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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Wednesday 23 November 2016**

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# House of Commons

*Wednesday 23 November 2016*

*The House met at half-past Eleven o'clock*

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### SCOTLAND

*The Secretary of State was asked—*

#### Tourism: LIBOR Funding

1. **Stewart Malcolm McDonald** (Glasgow South) (SNP): What discussions he has had with the Chancellor of the Exchequer on the amount of LIBOR funding available to museums, galleries and tourist attractions in Scotland. [907316]

**The Secretary of State for Scotland (David Mundell):** Lots of good causes across Scotland have put bids in to the Treasury for the next round of allocations from the LIBOR fund, but I am afraid we will need to be patient and wait for the Chancellor's autumn statement this afternoon to hear which have been successful.

**Stewart Malcolm McDonald:** The Secretary of State knows that there is no greater cause in my constituency than Holmwood House, a fine piece of Alexander "Greek" Thomson's architecture. Next year is the bicentenary of his birth, and the Secretary of State knows how keen I am, and the Alexander Thomson Society is, to promote that, both around the UK and internationally. Will he assure me that the full weight of his office is behind making that happen?

**David Mundell:** The hon. Gentleman is to be commended for his efforts in promoting the bicentenary of Alexander "Greek" Thomson, who is perhaps an underappreciated icon of Scottish architecture. I can assure the hon. Gentleman—especially after my own visit to Holmwood House and meeting with the Alexander Thomson Society—that the UK Government will do all we can to support and promote that bicentenary.

**Alan Brown** (Kilmarnock and Loudoun) (SNP): I have written to the Chancellor of the Exchequer suggesting that LIBOR money could be used to help fund opencast coal restoration in Scotland. Has the Secretary of State had any similar discussions with the Chancellor or has he done nothing about the opencast pledge in the 2015 Green Book?

**David Mundell:** The hon. Gentleman knows that I—and, indeed, the UK Government—have done a great deal to work with East Ayrshire Council to ensure that opencast restoration could proceed in that area following the collapse of various companies involved in

opencast mining. We continue that dialogue with both the Scottish Government and East Ayrshire Council to try bring the matter to a satisfactory resolution.

**John Stevenson** (Carlisle) (Con) *rose—*

**Mr Speaker:** The hon. Gentleman was a bit tardy in standing, but we will hear the fellow anyway.

**John Stevenson:** Thank you very much, Mr Speaker. Scotland has some wonderful tourist attractions, many of which are in the border region and Cumbria. Does the Secretary of State agree that there are real opportunities to promote tourism in the border areas, but that that will involve close co-operation between councils on both sides of the border, and is not just about finance?

**David Mundell:** My hon. Friend knows that I am very keen to promote cross-border working between Cumbria County Council, his own local authority, Dumfries and Galloway Council and Scottish Borders Council. That is why I am a very big supporter of the so-called borderlands initiative to bring those councils together to try to secure economic development for the area, in which tourism would play a very important part.

### Scotland Act 2016

2. **Mr Stewart Jackson** (Peterborough) (Con): What progress has been made on the transfer of powers to the Scottish Government under the provisions of the Scotland Act 2016. [907317]

**The Secretary of State for Scotland (David Mundell):** We have made significant progress in transferring powers in the Scotland Act 2016 to the Scottish Parliament. A large number of provisions of the Act are already in force and we are continuing to work with the Scottish Government on the smooth transition of remaining powers.

**Mr Jackson:** The Scottish National party Government have failed to introduce a single piece of legislation in the past six months; the First Minister prefers grandstanding across Europe to block Brexit. Is it not time she used the powers devolved to her under the Act to start governing, rather than engaging in pointless photo opportunities?

**David Mundell:** I can update my hon. Friend. The Scottish Government have now brought forward one piece of legislation since the Scottish parliamentary elections in May. He may be interested to know that this Government currently have 19 pieces of proposed legislation before this Parliament. Of course I agree with him, and I think the majority of people in Scotland want the First Minister and the Scottish Government to get on with their day job of running Scotland and seeing to the devolved responsibilities, rather than constantly talking about independence.

**Angus Robertson** (Moray) (SNP): The Scottish Government have announced that the new powers over benefits will be used to end the misery being meted out to disabled Scots by the UK Government. First Minister Nicola Sturgeon has pledged to reduce the need for assessments for personal independence payments and disability living allowance, in particular for those with

long-term illness. Will the Secretary of State take the opportunity to welcome that and urge his UK Cabinet colleagues to follow suit?

**David Mundell:** What I will welcome when I see it is some detail behind those fine words. We have heard lots and lots of fine words on welfare, but to date we have absolutely no detail as to what the Scottish Government plan to do.

**Angus Robertson:** I suppose we should view it as progress that the Secretary of State believes they are fine words, and perhaps he will follow the Scottish Government's initiative, but it is fair to say that the majority of welfare and economic powers are not being devolved to the Scottish Parliament. Will the Secretary of State confirm that he has no plans to devolve powers to deal with Scottish legal partnerships, and the risks they pose in the fight against global money-laundering and organised crime? I have raised this matter with the Prime Minister and spoken to the right hon. Gentleman. Will he now tell the House what he and the UK Government will actually do about it?

**David Mundell:** As the right hon. Gentleman knows, the settlement in the Scotland Act 2016 was the outcome of the Smith Commission. The Scottish legal partnerships issue was not a part of that arrangement and will not be devolved, but I take it extremely seriously. I commend him for the way in which he has highlighted it in this House and elsewhere, and I commend *The Herald* for the way in which it has highlighted the issue. Colleagues in the UK Government are looking at how we can best take the situation forward to end the abuses, which are evident.

**Iain Stewart** (Milton Keynes South) (Con): I was concerned to read in *The Sunday Times* that the Scottish Government are delaying the introduction of the devolved welfare powers. Can my right hon. Friend confirm whether that is the case?

**David Mundell:** All Members have access to the minutes of the last meeting of the joint welfare group between myself and Scottish Government Ministers. Those minutes confirm that the introduction of the welfare powers in Scotland is indeed being delayed, potentially until 2020.

**Mr Angus Brendan MacNeil** (Na h-Eileanan an Iar) (SNP): Will the Secretary of State consider the transfer of power on visas to the Scottish Government? In the Outer Hebrides, fishing boats are currently tied up because the UK Government will not enable non-EEA fishermen to come in and work on them. People are welcome and are required, but they are blocked from economic activity by the UK Government. This threatens jobs and industries in the Outer Hebrides. Will he act and do something about it, or will he do nothing as usual?

**David Mundell:** I recognise the hon. Gentleman's concerns, which others have also expressed. There are specific rules on who can work on fishing boats, but immigration remains a reserved issue and the responsibility of the Home Office.

**Stephen Pound** (Ealing North) (Lab): It is always a pleasure to follow Hurricane Angus. Mr Speaker, may I thank you for your generous indulgence in allowing me to appear at the Dispatch Box in the absence of my hon. Friend the Member for Blaydon (Mr Anderson), who is simply unable to be with us today? I have been immersing myself in Scottish legislation—and Irn-Bru—over the past week.

Many of us on the Labour Benches would give our eye teeth to have the powers contained in the Scotland Act 2016. Does the Secretary of State feel that the apparent reluctance of the Scottish Government to take more advantage of them indicates a surfeit of modesty, or, possibly, a lack of ambition?

**David Mundell:** I welcome the hon. Gentleman to the Dispatch Box at Scottish questions on behalf of the Labour party. The one question I have is, "Who next?" because we have had a selection of individuals. I say to the hon. Gentleman that these are very significant powers over tax and welfare. The autumn statement in this House is a very important event, but on 15 December we will see the Scottish Budget. For the first time, the Scottish Government will be able to raise income tax at their will in the Scottish Budget. That is a very significant moment in terms of taking responsibility and accountability.

### Small and Medium-sized Enterprises

3. **Paul Blomfield** (Sheffield Central) (Lab): What steps he is taking to ensure that Scottish small and medium-sized enterprises are protected from economic uncertainty. [907318]

**The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James):** The Government will continue to provide an environment where small and medium-sized enterprises everywhere can thrive. That means cutting red tape, keeping taxes low, tackling late payment and improving access to finance. We are committed to ensuring the whole of the UK is a great place to start and grow a business.

**Paul Blomfield:** Figures produced by the Scottish Government show that SMEs constitute 99% of all private sector enterprise and more than 50% of employment in Scotland. If the economy suffers any form of setback—and the Chancellor is predicting one—these enterprises will be hardest hit. Given their importance, what is the Minister doing to reduce uncertainty and to support their growth?

**Margot James:** The UK economy is strong in spite of uncertainty. Scottish SMEs currently benefit from nearly £400 million of investment from the British Business Bank and Innovate UK aimed at helping them to grow and capitalise on new technologies and new export markets.

13. [907330] **Craig Tracey** (North Warwickshire) (Con): Does the Minister agree, given that the UK market is four times the size of the EU market in Scotland, that it is clear why businesses are saying loud and clear that they do not want talk of another independence referendum, but instead want stability to strengthen the economy?

**Margot James:** I quite agree with my hon. Friend. SMEs in Scotland trade four times as much within the single market of the United Kingdom than with the EU. Indeed, they trade more with markets in the rest of the world than across the entire EU.

**Ian Murray** (Edinburgh South) (Lab): One of the key things that the Scottish and UK Governments could do to take away uncertainty for SMEs and businesses across Scotland is to take a second independence referendum off the table. Something else the Government could do—I hope we will hear this in the autumn statement—is conclude the Edinburgh city deal. What discussions has the Minister had with the Chancellor to make sure we hear that in the next few minutes?

**Margot James:** I share the hon. Gentleman's enthusiasm for that city deal, but we will have to wait another hour for more detail, and I could not agree more that the uncertainty in Scotland is coming far more from talk of another referendum than from the outcome of the EU referendum.

**Philip Boswell** (Coatbridge, Chryston and Bellshill) (SNP): Yesterday it was announced that over 500 jobs in the Tannochside area of my constituency were under threat, as Ageas Kwik Fit Insurance has announced plans to axe its entire Scottish operation. If these plans proceed, it will be a devastating blow to the local community just before Christmas. What assistance can the Secretary of State and his Government provide for these constituents and families at this difficult time?

**Margot James:** Obviously this will be a very difficult time for the Kwik Fit workforce and their families, particularly in the run-up to Christmas, as the hon. Gentleman mentioned. I understand that Kwik Fit is consulting on closure by the end of next March, and I hope that the affected workers will quickly be able to move into alternative employment. The UK Government will assist with support from the Jobcentre Plus rapid reaction service, working also with North Lanarkshire Council, to help all those being made redundant.

10. [907327] **Bob Blackman** (Harrow East) (Con): Given the importance of exports to England from Scotland, what is my hon. Friend's estimate of the number of jobs involved in this process, and does that figure not demonstrate the importance to Scotland and its economy of staying in the UK?

**Mr Speaker:** The answer should relate specifically to SMEs, which I am sure the hon. Gentleman intended to mention.

**Margot James:** The unemployment rate in Scotland is lower than that in the rest of the UK, and SMEs in Scotland, as my hon. Friend points out, benefit from this trend as much as any other businesses in Scotland.

**Stephen Pound** (Ealing North) (Lab): On 12 October, in response to a question about the deal struck with Nissan, the Secretary of State stood at the Dispatch Box and said—you can probably quote it verbatim, Mr Speaker—that

“whatever support is put in place for businesses in the north of England will apply to businesses in Scotland.”—[*Official Report*, 12 October 2016; Vol. 615, c. 287.]

Is the Secretary of State or the Minister willing to confirm that this is still the case? If so, will they provide us with more detail of the support? SMEs need to know.

**Margot James:** My right hon. Friend was exactly right in what he said about the Nissan deal. The same level of support will indeed be available to Scottish businesses, but, as for the detail, the right hon. Gentleman will have to wait another hour for the autumn statement.

**Stephen Pound:** I am very grateful to the Minister, especially for my promotion to the Privy Council. I welcome her commitment, which I am sure will reassure SMEs and businesses of all sizes, but there must have been an analysis of the costs. What assessment has been made of the cost of this support?

**Margot James:** My right hon. Friend the Secretary of State will be making an assessment of the costs and the benefits of all such deals on an ongoing basis.

### EU Convergence Uplift Funding

5. **Steven Paterson** (Stirling) (SNP): What discussions he has had with the Secretary of State for Environment, Food and Rural Affairs on achieving a fair allocation of the convergence uplift funding from the EU. [907322]

**The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice):** The Secretary of State for Scotland has had numerous discussions with me about the intra-UK budget allocations under the common agricultural policy. I have also had discussions on this issue with the National Farmers Union Scotland, Scottish Members of Parliament and the Scottish Government's Cabinet Secretary for Rural Economy and Connectivity.

**Steven Paterson:** The convergence uplift is worth €230 million, and the UK Government are withholding that money, which should be supporting Scotland's rural economy. Scotland's farmers deserve fairness. When will Scotland's man in Cabinet, by which I mean the Secretary of State for Scotland, do something about this, or will he continue to do nothing?

**George Eustice:** I simply say to the hon. Gentleman that we will provide an update on the review of CAP allocations before the end of this year. I add that the context has changed fundamentally, following the decision to leave the EU. Some argue that the area-based payments as required under the CAP have never suited Scotland very well. Indeed, NFU Scotland has previously raised concerns about the level of payments going to very large landowners, arguing that we should instead direct support to farmers and producers through livestock payments. We now have an opportunity to look at all of these issues, and I shall work closely on that with NFU Scotland and its talented team of officials.

**Calum Kerr** (Berwickshire, Roxburgh and Selkirk) (SNP): What we really seek in Scottish questions is the confirmation that the Secretary of State for Scotland

backs Scottish farmers and will get this promised money delivered. It is fantastic that we have the Minister with responsibility for farming here, but all we have heard so far is no detail and “just warm words”, to quote the Secretary of State. Can we have the detail put in place and give Scottish farmers what they deserve?

**George Eustice:** I completely disagree with the hon. Gentleman. As I made clear, the Secretary of State for Scotland discusses this issue with me regularly. I am passionate about Scotland, and I have discussed this issue with NFU Scotland from January onwards. We are working on joint proposals and joint agreements as regards post-Brexit agricultural policy.

### Leaving the EU

6. **Victoria Atkins** (Louth and Horncastle) (Con): What discussions he has had with Scottish businesses and other groups on the UK’s negotiations to leave the EU. [907323]

**The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James):** Since the referendum, my right hon. Friend the Secretary of State has held 60 meetings with well over 100 Scottish organisations to hear their views. In addition, my right hon. Friend the Business Secretary has met businesses in Aberdeen, while the Minister for Trade has met business leaders in Edinburgh.

**Victoria Atkins:** Will my hon. Friend encourage Scottish businesses to seize the opportunities of our new relationship with Europe and the wider world, including, of course, my own constituency of Louth and Horncastle? Will she urge the Scottish Government to support their businesses, stop moaning about referendums and get on with governing?

**Margot James:** I thank my hon. Friend, and I am happy to give that encouragement. The message that the UK Government have heard loud and clear is that businesses in Scotland want stability and not another divisive referendum. Talk of independence is disruptive. What people want now is the economic stability that can be provided only by Scotland remaining in the UK.

**Mr Speaker:** I call Stuart C. McDonald.

**Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): I have No. 12, Mr Speaker.

**Mr Speaker:** Spit it out, man. Come in on this question; yours was similar.

12. [907329] **Stuart C. McDonald:** In July, the party leader of the Secretary of State told the BBC:

“I want to stay in the single market, even if the consequence of that is maintaining free movement of labour.”

Ruth Davidson was 100% correct, so can the Secretary of State explain the shoddy U-turn?

**Margot James:** There was no U-turn whatever on that. The UK Government will seek the best possible deal for all parts of the United Kingdom. That will include limits on free movement and the best possible access to, and trade within, the single market for British companies.

**Ian C. Lucas** (Wrexham) (Lab): The creative industries in Scotland are one of the most successful areas of Scottish business, but there is real concern about the regulatory regime that Ofcom presides over and about what the future relationship with the European Union will look like. What discussions has the Minister had concerning that regulatory regime?

**Margot James:** My ministerial colleagues in the Department for Culture, Media and Sport will have had discussions, and I will ask one of them to notify the hon. Gentleman of their outcome.

**Mr Alistair Carmichael** (Orkney and Shetland) (LD): In the Northern Isles some of our most important exporting businesses are in the very successful food and drink sector, but representatives of the sector tell me that it is almost impossible for them to plan for their future until they know what access they will have to EU markets. Will the Minister ensure that their voices are heard in these negotiations, as well as those of the big boys in financial services and the automotive industries?

**Margot James:** My right hon. Friend the Secretary of State for Environment, Food and Rural Affairs has regular meetings with representatives of the Scottish fishing industry and the agricultural sector, and Ministers throughout the Government engage in many discussions with representatives of the Scotch Whisky Association about how they can continue to build on the strengths of their exports beyond the EU as well as within the single market.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): During a live televised debate two days before the Brexit vote, Scottish Tory leader Ruth Davidson said that the EU provided “a level playing field” for small businesses, and that if the UK were to leave the EU, the rest of the EU would impose tariffs and taxes. Will the Minister please tell us how many of the 1.2 million jobs provided by small and medium-sized enterprises in Scotland she estimates will be at risk from those tariffs and taxes once they come into force?

**Margot James:** As I have said, the Government are committed to gaining maximum access to the single market and trade within it for all British companies, and that includes Scottish SMEs.

**Mr Speaker:** Order. There is far too much noise in the Chamber. A number of very loud private conversations are taking place. Let us have some order for a very senior and respected Member of the House of 33 years’ standing, Sir David Amess.

### Food and Drink Industry

7. **Sir David Amess** (Southend West) (Con): What discussions the Government have had with food and drink companies in Scotland on the importance of the UK market for that industry. [907324]

**The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice):** My right hon. Friend the Secretary of State for Scotland held round-table discussions with representatives of the Scottish food and drink industry in August and October, and my right

hon. Friend the Secretary of State for Environment, Food and Rural Affairs met representatives of a range of food and drink businesses during her visit to Scotland earlier this month.

**Sir David Amess:** Given that Scotch whisky is the finest in the world and such a valuable export, does my hon. Friend agree that the UK's decision to leave the European Union may result in even more opportunities?

**George Eustice:** I very much agree with my hon. Friend. Scotch whisky is a fantastic success story for this country: in 2015, overseas sales were worth £3.9 billion. Earlier this year I attended an event in Tokyo to promote great British drinks, including Scotch whisky, which is particularly popular in Japan.

**Ms Tasmina Ahmed-Sheikh** (Ochil and South Perthshire) (SNP) *rose*—

**Hon. Members:** Hear, hear!

**Mr Speaker:** Order. I do not think that the hon. Lady has ever fully realised the extent of her own popularity on the Government Benches.

**Ms Ahmed-Sheikh:** Is the Secretary of State aware that the value of exports from the rest of the UK to Scotland is more than £50 billion? That is more than the value of Scotland's exports to the rest of the United Kingdom. Does the right hon. Gentleman agree that, regardless of any constitutional arrangements that may be made in the future, the trading relationship between Scotland and the rest of the United Kingdom is important to both constituent parts?

**George Eustice:** I think that what the hon. Lady has said underlines the fact that the union that is really vital to this country is the United Kingdom, because there is very close trade within it.

#### Independent Fiscal Commission

8. **Mr Ranil Jayawardena** (North East Hampshire) (Con): What discussions he has had with the Scottish Government on the work of the Independent Fiscal Commission. [907325]

**The Secretary of State for Scotland (David Mundell):** I have regular meetings with Scottish Government Ministers. I last met the Cabinet Secretary for Finance and Constitution at the Finance Quadrilateral on 21 October. Both Governments are committed to providing all necessary support for the Scottish Fiscal Commission and the Office for Budget Responsibility.

**Mr Jayawardena:** Does my right hon. Friend agree that it is a core principle of stable, accountable, mature government that Governments must not fiddle their own forecasts, but must instead answer for their choices, and the consequences of those choices, to the people whom they govern?

**David Mundell:** I absolutely agree with my hon. Friend, and the transfer of income tax and welfare powers to the Scottish Parliament does just that. No longer will the SNP and the Scottish Government simply be able to

complain. If they genuinely have ideas, they will be able to do something about it, and the people of Scotland will understand the tax implications.

9. [907326] **John Nicolson** (East Dunbartonshire) (SNP): Exports from the services sector could be cut by 60% if the UK is out of the single market. That would result in a £2.3 billion hit for Scotland. Given that, can the Secretary of State tell us why his Conservative colleagues at Holyrood voted against the Scottish Government motion to protect Scotland's position?

**Mr Speaker:** With reference to the work of the Independent Fiscal Commission, I call the Minister to answer.

**David Mundell:** I am sure that the Independent Fiscal Commission will have noted that my colleagues in the Conservative group in Holyrood voted against the SNP's motion because we have absolutely no idea where the SNP stands in relation to the UK's future relationship with the EU.

#### PRIME MINISTER

*The Prime Minister was asked—*

#### Engagements

Q1. [907426] **Peter Grant** (Glenrothes) (SNP): If she will list her official engagements for Wednesday 23 November.

**The Prime Minister (Mrs Theresa May):** This morning I had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall have further such meetings later today.

**Peter Grant:** "Bairns come first" is the title of a report recently produced by a number of organisations, including Fife Gingerbread and Citizens Advice and Rights Fife. It found that a third of families who should have been claiming child maintenance support did not apply, that a major barrier to applying was the £20 application fee, and that the 4% collection fee had a serious impact on family budgets. Will the Prime Minister undertake to review those unfair charges?

**The Prime Minister:** Trying to ensure that those responsible for children actually pay for their children when a family has broken up has been a long-standing question which this House has addressed. There have been various ways of dealing with it through the agency that has been responsible. It is right that the changes that have been introduced are on a more level basis and more people are able to access the support they need as a result.

Q3. [907428] **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): The Government have rightly focused on economic growth, jobs and prosperity—something all of us on the Conservative Benches can get behind. With that in mind, will the Prime Minister back our highly competitive bid for funding for the north-west relief road in Shrewsbury, which will not only deal with the congestion our town is facing but dovetail into that narrative?

**The Prime Minister:** I thank my hon. Friend for raising that. I know that the issue of the north-west relief road in Shrewsbury has been of particular concern to him; it is a priority for him and it has received considerable local backing. I understand that the local Marches LEP has put in a bid for feasibility funding so that it can prepare a business case for the scheme. What I can say at the moment is that the announcement of the successful bids for feasibility funding is expected very shortly indeed.

**Jeremy Corbyn** (Islington North) (Lab): The Government's sustainability and transformation plans for the national health service hide £22 billion of cuts to our service, according to research by the British Medical Association. That risks

"starving services of resources and patients of vital care."

That quote comes from Dr Mark Porter of the BMA. When he calls this process "a mess", where is he wrong?

**The Prime Minister:** The national health service is indeed looking for savings within the NHS which will be reinvested in the NHS, and I remind the right hon. Gentleman that it is this Government who are providing not just the £8 billion of extra funding that the NHS requested, but £10 billion of extra funding. Sustainability and transformation plans are being developed at local level in the interests of local people by local clinicians.

**Jeremy Corbyn:** It is very strange that the Prime Minister should say that, because the Select Committee on Health, chaired by her hon. Friend the Member for Totnes (Dr Wollaston), says that the figure is actually £4.5 billion, not £10 billion; there is quite a big difference there.

Part of the reason for the strain on our national health service is that more than 1 million people are not receiving the social care they need. As a result of that, there has been an increase in emergency admissions for older patients. Margaret wrote to me this week—*[Interruption.]* It is not funny. She described how her 89-year-old mother suffered two falls leading to hospital admissions due to the lack of nursing care, and went on to say,

"My mother is worth more than this."

What action will the Prime Minister take to stop the neglect of older people, which ends up forcing them into A&E admissions when they should be cared for at home or in a care home?

**The Prime Minister:** Of course social care is an area of concern, and it is a key issue for many people. That is why the Government have introduced the better care fund and the social care precept for local authorities, and why we are encouraging the health service and local authorities to work together to deal with precisely the social care and bed blocking issues that the right hon. Gentleman has raised.

We have introduced the better care fund and the social care precept, but let us just look at what the Labour Government did in their 13 years. They said that they would deal with social care in their 1997 manifesto. They introduced a royal commission in 1999, a Green Paper in 2005 and the Wanless review in 2006.

They said they would sort it in the comprehensive spending review of 2007, and produced another Green Paper in 2009. Thirteen years, and they did nothing.

**Jeremy Corbyn:** As the Prime Minister well knows, health spending trebled under the last Labour Government and the levels of satisfaction with the health service were at their highest ever in 2010. This Government's choice was to cut social care by £4.6 billion in the last Parliament, at the same time as they found the space, shall we say, to cut billions from corporate taxation bills. This is affecting patients leaving hospital as well. In the last four years, the number of patients unable to be transferred from hospital due to the lack of adequate social care has increased by one third. Will the Prime Minister ensure that her Government will guarantee all our elderly people the dignity they deserve?

**The Prime Minister:** I recognise the importance of caring for elderly people and providing them with the dignity they deserve. The right hon. Gentleman says that this Government have done nothing on social care, but I repeat that we have introduced the social care precept, which is being made use of by my local authorities and by his local authority. We have also introduced the better care fund. He talks about support for elderly people, but let me remind him which Government it was who put in place the triple lock for pensioners. That has ensured the largest increase in pensions for elderly people.

**Jeremy Corbyn:** The precept is a drop in the ocean compared with what is necessary for social care. I shall give Members an example. I am sure the whole House will have been appalled by the revelations in the BBC's "Panorama" programme this week. They showed older people being systematically mistreated. The Care Quality Commission's assessment is that the care homes run by the Morleigh Group "require improvement", and it has issued warning notices. The commission goes on to say that the owner

"has allowed the services to deteriorate even further. She has utterly neglected her duty of care to the residents of these homes."

What action are the Government going to take to protect the residents of those homes?

**The Prime Minister:** The right hon. Gentleman raises the issue of the quality of care that is provided in homes and the way in which elderly people are treated. I am sure everybody is appalled when we see examples of poor and terrible treatment being given to elderly and vulnerable people in care homes. What we do about it is ensure that the Care Quality Commission is able to step in and take action and that it has powers to ensure that nobody in the chain of responsibility is immune from legal accountability. We know that there is more that can be done, and that is why the CQC is looking into ways of improving its processes and increasing its efficiency. The Under-Secretary of State for Health, my hon. Friend the Member for Warrington South (David Mowat), the Minister for community health and care, will be writing to the CQC shortly to see how we can improve what it does. It is the CQC that deals with these issues, and we have that in place. Is there more we can do? Yes, and we are doing it.

**Jeremy Corbyn:** The problem seems to be that that home was understaffed. We should not blame often underpaid and hard-pressed care workers; we should be ensuring that there are enough of them—properly paid—in all such homes. There was a serious problem of understaffing, and it was the last Labour Government who established the CQC. A warning notice is insufficient—we need stronger action than that.

Yesterday, the Government proposed that patients may have to show passports or other ID to access non-emergency healthcare. Have the Government considered the impact on elderly people? The last census showed us that 9.5 million people in this country do not have passports. Instead of distracting people with divisive, impractical policies, could the Prime Minister provide the NHS and social care with the money that it needs to care for the people who need the support?

**The Prime Minister:** Over this Parliament, the Government will be spending half a trillion pounds on the national health service. The right hon. Gentleman asks about a process to ensure that people who are receiving NHS treatment are entitled to receive that NHS treatment. For many years, there has been concern about health tourism and about people turning up in the UK and accessing health services but not paying for them. We want to ensure not only that those who are entitled to use the services are indeed able to see them free at the point of delivery, but that we deal with health tourism and those who should be paying for the use of our health service.

**Jeremy Corbyn:** Simon Stevens told us two weeks ago that the next three years will be the toughest ever for NHS funding and that 2018 would see health spending per person cut for the first time ever in this country. The National Audit Office has reported that the cost of health tourism is over a hundred times less than the £22 billion of cuts that the NHS faces from this Government. The reality is that under this Government there are 6,000 fewer mental health nurses and a record 3.9 million people on NHS waiting lists. All of us who visit A&E departments know the stress that staff are under and that waiting times are getting longer and longer. One million people in this country are not receiving the social care that they need. Instead of looking for excuses and scapegoats, should not the Prime Minister be ensuring that health and social care is properly resourced and properly funded, to take away the stress and fear that people face in old age and the stress that is placed on our very hard-working NHS and social care staff?

**The Prime Minister:** Billions of pounds extra into social care through the social care precept and the better care fund; half a trillion pounds being spent on the national health service; a record level of investment in mental health in the national health service—*[Interruption.]*

**Mr Speaker:** Order. Members must not shout down or attempt to shout down the Prime Minister. The question has been asked and was heard, and the answer must be heard.

**The Prime Minister:** There is a fundamental point that the right hon. Gentleman refrains from mentioning: we can afford to pay for the national health service and

for social care only if we have a strong economy creating wealth, and that is precisely what he is going to hear from the Chancellor of the Exchequer in a few minutes' time.

Q4. [907429] **Gordon Henderson** (Sittingbourne and Sheppey) (Con): On 23 June, my constituents voted by a margin of 62% to 28% to leave the European Union. Many of those people are unhappy and frustrated by what they see as delaying tactics from some remainers, who do not seem to understand the meaning of the word “democracy”—*[Interruption.]*

**Mr Speaker:** Order. This is very discourteous. The hon. Gentleman has a legitimate question and it and every other question should be heard fully and with politeness.

**Gordon Henderson:** Thank you, Mr Speaker—and I will repeat it. Some remainers do not seem to understand the meaning of the word “democracy”, which I would remind them is government by the people, especially the rule of the majority. With that in mind, what reassurance can my right hon. Friend give my constituents and me that article 50 will be triggered by March next year?

**The Prime Minister:** I am clear that we will trigger article 50 by the end of March next year. My hon. Friend is absolutely right to make the key point: it was decided by this Parliament, six to one, that the people should have the opportunity to vote on membership of the European Union. The vote was held, the turnout was high and the public gave their verdict. There must be no second referendum and no attempt to weasel out of this, and this is the Government who will deliver on the vote of the British people.

**Angus Robertson** (Moray) (SNP): We on the Scottish National party Benches have repeatedly brought up the issue of the devastating impact on disabled people of the UK benefits system. The Government plan to cut support for people with long-term health difficulties by £30 a week. Last week, my hon. Friend the Member for Airdrie and Shotts (Neil Gray) proposed a motion, which was passed by this House with support from both Labour and Conservative Members, for these cuts to be postponed. Will the Prime Minister act on the vote of this House?

**The Prime Minister:** Let me tell the right hon. Gentleman what we have been doing in relation to benefits for disabled people: the overall funding for disability benefits will be higher in every year up to 2020 than it was in 2010; we have been focusing support on those who most need it—those who are not able to get into the workplace; and for those who are able, at some stage, to get into the workplace, we have been providing a wider package of support. I am pleased to say that over the last three years nearly 600,000 more disabled people are now in the workplace, with the dignity of having a job, which is what many people with disabilities want to have. So we are focusing help on those who most need it and helping those with disabilities who want to get into the workplace to do just that.

**Angus Robertson:** But it is widely trailed that the Prime Minister will make changes that will impact on benefit recipients in work. Will she confirm that she has no intention of helping people with disabilities and

medical conditions? Why should people who are unable to earn a living be punished for their disability or illness by losing £30 a week? Does she have any intention of changing that?

**The Prime Minister:** I have just set out for the right hon. Gentleman the ways in which we are providing support and help for those people who have disabilities. As I said, the overall spending on disability benefits will be higher in every year to 2020 than it was in 2010. But it is also important to recognise that when we give support for people with disabilities, it is not simply about the benefits system and how much money they are given; for those who are able to get into work and are on that part of the employment and support allowance, we provide packages that are outside the benefits as well, because we recognise that people want the dignity of getting into the workplace. That is what we are helping people with disabilities who can work to do.

Q6. [907431] **Sir Simon Burns** (Chelmsford) (Con): Does my right hon. Friend agree that thousands of road commuters, including many of my constituents who use the A12, are travelling on roads that need to be repaired and upgraded? To improve connectivity and to speed up daily commute times, does she accept that the proposed £1.3 billion investment in improving our road network is warmly welcome and will do a great deal to enhance connectivity in the country?

**The Prime Minister:** My right hon. Friend is absolutely right about the importance of infrastructure expenditure in helping to deal with productivity in our economy, and I am pleased that that £1.3 billion for new roads does show us investing in the long-term future for Britain. It is about delivering jobs and economic growth, and about making sure that this economy works for everyone. It is just one part of the package that we are proposing, but of course my right hon. Friend the Chancellor will be setting our proposals out more clearly in a few minutes' time.

Q2. [907427] **Tulip Siddiq** (Hampstead and Kilburn) (Lab): My constituent Nazanin Ratcliffe, a British national, is in prison in Iran. She has been separated from her husband and her two-year-old daughter for eight months. She has been on hunger strike and is now suicidal. The Prime Minister needs to reunite this mother, this daughter and this wife with her family. Will it take Nazanin's death for the Government to start taking her seriously?

**The Prime Minister:** Obviously, this is a very difficult time for the whole family. I am sure that we are all concerned about the reports of the impact that detention in Iran is having on Nazanin Ratcliffe's health. This is an issue that has repeatedly been raised with the Iranian Government by the UK Government—by both the previous Foreign Secretary and the current Foreign Secretary. I personally raised it with President Rouhani on 20 September in New York, and I stressed the importance of finding a resolution as soon as possible. I have since written to President Rouhani requesting confirmation of the charges, the sentence and the appeals process, and I have asked for assurances that Mrs Zaghari-Ratcliffe will be allowed full legal representation and regular contact with her family. We will continue to do everything that we can for the family and that includes

the British Government remaining ready to help to bring back Mrs Zaghari-Ratcliffe's daughter to Britain if that is the request.

Q9. [907435] **Mr Peter Lilley** (Hitchin and Harpenden) (Con): Does my right hon. Friend agree that most of our social problems are either caused or aggravated by the acute shortage of housing, so even if we manage to reduce the net immigration to this country, as I hope we will, we will have to build far more new homes? Is not the recommendation by the European Banking Authority to increase by 50% the reserves that banks must hold against house building, which makes it even more costly for them to lend for housing than for unsecured credit cards, profoundly unhelpful and perverse?

**The Prime Minister:** I am sure my right hon. Friend will recognise that we are subject to our own Prudential Regulation Authority, but the overall point that he makes about the importance of house building is absolutely correct. We do need to build more homes. That is something that the Government have been doing. We have seen something like 900,000 new homes being built since 2010, but there is more for us to do, and that is what this Government are working on.

Q5. [907430] **Angela Smith** (Penistone and Stocksbridge) (Lab): The Brexit Secretary and the Foreign Secretary are described by a senior German politician as having no idea what Brexit really means. *The Times* reports today that EU ambassadors think that the Foreign Secretary's more colourful outbursts are damaging our relationships with member states. When will the Prime Minister get a grip on her Ministers and demonstrate to the country and to our EU colleagues that she has a coherent, workable plan for Brexit?

**The Prime Minister:** I have been very clear in this House on many occasions about the plan that we have for Brexit. Crucially, we will be leaving the European Union and we will be triggering article 50 by the end of March next year, and that is when the formal negotiations will start. It is absolutely right that we do not set out at this stage every single detail of our proposed negotiating strategy, because that would be the best way to get the worst possible deal for Britain.

Q12. [907438] **Mrs Cheryl Gillan** (Chesham and Amersham) (Con): As we leave the European Union, maintaining the UK's cutting edge and world leadership in scientific and technological discovery is of paramount importance to our industries and universities. May I welcome the Prime Minister's announcement that, each year, we will invest a further £2 billion in research and development to boost our science and engineering base? Is not this just the type of vital support that our businesses and researchers need, rather than the threats from the Labour party to slash the R and D tax credits, which would hamper innovation and harm our economy?

