of support and their pulling of support, particularly in the wind energy sector, will have a knock-on impact? That is a serious opportunity for steel production missed by the Government.

Angela Smith: A number of opportunities have been missed over the years, and wind energy is one of them. The turbine-making capacity is not now available here in the UK. Wherever possible, it would be good to see the Government attempting to work with industry to put those mistakes right and see what we can do to develop that capacity in future.

Unlocking all that potential will mean an active industrial policy from the Government. Will the Minister therefore reassure the House that UK steel will be at the heart of the forthcoming industrial strategy? As was mentioned earlier, will he give an absolute commitment that steel—which, let us remember, is a foundation industry—is an ongoing priority as we await the publication of the strategy and that it will be at the heart of everything that the new Department does between now and next spring, when the strategy is introduced?

In an industry where investment is vital and timescales are long, certainty is important, so my concluding remarks are of course about Brexit. It is my firm view that, as an industry, steel needs full access to the single market. That is vital, especially when one considers that 50% of all the industry's exports go to the European Union. Given that the automotive industry has secured a guarantee from the Government, as we leave the European Union, to allow the necessary investment and ensure that it continues in Sunderland—I absolutely welcome that, by the way; it is great news for Sunderland and really important for the UK economy—will the Minister tell us whether we can expect the same sort of guarantee for the steel industry? It is critical that the steel industry should be able to continue to enjoy access to its key markets. Let us remember that many thousands of jobs depend on a successful steel sector.

Steel is vital to a country that wants to continue to be a manufacturer. We need the Government to be fully engaged in helping the industry not just to survive but to develop and to provide security against the uncertainties of the global economy. The future is not going to be easy and although Brexit is frequently posited as bringing many opportunities—these nebulous opportunities that have yet to materialise—we can be absolutely certain that it will deliver more than its fair share of challenges. The steel sector will need the Government to be an active partner to help it to deal with the uncertainties it faces.

What happens to the steel industry if, when we Brexit in two years' time—presumably in April 2019—the Government have not negotiated a long-term deal? What happens if they have not even be able to negotiate a transitional deal with the European Union? What happens to the steel industry if we end up falling back on World Trade Organisation rules? The Government need to be clear and to work closely with the steel industry and Parliament to ensure that those uncertainties are minimised and thought through, and that we are absolutely certain that, in the worst-case scenario, the Government will be there with a plan to support the steel industry as it moves forward—indeed, to support all manufacturing industry. That question is critical and is worrying the business sector to a degree that I have never seen before in my lifetime in politics.

A country without a steel industry cannot class itself as a major economy. The stakes are that high, and I implore the Minister and the Government to do everything necessary to make sure we secure a thriving steel industry for the future, preferably with the UK as a full member of the single market. Whatever happens, we need to ensure that the Government, who had no plans for Brexit, certainly have a plan if the worst materialises in two years' time.

Geraint Davies (in the Chair): Moving from a big “L” to a big “C”—or should I say a deep “C”?—I call Mr Peter Bone.

2.27 pm

Mr Peter Bone (Wellingborough) (Con): It is a great pleasure to follow the hon. Member for Penistone and Stocksbridge (Angela Smith), whose speech was very good—for at least the first two thirds. It was a very good speech and she made a strong case for the special steel produced in her constituency. I also liked the plug at PMQs for the Prime Minister to do her best when she goes to India. Years ago, I was on the Select Committee on Trade and Industry and I remember a huge business tycoon from India. I asked him, “What is the one thing we could do to boost trade between our two countries?” He said, “Pull out of the EU.” At that time, of course, nobody ever thought that would happen, but now he will get his wish. Absolutely, too, on shale gas, that makes obvious sense.

I also congratulate the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop). I always think that Westminster Hall is where we have the best debates. We do not get the party-politics nonsense that we sometimes have in the main Chamber. The way in which he made his speech will allow the Minister to deal with it in a very grown-up fashion. It was also particularly courageous to make the points he did against his party’s current policy in some regard. I will return that, I hope, and say some of the things that I think have gone slightly wrong in the debate on steel.

My interest is also connected with that of my right hon. Friend—sorry, my hon. Friend the Member for Corby (Tom Pursglove); he should be right honourable. My constituency abuts his, and a lot of my constituents work in and supply goods and services to the Corby area. I suppose I should also declare that I spent 13 years in south Wales and regularly played cricket close to the steelworks—off my bowling, the ball quite often landed in the steelworks.

As all hon. Members here will probably say, British steel has a future. Not only that; it has to have a future. It is a strategic industry. There have been two Governments recently—the one under David Cameron, and the new Government, under the new Prime Minister—and there has clearly been a shift in emphasis. What I would criticise about the previous Government is the slowness with which they did things. Very early on, when there was clearly a lot of working together and establishing things that needed to be done, such as reforming business rates and dealing with energy costs, the previous Government said, “Let’s deal with Chinese dumping.” But we did not seem to be getting there as quickly as we should have. With the new Government, things have moved on a lot.

Let me deal with the thing about free trade, the Chinese and dumping. Yes, a lot of us believe in free trade because we think it benefits everyone, but free trade does not mean that one country can dump its products in another country. Countries cannot sell their products below cost or with huge subsidies. The reason it is done, of course, is that with things such as steel, there are large fixed assets. The marginal cost of producing the steel and selling it at a loss allows those fixed assets to be kept. That is exactly what the Chinese are doing, which is why we should impose severe tariffs—not for protectionism, but because they are dumping. As any free trader will say, dumping is absolutely not allowed. I listened to the arguments about how dumping would

work or did not work in the EU. I think my views on the EU are pretty clear, but we are where we are now and we must look at the advantages.

Let us look at the single market argument. I have only been in Parliament for 11 years. Before that, I was in the manufacturing business. Of course, exporters want to have something that other people want, and they want to be able to sell it. If a tariff exists, and the exporter pays the tariff and sells the product, that is fine, but it is better not to have the tariff in the first place. The exporter wants free trade access to their customers, which is not the same as a single market. If we did not have that, and there were world trade rules, exporters would pay a tariff. But let us look at what has happened since we have come out—since the referendum.

Nic Dakin: We have not come out yet.

Mr Bone: No, unfortunately we have not.

Since the referendum, sterling has fallen by, say, 17%. That makes exports to the EU 17% cheaper and exports into the UK from around the world 17% more expensive. Therefore, a small tariff is irrelevant because we have already had a huge dividend from Brexit. There has been a lot of confused talk around the subject. I absolutely agree with putting tariffs on China—and other countries, if they are dumping—but I do not agree with the idea that somehow there will be a huge problem if we have world trade rules because 50% of exports go to the EU. Clearly we have benefited enormously from the devaluation of sterling. I know that a lot of people want to speak today, but we must look at two issues: the benefit of sterling and the fact that we can absolutely believe in free trade while absolutely having tariffs on dumped goods. That is rather important.

Finally—I really do appreciate that there is a time pressure—I agree entirely with having British steel for British goods. Rushden Lakes is a large development in my constituency, and all the steel there is British. Today, the Government announced a new prison for Wellingborough—I apologise that I must leave the debate temporarily to deal with a matter to do with that prison—which is an opportunity to use British steel. There is a great opportunity for us in the future. The work of the all-party parliamentary group and other hon. Members here today has kept British steel on the agenda. I think the new Government have listened, and I am really very positive about the future of steel.

Geraint Davies (in the Chair): Thank you very much, Mr Bone; I hope you are not going to prison for too long. [*Laughter.*] I will not pronounce Jonathan Edwards the big “P”, but I call him to speak. If hon. Members can limit their remarks to 10 minutes each, we will get everyone in.

2.35 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): It is a pleasure to serve under your chairmanship, Mr Davies. I will endeavour to follow your instruction.

I congratulate the hon. Members for Middlesbrough South and East Cleveland (Tom Blenkinsop) and for Redcar (Anna Turley) on securing the debate. I commend the hon. Gentleman on his opening remarks, in which he showed a deep understanding of the industry. It was

[Jonathan Edwards]

a genuine pleasure to listen to him. I thank the Backbench Business Committee for allocating time for this important debate.

I speak on behalf of the steel industry in Wales, which is arguably the most important component of the Welsh economy. Tata Steel Port Talbot employs about 4,000 people directly, and its supply chain is reported to sustain 20,000 jobs in Wales and to contribute £3.2 billion per annum to the economy of my country. We talk about things having national economic strategic importance, and steelmaking in Port Talbot is one of the most important components in a Welsh context.

It is almost impossible to talk about anything these days without mentioning Brexit, so I will get this point out of the way right at the start. Recent revelations about the back-room deal that the UK Government cut with Nissan highlights the Tories' strategy to pick winners when it comes to Brexit. I will of course back any incentives that support important industries such as the automotive sector, both in their own right and as customers of the steel industry, but as other hon. Members have said, guarantees of that nature must also be extended to the steel industry, which is the backbone of the Welsh economy. My answer to the Government's Brexit conundrum when it comes to steel is to stay in the single market and the customs union.

It is fair to say that that last time we had a debate of this nature, the mood was dark and there were genuine fears about the future of steelmaking in Wales and the UK. The reasons behind the pressures on the industry are well documented and have been restated today. Instead of repeating them, I will highlight some points made in an excellent report by Swansea University that was published in September. The report, "The sun has risen over steel town: Developing a sustainable steel industry in the UK", was written by some of the most eminent steel experts in the UK: Professor Sridhar Seetharaman, Professor Dave Worsley, Dr Cameron Pleydell-Pearce and Mr Brian Edy. I commend them for their work.

The report puts forward a very positive prognosis for the steel industry, if supported with swift strategic Government action. The Tata Steel strip business in Port Talbot is today making a profit, performing above the ambitious levels targeted in the local transformation plan put forward at the height of the crisis last year—a plan that had been rejected as over-ambitious by the Tata board in Mumbai. That is quite an incredible achievement. However, in a session held a few weeks ago by the Economy, Infrastructure and Skills Committee of the National Assembly for Wales, evidence from steel producers and manufacturers indicated that order books, although buoyant at present, could take a turn for the worse in the second quarter of next year, demonstrating once again the huge volatility of the industry and that the next crisis could come sooner than anyone would hope. In other words, this is no time for Governments in London and Cardiff to take their eye off the ball. Therefore, the issues surrounding high electricity prices, whereby domestic steelmakers face a £17 per megawatt disadvantage compared with competitors in Germany, continue to be ones that should be urgently addressed.

The UK and Welsh Governments need to look at business rates and at what can be done to remove plant and machinery investments from rateable calculations.

We need firmer protocols on procurement. As the Swansea University report highlights, only 40% of domestic demand is supplied by domestic producers. I point the finger at the Welsh Government as well in that regard. The report also highlights that a main consideration for the profitability of plants such as Port Talbot are prices of raw materials and sales prices. In 2014-15 the global weighted sales price fell by 26% due to much-documented Chinese dumping; at the same time the price of iron ore fell by 60%, which is hugely significant given that Port Talbot's annual spend on raw materials is \$1 billion.