**The Prime Minister:** My right hon. Friend is absolutely right. The extra investment that we will be putting into research and development is a crucial part of our long-term task of ensuring that we have the economy and the growth and prosperity that we need in this country. The new funds will help to put us at the cutting edge of scientific discovery. That is already happening. I visited the Wellcome Genome Campus in Cambridge on Monday

and saw for myself the really exciting and transformational work that is being done, and it is coming out of the knowledge base and the scientific research of the United Kingdom. We want to see more of that, which is why we will be investing in it.

Q7. [907432] **John Woodcock** (Barrow and Furness) (Lab/Co-op): Aleppo's hospitals are destroyed and Syrians who avoid the barrel bombs and the chlorine gas are starving from the Russian-backed blockade. We must do more. Will the Prime Minister revisit the prospect for aid drops, and will she look at backing the campaign to stop this daily perpetrator of war crimes by stripping it of its right to hold the 2018 World cup?

**The Prime Minister:** The hon. Gentleman is right to raise the issue of the appalling atrocities that are taking place in Aleppo, and it is right that we, along with our international allies, should be doing all that we can to try to bring this to a stop. He will recognise that the issue of who hosts sporting events is not in the Government's remit. What is in the Government's remit and what we are doing, as I say, is working with our international allies to put more pressure on Russia to stop the appalling atrocities—the appalling attacks—that are taking place in Aleppo. What we want to see is an agreement for a political transition to a Syria without President Assad.

Q13. [907439] **Mr John Whittingdale** (Maldon) (Con): Does my right hon. Friend agree that if the UK is to remain competitive and our citizens are to enjoy the benefits of the digital revolution, it is essential that we should be at the forefront of the deployment of both ultra-fast broadband and 5G mobile connectivity? May I therefore welcome the announcement, which we are led to believe may be made shortly, of a £1 billion investment to achieve this?

**The Prime Minister:** My right hon. Friend will, of course, be waiting in anticipation for my right hon. Friend the Chancellor's autumn statement, but he is absolutely right that, as we look at improving productivity in this country and as we look to the economy of the future, the provision of superfast broadband and those new technological opportunities for people is absolutely a crucial part of that, and that is something that this Government recognise and will act on.

Q8. [907433] **Holly Lynch** (Halifax) (Lab): One day last week, four police officers in my constituency were assaulted over a single 24-hour period. There were over 23,000 assaults on police officers last year, and an assault on a police officer is an assault on society. What will the Prime Minister do to ensure that the toughest deterrents are in place to protect front-line officers, and when will she reduce the need for unsafe single crewing by restoring the number of police on our streets?

**The Prime Minister:** May I send our best wishes to those police officers who were assaulted in the hon. Lady's constituency last week? It is important that we recognise that when police officers go out on duty—and, indeed, for many off duty—they sometimes find themselves intervening in situations where they are on the receiving end of assaults and violence against them. They are willing to go forward in the line of duty, where others are not, and we recognise that. One of the things we

want to do in relation to this is to identify rather better the number of assaults that are taking place. That is why last year we issued some provisional figures. We are improving those figures now this year. Sentencing guidelines already allow for an assault on a police officer to be taken as an aggravating factor into account, but also new developments, like the body-worn videos, actually help to provide the evidence that ensures that people can be brought to justice and that actually deter assaults in the first place.

**Dr Andrew Murrison** (South West Wiltshire) (Con): I know that the Prime Minister shares my concern at the level of acute hospital bed blocking. Does she agree that part of the solution is to promote community hospital beds, where they still exist in places such as Warminster and Shaftesbury, as part of the sustainability and transformation planning process?

**The Prime Minister:** As regards the STP process, of course, that will take place at local level—it will be at the local level that these proposals will be considered and put forward by local clinicians—but the concept of being able to deal with bed blocking in a variety of ways is absolutely right. There are good examples around the country of where having those step-down beds available is actually resolving the problem of bed blocking. There are other ways in which that is being done—in those parts of the country where social workers are being employed by hospital trusts, for example. But is it very good to recognise the good practice when it is being done, and we shall see more of that across the country.

Q10. [907436] **Tom Elliott** (Fermanagh and South Tyrone) (UUP): Earlier this month, IRA man turned lawyer, Kieran Conway, confessed to the BBC that he took part in robberies, bombings and gun attacks that murdered British soldiers. He stated that he will never disclose information on any fellow IRA man, despite knowing details of IRA actions that he defines as constituting war crimes. Can the Prime Minister assure me that Her Majesty's Government will apply for the extradition of this terrorist for questioning from the Republic of Ireland?

**The Prime Minister:** The question of whether or not an individual would be extradited or a request would be made for extradition is for the appropriate investigation and prosecution authorities to decide. We do, of course, recognise the concerns about those cases where it is still possible to bring people to justice, and obviously we want to see that being done.

**John Stevenson** (Carlisle) (Con): During the past six years we have had three major referendums, all eliciting varying degrees of excitement. Does the Prime Minister agree that one can have too much excitement, and will she therefore rule out any further referendums in this Parliament?

**The Prime Minister:** My hon. Friend is trying to tempt me down a particular route. One thing that I will certainly rule out is a second referendum on whether we leave the European Union.

Q11. [907437] **Kirsty Blackman** (Aberdeen North) (SNP): Aberdeen Cyrenians have launched a financial appeal because of the increasing number of people finding themselves homeless as a direct result of the UK Government's pursuit of austerity. How can the Prime

Minister sleep in her warm bed at night knowing that her Government's policies have consigned people to a cold Christmas?

**The Prime Minister:** The Government are taking action in a variety of ways to address homelessness. One of the key things we need to do is ensure that we see more homes being built in this country. The hon. Lady talks about austerity in the tone that she uses, but austerity is about us living within our means. When we talk about the Government providing support for individuals, we should always remember that taxpayers have to pay for that support, and many taxpayers are themselves struggling to get by.

**Kevin Foster (Torbay) (Con):** The Prime Minister will be aware that yesterday the Peninsula Rail Task Force launched its report, which was commissioned following the storms that severed Devon and Cornwall's vital rail link, just as our vital rail link was severed again, this time by flooding. Does she welcome the report and will she commit the Government to ensuring that the vision it outlines is delivered?

**The Prime Minister:** May I suggest that my hon. Friend exercises a little more patience and listens very carefully to what my right hon. Friend the Chancellor has to say?

Q14. [907440] **Wayne David (Caerphilly) (Lab):** In these uncertain times we would all surely agree that Britain needs strong defence, so how can the Prime Minister justify her Government's decision to scrap all the Navy's heavyweight surface-to-surface guided missiles without any replacement?

**The Prime Minister:** I do not recognise the picture that the hon. Gentleman presents of what the Government are doing in relation to the armed forces. We are investing billions of pounds in ensuring that our armed forces do have the missiles, the ships for the Royal Navy and the other pieces of equipment for the other armed forces. The picture that he presents is not the picture I recognise.

**Mr Julian Brazier (Canterbury) (Con):** Does my right hon. Friend agree that it would be good for confidence in the rule of law if judges did not enter into speculative public thoughts on cases that they are about to hear?

**The Prime Minister:** In this country we value the independence of our judiciary—that is, the independence of members of the judiciary when they come to make their judgments in court. Also, they are independent and it is for them to determine what they choose to put in their speeches. It is not for the Government to tell them what to do.

**Tim Farron (Westmorland and Lonsdale) (LD):** As millions of public sector workers face another year of suppressed pay, after another week of shambolic Brexit negotiations, and with the national health service facing a winter crisis and crying out for cash, does the Prime Minister worry that her Government are only just about managing?

**The Prime Minister:** We are very clear about the amounts of money that we are putting into the national health service. The hon. Gentleman talks about the negotiations. Actually, the negotiations for us leaving the European Union do not formally start until we

trigger article 50. We will trigger article 50 by the end of March next year. The hon. Gentleman wants to stop us leaving the European Union by denying the people the decision and the deliverability of the vote that they took, rightly, on 23 June. He wants to deny people what they want; we are going to give it to them.

**Charlie Elphicke (Dover) (Con):** May I raise with the Prime Minister the concerns of millions of drivers and hauliers across the United Kingdom who worry about the cost of driving and fuel duty? Will the Government look at keeping that down? Will they also look at how forecourt pricing has worked as the oil price changes? The prices jump like a rocket and fall like a feather.

**The Prime Minister:** I recognise that, as my hon. Friend says, many people look with very great concern at the cost of motoring in this country. I suggest, as I have to some of my other hon. Friends, that he should be a little more patient and wait for the Chancellor's autumn statement.

**Ms Angela Eagle (Wallasey) (Lab):** The Prime Minister has talked about her worries about social care, but surely we have to judge her by her actions. In the last six years there has been an average 37% cut in local authority funding—57% in my area—and nearly a quarter of all those older people in need of social care have been denied any help at all. What is she going to do about it?

**The Prime Minister:** The hon. Lady might have noticed that I have been asked several questions about social care—[*Interruption*—]and I will give the answer that I have given previously. What the Government are doing about social care is to put more money in through the better care fund, to give local authorities the opportunity that is in the social care precept and to make sure that health and social care come together to ensure that we deal with the issue of bed blocking.

**Richard Drax (South Dorset) (Con):** How many of us would charge into a darkened store at night knowing that inside were three mask-wearing, crowbar-wielding thugs trying to rob it? My two constituents, Nigel Dunmore and Grant McGarry, did just that; as a result of their intervention, the thugs fled, leaving the money, and the staff were hurt less, although one of the gentlemen was himself hurt. Will my right hon. Friend join me in praising their courage and selflessness in carrying out this extraordinary act of bravado?

**The Prime Minister:** I absolutely agree with my hon. Friend and I commend the bravery and courage shown by those two individuals—Nigel and Grant, I think he said—who stepped into that situation to ensure that it was not as bad as it might have been. That is incredible bravery; many members of the public would not have been willing to step forward in that way. Will he pass my best wishes—and the best wishes of the whole House, I am sure—on to those individuals?

**Gloria De Piero (Ashfield) (Lab):** Does the Prime Minister believe that big companies should put a worker on the board?

**The Prime Minister:** I believe that we should see workers' representation on boards. I make no apology for the fact that this Government are going to deliver on that. For all its years in government, the Labour party did nothing.

## Autumn Statement

12.38 pm

### **The Chancellor of the Exchequer (Mr Philip Hammond):**

It is a privilege to report today on an economy that the International Monetary Fund predicts will be the fastest-growing major advanced economy in the world this year. It is an economy with employment at a record high and unemployment at an 11-year low; and an economy that, through the hard work of the British people, has bounced back from the depths of Labour's recession. It is an economy that has confounded commentators at home and abroad with its strength and resilience since the British people decided, exactly five months ago today, to leave the European Union and chart a new future for our country.

That decision will change the course of Britain's history. It has thrown into sharp relief the fundamental strengths of the British economy that will ensure our future success: the global reach of our services industries; the strength of our science and high-tech manufacturing base; and the cutting-edge British businesses that are leading the world in disruptive technologies. But it is a decision that also makes more urgent than ever the need to tackle our economy's long-term weaknesses such as the productivity gap, the housing challenge, and the damaging imbalance in economic growth and prosperity across our country. We resolve today to confront those challenges head on, to prepare our country to seize the opportunities ahead, and, in doing so, to build an economy that works for everyone—an economy where every corner of this United Kingdom is part of our national success.

I want to pay tribute to my predecessor, my right hon. Friend the Member for Tatton (Mr Osborne). My style will, of course, be different from his. I suspect that I will prove no more adept at pulling rabbits from hats than my successor as Foreign Secretary has been at retrieving balls from the back of scrums, but my focus on building Britain's long-term future will be the same. My right hon. Friend the Member for Tatton took over an economy on the brink of collapse, with the highest budget deficit in our post-war history, and brought that down by two thirds. That is a record of which he can be proud.

But times have moved on, and our task now is to prepare our economy to be resilient as we exit the EU and to be match-fit for the transition that will follow. So we will maintain our commitment to fiscal discipline while recognising the need for investment to drive productivity, and for fiscal headroom to support the economy through the transition.

Let me turn now to the forecasts. Since 2010, the Office for Budget Responsibility has provided an independent economic and fiscal forecast to which the Government must respond—gone are the days when the Chancellor could mark his own homework—and I thank Robert Chote and his team for their hard work. Today's OBR forecast is for growth to be 2.1% in 2016—higher than forecast in March. In 2017, the OBR forecasts growth to slow to 1.4%, which it attributes to lower investment and weaker consumer demand driven, respectively, by greater uncertainty and by higher inflation resulting from sterling depreciation. That is slower, of course, than we would wish, but still equivalent to the IMF's forecast for Germany, and higher than the forecast

for growth in many of our European neighbours, including France and Italy. That fact will, no doubt, be a source of very considerable irritation to some.

As the effects of uncertainty diminish, the OBR forecasts growth recovering to 1.7% in 2018, 2.1% in 2019 and 2020, and 2% in 2021. While the OBR is clear that it cannot predict the deal the UK will strike with the EU, its current view is that the referendum decision means that potential growth over the forecast period is likely to be 2.4 percentage points lower than would otherwise have been the case. The OBR acknowledges that there is a higher degree of uncertainty around these figures than usual.

Despite slower growth, the UK labour market is forecast to remain robust. We have delivered over 2.7 million new jobs since 2010, and this forecast shows that number growing in every year—another 500,000 jobs created over the OBR forecast, providing security for working people across the length and breadth of Britain.

For those who claim that the recovery is just a south-east phenomenon, I have some news: over the past year employment grew fastest in the north-east, the claimant count fell fastest in Northern Ireland, pay grew most strongly in the west midlands, and every UK nation and region saw a record number of people in work. That is a labour market recovery that is working for everyone.

Monetary policy has played an important role in supporting growth since the referendum decision, but a credible fiscal policy remains essential for maintaining market confidence and restoring the economy to long-term health. In view of the uncertainty facing the economy, and in the face of slower growth forecasts, we no longer seek to deliver a surplus in 2019-20, but the Prime Minister and I remain firmly committed to seeing the public finances return to balance as soon as practicable, while leaving enough flexibility to support the economy in the near term.

Today I am publishing a new draft charter for budget responsibility with three fiscal rules: first, that the public finances should be returned to balance as early as possible in the next Parliament and, in the interim, cyclically adjusted borrowing should be below 2% by the end of this Parliament; secondly, that public sector net debt as a share of GDP must be falling by the end of this Parliament; and, thirdly, that welfare spending must be within a cap set by the Government and monitored by the OBR. In the absence of an effective framework, the welfare bill in our country spiralled out of control, with spending on working-age benefits trebling in real terms between 1980 and 2010. As a result of the action that we have taken since 2010, that spending has now stabilised. The cap I am announcing today takes into account the policy changes made since the last Budget, setting a realistic baseline reflecting all announced welfare policies. I confirm again today that the Government have no plans to introduce further welfare savings measures in this Parliament beyond those already announced.

I now turn to the OBR's fiscal forecasts, but first I will set out the key drivers of changes since the Budget: the post-Budget changes that were made to welfare and housing policies cost the Exchequer £8.6 billion over the forecast period; expected Office for National Statistics classification changes have added £12 billion since the Budget; and tax receipts have been lower than expected this year, causing the OBR to revise down projected

[Mr Philip Hammond]

revenues in the future. Added to this is a structural effect of rapidly rising incorporation and self-employment, which further erodes revenues.

Combining those pressures with the impact of forecast weaker growth, and taking account of the measures I shall announce today, the OBR now forecasts that, in cash terms, borrowing is set to be £68.2 billion this year, falling to £59 billion next year and £46.5 billion in 2018-19, and then £21.9 billion, £20.7 billion, and finally £17.2 billion in 2021-22. Overall, public sector net borrowing as a percentage of GDP will fall from 4% last year to 3.5% this year, and it will continue to fall over the Parliament, reaching 0.7% in 2021-22. This will be the lowest deficit as a share of GDP in two decades. The OBR expects cyclically adjusted public sector net borrowing to be 0.8% of GDP in 2020-21, comfortably meeting our target to reduce it to less than 2% and, importantly, leaving significant flexibility to respond to any headwinds that the economy may encounter.

The OBR's forecast of higher borrowing and slower asset sales, together with the temporary effect of the Bank of England's action to stimulate growth, translates into an increased forecast for debt in the near term. The OBR forecasts that debt will rise from 84.2% of GDP last year to 87.3% this year, peaking at 90.2% in 2017-18 as the Bank of England's monetary policy interventions approach their full effect. In 2018-19, debt is projected to fall to 89.7% of national income—the first fall in the national debt as a share of GDP since 2001-02—and it is forecast to continue falling thereafter. Members might be interested to know that after stripping out the effects of the Bank of England interventions, underlying debt peaks this year at 82.4% of GDP and falls thereafter to 77.7% by 2021-22.

It is customary in the run-up to the autumn statement to hear representations from the shadow Chancellor of the day, usually for untenable levels of spending and borrowing. Conservative Members used to think that Ed Balls' demands were an extreme example, but I have to say that the current shadow Chancellor has outperformed him in the fiscal incontinence sweepstake. What we do not know, of course, is whether the shadow Chancellor can also dance—[*Interruption.*] He can. Good; a second career awaits him.

I have received some more measured representations from a range of external bodies. Some have called for fiscal expansion, while others have suggested that there is no need at all to respond to a changed economic outlook. That reflects, to be fair, the challenge that we face of resolving how best to protect the recovery and build on the economy's manifest strengths, yet at the same time respond appropriately to the warnings of a more difficult period ahead.

But with our debt forecast to peak at over 90% next year, and a deficit this year of 3.5%, I have reached my own judgment. It is a judgment based on a sober analysis of our fiscal position, and also on a realistic appraisal of the weakness of UK productivity and the urgent need to address our fiscal challenge from both ends—continuing to control public expenditure, but also growing the potential of the economy and protecting the tax base. So we choose in this autumn statement to prioritise additional high-value investment, specifically in infrastructure and innovation, that will directly contribute

to raising Britain's productivity. The key judgment we make today is that our hard-won credibility on public spending means that we can fund this commitment in the short term from additional borrowing, while funding all other new policies announced in this autumn statement through additional tax and spending measures. That is the responsible way to secure our economy for the long term.

The productivity gap is well known to hon. and right hon. Members, but shocking none the less—it bears repeating. We lag the US and Germany by some 30 percentage points in productivity, but we also lag France by over 20 points and Italy by 8 points, which means, in the real world, that it takes a German worker four days to produce what we make in five. That means, in turn, that too many British workers work longer hours for lower pay than their counterparts, and that has to change if we are to build an economy that works for everyone. Raising productivity is essential for the high-wage, high-skill economy that will deliver higher living standards for working people across this country.

As a result of decisions taken by my predecessor, public investment is higher over this decade than it was over the whole of the period of the last Labour Government, but today I can go further. I can announce that we are forming a new national productivity investment fund of £23 billion to be spent on innovation and infrastructure over the next five years—investing today for the economy of the future.

Let me set out for the House how this money will be used. We do not invest enough in research, development and innovation. As the pace of technology advances and competition from the rest of the world increases, we must build on our strengths in science and tech innovation to ensure that the next generation of discoveries is not only made here, but developed and produced in Britain. So today I can confirm the additional investment in R and D, rising to an extra £2 billion per year by 2020-21, that was announced by my right hon. Friend the Prime Minister on Monday.

Economically productive infrastructure directly benefits businesses, but families, too, rely on roads, rail, telecoms and, especially, housing. We have made good progress, with the number of new homes being built last year hitting an eight-year high, but for too many, the goal of home ownership remains out of reach. In October, my right hon. Friend the Communities and Local Government Secretary launched the £3 billion home building fund to unlock over 200,000 homes and up to £2 billion to accelerate construction on public sector land, but we must go further still. The challenge of delivering the housing we so desperately need in the places where it is currently least affordable is not, of course, a new one, but the effect of unaffordable housing on our nation's productivity makes it an urgent one. My right hon. Friend will bring forward a housing White Paper in due course to address these long-term challenges but, in the meantime, we can take further steps.

One of the biggest objections to housing development, as hon. and right hon. Members will know from their constituencies, is often the impact on local infrastructure, so we will focus Government infrastructure investment to unlock land for housing with a new £2.3 billion housing infrastructure fund to deliver infrastructure for up to 100,000 new homes in areas of high demand. To provide affordable housing that supports a wide range

of need, we will invest a further £1.4 billion to deliver 40,000 additional affordable homes. I will also relax restrictions on Government grant to allow providers to deliver a wider range of housing types. I can also announce a large-scale regional pilot of right to buy for housing association tenants, and continued support for home ownership through the Help to Buy equity loan scheme and the Help to Buy ISA.

This package means that over the course of this Parliament, the Government expect to more than double, in real terms, annual capital spending on housing. Coupled with our resolve to tackle the long-term challenges of land supply, this commitment to housing delivery represents a step change in our ambition to increase the supply of homes for sale and for rent to deliver a housing market that works for everyone.

Reliable transport networks are essential to growth and productivity, so this autumn statement commits significant additional funding to help to keep Britain moving now, and to invest in the transport networks and vehicles of the future. I will commit: an additional £1.1 billion of investment in English local transport networks, where small investments can often offer big wins; £220 million additionally to address traffic pinch points on strategic roads; £450 million to trial digital signalling on our railways to achieve a step change in reliability and to squeeze more capacity out of our existing rail infrastructure—that is something I know the Leader of the Opposition will welcome—and, finally, £390 million to build on our competitive advantage in low-emission vehicles and the development of connected autonomous vehicles, plus a 100% first year capital allowance for the installation of electric vehicle charging infrastructure.

The Department for Transport will continue to work with Transport for the North to develop detailed options for northern powerhouse rail. My right hon. Friend the Transport Secretary will set out more details of specific projects and priorities over the coming weeks.

Our future transport, business and lifestyle needs will require world-class digital infrastructure to underpin them, so my ambition—

**Kevin Brennan** (Cardiff West) (Lab): It says here.

**Mr Hammond:** Yes—it says here because I wrote it here.

My ambition is for the UK to be a world leader in 5G. That means a full-fibre network; a step change in speed, security and reliability. So we will invest over £1 billion in our digital infrastructure to catalyse private investment in fibre networks and to support 5G trials. From April, we will introduce 100% business rates relief for a five-year period on new fibre infrastructure, supporting further roll-out of fibre to homes and businesses.

We have chosen to borrow to kick-start a transformation in infrastructure and innovation investment, but we must sustain this effort over the long term if we are to make a lasting difference to the UK's productivity performance, so today I have written to the National Infrastructure Commission to ask it to make its recommendations on the future infrastructure needs of the country, using the assumption that the Government will invest between 1% and 1.2% of GDP every year from 2020 in economic infrastructure covered by the commission. To put that in context, we will spend around 0.8% of GDP on the same definition this year.

I am also backing the commission's interim recommendations on the Oxford-Cambridge growth corridor, published last week, with £110 million of funding for east-west rail and a commitment to deliver the new Oxford-Cambridge expressway. That project can be more than just a transport link. It can become a transformational tech corridor, drawing on the world-class research strengths of our two best-known universities. I welcome the commission's continuing work on delivery model options. We will carefully consider its final recommendations in due course.

The major increase in infrastructure spending I have announced today will represent a significant increase in funding through the Barnett formula, of more than £250 million to the Northern Ireland Executive, £400 million to the Welsh Government and £800 million to the Scottish Government.

Public investment is only part of the picture, however. About half of our economic infrastructure is financed by the private sector, and we will continue to support that investment through the UK guarantee scheme, which I am today extending until at least 2026. The new capital investment I have announced will provide the financial backbone for the Government's industrial strategy that the Prime Minister spoke about on Monday, a firm foundation upon which my right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy will work with industry to build our ambition of an economy that works for all.

I can announce four further measures to back business. I am doubling the UK export finance capacity to make it easier for British businesses to export. I am funding Charlie Mayfield's business-led initiative to boost management skills across British businesses. I am taking a first step to tackle the long-standing problem of our fastest growing start-up tech firms being snapped up by bigger companies, rather than growing to scale, by injecting an additional £400 million into venture capital funds through the British Business Bank, unlocking £1 billion of new finance for growing firms. I am also launching today a Treasury-led review of the barriers to accessing patient capital in the UK, so that we can take further action to address them.

This Government recognise that, for too long, economic growth in our country has been too concentrated in London and the south-east. That is not just a social problem but an economic problem. London is one of the highest-productivity cities in the world and we should celebrate that fact. But no other major developed economy has such a gap between the productivity of its capital city and its second and third cities, so we must drive up the performance of our regional cities. Today we publish our strategy for addressing productivity barriers in the northern powerhouse, and give the go ahead to a programme of major roads schemes in the north. Our midlands engine strategy will follow shortly, but I am today providing funding so that the evaluation study for the midlands rail hub can go ahead.

In addition, we are investing in local infrastructure in every region of England. I can announce the allocation of £1.8 billion from the local growth fund to the English regions: £556 million to local enterprise partnerships in the north of England, £542 million to the midlands and east of England, and £683 million to LEPs in the

[*Mr Philip Hammond*]

south-west, south-east and London. We will announce the detailed breakdown of allocations to individual LEPs shortly.

Devolution remains at the heart of this Government's approach to supporting local growth, and we recommit today to our city deals with Swansea, Edinburgh, north Wales and Tay cities. I can also announce today we are beginning negotiations on a city deal for Stirling so that every single city in Scotland will be on course to have a city deal. To support new mayoral combined authorities in England, I can announce that we will grant them new borrowing powers to reflect their new responsibilities.

While we continue discussions with London and the west midlands on possible devolution of further powers I can announce today that London will receive £3.15 billion as its share of national affordable housing funding, to deliver a commitment of more than 90,000 affordable homes. I can also announce that we are devolving to London the adult education budget, and giving London greater control over the delivery of employment support services for the hardest to help.

I have deliberately avoided making this statement into a long list of individual projects being supported, but I am going to make one exception. I will act today, with just seven days to spare, to save one of the UK's most important historic houses, Wentworth Woodhouse near Rotherham. It is said to be the inspiration for Pemberley in Jane Austen's "Pride and Prejudice". But in 1946, in an extraordinary act of cultural vandalism, the then Labour Government authorised extensive opencast coal mining virtually up to the front door of this precious property. Perhaps that is Labour's idea of a northern powerhouse. Wentworth Woodhouse is now—  
[*Interruption.*]

**Mr Speaker:** Order. I want to hear about this house. It sounds very interesting indeed.

**Mr Hammond:** Wentworth Woodhouse is now at critical risk of being lost to future generations. A local effort has been hugely successful in securing millions in funding from various foundations and charities, subject to the balance required being found by 30 November. We will today provide a £7.6 million grant towards urgent repairs to safeguard this key piece of northern heritage—all but destroyed by a Labour Government, and saved by a Conservative one.

I can also confirm distribution of a further £102 million of LIBOR bank fines to armed forces and emergency services charities, including, my hon. Friends will be pleased to hear, £20 million to support the Defence and National Rehabilitation Centre at Stanford Hall in Nottinghamshire, as well as £3 million from the tampon tax fund for Comic Relief to distribute to a range of women's charities.

We choose to invest in our economic infrastructure because it can transform the growth potential of our economy, as well as improving the quality of people's lives. That investment is possible only because the Government are prepared to take the tough decisions—every one of them opposed by the Labour party—to maintain control of current spending. When we took office in 2010, public spending was 45% of GDP; this year, it is set to be 40%. During those six years, we have

seen crime fall by more than a quarter, the highest proportion ever of good or outstanding schools, the number of doctors in our NHS increasing by 10,000, pensioner poverty at its lowest level ever, the lowest ever number of children being raised in workless households and the highest ever number of young people going on to study full time at university.

We have demonstrated beyond doubt that controlling public spending is compatible with world-class public services and social improvement. But, as the OBR's debt projections demonstrate, we have more work to do to eliminate the deficit. Departmental spending plans set out in the spending review last autumn will therefore remain in place, and departmental expenditure in 2021-22 will grow in line with inflation. The £3.5 billion of savings to be delivered through the efficiency review, announced at the Budget and led by my right hon. Friend the Chief Secretary to the Treasury, must be delivered in full. I have, however, exceptionally agreed to provide additional funding to the Ministry of Justice to tackle urgent prison safety issues by increasing the number of prison officers by 2,500.

Having run two large spending Departments in previous roles, I came to this job with some very clear views about the relationship between the Treasury and spending Departments. I want Departments to be incentivised to drive efficiencies, and I want the Treasury to be an enabler for good, effective spending across government. To kick-start this new approach, I will allow up to £1 billion of the savings found by the efficiency review to be reinvested in 2019-20 in priority areas and I have budgeted today accordingly.

We manage public spending so that we can invest in the public's priorities. The Government have underlined those priorities with a series of commitments and protections for the duration of this Parliament. I can confirm today that, despite the fiscal pressures, we will meet our commitments to protect the budgets of key public services and defence; keep our promise to the world's poorest through our overseas aid budget; and meet our pledge to our country's pensioners through the triple lock. But as we look ahead to the next Parliament, we will need to ensure that we tackle the challenges of rising longevity and fiscal sustainability, so the Government will review public spending priorities and other commitments for the next Parliament in light of the evolving fiscal position at the next spending review.

I now turn to taxation. Since 2010, the Government have put a business-led recovery at the heart of our plan. We have cut corporation tax from 28% to 20%, sending the message that Britain is open for business. The additional investment in productivity and infrastructure that I have announced today underscores that message, and the raft of investments in the UK announced since the referendum—by SoftBank, Glaxo, Nissan, Google and Apple among others—confirms it. My priority as Chancellor is to ensure that Britain remains the No. 1 destination for business, creating the investment, the jobs and the prosperity to protect our long-term future. I know how much business values certainty and stability, so I confirm today that we will stick to the business tax road map we set out in March. Corporation tax will fall to 17%, by far the lowest overall rate of corporate tax in the G20. We will deliver the commitments we have made to the oil and gas sector. The carbon price support

will continue to be capped out to 2020, and we will implement the business rates reduction package worth £6.7 billion. I can also confirm today that, having consulted further, my right hon. Friend the Communities Secretary will lower the transitional relief cap from 45% next year to 43%, and from 50% to 32% the year after. That's complicated, but it's good news—just in case anybody wasn't sure, Mr Speaker. I will also increase the rural rate relief to 100%, giving small businesses in rural areas a tax break worth up to £2,900 a year.

In return for these highly competitive tax rates, the tax base must be sustainable. From April 2017, we will align the employee and employer national insurance thresholds at £157 a week. There will be no cost to employees, and the maximum cost to business will be an annual £7.18 per employee. Insurance premium tax in this country is lower than in many other European countries, and half the rate of VAT. In order to raise revenue, which is required to fund the spending commitments I am making today, it will rise from 10% currently, to 12% from next June. At the same time, I can confirm the Government's commitment to legislate next year to end the compensation culture surrounding whiplash claims, a major area of insurance fraud. That will save drivers an average of £40 on their annual premiums.

Technological progress is changing the way people live and work, and the tax system needs to keep pace. For example, the OBR has today highlighted the growing cost to the Exchequer of incorporation. So the Government will consider how we can ensure that the taxation of different ways of working is fair between different individuals doing essentially the same work, and sustains the tax base as the economy undergoes rapid change. We will consult in due course on any proposed changes. In the meantime, the Government will take action now to reduce the difference between the treatment of cash earnings and benefits. The majority of employees pay tax on a cash salary, but some are able to sacrifice salary by agreement with their employer and pay much lower tax on benefits in kind. That is unfair, so from April 2017 employers and employees who use these schemes will pay the same taxes as everyone else. Following consultation with stakeholders, ultra-low emission cars, pension savings, childcare and the cycle-to-work scheme will be excluded from this change, and certain long-term arrangements will be protected until April 2021. For pensions that have been drawn down, I will also reduce to £4,000 the money purchase annual allowance, to prevent inappropriate double tax relief being gained.

This Government have done more than any other to tackle tax evasion, avoidance and aggressive tax planning. The UK tax gap, it may surprise some Opposition Members to hear, is now one of the lowest in the world. But we must constantly be alert to new threats to our tax base and be willing to move swiftly to counter them. At the Budget, we committed to removing the tax benefits of disguised earnings for employees, and I am now going to do the same for the self-employed and employers, raising a further £630 million over the forecast period. We will shut down inappropriate use of the VAT flat rate scheme that was put in place to help small businesses. We will abolish the tax advantages linked to employee shareholder status, in response to growing evidence that it is primarily being used for tax-planning purposes by high-earning individuals. We will introduce

a new penalty for those who enable the use of a tax avoidance scheme that HMRC later challenges and defeats. These measures, and others set out in the autumn statement document, raise about £2 billion over the forecast period.

There is understandable public concern that the pitch is tilted in favour of large multinational groups, which are able to use cross-border structures to manage their tax liabilities. Following detailed consultation, I can confirm that we will implement our new restriction on tax relief for corporate interest expenses and reform the way that relief is provided for historic losses. These measures, scored at Budget 2016, will help to ensure that large businesses will always pay tax in years where they make substantial profits. They will also mean that businesses cannot avoid tax by borrowing excessively in the UK to fund their overseas activities. They take effect in April, and will raise over £5 billion from the largest businesses in the UK.

I said that the tax system must be fair and that means rewarding those who work hard by helping them to keep more of what they earn. There is one tax reform the Government have pursued since 2010 that has done more than any other to improve the lot of working people: raising the tax-free personal allowance. When we entered Government in 2010, it was £6,475. After six years, it is now £11,000, and will rise to £11,500 in April. As a result, we have more than halved the tax bill of someone with a salary of £15,000 to just £800. That is a massive boost to the incomes of low and middle earners. Since 2010, we have cut income tax for 28 million people and taken 4 million people out of income tax altogether. I can confirm today that, despite the challenging fiscal forecasts, we will deliver on our commitment to raise the allowance to £12,500, and the higher rate threshold to £50,000, by the end of this Parliament. Once that £12,500 has been reached, the personal allowance will rise automatically during the 2020s in line with inflation, rather than the national minimum wage, as currently planned. It will be for the Chancellor to decide from year to year whether more is affordable.

As well as taking millions of ordinary people out of tax, we are the Government who introduced the national living wage and gave a pay rise to over 1 million workers. *[Interruption.]* Labour Members don't like it—a Tory Government gave a pay rise to over 1 million of the lowest-paid workers. We are the Government who introduced 15 hours a week of free childcare for all three and four-year-olds, and we will double that for working families from September. We are the Government whose education reforms have raised standards and expanded opportunity, with 1.4 million more children now in "good" or "outstanding" schools, while the new capital funding I have provided today for grammar schools will help to continue that trend. We are the Government who pledged to invest in our NHS, and we are delivering on that promise by backing the NHS's five year forward view plan for the future with £10 billion of additional funding by the end of 2020-21. But we recognise that more needs to be done to help families make ends meet and to ensure that every household has opportunities to prosper. So today I can announce that the national living wage will increase from £7.20 to £7.50 next April. That is a pay rise worth over £500 a year to a full-time worker.

[Mr Philip Hammond]

Creating jobs, lowering taxes and raising wages address directly the concerns of ordinary families, and the revenue-raising measures that I have announced today enable me to go further to help families on low wages. Universal credit is an important reform to our benefits system and is designed to make sure that work always pays. We want to reinforce that position. I have considered very carefully the arguments made by my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith), my hon. Friend the Member for Enfield, Southgate (Mr Burrows) and others, and weighed them carefully against the fiscal constraints, and I have concluded that from April we can reduce the universal credit taper rate from 65% to 63%. This is effectively a targeted tax cut that will be worth £700 million a year by 2021-22 for those in work on low incomes. It will increase the incentive to work and encourage progression in work, and it will help 3 million households across our country.

We believe that a market economy is the best way of delivering sustained prosperity for the British people. We will always support a market-led approach, but we will not be afraid to intervene where there is evidence of market failure. We will look carefully over the coming months at the functioning of key markets, including the retail energy market, to make sure they are functioning fairly for all consumers. In the private rental market, letting agents are currently able to charge unregulated fees to tenants. We have seen these fees spiral, despite attempts to regulate them, often to hundreds of pounds. This is wrong. Landlords appoint letting agents and landlords should meet their fees. So I can announce today that we will ban fees to tenants as soon as possible. We will also consult on how best to ban pension cold calling and a wider range of pension scams.

We can also help today those who rely on the income from modest savings to get by. Low interest rates have helped our economy to recover, but they have significantly reduced the interest people can earn on their cash savings, so we will launch a new, market-leading savings bond through NS&I. The detail will be announced at the Budget, but we expect our new investment bond will have an interest rate of around 2.2% gross and a term of three years. Savers will be able to deposit up to £3,000, and we expect around 2 million people to benefit.

The announcements I have made today lower taxes on working people, boost wages, back savers and bear down on bills. In early 2017, we will begin the roll-out of tax-free childcare across Britain, providing a saving of up to £2,000 per child. Once it is rolled out, we pledge to keep it under review to ensure that it is indeed delivering the support that working families need.

There is one further area of household expenditure where the Government can help. The oil price has risen by over 60% since January, and sterling has declined by 15% against the dollar. That means, of course, significant pressure on prices at the pump here in Britain, so today we stand on the side of millions of hard-working people in our country by cancelling the fuel duty rise for the seventh successive year. In total, this saves the average car driver £130 a year and the average van driver £350 a

year. This is a tax cut worth £850 million next year and means that the current fuel duty freeze is the longest for 40 years.

I have one further announcement to make. This is my first autumn statement as Chancellor. After careful consideration and detailed discussion with the Prime Minister, I have decided that it will also be my last. I am abolishing the autumn statement. [HON. MEMBERS: "Hear, hear."] No other major economy makes hundreds of tax changes twice a year, and neither should we, so the spring Budget in a few months will be the final spring Budget. Starting in autumn 2017, Britain will have an autumn Budget announcing tax changes well in advance of the start of the tax year. From 2018, there will be a spring statement responding to the forecast—[Laughter.]

**Mr Speaker:** Order. The House is in a great state of emotion. Some people are very easily humoured. I am glad they are so humoured, but we must hear the Chancellor.

**Mr Hammond:** Perhaps they should have read their briefing, Mr Speaker, because they might then have remembered that Parliament has mandated the OBR to produce a report to Parliament twice a year and has mandated the Government to reply. From 2018, therefore, there will be a spring statement responding to the forecast from the OBR but no major fiscal event. If unexpected changes in the economy require it, I will of course reserve the right to announce actions at the spring statement, but I will not make significant changes twice a year just for the sake of it. This change will allow for greater parliamentary scrutiny of Budget measures ahead of their implementation. It is a long-overdue reform to our tax policy-making process and brings the UK into line with best practice recommended by the IMF, the Institute for Fiscal Studies, the Institute for Government and many others.

The OBR report today confirms the underlying strength and resilience of the British economy. This autumn statement responds to the challenge of building on that strength, while also heeding the warnings in the OBR's figures, as we begin writing this new chapter in our country's history. It re-states our commitment to living within our means and sets out our choice to invest in our future. It sends a clear message to the world that Britain is open for business and it provides help to those who need it now. We have made our choices and set our course. We are a great nation, bold in our vision, confident in our strengths and determined in our ambition to build a country that works for everyone. I commend this statement to the House.

1.29 pm

**John McDonnell** (Hayes and Harlington) (Lab): This morning, we heard the verdict from the trial, following the tragic murder of Jo Cox. That murder robbed this House of a fierce advocate for social justice and a passionate campaigner. Her killing was an attack on democracy itself. Our thoughts are with Jo's family.

Today's statement places on record the abject failure of the last six wasted years, and offers no hope for the future. The figures speak for themselves. Growth is down; wage growth, down; business investment, down.

[HON. MEMBERS: “Sit down.”] The Government’s own deficit targets are failed; the debt target, failed; the welfare cap, failed.

**Mr Speaker:** Order. Let me say now that if Members from either side want to shout out, they should not bother to stand, because they will not be called. I say that to Members on both sides—stop it. It is juvenile, low grade and hugely deprecated by the public, whose support we should be seeking and whom we should try to impress, not to repel.

**John McDonnell:** Thank you, Mr Speaker.

We have heard today that there will be more taxes, more debt and more borrowing. The verdict could not be clearer. The so-called long-term economic plan has failed. As the Treasury’s own leaked paper reveals, the Government knew it had failed before the referendum result was announced. We now face Brexit—the greatest economic challenge of a generation, and we face it unprepared and ill equipped. The new Chancellor acknowledged the failure of the economic strategy in October when he promised a reset of economic policy.

Today, we expected a change of direction after those six wasted years. Instead, we have seen further cuts to earnings for those in work through cuts to universal credit, and a living wage increase that is lower than expected under the previous Chancellor. This is a new Conservative leadership with no answers to the challenges facing our country following Brexit, and no vision to secure our future prosperity.

Labour respects the decision of the British people to leave the European Union, but the chaotic Tory handling of Brexit threatens the future prosperity of this country. The Chancellor must now do the right thing for British workers and businesses. He must insist on full tariff-free access to the single market. He and the Treasury know that that is what will get the best deal for jobs and prosperity here. It may not be in the Chancellor’s nature, but in the national interest, I urge him to stand up to the Prime Minister and the extreme Brexit fanatics in her Cabinet. If he stands up for British businesses and jobs by fighting for single market access, he will have our full support.

After six wasted years, wages are still lower than they were in 2008. Self-employed people are, on average, paid less than they were a generation ago. Six million people are earning less than the living wage. Too many people are having to worry about buying school uniforms, affording a family holiday or even just paying the rent or mortgage.

We have had a month of briefing from the Conservative party on those people who are called “just about managing”—the JAMs. To the Conservative party, these people are just an electoral demographic. To us, they are our friends, our neighbours and the people we represent. Let me tell the House why those people are just managing. It is the result of Tories imposing austerity on an economy that could not bear the strain. We have seen productivity stagnate, but there is nothing in the autumn statement on the scale needed to overturn those six wasted years.

If the Chancellor really wants to make a fairer tax system as well, he could start by bringing back the 50p tax rate for the richest in our country. We have

heard familiar hollow rhetoric from the Tories on tax avoidance, when they have cut the resources of Her Majesty’s Revenue and Customs—the very people who collect these taxes. The resources available to HMRC today are 40% less than they were in 2000.

The Chancellor has frozen in-work benefits at a time when food prices are rising and wages cannot be expected to keep up. We need an economy that is fundamentally more prosperous and where prosperity is, yes, shared by all. The increases in the national living wage announced today are lower than expected and leave the poorest-paid workers still earning less than they need to live on. So I ask the Chancellor to adopt a real living wage level, as Labour has pledged to do, and abandon his predecessor’s empty rhetoric.

Regrettably, the Chancellor is still going ahead with some of the cuts to universal credit. Thanks to pressure—I pay tribute to Members of all parties who have campaigned on this issue—he is offering to soften the blow. We do not want the blow softened; we want it lifted altogether. Today’s changes will leave a single parent on average at least £2,300 worse off. These are the very people who are working hard to deliver for their families, and the Government are betraying them.

As for people with disabilities, who have been put through the ordeal of the discredited work capability assessment and are trying to get themselves ready to return to work—they are “just about managing”—they still remain in the Chancellor’s firing line. He cutting £30 a week from the support that these disabled people receive. In our society, that is scandalous.

Those who are “just about managing” also rely on our public services. They send their children to local schools; they depend on their local hospital; they rely on local council services to clean their streets, tend to their parks and playgrounds and open their libraries. The reality, however, after six wasted years is that our public services are just not managing. Today, the childcare that parents rely on remains underfunded, as the Public Accounts Committee has reported—and it will remain underfunded, even after today’s announcements.

I want to pay tribute to my hon. Friends the Members for Swansea East (Carolyn Harris) and for Erith and Thamesmead (Teresa Pearce) for the important work they did in bringing the issue of child burial fees to public attention. I ask the Government to do the right thing on child burial fees and reconsider making funding available for families in these desperate circumstances.

Councillors from all political parties are reporting that they are at a tipping point in the provision of social care. The previous Chancellor cut nearly £5 billion from social care, meaning that over 1 million people who need care are not getting it. They are not even “just about managing”, and they got little help today. We have called for additional support for social care, because the funding being provided today is only a stop-gap measure. Our social care system will not be secure without long-term funding. Tonight, many elderly people will remain trapped in their homes, isolated and lonely, lacking the care they need because of continuing cuts to social care—and social care cannot be cut without also hitting the NHS.

The supposed £10 billion funding allocated to the NHS is a restatement of an earlier commitment, but the Health Committee described this £10 billion claim as

[John McDonnell]

“misleading and incorrect”. The real amount is less than half what is claimed. As a result, we now have 3.9 million people on NHS waiting lists—more than ever—and many of those 3.9 million people are waiting in pain, and they got no relief today. Across the country, hospitals face losing their A&E units, their maternity units and their specialist units. This Tory Government are failing patients, as well as failing the dedicated NHS staff who serve us so well. This is the first time that healthcare spending per head has declined since the NHS was created, and I fear there will be a crisis in funding and care over this Christmas. The NHS cares for us, and we should care for the NHS.

Members of this Government have also overseen the biggest real-terms cuts in education for four decades. One pound in every seven has been cut from further education college budgets, and Conservative policy has saddled a generation of students with a lifetime of debt. How can a Government seriously talk about supporting a 21st-century economy when they are planning to pour tens of millions into the failed 20th-century policy of grammar schools, segregating our children at an early age?

As for housing, the Chancellor announced today that he was scrapping “pay to stay” proposals and letting agents’ fees—a U-turn that is a victory for Labour’s campaigns against both the “tenant tax” and the letting fees. The Chancellor has spoken before about the dream of home ownership for the young. Nothing that he has announced today is of the scale that is needed to suggest that that will remain anything other than a dream. The hard facts are these. The Government of which the Chancellor was a member built fewer homes than had been built at any point since the 1920s, and there are now a third of a million fewer home owners under the age of 35. Today the Chancellor could have delivered the scale of investment that is required to build the homes that we need and to create a new generation of home ownership. He significantly failed to do so.

Thanks to campaigning by my right hon. Friend the Member for Wentworth and Dearne (John Healey), the Wentworth Woodhouse building will be saved. I am grateful for that. The accusation was that a Labour Government had sited an opencast mine near the building and threatened it. That, I believe, was in 1947. I only wish that some of the policies pursued by Tory Governments since the 1950s could be reversed so easily.

The Government’s biggest investment failure is this: the Chancellor has failed to address properly the Government’s most consistent shortcoming. His predecessor cut public investment to the lowest that it had been since the 1990s. Rather than delivering the ambitious investment that our economy needs throughout the country, the Chancellor has failed to recognise the scale of the challenge. He also risks repeating the mistakes from last year, with the national flood resilience plan failing to provide the protection that our communities need.

Just one in five of the projects in the investment pipeline is under construction, and shovel-ready projects worth £82 billion are still being delayed. The infrastructure gap between London and the rest of the country remains unbridged. London was scheduled to receive 12 times as much public investment per head as the north-east of

England. The announcement of a £1.1 billion investment in transport is, in fact, a reannouncement. The Oxford-Cambridge rail link is significantly delayed against Network Rail’s original planned completion date of March 2019. There are no new ideas here, just a promise to deliver what the Government have previously failed to deliver. This is press-release policy-making, not provision. All that we need now is the return of the high-vis jacket.

The “fourth industrial revolution” will not be delivered on delays, old news and reannouncements. The Government have, at last, realised their mistake, and now talk about an industrial strategy—words that Ministers refused even to refer to in the past—but it is not enough to change a few ministerial titles. The Government and the Chancellor need to deliver. We have yet to see the proposed Green Paper on industrial strategy that was promised over the summer.

The same Government who now talk up high-tech investment oversaw a real-terms cut of £1 billion in science funding during the last Parliament. The OECD recommends that developed countries should be spending 3% of GDP on science. On the basis of what we have heard today, the new spending will lift our expenditure from 1.7% of GDP to a mere 1.8%.

It is the same familiar story for business. The Chancellor is continuing the race to the bottom on corporation tax, and, while continuing the cuts in public services, he is cutting taxes for big business. We know that it is not headline tax rates that encourage long-term investment by businesses. Business investment has been revised down every year under this Government. What encourages businesses to invest is the knowledge that they have access to skilled workers, world-class infrastructure and major markets.

Today’s grim economic forecasts reveal the challenge that lies ahead. The Chancellor admitted over the summer that it was time for a change of course. He has now had to abandon the Government’s fiscal charter, with its failed hard surplus target. Labour warned that a hard surplus target lacked the flexibility to adapt to economic circumstances and the capacity to allow investment. The Chancellor’s U-turn today demonstrates just how right we have been over the past year.

Only weeks ago, the Prime Minister offered the hope of change and the Chancellor offered to “reset” economic policy. Today, we have seen the very people whom the Prime Minister promised to champion betrayed. The Chancellor has failed to break with the economic strategy of austerity. The country remains unprepared and ill-equipped to meet the challenges of Brexit and secure Britain’s future as a world-leading economy. I fear that, after all the sacrifices that people have made over the last six years, today’s statement has laid the foundations for more wasted years. Only a Labour Government will deliver on the ambition and vision to rebuild and transform our economy so that no one and no community is left behind.

**Mr Hammond:** Let me begin by associating myself with the right hon. Gentleman’s remarks about the Jo Cox trial and sending my deepest condolences to her family and friends, who will be suffering again today.

I congratulate the right hon. Gentleman on his appointment to the Privy Council. I only wish that I could have been present at the investiture. I remember the procedure quite well: they give you a little red book to hold. [Laughter.]

I listened carefully to the right hon. Gentleman's response to my statement. His central argument appears to be that the deficit is too high and borrowing is too high. That is a bit of a problem, because, as I have understood it, his central proposal for our economy is to borrow more and spend more. Under his rule, Labour would always be borrowing, in good times as well as bad. His analysis of the problem of the last Labour Government is not that they spent too much money, but that they spent too little. Indeed, his rule has remarkable similarities to Gordon Brown's "golden rule", and we all know where that got us. His big idea is to spend an extra £500 billion, without any notion of how he would pay for it.

The right hon. Gentleman welcomed the industrial strategy. I am not sure that I welcome his welcome, but I warn him not to welcome it too quickly, because it will not look anything like an industrial strategy that would come out of his office. What he has heard about today is a responsible set of decisions, such as the decision to borrow £23 billion of tightly targeted investment while paying for every single penny of every other commitment that has been made.

The right hon. Gentleman talked about Brexit, and attacked us over the way in which we are handling the Brexit process. I honestly do not know whether he has ever been involved in a negotiation—I suspect not—but I invite him to look across the continent for a moment and note the admirable discipline that our negotiating counterparts are displaying in their messages, revealing nothing as they prepare to go into this negotiation with us. My advice is this: if we want to secure the best possible deal for Britain, we must keep our cards appropriately close to our chest.

The right hon. Gentleman may have heard "cuts in people's incomes" in my announcement about universal credit. Let me explain to him how this works. When we cut the taper from 65% to 63%, we allow people to keep an extra 2% of the income they are earning. I would have thought he would have welcomed that.

This is all about making tough decisions, and I am very happy to debate with the right hon. Gentleman, but I just wish he would be honest enough to accept that we cannot shower money everywhere, proposing to spend money on everything, without having to raise that money, either by taxes on ordinary people or by cutting spending elsewhere. It is simply no good to keep on pretending that we can do that just by taxing the rich. The top 1% of people in this country already contribute 27% of income tax paid, and unfortunately there are just not enough of them to be able to finance all the right hon. Gentleman's ambitions.

The right hon. Gentleman said he was disappointed by the announcement on the national living wage. I do not remember—perhaps one of my hon. Friends can remind me—the level of the national living wage during the 13 years of Labour's Government. He might note that the level I have announced today is precisely the level recommended by the Low Pay Commission, the body set up to pronounce on these things.

I wish the right hon. Gentleman would also be honest when he talks about the work-related activity group in the employment and support arrangements. This applies to new claims only, as he very well knows, so nobody is going to have £29 a week taken away from them however many times he says it. He also knows that it is not a

stand-alone measure; it is part of a package. The money saved is being reinvested in a £330 million package to get these people into work, with targeted support to help them to be ready for work.

The right hon. Gentleman talks about house building starts. House building starts were 45% down under the last Labour Government.

The right hon. Gentleman and the Leader of the Opposition have spread division and disunity through the Labour party, and that is exactly what they would spread through the country if they ever—God forbid—got into government. The right hon. Gentleman says there are no new ideas; I have to say that he needs to check the opinion polling, because that is not quite what public opinion believes. Instead of carping and opposing every measure we propose, why doesn't he roll up his sleeves and support us in the hard work of building an economy that works for everyone?

**Mr Kenneth Clarke (Rushcliffe) (Con):** I congratulate the Chancellor on reverting to the extremely sensible practice of having only one Budget a year, which Gordon Brown abandoned in order to try to buy votes twice a year, with disastrous consequences. I also congratulate him on easing the taper on tax credit, because it is having distorting effects on the labour market at the moment, for example by discouraging part-time workers from working extra hours. I particularly thank him for the money he has spent on the very valuable work rehabilitating the disabled at Stanford Hall in my constituency.

With those notable exceptions, will the Chancellor reassure me he will resist political pressures of all kinds over the coming years to move away from the very sensible fiscal discipline he has set out, because the major risk to his period of office would come—and it would affect every section of our society, including the JAMs that the media have discovered—if he were unable to avoid or mitigate the risk of recession, which global uncertainty undoubtedly poses to us in the real world?

Finally, will he confirm that, wherever he holds his cards, he will continue, inside the Government if necessary, to spell out economic reality and the long-term benefits to this country, if he wants to develop a modern, competitive economy, of retaining access to our most important market, in Europe, by retaining the benefits of the single market and the customs union, and that no amount of short-term political pressure will allow him to be deflected from that?

**Mr Hammond:** I am grateful to my right hon. and learned Friend. I am delighted that we have been able to lower the taper rate of universal credit, because of course it is absolutely in line with our principle that we should be supporting and encouraging people into work. He says the taper rate discourages people, but it is of course a much lower rate of withdrawal than under the old tax credit system it replaces.

Let me reassure my right hon. and learned Friend that I and my right hon. Friend the Prime Minister remain absolutely committed to the sound Tory principle that a country has to live within its means. Of course we have to deal with the realities the world throws at us, and that is why today I have adopted, as an interim measure for the remainder of this Parliament, a cyclically adjusted target which will always allow us to respond to

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any downturn that occurs. However, I certainly understand the importance of economic reality, and I also understand, as does my right hon. Friend the Prime Minister, the extreme desirability of achieving the very best access to markets in Europe for those who produce our goods and services.

**Stewart Hosie** (Dundee East) (SNP): First, may I associate myself with the words of the shadow Chancellor and the Chancellor on the late Jo Cox? May I also thank the Chancellor for what he said about the Tay cities deal? I note that what he said was slightly different from the words in the Red Book, so we will take him at face value from the Dispatch Box. In his attempt to clamp down on evasion, it was disappointing that no reference was made to Scottish limited partnerships. One would have thought that there would have been more, too, in terms of fairness overall, and a reference to the Women Against State Pension Inequality campaign and the unfairness for those women.

The Chancellor gave us plenty of information today, but with no more than a glib reference to being match fit at the beginning and a bit of deflection, there was very little on the elephant in the room, which is Brexit. It is not as if the Treasury does not know what the consequences of it will be; its own assessment tells us that tax yields could be down by £66 billion a year after 15 years and GDP down perhaps by 9.5%—a figure confirmed by the London School of Economics—as a result of reduced trade lowering productivity. That amounts to some £6,500 per year per household. So where was the plan to ensure that there is no hard Brexit and to maintain access to the single market? Where was the plan to mitigate the losses in tax yield and GDP? Although the Chancellor said a considerable amount about capital investment and research and development—and I welcome some of it up to a point—where was the fully developed scheme actually to boost productivity?

We do not go into this next period from a position of strength. As the Chancellor knows, UK GDP is already nearly 20% lower than it would have been had we achieved even a 2% trend growth rate since 2008. Our argument is that the austerity of this Government and the previous Government sucked consumption out of the economy, weakening recovery. This Government are set to repeat the error. Growth barely reaches 2% for the forecast period, and although the Chancellor sensibly did not put a date on it, he is still targeting a surplus in the economy, perhaps again before recovery has been secured.

I am glad the Chancellor has changed the fiscal charter, because the previous permanent surplus rule, taking £10 billion a year more out than required to run a balanced economy and cutting £50 billion a year more than required to run a balanced current budget, left us with some terrible consequences. As discretionary consolidation, cuts and tax rises took place, the ratio of cuts to tax rises also increased, placing the burden of austerity and an arbitrary fiscal target on the back of the poor. That has made the poorest decile 5% worse off and the richest 10% almost entirely better off. The Government have clearly worked out something, and I welcome the move on the taper, but let us be clear: at 2p in the pound, on the minimum wage that is 14p an hour.

It is not a king's ransom and it will not cure poverty. The squeeze has not been lifted from the poor, and the screw of the welfare cap has not been turned off; this has simply made a brutal regime slightly less brutal.

I am glad that the Chancellor mentioned the actions of the Bank of England. Our party very much welcomes what the Governor has done. He has introduced an increase in quantitative easing and £60 billion of extra Government bond purchases, made £10 billion available for corporate bond purchases, set a 0.25% base rate and enabled additional term funding to encourage more and cheaper long-term lending from the banks. However, there has been a more or less complete absence of a fiscal policy stimulus to match the incredible monetary policy activism of the central bank.

The key part of today's autumn statement—I am pleased to hear that this is the last one; it is my 25th Budget, autumn statement or pre-Budget statement—was the increase in total managed expenditure, but like for like, it amounts to 1.5% of total managed expenditure over the forecast period from 2015-16 to 2020-21. It is to be welcomed, and it certainly represents a break from the recent past, but it can in no way be described as the sort of fiscal stimulus required to match the monetary policy discipline of the central bank.

The Chancellor talked about an increase in capital investment, which I very much welcome. He also talked about an increase in funding for research and development. However, given the fact that the description of research and development has changed in the Green Book, as has the description of the UK Trade & Investment funding—he said that there would be a doubling of some aspects of export support—it is hard to tell precisely what the impact of some of those measures will be. Will he tell us what the total increase in cash and percentage terms of this vital export support will be? Will he also tell us what the overall increase in research and development funding will be across the piece? How does he intend to deploy the £23 billion of what he described as capital investment?

**Mr Hammond:** I am not sure whether that was a “thank you” or not. I might have to consult my hon. Friends about that. I think it might have been—

**Angus Robertson** (Moray) (SNP) *indicated dissent.*

**Mr Hammond:** Oh, it was not. What we have announced today is a significant increase in capital investment, which includes research and development under the Office for National Statistics definition, and Scotland will get £800 million of that. Research and development is not Barnettised, so the increase will be spread across the whole of the UK, but the infrastructure element will be Barnettised and Scotland will get £800 million. I would point out to the hon. Member for Dundee East (Stewart Hosie) that Scotland's economic performance needs attention, and that its productivity needs addressing. I am sure that families and businesses across Scotland will hope that he or one of his colleagues can confirm that the Scottish Government will use this additional funding—in the spirit in which it is being raised for the rest of the United Kingdom—to invest in raising the productivity performance of the Scottish economy. I would very much welcome that.

The hon. Gentleman asked about details of the productivity message. I can assure him that there is no lack of enthusiasm in this Government for tackling the productivity challenge. My right hon. Friend the Business Secretary, the Treasury and other Departments are involved in a process that will lead to a Green Paper that will allow us to consult extensively with business and other outside bodies before we firm up exactly how to deliver the strategy. What the House has seen today is £23 billion of additional investment, alongside the £150 billion that we have already committed to investing in economic infrastructure over the period, which will form the backbone for that policy and its delivery.

The hon. Gentleman knows very well—although he probably would not admit it—that survey after survey has shown that the biggest drag on growth and business investment in Scotland is the continuing threat of a second referendum.

**Angus Robertson:** No, it is Brexit.

**Mr Hammond:** The right hon. Gentleman needs to go back and look at the polling data. The concern about a second Scottish independence referendum is bigger than any concerns about possible Brexit arrangements.

In response to the specific points raised by the hon. Member for Dundee East, I am publishing a distributional analysis—I believe that it is available in the Vote Office now—of the measures that have been announced today and, cumulatively, of the measures that have been announced throughout this Parliament. It will not show the outcome that he suggested, so perhaps he would like to look at it and we can no doubt have another exchange on this at Treasury questions.

The overall package of measures announced today represents a fiscal loosening of around £23 billion. I acknowledge that that is a reduction of a planned fiscal tightening, but of course there has to be a fiscal tightening over time because we are moving towards living within our means, with a balanced budget in the next Parliament, and we are not going to be deflected from that intention. Finally, just to clear up the confusion, UKTI's budget is now rolled into the budget of the Department for International Trade. What I announced in my statement was that the risk capacity of UK Export Finance will be doubled so that it can provide finance to enable exporters from all over the UK to sell their goods abroad on credit.

**Mr George Osborne (Tatton) (Con):** I warmly congratulate my right hon. Friend and successor on his strong statement and assured delivery. I particularly welcome the additional support for the northern powerhouse. The independent Office for Budget Responsibility has given us a sober assessment of the economic and borrowing challenges that Britain faces, and the Chancellor is right to keep his powder dry. However, he is also right to adhere to the principles that we control current spending, that we ensure that work pays and make the welfare and tax reforms necessary to deliver that, that we make Britain the best place to attract business and that we have the freest possible trade with our key export markets. I support all the things that he is doing to deliver on those principles.

**Mr Hammond:** I am extremely grateful to my right hon. Friend. He is absolutely right to say that those principles will guide the actions of this Government—as they should guide the actions of any sensible Government—as we try to future-proof our economy in a time of extraordinary political and technological change. We are facing a period of 20 or 30 years in which the way we work, the way we live and the way we do business will change fundamentally, and unless we invest now in our infrastructure, our science and technology base and our innovation capability, we risk being left behind. That would not deliver the economy and the country that works for everyone that we are committed to.

**Edward Miliband (Doncaster North) (Lab):** I welcome the fact that the Chancellor of the Exchequer has adopted the fiscal rules that his predecessor described as the single biggest risk to economic recovery. They are the ones that we proposed in 2015. I want to ask him about Brexit. He said at the Tory party conference that the British people did not vote to become poorer. However, on page 19 of the Office for Budget Responsibility's report, we see that £58 billion of the worsening in the public finances is due to the Brexit decision. Is this not a salutary warning to us about the decisions that we will take over the coming months and years? Is it not also a strong argument for us to remain as close as possible to our largest trading area, the single market, and inside rather than outside the customs union?

**Mr Hammond:** The Prime Minister has said many times—I shall undoubtedly repeat this many times today—that it remains our objective to try to get the closest possible trading arrangement with the European Union and the greatest possible access for our goods and services to be sold into European markets after we leave the European Union. In response to the right hon. Gentleman's question, I think we have to disaggregate two effects. There is of course going to be a period of uncertainty as we go through the process of exiting the European Union, and that has had a dampening effect on business investment, as the OBR has identified. However, we have to rise to the challenge of getting ourselves match-fit to seize the opportunities that this country will have after we complete that process, and I would urge him to think about that longer-term challenge as well as the short-term issues.

**Mr Andrew Tyrie (Chichester) (Con):** I congratulate the Chancellor on delivering a crucial statement for the country. It was a Budget in all but name, and I strongly support his decision to make it the first of many autumn Budgets. That is something for which a number of us on the Treasury Committee have been pressing for a while.

The statement will provide reassurance and certainty for the whole country. Given that the education sector creates export earnings of £20 billion—about the same as the car manufacturing sector—will the Chancellor soon be able to provide our colleges and universities with the certainty and reassurance they need that foreign students will not be caught by the 100,000 migration target?

**Mr Hammond:** I am grateful to the Chairman of the Treasury Committee for his remarks and for the Committee's work on a single fiscal event—it is much

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appreciated and the right way for us to go. On his specific question, students are included, as he knows, in the 100,000 or tens of thousands target, and my right hon. Friend the Home Secretary is looking at how best to manage student flows in the interests of what, as he says, is an important industry in this country.

**Chris Leslie** (Nottingham East) (Lab/Co-op): A few months ago, the Foreign Secretary promised the general public that we would by now have an extra £350 million a week for the national health service. Strangely, however, the Chancellor has just announced that growth is falling and business investment is collapsing and that there will be an extra £110 billion of borrowing over the forecast period when compared with March. I do not see any of his leave-campaigner colleagues on the Front Bench, but has he received an apology yet from the Foreign Secretary or any of them?

**Mr Hammond:** I am not responsible for remarks that may or may not have been made during political campaigns. The British people made a decision to leave the European Union, and we must respect that decision. If we are to make a success of this process and if we are going to ensure the success of the British economy in the future, we must move on and not repeat this sterile debate over and over again. We must focus our attention on building an economy that is match-fit for the future and that will enable us to deliver high living standards as we make our way in the world.

**John Redwood** (Wokingham) (Con): As someone who is much more optimistic about the UK economy's prospects under the Chancellor's stewardship than the OBR usually is, I welcome the increased OBR forecast for this year—a faster rate of growth than in its pre-vote forecast. I also welcome its recognition that there will be no post-vote winter recession in the way that was forecast by some. Does the Chancellor agree that the OBR is probably still quite wrong about 2017? Its forecast is too low, its borrowing forecast is far too high, and we will get good access to the single market once we are out of the EU.

**Mr Hammond:** I hope that my right hon. Friend is right on that last point, which will of course be our objective. I am grateful to him for his implicit confidence in my stewardship. I am well aware of his views, which are, as always, long standing and utterly consistent. However, it is not my job to opine on the report that the OBR has made by statute to Parliament; it is my job to respond to it. That is what I have done today. Obviously, economic forecasting is not a precise science, and I absolutely recognise, as would the OBR, that individual Members will have their own views on the likely future trajectory of our economy. It is probably worth mentioning that the OBR specifically says in its report that there is an unusually high degree of uncertainty in its forecasts because of the unusual circumstances.

**Meg Hillier** (Hackney South and Shoreditch) (Lab/Co-op): In a long statement, we had no mention of the national health service. After the first six months of this year, the deficit is £648 million for trusts alone, with a year-end deficit forecast of £669 million. Given the extraordinary measures to which the Department of

Health had to go to balance its budget in the last financial year and given those projections, what is the Chancellor doing to ensure that our national health service has a sustainable future?

**Mr Hammond:** I might be a novice at autumn statements, but I am not such a rookie that I did not mention the NHS, so I suggest that the hon. Lady checks *Hansard*, where she will find that I definitely did. She talks about an aggregate trust deficit of £648 million that was projected at a point that is four months out from the end of the fiscal year. That is in the context of a budget of £110 billion in an NHS that holds a contingency reserve at the centre. My right hon. Friend the Health Secretary is well aware of such pressures, which are not particularly unusual. They are being managed inside the NHS, and I am of course keeping and will continue to keep a close eye on them with the Health Secretary.

**Anna Soubry** (Broxtowe) (Con): I congratulate my right hon. Friend on a wide range of measures—short term, medium term and long term—that will undoubtedly turbocharge our economy and give it the boost it needs as we face the realities of Brexit. Does he agree that it has never been more important for British business to be at the heart of local enterprise partnerships, great ideas such as the midlands engine, and all the infrastructure plans? Such projects should be driven by British business, not politicians.

**Mr Hammond:** I absolutely agree with my right hon. Friend and I am grateful for her comments. I passionately believe that business should be engaged at the heart of this process—that is the right way to do it—and local enterprise partnerships and area-specific project organisations are a good innovation for delivering it. However, this is also part of meeting the challenge of regional imbalance, which as I said earlier is not just a social problem, but an economic problem. When we look at our productivity gap when compared with other advanced economies, we should logically look for the things in our country that are different from those in our comparators. The gap between our capital city and our other cities and regions is one of the defining features of the UK economy. By working with businesses from across the country and the regions, in particular by promoting our regional cities, we can at last start to address the problem.

**Andy Burnham** (Leigh) (Lab): The north of England is crying out for a plan for investment in rail, and people will be left asking today, “Where is it?” It is also crying out for investment in social care. It is quite frankly unbelievable that the Chancellor could find no place to mention it today. Six years of cuts to social care have left a record number of older people trapped in hospital and the NHS on the brink. With a dangerous winter now facing us, can he say a little more about how he came to the judgment that new grammar schools are a higher spending priority than the funding of care for older people?

**Mr Hammond:** I am a little surprised that the right hon. Gentleman—a former Chief Secretary to the Treasury—is not actually able to distinguish between capital and resource, because the funding that we are talking about for grammar schools is capital spending. I

said in the course of my statement that the Department for Transport will continue the discussions on northern powerhouse rail with Transport for the North and will make announcements in due course.

The right hon. Gentleman also asked specifically about social care. Opposition Members are fond of talking about cuts to social care budgets, but local authorities have to manage their budgets as they think best. They have to manage the envelope of resource that they are given. We have created a better care fund that will be delivering £1.5 billion a year into social care by the end of this Parliament. We have allowed local authorities to raise a social care precept, which will be delivering another £2 billion a year by the end of this Parliament. That is £3.5 billion a year of additional funding into the social care system. I accept that there is an issue that local authorities are raising—we have heard what they are saying—about profiling and how this large amount of additional money ramps up. My right hon. Friends the Health Secretary and the Communities and Local Government Secretary are extremely aware of the issue and I am discussing it with them.

**Dr Sarah Wollaston (Totnes) (Con):** The Care Quality Commission has warned that social care is at a tipping point and vulnerable people across the country are being left without the care and support that they need, which is adding hugely to costs for the NHS. I am disappointed that the better care fund has not yet been brought forward, but encouraged to hear that that is actively under discussion. Will the Chancellor confirm that we should try to get away from this divisive debate in the House about how we are going to fund our health and social care, and that all parties should work together for a new, sustainable, long-term settlement?

**Mr Hammond:** I am all in favour of discussing these big strategic questions in a grown-up way, trying to build a consensus across the House, but I see little interest from Opposition Members in doing that. We have made a commitment of £10 billion of additional funding for the NHS over this Parliament—*[Interruption.]* Yes, we have. It is £10 billion of additional funding by the end of this Parliament. A senior management team in the NHS has drawn up a plan, set the budget and asked for the money. It has been given the money and I think we should allow it to show what it can do.

**Mr Douglas Carswell (Clacton) (UKIP):** The Chancellor's autumn statement suggests yet more public borrowing, with total public debt due to increase to £1.6 trillion in the new year and £1.9 trillion by 2020, when it will be four times what it was in 2005. Rather than being a reflection on Brexit, is not the accumulation of these unsustainable levels of public debt due to his predecessor's failure to match words with deeds and get a grip on public spending?

**Mr Hammond:** No. I appreciate that the hon. Gentleman will not have had a chance to read the report, but when he does so, he will see that the big drivers of debt are: the deteriorating forecast for growth, which of course has a big impact; the structural change that appears to be taking place in the relationship between a given level of GDP and tax receipts—I mentioned in my statement that we will have to address that—and the measures

that the Bank of England took, which have a direct impact on public debt, but only in the short term, because they do unwind over the course of a few years.

**Kit Malthouse (North West Hampshire) (Con):** I warmly welcome the Chancellor's significant commitment to British science today, regarding both research and commercialisation. As he moves towards his next Budget, may I urge him to look carefully at removing many of the regulatory barriers and at providing greater tax incentives for individuals to invest in science and technology start-ups so that we can start to build a true enterprise culture in which everybody participates?

**Mr Hammond:** My hon. Friend has been kind enough to come to see me over the past few weeks to make some suggestions in this area. I did announce in my statement that the Treasury will conduct a review of the availability of patient capital in this country, and I include in that genuine individual investment in start-up businesses and how we make sure that that is incentivised to stay in for the long haul. I thank him for his input and we will look at this further.