A core aim in creating a sustainable industry, therefore, is to build resilience to fluctuations. The report clearly states that it would be logical to use a period in which conditions are favourable, like now, to make the necessary technological innovations needed to make the sector more resilient. The report makes the case that Port Talbot could evolve into a leading-edge, zero-carbon steelmaker with carbon-positive products that utilise locally generated by-products as a chemical and raw materials feedstock. It also argues that Port Talbot would have a viable future once in the hands of an owner with a long-term vision that will commit to and invest in transformational change.

Tata's ability to deliver that much needed transformational change has arguably been hindered by its decision to vastly reduce research and development investment in its UK plants and to centralise activity at IJmuiden in Holland. That brings me to the current state of play in Port Talbot, where Tata is in advanced discussions with ThyssenKrupp about a merger of their European operations. If the Minister takes one thing from today, let him be in no doubt that the proposed merger is a real threat to the future of Port Talbot. As the Swansea University report states:

"TKS believe that capacity reduction is necessary in Europe, and Port Talbot could become a convenient sacrifice for them." Those are not new concerns and have previously been expressed by others and by me in this place. Unite the union made the point strongly in evidence to the National Assembly only a few weeks ago.

My constituency colleague in the National Assembly and predecessor in this place, Adam Price AM, has argued on behalf of my party that the UK Government should intervene if the proposed merger goes ahead unless there are specific guarantees about the long-term future of Port Talbot. His reasoning is perfectly valid when considering the record of ThyssenKrupp. In August 2016 Reuters reported that Andreas Goss, chief executive of ThyssenKrupp Steel Europe, had announced a new aggressive cost-cutting plan for its operations based on plant closures. It is worrying that the voice of the UK Government in Wales, the Secretary of State for Wales, is on record as saying that the proposed merger is "encouraging".

My last point is that there is an alternative option on the table that seems to be far more encouraging in terms of achieving the long-term sustainable future we all desire. The recent news that two former rivals, Excalibur Steel and Liberty Steel, have joined forces is welcome. Significantly, the bid has Welsh Government support. This rival bid would lead to the creation of a new domestic company, probably the largest Welsh company in terms of turnover.

Liberty, of course, made its name in taking over steel operations in the UK and converting them by installing furnaces capable of recycling scrap steel. The process

obviously helps to remove fluctuations from the business model, helping to create a more sustainable business. The Swansea University report indicates that 60% of steel in the United States is now produced from scrap steel by re-melting it in electric arc furnaces. The Excalibur-Liberty deal therefore offers the exciting prospect of green steel and primary steel being produced side by side, thereby helping to meet the transformative challenge set by the Swansea University report.

Tom Blenkinsop: Every option has to be considered in terms of Port Talbot's future. I remember talking in a debate about whether Tata was going to retain Port Talbot, as we foresaw that changes in prices of strip and the potential profit from Port Talbot. I reiterate that Liberty is a good company that has come in, but without the production of primary virgin steel, there is no scrap steel to recycle. My concerns are about any mill rolling slab or rebar, where that steel is coming from. That goes back to the questions about Chinese imports. We need guarantees on the primary source of slab, rebar and billet.

Jonathan Edwards: I am grateful for the hon. Gentleman's intervention. I was endeavouring to make the point that the Liberty-Excalibur deal potentially offers a future in which green steel, as it is called, and primary steel are produced side by side in the two blast furnaces at Port Talbot. Keeping those two blast furnaces open is vital for the viability of Port Talbot. He is completely correct.

I have a simple message for the Minister: this could be a huge success story for Wales and the UK as a whole. My last ask today is for him to agree at least to meet the leaders of the Excalibur-Liberty deal to see whether there is an option for the UK Government and the Welsh Government to put their weight behind a bid that seems to have unanimous support in Wales. *Diolch yn fawr iawn.*

Geraint Davies (in the Chair): I call Anna Turley. We have all been waiting for her speech.

2.45 pm

Anna Turley (Redcar) (Lab/Co-op): It is a pleasure, as always, to serve under your chairmanship, Mr Davies. I welcome the new Minister to his place and thank him for the accessible way in which he has already met me to discuss the former Sahaviriya Steel Industries site and the future for Teesside. I also welcome the shadow Minister to her place. She represents a steel town, and we think of her husband with great fondness—he was in this place for far too short a time, but he fought hard for the steel industry in his time here.

It will be no surprise to Members here or those watching at home that I find it painful to speak in another debate on steel and to have to continue fighting for an industry that, although fundamental to the British economy, was ripped out of my constituency last year like a heart from a body. The people of Teesside remain angry and disillusioned, and rightly so. They are the ones battling to deal with the aftermath of the Government's failure to protect Teesside's steel industry last year. Many are still seeking work, many have had pay and conditions slashed in new jobs, many have had to move away from their home and some may never work again, but they are all resolute, determined, made of steel. They are trying to look forward, so I owe it to them to

try to look forward in this debate and to keep working for the industrial and manufacturing future not only of Redcar and Teesside but of our country.

Before I do that, I also owe it to them to raise again questions to which we have never had answers and injustices that have never been acknowledged. Why were the Government not willing to take a stake in SSI or to lend it the requested £100 million to restructure and save the plant, yet willing to take a 25% stake in Tata to save Port Talbot earlier this year at the time of the Welsh elections? Why would the Government not step in to mothball the blast furnace to allow it to be relit when market conditions picked up, as they already have? Why were offers from local companies to produce foundry coke, which could have kept the ovens alive and paid for a mothballing, never accepted?

I ask all that now not just to look back. If the Minister wants to tell us to move on and get over it, I am afraid that we cannot. I look about me now at the economic picture for the global steel market and the conditions in the UK and I could weep. The SSI Redcar plant was the one with the greatest export activity in the country, so the current drop in the pound had the greatest potential to boost our exports. It may have been able to turn around the picture at the most efficient site in the country, which before Christmas 2014 was in the black.

Industry experts tell me the value of SSI's exports to our balance of trade could now have been £1 billion, with those exports principally heading to the far east—in other words, outside the EU. I see that international expectation in the industry is that the price of steel will continue to increase. I see a new runway being commissioned for Heathrow that needs 370,000 tonnes of steel—the same as building 16 Wembley stadiums—and a company there that wants to buy British. I see cutting-edge new developments in steel in this country—two thirds of UK steel products were not even invented 15 years ago.

SSI lacked the reserves to keep the plant alive through the crisis. If only it had been supported, it would now be exporting extremely successfully. Surely if we believe in an active, interventionist Government who support this country's industry and exports, we are an example of where they should have stepped in.

Tom Blenkinsop: My hon. Friend is a fantastic champion for the Redcar site, which I know well. She commands great loyalty in the town from many people and I respect her for how she has played the grim hand that she was dealt as soon as she was elected. Does she agree that the sad irony of the SSI site—the old Teesside Cast Products site—is that it was the second most efficient plant in the European Union after Dunkirk?

Anna Turley: My hon. Friend is right. The SSI site was not only efficient but had a fantastic workforce. An enormous amount of money was put in to bring it up to such standards. The site had everything that could have seen it playing a leading role in the steel industry. It is a tragedy that the site could not be supported to weather a few months of difficulty so that it could thrive in the future.

The site now stands looking over the town, cold and rusting, with its future tied up in faraway wrangles between an official receiver and faceless banks in south-east Asia that show no signs of progressing. I would be

[Anna Turley]

delighted if the Minister had anything—anything at all—to share with us about what steps the Government are taking to wrestle the site out of the hands of the Thai banks, so that the people and businesses of Teesside can start to rebuild, invest, regenerate and bring much-needed jobs to our area.

I believe that the future for steel on Teesside did not disappear entirely with SSI. Potential inward investors recognise Teesside as the preferred location for UK investment, with its unique availability of infrastructure, supply chains, innovation support and skilled workforce, and its transport benefits through its geographical location and existing assets. Our British steel beam mill is doing fantastic work and has a great workforce. If the Government are concerned about the future of the UK steel industry, they need still to be concerned about Teesside. I have met serious potential investors who are looking closely at it, but we need the former SSI site to be liberated. Although I have come here to bat for the wider steel industry in this country and to fight for the jobs and livelihoods of steelworkers around the country, I do so on behalf of Teesside, with an anger that cannot be repressed and a determination to achieve some form of future for steel in our area.

I turn now to some broader issues. The June referendum result has huge implications for every part of our economy, and businesses from all sectors will be seeking favourable terms in the Brexit negotiations. Last week's Nissan announcement was fantastic news for the automotive industry, and I congratulate every single man and woman at the plant and in the supply chain who sent out the message to the world that the north-east is the best place to come invest and build the cutting-edge cars of the future. We have a fantastic workforce, terrific businesses in the supply chain and world-beating research and development.

It is important that Brexit does not become a game of who can shout the loudest. Our approach to an industrial strategy as we leave the EU must benefit everyone. My hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) is absolutely right that steel must have the same weight as the automotive industry in the decisions made about tariffs. The steel industry is still in crisis as it continues to battle with the challenges of global overcapacity, falling demand and uncompetitive trading conditions. Some progress has been made, but further reductions in steel jobs and production capacity are a possibility if action is not taken. The uncertainty of Brexit adds to the challenges.

We fought to secure this debate to ensure that tackling the risks to the future of steel remains a Government priority. Many of the industry's asks remain unanswered. The primary importance of the Brexit negotiations cannot mean that other issues fall by the wayside. Many industry proposals to redress the huge imbalance in electricity costs for UK steel compared with our competitors have so far not been carried forward by the Government, and the delay has cost the sector an estimated £20 million since June. The Government have also not yet accepted the request for plant and machinery to be excluded from business rate calculations, meaning that French and German steelmakers continue to pay up to 10 times less in rates than their UK counterparts. I sincerely hope that the Government are considering that ahead of the autumn statement.

I have mentioned Heathrow's important commitment to use British steel in the recently approved airport expansion. The same support for local materials must be present in other major construction and infrastructure projects, including High Speed 2 and 3, the new fleet of nuclear submarines and Hinkley Point. More than two thirds of UK steel exports went to the European Union in 2015. It is crucial that freedom to trade in the single market is maintained.

Steel is also a crucial foundation industry, underpinning the manufacturing sector as a whole, which itself relies on single market access for both the export of completed goods and the import of parts and raw materials. The assurances given to Nissan were positive for the steel industry, particularly as they are the biggest automotive customer of UK steel. However, the automotive sector has a large supply chain, and those companies need the same assurances that they will not be hit by tariffs when we have left the EU. It cannot be the case that the biggest companies who shout the loudest secure special protection.

On Teesside, every single one of our boroughs voted by more than 60% for Brexit. I spoke to lots of people during the referendum campaign who were motivated to vote leave by anger at the loss of our steelworks and the idea, wrongly pushed by the leave campaign, that inaction in Europe was to blame. They want the Government to be more active in their support for industry and to challenge unfair trading practices by China. When forming post-Brexit trade policies, the UK must implement robust anti-dumping measures to stop the flood of subsidised steel that has devastated the industry in the UK, not push the hands-off attitude suggested by one leading Brexit Minister, as my hon. Friend the Member for Middlesbrough South and East Cleveland exposed.