**Rachel Reeves (Leeds West) (Lab):** May I start by associating myself with the comments made by the Chancellor and the shadow Chancellor about the verdict in the Jo Cox trial? I hope that the whole-life sentence for Jo's murderer can at least give some comfort to her family at this incredibly difficult time, and will also enable us to remember Jo for the way she lived, rather than the way she was murdered.

May I ask the Chancellor about the changes to universal credit that he announced today? The taper rate will now be 63p in the pound, which means that for every additional pound earned, the recipient of universal credit will lose 63p. That marginal tax rate is three times higher than the basic tax rate. Does he honestly think that sufficiently rewards work and encourages people to take on those extra hours that we all want them to do?

**Mr Hammond:** Again, I associate myself with the hon. Lady's remarks. I am sure that she is right that the entirely sensible sentence that has been handed down will be a source of some comfort to the family.

The hon. Lady asks whether the taper rate is a disincentive or an incentive to work. Of course the lower the taper rate, the greater the incentive to work—I readily recognise that. I said in my statement that I had listened carefully to representations about doing something in this area and balanced those against my judgment about our fiscal capacity. I have funded every single spending commitment made today. If we had gone further than 63%, we would have had to raise more money somewhere else, and I judged that at the present time, that was not the right thing to do. I also gently remind her that 65%, never mind 63%, is a lot lower than a marginal withdrawal rate of 90%, which was what many people were facing under the tax credits system.

**Antoinette Sandbach (Eddisbury) (Con):** May I welcome the steps that the Chancellor has taken to tackle some of the issues facing rural businesses, particularly the extension of rural rate relief and of fibre broadband? I particularly thank him for the £1.4 million that will be

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going to the Alder centre, which will help to build a new building for the provision of counselling services across the north-west to bereaved parents. I know that the trustees are absolutely delighted.

**Mr Hammond:** I am grateful to my hon. Friend for that, and I am delighted that, even in these difficult fiscal times, we are able to make these investments, which can be life-changing in local areas.

**Sammy Wilson** (East Antrim) (DUP): So that there can be no doubt, may I welcome the fact that the Northern Ireland Executive will have £250 million of additional capital spending, as well as the commitment to reduce corporation tax, which should lower the bill for the devolution of corporation tax to Northern Ireland without damaging our ability to compete with the Republic? The Chancellor says that growth is still damagingly imbalanced across the United Kingdom. If the Northern Ireland Executive make sensible proposals of further measures to address that issue, will he pay attention and respond to those? Does he agree that his acceptance of the lower forecast of growth for the UK in the long term, despite the fact that it contradicts totally the short-term forecasts, can be self-fulfilling and can damage places such as Northern Ireland disproportionately when compared with other parts of the UK?

**Mr Hammond:** I am not sure that receiving the OBR report constitutes an acceptance of anything; the report is the report and we have to respond to it. The hon. Gentleman asks about the imbalance in growth; of course that is a problem, and increasing economic growth in Northern Ireland is a high priority. Wages and living standards are lower in Northern Ireland than we would like, and the only way to address that is to improve productivity, increase the size of the private sector and get more investment into Northern Ireland so that growth rates are increased. Obviously I will respond to any proposals that come from the Northern Ireland Executive. I cannot promise him how I will respond to them, but I can promise him that I will respond.

**John Penrose** (Weston-super-Mare) (Con): The extra investment in building affordable homes and infrastructure is excellent news. Does the Chancellor agree that cheaper homes are one of the most important ways of raising living standards for everyone and improving economic productivity? Will he therefore also support reported moves to increase the supply of urban house-building sites by allowing owners to build up, not out, to the height of other buildings in the same block without planning permission?

**Mr Hammond:** My hon. Friend is right to say that making sure that housing is affordable is not only a key social priority, but a key economic priority. As I said in my statement, it is clear that the unaffordability of housing, certainly in many areas of the country, has become a drag on productivity, economic growth and investment. Investment in housing not only advantages the economy, but directly helps families, so I am pleased that we have been able to do something on that front today. As I said, my right hon. Friend the Communities Secretary will be bringing forward a housing White

Paper in due course and he will address the longer-term strategic problems, one of which is the subject of the point that my hon. Friend has made.

**Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): Further to the questions asked by my right hon. Friend the Member for Leigh (Andy Burnham), my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) and the hon. Member for Totnes (Dr Wollaston), may I point out that there is not one mention in the 72-page autumn statement document of the words “NHS”, “social care”, “mental health” and “public health”? The Chancellor cannot ignore the fact that our health and social care services are in crisis and face massive deficits. Surely the many economists in his Department will have told him that it is economically illiterate to ignore the massive decrease in people receiving social care in the community, and the cuts to public health and NHS staff training. Why was the NHS missing from his autumn statement?

**Mr Hammond:** We have been round this loop before. We are putting £10 billion a year more into the national health service by the end of this Parliament. We are delivering exactly what the senior management of the national health service asked for, and we will work with them to ensure that it is effective, because the money has to be spent and delivered effectively. I keep in close contact with my right hon. Friend the Secretary of State for Health. He is working very closely with NHS management. I know that it is tempting for Opposition Members to paint everything as a crisis or to talk of looming chaos, but that is not the case. We have a programme for investment in the NHS. It is being delivered and we will keep a close eye on the way it is being delivered.

**David Rutley** (Macclesfield) (Con): I welcome today's announcement and the autumn statement. I am particularly pleased to welcome the extra £2 billion for research and development that was announced earlier this week—it is absolutely pivotal. Does my right hon. Friend agree that it will help to underpin our leadership in life sciences, which is a key sector for success in the northern powerhouse?

**Mr Hammond:** I completely agree. To be clear, by the end of the Parliament, an additional £2 billion a year will go into research and development. My hon. Friend is right that life sciences and synthetic biology are an area in which the UK has gained a really significant lead in a disruptive area of technology that will shape the future of our economy and the economy of the world. There are three or four such areas in which we really have to invest now to ensure that we get the critical footprint that will allow us to be leaders in this fourth industrial revolution, just as we were in the first industrial revolution.

**Mr Alistair Carmichael** (Orkney and Shetland) (LD): May I welcome those elements of this statement that are positive? I am talking about the spending for infrastructure, especially in broadband and mobile phone signals, the reduction in fuel duty and the changes to universal credit. They are all steps in the right direction, but we wanted extra cash to be given to the NHS and social care, where it is needed, because as winter comes

on, we risk the problems becoming acute. I understand the difficulties that face the Chancellor today. He has a £122 billion black hole as a result of Brexit. As the hon. Member for Totnes (Dr Wollaston) said, instead of using the NHS as a political football, will he work with people of all parties and none to identify where that money can be found because, frankly, the NHS is too important to be treated like this?

**Mr Hammond:** First, I urge the right hon. Gentleman to look at the figures in a little more detail. The £122 billion that he quotes runs over a fifth year. It includes the £23 billion of discretionary additional commitments that I have made today, as well as more than £20 billion of baseline adjustments due to previous policy changes around welfare benefits and classification changes made by the ONS. He therefore really needs to look at the figures.

On the NHS, as I have said already, there are trust deficits building up across the country. At the moment, they are manageable within the context of the NHS's own internal cash management system, but we will of course keep a close eye on them. We take the view that the NHS has asked for financing of a specific and defined plan. We have provided that financing. We now need to challenge NHS managers who have asked for that money to deliver the outcomes that they promised. We will watch very closely and stick close by as they do.

**Stephen Hammond** (Wimbledon) (Con): I congratulate my right hon. Friend on his first and last autumn statement. In particular, I warmly welcome the support for infrastructure. With regard to the investment for 140,000 new houses, may I ask him to consider the suggestion from the National Housing Federation that those affordable houses are built tenure-free so that they might be delivered more quickly?

**Mr Philip Hammond:** I did say in the statement—my hon. Friend might have missed it—that we will relax the restrictions on tenure that are normally attached to affordable housing grant funding so that affordable housing providers can build with the mix of tenures that is right for the particular market in which they are operating. That will allow housing to be built more quickly, and housing need to be met more quickly.

**Caroline Flint** (Don Valley) (Lab): The Prime Minister expressed outrage in her conference speech at the fact that two thirds of energy bill payers are paying over the odds on the standard variable tariff. That percentage has been confirmed by the Competition and Markets Authority. I first spoke about this five years ago, so it was disappointing that the problem was not mentioned in the Chancellor's speech today. We should have a protective tariff and a cap for those on the standard variable rate. I understand that there are meetings across Whitehall to discuss that idea. Will he confirm or deny the rumours that a protective tariff, or a default tariff, is under discussion?

**Mr Hammond:** I will not confirm or deny what discussions are going on across Whitehall. I did say—I fully understand that the right hon. Lady might have missed it in the depths of the statement—that we are setting up a review of markets, including the retail

energy market, to ensure that they are operating fairly for consumers. Where we find that they are not, we will make proposals and take action.

**Mr Nigel Evans** (Ribble Valley) (Con): I welcome the autumn statement. There is always a question on the beer industry, and here it is. Beer is taxed at three different levels depending on its alcohol by volume. The lowest rate is for beers with an ABV of 1.2% to 2.8% to try to attract consumers to less alcoholic beers. Will the Chancellor meet me, as president of the all-party beer group, to discuss the upper level, and perhaps raising it to 3.5%, with a view to attracting people away from those heavier alcoholic beers to lower-alcohol beers?

**Mr Hammond:** If my hon. Friend names the bar, I will meet him.

**Mr Speaker:** That was a splendidly pithy answer, but questions are becoming rather long. There are still nearly 50 Members seeking to contribute, and I am keen to accommodate them, but I can do so only if people can—to put it bluntly—abandon the preamble and get on with the pithy, preferably single-sentence, inquiry. I am sure that we can led in this by Caroline Lucas.

**Caroline Lucas** (Brighton, Pavilion) (Green): Thank you, Mr Speaker.

Disappointingly, this Chancellor has joined his predecessor in failing to mention the words “climate change” even just once anywhere in the statement. That is in the year that is set to be the hottest on record, when parts of the country are under floodwater. Can he justify continued handouts to the oil and gas sector when there is no assurance of support for clean energy post-2020, no reversal of the critical solar tax hike, and nothing on keeping homes warm this winter?

**Mr Speaker:** One sentence if it involved the abandonment of punctuation.

**Mr Hammond:** If the hon. Lady looks carefully at the statement, she will see that I did announce significant additional funding to pursue ultra-low emission vehicles. That is an area in which the UK is already a technology leader. I have also announced today that, from next April, there will be 100% first-year allowances on all electric charging infrastructure. We know that the biggest deterrent to moving to electric vehicles is the fear of being unable to charge them. Getting a widespread charging network rolled out will allow us to meet our ambition to electrify the fleet.

**Mr Stewart Jackson** (Peterborough) (Con): Innovation and the condition of working people have always been priorities of the Conservative party. In that vein, I particularly welcome the fiscal changes in the autumn statement, especially regarding fuel duty, tax allowances and the national living wage, for which I campaigned for many years. May I just take the Chancellor back to the question from my hon. Friend the Member for Wimbledon (Stephen Hammond)? Through the dispersal of public money for affordable housing, would it be possible to break the monopoly of housing associations

[*Mr Stewart Jackson*]

and local authorities? In mixed tenure sites, could we bring in local providers of affordable housing to deliver the homes that we all need?

**Mr Hammond:** This is not absolutely my area of expertise, but my understanding was that there already are opportunities for other providers to deliver affordable housing and to receive grant support to do so. I will look into that matter and, if I am wrong, I will write to my hon. Friend accordingly.

**Jess Phillips** (Birmingham, Yardley) (Lab): Like many Members, I welcome the £23 billion of infrastructure spending. Some 1% of people who currently work in the construction industry are women. Can the Chancellor tell me how many women's jobs will be created by the £23 billion? Does he think that the tax that we women pay should sometimes pay for our own prosperity?

**Mr Hammond:** I am afraid to tell the hon. Lady that I do not have a ready answer for her on precisely how many women's jobs will be created, but I do know that we have more women in work than ever before in this country and that our female participation rates are approaching the levels of the very highest rates in Scandinavian countries. I also know, because it is an area of interest to me, that more women are going into what one might describe as traditionally male preserves—engineering and construction—than ever before. That is a trend we should welcome enormously and encourage further.

**Heidi Allen** (South Cambridgeshire) (Con): I just want to say, "Thank you." An awful lot of R and D funding will help my constituency. Scientific businesses in South Cambridgeshire have been worried since Brexit, so I thank my right hon. Friend for that. East-west rail links and road links will help us to spread that prosperity. Overall, I thank him for the money on universal credit. That was a difficult decision. It is not everything that we wanted, but I very much welcome the money that he put aside for universal credit, and I thank him.

**Mr Hammond:** I am grateful to my hon. Friend for her generous words.

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): The Chancellor quite rightly noted at the beginning of his statement that one of the big challenges that he faces is the gross wealth inequality in the British state—a task that will be made harder with the loss of EU structural funds—so is it his intention in future statements to announce a UK convergence fund to replace the lost EU regional money?

**Mr Hammond:** I recognise the hon. Gentleman's concern. He will know that I have made two statements since becoming Chancellor seeking to reassure businesses, universities and others who apply for EU grant funding that, where they are successful in such applications, however long the funding runs on, we will underwrite it, so if Brussels does not foot the bill, the Treasury will. But he is absolutely right: we will have to put in place alternative arrangements for the period after we leave the EU. We will have to have a discussion with the devolved Administrations about how that works—between Whitehall and the devolved administrations—and once

we get into the negotiation with the EU, we can start to see the direction of travel. I think that it will then be appropriate to have this discussion, but I do recognise the concern.

**Jeremy Quin** (Horsham) (Con): As the Chancellor pointed out, we have a major productivity issue to address. I look forward to the Green Paper and the benefits of the £23 billion of targeted investment, but may I congratulate him on making that £23 billion-worth of investment within a fiscal framework that is reliable, sustainable and will continue to bring down the record deficit that this Government inherited from Labour?

**Mr Hammond:** I am grateful to my hon. Friend, and we have embarked on the right course of action to protect our economy for the future and to ensure that it can take full advantage of the opportunities that will be available to it.

**Mrs Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): I welcome the reference to the northern powerhouse and Transport for the North—with details to follow—but will the Chancellor tell us whether there is any more funding, so that we can invest in better transport across the north?

**Mr Hammond:** I welcome the question from a former Transport Committee Chairman—[HON. MEMBERS: "She still is!"] All right. I welcome the question even more. If I remember rightly, she was the Chairman when I was a member of the Select Committee, so she probably gets the prize for longevity.

I have deliberately chosen not to read out great, long lists of specific projects and allocations of funding, but rather to create a framework, and what I said in the statement—I will repeat it now—is that my right hon. Friend the Transport Secretary will make a series of announcements about the detailed allocations over the coming weeks.

**Maggie Throup** (Erewash) (Con): May I ask the Chancellor to urge the Transport Secretary to spend some of the £1.1 billion on a new motorway junction between junctions 25 and 26 on the M1, which would undoubtedly improve growth and productivity in my constituency?

**Mr Hammond:** One of my thoughts in deciding not to announce all the allocations personally was that I would avoid the lobbying for individual projects. I had not realised that I would be invited to act as a conduit to the Transport Secretary, but in this case and because it is my hon. Friend, I will pass on her request.

**Several hon. Members** *rose*—

**Mr Speaker:** I must advise the House that I have noticed a growing split within the Chamber between the glowerers and the smilers—Members deploying different techniques in a bid to be called. Some have very beatific smiles and others—

**George Kerevan** (East Lothian) (SNP): Which works?

**Mr Speaker:** A smile is more effective.

**Dr Rosena Allin-Khan** (Tooting) (Lab): Affordable house building last year fell to its lowest level since 1991. In my borough, Wandsworth, the Conservative council approved the building of over 10,000 homes at Battersea power station and Nine Elms, 13% of which were deemed affordable. However, the cheapest home there is a studio flat costing £400,000. These are not genuinely affordable homes for local residents; they are used as gold bricks for overseas developers. Can the Chancellor tell me today what is an affordable home?

**Mr Hammond:** There are two points here. We have, of course, a definition of affordable housing, which we use in statutory terms, but there is a much broader consensus in the House that we need to make all housing across the UK more affordable, including housing that people buy in the marketplace. To do that, we have to address fundamentally some of the challenges with land supply, particularly in London and other high-demand areas. As I said earlier, my right hon. Friend the Communities and Local Government Secretary will introduce a housing White Paper, which will address these more strategic issues.

**Stephen Metcalfe** (South Basildon and East Thurrock) (Con): There is much to be welcomed in the Chancellor's statement, particularly the warm words about the strength of our science and technology endeavours, especially in the light of the recent Science and Technology Committee report that called for a rise in spending on R and D to 3% of GDP. Obviously, the extra £2 billion is a helpful step in that direction, but to realise the potential and deliver on those ambitions, we need to attract the best talents here to the UK. Will my right hon. Friend work with colleagues across the Government not only to reassure scientists and researchers who are already here, but to come up with a system as soon as possible to attract the best people into the UK?

**Mr Hammond:** I welcome my hon. Friend's comments as Chairman of the Science and Technology Committee. Of course, the £2 billion a year referred to is just public investment in R and D. Most investment in R and D in this country is done by the private sector. As the Prime Minister said in her speech to the CBI on Monday, we are committed to looking at the R and D tax credit system to make sure that the UK is the most attractive place for an innovative company to do its research, development and innovation.

On immigration, I absolutely recognise the points that my hon. Friend makes. Many companies that choose to locate in the UK depend on being able to bring people with high skills into the UK to work in their businesses. I have said before and I am happy to say again today that, although it is our clear intention to introduce controls on migration into the UK from the European Union, I cannot conceive of any circumstances where we would use those controls to strangle investment in our businesses by not allowing high-skilled, high-paid individuals to be transferred here to work in them.

**Helen Goodman** (Bishop Auckland) (Lab): The most alarming number in the OBR forecast is the 13% drop in forecast business investment, and the Chancellor said it himself: the big problem is uncertainty. The OBR says rather plaintively:

"we asked the Government for 'a formal statement of policy as regard its desired trade regime...as a basis for our projections'"

but they left us

"little the wiser."

The Chancellor had a real opportunity today to tackle this uncertainty, which is the basic problem, by setting out the objectives for the Brexit negotiations to keep us with access to the single market and in the customs union. Why did he not do so?

**Mr Hammond:** I did not, because to do so would be to give away our negotiating cards in what will be a very complex negotiation. With respect to the hon. Lady, even if I or the Prime Minister set out precisely our objectives, our tactics and our strategy for the negotiations, that will not remove the uncertainty because the outcome will depend on the negotiation itself. As the Prime Minister has said, a negotiation is a process of give and take between the parties to get to a mutually acceptable outcome, and that is what will be embarked upon.

**Mr Jacob Rees-Mogg** (North East Somerset) (Con): May I congratulate the Chancellor on his excellent statement? I draw his attention to page 96 of the OBR report, which sets out the assumptions in relation to Brexit. It seems to me that there are two problems with those assumptions. First, they assume that we will apply tariffs on the same basis as we do inside the European Union, which the Chancellor will know he will be able to remove. Secondly, they are particularly gloomy on the prospects for financial services. Might we be able to take a slightly more optimistic tone and, with the freedoms that we have outside the customs union and the single market, be able to solve the productivity problem?

**Mr Hammond:** As my hon. Friend will know, the OBR is mandated to report by Parliament and I am mandated to respond on behalf of the Government to the OBR's findings. It is an independent body. It does receive representations, and I suggest that my hon. Friend makes his concerns known to the OBR.

**Several hon. Members** *rose*—

**Mr Speaker:** From the abundance of smiling Scottish nationalist countenances, I choose Mr George Kerevan.

**George Kerevan** (East Lothian) (SNP): I congratulate the Chancellor on abolishing the autumn statement and the spring Budget, and introducing a spring statement and an autumn Budget. I trust that that is not his definition of productivity. The OBR central forecast suggests that after 2019 there will be a precipitate fall in the contribution by business investment to GDP growth. In addition, there will be a negative contribution from trade. Does that not suggest that when Britain leaves the single market—if we are taken out of the single market—the only thing between a recession and growth will be public expenditure and an overheated housing market?

**Mr Hammond:** On the hon. Gentleman's first point, I recognise that the fact that we have to respond to the OBR report in the spring can easily be caricatured as swapping an autumn statement and a spring Budget for a spring statement and an autumn Budget. All I can say

[Mr Philip Hammond]

is that I promise it will not be like that. The intention is clearly to move to a single event each year when, in normal times, we will make tax changes, but it is prudent, especially in these times, to reserve the right in extremis to announce tax measures at the secondary event, if absolutely necessary. The hon. Gentleman poses a perfectly sensible question. My interpretation of the figures in the table is not the same as his, but I would be very happy to engage in a discussion with him offline.

**James Cartledge** (South Suffolk) (Con): Although my right hon. Friend has made it clear that he is not a conduit for the Transport Secretary, may I nevertheless welcome the £80 million for smart ticketing included in his statement? He is interested in productivity and our flexible labour market. Is he aware that we have many constituents who commute three or four days a week at most and are forced to pay for a full-time travelcard? In his programme of smart ticketing, will he look at that?

**Mr Hammond:** I am aware because I was once upon a time the Transport Secretary. I am convinced that smart ticketing is the future for us. Smart ticketing allows us not only to deal with those commuters who do not travel every day, but to explore options where people might wish to travel in the peak period on some days but are able to travel off-peak on other days. If we could shift just 10% or 15% of commuters from the peak to the off-peak, we would change dramatically the pressure on rail infrastructure around London and other major cities, so that is definitely the future.

**Alison McGovern** (Wirral South) (Lab): May I return the Chancellor to the OBR's statement that the Government's reply on their Brexit position left the OBR "little the wiser"? The OBR has assumed that the Government will fail to meet their target of reducing immigration to tens of thousands. Given the Prime Minister's recent statements on immigration being her priority, has the Chancellor gone back to the OBR and asked it to adjust that forecast?

**Mr Hammond:** No. The Prime Minister has been very clear that it remains her target to reduce immigration to the tens of thousands, but she has also been clear that it will take time to achieve. The OBR forecast stretches over a period of five years, and the Prime Minister is absolutely clear that this is a target that will be achieved over a longer timeframe in order to manage the impact on the economy.

**Charlie Elphicke** (Dover) (Con): I congratulate the Chancellor on an excellent first and last autumn statement. May I draw his attention to page 40 of the Green Book at paragraph 4.35, which I welcome? It states:

"The fuel duty rate will remain frozen for the seventh successive year, saving motorists around £130 a year compared to what they would have been paying under the pre-2010 escalator."

This is a good autumn statement for drivers.

**Mr Hammond:** I am grateful for my hon. Friend's comments and I am glad he is pleased with the statement. I know that he takes a great interest in matters related to

fuel duty and vehicle taxation, and I look forward to continuing to engage with him on those issues in the future.

**Mrs Emma Lewell-Buck** (South Shields) (Lab): I remind the Chancellor that the labour market is not working for everyone. Every single year since 2014 I have asked why this Government are allowing the continued exploitation of workers under sham umbrella companies and false self-employment. Every single year I am told that the matter is under review. As the GMB's recent success in the court shows, these workers are fed up with waiting. Why is it that under this Government a fair day's work never really translates into a fair day's pay?

**Mr Hammond:** First, the hon. Lady will find if she looks in the autumn statement document that we are moving to shut down an abuse of the VAT flat rate scheme that has been used by employment agencies to disguise employment remuneration. But she is right about self-employment, and I also mentioned specifically the increasing challenge of incorporation—the increasing number of single-person, zero-employee, single-director companies. The Prime Minister has asked Matthew Taylor to undertake a review of ways of working—

**Mrs Lewell-Buck:** It has been going on for two years.

**Mr Hammond:** No, it has not been going on for two years. Let me tell the hon. Lady what happened. The Prime Minister took office in July, so it definitely has not been going on for two years. She asked Matthew Taylor to undertake that review, which is now under way. It is a very important review, looking at how employment rights more generally are being affected by this transition in our economy. That is being driven by technology, as much as anything, and I have said today that we also have to look at this issue from the point of view of the tax base, because the tax base is also under threat from these changes.

**Mr David Burrowes** (Enfield, Southgate) (Con): I thank the Chancellor for helping low-income families today and, for helping to make work pay for those on universal credit. I thank him, too, for the London devolution deal for housing, which will increase the number of affordable homes to rent and to buy. Can he reassure me, though, that this is not a destination but a direction of travel and that, whether it be spring, autumn or any season, we will continue to stand up for working families and for the weak?

**Mr Hammond:** Absolutely. My hon. Friend knows very well that our stated ambition and the driver in everything we do is to build an economy that works for everyone, but we are realists, unlike the fantasists on the Opposition Front Bench. We know that we can build an economy that works for everyone only if it is a strong economy with strong investment and good, strong British companies exporting their products around the world.

**Ms Margaret Ritchie** (South Down) (SDLP): Although I regret that there is no help for those WASPI women who need transitional protection, I welcome the investment in broadband infrastructure. Can the Chancellor assure the House that that will be fairly spread across rural

communities and throughout all devolved and non-devolved jurisdictions to prevent further broadband inequalities opening up across Northern Ireland and Britain?

**Mr Hammond:** The money that we are investing will be used partly to fund pilots, particularly to cement our lead in 5G, and partly to catalyse private sector investment. Our telecoms infrastructure is primarily funded by private investment, but I can assure the hon. Lady that this funding will be spread across the United Kingdom. We want to spread the benefits of 5G and superfast broadband as widely as we possibly can.

**Ben Howlett (Bath) (Con):** I thank my right hon. Friend for listening to colleagues on our side of the House who have long campaigned hard for more investment in regional infrastructure, R and D, and innovation. The £683 million towards south-west regional local growth funding and the £1.1 billion English transport fund will make a big difference to constituencies such as mine. Will my right hon. Friend commit to working with the west of England devolved authority and the new Mayor to ensure that we better unlock productivity, more growth and the jobs that we require in the west of England?

**Mr Hammond:** As far as we are concerned, that is the principal purpose of the mayoral combined authorities: yet another lever to drive productivity in the English regions. I am sure that my right hon. Friend the Secretary of State for Communities and Local Government will be happy to work with my hon. Friend on that project.

**Stewart Malcolm McDonald (Glasgow South) (SNP):** I am always shining on you, Mr Speaker.

The Chancellor is no philistine, so he will know that Lloyd George, a predecessor of his, visited Holmwood House in my constituency in 1928. Although the right hon. Gentleman appears to have dismissed my appeal for restorative funding for the building next year as we approach the bicentenary of its architect, will he assure me that this is not quite the end of the road? Will he commit, as the Scottish Secretary has done, to engaging positively on the matter in future?

**Mr Hammond:** The danger, of course, of having indulged myself with one specific announcement is that hon. Members are bound to assume that that means bad news for other projects. The bulk of the funding available for that kind of work will be held and distributed by the Department for Culture, Media and Sport; my right hon. Friend the Secretary of State for Culture, Media and Sport will make announcements as appropriate.

**Mims Davies (Eastleigh) (Con):** The gross value added of my constituency, like that of many constituencies in Hampshire, is affected by missing junctions on the M27, the queues on the M3 and poor east-west connectivity. Chickenhall link road in my constituency is vital to facilitate a longer runway at Southampton airport. It will tackle air pollution and unlock potential housing. Will the Chancellor make a statement about the local majors fund and how that will play into this autumn statement?

**Mr Hammond:** No; I am sorry to say that to my hon. Friend. What I have done today is added £23 billion-worth of infrastructure and R and D expenditure to existing very significant budgets. Part of that will go to transport

and some of that will go to road schemes, but it will be for my right hon. Friend the Secretary of State for Transport to listen to the representations that my hon. Friend and others are making and to allocate the fund, according to the appropriate principles, to maximise productivity growth in our economy. I am sure that he will be delighted to talk to her.

**Seema Malhotra (Feltham and Heston) (Lab/Co-op):** Schools in my constituency are not alone in stepping in to fill the welfare gap, as parents on the breadline hit by Government cuts struggle to buy their children's school uniforms, shoes and stationery. The situation is getting worse—in the 21st century. What impact does the Chancellor believe his projected 8% per-pupil spending cuts, as estimated by the Institute for Fiscal Studies, will have on the social mobility of a generation of children? How can it be right that instead of softening the cuts, for which he voted, he has instead chosen to spend £60 million a year on expanding grammar schools? What I have raised should have been part of his plan for productivity.

**Mr Hammond:** I do not agree with the hon. Lady; she needs to look at these things in the round. I know that Labour Members like to take a single example and exaggerate it, but they need to look at the package in the round: what we are doing with raising personal allowances for taxation for people in work, dramatically reducing the tax that they pay; taking millions of people out of taxation; and a pay rise for millions of people from the national living wage. The hon. Lady should look at it in the round.

**Justin Tomlinson (North Swindon) (Con):** I welcome the news on universal credit, but support is also vital. I urge the Chancellor to support the extension of the DWP's excellent small employer pilot, which is already helping those with disabilities and long-term health conditions.

**Mr Hammond:** The Department for Work and Pensions has some excellent programmes and my right hon. Friend the Secretary of State for Work and Pensions confirms to me that he has adequate funding for all those programmes.

**Kirsty Blackman (Aberdeen North) (SNP):** The oil and gas industry has a bright future. When will the Chancellor implement the tangible changes that his predecessor committed to on both decommissioning tax relief and loan guarantees? The industry needs those measures to secure current investment and so secure increased future productivity.

**Mr Hammond:** Yes; I have confirmed again today that we will proceed with those measures. We will proceed with them as quickly as we possibly can.

**Mr Ranil Jayawardena (North East Hampshire) (Con):** There has been a lot of negativity from some Opposition Members, but more people are in jobs than ever before and that means that in North East Hampshire more people are in good jobs, with average earnings of more than £47,000. May I congratulate my right hon. Friend not only on committing to increasing the tax-free allowance

[*Mr Ranil Jayawardena*]

but on raising the threshold for the higher rate? Clearly, many hard-working families are being hit by a tax that was never intended for them.

**Mr Hammond:** That is absolutely right. We made that commitment in our election manifesto; it was a commitment on which we were elected. Despite the difficult fiscal circumstances, we will deliver on that commitment.

**Wes Streeting** (Ilford North) (Lab): I thank the Chancellor for agreeing to the request made by me and my hon. Friend the Member for Leeds West (Rachel Reeves) to reintroduce the distributional analysis of the Budget. I have looked at that analysis and, in spite of a bit of tinkering with the methodology, it is clear that, as a result of the tax and welfare changes in this autumn statement, the bottom three deciles—the lowest-income households—will be left worse off than the highest earning group of households. How can he possibly justify that? As well as helping the “just about managing”, will he commit also to helping the people who are barely managing or cannot manage at all?

**Mr Hammond:** Our intention will be to try to ensure the fairest distribution possible. I welcome the debate that the hon. Gentleman and others have stimulated on the appropriate way to present distributional analysis—the issue is not completely cut and dried or straightforward—but I say this to him: we were elected on a manifesto commitment to get welfare under control. Working-age welfare had spun out of control between 1980 and 2010. We have now got it back under control, which implies that we have had to take some tough decisions. We have taken them. I will accept and explain the consequences of those.

**Mark Pawsey** (Rugby) (Con): To support those who are just about managing, there need to be more affordable houses. Is the Chancellor pleased to see the welcome from the chief executive of the National Housing Federation for today's measures that will enable an additional 40,000 such houses to be provided? With planning consents running at the highest level for years, does my right hon. Friend look forward to the sector getting spades into the ground very quickly?

**Mr Hammond:** Yes. One of the attractions of funding affordable housing is that it is a tried and tested and generally pretty efficient delivery method. I am afraid that while I stand at the Dispatch Box, I am not digitally enabled, as they say: I was not aware of the welcome that my hon. Friend refers to. However, I am delighted that this has gone down as I hoped it would with the relevant people.

**Alison Thewliss** (Glasgow Central) (SNP): I am disappointed, but not entirely surprised, that there has been no reversal from the Government on the two-child policy and the rape clause, which will mean that people cannot possibly work their way out of the situation they are in. May I ask about another group of people who cannot work their way out of the situation they are in? I am talking about the new “pretend living wage” rate. That will leave 16 and 17-year-olds £3.45 worse off than

someone of 25 doing the same job. Why is the labour of 16 and 17-year-olds worth less to the Chancellor than that of those aged 25?

**Mr Hammond:** We judge that getting people into the workforce, even at entry-level jobs, is critically important. There is abundant evidence that if people get into a culture of worklessness at a young age, that will blight their lives for ever.

**Alison Thewliss:** Pay them properly!

**Mr Hammond:** I am sorry to have to tell the hon. Lady this, but we live in the real world, where people will be employed only if employers can afford to take them on at the wage rates they have to pay them. Getting these young people into the culture of work is the most important thing we can do for them, for the rest of their lives.

**Huw Merriman** (Bexhill and Battle) (Con): In East Sussex, we have the challenge of a large social care bill for an ageing population and low business rate returns to pay for that. I am aware that the Chancellor will not be allocating county money, but may I ask that his £23 billion investment fund is allocated with East Sussex's financial and demographic challenge in mind?

**Mr Hammond:** I am afraid I may have to disappoint my hon. Friend, because the £23 billion is specifically targeted at productivity-enhancing investment in R and D and infrastructure. That is because we judge that, with our level of debt, to be credible in the markets, we have to borrow only for that kind of additional productivity-enhancing investment, and it will go into network investment, R and D and innovation.

**Angela Smith** (Penistone and Stocksbridge) (Lab): The statement about Wentworth Woodhouse is very welcome economic news for South Yorkshire, but it failed the graciousness test, because it omitted to pay tribute to the campaign led by the formidable Julie Kenny to save the house. However, South Yorkshire needs much better transport links if it is to succeed economically. On that basis, why has only one of the five strategic road projects—the Oxford to Cambridge expressway—been given the go-ahead today? Is South Yorkshire going to get its trans-Pennine tunnel link or not?

**Mr Hammond:** As I tried to make abundantly clear, I am intending to move away from a micromanagement approach to the budgets of my right hon. Friends, who are perfectly capable of evaluating the arguments, making the decisions and announcing them themselves, and that is what will happen in future. What I will say to the hon. Lady is that I did have the pleasure of meeting Julie, who explained to me the very considerable efforts that have been made so far, and I am delighted that we have been able to support that project.

**Richard Drax** (South Dorset) (Con): I warmly welcome the announcement by my right hon. Friend of increased infrastructure spending, but I would be failing in my duty if I did not plug the rail connection—not least at Yeovil junction—that will take faster trains to my constituency, where roads are at a premium and we

cannot, because we have beautiful countryside, have more tarmac. Can I just tell him that we shall be coming to seek his help with that?

**Mr Hammond:** To be consistent, I would have to direct my hon. Friend to my right hon. Friend the Transport Secretary, who, I am sure, will be delighted to hear his representation.

**Jack Dromey** (Birmingham, Erdington) (Lab): Why should anyone believe the promises being made by a Conservative Government pretending to be the friend of working people and the party of the working class, when but six weeks ago workers were promised a seat on the board of the companies that employ them and a voice in their own future, only for that promise to be broken six weeks later, on Monday of this week, by the Prime Minister?

**Mr Hammond:** That is not what happened. I am afraid I am not responsible, and nor is my right hon. Friend the Prime Minister, for what newspapers choose to write in their headlines. What she said, what she believes and what she is committed to is ensuring that there are proper channels for the voices of consumers and workers to be heard at board level in companies, so that those voices can be taken into account in a proper way in decision-making processes—and that is what will happen.

**Chris Philp** (Croydon South) (Con): I join colleagues in welcoming the £1.1 billion infrastructure spending, particularly as the Brighton main line is falling apart and needs fixing if we are to enhance the productivity of Croydon constituents and others. What reassurance can the Chancellor give the hundreds of thousands of people using this line that the Transport Secretary will look at upgrading and fixing that infrastructure?

**Mr Hammond:** I can certainly guarantee that the Transport Secretary will look at it. What I am afraid I cannot guarantee for my hon. Friend is where it will be prioritised in the rail investment programme—as he knows, it is a very long-term programme. What I have done today is announce specific funding for piloting and trials of digital railways. This is another transformative area, because if we can get trains on main line railways running at the kind of headways we are used to on the London underground, for example, we will not need to build expensive additional infrastructure; we will be able to squeeze a lot more juice out of the infrastructure we have, and that is my preferred route forward.

**Patrick Grady** (Glasgow North) (SNP): In light of the move to an autumn Budget, will the Chancellor listen carefully to any recommendations from the Procedure Committee about reform of the estimates process, particularly in terms of opportunities for us on Scotland's Benches to scrutinise Barnett consequentials, which we were told we would be able to do through estimates as a result of the English votes for English laws process that was introduced?

**Mr Hammond:** I will certainly look at the point the hon. Gentleman raises. I do hope he welcomes the move to an autumn Budget. Certainly, one of the considerations

when we were looking at this was the way it will interact with the Scottish Government's Budget, and I hope it will be helpful.

**Iain Stewart** (Milton Keynes South) (Con): I warmly welcome the investment in rail and road links from Oxford to Cambridge through Milton Keynes, delivering on the infrastructure commission's recommendations. I have been campaigning for east-west rail for many years. Will my right hon. Friend confirm that that investment will accelerate delivery of the project?

**Mr Hammond:** Yes, it will accelerate delivery of the project. As I said in my statement, and I cannot emphasise enough, I think this has the potential to be so much more than just a transport link. We have many world-famous universities, but we have two there that, more than any others, are world-famous, recognised research names. Linking them together over a 60-mile stretch of road and rail unleashes enormous possibilities for creating a new tech corridor, building on the huge success of the Cambridge science park.

**Chris Stephens** (Glasgow South West) (SNP): In his statement, the Chancellor correctly mentioned the scourge of tax avoidance. Has he seen the report published last week by the Public and Commercial Services union and the Tax Justice Network, which warns that Her Majesty's Revenue and Customs staff believe that its office closure programme

“will negatively affect its staff and its ability to collect tax and enforce tax compliance”?

Will he review the HMRC office closure programme as a result of those concerns?

**Mr Hammond:** We have put £800 million of additional resource into HMRC. If the hon. Gentleman looks at the statement today, he will see that we have put some more money in today. But much of the way in which HMRC operates is about having specialist units, which often have to be concentrated; it is not about the old local office structure that has traditionally been in place. If we want effective action against the most complex forms of tax avoidance and evasion, we have to be prepared to go with the recommendations of the experts.

**Kevin Foster** (Torbay) (Con): I listened carefully to the Chancellor's autumn statement, and I then carefully read the Green Book to find the reference to the resilience of the Dawlish coastal railway on page 29. I know he is not doing individual schemes, but am I right in assuming that the inclusion of this £10 million preparation project and work is an indication that the massive infrastructure investment that has been talked about is likely to include the nearly £300 million project to secure that line, which this work is the preparation for?

**Mr Hammond:** My hon. Friend can take this as a clear indication that this is a high priority in terms of rail resilience. We are all acutely aware of the vulnerability of the rail system in the south-west as a result of flood risk, and this is the first step to resolving that.

**Nick Smith** (Blaenau Gwent) (Lab): Given the decline in the value of sterling, how much will we have to pay for the F-35 fighters to go on our aircraft carriers? The

[Nick Smith]

present going rate is \$100 million a time. Has the Chancellor increased his estimate of the cost of these fighters and other defence kit imports for future years?

**Mr Hammond:** It is a fair question, and the answer is that the Ministry of Defence, unusually among Government Departments, has the ability, and does in practice use the ability, to hedge currency risk, because so much of its capital expenditure programme is denominated in US dollars. So it does have a degree of protection over the coming years; that protection will not last forever, and if sterling's current relative weakness against the US dollar persists, we will have to revisit this. But I would hope and expect that, as the cloud of uncertainty around the British economy disperses in due course, and people are able to see the strong prospects for this economy in the future, we will see sterling gradually finding its feet again.

**Owen Thompson** (Midlothian) (SNP): I welcome the fact that the Edinburgh south-east Scotland city deal is still in today's autumn statement, but the local authorities involved in this process have been making plans for it for more than two years. In June, they were expecting sign-off by December, but we have not seen anything come forward yet. Can the Chancellor confirm when the city deal will finally get sign-off?

**Mr Hammond:** No, I cannot. We are committed to, and engaged in, the process, and I have just confirmed that today, but, obviously, there are things that have to be agreed between the parties. I am not into the details of the negotiation on Edinburgh, but we clearly have to get to a conclusion as quickly as possible to see that the benefits are delivered to the people of Edinburgh. I hope the hon. Gentleman will urge the city council to engage enthusiastically in getting this done.

**Simon Danczuk** (Rochdale) (Ind): I am interested in the National Infrastructure Commission investment and the money that is going to LEPs in the north of England—that is to be welcomed. I accept that the Chancellor has said that the Transport Secretary will be making an announcement very soon, but does the Chancellor not agree that money for the electrification of the Calder Valley rail line would help improve productivity in the area and redress the imbalance in the country?

**Mr Hammond:** I am not going to be tempted, as a former Transport Secretary, to get into the weeds of my right hon. Friend's portfolio and talk about specifics of individual projects on the rail network, but, as I said, he will be making a statement in the near future.

**Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): Will the Chancellor confirm that the assumption on pages 241 to 248 of the OBR's "Economic and fiscal outlook" not only means that all forecast numbers will be subject to high margins of error but implies that the Government will fail to achieve single market membership?

**Mr Hammond:** No, it does not imply that. However, it is the case, as I have said, that the OBR has acknowledged specifically that there is a higher degree of uncertainty around its forecasts this autumn than there is usually, for reasons that are obvious.

**Mark Durkan** (Foyle) (SDLP): Having opposed the welfare cap as a search engine for cuts, may I at least acknowledge in passing the projected increases that are allowed in the statement? On devolution, the Chancellor rightly waxed positive about city deals in Scotland and in Wales, as he has on those in England. Will he be more than passive in his encouragement to the Northern Ireland Executive, who have been persistently derelict on these prospects?

**Mr Hammond:** Yes. I am not sure how much influence I will have over the Northern Ireland Executive, but next time I bump into a Member of it, I shall make that very point.

**Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): According to the OBR, the fall in immigration following the referendum will cost the Chancellor £16 billion over five years. Surely he should be a brave and enthusiastic champion of free movement of people, with his next-door neighbour.

**Mr Hammond:** The Prime Minister has made it clear that we have to accept not only the decision of the British people to leave the European Union, but that clearly implied in that decision is a desire for control over movement across our borders. That is not the same as cutting ourselves off from Europe, or turning our backs on Europe, but there has to be control of the flow of people into the United Kingdom. The challenge, therefore, is to get a deal that effectively allows our businesses and workers to sell their products into Europe, and European businesses and workers to sell their products into the UK, while still meeting the political mandate that we have received from the British people.

**Greg Mulholland** (Leeds North West) (LD): Leeds remains the biggest city in Europe without a light rail or an underground scheme. I welcome the announcement on transport infrastructure to tackle congestion. Can some of that money go towards the existing £250 million that could be used on a ground-breaking light rail scheme that could connect with Leeds Bradford airport, which does not have any fixed rail link?

**Mr Hammond:** I am afraid I am just going to repeat that I am not going to get into the weeds of trying to allocate every pound of funding that I announce in these statements to specific projects. This must be an issue for my right hon. Friend the Transport Secretary.

**Alan Brown** (Kilmarnock and Loudoun) (SNP): The Green Book confirms a £1 billion shale wealth fund, but after more than four decades we are still awaiting an oil fund in Scotland. However, the big ask is on loan guarantees. Given that the Thames tideway project got a £4.2 billion loan guarantee, can the Chancellor confirm the value of loan guarantees for oil and gas as soon as possible?

**Mr Hammond:** I have announced today that the UK loan guarantee scheme will be extended until at least 2016. It has a very significant amount of headroom; I think the cap on it at the moment is £40 billion, and we are nowhere near using up that capacity. The important thing about the UK loan guarantee scheme is that it underpins projects at an early stage. Many projects have

gone ahead without loan guarantees, but because they had a commitment on the loan guarantee they were able to proceed and then eventually were able to get funding without it. It is playing a very important role that is understated by the measure of guarantees actually issued.

**Tom Elliott** (Fermanagh and South Tyrone) (UUP): On the shale wealth fund, is the £1 billion totally Treasury money or is some of it coming from the companies that will be developing the shale gas project?

**Mr Hammond:** It is money coming from the companies.

## Points of Order

3.25 pm

**Simon Hoare** (North Dorset) (Con): On a point of order, Mr Speaker. As exchanges this afternoon have underscored, the national health service, and the facts about it, are crucial for all our constituents. In yesterday's debate, the shadow Health Minister, the hon. Member for Ellesmere Port and Neston (Justin Madders), to whom I have given notice of this point of order, declared: "Our"—that is, the Labour party's—

"manifesto was very clear that we would put in £2.5 billion immediately",

and then his addition,

"plus whatever was needed."—[*Official Report*, 22 November 2016; Vol. 617, c. 859.]

In fact, the 2015 Labour party manifesto said:

"we will introduce a tax on properties worth over £2 million to help raise...£2.5 billion".

There was no mention of "plus whatever was needed". We all know that our constituents are looking for veracity and truth with regard to the health service. I am perfectly certain that the hon. Gentleman did not intend to mislead the public or this House, or to make this slip, but could you advise me, Sir, on how best to place on the record this corrected point so that the public can see the veracity of the argument?

**Mr Speaker:** The hon. Gentleman has just found his own salvation, as the puckish grin on his face suggests he realises.

**Jonathan Ashworth** (Leicester South) (Lab): Further to that point of order, Mr Speaker, and further to the desire of the hon. Member for North Dorset (Simon Hoare) for veracity and truth, can I get your guidance on Government claims that they are spending an extra £10 billion on the national health service? I asked the UK Statistics Authority to look into this, and when it wrote to me this week it told me that an issue that has

"caused confusion is that while NHS England spending is rising, some other elements of the Department of Health budget are decreasing."

The authority continues that it

"will be asking that HM Treasury investigate whether in future they can present estimates for NHS England and total health spending separately."

Given this guidance, and given that there is not one extra penny piece announced by the Chancellor today for health and social care, can you, Mr Speaker, use your good offices to ensure that the Prime Minister and other Ministers desist from using this bogus claim?

**Mr Speaker:** I am grateful to the hon. Gentleman for his point of order. All Members, including Ministers, are responsible for the veracity of what they say in this House. The hon. Gentleman has formed his own view about this. There are a variety of methods open to him to draw attention to his views, which I know are very important, especially to him, but it is on the whole preferable that it should not be done through incessant points of order for the Chair when, whatever the merits of the case, they are in fact nothing of the kind.

**Chris Stephens** (Glasgow South West) (SNP): On a point of order, Mr Speaker. In the strategic defence and security review last year, it was reported that the national shipbuilding strategy and the Government's response to it would be published by the time of the autumn statement. Sadly, the strategy and the report have not yet been published. Could I ask you, Mr Speaker, whether you have received any indication from any Minister from the Ministry of Defence whether they will make a statement today on the industry, which is iconic and highly skilled and which affects many of my constituents?

**Mr Speaker:** The short answer is no. I have received no such indication. However, knowing what an assiduous and eager beaver the hon. Gentleman is, I feel sure that he will be in his place for the business question tomorrow and veritably leaping to his feet in order to request a statement or a debate on this important matter.

## Representation of the People (Voter Proof of Identity)

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

3.29 pm

**Chris Green** (Bolton West) (Con): I beg to move,

That leave be given to bring in a Bill to require those on the electoral register to produce proof of identity at polling stations before voting; and for connected purposes.

The purpose of the Bill is to bring the electoral rules used in Northern Ireland to elections for the rest of the United Kingdom, to reduce electoral fraud and ensure that our elections continue to be both fair and free. Our democratic system, and especially the way we vote, is based on trust. The Office for Democratic Institutions and Human Rights in the Organisation for Security and Co-operation in Europe, which observes elections across the world, has raised concerns about trust-based electoral systems and their potential to be abused, and about the vulnerabilities of the UK system.

A polling station is a place in which a ballot can be cast in secrecy and free from any external influence; it is the individual's decision for whom to vote. The role of polling station staff is to ensure that voters can cast their vote in secret, free from undue influence and in a calm atmosphere. We have all heard the phrase "vote early and vote often", but it appears that that is increasingly happening. In some polling districts where the population is stable with a high turnout, repeat visitors will be noticed by the staff at the polling station, especially if the staff have worked the same station for a series of local and general elections. Repeat visits will be far harder to spot, and the polling station staff less confident to challenge them, where turnout is low and there is a more transient population, because a far greater proportion of voters will be unfamiliar.

As society changes, we have to assess whether our traditional "trust" system of voting needs to change, because it risks becoming outdated and being undermined. Our democracy is a living thing, and we have reformed and developed it over time. All the measures taken by Parliament in the past to improve free and fair voting, such as the Ballot Act 1872 and the Representation of the People Act 1918, were made in the interests of the electorate and of democracy. We are now approaching a time when an improvement must again be made so that we do not lose our democratic integrity, which has evolved over time and which must evolve again.

In recent years, concerns about the integrity of our voting system have been building in a wide range of areas. I wish to take this opportunity to pay tribute to the independent review and report by my right hon. Friend the Member for Brentwood and Ongar (Sir Eric Pickles), the Government's anti-corruption champion, who concluded:

"To retain the integrity of our democracy, we need to introduce more rigour into the processes we use".

His comprehensive report highlights a whole range of concerns and suggests actions to put them right. No doubt many colleagues in this place will share those concerns and will be aware of problems in their own constituencies. Because of its nature, the level of fraud, particularly personation at polling stations, is difficult

to gauge, but that does not mean that it is not happening or that simple steps should not be taken to stop it happening.

Electoral abuse was evident on a significant scale in Northern Ireland before the requirement to produce identification was introduced 30 years ago, and the situation was further improved in 2003 with the requirement for photo ID. Although I appreciate that some may have reservations about that requirement deterring people from voting, in Northern Ireland the number of people who do not vote because of a lack of suitable ID is very small. There is a strong case to be made that the use of ID may, in fact, increase voter turnout; some people do not vote after losing their polling card, which they do not actually need to bring in order to cast their ballot.

When we see a problem and contemplate a solution, we have to ask ourselves whether the cure is worse than the disease—whether requiring people to have suitable identification to participate in democracy is too big a hurdle. If someone buying cigarettes or alcohol was asked for ID we would hardly think it a problem. When we pick up a package from the Royal Mail collection office we may think that having to show proof of identity is rather a good thing. We have to prove who we are in so many different circumstances that it can hardly be viewed as a problem to have to do so when directly participating in something so important as democracy.

I wish to make it very clear that the Bill does not represent a move to create a national identity card or a way to keep a check on people. It is simply a move to add voting to the list of many things that require identification. Identification does not have to take one single form; for example, when we collect our post from the post office 20 forms of ID are acceptable, from a birth certificate to a bank statement or passport. Northern Ireland allows seven different forms of photo ID for voting, including an electoral identity card, which is provided free of charge.

The purpose of requiring ID is not to create a barrier for people but simply to prevent fraud and enhance the integrity of the voting system. The Organisation for Security and Co-operation in Europe's Office for Democratic Institutions and Human Rights and the Electoral Commission all recommend the use of ID in voting.

Britain has a formidable history as the mother of Parliaments, and the Westminster model of parliamentary democracy has been adopted by many other nations. If our model falls into disrepute and fails, that will be bad for democracy the world over; if we sit back and allow that to happen for fear of change, we will be in the wrong. We cannot and should not sacrifice the integrity of our democratic system. Challenging issues of community cohesion and political engagement must be taken into account, but they must never be an excuse for failing to act to uphold the rule of law.

I ask that the Bill be introduced, so that electors are confident in their democratic system, and so that those entitled to vote may do so and, as in Northern Ireland, we minimise personation and fraud in polling stations in Great Britain.

3.36 pm

**Mr John Spellar** (Warley) (Lab): I see from the profile of the hon. Member for Bolton West (Chris Green) that he is an engineer. Frankly, if someone had put a project

to him with such a singular lack of evidence as this has, I am sure he would have thrown it in the bin, which is what should happen to this miserable Bill. It comes straight out of the Donald Trump, US Republican, Conservative central office school of disinformation.

As we have seen in the United States, such measures are a blatant attempt to depress voter turnout. Very interestingly, the hon. Gentleman gave that away. He talked about areas with stable populations, and there being a problem in areas with a transient population. What was he talking about, I wonder? Basically, he was saying that things are all right in Tory areas, but we must have a problem in city Labour areas. He gave the game away very easily.

Of course, in a democracy it is very difficult to justify denying people the right to vote, so a mythology has to be developed that there is widespread and significant voter fraud. In the post-truth, post-fact world, that becomes easier to spread. But let us look at the data and the facts, starting with the United States, where this conspiracy theory comes from—Donald Trump was repeating it only recently. There has been a detailed study: under Republican President George W. Bush, the US Justice Department was tasked with searching for voter fraud. From 197,056,035 votes cast in the two federal elections in the period studied, just 26 people were convicted or pled guilty to illegal registration or voting.

Let us not rely only on the United States, although that is where this idea has come from; let us look at the United Kingdom and the Electoral Commission report on elections in 2015. At the 2015 general election, 31 million votes were cast; in the local elections that year, many on the same day as the general election, 20 million were cast; and there were about 400,000 cast in mayoral elections. How many cases of fraud were there? Let us have a look. There were 123 cases relating to voting offences. Remember, 31 million votes were cast. The 123 figure includes: voting offences; personation—voting as someone else; breaches of secrecy requirements; tampering with ballot papers; bribery; cheating; and undue influence. Out of 31 million votes cast, there were 26 cases of voting as someone else at a polling station, 27 cases of postal vote fraud, and 11 proxy cases—we should not forget them.

That was the number of cases reported, of course, not the number found to have any substance. Police investigation revealed that in 45 cases, no offence had been committed; in 36 cases, there was insufficient evidence; and that 10 suspects were impossible to identify. A great edifice is being erected on the basis of 16 cases resolved by the police. Six cases resulted in police cautions. I am not sure whether any of those cases went to court, yet the hon. Gentleman proposes the considerable inconvenience of insisting that people carry documentation.

The hon. Gentleman talked about Northern Ireland. I was a Minister of State for Northern Ireland. He may have noticed that it has a slightly different and unique political history. There are, therefore, no grounds for imposing its arrangements on the rest of the UK. If he wants voters to show identification, he may want to ask those on the Government Front Bench why, when they came into government in 2010, they abandoned their support for identity cards. The Electoral Office for Northern Ireland does issue electoral identity cards, but he did not say how much that would cost.

[Mr John Spellar]

There is no evidential basis for this measure. It would involve a lot of extra work. It would also increase delays, with longer queues at polling stations as people have arguments about it or have to go back. We already have problems at many polling stations. It would prevent a number of voters, particularly elderly voters, from exercising their rights. It is a petty, politically partisan proposal that should be dumped in the bin.

*Question put and agreed to.*

*Ordered.*

That Chris Green, Sir Eric Pickles, Jason McCartney, Jim Shannon, William Wragg, Mr David Nuttall, Mary Robinson, Craig Tracey, John Stevenson, Martin Vickers, Maria Caulfield and Luke Hall present the Bill.

Chris Green accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 20 January 2017, and to be printed (Bill 97).*

## Exiting the EU and Transport

3.43 pm

**The Secretary of State for Transport (Chris Grayling):** I beg to move,

That this House has considered exiting the EU and transport.

If I may crave the indulgence of the House briefly, I would like to say a couple of words about the situation on the railways in the south-west. As you know, Mr Deputy Speaker, there has been considerable disruption as a result of storms, including line closures and very extensive delays. I can inform the House that following the flooding that closed the great western main line between Exeter and Tiverton, the line has now just reopened. The Barnstaple branch is due to reopen this afternoon. The Looe branch is still closed, but I hope it will reopen on Thursday. There was also disruption when the South West Trains route was closed. I am immensely grateful to all the staff at Network Rail. They sometimes get a hard time when things do not work, but they rally around when there are major incidents and deliver solutions quickly. I thank them all very much for their work.

**Johnny Mercer (Plymouth, Moor View) (Con):** I thank the Secretary of State for speaking to the House about this matter because it is not good enough for the south-west to be cut off again, or to be the poor relation of the national rail network. The report by the Peninsula Rail Task Force that was presented yesterday must be the framework for a fair deal going forwards, so will he commit to doing everything in his power to deliver on this piece of work and to make sure that Network Rail delivers for my constituents?

**Chris Grayling:** I absolutely understand the importance of the task ahead of us. The report, which I have read carefully, shares my view that the No. 1 priority is the sea wall and the cliffs at Dawlish. My hon. Friend will also be aware that last Thursday I announced—this was also in today's autumn statement—the provision of £10 million for the next stage of the project. I am committed, as is the Chancellor, to making sure that it happens. It is a strategically important project for our nation—we cannot have a situation where the south-west can be cut off via its principal railway routes—so I assure him that we will move ahead expeditiously with it.

**Kevin Foster (Torbay) (Con):** I thank the Secretary of State for his comments and join him in thanking the Network Rail staff who turned the situation from that of two days ago, when there were literally hanging tracks, to one in which trains can run again. I am pleased that the Chancellor today described the £10 million of funding as the first step in this programme, and I thank the Secretary of State for his personal interest in this issue and his commitment to sorting out the issues with our rail infrastructure once and for all.

**Chris Grayling:** This absolutely needs to be done, and we will move ahead as quickly as we can. Following the incident on the Cowley bridge this week, flood protection works are due to start there imminently. It is a shame that the works have not quite started yet, but they will

be starting very shortly, and I hope that they will deal with that issue so that such an incident cannot happen again.

Moving to the main business, the autumn statement demonstrates the Government's commitment to modern infrastructure that can serve the public and support a dynamic economy. Our forthcoming departure from the EU represents a huge opportunity for Britain to carve out a new role in the world and to be a stronger and more ambitious country—a country that is better able to shape its own future in the world and a country that is outward-looking and open for business. That was what I campaigned for in the summer, and it is what the Government will deliver.

Business is starting to share this optimism. Since the referendum, several companies in the transport sector have announced significant investment in the UK. Nissan's commitment of investment is fantastic news for the British economy, the north-east and the car sector, particularly as it is not just maintaining capacity at the plant, but expanding it. In August, Bombardier received an order for 665 new vehicles for Greater Anglia, which will secure jobs and skills in Derby. When I spoke to the international head of Bombardier's rail division about a month ago, he said that such was the quality of the work in the UK, Derby was going to become a global hub for its rail business, which is another positive statement of commitment to this country.

Alstom has started work on developing a new site at Widnes, which will create 600 jobs along with, crucially, a training academy. The Spanish firm CAF has said it will now set up a train manufacturing plant in the UK, and Siemens, which manufactures rolling stock and other products in the UK, has committed itself to a continuing presence. Its chief executive said in July, "We're here to stay." Alongside Hitachi's new rolling stock and manufacturing and assembly plant in Newton Aycliffe, which is creating 730 new jobs, this shows that we are becoming a centre for high-quality rolling stock manufacturing, so it is with good reason that I view the future with optimism as we approach negotiations on leaving the EU.

**Sir William Cash (Stone) (Con):** While, of course, I entirely endorse the Secretary of State's sentiment, there is an issue regarding British ports. It is a big issue, but I will not go into it now, as I am hoping to catch your eye, Mr Deputy Speaker. However, there are some serious questions still outstanding around qualified majority voting, as I am sure the Secretary of State knows.

**Chris Grayling:** I absolutely agree with my hon. Friend. He and I have discussed this matter in the past. The regulation coming out of the EU on ports is tailored to the particular structure of ports on the continent, but does not fit well with a private port sector such as ours. The opportunity to ensure that we have a regulatory framework that is right for the UK is one benefit that comes from leaving the EU.

**Robert Flello (Stoke-on-Trent South) (Lab):** If between now and the great Act incorporating European legislation into UK law, as the first step towards unpicking things, the ports services directive comes into being—I am not sure how likely that is—would it not be incorporated straight into UK domestic legislation?

**Chris Grayling:** We have said very clearly that we will fulfil our legal duties while we are still members of the European Union, and that at the time of our leaving, it is our intention to transpose EU law into UK law. However, it is then for this Government and this House to decide what areas of regulation we want to keep and what areas we want to change. Having listened to the representations of Members about the ports directive, I suspect that this House will want to return to this area.

**Mr Andrew Turner (Isle of Wight) (Con):** How has this regulation, which to everyone's great pleasure disappeared back in January, now reappeared? Why was it so popular that the House did not need to scrutinise it? Will my right hon. Friend tell me what amendments have been made to the regulation that now make it acceptable?

**Chris Grayling:** The first thing to say is that no piece of European legislation passes through this House unscrutinised, particularly thanks to the assiduous work of my hon. Friend the Member for Stone (Sir William Cash). This is one area where the Government intend that the House has the opportunity of proper scrutiny. It is very much my hope and belief, as I have said, that our decision to leave the European Union will ensure that in respect of ports, for which our model does not conform with that of the rest of Europe, we will have the opportunity to tailor something that is right for this country.

I want to focus on two particular areas, which will be the priorities for my Department in the coming months. At the top of the list is aviation. Our aviation industry is world class, and our airports service the third largest aviation network in the world. UK airlines have seized opportunities globally, including those offered by the European open skies agreement. I am focused on securing the right arrangements for the future so that our airlines can continue to thrive and our passengers have opportunities, choice and attractive prices. When I met the aviation industry, I found that one of its priorities was and remains the effective regulation of safety and air traffic management. That is also a priority for me as we approach the negotiations.

Our connections with Europe are, of course, important, but we need to widen our horizons, too, and we need to make sure that we have continuity for the aviation industry internationally. Leaving the EU gives us more freedom to make our own aviation agreements with other countries beyond Europe, and ensuring that we have that continuity when we leave is an imperative for me and my Department.

I have already had positive discussions with my current US opposite number about the arrangements that we will need after Brexit for the vitally important transatlantic routes. There will, of course, be a new counterpart in office in America in the new year, and I intend to reprise those discussions when the new US Transportation Secretary is in post. Both sides have an interest in reaching an early agreement and I am confident that we will achieve that.

Looking the other way, last month we signed a deal with China that will more than double the number of flights that are able to operate between our two countries, thereby boosting trade and tourism. This country is open for business and open to the rest of the world, and

[Chris Grayling]

aviation has a big role to play in making that happen. Whether through new agreements or our support for a third runway at Heathrow, I will do whatever is necessary for our industry, businesses and the public. I shall have talks with other countries, such as Canada, where there is an interest in ensuring that we have good arrangements post-Brexit. There is a job to be done to make sure that that happens, but I am in absolutely no doubt that we will secure in good time and effectively the agreements that our aviation sector needs to continue to fly around the world and within the European Union. Not doing so is in no one's interests. Many parts of the EU depend economically on the contribution made by British airlines flying to regional airports. It is in all our interests that that continues.

**Stephen Gethins** (North East Fife) (SNP): Given that the Secretary of State campaigned for leave, will he tell us how much preparation regarding this issue the Government of which he was a member carried out before the referendum?

**Chris Grayling:** The hon. Gentleman mentions preparation, but the objective is very straightforward. It is in the interests of the different regions and countries of the European Union that we continue to trade and to have good transport links between us. I see no logical reason for anybody to stand in the way of that. We now have to work out what the best precise arrangements will be. When it comes to aviation, however, the objective is business as usual. That is what is in everyone's interests.

**Mr Mark Hendrick** (Preston) (Lab/Co-op): The Secretary of State refers to business as usual, but he will know that aviation emissions are now included in the EU emissions trading scheme. Is it his view that we should remain in a trading scheme once we leave the EU?

**Chris Grayling:** The world has moved on somewhat. The International Civil Aviation Organisation agreement that was reached in Montreal six weeks ago provides a global framework to tackle emissions in the aviation industry. All of us, both inside and outside the European Union, will be part of that as we ensure that the economies of the developed and the developing world can continue to benefit from improved aviation links while, at the same time, we meet our obligations to control carbon emissions.

The second area on which I am focusing is road haulage. We depend on road hauliers—without them, our shops would be empty and industry would grind to a halt. Our logistics industry does a first-class job in getting our goods to the right places, but the vast majority of lorries on the roads never leave the country. As we look to the future and to trade that does leave the country and crosses borders, there is one simple fact that we need to bear in mind. About 85% of the lorries operating between the United Kingdom and the continent belong to EU-owned businesses—international hauliers that are not based in this country.

The member states of the EU and the United Kingdom have a common interest in reaching an agreement. We need sensible arrangements for the future to allow goods to flow freely from and to the United Kingdom. We need to give UK hauliers a fair chance to win business and to be successful. We shall focus on that

during the negotiations, ensuring that we achieve the right outcome for the international hauliers that serve this country and for UK hauliers as well. I am talking to all those who are involved in running our roads and the freight services that use them.

**Ian Paisley** (North Antrim) (DUP): Will that include an aggressive look at freight charges for the movement of goods outside the United Kingdom to faraway markets? I understand that New Zealand, Australia and Canada have freight subsidies that allow them to cut the prices of freighted goods.

**Chris Grayling:** I am not necessarily a great fan of inappropriate subsidies, but I hope and believe that as we negotiate free trade agreements with countries around the world, we shall create an environment in which trade and freight haulage are conducted on a level playing field, and that there are no artificial barriers that push up our costs and help others to reduce theirs. Above all, however, we benefit from a world in which trade flows freely. That is clearly in the commercial interests of European hauliers, especially hauliers from the Irish Republic. I am very aware that as we enter the negotiations, we have a particular duty of care to our friends in the Republic. We have a duty to seek to reach an agreement that will ensure that their trade, which frequently involves travel by road through the United Kingdom to other parts of Europe, can flow smoothly. It is in all our interests to ensure that we have sensible cross-border arrangements.

**Alan Brown** (Kilmarnock and Loudoun) (SNP): The Secretary of State mentioned discussions with haulage companies. Is he discussing with them the fact that they currently rely on EU drivers, courtesy of licence harmonisation, and the fact that, even so, it is forecast that there will be a shortage of 40,000 HGV drivers by 2020? Is he having discussions about what the Government can do to plug that skills gap?

**Chris Grayling:** Absolutely. The task is within the remit of the Minister of State, Department for Transport, my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes). Not only is he the Minister responsible for our strategic road network but, as a former skills Minister, he holds the skills portfolio in my Department, and I know that he is very exercised about this issue. Of course, with a managed system of migration, we shall be able to recruit skills internationally when we need them, but I want a new generation of young drivers. There is much that we can do to make the profession more attractive, and my right hon. Friend is working on that at this very moment.

I have talked about the potential for a more tailored regulatory framework for the ports sector after we have left the European Union. We have a thriving and competitive ports sector, strong international investment, and some first-class facilities. I believe that the sector will be an essential part of a nation that is focused on global trade, trading opportunities, and opening up trade links with other countries.

Our railway services through the channel tunnel link us with the continent, but apart from that, Britain's rail network is domestic. Although on day one after exit the rules will be the same as before, in future we shall be able to make our own decisions about changing those rules. We currently have a derogation from many of the

EU standards for our existing railways. That is because many of them date back to Victorian times and were built to entirely different standards. That is not the case for new railways, so one example of the kind of challenge that we are dealing with in the construction of HS2 is the fact that European specifications for platform heights are inconsistent with flat access for disabled people on to trains. We have to address that as part of the development of HS2, but it is an example of how, freed from European Union regulation, we can make sure that we do a better job, in this case for disabled people, which I believe that Members on both sides of the House will think is the right thing to do.

I talked about the global opportunity for Britain, and across the transport sector I am determined not only to negotiate the best deal for Britain within Europe, but to find new opportunities for our transport sector around the world. We should support our industries as they sell their expertise and products and seek to win major contracts around the world. We have world-class expertise in this country in the automotive sector, aerospace, logistics, transport engineering, rolling stock manufacture and much more. We need to be confident in offering these services to the world, and we have every reason to be confident: we are doing some great things in this country at the moment, from the first-class work being done to deliver Crossrail in London to the high-quality automotive technology that is developing the new generation of autonomous and semi-autonomous vehicles.

**Nick Smith** (Blaenau Gwent) (Lab): The Secretary of State talks about Crossrail. The infrastructure gap between London and the rest of the UK remains unbridged, so does he agree that the Cardiff-Swansea section of the great western railway electrification project must be delivered with UK Government funding as soon as possible?

**Chris Grayling:** As I said in the House the other day, I am not at all happy with the progress that has been made on the electrification of the great western main line so far. Actually, right now my priority is to get investment in better services into Swansea as soon as possible. The economy of Swansea and south Wales needs improved services and that is my focus. I do not want to wait for the future for infrastructure projects; I want better services now. As we re-let the Great Western franchise, I am determined to see improved services to south Wales that provide a real boost to the economy in the areas that the hon. Gentleman and other Members for south Wales represent. Better transport links and improved services to south Wales and to the south-west are essential to making sure that we have a productive economy.

**Ben Howlett** (Bath) (Con): One of the key hurdles facing a lot of railway companies is the European procurement rules. Has the Secretary of State had conversations with the Department for Exiting the European Union on the procurement opportunities that are available outside the EU?

**Chris Grayling:** Clearly, outside the EU, we have the opportunity to shape our own procurement rules. I do not want to be part of a Government who say that international firms are not welcome in the UK—that would be quite the wrong thing to do—but it is equally reasonable for us to say, for example, “If you’re coming

to do business with us by being involved in the construction of HS2, we want you to leave a skills footprint in this country. We want apprenticeships and technical skills, and we want the engineers of the future to be trained and developed, and to be working on these projects so that they can carry on beyond them to build us further projects for the future.” That is our intention.

Let me be clear: Brexit is an unprecedented opportunity.

**Nick Smith:** I am very unhappy that the Secretary of State avoided my question about supporting the Cardiff-Swansea electrification, so I would like a better answer on that in the future, please. I am owed a letter from his ministerial colleague the hon. Member for Blackpool North and Cleveleys (Paul Maynard). Having said that, the Secretary of State did say he wanted to support an economic boost for south Wales, so will the UK Government be supporting the Cardiff metro plans, which are important for getting Blaenau Gwent working again?

**Chris Grayling:** Not only are we supporting the Cardiff metro plans and looking at how to deliver better services to the whole of south Wales—it cannot be just about Cardiff; it has to be about what happens to the west—but I will also be looking at whether we can provide better services to connect with the west of Wales and better services to Swansea. I hope that the hon. Gentleman will forgive me for saying it is not just about south Wales; it is also about how we deliver better services to north Wales. There is a tendency, particularly in the Administration in Cardiff, always to look to the south—there are important things happening there—but we as a Government have not forgotten that there are many different parts of Wales, and the commitment to the north is also very much in my in-tray.

Let me be clear that Brexit represents an unprecedented opportunity to shape our own future, and we will make the most of that opportunity. We will get out into the world and do business right across the globe, and at home we will continue to build a world-class transport system for this country.

**Stephen Gethins:** Will the Secretary of State tell us what meetings he has had with the European Transport Commissioner, given the importance that that relationship will have over the next little while? Will he also tell us what was discussed in those meetings?

**Chris Grayling:** I have already had one meeting with the Commissioner, when we were in Japan, and I will see her again next week at the Transport Council. We will work out the best way to take forward negotiations in due course, but we have had exploratory discussions. Those discussions have been constructive, and I look forward to having further such discussions with her.

I have to be mindful of the need to ensure that we have a structure for the future that will create stability and opportunity for our aviation and haulage sectors, and that takes advantage of the potential freedoms that leaving the European Union will offer this country’s transport sector. We fully intend to take advantage of that opportunity.

4.6 pm

**Andy McDonald** (Middlesbrough) (Lab): I echo the Secretary of State’s expression of his regard for the workers who have come to the aid of the south-west’s

[*Andy McDonald*]

rail system yet again. We have heard other hon. Members express their disappointment that we are still looking at issues of resilience in that area, and I know that they will want that matter to be resolved as quickly as possible.