I also want to mention the importance of innovation to the future of the UK steel industry. Innovation is core to our domestic industry's success. Such is the impact of British inventiveness that two thirds of steel produced here is in forms not invented 20 years ago. That is why I was appalled to learn earlier this year that officials at Innovate UK judged support for materials and metals not to be a priority for Britain. The implications of Tata's announcement in March revealed the short-sightedness of that approach, so it is reassuring that the Government have overruled that decision. I would love it if the Minister agreed in this debate to the overwhelming evidence for a materials and metals catapult.

If we are to retain our lead, public support needs to reflect the research requirements of Britain's increasingly fragmented industry and the principles of relentless continuous innovation by making long-term commitments advocated by UK steel experts, rather than Whitehall. I recommend to the Minister the work of the Materials Processing Institute in my constituency, which was established in 1944 to provide research to a then-fragmented industry similar to the one emerging again now.

The institute is Europe's go-to steel and materials research expert, as my hon. Friend said, welcoming delegations from Germany, Sweden, China and elsewhere this summer to advise them on how to future-proof their domestic steel industries, which are wrestling with many of the same issues as ours. Just this week, the institute was approached by one of the world's largest steel companies overseas to become its preferred research partner.

Its proposals for long-term support to commercialise innovation have the support of Tata Steels Speciality Steels, British Steel, Celsa Steel, Liberty Steel, Albion Steel, Acenta Steel, the British Stainless Steel Association and UK Steel. I would be delighted to welcome the Minister to discuss the matter further and see the institute's world-class facilities for himself.

Bridging all these issues is the need for a long-term industrial strategy that supports British industry and manufacturing to be competitive in the global market by creating an environment for investment, innovation and, ultimately, the creation of more highly skilled and well paid jobs. The assurances given to Nissan and the proposal for a 25% Government stake in Tata UK steel assets are two examples of a more interventionist Government prepared to support British industry, which is good to see. It is a marked improvement on their complacency and inaction during the SSI crisis in Redcar; this must be the start of a more proactive approach to industry. UK steel is still in crisis, but with the right help, its future both nationally and on Teesside can be secured.

Geraint Davies (in the Chair): Diolch yn fawr. Nawr te, siaradwch, Stephen Kinnock.

2.57 pm

Stephen Kinnock (Aberavon) (Lab): Diolch yn fawr, Mr Davies. It is a pleasure to serve under your chairmanship. I thank my hon. Friends the Members for Redcar (Anna Turley) and for Middlesbrough South and East Cleveland (Tom Blenkinsop) for securing this debate, and for their contributions. I welcome the Minister and shadow Minister to their places.

A year on from the closure of Redcar, our steel industry is still in crisis. Make no mistake: we are still staring into the abyss. My constituency is built around the town of Port Talbot, which is living under a cloud. We are a steel town. The steelworks is the blazing heart of our economy, our community and our lives, and we do not know whether it has a long-term future. Our steel industry and the communities built around it face a perfect storm: a long-term declining British manufacturing base; an economy facing fundamental challenges, particularly in light of the referendum; and a Government who are quick with excuses but glacial when it comes to solutions or strategy.

That perfect storm comes together to create an uncertainty with a real, lived effect. It is not only hitting the order book—running down the short-term prospects of our industry, without which there can be no long term—but affecting people's lives. I have constituents who cannot get mortgages or loans, because there is no guarantee that they will have a job in six months; constituents who do not know whether they will be able to help their kids through university or college; constituents who, simply put, do not know whether they and our town of Port Talbot have a future.

That existential uncertainty has been dragging on for a year. Just three months after Redcar closed, we learned of 1,000 steel job losses across Wales, 750 of them in Port Talbot. The men and women of Port Talbot, Llanwern and the rest of Tata in Wales were left in limbo for more than two months, unsure whether theirs would be the jobs that went. Then, about a month later, came the potentially devastating news that Tata wanted

to sell. From a fire sale we got the slow burn, which somehow morphed into the joint venture in July. Today we are no clearer.

We are told that the joint venture is still the option, but what that means is not clear. What does it mean for primary steelmaking, investment and jobs? Is Tata's British arm even part of the joint venture plans? Apparently not, unless there is a resolution on pensions. But any further delay has a real impact, because there are very practical decisions that have to be made now if the industry is to continue, such as relining the second blast furnace at Port Talbot, without which there is no sustainable future for primary steelmaking in this country.

The Government, along with both companies, must set out clearly what the joint venture really means and must give us the cast-iron guarantees that Roy Rickhuss of the union Community called for just this week on jobs, investment and the long-term future of Port Talbot and the rest of the business. Although we do not know the reality, our fear is that this joint venture is little more than a smokescreen for cutting Tata Steel UK loose to consolidate the business on the continent. ThyssenKrupp has never shown much real or active interest in Tata's UK operations; we know that the joint venture is right at the bottom of its priority list, beneath its internal restructuring, domestic jobs guarantee and ongoing negotiations with the German union IG Metall. When that is added to Tata's complex internal dynamics, which we saw in the changes in Mumbai, the result is a sword of Damocles, forged by an inept Government with dumped Chinese steel, hanging over the heads of people in Port Talbot.

[MR CLIVE BETTS *in the Chair*]

The situation is even more precarious given the vote to leave the European Union. Brexit poses real challenges for our industry. More than half of our exports go to the continent, so it is essential that the Government act to protect the steel industry throughout the Brexit process and negotiations. First, they must ensure continued access to the single market and continued membership of the customs union. Those matter because they will allow us to avoid tariffs that would devastate the industry and because they strengthen our hand in fighting Chinese dumping. The Minister should confirm today that his Government will strain every sinew to ensure unfettered tariff-free single market access for British steel and the tariff protections that come from standing with a market of half a billion consumers. Secondly, they must act to protect the steel supply chain. Around half the steel used by UK carmakers comes from Tata and Port Talbot; the automotive and steel industries are inextricably bound together, and each needs the other to stay in the UK in order to be successful. Last week's news about Nissan was welcome, but the Government must commit to offering the same terms to other automotive producers such as GM, Toyota, Ford and JLR to ensure that they remain in Britain.

Those are just two of the actions that the Government must take to ensure the future of the steel industry. However, it is the Government themselves who are the greatest cause of uncertainty for our communities. For years, we have seen an approach characterised by indifference and incompetence, and now we can throw in complacency. The Government act as if the weakness

[Stephen Kinlock]

of the pound is a knight in shining armour, riding to the rescue of the steel industry, but it is really a Trojan horse attacking our industry from within. In the short term, the 15% drop in the value of the pound has helped UK steel exports, but come the new year the penny will soon drop. The cost of the raw materials that we have to import—coke, coal, iron ore—and of energy will shoot up. Those costs will have a huge impact on the bottom line, as they already do for those who process scrap, who buy month to month or week to week. As Bimlendra Jha put it two weeks ago,

“you can’t make a business profitable on currency, we have to make it profitable on a structural basis.”

The reality is that the industry does not see the structural problems being fixed, because we have a Government who can talk a good game but who are sitting on their hands. It is straightforward to change that, but the Government must take concrete action in a number of areas. First, will they guarantee that the co-investment and soft loans offered last April still stand? Secondly, 12 months on from Redcar, will they finally make progress on the five asks? Thirdly, will they protect the steel industry from further Chinese dumping by voting against market economy status for China? This month, the European Commission will decide its position on this question, ahead of the December vote at the World Trade Organisation. Let us be clear: a China with market economy status is a China that can and will keep dumping with impunity. Will the Minister let us know how the UK Commissioner will be mandated on MES? Will the Commissioner vote in accordance with the European Parliament and the clear will of this House?

The autumn statement gives the Government other opportunities to give steel a fighting chance by removing plant and machinery from the calculation of business rates in a way that also compensates local authorities and, crucially, by acting on energy prices. I have no doubt that the Minister will point to the compensation package and talk about energy efficiency. That is fine, but it should be the icing on the cake. We need the actual cake first. Our prices are £17 per megawatt-hour higher than Germany’s. That is 40% to 45% more expensive, and it is killing the competitiveness of our industry. We cannot save 45% through energy efficiency alone.

The Government are motivated by tactics, not strategy. They are more interested in producing a political fig leaf to keep us quiet than in solving the problem—but we will not be silent, the industry and the workforce will not be silent and our communities will not be silent. We know that our futures depend on solving this problem and we know that the Government can and must do better.

To quote Bimlendra Jha again,

“while there has been a turnaround...we are still not out of the woods.”

Mr Jha also said that

“whether you drown one foot under the water or 10 foot, you still drown.”

That is why we need a proper industrial strategy for the steel industry. The Government’s future capabilities assessment is a welcome baby step towards that, but it is no industrial strategy. However, the Government will have some help from us with that, because next month

the all-party group on steel and metal related industries will produce our industrial strategy document. Our document will show how an active and engaged Government, motivated by strategic and economic rather than tactical and political thinking, can build the environment for our industry to thrive, creating a level playing field on cost and trade, connecting up supply and demand, building enforceable procurement rules and forging a new model of partnership for growth and progress.

Just as iron needs oxygen in order to be transformed into steel, our industry needs a strategic and engaged state, working in partnership with the industry, unions and workforce. The future of steelmaking in the United Kingdom is hanging in the balance. The future of the thousands of steel workers and their families and communities in Aberavon and throughout the country is hanging by a thread. We can overcome the uncertainty and build a bright and secure future, but only if we act—and we must act now.

3.7 pm

Mr Iain Wright (Hartlepool) (Lab): May I say what a pleasure it is to serve under your chairmanship, Mr Betts? I pay tribute to and express my admiration for my hon. Friends the Members for Middlesbrough South and East Cleveland (Tom Blenkinsop) and for Redcar (Anna Turley), who have made moving, passionate and eloquent speeches that demonstrated their experience. They are huge champions of the steel industry and I am very proud to call them my friends.

We have discussed steel many times in the past few months, but many of the issues—the threat to domestic producers as a result of global overcapacity, subsequent steel price reductions and Chinese dumping—remain. We have also heard about how business rates, energy costs and procurement requirements undermine the competitiveness of the sector. The uncertainty about the ownership of much of the British steel industry and the increasing fragmentation of the sector remain important issues, not to mention the impact of Brexit and the lack of clarity about what our trading relationship with the rest of the European Union will be. However, my speech today will focus on how the steel industry can have a sustainable and prosperous future in the long term. I am not downgrading, by any stretch of the imagination, the importance of the short term or how the industry remains in crisis mode, but we need to think about how steel needs to make an important and growing contribution to our manufacturing sector in the decades to come.

Several hon. Members have mentioned changes in the Tata group. The sacking of Cyrus Mistry as chairman in the past ten days obviously raises greater uncertainty, which is never a positive for business, but it could lead to a change in strategy that could boost and safeguard Tata Steel’s operations in the UK. Last week, the *Financial Times* reported

“a person with direct knowledge of Tata’s plans”

as

“saying that...Port Talbot...was ‘virtually safe’ following Mr Mistry’s ousting, and that the company would invest ‘whatever it takes to make it efficient’.”