The Government's strategy for leaving the European Union—or rather, the lack of one—is causing great uncertainty throughout the transport sector. I do not know who the Secretary of State is speaking to about this, but we, and those in the aviation, rail, road and maritime sectors, are none the wiser about what the Government's plans might be and what impact Brexit will have on the future of those sectors and all those who work in or depend on them.

**Sir William Cash:** I have already referred to the question of the ports sector. Speaking as Chairman of the European Scrutiny Committee, I can tell the House that it has been well established over a long period that the Government, the Labour Opposition, the unions and every one of the 47 port employers are against ports regulation. What are Labour Members going to say about that during this debate? Are they going to oppose it?

**Andy McDonald:** If the hon. Gentleman can wait six or seven minutes, I will come to that very point.

Today's debate offers a welcome opportunity for the Secretary of State to provide some much-needed clarity on his plans for transport in a post-Brexit UK. He was one of the leading advocates of Britain leaving the EU, and he now has the privilege of being the Transport Secretary, so if anyone can provide us with a clear picture of what to expect in the months and years ahead, presumably he can. One of the areas of transport most likely to be affected by the country's decision to leave the EU is the aviation sector, which is a key pillar of our economy. Taken country by country, the UK's aviation sector is the largest in Europe and the third largest in the world. It is worth about £50 billion in terms of our GDP, it supports 1 million jobs and it secures the Treasury some £9 billion in taxation each year.

While we accept the result of the referendum and are determined to secure the best possible deal for all the UK, we must not be an inward-looking nation that is cut off from the cultural and economic benefits that come with being an interconnected country. We must be ready to do business with the rest of the world. That means retaining and building on the connectivity that the UK currently enjoys in order to allow the flow of goods and services that will be key to getting the best out of Brexit.

**Robert Flello:** I, too, want Brexit to be a success and for us to get on with it and ensure that we get the best possible deal for our country. However, does my hon. Friend share my concern that the Department for Transport, which has seen massive cuts to its revenue budgets and day-to-day spend, just will not have the staffing in place to be able to deal with the huge number of issues? At the same time as we negotiate Brexit, we will be negotiating different agreements with other countries on matters such as aviation.

**Andy McDonald:** My hon. Friend makes a good point. We have seen the inability to see such things through and deliver them not only on this issue, but through the prism of the franchising system in the rail market. He raises a grave concern about something that we will be watching with great care in the weeks and months ahead.

Through its membership of the EU, the UK currently relies on the EU single aviation market, which allows airlines to operate freely inside the EU without restriction on capacity, frequency or pricing and enables the use of the EU's external aviation agreements. Leaving the European economic area could mean that we are no longer part of the single aviation market and could lose access to those external air service agreements. That is critical, because unless the position is clarified urgently, UK airlines will lose the right to operate within the European Union and airlines will lose the right to fly UK domestic routes. The Government must ensure that Brexit does not damage the UK's connectivity. The aviation sector has been clear about the importance of retaining an unchanged operating environment.

**Mr Angus Brendan MacNeil** (Na h-Eileanan an Iar) (SNP): The hon. Gentleman and others have talked about getting the best out of Brexit as it arrives. Given the seven options for that process, does he imagine that any will be as good as the situation that we have at the moment? People are looking for the best decision, but the question is whether it will be as good as what we have.

**Andy McDonald:** The hon. Gentleman raises a critical point that is the whole focus of this debate. It is our concern in this House that we are simply not going to be able to deliver the same level of interoperability and accessibility that we currently enjoy throughout Europe. In the aviation sector, it is critical to achieve that before we even begin discussions about our trading relationship going forward.

**Nick Smith:** The National Audit Office says that, under this Conservative Government's watch, Network Rail and the Government have wasted £330 million so far on the Great Western mainline electrification. Does my hon. Friend agree that the Department for Transport needs to pull its socks up to deliver on future infrastructure projects?

**Andy McDonald:** My hon. Friend makes his point eloquently. That is the sort of wastage from this Department that we have seen in so many areas over the past several years. We have seen smart ticketing costs written off and the Great Western debacle. Everyone in this place is worried about its inability to function effectively.

Returning to aviation, it is vital that there be not only early assurances from Government, but confirmation that the status of current aviation practices will be guaranteed beyond our formal departure from the EU.

**Robert Flello:** My hon. Friend is being generous in taking interventions. I was slightly reassured by what the Secretary of State said a few moments ago about his planned meetings with the US Secretary of Transportation. My hon. Friend talked about access to the European network, but the danger on the US side is that we will fall back on the Bermuda II agreement, which was designed for a whole different world and certainly not

for the 21st century. Does my hon. Friend share my concern that we have more to worry about than just European skies?

**Andy McDonald:** I do share those concerns. Although it is clearly imperative that conversations be had with those across the Atlantic, I was a little anxious to hear from the Secretary of State that that becomes the first port of call, rather than trying to resolve matters within the European Union.

**Chris Grayling:** I have also spent quite a lot of time with my German counterpart and with a number of other European Transport Ministers, and I will be doing that next week.

**Andy McDonald:** I am delighted to hear it.

Will the Secretary of State explain to the House his plans for the UK's relationship with the European Aviation Safety Agency on leaving the EU? What is his intention? Will he seek to maintain technical co-operation through a bilateral aviation safety agreement approach, as is the case with the United States, Canada and Brazil, or through a working arrangement with the EU, as is currently enjoyed by China, New Zealand and Russia? I urge the Government to confirm that air service agreements will be negotiated separately from the UK's negotiations on future trade with the EU, as well as specifying the nature of those agreements. I invite the Secretary of State to outline his plans for UK airlines to retain the right to operate within the EU and retain access to the EU's external air service agreements.

**Mr MacNeil:** The hon. Gentleman has touched on an important point about retaining the work done on the Open Skies agreement, because if we look back on UK air policy before that time, as I have done, we see that it was about bilateral agreements that specified flying into London airports only. I believe Iceland broke that by getting into Glasgow, because the father of one of the negotiators wanted to go shopping for suits in Glasgow. That absolutely points out the problem we faced when the UK was managing this itself: it was centralised for the benefit of the south-east of the UK, to the detriment of others.

**Andy McDonald:** I do not know where you get your suits, Mr Deputy Speaker—[*Interruption.*] Neither in Iceland, nor in Glasgow. It appears we should always go to Glasgow. The issue the hon. Gentleman raises is particularly pertinent given the decision we have just had on the additional south-eastern runway, so he makes the point well.

Numerous rail projects in the UK receive support via loans or direct funding as a consequence of our membership of the EU, and now is not the time for the Department to row back on investments in our railways, as we have seen happen repeatedly in respect of electrification works, which hon. Members have spoken about so eloquently this afternoon. I invite the Secretary of State to reassure the House that any funding shortfalls will be made up by the Government and that investment in rail will not suffer as a consequence of Brexit.

The Secretary of State said during the EU referendum that he wanted to take back control. Labour Members very much wish to take back control of our railways

from private and foreign state-owned companies, which currently profit from the system at the expense of passengers and taxpayers. Ours is a policy supported by two thirds of the public, but, as the Secretary of State is aware, although running services in the public sector is currently entirely consistent with EU legislation, the fourth railway package may restrict the different models of public ownership that might be available. Does he agree—I believe he said so earlier—that it should be for UK voters to decide how best to order our railways? If so, will he confirm that his Government will not attempt to retain any European requirements in domestic law that would frustrate any future attempts to bring railways back into public ownership? I was delighted to hear what he had to say about HS2, and I suppose that if there is going to be a silver lining from the leaving the EU, it will be that we will not be able to blame “them” any longer for any problems we have with disabled people getting access to our railway system.

My hon. Friend the Member for Blaenau Gwent (Nick Smith) has not had an answer to his question, because he made it abundantly clear that he was talking about the infrastructure. The Secretary of State suggested he should be satisfied with improved services, but those will come only with improvements in the infrastructure.

The skills footprint, to which the Secretary of State referred with great regularity—of course we share some of his concerns—should be delivered whether or not we are in the European Union. That is not a consequence of any move. It should be an absolute prerequisite that is woven into everything we do.

Although we have decided as a nation to leave the European Union, co-operating with, and retaining our connectivity to, the EU is vital. We would greatly appreciate it if the Secretary of State enlightened us on what progress is being made to ensure that hauliers from the UK can carry goods between other member states and on whether it is his intention to secure an agreement for British driving licences to continue to be exchangeable with those of EU member states after Brexit.

Finally, let me mention UK ports, which directly employ more than 25,000 people, many of whom voted to leave because of anxiety surrounding EU ports services regulation. Many leave campaigners argued that leaving the EU would ensure full exemption from those regulations. However, the former shipping Minister, the hon. Member for Scarborough and Whitby (Mr Goodwill), was reported as saying that the ports services regulation would still apply under an arrangement that granted the UK access to the European economic area. Can the Secretary of State clarify the Government's intentions on any withdrawal from ports regulations and guarantee that any exemptions do not inadvertently undermine strong industrial relations and the welfare standards of dock and port workers?

**Sir William Cash:** Whatever the hon. Gentleman may try to infer with regard to the European economic area, it is completely beside the point. The fact is that there is a regulation and, as he knows, it is on the brink of being brought in—I believe it is by the end of this month. All that talk that he has just given us has nothing to do with the issue. The real question is whether the Labour party is going to oppose it. Will it say that it condemns it, because that is what the unions, the Government and, as I understood it, the Labour party wanted?

**Andy McDonald:** I am not sure whether I could have been any clearer. I have just addressed the issue head on. If the hon. Gentleman reads *Hansard*, he might be a little clearer in his own mind.

My contribution has been full of questions, because so little has been revealed so far that would give any idea of what the Government are setting out to achieve after Brexit and of the mechanisms by which they aim to achieve any such objectives. Huge questions remain over the future of our flourishing aviation sector; over what existing EU legislation will be retained and what that will mean for our railways and ports; over whether EU funding for transport projects will be made up by the Government, and over issues to do with connectivity by road and what Brexit will mean for haulage.

I invite the Secretary of State to bring forward the details of his Department's plans for Brexit, which have been, so far, so stark staringly absent.

4.22 pm

**Sir William Cash (Stone) (Con):** My main concern in relation to this debate is with regard to ports services regulation. It is a perfect example of where the European Union has gone completely wrong, and of why, in this particular sector, it is vital that we leave the European Union. I will give a number of reasons for that, which are drawn from those who have the most knowledge of these matters, including those who are referenced in the latest Library briefing.

As has been said by the Major Ports Group, many of the issues that confront UK ports are affected by policy and legislation from the European Commission and the European Parliament. The European Parliament is about to hold a plenary session and, for present purposes, it is assumed that the regulation will go through. It will then go to the Council of Ministers, which is governed by qualified majority voting.

The European Scrutiny Committee and I have been following this for several years, and I will come on to the timetable and my concerns about the failure to have a proper debate on the Floor of the House on this issue exclusively. The port employers say:

“While UK ports receive virtually no financial assistance from the public purse, the situation is very different in most continental ports.”

That is hugely important. We are an island. We have 47 ports. They are incredibly important, and I accept, of course, that the Opposition spokesman, the hon. Member for Middlesbrough (Andy McDonald), has made clear his concern, but it does not alter the basic point: we cannot resolve the question of the port services regulation because of the qualified majority voting system. Even if we vote against it, we cannot stop it. That is the problem, and it is why I had to ask the hon. Gentleman twice about this. I will give a description in a few moments. I understand that that the Opposition have accepted the outcome of the referendum.

**Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP):** Not all of us.

**Sir William Cash:** As the hon. Gentleman suggests, the Opposition in Scotland do not accept it, but there are reports in Scotland that many people there will be affected by the outcome of the regulation, so I shall continue. We are an island nation, but this is not just romantic blurb about this sceptred isle and the fact that

we are surrounded by a silver sea; this is about whether we in this country can have an efficient port sector. As we are an island, we are heavily dependent on the ports as goods go in and out of them.

**Robert Ffello:** For the benefit of the wider House, may I say that over 90% of our trade goes through our ports?

**Sir William Cash:** Indeed, and I know where the hon. Gentleman—my next-door neighbour—has got that figure from. It is from paragraph 6.2 of the Library note, which I can see he has been reading. I am glad that he has been so assiduous. The principle is that, despite the fact that we are an island, we compete with continental ports for certain types of traffic. Those in the ports industry are therefore concerned by a lack of a level playing field between the UK and continental ports.

**Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP):** The hon. Gentleman will have probably seen the report published on the front page of the *Financial Times* perhaps four, five or six weeks ago that the UK might have some difficulty carrying out customs checks at ports and other such points. At the moment, we carry out 35 million checks a year. We as the UK would need to carry out up to 240 million checks a year, but the new system has the capacity to handle about 100 million checks. If this situation emerges, it will cause a huge difficulty post-Brexit and inevitably damage trade, because the infrastructure is not there to do customs checks at ports.

**Sir William Cash:** My response is quite simple: if we do not continue to have an efficient ports system because of the effect of the port services regulation, nothing that the hon. Gentleman says will make any difference to the fact that our ports will be put not only at a severe disadvantage, but in a dangerous situation vis-à-vis the other continental ports. However, despite the fact that there was an attempt to get state aid rules imported into the regulation, the ports employers believe that

“it is essential that legislation aimed at regulating less commercial ports on the continent does not cause unintended damage to the UK's thriving commercial sector.”

On that basis, there is a matter of principle that affects our whole import and export business that goes through the ports.

The effect that the proposal will have is so obvious that I need not even attempt to explain it. It aims to regulate market access to port services, port charges and financial transparency. The ports employers say:

“The text as a whole”

—this is some time ago, but I will catch up in a moment with what they have said most recently—

“even if heavily amended, cannot deliver on its states aims. Instead, it will create severe legal uncertainty, reduce investment and will ultimately be detrimental to the safety standards and working conditions which currently exist in EU ports. EU ports may have different ownership structures, but all require a high level of confidence in a stable legal and policy framework in the long term if they are to operate safely”,

which is for the benefit of the workers,

“and contribute to the EU agenda for jobs and growth”,

which is vital to everyone, whether they are employers or workers in the ports.

The UKMPG goes on to say:

“The Port Services Regulation proposal does not provide such confidence and risks leaving a legacy of legal and practical difficulties across the EU.”

The UKMPG

“supports a return to the previous EU ports policy approach based round application of the general provisions of the Treaty reinforced, where appropriate, by guidelines on state aids.”

We now have Brexit so, as the hon. Member for Stoke-on-Trent South (Robert Flello) suggested in relation to the great repeal Bill, are we going to reach a point, as I think we must, where we transpose the legislation into UK law but then, through statutory instruments and our own decision within the framework of this Westminster jurisdiction, as a result of the decisions taken by the people of this country, including Government Members and Opposition Members—with the exception, I suspect, of SNP Members, but they will pay a price for this in their ports areas—[*Interruption.*] They may find this amusing, but there are people in the ports of Scotland who do not like the proposal and will resist it if they can. They will not be allowed to do so if the SNP can get away with it.

The bottom line is that this is an issue of great national interest. The European Scrutiny Committee has been following the matter for several years. We first recommended it for debate on the Floor of the House in July 2014—over two years ago. On 19 October, I wrote to the Minister:

“We understand that it is intended that the European Parliament will adopt this text for a First Reading Agreement at its 12-15 December plenary and we presume that this will be followed shortly by Council agreement.

You will understand, therefore, that the Committee expects that the Government will finally, after a disgracefully long delay”—which I underlined several times—

“schedule the floor debate on the proposal which it and its predecessor have recommended.”

In fact, there have been two debates, which have been aborted. One of them, I can assure the House, was so shambolic that the Chairman of the Committee had to suspend the sitting. I will not go into the details of that—they are all on the record.

**Kelvin Hopkins** (Luton North) (Lab): I have been involved in the European Scrutiny Committee for several years. I did not intend to intervene, but I am concerned about this issue. The hon. Gentleman is saying that we will take into British law what now exists as EU law, but we will selectively disapply parts of the EU legislation that do not suit Britain, and this might be one of those.

**Sir William Cash:** That is absolutely right. It is essential that we disapply this, for that reason. The mechanics of it will be left to statutory instruments, but we must reassert our jurisdiction over our ports.

As recently as 17 November, I wrote again to the Minister, saying:

“The Committee has asked me to emphasise to you and the Leader of the House that this debate should take place before the European Parliament adopts the text for a First Reading Agreement and the Council’s subsequent endorsement of this text.

Failure to meet this timetable would suggest contempt for the House and its legitimate scrutiny requirements.”

Although the issue has been going on since July 2014, we still have not had that debate. There is just time for us to have such a debate. Although this is a general debate about exiting the EU, a specific debate is not only recommended but, in effect, demanded by the European Scrutiny Committee, backed by the sort of language that I have had to use, demonstrating the importance of the issue and the need to get on with it. The other point that I must make is this: I have had no reply to those letters. At its meeting today, I am afraid that the European Scrutiny Committee registered its deep concern about the situation.

I received my latest statement from the ports industry this afternoon. I want to read it out, because it is important that the House should know the latest position:

“One further point...is that the UK Government has insisted on pursuing the inclusion in the PSR of a ‘Competitive Market exemption’ rather than the option of having an exemption for the privately financed ports on the face of the Regulation itself”, which is what the industry has been seeking.

“It is this Competitive Market Exemption provision that was finally agreed in the informal trilogue discussions between the Council, the European Parliament and the European Commission earlier this year and which is now in the final draft version of the PSR due to come before the European Parliament in December. However, this ‘Competitive Market Exemption’ is not an exemption—it is a process by which Member States may apply to the European Commission for an exemption”,

as if they could expect to get it.

“Any application would be determined solely by the European Commission, may be limited in scope or time, and would relate only to certain Articles of the Regulation. In short, it offers no guarantees that the PSR would not be fully binding on UK ports.”

Mr Cooper, the spokesman at last week’s annual parliamentary reception of the United Kingdom Major Ports Group, who is also CEO of one of the largest port companies, also had this to say:

“I will not rehearse the arguments against this wretched piece of wholly unnecessary legislation, but, as the endgame approaches, it remains a totemic example of a Regulation imposed by Brussels which is a one-size-fits-all straitjacket that runs entirely counter to our national interest. In its present form the Regulation is significantly less damaging than it might have been—and, alongside the DfT, the port industry can claim considerable credit for that—but it is not a success that can be guaranteed over the long term. Many of the changes to reduce the scope and impact of the Regulation have been a function of short-term political expediency.”

The problem is this. It is inherent in the procedures of the European Union—in the Council of Ministers, the European Parliament and the European Commission—that we are in this situation. We cannot stop it without leaving the European Union. As the hon. Member for Stoke-on-Trent South says, the timetable in relation to the great repeal Bill is significant. However, this is a very good example. What is for sure is that if we repeal the legislation and follow Brexit to its logical conclusion—this applies to many other areas as well—the United Kingdom will be enabled to regain control: in this case, over its island ports and the business that goes in and out of them. It will do that under the Westminster jurisdiction, on the basis of a new ports Bill, after Brexit and after the great repeal Bill has gone through, for the benefit of people who work in the ports in an executive capacity as well as those working in the docks themselves—the workers, who deserve to be given a fair deal. The Government and the Opposition, recognising this, must appreciate that we need a proper debate about the issue. It is so important that we get this right for the benefit of the United Kingdom as a whole.

4.39 pm

**Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): We have heard from the Secretary of State for Transport that we should have confidence; he has reassured us that we should have optimism, but, of course, we have heard no details.

The impact of Brexit on the different modes of transport—aviation, maritime and road haulage—will be immense, but its main effect will be on all the people in our communities, with rising costs for goods and mobility. There are also those who want to do business with us or to visit us as tourists. It is wrong for Ministers not to have a full explanation of how exiting the EU will impact on businesses, consumers and passengers.

Nobody doubts that we are facing stormy seas, yet instead of a plan, we are told by the Foreign Secretary that Brexit will be titanic. That is scary enough, but time after time, in terms of plans and answers, we find it is just an empty vessel. The Government's model is less a ship of state and more like the *Mary Celeste*. So let us see the Brexit rhetoric cast overboard, and let us hear some definitive answers.

People will be affected; they and our businesses deserve to know what the plan is. This failure to provide a plan is simply a plan for failure. People face additional journeys for connections, more expensive tickets, fewer rights to challenge delays and cancellations, additional insurance costs and long queues at border controls. When they call home, their calls could cost more because they will not have mobile phone roaming protection.

The Chancellor said today that he wanted the UK to be the No. 1 destination for business. Well, how are people going to get here? Let us start with aviation. Leaving the EU could restrict operations by UK airlines in Europe, and by EU airlines in the UK, leaving our constituents and visitors to the UK paying the price for Brexit through higher fares. Analysis from the independent Oxera economists states that such restrictions could lead to UK passengers' airfares rising by 15% to 30%.

As an MP from the highlands, and as chair of the regional airports all-party parliamentary group, I am also extremely concerned about the increased cost pressure on regional airports. These airports have thrived with the increase in low-cost airlines, and the advent of cheap short-haul flights across Europe owes a large part of its success to the EU. As easyJet said:

"the single aviation area gives airlines freedom to fly across Europe and since its introduction passengers have seen fares fall by around 40 per cent".

Without that agreement, fares will inevitably be higher.

**Chris Grayling:** Earlier this week, I met the proprietor of AirAsia, who has built an extraordinarily successful low-cost airline across south-east Asia. Countries there are not in a European Union-type institution. Can the hon. Gentleman explain to me and to the House why it is not possible to have a low-cost aviation set-up in Europe with us outside the European Union, but it is possible to have such a set-up in a part of the world where there is no such body as the European Union?

**Drew Hendry:** Let me answer that by giving the right hon. Gentleman the words of easyJet itself. EasyJet is currently registered in the UK and can fly largely without restriction from the UK to other member states—France

and Germany, for example—and wholly, in terms of the domestic market, within countries such as Italy. EasyJet is now setting up a separate operation outwith the UK to ensure that it can continue to fly without restrictions after the UK leaves the EU. As its chief executive officer, Carolyn McCall, said, current EU flying rights might have to be renegotiated, and the new company will ensure easyJet can operate within the EU. She added:

"We are not saying there will be no agreement. We just don't know the shape or form. We don't have the luxury of waiting. But we have to take control of our own future."

That is in no small part due to the lack of clarity from the UK Government over what aviation agreement the UK will eventually come up with. The Secretary of State and his colleague the Secretary of State for Exiting the European Union have said:

"Market access remains a top priority, and we want to make sure we have liberal access to European aviation markets."

Strikingly, however, there was no guarantee that the UK would stay within the open skies agreement. The UK Government need to explain to us now how this is going to work. When open skies was agreed back in 2008, the UK market was one of the key attractions for the United States. At the time, the UK accounted for a 40% share of the EU-US market. If the agreement ceases to apply, as was mentioned earlier, will the UK have to revert to the Bermuda II bilateral agreement, signed in 1946 and last amended in 1991?

**Mr MacNeil:** Perhaps there is an opportunity for the Secretary of State to come to the Dispatch Box and tell us whether we will be in the open skies agreement post-Brexit.

**Drew Hendry:** I am happy to allow the Secretary of State to intervene on that point if he wishes to do so, but obviously he does not.

The aviation market has changed considerably since the days of the Bermuda II agreement, and any reversion could cause disruption to UK airlines and transatlantic trade and passenger routes. If this is not the case, then what is the plan?

The implication of new border controls is negative in both ways. Ease of travel within the EU is attractive to our constituents and to those visiting the UK. Undoubtedly, passport checks and processing times for visitors from the EU will impact on our attractiveness to visitors. The fact that EU visitors will need to enter the UK through the non-EEA lines will require Border Force to commit significantly more resources at airports. Even with extra staff, queuing times for European visitors will still almost double to about 45 minutes. Those of us representing constituencies with a significant tourism economy find this extremely concerning.

**Stewart Malcolm McDonald** (Glasgow South) (SNP): Staying slightly on that topic, will my hon. Friend urge the Transport Secretary to engage with the US Government, who are currently considering Edinburgh airport for pre-clearance travel to the United States, as a positive way of showing the world that we are indeed open for business?

**Drew Hendry:** I thank my hon. Friend for his intervention; he has made his point and I will not follow it up any further.

One can imagine, under the future provisions, being a tourist from Europe, especially in the short break market, with the choice of going to the UK or somewhere else where there is a lot less hassle—somewhere more welcoming. Additional space will need to be allocated to immigration control operations in airports and other ports of entry. It is thought that the costs could spiral into tens of millions of pounds. This cost would have to be borne by airports and port operators, who then cannot invest that money in increased connectivity and improving the passenger experience. According to the Tourism Industry Council, if the 23 million EU nationals who visited in 2015 were to be subject to full border checks, Border Force would be required to increase resources allocated to this by 200%—on top of the problems that already exist. Manchester Airports Group says:

“Border Force provision at a number of airports is already inadequate, with a lack of long term planning meaning queue times for passengers can already be unacceptably long.”

So what is the plan?

**Ian Paisley:** Before the hon. Gentleman gets into the detail of the hypotheticals of border controls, does he accept that the single largest threat to ordinary travellers in the United Kingdom, and across the entirety of Europe, is none of the things he has mentioned but the package travel directive about to be introduced by the EU, which will put additional costs on every single traveller because they perhaps use sites like Expedia?

**Drew Hendry:** The hon. Gentleman makes a good point. So many issues are facing us that is very difficult to pick out the single most important item. There are a lot of unanswered questions.

Is the plan to reach an agreement with the EU that the EEA channel will continue to operate in the UK, and that EU member states will allow UK citizens to use the EEA channel in the EU?

Regional airports are vital for connectivity within Scotland, but the reckless gamble with our EU membership has caused great uncertainty for these airports that could have a seriously detrimental impact on our economy. Scotland has a large number of regional airports, many of which are reliant on low-cost airlines and outbound tourism to survive and to be an economic success. The International Air Transport Association predicts that a 12% reduction in sterling would result in a 5% decline in outbound travel, while Ryanair has said that it is scaling back its expansion in the UK.

**Kelvin Hopkins:** Is it not the case that since 23 June, there has been a significant depreciation of sterling and a surge of people coming into Britain to buy things, because everything is cheaper here? Is that not good for businesses in Britain, including those in Scotland?

**Drew Hendry:** I am happy to answer that. When I was a retailer many years ago, the UK Government introduced an increase in VAT. Before that VAT increase hit, there was a rush to the shops to buy goods. After that increase hit, things fell through the floor, and I think we will see a similar effect.

Scotland has a large number of regional airports, many of which are reliant on low-cost airlines and outbound tourism to survive and to be an economic success. As I have said, the International Air Transport Association predicts a reduction in outbound travel.

Since the EU referendum, sterling is down 25%. For airports such as Prestwick, it is even more vital that we continue the open skies agreement to maintain the number of outbound passengers, so it is incumbent on the UK Government to give an unequivocal guarantee that the UK will stay in the single aviation market after we are taken out of the EU. With 76% of UK holidays abroad being taken in the EU, outbound tourism is key for the industry. Outbound tourism employs more than 215,000 people across the UK, and it is a key driver in ensuring that our regional airports are successful. Remaining in the open skies single aviation market is vital to ensure that our airports remain economically viable, and low-cost airlines are vital if regional airports are to be a commercial success.

**Callum McCaig (Aberdeen South) (SNP):** My hon. Friend has talked about airports relying on bringing in tourists. Aberdeen airport is heavily reliant on business traffic, but with the difficulties that the oil and gas industry has faced, the airport has redirected its efforts towards sun destinations in the likes of Spain and towards eastern Europe. What kind of message does the lack of clarity about the plans send to an airport that is looking to diversify its offering?

**Drew Hendry:** My hon. Friend makes a good point, and he underlines the theme that I am working on just now. This uncertainty is bad not only for business, but for consumers, passengers and everybody involved.

**Kelvin Hopkins:** The hon. Gentleman talked about exchange rates. I think that relative to the euro, sterling depreciated by far less than 25%. That is crucial, because that is where we have our serious trade imbalance. With the rest of the world, we have relatively good relations. The strength of the dollar has compounded the depreciation of sterling, but that depreciation will be beneficial to British industry, wherever we trade.

**Drew Hendry:** That is the kind of thing that somebody might want to put on the side of a bus. It has been a trait of previous UK Governments to take forever to make key transport decisions, but UK regional airports, including those in Scotland, do not have the luxury of waiting. For the sake of those airports, our businesses and our commuters, the UK Government need to provide a clear and unequivocal guarantee that any post-Brexit aviation agreement will not lead to a loss of investment and connectivity in Scotland if we end up outside the open skies agreement.

The current aviation policy framework sets out that airports cannot apply for a public service obligation or the connectivity fund because of the 60-minute rule, which means that a number of regional airports lose out. The Government's EU gamble is putting potential investment in Scotland's regional airports at risk. They need to think again and, in doing so, give regional airports a fighting economic chance.

The problems are not confined to aviation. Our maritime sector faces similar concerns. We have heard a fair bit about ports, but the maritime sector is worth €12 billion annually to the UK economy, and some 240,000 people are employed in the sector in the UK. Fifty-three per cent. of the UK's imports and 45% of its exports are from the rest of the EU. It is estimated that approximately 3 million jobs in the UK are linked to trade with the rest of the EU. Currently, there is the freedom to trade.

[Drew Hendry]

OECD rules could preclude any change, in so far as we are talking about the ability of a ship to call at an EU or UK port and to load and unload cargo and passengers, regardless of its flag and regardless of the nationality of its owner. UK-flagged ships could, however, lose their right to operate in the domestic trades of EU member states that maintain flag-based cabotage restrictions.

The British International Freight Association has said that its main concern is potentially losing the benefits of free trade and customs harmonisation with the EU single market:

“A return to tariffs for UK merchandise exports and imports, if this is the outcome...will be detrimental to UK trade with the EU, and may result in a...reduction in UK-EU maritime volume.”

As we have heard, the UK’s port sector is largely privately owned and run in a competitive environment, and is thus very different from those of many other EU member states. Oxera has also said that changes to the costs of trade with the EU are

“likely to affect the volumes and patterns of freight activity at ports, while the need for new customs checks on imports and exports is likely to cause considerable congestion at UK and mainland European ports.”

It suggests that any negative impact could be mitigated through EEA membership or free trade agreements, although delays in negotiations could mean a significant period trading under World Trade Organisation arrangements. Uncertainty will impact the industry and the people it employs, and drive up the price of goods, so what access arrangements will be in place?

**Sir William Cash:** I hear what the hon. Gentleman is saying, but he will have heard what I said earlier. What is his answer to that with respect to the question he has raised about Scotland? Are Scotland’s ports not equally affected?

**Drew Hendry:** I thank the hon. Gentleman for that; I think we are making a very similar point from very different perspectives. There needs to be a plan for how ports are handled, going forward. The difference in the regulation and operation of UK ports as compared with EU ports provides a significant obstacle. The UK Government have to give us an answer on what they are going to do and how they are going to take forward a plan on that basis.

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

**Drew Hendry:** No, I will make some progress.

What access arrangements will be in place? What is the plan for the millions of people connected with this industry? Will UK companies have access to a single European market, with no taxes or duties payable on goods?

There are a lot of potential uncertainties for UK road haulage companies as a result of Brexit, particularly in terms of employment, drivers’ hours rules, access to markets and border controls. Transporting a lorry load of goods from London to Milan in 1988 required 88 separate documents; the internal market replaced them all with a single piece of paper. In response to the balance of competences review, the Freight Transport Association said that the EU had created

“a market that logistics has served for nearly half a century”,

benefiting British businesses; the Road Haulage Association, similarly, felt that for its sector the overall judgment was a fine one. It said that

“competences in UK road transport are finely balanced in our sector. Although we have not got a 100% solution in terms of market access we have got the most of what we think the industry would want”.

That is largely a reference to cabotage, the practice whereby a haulier from the UK can carry goods between two other member states—for example, Spain and France. So, what is the plan?

**Chris Grayling** *rose*—

**Drew Hendry:** I am happy to give way to hear the plan.

**Chris Grayling:** Will the hon. Gentleman tell the House, first, what proportion of cross-channel traffic is carried by UK hauliers as opposed to hauliers based elsewhere in the EU, and, secondly, the balance of cabotage carried out in the United Kingdom by European hauliers, and vice versa?

**Drew Hendry:** The Secretary of State is trying to make an argument similar to that made during the Brexit campaign about how the EU has to buy cars made here because there is a bigger market for them. That does not square with the facts of what is happening in the European market. For example, what will happen when there is a shortage of drivers in the road haulage industry, as at the moment many of them are EU nationals, supplying our road transport network? We have not heard the plan, and I heard nothing in the Secretary of State’s remarks today to say that there was a plan in this regard.

The EU single market has delivered significant economic and social benefits for Scotland. The four freedoms of the single market—freedom of movement of capital, of people, of goods and of services—have removed barriers to trade and opened Scotland to a market of more than 500 million people. The single market has also generated direct benefit, and there are now unanswered questions about funding. As of October 2016, some £350 million had been legally committed for transport funding, meaning a further £450 million is available as long as it is committed before the UK leaves the EU. Some £13 million of that went directly to Transport Scotland, with the agency being available to seek a further amount from the remaining £450 million. However, there has been not a peep from the UK Government or the Chancellor on whether the funds will be committed up to 2020. Will the UK Government seek to top up the funding to Scotland after we leave the EU?

I will conclude now, but there are many further issues relating to rail and bus networks, including vehicle standards and testing, disabled badges and a whole lot more. There are so many questions on transport in the light of Brexit that I think we will return to the subject again and again. Those questions are being asked not just by me or my hon. Friends, but by industry and the public. They deserve answers. They deserve “the plan”, but instead they see that, on issues relating to maritime, road or air, they have a UK Government who are all at sea, taking the road to nowhere, and booked on an expensive and uncomfortable flight from reality.

5 pm

**Ben Howlett** (Bath) (Con): It is a pleasure to follow the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry). I am not sure if this is entirely parliamentary but, as I am following my hon. Friend the Member for Stone (Sir William Cash), we have had Bill and now we have Ben. I am not exactly sure, however, that we are in the same flowerpot right now.

I am pleased to have the opportunity to speak on the effect of leaving the European Union on our transport sector. Like many colleagues, I would have preferred to have had a debate on the effect of exiting the EU on the single market or the free movement of labour. Nevertheless, this is still an important issue for a number of residents in my constituency and in the United Kingdom as a whole. I note the irony that the House of Commons Library briefing paper on this subject suggests that

“transport post-Brexit may not look wildly different to how it looks now”.

However, given that much remains unclear as we head towards the negotiations, I would like to outline a number of priorities the Government should consider.

The European Union’s common transport policy is focused on a number of policy areas, most notably economic and social matters, environmental improvements and infrastructure investment. There has been a long-running debate on whether the benefits of European Union membership and access to a single market for transport services outweigh the relative burdens of regulation. It is my belief that the development of the common transport policy has benefited the United Kingdom by improving the health of our population and boosting economic growth, while ensuring we have the long-term infrastructure to compete in a global environment. We need to ensure that the UK continues to feel these benefits once we have left the European Union.

I would like to take this opportunity to change tack somewhat from the long conversations we have had about ports and to focus on two key areas: environmental improvements and infrastructure investment. I sympathise with the Government’s position that while Brexit negotiations are ongoing it is important not to make guarantees but, like many sectors, transport is an area that needs certainty. I am sure that we all agree about that.

First, I would like to concentrate on the environmental impact. Bath has a huge problem with air pollution. As colleagues will know, Bath is full of buildings constructed out of the famous Bath stone, which absorbs vehicle emissions. Sadly, high air pollution levels across the city mean many buildings are slowly blackening—hon. Members will be pleased to know that my home has been rendered, so it is not blackening at the moment. In some parts of Bath, air pollution levels far exceed the legal limit and cause problems to my constituents’ health and wellbeing. Of course, this is not a problem for just my constituency; it affects many constituencies of Members here today.