Those words are very welcome, but where do they leave the steel industry or Tata Steel’s footprint in our country? What about other parts of Tata Steel, such as the speciality products and the pipe mills in Hartlepool?

I am not expecting the Minister to provide a running commentary—a fashionable phrase at the moment—on the changes at the top, but does he accept that since putting the assets up for sale earlier this year, important parts of our steel industry remain in a state of limbo? That is bound to have an adverse effect on the recruitment and retention of skilled workers, whose skills are essential to the ongoing competitiveness of our steel industry. It will also have an impact on suppliers and customers of steel products, who may be concerned about getting paid and having the orders delivered.

With this additional uncertainty on top of global pressures, will the Minister—who I very much welcome to his place—take this opportunity to set out the discussions he has had with Tata, and can he say whether further reassurances and commitments about ongoing operations have been made?

Tom Blenkinsop: In addition to the removal of Cyrus Mistry and the return of Ratan Tata to the board, there is the issue of ThyssenKrupp's sale of assets in Brazil. Its removal from the South American economy is happening at the same time as Tata's change at the top. Will that have any effect and will the Government investigate that in conversations during the trade visit to India by the Prime Minister next week?

Mr Wright: My hon. Friend makes an important point. He has also mentioned the importance of a proper industrial strategy. Everybody who has contributed to this afternoon's debate has mentioned that, so what are the Government doing to put in place a proper industrial strategy—this is very important to us on the Select Committee on Business, Energy and Industrial Strategy—and how does the steel industry fit in with such a strategy? How will the Minister's departmental responsibilities help the steel industry? Joining business, energy and industrial strategy into one Department provides a better degree of co-ordination and should help sectors such as steel by providing consistency and the co-ordination of policy, but how will that work in practice?

Just over a year ago, on 15 October 2015, a steel summit was held. Three working groups, on competitiveness and productivity, international comparisons, and public procurement, were set up to address some of the challenges facing the industry. What is the current status of those groups? Did they survive the new Government and the change in the business Department? What are the findings arising from the work and how are they being incorporated into a proper industrial strategy? The universally well respected Community union, which has the long-term interests of the steel industry at its very heart and its core, and which is not prone to hysteria or exaggerated pronouncements, recently stated:

“After an initial flurry of activity and plenty of rhetoric we are becoming increasingly frustrated at the lack of urgency demonstrated by the UK government. To date very little meaningful support has actually been delivered—certainly we have not seen the game-changing intervention our industry desperately needs.”

That is a crucial quotation from an important stakeholder in our steel industry. Where is that meaningful support? Given the policy co-ordination under one departmental roof, how will Ministers take forward action on the energy costs that undermine the competitiveness of our industry? Crucially—this has been mentioned several times—will Ministers resolve to address the concerns raised

about the business rates that disincentivise manufacturers, not just steel manufacturers, from investing in more efficient plant and machinery by raising what is essentially a tax bill?

Procurement is also a major way in which a co-ordinated industrial strategy can provide meaningful support for the steel industry. We have heard already about the hulls of the Trident submarines being built with French steel. That is immensely disappointing and really does not show a joined-up, co-ordinated Whitehall approach to industrial strategy. What lessons are being learnt from this to ensure that the British industry is able to address the needs of the customer, in this case the Ministry of Defence, and that local steel content can be increased?

On commercial operations, many hon. Members have quite rightly mentioned last week's welcome decision that Nissan is to build the new Qashqai and bring the manufacture of the X-Trail to the factory in Sunderland. That should also provide more opportunities for local British-based steel producers.

We found in our Select Committee inquiry last year that Nissan, one of the most productive car plants anywhere in Europe, used British-made steel for three quarters of the steel content needed for the Qashqai. Vauxhall buys 50% of the steel it needs for production of the Astra at its factory in Ellesmere Port from Port Talbot. Given the strength of the UK automotive industry, what active steps are the Government taking to ensure that more of that successful sector's requirements in metals are being provided in a competitive manner by British-based firms?

The UK automotive industry currently consumes about 17% of British manufactured steel. There is surely scope for a successful and winning automotive sector to take more of a growing pie. How are the Government identifying commercial opportunities for British steel? How are they encouraging and incentivising investment in technology and innovation and in the higher quality, higher value steel required in the automotive and aerospace industries? I hope the Minister will respond directly. The Materials Processing Institute can provide the means by which technology, innovation and support can be given to producers to make sure they can move up the value chain. That is vital.

This is not only about automotives; this week is offshore wind week. Offshore wind currently generates about 5% of the UK's electricity needs. This will double to a tenth of electricity generation in five years. Firms in my constituency such as JDR Cables are winning great big orders in this field. The steel content for offshore wind is immense, but it is often imported from France and the Netherlands. How will we ensure that British-based and British-made steel provides steel content for the offshore wind industry? Are the Government working in the proactive and collaborative way needed in the modern industrial age to ensure that as much of the value in the offshore wind supply chain—more than £18 billion of new projects in the pipeline in the next five years—is captured by domestic content?

The steel industry remains a vital and essential part of our manufacturing base. It cannot and must not be viewed by anybody as a sunset industry. I hope we will see the implementation of a proper industrial strategy to ensure that the opportunities arising in the next few years are captured as much as possible by our British steel industry and that the barriers preventing a proper level playing field are addressed and resolved. That is

[Mr Iain Wright]

possible only through active work by the Government, in close collaboration with the industry. With the greatest of respect, that work seems to have gone off the boil in recent months, at a time when we need it more than ever to sustain the long-term viability and prosperity of the British-based steel industry. I hope the Minister will use the opportunity today to state that the Government recognise the importance of the steel industry and will act accordingly, not only to save steel but to make sure it has a proper and fitting future in our manufacturing sector.

3.17 pm

Nic Dakin (Scunthorpe) (Lab): It is a pleasure to serve under your chairmanship, Mr Betts. I am delighted to follow the Chair of the Business, Energy and Industrial Strategy Committee, my hon. Friend the Member for Hartlepool (Mr Wright), who put forward such a comprehensive case, after so many excellent contributions already to this debate. I want to begin by paying tribute to everyone working in our steel industry and its supply chain. They make a massive contribution to the UK economy and to communities such as mine in Scunthorpe, where I live.

In September 2015, when I asked the then Prime Minister to call a steel summit, many on the Government Benches were sceptical of the need. By the time the summit took place in Rotherham, however, it was crystal clear even to them that the steel industry was in crisis. Now, just over a year on from the summit and the collapse of SSI on Teesside, a further 6,000 jobs have already been lost from the industry. There remains, therefore, a pressing need for Government action.

The long products business, centred on Scunthorpe, was taken over by Greybull Capital and relaunched as British Steel in June 2016. It is to the enormous credit of the workforce and management that the business is operating at a surplus. The leadership shown by Community, Unite and the other trade unions, alongside the management team, has been crucial to that success, but they would say with one voice that there is still much to do to deliver the sustainable future that everyone wants to see. I welcome the sense of greater certainty for Scunthorpe expressed by the hon. Member for Corby (Tom Pursglove). This is just another chapter and we need support from the Government. We do not need the Government to assume that everything is okay now.

The Government have a crucial role in helping to deliver. They can set the climate and the context for delivering the level playing field that our steel industry needs to prosper. There is a real, palpable concern that, as my hon. Friend the Member for Hartlepool said, the Government's eye is once again off the steel ball as it grapples with Brexit and other issues. As a result of the immense popular pressure exerted by steel unions, steelmakers and MPs for steelmaking constituencies, the Government set up several working groups on the key issues of concern after the summit in Rotherham, but there is yet to be any real traction as an outcome of that work. There is now a Department with "industrial strategy" in its name, and we have yet to see whether that is anything more than a welcome strapline. The Government now manage to talk the talk, but we still do not know whether they will walk the walk, as we want them to.

Procurement is a case in point. One of the most tangible outcomes of the Government's work in the past year was the new procurement guidelines that ensure that social and economic factors can be taken into account in steel procurement. However, the Government appear to have fallen at the first hurdle. The Defence Secretary, a former steel Minister, was happy to cut the first steel, marking the start of the work on Trident submarines, the only problem being that it was French steel. That is not exactly the vote of confidence in UK steelmakers that we all want. When I asked the Prime Minister in one of her first outings at the Dispatch Box whether UK steel would be used in Trident's successor submarines, she said that

"where British steel is good value, we would want it to be used."—[*Official Report*, 18 July 2016; Vol. 613, c. 566.]

I tell the Prime Minister, the House, and the public that British steel is good value. It is the best value.

It has taken a lot of parliamentary questions to try to establish why UK steel was not used for the hulls. Answers suggest that there was not a viable UK bid, without giving any inkling of what "viable" might look like. It also looks as though the new procurement guidelines were not applied, although the Government say that they would be in future. I welcome the written answer in which the Minister said that, and wish him the best of luck in his role.

In October 2015, Scunthorpe's plate mill was mothballed and facilities in Scotland were closed. Confidence about procurement lines in relation to successor submarines might have led to a different outcome. That is a reminder, as my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) said earlier, of the need to ensure that the capacity to make the right sort of steel is available in the UK when it is required for large infrastructure projects. That demands a decent timeline of planning and certainty, which we have clearly not had in recent years. The steel sector Catapult is a potential benefit to give us extra traction in that area. I hope the Government will push forward with it and answer the questions raised by my hon. Friend the Member for Redcar (Anna Turley) in her powerful contribution.

The long-awaited announcement about Heathrow was accompanied by a clear statement from Heathrow that it intends to use UK steel in the construction of additional airport capacity. That is the sort of clear, forward-thinking decision making that is in the interests of everyone. It is leadership in action and we want more of that. That is why I welcome the *Scunthorpe Telegraph* campaign for High Speed 2 to be built with UK, preferably British, steel. The *Scunthorpe Telegraph* is adding its campaigning voice to mine and those of the Community union and others who have been making these arguments for some time. It is a very welcome move by a strong, campaigning local newspaper. HS2 is a massive public infrastructure project, forecast to require 2 million tonnes of steel, and we know that we have the expertise and the capacity to manufacture the necessary rail, long products and steel plate in British Steel, centred on Scunthorpe.

To be fair about rail procurement, we have the best example of best practice in the way that Network Rail has developed and delivered its procurement practices over the years, but that should not be an exception. It should be a template for others to learn from and aspire to. We also have the capacity to produce the steel needed for North sea wind farms being built as part of

the massive Hornsea project. My area is rightly proud of the opportunity that the Humber, as the energy estuary, offers for development and jobs locally. It would be a missed opportunity if Dong were to ship in steel from elsewhere to build that crucial infrastructure. However, I fear that it may, like BAE Systems, dodge the Government's new procurement guidelines.

When I met Dong representatives recently, I took the opportunity to remind them that it is UK taxpayers who are underwriting the generous contract for difference deal that they have been awarded. It is UK energy bill payers who will pay for the electricity that their wind farms produce. Every effort should therefore be made to ensure that UK steelmakers have the maximum opportunity to provide the steel for that massive infrastructure project. The Government's new procurement guidelines should be followed for such projects, which benefit from huge Government support, and not only for projects that come directly from the Government. The procurement guidelines should be followed, and companies such as BAE Systems and Dong should not be able to dodge under the bar. I hope that the Minister will respond to that point.