Ensuring that the transport system works in a way that does not have a negative impact on the environment—reducing the impact of noise, pollution, harmful emissions and greenhouse gases—is vital to the long-term health of our population. The transport sector accounts for

almost a quarter of all greenhouse gas emissions in the European Union, making it the sector with the second highest level of greenhouse gas emissions, just behind the energy sector. Moreover, transport is the only sector in the EU whose emissions have risen since 1990—by a staggering 22% in total. The Transport Committee has been doing some work on this issue over a number of years.

Alongside our EU colleagues, we have committed to reducing emissions in our transport sector and meeting European emissions standards. It was the UK that pushed hardest on this very issue, so it would be a shame if Britain were to draw back now. It is crucial that such work continues after Brexit. This issue is not isolated in the UK—we share our air with the EU and the rest of the world—yet many are concerned that we will lose the collaborative approach that is critical to solving these pan-national problems when we leave the EU.

I recently visited the low-emissions vehicle research centre at the university in my constituency. Incidentally, it has benefitted from £3.6 million of research funding and contracts from EU government bodies.

**Stephen Gethins:** The hon. Gentleman mentions his university, and I am extremely concerned about research funding after 2020. Will he join SNP Members in asking the Chancellor and the Transport Secretary to give greater certainty to the university sector about the post-2020 world?

**Ben Howlett:** Several of us raised that matter during our consideration in Committee of the Higher Education and Research Bill. The announcement that the last few years’ funding will continue after we leave the EU is, of course, welcome, but the university sector is very concerned, for example, about our leaving Horizon 2020, which we have been part of for many years. That would leave a huge hole in higher education funding and it is something that I hope the universities Minister will consider during the Bill’s passage through the other House.

Bath University’s prize-winning research centres are having a hugely positive impact on the measurement and understanding of air quality in not just the UK, but the EU. The Institute for Advanced Automotive Propulsion Systems, which is run and spearheaded by my university, will, I hope, receive some of the funding that the Chancellor announced earlier via the expansion of the local growth fund. This subject is obviously quite topical, given the recent Volkswagen scandal. Britain might end up with an opportunity to bring businesses such as BMW over to the UK to measure its air pollution levels, as Ford and other major international motor vehicle companies have been doing. It is important that, as we set out our position on exiting the EU, we remain committed to meeting our obligations on European emissions standards across the transport sector so that we improve the lives, and the health and wellbeing, of all our residents. I am sure the Government have that at the forefront of their mind as they consider transport policy after we leave the EU.

My second point relates to infrastructure investment. I would like to focus on the importance of maintaining adequate investment in our transport system and particularly in road, rail and aviation, many of which have already been mentioned. I welcome the Government’s

[Ben Howlett]

commitment to completing the incredibly important HS2 project and their recent announcement on Heathrow airport expansion. Both are vital to the long-term development of our country. In 2014, the European Investment Bank provided lending of more than £6 billion to support long-term investment for a broad range of infrastructure projects across the UK, some 26% of which were in transport and the telecommunications sector, so it is an important funding source for such projects. While we have been instrumental in the creation of the trans-European transport policy and the fourth railway package, which aims to remove the remaining barriers to the creation of a single European rail area, I hope that conversations will take place as we leave the EU to ensure that Britain still has adequate train links with the EU. By removing bottlenecks, building cross-border connections and promoting integration and inter-operability between different modes of transport, we can ensure that the UK benefits from an infrastructure plan that promotes economic growth and job creation.

**Stephen Gethins:** The hon. Gentleman talks about business growth. Does he agree that, just as transport improvements benefit business, so too does continued membership of the single market? Does he support our continued membership?

**Ben Howlett:** I have said on many occasions that I support membership of the single market. How achievable that is will ultimately be for the Government to negotiate with the EU but, fundamentally, businesses—not just in my constituency, but in the devolved nations—would suffer from a reduction in access to the single market. It is the same with the customs union. One thing missing from the speech of my hon. Friend the Member for Stone was a consideration of possible cost implications and of how ports might lose out if we leave the customs union.

Now is not the time to slow down any investment in our transport sector, as we heard today from my right hon. Friend the Chancellor of the Exchequer. With finance still needed for projects in my constituency such as the A36/46 link road and the completion of the electrification of the great western main line, the Government must commit to continuing any lost investment that currently flows from our membership of the European Union.

I hope that today's debate will give the Government an opportunity to increase transport investment across the south-west as a whole. While there was welcome news in the autumn statement, there is a real opportunity over the next few years to address the imbalance. It was disappointing that a recent Institute for Public Policy Research report concluded that the south-west had the second lowest transport investment per capita and per commuter of anywhere in England. Without wishing to give too much credibility to counter-factual history, I question whether greater investment by the EU in transport infrastructure in the south-west would have led to more residents voting to remain part of the EU.

Transport is one of the EU's most strategic common policies, and on many occasions we have been the driver for change in this area. Following our exit from the European Union, I hope that the Government will continue to invest heavily in the transport sector while maintaining our commitments to air quality and the environment.

5.11 pm

**Mrs Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): This is a welcome and timely debate. Transport is vital to all that we do, whether it be the functioning of our economy or people engaging in a good life. It matters to everything we do, but there has been little discussion in public or in Parliament about the implications for transport of our exit from the European Union. In this short debate, I want to flag up a number of issues where there are concerns, some of which have gone unanswered. I shall also seek some further information from the Minister about how these issues are being addressed.

At the beginning of the debate, the Secretary of State made some fairly anecdotal remarks about how he was dealing with some of the issues of concern that have been raised. He referred to meetings that he has had with Ministers at conferences and said that he hoped to meet the President-elect of the USA shortly to discuss some of these issues with him. However, there is a more basic question.

Yes, there are big questions about how the negotiations might be conducted and what the Government's objectives might be, but one key question is whether the negotiations on transport will be conducted in their own right or only as part of much wider negotiations, so that nothing agreed for transport will be finalised until there is agreement on all the issues involved in our leaving the EU. I have not heard that question properly discussed, but it is an issue of concern. Some transport issues might appear to be negotiated, but they could somehow be lost or given away as part of some bigger negotiation where other factors are under discussion. That is a fundamental issue and I would like to hear more answers from the Government about that. Providing an answer to that question is not really giving away a negotiating position; it is telling us how seriously the Government as a whole view transport issues. It might provide a guide on how far we should pursue some of the matters that have been raised today and that are likely to be raised again.

Members have talked about how different sectors of transport—road, rail, air and sea—might be affected. I shall come on to some of those later. There are also important cross-cutting matters to which very little attention has been given when it comes to Brexit. What of passengers' rights, for example? Complex compensation packages are being negotiated in Europe, and I believe that one of them was either finalised recently or is nearing completion. It is not at all clear how that would affect British citizens. Would they be covered by those compensation packages, now or in the future? We simply do not know.

What about security matters? Reference has been made to cross-channel transport, of which security is an important aspect. How will that be affected? We have heard little about it. Environmental issues are very broad, but they certainly include transport. How will that affect us?

During the Transport Committee's recent investigation of the Volkswagen scandal, attention was focused on vehicle type approval, the European system for assessing vehicles in terms of their environmental impact, performance and safety. Although the Volkswagen episode—the Volkswagen scandal—I must keep using that word, because a scandal is what it was—did highlight

some deficiencies in the system, it is important to recognise the importance of having a cross-European system for vehicle type approval. There might be a need to strengthen or change it in certain ways, but having it does matter. How would we be affected in that regard? Would the United Kingdom still be involved? Would we still be party to the system? Would we be partners in it, influencing what happened? Again, we simply do not know.

The question of accessibility to transport for disabled people has been raised briefly, in relation to the blue badge scheme. That scheme, which is very effective and very important here, has a European counterpart. What would happen to that? Has any thought been given to the issue, and has there been any discussion about it? There is a wider question. European directives call for proper access to buses, coaches and trains for disabled people to be implemented by 2020, and European legislation has driven improvements in their access to public transport. Will we still be involved in that, or will the United Kingdom decide that there is some get-out clause so that we do not have to continue to give proper attention to the matter? I hear little about that in the public arena.

Sometimes we are all so involved in talking about the major strategic issues—which are, of course, extremely important—that we forget about the practical issues, but they must not be lost. One way of ensuring that they are not lost in discussions about many other issues is to keep raising them in the House and, indeed, elsewhere.

A number of Members have drawn attention to the aviation sector, which in itself illustrates the importance of the possible impact on that sector by our exit from the European Union, and the importance of the sector itself. Aviation is vital to the economy as a whole, and to business and tourism specifically. In 2015, UK aviation transported 251 million passengers and contributed £1 billion a week to the UK economy, and it supports 1 million jobs. It is not just about transport, either. It is about skills, development, and a wide range of employment. It is literally a gateway to Europe and to the world. The UK currently has agreements to fly with 155 countries, 42 of which have air services agreements through our membership of the EU. That arrangement is critical. What will happen to it?

There are three broad areas of concern relating to aviation which require proper negotiation and a proper solution, rather than the uncertainty that currently hovers over the whole issue, causing great concern in the aviation sector and among the people employed in it. First, the single European aviation market allows EU registered airlines to have a base in another EU state and operate services between other member states and within them. It promotes growth and has reduced fares. It is critical. There may be an answer to what will happen to that as an alternative to our current arrangements. Are we going to consider joining the European common aviation area—we would be able to do that—or is the answer bilateral agreements? We simply do not know, and not knowing causes great uncertainty. It will affect business decisions being made by airlines now about where they want to locate. These are critical decisions about aviation and the people employed in the sector.

**Drew Hendry:** On business indecision, does the hon. Lady agree that businesses are openly saying that they are having difficulty now with their business plans and

are absolutely terrified of getting no forward vision from the UK Government about how things are going to work in the future, which is impacting directly on investment?

**Mrs Ellman:** I do agree. That is a key area of discussion within the aviation sector. It is why it is so critical that this is addressed. There is great uncertainty. There might be a solution, but we need to move further on it.

The second area of concern within the aviation sector is the transatlantic aviation agreement, and particularly the EU-US open skies policy agreed in 2007. There are many aspects to that, including that EU airlines can operate to the US from any point in the EU. EU airlines can also lease aircraft to US airlines for use on international routes from the United States to any third country. That was opposed for a long time by the US authorities, but it is now agreed and it is extremely important not just for aviation itself but for this country and—I go back to the common theme of my speech—for employment in the sector and the retention of high-level skills. Will this agreement continue? The general view appears to be that it will, as it is too valuable and important to everyone for it not to continue, but again there is uncertainty. Is that being addressed?

The third aspect of concern is European airspace strategy. The use of airspace is critical and too often when we talk about aviation and runway capacity we do not think properly about airspace strategy. That matters, however; it matters in terms of efficiency and the environment. Capacity and efficiency have been added through having the single European sky. Will that continue in its current form? Will it be part of the negotiating process? Will the functional air blocks—UK and Ireland—be retained? How will this operate? It seems to be so critical that it has to carry on, but in what form, and how will the UK be involved?

I wanted to flag up those three areas of concern. They are well known—I am not saying they are being ignored—but my plea is that we need to know what progress is being made.

I also want to talk about ports. They are vital because 90% of the UK's trade goes by sea, and the EU is the UK's largest single trading partner. Yes, there are global markets and the maritime sector is global as well as European, but Europe is extremely important to it. It cannot be looked at in isolation. Access to the single European market is important to the maritime sector. What impact will discussions on that have on discussions about the ports and the maritime sector? How will changes in access to the single market affect shipping with Europe? Will there be new and complex tariffs? Will there be customs checks? How will transmodal movements be affected? Will there be complexity in paperwork, tariffs and customs? Nobody knows what is going to happen. Some solution has to be found as soon as possible, and the sector needs to know what is happening. We have had silence on these matters for much too long.

There are many other transport issues involved in our exit from the EU that are causing great concern. I have identified just these few issues today because they are critical to the UK's future. They are important for our trade, for jobs and for the retention of skills, and I urge the Government to get more involved in those sectors and give us more information about what is happening.

[Mrs Ellman]

These transport issues might not be flagged up in the newspapers every day, but they matter a great deal to our economy and to the people of the UK.

5.25 pm

**Mims Davies** (Eastleigh) (Con): Thank you for calling me to speak in this important debate, Mr Deputy Speaker. I am pleased to follow the hon. Member for Liverpool, Riverside (Mrs Ellman). I have written in my notes the words “road”, “rail”, “aviation” and “the water”, and I feel that she and I have some common—perhaps watery—ground on these matters. We have heard from Members on both sides of the House that it is vital to address the issue of climate change, and I shall focus unashamedly today on how that affects my constituency. Anyone who enters Eastleigh will see the words “Tackling climate change” on the sign, but that feels like a strange irony for anyone sitting in queueing traffic there.

Today we are debating the importance of transport in relation to exiting the European Union. I have been contacted by the Irish embassy, as well as by the States of Jersey and Guernsey, about the vital role played by Southampton airport in trading links between those areas and the UK, and we must now consider how we will work with them in a post-Brexit environment.

Today’s autumn statement has sought to tackle infrastructure deficit and improve our productivity. We have heard from the Chancellor that Departments will—rightly, in my view—meet the Government’s objectives by working with Members, communities, local councils and the devolved Administrations to enable them to tackle key decisions on their priorities and projects locally. I welcome this. I have had meetings in my area to discuss what is affecting the gross value added there. I have already indicated to the Secretary of State that the missing infrastructure in my patch is affecting our productivity. My constituency and those of my fellow Hampshire Members are affected by missing junctions on the M27 and queues on the M3, for example, and I know that the Department would like to focus on working with Highways England to make the area a better place for commuting and for getting around.

This week, the Secretary of State spoke to people working with regional airports, and I welcome the feedback that I have had from Southampton airport on his energy and positivity for the sector and for regional airports, which came through very strongly. We have heard questions raised in the Chamber this afternoon about air passenger tax in relation to our exit from the EU. I ask the Secretary of State to continue to work positively in this area, because that does translate and it does matter. Air passenger duty is a key issue for those travelling through my constituency, whether on business or for leisure purposes. Better connectivity from Southampton airport is also key for heading up to Heathrow or Gatwick. I have also heard from the Irish embassy that Ireland is benefiting from the new route between Southampton and Cork, from where passengers can take transatlantic flights. A clearer future, given the opportunities at Heathrow, is important to that connectivity and to my constituency.

Some 50% of people in my patch travel out for work, generally making a journey of around 12 miles. One would think that that is a short journey, but it can often

take about an hour and a half to get from Eastleigh to Southampton or to travel by train between the two cities of Portsmouth and Southampton. I ask Ministers to meet me in due course to look at roads such as the Chickenhall link road, which will tackle pollution and queues, unlock potential sustainable housing sites and provide the opportunity for Southampton airport to get a longer runway, so that bigger planes are able to travel from my patch and people are given a real choice when it comes to getting around.

I am delighted by the opportunities provided by the autumn statement’s infrastructure boost, including, on a basic level for getting around, the seventh successive freeze in fuel duty. Families in my area do not have a choice and must travel by car. East-west connectivity is a challenge and I welcome the continued negotiations on the new rail franchise, because issues with getting between Portsmouth and Southampton in less than an hour are hampering people’s ability to benefit from the opportunities offered by being so close to the port of Southampton. We heard from my hon. Friend the Member for Stone (Sir William Cash) that ports are absolutely key. Southampton represents an opportunity for local success for new businesses springing up in Eastleigh. We must continue to consider water safety as we exit the EU. People want to see marine patrols when they are out and about and to feel secure in the post-Brexit environment.

I look forward to working with the local enterprise partnership, Hampshire County Council and other local departments and areas to ensure that Eastleigh continues to grow and thrive given the opportunities provided by the £1.1 billion for local transport networks. I say to the Department for Transport that such funds could be deployed in my patch to help with much-needed connectivity, to battle air pollution and to increase productivity. I welcome this afternoon’s debate and the interesting points made around the Chamber about air passenger duty, ports and connectivity. I look forward to working positively with the Department based on today’s autumn statement and the opportunities for local infrastructure across Hampshire.

5.32 pm

**Dame Rosie Winterton** (Doncaster Central) (Lab): As my hon. Friend the Member for Middlesbrough (Andy McDonald) and other hon. and right hon. Members have made clear in this welcome debate, Brexit has huge implications for our whole transport network, but I want to focus on the rail freight sector. I was disappointed that the Secretary of State did not include rail freight as one of his priorities, and I suspect that the rail freight industry will be disappointed, too. When the Minister replies to the debate, I hope he will reassure us that the Government take the industry’s concerns seriously.

I have previously raised in the House the situation of DB Cargo UK, a company with headquarters in my constituency that has recently announced 893 redundancies. In a letter to the trade union ASLEF, the company said that as well as falling demand from the coal and steel industries, Brexit has caused a slowdown in demand for the movement of freight by rail. I have discussed the problems facing the rail freight industry with the relevant trade unions and also this week met the chief executive officer of DB Cargo UK, Hans-Georg Werner. I hope Members and the Minister will agree that rail freight is

a key service for those doing business in the UK, enabling the import and export of goods through ports and the channel tunnel and, crucially, the movement of goods within the UK. Rail freight depends on the total volume of UK trade as well as the modal share between rail and road. It is a good barometer of the health of the economy as a whole.

**Andy McDonald:** Does my right hon. Friend agree that sustaining the rail freight industry is vital for the maintenance of the infrastructure itself and that we neglect that issue at our peril?

**Dame Rosie Winterton:** My hon. Friend makes an absolutely correct point. That is why we need to use this debate to highlight some of the infrastructure issues we face and to try to tease out of the Minister what the autumn statement might mean for the rail freight industry.

At the moment, the Government are giving little clarity as to what they are looking for from future trade agreements, but it is clear that some options, particularly those with increased trade tariffs, could be challenging for the UK market as a whole and for rail freight in particular. We know that uncertainty about what trade agreements will be reached in those Brexit negotiations is having a detrimental effect on business. The rail freight industry has been especially affected by the slowdown in the construction industry, where there is a nervousness from investors; as we wait for the Government to set out their negotiating position, investment decisions are being put on hold. Whether we are to remain in the customs union and whether we are to maintain access to the single market could have massive impacts on our customs and excise regime, which would naturally have an impact on points of entry, such as ports.

We must also consider the direct impact of European legislation on the rail freight industry. Much railway legislation derives from European law and provides a number of essential protections for rail freight, for example, on track access and charging. It will be vital that these protections continue in any revised legislation. I know the industry considers it essential that a coherent and holistic approach is taken, with any change in law being specifically linked to a change in Government policy for the railways, rather than having piecemeal changes. That applies to legislation on rail freight through the channel tunnel. Many railway standards are also set at European level, particularly technical standards for interoperability, which aim to improve the cost-effectiveness of railways and the ability to operate across Europe. I hope the Minister can assure me that discussions with the industry are being held about any revisions to infrastructure standards, to protect the ability of freight to operate efficiently.

There is a real need for the Government to provide reassurances to the rail freight sector, so that business confidence remains strong and investment is supported. Rail freight operators need confidence to plan ahead, when buying new wagons, for example, investing in new terminals to support future traffic and looking at expanding in areas such as the automotive industry. Again, the Government need to work closely with the rail freight industry to make this happen and deliver solutions that support growth.

One such solution is, of course, HS2, which has the potential not only to provide business for the rail freight industry during construction, but in the longer term to

free up capacity for rail freight. Again, I hope the Minister can assure the House that the Government are talking to the industry about the potential for rail freight in HS2.

There are many other areas of European law that affect the rail freight industry, especially workers' rights and environmental legislation. Workers' rights and protection are particularly important in this industry not least because of safety considerations—something of which we are too well aware at the current time. I hope that the Minister can assure me that he is discussing these issues with the relevant trade unions.

My hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), the Chair of the Transport Committee, made some very good points with regard to environmental legislation. Rail freight is vital in cutting emissions, and we need assurances that, once we have left the European Union, we will mirror agreements under the EU and work actively to help the industry by investing, through Network Rail, in projects that increase capacity, improve connectivity and encourage intermodal solutions to help cut emissions. I hope that, in the process of doing that, we will look across Europe for good examples. In Austria, for instance, I understand that subsidies are available for trains that carry road freight vehicles, and we need to consider whether we should be emulating such practices as we go forward. Will the Minister tell us what planning has been done to improve not only freight productivity, but that link with environmental targets?

On the autumn statement, will the Minister tell us what its implications are for the rail freight industry? I am not sure whether I heard the words "rail freight" mentioned during the statement. I know that the Chancellor said that it will be about departmental decisions, but, again, because the Secretary of State did not mention it in his opening remarks, can the Minister shed a little light on what he thinks the Department is looking at with regard to rail freight, and also what the process will be for coming to those decisions? Investment was talked about, but we need to see that applied to the rail freight industry.

As we have seen today, the process of leaving the European Union will be complicated, fraught with uncertainty and might have considerable unforeseen consequences for our economy's productive capacity. The need to secure the most advantageous deal for business is understood, but of course the shape of that deal is what will be contested over the coming months. I hope that we can agree that there is an overriding need to reduce uncertainty for business as a whole and for the rail freight sector in particular. It is essential that the Government have serious discussions with the rail freight industry and the unions, which represent those who work in the industry, about the post-Brexit future, so that the best possible outcome of Brexit negotiations can be achieved. Again, I hope that the Minister, in his reply, will be unequivocal about his commitment to openness, transparency and the fullest possible consultation with all those involved in this vital industry.

5.43 pm

**Stewart Malcolm McDonald** (Glasgow South) (SNP): Well, here we are, four months on from Brexit—*[Interruption.]* My apologies, it is five months. That is

[*Stewart Malcolm McDonald*]

not a good start. We have heard from several Members about the many challenges that still face us, and I do accept that there will be some opportunities. Let us look at one element of the Government's transport strategy and what they consider to be an achievement: the deal that they managed to secure with the car manufacturer, Volkswagen, following the emissions cheating scandal. The United States of America will receive around \$1.5 billion in compensation from Volkswagen. Last week, the Minister stood at the Dispatch Box, with an enormous grin on his face, heralding the fact that he has managed to secure a miserable £1 million. Madam Deputy Speaker, do not lose heart in the Minister, because he also informed the House that he would receive the cheque in time for Christmas. If that is a success, I do not what a failure looks like. It does not exactly inspire confidence in me when these are the people charged with the Brexit negotiations.

**Robert Ffello:** Did the Minister say which Christmas?

**Stewart Malcolm McDonald:** One hopes that it will be this Christmas, I say to my colleague on the Transport Committee.

I wish to focus my remarks on emissions and the vehicle industry. Although there are challenges, there are indeed opportunities in this field, and I do not necessarily mean just in terms of trade, but in terms of the governance of the industry. For too long—I say this as someone who passionately voted to remain in the EU—the industry has been operating in an almost wild west-like culture, where money talks; and it talks quite a lot, particularly for German car manufacturers. For all that we are proud of the British car industry—of course we are—the German car industry has something that we will never have, or the French or Japanese car industry will never have: the German Chancellor, Angela Merkel. If we look through the lobbying register, we see that the big German manufacturers spend more on lobbying in Brussels than all the other manufacturers put together—and, my goodness, they get what they are after.

**Sir William Cash:** Is there not a really serious problem with the manner in which the Volkswagen emissions disaster was handled? This is about not just efficiency but manipulation.

**Stewart Malcolm McDonald:** The hon. Gentleman is absolutely correct, and that is what I am coming to. The Government now have the opportunity to get a new regime on emissions and safety standards that does not allow the kind of manipulation that he mentions to take place. We can have a situation where car manufacturers do not manipulate test vehicles—for example, by taping up air conditioning units, by changing the wheels and by using all sorts of creative means—so that they get around emissions standards. If they can do that in one EU country, they get away with it in all EU countries. Even though we in the United Kingdom have now chosen to leave the EU, the EU must get a grip on that. So here is the opportunity: the Minister and the Department for Transport can now set up a regime that the EU can aspire to. But for over a year now, the Department's response to this issue does not exactly fill me with confidence. They could do the same with a new safety standards regime. They could create a new gold standard

that even countries such as the United States could aspire to. I guess that the proof of the pudding will ultimately be in the eating.

Members will be familiar with the Vauxhall car fire scandal, with more than 300 Vauxhall Zafira cars catching fire here in the UK. Many of them have done so within about 30 seconds of their engines failing. Let us think about that model of car. The Zafira is a family car. It tends to be used by parents on the school run, during the summer holidays and so on. The people affected tend to have children, and many of them have been in touch with me and other members of the Transport Committee, which has discussed the issue. The Government's response, in public at least, has almost been to wash their hands of it. I am amazed that the Government are not required to take the issue more seriously. Perhaps we could have new consumer protections relating to vehicle standards, and better compensation standards for consumers. Perhaps we could aspire to standards that even the European Union could aspire to one day.

We do not want to continue with the same system—perhaps EU regulation-lite—whereby we become just another island that is manipulated by an industry in which money talks far too often, and public health interests and consumer interests take a back seat. In addition to all the challenges that the Government face in maritime, freight and air policy, this is one area where the British public are fed up with big business riding roughshod over consumer interests. They will judge the Government on how they respond to the opportunity that Brexit has delivered to put consumers first, rather than to those big vehicle manufacturers.

5.51 pm

**Ian Paisley (North Antrim) (DUP):** My constituency voted overwhelmingly—62.2%—to leave the EU, despite the fact that with its large agricultural hinterland it receives huge European farm subsidies, and with its manufacturing base it benefits from the opportunity to manufacture and export to the EU. It also has a huge travel base. It is a tourism mecca, and tourists need travel infrastructure. So it is engaged in manufacturing, travel, tourism and transport goods, but despite all that, it voted to leave the EU, and we must ask ourselves why.

Why would so many people in that set of circumstances vote to leave? Because the EU is seen to be failing them. When we look specifically at transport issues, we can see why. Before we even discuss the EU, there are many things that we could do domestically to assist companies in the transport sector in our country. For example, in my constituency we manufacture buses. The Wrights Group manufactures a considerable number of the buses for this great city and for Scotland—indeed, it recently enjoyed a very beneficial order from Scotland, for which we say thank you to our Scottish cousins. It also manufactures for Singapore and a number of other Asian countries, and employs hundreds of people in Singapore in the assembly of those buses and, importantly, in the maintenance of those buses. It is a significant local employer and a world employer.

The company can benefit more from domestic decisions taken here than it can from EU decisions taken in Brussels. For example, the Government's Bus Services Bill currently going through Parliament will have a dramatic impact on transport orders for my constituency

if it goes the right way. We also have—I say this very gently to those on the Labour Front Bench—a new Mayor of London. I appeal to him through his Front Bench colleagues to come to Northern Ireland as soon as possible to visit that bus company, which transports his citizens around his city, and see the great work that it could do to expand the bus offer in London. I understand that between now and 2021 London will require another 1,000 buses. I hope that that transport infrastructure will benefit from buses manufactured in my constituency. I wanted to put that on the record before I turn to the substance of the debate.

When the Secretary of State opened the debate, he was full of confidence and optimism. I share that optimism. We should approach the issue of transport and Brexit with some optimism because there are opportunities that can be beneficial to us.

There is one issue that could have been addressed in the Chancellor's statement today. I hope that the Transport Secretary will continue to whisper "airport passenger duty" in his ear between now and the Budget in April. I hope he will keep pushing that little issue. We should not be paying a pernicious, dirty little tax to the Chancellor of the Exchequer just to transport ourselves from one part of the UK to another. It is wrong. It is not the sort of tax that our Government should be levying, and it should be removed soon. I hope that the Chancellor will hear that not just from me but from the Transport Secretary between now and the Budget.

Many people, including our neighbours in the EU, complain about Brexit. We hear it every day and read about it in the newspapers, but those of us who voted to leave the EU did so with a good intention—to bring about good for our country, not bad. I have noticed that those on the remain campaign and those opposed to the action that the United Kingdom is about to take are talking up crisis after crisis—whether a transport crisis or a crisis to do with transport problems with our border in Northern Ireland.

I commend the singular actions of the Secretary of State over the recess. When a crisis emerged in Northern Ireland relating to our one transatlantic fleet operator, United Airlines, it was largely because the Secretary of State got on the telephone to the United States and spoke to the head of the airline and others, pressing them to keep the flights operating in Northern Ireland, that the service was saved.

As a result of the right hon. Gentleman's conversation with United Airlines and an emergency aid package put in place by the Northern Ireland Executive, involving multiples of millions of pounds, the service was indeed saved—until two weeks ago. Someone in the EU then complained that the actions of the Secretary of State and the Northern Ireland Executive amounted to state aid and were therefore wrong. They objected so much that Europe has now told United that it must reject the multi-million pound aid package. As a result, the airline is now closing its service; the last flights from Belfast to Newark in the United States of America will take place in January next year. That shameful action needs to go on the record.

**Sir William Cash:** In the ports sector, as in many others, there are hidden subsidies. Ports over the whole of Europe are publicly owned. Given the money pumped into them, they also represent the lack of a level playing

field. What is sauce for the goose is sauce for the gander. I commend the hon. Gentleman for what he said and what the Secretary of State tried to achieve.

**Ian Paisley:** I agree; the hon. Gentleman has put his finger on the fact that the issue extends not only to airports but to seaports as well.

Last week in the House, I pressed the Secretary of State about the United Airlines issue. He kindly said that the decision was "deeply unwelcome" and that a fair amount of effort had been done by his Department, working alongside the Northern Ireland Office and Northern Ireland Executive, in trying to make sure that this air route was sustained. He went on to say:

"The loss of the route because of EU action is deeply unwelcome and precisely the kind of unnecessary decision from Brussels that led this country to vote to leave the European Union."—[*Official Report*, 17 November 2016; Vol. 617, c. 377.]

I say a hearty "Hear, hear" to those words. That action was pernicious and should not have taken place. The company should have been allowed to continue to operate in Northern Ireland. Many people in County Antrim who have seen the benefits of Europe have turned against it because of such decisions. I am glad that we as a nation have woken up to that.

We have also had the allegation that the Irish Republic—our well-known neighbour—wants to be supportive of Northern Ireland as it leaves the EU. Indeed, it has written to many of the hauliers in Northern Ireland to invite them to a tea party hosted by the Taoiseach in Dublin. He has called it the all-island civic dialogue, and he wishes to have a conversation about the implications of Brexit for the Republic of Ireland. Now, I am quite happy for the Taoiseach to do that, and for him to understand the conversation that is going on, but if he targets businesses in Northern Ireland with a view to getting them to go to the south of Ireland and to crank up opposition to the UK's decision, that is where I draw the line. I therefore commend the words of our First Minister in Northern Ireland, who said that the Dublin Government are poaching some of our businesses, and that includes our haulage businesses. It is right that this House understands that, while we welcome the opportunity to work with our southern neighbours, we can also see when someone speaks out of both sides of their mouth—on the one hand saying they are concerned about our relationship, but on the other hand doing everything they can to undermine that relationship and poach businesses from us. I think we should put that on the record.

It is also important that we identify those EU transport regulations that hurt British businesses. In an intervention on the Scottish National party spokesman, the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), I mentioned the package travel directive. Expedia is an American company that employs over 2,000 people in call centres and outreach centres in the United Kingdom. It is based in England and Scotland, and it will hopefully soon be based in Northern Ireland. That company employs thousands of people, but it is now faced with the package travel directive. Ordinary business and tourism travellers who use sites such as Expedia or trivago as a one-stop shop for their airline ticket, their hotel, their car rental, the shows they wish to attend or other things they wish to book, such as restaurants, will find that this package travel directive, which comes from the EU to protect huge monopolies,

[*Ian Paisley*]

will try to pass on a major charge to the companies—Expedia, trivago or others—or, more than likely, to the customer, because they are using a one-stop shop, when they should apparently be encouraged to use several different operators to place their orders. That package travel directive is wrong, and it should be opposed. That is another reason why many people in the United Kingdom see that, in terms of travel arrangements, we would be better off out of the EU.

**Drew Hendry:** On the point about additional costs to the travelling public, does the hon. Gentleman agree that the absence of the European health passport would mean an increase in insurance costs for UK customers travelling in Europe?

**Ian Paisley:** I do not know whether that is the case, so I cannot say whether it would or not. I would certainly be happy to look at that, but we need to encourage our own insurance industry—perhaps we will have a debate about the insurance industry and Brexit—to pick up those issues to determine whether there is a way in which we can address them.

Companies such as Expedia are faced with this package travel directive. We need to be alive to the fact that Europe is not a great benefactor of the travel sector and that it is actually doing an awful lot to hinder it.

**Sir William Cash:** On the general principle that the hon. Gentleman is addressing—the extent to which directives have an adverse effect on certain industries and the national interests of particular countries—is he conscious, as I certainly am, of what is called regulatory collusion? This has been written about by Professor Roland Vaubel of Mannheim University, who makes it clear that a system is employed in the Council of Ministers and through COREPER whereby decisions are made that benefit certain congregations of countries in a way that is detrimental to others, and that this is not a benign system, but actually the pursuit of national interests in another name.

**Ian Paisley:** I agree with the hon. Gentleman and thank him for making that point. This is about not only helping congregations of countries, but assisting cabals within certain sectors of the industry. For example, the package travel directive helps people who do not use computers to buy their tickets and encourages people to use only shops. I have nothing against travel shops, but they should not be assisted over the heads of people who wish to use the internet to make their bookings. There is a very deliberate attempt to try to destroy that business on the internet.

On road haulage, the Government need to address exporter freight charges. Many of our competitors outside the EU, such as Australia, Canada, New Zealand and countries in Asia including India, have opportunities to assist the trade in their manufactured goods by reducing the cost of exporting them around the world. In essence, this is about freight charges, not just internally within their own countries, but externally. Our Government need to decide what assistance that system gives and how, when we eventually leave the EU, our companies can have a similar type of assistance or, more importantly, can be encouraged to get round the advantage that those other countries are given.

Let me give the House a few examples. In Australia, the freight equalisation scheme allows for goods shipped around the world to be subsidised when going to their final destinations. That means that a similar good manufactured in New Zealand, for example, suddenly becomes more expensive because its freight charges are included in its shipping, whereas the Australian good has its freight charge subsidised or, in many instances, wiped out. New Zealand opposed Australia when it introduced that scheme, but it is still in place. India has a freight assistance scheme, as well as an enterprise promotion policy, which is about assisting with freight charges.

If these issues of transport costs are not addressed, when we finally leave the EU and have wider export opportunities, we will find that if we try to get our goods—manufactured goods, foods or drinks—to certain markets, they will be disadvantaged because we do not give them a freight subsidy. I know that the Government do not like the word “subsidy” and that they will have to look at this further, but something should be done to assist with those transport costs. It is important that the Government have that in their mind.

I welcome the debate and the comments by the Secretary of State. It is useful that we continue to prod and examine these issues.

6.8 pm

**Alan Brown** (Kilmarnock and Loudoun) (SNP): Thank you for calling me, Madam Deputy Speaker. I am sorry, but I am feeling a wee bit dizzy because I am not usually so high up the speakers’ list. It is also confusing that there is no limit on our speaking time. Clearly one of the reasons why I have been called so early is the real lack of Back Benchers in the Chamber. Given how many people have told us how bad Europe is and about all the wonderful opportunities that there will be following Brexit, I would have thought that Members would be queuing up to tell us about those opportunities.

**Sir William Cash:** I understand that the hon. Gentleman is about to become a member of my European Scrutiny Committee, so I simply say that I entirely endorse what he has said. Furthermore, many of the remoaners, and the doomsters and gloomsters, are not here defending the positions that they were taking before—I am not just referring to SNP Members. That is where a lot of the problems lie.

**Alan Brown:** I thank the hon. Gentleman for that helpful intervention. Clearly we are part of the remainers, and we represent our constituents. The majority of our constituents across Scotland voted to remain, so we must represent them.

The hon. Member for North Antrim (Ian Paisley) made a bit of a play of highlighting opportunities, but really he highlighted some of the problems with the European Union rather than proper opportunities. He seemed to put a lot of faith in the myth that the Government will invest the money that will not be going to Europe. He trusts the Conservative Government to invest that money. He used the word “subsidy”, although he knows full well that no Tory Government ever volunteer to pay money for subsidies.