While we consider infrastructure projects, let us not forget that if we develop shale gas extensively in the UK, we should have the procurement policies and practices to ensure that high levels of UK steel content are used. The same arguments apply as for wind and all other forms of energy. Local procurement is also important, which is why it is so positive that a large number of councils—including, to its credit, North Lincolnshire Council—have made a commitment to sustainable steel. I am delighted with the public commitment made by Scunthorpe United—the mighty Iron, currently riding high at the top of League One—to using local steel in the construction of their new football stadium. Procurement is an area in which the Government have taken steps, but they need to do better. We need not just good words on paper, but actions on the ground. The Minister is picking up the baton from a good Minister, the right hon. Member for Broxtowe (Anna Soubry), but the baton is full of words and he needs to turn them into actions.

The forthcoming autumn statement could give us support on business rates, energy costs and grants for energy efficiency. Action on all those things would be beneficial. Let us hope that the new Chancellor takes the opportunity to show his mettle, show he is an iron Chancellor, and make commitments to the steel industry in the autumn statement.

3.27 pm

Christina Rees (Neath) (Lab/Co-op): I congratulate my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) and my hon. Friend the Member for Redcar (Anna Turley) on obtaining the debate. I welcome the Minister to his place, and want to compliment my hon. Friend the Member for Aberavon (Stephen Kinnock) on his great speech. His constituency is adjacent to mine, and I assure the House that he and I are working together for the people who live in our constituencies and work at Tata Steel.

To say it has been a difficult year for the steelworkers of Neath and Port Talbot would be an understatement. The challenge of competing in a global market, the

absence of anti-dumping tariffs, the lifting of the lesser duty rate and Brexit all conspire to create a world of uncertainty and fear. Of the 1,050 jobs lost in the UK steel industry since the year began, 750 of them have been lost from Port Talbot. That was on top of the 400 jobs lost in 2014.

Steel and the steel industry are essential to Wales and its economy, and that is particularly the case for my constituency and the people of Neath. The notion that it does not have a future is simply unthinkable. There are 575 businesses making up the steel industry, employing 31,000 people across the UK. More than 50% of those jobs are based in Yorkshire and Humberside or in Wales. However, between 1997 and 2014, iron production in Wales fell by 3,210 kilotonnes—or by more than 50%. Steel production has fallen by 25% during the past 40 years. Nevertheless, last year was a record-breaking one for Tata Port Talbot, with the plant producing 3.2 million tonnes of steel.

Decline and uncertainty are things that our steelworkers have had to deal with for many years and, being as robust as the steel that they make, they have bounced back every time, working through it all to keep our country supplied with the finest steel in the world. However, the uncertainty has taken on a new form in the shape of Brexit. The European Union accounts for more than 40% of direct British steel sales—and more, when the exports of British manufacturers are considered. Post-Brexit tariffs on British steel or an elongated trade agreement might signal the death knell of an industry already fighting to compete on a level global playing field.

I remind Members that the forerunner of the European Union, the European Coal and Steel Community, was set up not only to cement peace but to help economic growth by pooling resources and preventing unnecessary competition. Its architects would be astonished at the current state of affairs and the UK Government's inability to work with our European partners to prevent unnecessary competition from across the world. The latest industrial revolution taking place in China may well be the biggest of all. In 2015, the Chinese produced 804 million tonnes of steel, or 50% of the total worldwide output. The UK produced 11 million tonnes during the same year. It is a matter of not whether there will be implications for the UK steel industry as a result of Brexit but what their extent will be. If the Government do not do all they can, exports will be hit hard, output will be slashed, jobs will be lost and communities will be forsaken.

The picture painted may be bleak compared with a golden past, but I firmly believe that steel in Wales and the UK has a strong future. A future for any industry is all about adapting to change and turning threats into opportunities. The future of the steel industry is clearly about innovation, and technological innovation is in its business model. Beyond the heavy end of steel production that we all know so well, we also have organisations that innovate and produce high-tech products that are changing the way we view steel.

Neath Port Talbot is home to a company called Specific, which uses coated steel to make world-leading, innovative technologies that produce, store and release energy. At the heart of its work is Swansea University's bay campus, which straddles the constituencies of Neath and Aberavon. Specific is hugely concerned about our leaving Europe, not only because of the essential funding

[Christina Rees]

it has received from the EU—without which it probably would not exist—but because of the potential loss of a market in which it could promote and sell its products. It is that sort of high-level innovation that needs to be harnessed and nurtured if we want to see a future for our steel industry.

Stephen Kinnock: My hon. Friend is making an excellent and comprehensive speech. It is important to underline the fact that the quality of the steel is possible only through primary steelmaking. It must be produced on the basis of a process that starts right up the chain with a blast furnace, not with an electric arc furnace. If we are going to take steel into the 21st century and as high up the value chain as we can, we must retain primary steelmaking in this country.

Christina Rees: I thank my hon. Friend for making that important point.

An innovative product is only one part of the story; we must also use the current crisis as an opportunity to change the way we do business so that a structure can be established to protect the steel industry for many years to come. What about a management-workforce buy-out at Tata Port Talbot, and perhaps elsewhere? It could be set up in the shape of a co-operative and take advantage of the benefits of a tripartite model of delivery that would also involve investment from the public and private sectors. There are many such examples from across Wales and the UK, including Tower Colliery, John Lewis, Welsh Water and hundreds of credit unions. Welsh Water's slogan is "For Wales, not for profit"; we could apply the same principle to our other key industries, which for Wales means steel.

Co-operation, consensus and community are the founding principles of not only co-operatives but the Labour party. It is on those shared values that figures from across the Labour movement have led the development of organisations that have anchored communities during difficult times and helped to create a buffer against global economic shifts. Let us consider the possibility of doing the same in communities such as Neath, Port Talbot and elsewhere. I urge the Government to play their part in this endeavour.

3.34 pm

Jessica Morden (Newport East) (Lab): I, too, thank my hon. Friends the Members for Middlesbrough South and East Cleveland (Tom Blenkinsop) and for Redcar (Anna Turley) for securing this debate, and for their sterling efforts on behalf of the all-party group on steel and metal related industries, which is out today in some force.

Last week, the Community union, which does an absolutely fantastic job for its members, quite rightly praised steelworkers in a statement, saying:

"We believe the workforce should be commended, in the strongest terms, for continuing to deliver for Tata throughout this exceptionally difficult period and indeed restoring previously loss making parts of the business to profitability".

I start with that quote because it is right that we always acknowledge what a difficult time this is personally for those who work in our steel industry. We must never underestimate the effect the continued uncertainty is

having on steelworkers and their families. I know that from talking to those who work for Tata at Llanwern and at Newport Orb. A steelworker emailed me last week to say:

"We feel forgotten about and we have no news on the Government's and Tata's plan for the pension, no news on where we stand on the future on any proposed merger, no answer on the deficit etc. Things seem to have come to a standstill and there are no answers coming from Parliament or Tata".

That very much echoes what my hon. Friend the Member for Aberavon (Stephen Kinnock) said at the start of his speech. Aberavon and Port Talbot's fortunes are very much linked. I absolutely concur with what my hon. Friend said about that feeling of uncertainty and how difficult it is for people. Many steelworkers feel that their lives are on hold. I hope the Minister understands that and takes it away from the debate.

We have in this place relentless debates, questions and statements about steel. Just yesterday there were two fantastic questions at Prime Minister's questions from my hon. Friends the Members for Cardiff South and Penarth (Stephen Doughty) and for Penistone and Stocksbridge (Angela Smith). In response, the Prime Minister said:

"This Government have stood up for British-made steel, and we have taken a number of measures".—[*Official Report*, 2 November 2016; Vol. 616, c. 880.]

She also said,

"we recognise both the importance of steel and the importance of Tata in the United Kingdom."—[*Official Report*, 2 November 2016; Vol. 616, c. 886.]

On the lack of clarity about Brexit, she said:

"I am very clear that what we want to achieve is the best possible deal".—[*Official Report*, 2 November 2016; Vol. 616, c. 880.]

We appreciate those words, but we need more detail and more commitment from the Government, with stronger words and stronger action.

Workers in my constituency want to know that the Minister is fully engaging with the short-term urgency of the problems facing the Welsh steel industry. There are bits of good news, but the underlying problems have not gone away, as many other Members have said. We are still waiting for assurances from the Government about Port Talbot, which will affect Llanwern, and for any news on the joint venture between Tata's strip products division and ThyssenKrupp, which could affect Orb in my constituency. If there is such news, what assurance can the Government give that commitments will be made on jobs, investment and the continuation of primary steelmaking at Port Talbot and across south Wales?

The Government lobbied against the EU imposing tariffs on the dumping of Chinese steel. The Prime Minister did not even put Chinese steel dumping on the agenda when she first met the Chinese Prime Minister. Electricity prices are still a huge issue in the UK, with a disparity of £1 million a week between the UK and Germany, which has an effect on competitiveness. As many Members have said, despite the procurement guidelines, French steel is still being imported for Trident renewal. I know we will all be watching as large infrastructure projects get the go-ahead. The Government cannot let up on ensuring that all major procurement projects—from rail to airports and tidal barrages, which will be important for places such as Newport if Swansea bay tidal lagoon goes ahead—use British steel.

As every one of my hon. Friends has said, the Nissan announcement is brilliant news, but where is the Brexit plan for the steel industry? So far, the Secretary of State for International Trade has said that he has no plans to support the steel industry with trade defence instruments. When combined with the other uncertainties Brexit has caused, that is a major concern. Brexit has many other implications for the industry, so we want similar assurances to those given to Nissan.

In brighter news, the Welsh Government are thankfully doing all they can with the powers and levers available. I very much welcome the active work of Ken Skates, the Welsh Government's Cabinet Secretary for Economy and Infrastructure, who through Business Wales is supporting the industry through Welsh public sector infrastructure and construction projects.

I appreciate that it is not all gloom and—I will make this point before someone intervenes on me to make it—I also appreciate the point about primary steelmaking. Liberty Steel now employs about 1,500 people, including in the steelworks in my constituency and the two Scottish steel plate mills, one of which I know opened recently in the constituency of the hon. Member for Motherwell and Wishaw (Marion Fellows). Liberty Steel also has the SIMEC Uskmouth power plant and it is involved in the tidal lagoon initiatives, which were mentioned earlier and which are very important, not only for Swansea but, further on down the line, for places such as Newport. Liberty Steel has a long-term, sustainable strategy of steelmaking in the UK and actively invests in steel, power and the downstream industries. As we heard earlier, that is all built around a green steel vision, whereby Liberty Steel is working towards producing steel made from recycled scrap metal and powered by renewable power. That is an important addition to the traditional steelmaking industry.

Finally, I take this opportunity to invite the Minister to visit Newport East to see the site in my constituency and see at first hand the plans for Liberty.

Mr Clive Betts (in the Chair): It is now time for the Front-Bench spokespersons; no more than 15 minutes each, so that there are a few minutes at the end of the debate for the mover of the motion to wind up.

3.40 pm

Hannah Bardell (Livingston) (SNP): Thank you very much for calling me to speak, Mr Betts, and I assure you that I will not keep you nearly as long as 15 minutes.

I speak today on behalf of my hon. Friend the Member for Motherwell and Wishaw (Marion Fellows), who unfortunately is unwell and so cannot be here. I represent the constituency of Livingston. While Livingston does not directly have any steel jobs, it is a traditional manufacturing constituency. Over the years while I was growing up, I saw closures of sites by companies such as Motorola and Bausch & Lomb, and the devastating impact that such closures can have on a local area, so first and foremost, I will say that my hon. Friend and I stand in solidarity with the constituencies across the UK that have been devastated by the closures of their local factories.

The quality of the debate today has been fantastic and the debate itself has been very consensual. Clearly, there will be differences of opinion on certain policy

matters, but on issues such as this one we have to transcend politics and come together, to call for our vital steel industries to be protected.

Last year in Scotland, as is well known, the Tata Steel plants of Dalzell and Clydebridge faced huge uncertainty, as do many others across the UK today. The Scottish National party-led Scottish Government worked with the company, with local members of all political parties, with trade unions, with local government and with local communities, and they kept their promise of leaving no stone unturned though the work of that steel taskforce and through the work of Fergus Ewing, who was the Business Minister at the time and who has recently won an award for his work on this issue.

The steelworks of Clydebridge and Dalzell have now been bought by Liberty House and are coming back into production. They had been mothballed and I absolutely take on board the point that the hon. Member for Corby (Tom Pursglove) made about his disappointment at the lack of foresight and strategy in not supporting the mothballing of a site so that it can be brought back into production later.

For the avoidance of doubt and in case anybody wants to raise this point, as it has been raised in other debates previously, in April this year, then Prime Minister David Cameron mistakenly claimed that there was zero Scottish steel in the new Forth road bridge. That was quickly corrected by my right hon. Friend the Member for Gordon (Alex Salmond), who, as Members will know, is an assiduous pursuer of the facts, because steel from the Dalzell plate mill was used in the girders at either end of the bridge. My right hon. Friend further pointed out that the reason why there was no Scottish bidder for the main steel subcontract for the bridge was the closure of the Ravenscraig steel mill.

Tom Blenkinsop: The original contract let by the Scottish Government was with a Chinese company and a Catalonian company. The Catalonian company had to withdraw and it was actually Cleveland Bridge, in conjunction with Tata's Dalzell plant, that stepped in to fill that gap. The original contract—as signed off by the Scottish Government—fell through and Cleveland Bridge, which is in Darlington, and the Dalzell plant stepped in to fill that gap. So Scottish steel was used—in fact, it was British steel, as it was slab from Scunthorpe.

Hannah Bardell: I will take that point on board, but the hon. Member will know that much of that steel was rolled and developed in Scotland. Nevertheless, I thank him for his clarification.

I was going on to say that one of the reasons that situation came about was the closure of the Ravenscraig steel mill by a previous Tory Government in 1992. I know that Labour Members—the predecessors of the Labour Members here today—fought hard alongside our party's Members to save Ravenscraig. I pay tribute to all those Members who tried to save Ravenscraig.

That comment by the former Prime Minister reveals the lack of understanding about Scottish steel and indeed about steel across the UK, and the cavalier attitude with which such statements have been made about the industry. We cannot let that continue; there must be, as so many Members have said today, proper commitment from the Government.

[*Hannah Bardell*]

I say that because the issues that we are discussing today are not limited to the steel industry but extend to British industry in general. Post-Brexit, the uncertainty and anxiety are greater than ever, because we have no idea what kind of deal many industries will get. We know what the car industry will get, although we do not have the detail of that deal. We do not know whether other deals will be made sector by sector, or area by area. Before the Brexit vote, we knew that the international demand for steel was falling: the OECD had said that excess global capacity was expected to widen to 645 million tonnes. Now, post-referendum, the pound is falling, so UK steel will be cheaper for foreign buyers, but as other Members have said, the cost of the imported raw materials will be higher in the long-term, which will make things very difficult.

I congratulate the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) on securing this debate and on the passion with which he spoke. He highlighted the contrast between the approach and guarantees given to Nissan and the automotive industry with the support for the steel industry. That is ironic, given that the World Steel Association has said that on average 900 kg of steel is used per vehicle. So we will be making cars in Britain but importing the steel to make them and many parts of those cars. I hope that irony is not lost on the Government and that they take this issue very seriously.

Strong anti-dumping measures are critical. They were nearly secured with our EU partners. In our view, it is indefensible that the UK Government blocked EU attempts to regulate Chinese steel. The hon. Member for Corby spoke about the importance of the all-party group on steel and metal related industries and its collaboration with others. He made a plea to Tata for more information and said that the Government's leadership would be key. Although he is a self-professed Brexiteer, he wants better leadership. However, given that it was the UK that blocked the EU attempts to regulate Chinese steel, I am not sure how he thinks the UK will do a better job. He was not able to answer that question earlier; perhaps the Minister will be able to answer it. We are all interested to know how the UK industry will fare if the UK ends up operating under World Trade Organisation rules, as the Secretary of State for International Trade has said. To be fair, the hon. Member for Corby was encouraging his colleagues in the Government to be proactive in their industrial strategy and said they needed to champion steel.

The hon. Member for Sheffield Hillsborough spoke passionately about the speciality skills and products produced in her constituency and the importance of the Prime Minister's visit to India next week in ensuring the future of speciality steel—

Angela Smith: I was the Member for Sheffield Hillsborough; I now represent Penistone and Stocksbridge. The shadow Minister, my hon. Friend the Member for Sheffield, Brightside and Hillsborough (Gill Furniss), is now the MP who represents Hillsborough.

Hannah Bardell: My sincere apologies. My lack of parliamentary constituency knowledge has failed me there, so I sincerely apologise to the hon. Lady and I thank her for her intervention. I will be honest—on this occasion, Google has let me down.

The hon. Lady spoke about how a country without a steel industry could not call itself a major economy. We in Scotland are proud and glad to have secured steel and to call ourselves a major economy, but we worry for our neighbours and friends in other parts of the UK. I agreed with so much of what she said, particularly on renewables and single market access.

The hon. Member for Wellingborough (Mr Bone) gave us an insight into which team he is on; it is clear that he is backing the new “May Way” and not the old Cameron regime. He urged us to be positive about the future and mooted the merits of free trade and market access. He agreed that we should be tackling the issue of Chinese dumping as well.

The hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards)—I hope I have got that right—talked about the future of steelmaking in Wales and about his party's desire to remain in the single market, as well as the importance of the single market and the customs union. He also highlighted the short-term upturn in the steel industry and the report from Swansea University that said there are opportunities in the long term to strengthen factories such as Port Talbot, but swift strategic action was essential. I wish him well in getting either swiftness or strategy from the Government. He also spoke about the Liberty and Excalibur deal and the importance of giving it careful consideration.

The hon. Member for Redcar (Anna Turley) spoke extremely passionately about the SSI closure—it was a highly efficient and productive plant—and the devastating impact that has had on her constituency. I congratulate her on the work she has done. I agree that it is devastating that the plant could not be mothballed. I am at pains to know why that could not have been done. I cannot understand it. I hope the Minister has more than warm words for her and her constituents.

The hon. Lady's colleague the hon. Member for Aberavon (Stephen Kinnock) spoke about the tragedy of Port Talbot and the cloud hanging over him and his constituency. Again, the message was clear: swift and decisive action is needed, particularly given that the cost of raw materials will rise once we leave the EU.

The hon. Member for Hartlepool (Mr Wright) spoke of his admiration for his colleagues and what they were doing every day. Other Members spoke about the personal impact the issue is having. It is so important that we send that message to people outside. Members are in their constituencies as much as they can be, but with so much business here, balancing things is a big challenge. I know from travelling up and down the country how difficult that can be. We may have many differences of opinion, but the hon. Members for Scunthorpe (Nic Dakin), for Neath (Christina Rees) and for Newport East (Jessica Morden) sent a clear message. They made passionate pleas to the Government.

The consensus and the message is that we need strategy, action, investment and access. Those things are not outside the grasp or ability of any Government. The Government need to act now to save jobs and an industry that is vital to constituencies and areas across the UK. Through that, the communities of Members here today can be protected.

3.51 pm

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): It is a pleasure to serve under your chairmanship this afternoon, Mr Betts. I begin by congratulating my

hon. Friends the Members for Middlesbrough South and East Cleveland (Tom Blenkinsop) and for Redcar (Anna Turley) on securing this vital debate. I also congratulate all my hon. Friends who have spoken. I welcome the new Minister to his place. The irony is not lost on me: I am a daughter of a steelworker addressing a Minister who has a family link with steelmaking. I think I heard that at the beginning of the debate.

The number of Members who have spoken today speaks volumes about the importance of the issue. It is a pleasure to be among this dedicated group who have been fighting for the future of the steel industry with such determination for many months and years. We must pay tribute to the all-party group. I am sure we are all awaiting the forthcoming report. I also thank the trade unions and their officials for their hard work representing their members and supporting them and the wider communities that rely on steel in incredibly uncertain times. Both they and the manufacturers have approached the situation constructively. I thank the *Daily Mirror* for its ongoing "Save Our Steel" campaign, which has done so much to keep the issue on the political agenda and to raise wider awareness of how crucial the steel industry is to the economy.

The last time Parliament debated the crisis in the steel industry was at the beginning of July, shortly after the EU referendum and David Cameron's announcement that he would be standing down as Prime Minister. Members were grappling with the consequences of those things for the future of the steel industry. There were a lot of questions, but few solid answers.

Four months on, very little has changed. We have seen the chairman of Tata replaced by his predecessor, but the future of Tata steelworks across the country is no clearer than it was previously. Thanks to the drop in the pound's value, a slight rise in steel prices globally and, not least, the dedication of our steelworks, there has been a slight improvement over the past few months. However, we must not let an uptick distract us from the fact that the industry is still in a deep existential crisis—it is hanging by a thread.

The industry has had plenty of warm words from both the old Prime Minister and the new, but so far there has been little in the way of practical policy. Although the new Prime Minister has spoken about strategically important industries needing Government support, steel manufacturers are crying out for the rhetoric to be matched by action. We have seen that Ministers are prepared to support industries in need—just look at their recent deal with Nissan. As much as we would all love to know what the deal entails, I appreciate that this may not be the debate in which to discuss it. Nevertheless, I am grateful to the Government for ensuring the continuing presence of Nissan in the UK, not least because the automotive sector is of critical importance to steel. It does, though, prompt the question: if Nissan and the automotive industry can be supported, why not steel?

With all the uncertainty hanging over the steel sector, workforce morale is understandably low. Workers are casting about for alternative careers, and once they have taken their expertise with them, they cannot be easily replaced. They need reassurance that their jobs and their industry have a viable future, and they need that reassurance now. Uncertainty also means a steady shrinking

of customer confidence, and there is no surer way to undermine the steel industry than to allow its customers to think that it has no future.

Both the workforce and the manufacturers are united in calling for the Government to take a number of concrete steps. Members have highlighted those key asks this afternoon, and I want to reiterate them to the Minister and ask how his Department will respond to each of them.

The first issue is energy prices. The price of electricity in the UK for extra large users is the highest in the EU, to such an extent that it undermines our competitiveness. The difference means that UK steel manufacturers pay nearly £17 more per megawatt-hour than Germany—the next most expensive—costing the UK steel industry nearly £1 million every week. Industry has put forward a number of proposals to balance that disparity, such as a review of National Grid's transmission charging regime and a review of the impact of the carbon price floor. However, the response from the new Department for Business, Energy and Industrial Strategy has so far been silence. Now that business, industry and energy are all under one departmental roof, I shall be interested to hear what discussions the Minister has had with his colleagues on the matter.

Mr Bone: The hon. Lady is making a very interesting speech. I would like to know—this goes to the heart of some of the problems with energy costs—the Opposition's view on what should be done on energy prices.

Gill Furniss: We have to look throughout Europe and find examples of best practice that we can adopt in this area of work, which is clearly important.

Secondly, there is the issue of business rates. By including plant and machinery in business rate calculations, we are not only at variance with but less competitive than France and Germany, where business rates are as much as 10 times less than ours. We are also creating a disincentive for manufacturers to increase productivity and are effectively taxing investment. Perhaps the best example is in Port Talbot, where Tata invested £185 million in a new blast furnace only to find £400,000 added to their business rates. Our current one-size-fits-all regime for business rates is a hangover from the days when manufacturing dominated our economy. That has not been the case for decades, and we need a tax regime that reflects that change.

Tom Pursglove: Does the hon. Lady agree that a balance has to be struck on taxes? Taking her back to the energy point, one of my concerns is that in the past, the right balance has perhaps not been struck between green taxes and levies and making sure that the needs of our energy-intensive industries are properly reflected in policy. What does she make of that? Is she concerned about the green taxes and levies?

Gill Furniss: The hon. Gentleman makes a very good point, but a lot of work needs to be done in the green energy industries to start with, because we really are missing a bit of a home goal by suddenly putting them on the sidelines. I am sure we will pursue that.

Tom Blenkinsop: On green taxes, I remind the House that the Opposition voted against the unilateral introduction of the carbon price floor by the previous Chancellor of

[Tom Blenkinsop]

the Exchequer. That was brought in without any conversation with the industry and without the EU's prior knowledge. When the then Government attempted to reverse that, they were prevented from doing so by European legislation. My hon. Friend will also be aware that as well as opposing the CPF, we also put forward business cases for the industry.

Gill Furniss: I thank my hon. Friend for that point. Thirdly, I want to give credit where credit is due and thank the Government for the guidance published in October last year, which has put some emphasis on supporting British steel in major procurement projects. However, despite the good intentions behind that move, we are still seeing major contracts going to foreign steel manufacturers, most famously the new Trident submarines, which are being built with French steel. Had a British firm been engaged to supply the steel, more than 1,000 jobs would have been supported, but alas, that is not the case. Will the Minister commit to ending the exemption from the guidance of tenders funded through contracts for difference? Will he look at strengthening the guidance better to reflect the social and economic consequences of current procurement decisions? Will he follow the examples set by the Scottish and Welsh Governments and publish future pipelines of projects so that British steel manufacturers can prepare themselves to fulfil future demand?

Fourthly, there is the issue of trade defence mechanisms and Chinese dumping. Whatever else Brexit may mean, it is absolutely vital for the industry that we avoid any sort of punitive restrictions on access to the European market. Last year, more than two thirds of our steel exports went to EU countries and our own steel industry is closely bound up with the Dutch plant at IJmuiden. Our trade defence mechanisms depend so much on what the final Brexit deal looks like, but whether or not we find ourselves bound by the rules of the single market, it is critical that the UK stands up for fair trade globally. While we still have a voice in the European Commission, we should be throwing our weight behind the scrapping of the lesser duty rule, which is hamstringing all efforts to counteract Chinese dumping, and opposing China's application for market economy status, which will kill those efforts stone dead. Free trade does not mean fair trade and until the Government wake up to that reality, the steel industry will never have the level playing field it is asking for.

On the industrial strategy, the difficulties that the steel industry has with energy prices, business rates, procurement problems and unfair global trading practices are all issues that the Government need to address immediately. There are swords dangling over the industry's head, but if British steel is going to not just survive but thrive, it needs a proper long-term industrial strategy to put it on the right track for the future. I am glad that the Department for Business, Energy and Industrial Strategy has commissioned research into the future capacity and capability of the steel industry. I and no doubt all of us here are looking forward to its findings next year.

Every job in steel supports three in the supply chain and the industry really is the cutting edge of UK manufacturing. Most of the types of steel being produced were not even in existence 15 years ago. Steel will play a central role in our transition to a low carbon economy if

we manage it correctly and it can continue to lead the world in terms of quality and innovation. Will the Minister reassure us that BEIS will put steel at the heart of its industrial strategy?

Steel is not a dying industry. It is not a relic of a bygone era. It may be a proud part of our industrial past, but it also has the potential to be a dynamic part of our economic future. Without it, we will not only have lost an industry—make no mistake—we will have lost our entire manufacturing base. No one is asking for special treatment; we are asking for a level playing field that will allow the industry to move forward with confidence. Four months on since we last debated this issue, the steel industry is still in crisis. I urge the Minister to show more energy than his predecessors and do what it takes to save our steel.

Mr Clive Betts (in the Chair): If the Minister would just allow a few minutes at the end for the wind-up speech, that would be appreciated.

4.3 pm

The Minister for Climate Change and Industry (Mr Nick Hurd): I will certainly do that, Mr Betts. It is a pleasure to serve under your chairmanship and to welcome the new shadow Minister, the hon. Member for Sheffield, Brightside and Hillsborough (Gill Furniss), to her place.

It has been a really good debate. I know I am meant to say that, but I mean it. Anyone listening to or reading the debate whose livelihood depends directly or indirectly on this critically important sector will be in no doubt about the passion felt for the sector by their elected representatives, on both sides of the House, who have championed their interests, and none more so than the hon. Members for Middlesbrough South and East Cleveland (Tom Blenkinsop) and for Redcar (Anna Turley), who made this debate happen and who have spoken so effectively.

I do not think that I or anyone will ever give the hon. Member for Redcar full satisfaction on an explanation for the past, but she knows from the meeting that she had with me and the Secretary of State that we are determined to do everything we can, on top of the support for the taskforce, to support and engineer a beautiful rebirth of the site to the best of our ability. I repeat my offer to visit at whatever point is appropriate and valuable. The hon. Member for Middlesbrough South and East Cleveland gave a masterful speech. It was extremely well informed and constructive, and contained a good mix of challenge both for his party's Front Bench and for the Government.

Out of respect for the debate, I am going to resist what was already a weak urge to simply unload a section of prose prepared by civil servants. I will do my best to try to respond to the debate. First, I must do something important, which is to register our complete understanding of the frustration about the uncertainty, which various Members have expressed. That is entirely understandable. I will go further and say that the Government share that frustration, because we are deeply worried, as I will come on to say, about the deep structural difficulties that the sector faces in both the long and short term.

As most Members who know more about this industry than I do will recognise, those underlying issues are extremely complicated, and therefore the solutions that

the Government can implement that would have a long-term, sustained impact—that is what we should be about—are not that straightforward. I will be very frank: we are also frustrated about the pace and speed at which decisions are being taken in the private sector. I give full assurance to the Members who probed on that point that, although we might be in a slightly different age, when the steel industry is not necessarily on the front page of the newspapers, the Government are deeply aware that the difficulties have not gone away. We are fully engaged at all levels—ministerial, Secretary of State and official—to stay as close as we can to all the complex conversations that are going on. Our message to everyone is that we are here to support a long-term, sustainable future for the sector.

I refute and push back on the suggestion that underlay a number of speeches: that the Government's eye is somehow off the ball. That is not true. We absolutely share the view expressed in the debate—I heard the Secretary of State say this directly to the chief executives of the industry—that this is not an industry with a past or a sunset industry, as the hon. Member for Hartlepool (Mr Wright) called it, that we should look at through a lens of nostalgia. We are interested in working together with the sector, stakeholders, the all-party parliamentary group, the Select Committee and everyone else who wants to shape the industry, to present a story around the sector of growth and seizing some of the very real opportunities that are out there. We are entirely sincere in that view and in that determination.

It is worth restating that that is not just because of the importance of the sector, which employs 31,000 people, or because of the huge weight and importance it has to the fundamental identity of many towns across the country represented here today, its value in terms of exports, or the fabulous opportunities that we see for it to be positioned as a dynamic component in an invaluable supply chain, supporting some of the industries where we see big opportunities for growth—the hon. Member for Hartlepool mentioned a couple of those, such as the automotive industry and offshore wind. It is not just for those reasons, but, as the hon. Member for Middlesbrough South and East Cleveland and other Members described, because we see it as a foundation sector underpinning the infrastructure of this country. It is, in that respect, strategic. We are determined—I echo the words of my long-standing hon. Friend the Member for Wellingborough (Mr Bone)—that this sector has got to have a future. We must collectively shape that.

In that context, we totally understand that, even though there may have been some short-term improvement in trading conditions, we cannot be deceived. The Secretary of State and I had a meeting with the chief executives of most of the major companies last week, and they were very clear that trading performance is improving in some ways, but they do not trust that to be sustainable. The overwhelming, crushing issue is that the picture of overcapacity in the industry has not changed, despite some shifts at the margins. Demand remains weak, the volatility of raw material prices is an issue, particularly for coke, prices remain a problem and the spread remains a concern. In conclusion, the situation remains very difficult. We have no illusions about that.

Some of the rhetoric has been: “The Government are all talk. It's all words.” I am not complacent about this, but I need to state categorically, and to echo the words

of my hon. Friend the Member for Corby (Tom Pursglove), that although the work is not done, action has been taken in some critical areas. We are aware that energy costs—specifically industrial electricity costs—remain a significant problem, but since 2013 more than £120 million-worth of public resource has been effectively reallocated to the steel sector to mitigate these problems. To anyone who describes that as limited, I say that my constituents would not consider £120 million to be small change. I know that is appreciated by the industry, and anyone who says that it is just words on this issue is wrong.

Nic Dakin: I am not surprised that the Minister pointed to that, but does he accept that the support was very slow in coming? It took about three years from being promised to being delivered. We do not want that sort of sloth from the Minister and the Government now.

Mr Hurd: I hope I have never been associated with sloth—my mother might disagree. I do not know the background to it fully enough, but the more substantive point is that, despite that weight of money, more clearly needs to be done. We have not solved the issue. The pace may be important, but the fundamental challenge for us all is that we have not cracked the problem.

Angela Smith: I am pleased to hear that last comment, because the wholesale costs of energy are also of major concern, not just for steel but for the chemicals industry and all other energy-intensive industries, so the Government need to move on the reform of the wholesale energy market.

Mr Hurd: I will come on to that issue. The point I am trying to make is that the Government have not been all talk: we have taken action on energy.

I refute the allegation that the UK has been a fundamental obstacle on dumping. We have pressed for anti-dumping measures, specifically on wire rod, seamless tubes, rebar and cold rolled products. The EU now has 39 trade defence measures in place, and imports have fallen significantly as a result. We are an active member of the G20, which, as hon. Members know, set up a forum to look at the issue of dumping. The lesser duty rule is an issue; I do not know whether there is party division on that. Our position is that measures taken against dumping need to be proportionate because we have to balance the interests of consumers, the industry and businesses. We have been and will continue to be a very active voice on dumping.

My hon. Friend the Member for Corby rightly talked about procurement. Again, the UK has been the leader in the EU on responding to the new flexibilities, and new guidelines are in place. The feedback from the chief executives at the meeting last week was that they did not really want to talk about procurement because they recognised that action had been taken and other issues were more important to them, not least business rates, which I acknowledge continue to be an issue. The Government have reformed business rates in a way that is designed to present a net benefit to the UK economy. Steel companies will benefit from that reform. Does it go as far as the steel industry wants? No. Are there big complexities, not least around the affordability and doability of what the steel industry wants? Yes, but we will continue to try to work through them.

[Mr Hurd]

On the strategic direction, the Government have stepped up and offered to fund the capability study and work with the sector to identify the capabilities that are needed—that was the point made by the hon. Member for Penistone and Stocksbridge (Angela Smith)—and growth opportunities for the future. There has been action, but we are clear that our work is not done. There is no room for complacency, given the pressures on this critically important industry.

We are looking at all the options for energy. They are complicated, because what we have got to do is legal and, as the hon. Member for Middlesbrough South and East Cleveland said, a consensus has to be built on who pays. If the steel industry pays less, the chances are that someone else is going to have to pay more. Our instinct is to focus on a strategic, sustainable approach; we have to move on from the sticking-plaster approach. I am glad hon. Members are nodding.

I am going to accelerate to fulfil my pledge. Of course Brexit brings tremendous uncertainties. As hon. Members know, we have not even started the negotiation process, let alone finished it, but I say to them what I said to the chief executives last week: this Department is your liaison point. It is our responsibility to listen very carefully to the sector to make sure that the issues you face are totally understood by the Government. In that respect, the steel sector is the same as the automotive sector and other sectors. Our responsibility is to listen to the sector and understand the granularity of the issues it faces so my Secretary of State, who is at the table with the decision makers in this process, is fully informed and able to represent the industry.

Stephen Kinnock: The Minister is making a comprehensive speech. On the topic of Brexit and inter-departmental co-operation, I draw his attention to the remarks made by the Secretary of State for International Trade. He said:

“We must turn our backs on those that tell us: ‘It’s OK, you can protect bits of your industry, bits of your economy and no one will notice.’ It is untrue...We must be unreconstructed, unapologetic free traders.”

Does the Minister think that, under his right hon. Friend’s guidance and as we leave the European Union, our ability to deploy trade defence instruments against the dumping of Chinese steel will be strengthened or weakened?

Mr Hurd: I am going to accelerate now. We are clearly being proactive about championing both free and fair trade, and we are very active with the EU on measures about that. As my hon. Friend the Member for Corby made clear, Brexit may in theory present us with some opportunities and freedoms that we do not

have at the moment, but all that is to be decided. It all needs to be agreed as a result of very full engagement with the sector.

My final point is about industrial strategy, which is where everything comes together. I will simply say what we said to the industry leaders: we want to work together to move the story of the sector away from any suggestion of sunset, failure or survival to talk of exciting growth. We need to work together on that to understand where the opportunities for growth are, where the capabilities are and where Government can provide support by ensuring that Brexit is right, by levelling the playing field and by helping with the innovation that is critical. We are absolutely serious in that determination. With that, I leave the Floor open to the sponsors of the debate.

4.18 pm

Tom Blenkinsop: It is interesting that the Minister said that the Government’s eye was still on the ball and talked about short-term gains, but said that we should not underestimate the long-term issues of overcapacity in the industry and that the Government were under no illusions. He has reassured us that the Government are not all talk, but that action in critical areas has happened—it has, to a certain extent, but we will see more in the developing months.

The Minister refuted any assertion that the Government were an obstacle on dumping, and he said that he believed in free and fair trade, which Labour Members and certainly the all-party group warmly accept.

I agree with the Minister on energy, that there has to be a consensus on how we make progress to stabilise not only the steel industry but manufacturing per se. I am very interested in working with him, as is the rest of the APPG, on formulating an industrial strategy for Britain.

The Minister is obviously very charming. He has been warmly welcomed by my Opposition colleagues, but that will only go so far. We will be keeping a careful watch on him, his colleagues and his superiors about delivery on the promises, warm words and charm of today’s debate. We want to work with the Minister and the Government Front Benchers as much as possible, because our communities, our people and the very culture that we all come from depend on our creating success for the British steel industry and associated manufacturing industries. I thank the Minister for his response today.

Question put and agreed to.

Resolved,

That this House has considered the future of the steel industry.

4.20 pm

Sitting adjourned.

Written Statements

Thursday 3 November 2016

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

Trade Union Industrial Action: Electronic Balloting

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): Section 4 of the Trade Union Act 2016 specifies that the Government should make provision for an independent review to consider the delivery of secure methods of electronic balloting of trade union members.

The Government are committed to the independent review and I am pleased to announce today that Sir Ken Knight CBE, the former Chief Fire and Rescue Adviser for England, will chair the review.

I am publishing the terms of reference in parallel. The review will start shortly and the final report presented to Parliament no later than December 2017.

[HCWS234]

HEALTH

Gosport Independent Panel: Terms of Reference

The Minister of State, Department of Health (Mr Philip Dunne): I wish to update the House about the investigation into Gosport War Memorial Hospital.

On 10 July 2014, the former Minister for Care Services (Norman Lamb), announced the establishment of the Gosport independent panel, chaired by Bishop James Jones, to review documentary evidence held across a range of organisations concerning the initial care of families' relatives and subsequent investigations into Gosport War Memorial Hospital.

When the former Minister announced the terms of reference for the Gosport independent panel on 9 December 2014 the Government expected the panel to complete its work by December 2017 [HCWS78].

As a consequence of the greater number of families now in contact with the panel and the increase in the volume of material the panel is reviewing, the panel now expects to complete its work in spring 2018.

It is also available online at: <http://www.parliament.uk/writtenstatements>.

[HCWS233]

HOME DEPARTMENT

Immigration Rules

The Minister for Immigration (Mr Robert Goodwill): My right hon. Friend the Home Secretary is today laying before the House a statement of changes in immigration rules as set out below. These changes continue our reforms to the UK immigration system.

The changes we are making to the rules will ensure that those who do not qualify for international protection on account of their conduct, for example serious criminality, are not granted settlement or limited leave to remain in the UK under the immigration rules.

We are also abolishing the "28-day grace period", during which we currently accept out of time applications for a range of routes including work and study, to encourage greater compliance with the immigration rules. This will make clear that people must comply with the rules and make any application for further leave before their current leave expires.

The changes also include the reduction in the threshold of NHS debt from £1,000 to £500 for family cases and armed forces cases to align with changes made elsewhere in the rules in April 2016.

The changes also provide for a new English language requirement for non-European economic area national partners and parents applying to extend their stay in the UK. The new requirement, which can be met by passing, as a minimum, an A2 level common European framework of reference for languages speaking and listening test, will apply to partners and parents whose current leave on a five-year route to settlement under the family rules is due to expire on or after 1 May 2017.

The new A2 requirement will deliver on the Government's manifesto commitment to ensure that those coming to the UK on a family visa with only basic English become more fluent over time. We believe this will improve integration in communities. An associated statement of intent and policy equality statement will be published today on gov.uk.

Following a review by the independent Migration Advisory Committee, on 24 March 2016 the Government announced two phases of reforms to tier 2, to be implemented in autumn 2016 and April 2017. The changes being laid today implement the first phase of these reforms. This includes changes to the salary thresholds for tier 2 (general) and short-term intra-company transfers (ICTs), and closure of the ICT skills transfer category. There are exemptions from the new salary for certain occupations in health and education.

We are also making technical changes to the immigration rules to clarify the concepts of a first country of asylum and a safe third country.

[HCWS235]

Petition

Thursday 3 November 2016

PRESENTED PETITION

Petition presented to the House but not read on the Floor

Implementation of the 1995 and 2011 Pension Acts

The petition of residents of Oldham West and Royton,

Declares that as a result of the way in which the 1995 Pension Act and the 2011 Pension Act were implemented, women born in the 1950s (on or after 6 April 1951) have unfairly borne the burden of the increase to the State Pension Age; further that hundreds

of thousands of women have had significant changes imposed on them with little or no personal notice; further that implementation took place faster than promised; further that this gave no time to make alternative pension plans; and further that retirement plans have been shattered with devastating consequences.

The petitioners therefore request that the House of Commons urges the Government to make fair transitional arrangements for all women born in the 1950s (on or after 6 April 1951) who have unfairly borne the burden of the increase to the State Pension Age.

And the petitioners remain, etc.—*[Presented by Jim McMahon.]*

[P001974]

Ministerial Correction

Thursday 3 November 2016

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

Small Shops Regulation

The following is an extract from the response to the hon. Member for South Thanet (Craig Mackinlay) during the debate on small shops regulation on 2 November 2016.

Margot James: My hon. Friend said that there was a great deal of disquiet among small retailers in his constituency about the programme to make tax digital. I have heard such disquiet in my meetings with the Federation of Small Businesses and discussed it with the Financial Secretary to the Treasury. There are some signs of progress. There is no chance of the programme being rowed back or changed radically, but the Treasury is consulting on changing the threshold and removing unincorporated businesses entirely. It is also consulting on delaying its introduction for one year for businesses of a certain size, and there is even the possibility of

some financial support for very small businesses. So, the Treasury is listening. I think the consultation deadline is fast approaching, so I urge my hon. Friend to make haste in contributing his views on behalf of his local retailers. — [*Official Report, 2 November 2016, Vol. 616, c. 390WH.*]

An error has been identified in the response I gave to my hon. Friend the Member for South Thanet (Craig Mackinlay).

The correct response should have been:

Margot James: My hon. Friend said that there was a great deal of disquiet among small retailers in his constituency about the programme to make tax digital. I have heard such disquiet in my meetings with the Federation of Small Businesses and discussed it with the Financial Secretary to the Treasury. There are some signs of progress. There is no chance of the programme being rowed back or changed radically, but the Treasury is consulting on changing the threshold and removing **some** unincorporated businesses entirely. It is also consulting on delaying its introduction for one year for businesses of a certain size, and there is even the possibility of some financial support for very small businesses. So, the Treasury is listening. I think the consultation deadline is fast approaching, so I urge my hon. Friend to make haste in contributing his views on behalf of his local retailers.

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