This has been a wide-ranging debate. I will focus on road transport, but just before I do, I want to go back to the open skies debate. Prestwick airport, which is in one

of my neighbouring constituencies, is a big employer for my area as well as for the constituency it is based in. It would be good if the Minister would confirm that Brexit will not affect Ryanair's flights from Prestwick and tell us what the Government will do to mitigate any effects. I will throw out one opportunity for Prestwick—to be fair, this is not to do with the European Union—which is its potential as a spaceport. It is high time the Government made a decision about that.

As I said, I will focus on road transport. The Secretary of State said quite correctly in his opening speech that road transport affects us all. Given the proportion of goods that are transported by road to shops, road transport is fundamental to the price of goods. According to Government figures, almost three times as many goods are moved by road as are moved by rail and water combined, which shows us that road is the transport king.

That brings us to the question: what has the EU done for road transport? Apart from the harmonisation of licensing, the harmonisation of vehicle design, European Union-wide regulations for the transport of goods, workers' rights legislation such as the Working Time Regulations 1998, the Road Transport (Working Time) Regulations 2005, the Agency Workers Regulations 2010 and the Fixed-term Employees (Prevention of Less Favourable Treatment) Regulations 2002, and funding for road schemes in Scotland, the EU has not done much to help road transport.

What else has the EU given us? Apparently, as the guys who are not here continually tell us, the EU has given us endless red tape and regulation. Let us look at how the EU has actually meddled in the pan-European transport of goods by road—this point was touched on by my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry). In 1998, a lorry travelling from Milan to London required 88 separate documents. The EU got involved, and after much wrangling, the number of documents now required is one. The number has gone from 88 down to one—that is the red tape that the EU has created for the transport of goods across Europe. In the 1980s, there were 100,000 sets of technical regulations across the member states. Thanks to the EU, they have been consolidated, and there is now one set of EU-level regulations.

We heard about ports earlier. Ports are integral to the import and export of goods for road haulage. As we have heard, ports handle 90% of the UK's trade. Leaving the EU means that there is a risk that instead of a seamless journey on and off a ferry, there could be extended customs checks, which will slow progress. As we have heard, the infrastructure is not geared up for that, which could mean that ports will require additional parking. Some of the checks need to be repeated for each country that a lorry traverses. Given that the World Bank estimates that the customs clearance process for a single freight container adds around a day to the import process, it is clear that we could face a massive cost and logistics nightmare. Will the Minister therefore confirm that he is fighting for access to the single market and the customs union?

According to the Treasury's figures, EU membership is estimated to increase trade with EU members by between 68% and 85%. I know that there has been a whole debate about how inflated the figures might or might not be, but even if they are inflated, they still show that there is huge benefit from our membership of the single market.

Has the Secretary of State and/or the Minister discussed the customs union with the automotive industry? At the moment, car components criss-cross the continent before returning for use in final assembly at car plants, so the customs union is a major positive for the automotive industry. The industry is completely appalled by the lackadaisical argument that simply claims that no tariffs will be applied because of the importance of the UK market. It has confirmed that tariffs are its No. 1 concern, so will the Minister touch on that when he sums up?

Nearly 300,000 HGV drivers were employed in the road haulage industry last year. In April 2015, only 1,165 jobseekers recorded their standard occupation as HGV driver, so it is clear that a HGV driver qualification is a pathway to full employment. Even so—we touched on this earlier—the road haulage industry is having to take advantage of EU nationals, using licence harmonisation, to plug the skills gap. There is a predicted shortage of 40,000 HGV drivers by 2020 and the Government do not challenge that figure. That situation will only get worse unless there is a post-Brexit reciprocal licensing arrangement.

I have repeatedly called for the Government to implement a grant scheme to allow small haulage companies to train new HGV drivers. Such a scheme would pay for itself from welfare savings. To date, I have heard nothing from the Government. The Secretary of State said that the idea was with the Minister of State, Department for Transport, the right hon. Member for South Holland and The Deepings (Mr Hayes), who is responsible for skills in the Department for Transport, but it is time we started hearing some concrete plans.

The last key topic I will touch on is road funding, which is particularly relevant to Scotland. Another dividend of the UK Union that we suffered from in Scotland for many years was a lack of investment in our road systems. It has taken an SNP Government coming to power to really push that agenda, in particular with the new M74 and M80 motorways, and the ongoing £500 million M8, M74 and M73 upgrades. It is ridiculous to think that there has never been a continuous motorway connecting Edinburgh and Glasgow; the SNP Government are having to rectify that.

**Drew Hendry:** It is not just the motorways my hon. Friend mentions that were neglected for a long time; many connections to rural Scotland such as the A9 were given no attention. The Scottish Government are now dualling the entire A9 between Perth and Inverness.

**Alan Brown:** I welcome that example and will come on to another shortly.

Investment for the current motorway upgrades came from the European Investment Bank, which drew in other international investment. Will such avenues for investment still be available at affordable rates to the Scottish Government in the future? It would be good if the Minister could provide some clarity on that.

Anyone who has travelled to the highlands will know how many roads there are still single track, with passing places for oncoming vehicles. Those roads are lifelines. One example is the Fort William-Mallaig road, the road to the isles, which was completed as a two-lane carriageway only in 2009; previously, it was known as the worst trunk road in Europe. That shows the lack of investment

[Alan Brown]

that came to us from Westminster. The upgrade was completed partly with European funding. The allocation included £3 million from the European regional development fund, as well as European transitional fund assistance. That is proof that the EU managed to get money to Scotland that would not have come from direct funding.

Scotland secured a total investment of €941 million from the European structural fund in the 2014 to 2020 programming period. Of that, £14 million has been allocated to the low-carbon travel and transport strategic intervention programme, which helps to fund low-carbon transport hubs and active travel hubs, and £10 million is being invested in the smart cities strategic intervention. ERDF money has also been allocated to Strathclyde Partnership for Transport for various public transport upgrades. What will happen to the money that has not yet been allocated? Again, we do not know, as there are no guarantees from the Government. It is time they started to provide some certainty. *The Scotsman* reported a couple of days ago that councils in Scotland were worried about the possibility of losing £46 million of EU funding each year. Much of that money goes to local transport-related projects.

I mentioned travel in the highlands earlier and my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) touched on it, too. One common sight is busloads of tourists traversing the country. Many rights of passengers, particularly in relation to disabled passengers, are incorporated in regulations covered by EEA membership. Tour operators entering Scotland and the wider UK may choose not to enter the country in the future because EU passengers might not want to have to apply for a visa as part of a tour package.

It can be argued that many of these issues are not insurmountable, but the fact is that 8% of all travel in the EU in 2014 was attributed to buses and coaches, with 6.5% to rail. The Department for Transport gave very little consideration to buses in its “Balance of Competencies” report released ahead of the referendum, despite the volume of regulations in place to protect coach passengers within the EU.

It is clear that EU directives have made our roads safer and protected the rights of HGV drivers. They have made the transport of goods easier, and therefore cheaper, within the customs union. The free movement of goods and people in conjunction with the licence harmonisation process has been vital for the haulage industry. Without it, there would have been market failure by now. There has even been harmonisation of the blue badge system for people with disabilities. Will that be reciprocated post-Brexit? As I outlined, the EU has contributed funds for much-needed road upgrades in Scotland. It is high time the Government understood that Brexit means a lot more than Brexit, and that we want clarity.

6.21 pm

**Robert Ffello** (Stoke-on-Trent South) (Lab): I draw the attention of the House to my entry in the Register of Members’ Financial Interests.

I am delighted that my constituency neighbour, the hon. Member for Stone (Sir William Cash), is back in his place, as I just want to point out to him that the

much-thumbed Library briefing paper I have been referring to is from 29 June, rather than the one in the Library now.

This issue, on a critical industry, is of great importance. I normally find, when I am called to speak so low down on the list, that almost everything I want to say has already been said. However, one thing that has not been said so far is that we are approximately five-and-a-half weeks away from Christmas. The logistics industry makes Christmas happen. It delivers everything. Yes, of course Santa has his part to play, but without the logistics industry the turkeys, the presents and everything else would not happen. We should put on record what we owe to the people in the industry.

During an intervention earlier I talked about staffing. I am concerned about the level of staffing available in the Department for Transport to consider these important issues. The Freight Transport Association, the Road Haulage Association, magazines such as *Motor Transport* and others are doing a lot of work on the implications of Brexit for some, if not all, of the industry, and I believe they stand ready to help the Department.

As the Minister is in his place, I want to pause to thank him again for the wide-ranging roundtable discussion on skills the other day—a really positive sign for how we can move the whole agenda forward.

I do not want to miss an opportunity to taunt the hon. Member for Stone one more time, so let me say that what has come out of discussions with various sectors of the industry is that a lot of EU legislation is legislation that we wanted in the first place, and, if Members will pardon the pun, it is legislation that we drove forward. The great repeal Bill will not be a great repeal so much as a great domesticisation—if that is a word. It is now.

I will just make a couple of points, rather than delay the House by repeating what has been said many times. The Driver and Vehicle Standards Agency needs more teeth, particularly when we are exiting the EU. At the moment, there are issues with non-UK hauliers. The Minister kindly wrote to me recently about cabotage and access to the database for the DVSA. The response, with the greatest respect, is not clear. At the moment, a lot of vehicles stopped are not flouting cabotage rules. The DVSA does not have sufficient access to the database to spot the right hauliers. It is just a bit random at the moment.

**The Minister of State, Department for Transport (Mr John Hayes):** I am very happy to continue that dialogue and the roundtables, mindful of what the hon. Gentleman has said.

**Robert Ffello:** I am very grateful. I know that the Minister takes these issues seriously. The DVSA needs more powers to tackle non-UK hauliers, particularly post-Brexit.

Several colleagues, including my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), the Chair of the Transport Select Committee, have talked about vehicle standards, and the hon. Member for Glasgow South (Stewart Malcolm McDonald) talked about standards shopping. It is important that we have a common standard, but it is also important that we stop standards shopping. We should also revisit HGV licensing. Rather than the over-complicated system of C+E licences and all the rest, perhaps it would be better

to go back to class 1 and class 2. The certificate of professional competence is another issue that has caused the industry a lot of concerns, problems and difficulties. It is now much more embedded in its culture, but much more work needs to be done in the context of post-Brexit.

The hon. Member for Kilmarnock and Loudoun—I have been waiting hours to say that, although I do not know if I have pronounced it anywhere near correctly—

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. Have another go: Kil-marn-ock and Loudoun. *[Interruption.]* The hon. Gentleman tried very hard. It is not his fault he did not get it quite right.

**Robert Flello:** Thank you, Madam Deputy Speaker. The hon. Member for Kilmarnock and Loudoun (Alan Brown)—*[Laughter.]* Thank you.

**Calum Kerr** (Berwickshire, Roxburgh and Selkirk) (SNP): It's not Welsh!

**Robert Flello:** I'm an eighth Welsh actually. But I am conscious of time and do not wish to go down this cul-de-sac any further.

The point about the 88 documents in one is a good one, but there is no reason post-Brexit why we cannot do our utmost to make sure that it is still only one document. That is an important point.

On HS2, I am afraid that I am not such a great fan. *[Interruption.]* I know it's hard to believe. One of my concerns is that, as I understand it, rail freight will not be allowed on the tracks currently being used for HS2. I also have great doubts about whether we can free up enough capacity on other lines, such as the west coast main line. How, for example, will people get from Stoke-on-Trent to Bournemouth? It will be a tortuous journey if they have to take HS2 into London, only to get another train out, rather than using the current service, which will be cut to free up capacity.

There are big issues on road worthiness and tachos, as they relate to the DVSA. It is also important to note that many firms are hiding behind Brexit over things such as fuel costs and blaming Brexit and the dropping pound for keeping the price of fuel artificially high. I urge the Government to take on board the concerns from organisations such as FairFuelUK about the price of fuel.

I will not dwell on the port services directive. It has been dealt with more than is necessary already. On the security of our border, there have been issues around Sangatte at Calais and, more recently, the Jungle at Calais. This problem might well recur in the future so we need to make sure that we have a good relationship with the French, particularly in northern France.

Members have raised a host of other things, but, you will be delighted to know, Madam Deputy Speaker, that I do not wish to repeat them. I do, however, wish to draw attention to the issue of state aid. In the past, we have seen many airlines funded by other European nations flouting state aid rules, paying the penalty but saving their airlines in the meantime. All too often there has been a willingness among some of our European counterparts to flout state aid rules when it suits them, get the desired outcome and then face the consequences, when, frankly, it is irrelevant, because the issue has been resolved.

I will not detain the House any longer. I am keen to hear the Front-Bench responses, and I think there is one more speaker before that. I go back to my opening comments: the logistics industry is not just important or fairly fundamental to the UK; it is the UK. Without the logistics sector, the UK would cease to exist, nothing would happen; the clothes we wear, the food we eat—it would all end. So we have to accept the fact that transport is absolutely at the heart of the UK. We need to make sure that, post-Brexit, we get the best possible deal for the transport sector.

I look forward to hearing what the Minister says in his winding-up speech. I hope that, like me, he takes to his heart the fact that the transport sector—and, for me, logistics in particular—is the UK's first and foremost industry. We have to make sure that it is protected. Let us get to work on it, taking help from wherever it is offered.

6.30 pm

**Stephen Gethins** (North East Fife) (SNP): Having sat through this debate, it has to be said that, once again, we are not much further forward. That applies to transport as it does to every portfolio area. To be fair, it was good to hear the hon. Member for Bath (Ben Howlett) providing an all too rare progressive view from the Conservative Benches on maintaining membership of the single market. After all, that is critical for Scotland's economy and for the UK's economy, just as the four freedoms are critical for future success. These areas are vital for growth when this reckless gamble is putting our country at risk.

I give credit where credit is due, and it has been good to see in his place the hon. Member for Stone (Sir William Cash) standing up for his beliefs as usual. Seeing him in his place is all too rare these days, as it is for others who backed the campaign to leave. It is very much a tale of two Governments in these islands. North of the border we have had a Government making clear their plans on membership of the single market, freedom of movement and the status of European nationals who contribute so much to our economy. That compares with the continued nothing that we have seen from the United Kingdom Government.

The Secretary of State, who is not in his place—I apologise, he seems to have returned—has to bear some responsibility. He was a member of a Government who campaigned to leave the European Union, yet did absolutely no preparation for the decision that was eventually taken. That was an act of gross irresponsibility during the campaign, and it continues because he has nothing to say five months on.

I have in my hand an example of what preparation looks like—670 pages of a White Paper prepared during the independence referendum.

**Alberto Costa** (South Leicestershire) (Con) *rose*—

**Stephen Gethins:** I knew the hon. Gentleman would not be able to resist.

**Alberto Costa:** Would the hon. Gentleman like to tell the Secretary of State and other Members what currency Scotland would have used had it voted for independence?

**Stephen Gethins:** Here we go! We were so well prepared that that is not just in the White Paper—I know the hon. Gentleman has read it—but we even had a fiscal

[Stephen Gethins]

commission working group. We had 670 pages of the White Paper and a fiscal commission working group setting out three options, including sharing the currency, which one Minister said that we would, of course, be able to do—[*Interruption.*] As my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) said, that compares to tumbleweed—absolutely nothing—from the Government.

The Secretary of State might want to take notes, because there were 15 pages on transport alone in our White Paper. As the hon. Member for Stoke-on-Trent South (Robert Ffello) will be pleased to hear, it set out the areas for high-speed rail. It makes much more sense if high-speed rail goes through to Edinburgh and Glasgow, rather than just to Birmingham. The benefits of specialist transport organisations were mentioned, too.

**Ian Paisley:** How many of the 600 and more pages started with the words “could”, “maybe” or “might”?

**Stephen Gethins:** To be fair, a lot more than in the Government’s plans about the EU referendum. The hon. Gentleman makes a fair point on that, as usual. There were a lot more “coulds”, “woulds” or “maybes” than in the Government’s preparatory documents.

The hon. Member for North Antrim (Ian Paisley) will be pleased to hear that the Government must have been reading our White Paper, because there was talk about the benefits of transitional agreements. Clearly, on the basis of recent press reports of the Government’s plans, they are taking to heart ideas about transitional agreements, which have come straight from the White Paper on Scottish independence. There is also talk about working with our European partners and the EU, where it has responsibility. Of course, Government Members told us that if people voted for Scottish independence, we would not be in the European Union and that the only way to guarantee membership was to vote no. What happened there? The point is that co-operating with Europe is vital.

I am glad to see that the hon. Member for Eastleigh (Mims Davies) has returned to the Chamber. She raised the critical issues of climate change and greenhouse gas emissions. In the context of reducing greenhouse gas emissions, we have many reasons to be grateful for co-operation with our European partners. Everyone who has survived this debate so far continues to benefit from the European Union air quality directives every moment of every day. As for climate change, Scotland’s world-leading Climate Change (Scotland) Act 2009, which smashed its targets when Conservative Members said we could not achieve them, is much closer to Brussels policy than legislation in this place. We have allies and friends who take a similar view.

There is also an important point to be made about the single market. As the Member of Parliament representing, for instance, Pittenweem, Oban and Peterhead, I notice that articulated lorries from European Union countries take fine Scottish seafood to markets across the EU. Driver licensing for EU nationals is especially important in rural areas, be they in the borders, in North East Fife, in Northern Ireland or in the highlands. We want to make those people feel at home, because they contribute so much. Will that licensing continue? Will we continue to have the harmonisation that we have enjoyed?

Our geography in Scotland makes airports and air links very important to us, and I am delighted that the Scottish Government have managed to secure 23 new routes since 2014. We benefit from that, and so do other people. Who would not want to spend their holidays in North East Fife? I am sure that you would, Madam Deputy Speaker, and have done so as well. My hon. Friend the Member for Kilmarnock and Loudoun (Alan Brown) pointed out that Prestwick was nearby. Just the other day, Michael O’Leary said that the UK Government did not have a clue, and it is hard to disagree with him.

European funding for research and development has been and continues to be critical. We need to develop clean, green technologies, and Scotland is well placed for that. Currently, Horizon 2020 has a smart, green and integrated transport fund which is worth €6.5 billion. We need to start planning now for what will happen after 2020. Perhaps Ministers will provide certainty by telling us what their plans are.

It is becoming clearer and clearer that Scotland is closer to Brussels in so many policy areas. Transport is just one of them.

6.38 pm

**Jenny Chapman (Darlington) (Lab):** In transport, as in virtually every other area of policy, challenges are presented by the UK’s decision to leave the European Union. My right hon. Friend the Member for Doncaster Central (Dame Rosie Winterton) did an excellent job in outlining some of the issues, notably rail freight. May I say what a pleasure it is to hear her voice ring out in the Chamber again? I am sure that her constituents, as well as all Members, welcome it.

Fascinatingly, the Transport Secretary has said that transport will be prioritised in Brexit negotiations. His comment suggests that the Government have developed a plan. If the Government have set such a priority and have decided which areas of policy concern them most, perhaps they could share the outcome of their deliberations with the House of Commons. The British people want to know.

The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) said that the Government’s plan was an empty vessel, a point well made. He referred to the Titanic and the Mary Celeste. We must ensure that, unlike those fated vessels, the good ship Brexit sails safely into harbour, although I expect that the waters are likely to be choppy. A failure to conclude negotiations of a deal within the article 50 timetable of two years would be catastrophic for British industry. The Government do not give the impression that they accept this reality and the seriousness of this threat. Will the Minister confirm that he wants to establish a transitional agreement with the EU to prevent aviation and other industries from going over a cliff edge? My hon. Friend the Member for Liverpool, Riverside (Mrs Ellman) rightly challenged the Government to explain whether transport will be negotiated in isolation or as part of a wider deal. Not only do we not know what is going to be done, but we do not know how it is to be done either.

Aviation agreements are not covered under the scope of the World Trade Organisation, so there is no WTO deal to fall back on if a specific aviation agreement is not reached. It is vital that our regional airports, which rely heavily on overseas carriers for international routes,

are fully involved in all future negotiations to ensure that the wider interests of the regions are not overlooked. Will the Minister confirm that this will happen?

On our railways, there is a danger that funding gaps will not be filled. UK rail projects receive EU funding as direct funding or as loans. Will the Government commit to match this funding penny for penny? In response to a series of interventions from my hon. Friend the Member for Blaenau Gwent (Nick Smith), we watched the Secretary of State twitching on the end of a line, and I advise him that my hon. Friend is unlikely to let this issue go. I can guarantee that the Secretary of State will not hear the end of it.

**Chris Elmore (Ogmore) (Lab/Co-op):** On the Welsh context of what my hon. Friend the Member for Blaenau Gwent (Nick Smith) raised and also on road infrastructure, EU funding has been a huge asset for heads of the valleys roads and roads across south Wales. Does my hon. Friend the Member for Darlington (Jenny Chapman) agree that it is important that the Department for Transport secures that funding for road infrastructure so that the Welsh Government can continue to deliver those improvements for roads across the south Wales valleys?

**Jenny Chapman:** That is completely right, and I think the First Minister for Wales—my hon. Friend will correct me if I am wrong—has requested that the funding promised will be matched penny for penny. Or will this cash go the same way as the £350 million a week for the NHS, and disappear like a smoke ring from one of Nigel Farage's cigars?

Rail fares have gone up by over a quarter since the Tories came to power in 2010, which is more than twice as fast as wage growth. There is a danger that the economic consequences of Brexit will mean yet another fare hike for commuters. What are the Government prepared to do to stop fares becoming even less affordable for passengers?

I am going to give credit for this next statistic to my hon. Friend the Member for Stoke-on-Trent South (Robert Ffello): over 90% of UK international trade in weight passes through UK ports. UK ports directly employ more than 25,000 people and the sector contributes more than £7 billion to the UK economy. Like every other sector, our ports need to know how the Government intend to proceed. The hon. Member for Stone (Sir William Cash) explained that the proposed port services regulations are deeply unpopular with UK ports, but it is far from clear that the UK leaving the EU will mean that our ports are not going to be subject to these regulations all the same. In fact, the UK Government's ability to influence the regulations to suit British ports is now virtually nil. How are the Government going to protect our magnificent ports sector?

Similarly, our road haulage sector faces uncertainty as a result of Brexit, and there is no one with more passion for this issue than my hon. Friend. He challenged the Government to ensure that they are adequately staffed to support the haulage sector through the Brexit period.

I do not want to be negative about Brexit, but we are kidding ourselves by pretending that these challenges do not exist or are somehow straightforward to resolve. We need to be up front and honest with the British

people about this. The Government should perhaps use these debates to inform the House, and also perhaps do so through the publication of position papers beforehand outlining the Government's priorities. Today's debate has been interesting, but I do not think that anyone will leave the Chamber any clearer about the Government's position on these issues. We are not going to obstruct article 50. We have made that commitment very clear, but I suggest to the Minister that there is now a moral imperative for the Government to act in good faith and to share their priorities and plans with the British people and with this House.

6.45 pm

**The Minister of State, Department for Exiting the European Union (Mr David Jones):** This has been an excellent debate and I should like to express my personal thanks to all right hon. and hon. Members who have contributed to it. It is clear that everyone realises the centrality of transport to our economy, and it is therefore entirely right that the issue should be debated at length and in detail today. This has been the second in a series of debates on important issues arising in the context of the negotiations to leave the European Union which were promised by the Secretary of State for Exiting the European Union. It will help to inform our consideration of these important issues as we prepare for the negotiations.

**Jenny Chapman:** If these debates are so valuable and informative, perhaps the Minister could give the House an example of how his considerations will have been moved on by what he has heard today.

**Mr Jones:** The hon. Lady will find that out as I proceed with my response. She has to understand that at the moment we are engaged in a process of consultation with not only colleagues here in Parliament but representatives of industry and the wider civil society. Frankly, anyone sensible would expect the Government to be engaging in this sort of consultation and I make no apologies for doing so.

As the Secretary of State for Transport made clear, the Government fully recognise the central role that transport will play. Our transport links with Europe—and, indeed, the rest of the world—are crucial to this nation's prosperity, and as we develop a new relationship with the EU, we are determined to maintain efficient networks that build on the excellent connectivity that we already have around the world. This debate has certainly highlighted some of the challenges that this country faces in the process of the negotiations, but it has also highlighted opportunities. As I have said, this has been an important exercise in helping to inform our position.

I want to touch on some of the important issues that have been raised. My hon. Friend made a point about the port services regulation. As my right hon. Friend the Secretary of State pointed out, the Commission's proposal in relation to the regulation was clearly aimed at the continental subsidised public sector landlord model and did not sit at all well with the United Kingdom's thoroughly commercial, diverse and predominantly private sector model. In effect, the United Kingdom's ports stood to be penalised for having led the way in liberalisation since the 1980s. Our experience shows that competition between ports drives efficiency and investment.

[Mr David Jones]

We have engaged successfully with the European institutions to prevent our being penalised in that way, and the near-final text of the regulation is considerably less onerous than what was first proposed. As my hon. Friend the Member for Stone said, this is a good example of how Brexit will enable us to regain control over issues that are important to the UK economy. We must also remember that we will be promoting the great repeal Bill. When enacted, it will absorb the entire corpus of EU law into the body of British law, which will enable us to review that law and repeal or amend it as appropriate. I imagine that he will regard this particular regulation as being ripe for repeal.

**Stewart Malcolm McDonald:** Will the Minister tell us how many of them will relate to transport?

**Mr Jones:** That will of course be a matter for this Parliament. This is about the entire issue of regaining control, which we do not have at the moment. Once we regain control, it will be this Parliament that makes such decisions.

The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) exhibited a nice line in transport-related puns, for which I compliment him. He raised the important issue of the effects of leaving the EU on business and travellers. My Department is currently engaging closely with businesses right across this sector and 50 others with a view to gauging their concerns and the opportunities. I apologise that I cannot respond to all the issues he mentioned, but trans-Atlantic routes was an important one. I recently had an interesting discussion with Airlines for America, which clearly has an equal interest in the matter from the other direction. That is an example of the fact that third countries will also play a part in the process. As part of the Department's consultation, we are engaging with interlocutors not only from Britain, but from the continent and third countries.

My hon. Friend the Member for Bath (Ben Howlett) raised several issues, including vehicle emissions. EU environmental law will be fully absorbed into our own corpus of law and we can then decide what arrangements we make with regard to that legislation, including confirming it if necessary.

The hon. Member for Liverpool, Riverside (Mrs Ellman), who chairs the Transport Committee, referred to several important matters, some of which I will touch on. She asked what would be the future arrangements for setting standards for new vehicles, and the Department for Transport is focused on that question. Many vehicle standards are actually shaped in United Nations bodies, and the EU absorbs them into EU law. That process would therefore be absorbed into our domestic law as part of the great repeal Bill process. She mentioned access to the single market, which remains a top priority for the Government. We want to secure the best possible access to the single market—consistent with our other priorities as a Government.

My hon. Friend the Member for Eastleigh (Mims Davies) raised several important constituency issues, including Southampton airport. She welcomed my right hon. Friend the Chancellor's infrastructure announcements, which will provide a major boost for this country's transport infrastructure.

The right hon. Member for Doncaster Central (Dame Rosie Winterton) focused her remarks on rail freight. We recognise that rail freight is an important part of the issue that we are considering today, and I can tell her that representatives of the rail freight industry have participated at round-table discussions held with the rail industry more generally by my right hon. Friend the Transport Secretary.

**Dame Rosie Winterton:** Are Ministers also having meetings with the trade unions who represent members in the rail freight industry?

**Mr Jones:** What I can say is that the Department encourages the trade unions, as it does every other part of the community, to contribute to the consultation that we are currently holding. I suggest that the right hon. Lady encourages them to contact us.

The hon. Member for Glasgow South (Stewart Malcolm McDonald), who pronounced himself to be a passionate supporter of the remain campaign, made a remarkably Eurosceptic speech, in which he raised the issue of Volkswagen and what he described as a "scandal"—many in this House would agree with that. As I have said previously, when the great repeal Bill comes through, the EU legislation will be absorbed into our own body of legislation and we can then amend it. It will be up to this Parliament to decide whether it wishes to improve on the current arrangements, and I discern from his remarks that that is something he would welcome.

The hon. Member for North Antrim (Ian Paisley) made an upbeat speech, in which he identified a number of opportunities arising from Brexit. He raised the issue of the package travel directive, and all I would say in response is that we are aiming at a new state of affairs, under which this Parliament can make decisions such as that and not simply accept the directives that come from the EU.

**Ian Paisley:** Is the Minister at a point yet to make a commitment that that directive will never come into force?

**Mr Jones:** Forgive me, I did not hear the question.

**Ian Paisley:** As a person called Paisley, I have never once been told that no one can hear me—I apologise profusely. Can the Minister make a commitment at this point, or at some time in the future, that that directive will never come into force?

**Mr Jones:** I think the answer to that is that it depends on how quickly we complete our withdrawal from the EU and on what this Parliament decides to do. I have no doubt that the hon. Gentleman will be a strong advocate for its non-acceptance of that directive.

The hon. Member for Kilmarnock and Loudoun (Alan Brown) made a contribution relating, *inter alia*, to the spaceport that he hopes will be located at Prestwick. I had ambitions for north Wales, but I am sure we will both be happy wherever it is located. He also raised the issues of road freight and customs checks, both of which are certainly being taken into account by my Department and by the Department for Transport in the context of our EU exit negotiations.

The hon. Member for Stoke-on-Trent South (Robert Ffello) raised the issue of the importance of logistics. I understand that he is the chairman of the all-party group on freight transport, and he has raised a number of these issues in round-table meetings that have been arranged by the Minister of State, Department for Transport, my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes), who has undertaken to maintain that dialogue.

Finally, we heard a contribution from the hon. Member for North East Fife (Stephen Gethins), who spoke about the Scottish referendum.

This has been an important and valuable debate. As I say, it has helped to inform the consideration of my Department and the DFT, and we will continue to hold similar engagements both within this Parliament and with stakeholders from outside the EU. *[Interruption.]* I make no apologies—I hear the catcalls from Labour Front Benchers—for the fact that this Government are giving proper consideration to the process of withdrawal from the EU. I believe that this Government—

**Jenny Chapman** *rose*—

**Mr Jones:** No, I will not give way. Forgive me; I am near the end of my time.

**Jenny Chapman:** There is loads of time.

**Mr Jones:** No, nevertheless. Today's announcements have demonstrated the commitment of this Government to investing in transport in the UK to help deliver growth and economic security for the whole of the UK. This will remain the case after we leave the EU. The UK remains open for business and industry continues to invest in the UK, as demonstrated by recent announcements such as Associated British Ports' investment of £50 million in vehicle-handling facilities at the port of Southampton. We will do our best to ensure that transport remains central to our consideration of the issues that arise in the context of our departure from the EU. Once again, I thank hon. Members for their contributions today.

*Question put and agreed to.*

*Resolved,*

That this House has considered exiting the EU and transport.

**Mr Alistair Carmichael** (Orkney and Shetland) (LD): On a point of order, Madam Deputy Speaker. I seek your guidance in relation to a matter, notice of which I have given to Mr Speaker and, indeed, to the Foreign Office. Yesterday, during Foreign Office questions, the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for Bournemouth East (Mr Ellwood), in answer to the hon. Member for Central Ayrshire (Dr Whitford), concerning the demolition in the Negev of Umm al-Hiran in Israel, said:

“I will be looking at this particular announcement and making a statement on this later today.”

—[*Official Report*, 22 November 2016; Vol. 617, c. 749.]

At about half-past 6 yesterday evening, my office made an inquiry of the Minister's office and was told that a statement would be issued as soon as possible. We were told the same thing this morning. We were then told that, in fact, it would be media statement. At about 5 o'clock, when my office phoned again to give notice that I intended to raise this as a point of order, a very short press release was put on to the Foreign and Commonwealth Office website.

The point on which I seek your guidance is this: is a Minister in compliance with his or her duties to the House by saying that he or she will make a statement and then issuing a press release, given what Mr Speaker has said in the past about the House being told first before the media?

**Madam Deputy Speaker (Mrs Eleanor Laing):** I thank the right hon. Gentleman for his point of order. He and the House know that it is not a point on which I can make a ruling from the Chair, because, of course, the way in which statements are made by Ministers is ultimately a matter for the Minister himself or herself, but I appreciate the point that the right hon. Gentleman makes. He has effectively drawn the matter to the attention of the House and, I hope, rather more widely, because it is a sensitive and important matter. Mr Speaker has said many times in the past that, when a Minister has something to say, it ought to be said first to the House. I cannot make a judgment or a ruling about the issue that the right hon. Gentleman raises, but one would hope that if a Minister has given an undertaking to come to the House with certain information, he will do so at some point. I thank the right hon. Gentleman for bringing this sensitive issue to the attention of the House.

## PETITION

### Norfolk Island

7.2 pm

**Andrew Rosindell** (Romford) (Con): I rise to present a petition to the House for no fewer than 866 of Her Majesty's most loyal subjects who live in the Australian external territory of Norfolk Island. I know that you support Norfolk Island, Madam Deputy Speaker, having visited the territory some years ago. Today's petition coincides with this year's visit to Norfolk Island by me and the hon. Member for Dewsbury (Paula Sherriff) and my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski). We visited the island to see what is happening about the right of self-governance being removed from the people of that territory.

As hon. Members will know, we cherish the fact that territories and dependencies should have the right of self-determination. As we uphold that for our territories, so should Australia uphold it for the people of Norfolk Island. The petition also coincides with the visit to the United Kingdom of the former Chief Minister of Norfolk Island, the Hon. Andre Nobbs, and the President of the Council of Elders of Norfolk Island, Mr Albert Buffett.

The petition states:

The petition of residents of the UK,

Declares that on behalf of residents of Norfolk Island, there is an identified historical, cultural, legal and constitutional relationship which Norfolk Island and the Norfolk Island people have celebrated since 1856 with the United Kingdom and the British people.

The petitioners therefore request that the House of Commons urges Her Majesty's Government to support the people of Norfolk Island to be able to uphold their right of self-determination in accordance with the United Nations Charter specific to decolonisation and humbly request the same right of self-determination as afforded to the people of the British Overseas territories.

And the petitioners remain, etc.

**ADJOURNMENT**

7.5 pm

*Resolved, That this House do now adjourn. —(Andrew Griffiths.)*

*House adjourned.*

## Westminster Hall

Wednesday 23 November 2016

[GERAINT DAVIES *in the Chair*]

### Exiting the EU: Higher Education

9.30 am

**Dr Rupa Huq** (Ealing Central and Acton) (Lab): I beg to move,

That this House has considered the effect of exiting the EU on higher education.

It is a pleasure to serve under your chairmanship, Mr Davies. My delight at securing this debate is slightly tempered with disappointment, because I originally submitted it to the Brexit Department but it was passed over to the Department for Education. Much as I like and respect the Universities Minister, especially since he campaigned on the same side as most of my hon. Friends and me in the EU referendum, I wish that the people responsible for this mess were answering these questions. But never mind; we are where we are.

For a matter of such crucial importance, the future of universities barely featured in the debates before 23 June; it was completely absent from the notorious leaflet, it was not on the side of any bus and it was not in any of the TV debates. However, it seems that some catching up is under way. The other day I opened my alumni magazine from its polythene wrap to find a long essay about it from the vice-chancellor of Cambridge University—or should I say a long lament? A Prime Minister's question and a parliamentary question were asked on the subject last week, and I recently turned on the TV and found that the House of Lords was debating it. In her answer to the PMQ, the Prime Minister affirmed the need to continue to attract the brightest and best, but I am afraid that many in the sector fear that the opposite could happen because of the decision to leave. The damage must be limited now.

Brexit in general raises all sorts of questions of uncertainty and unpredictability, from macro stuff, such as the freedom of movement and the single market, to micro issues that people can get their heads around, such as the size of a Toblerone or the price of Marmite. Universities too have macro and micro issues, all refracted through the academic prism; this debate is almost a microcosm of all such debates. I will raise some of those issues before seeking some assurances and listing some asks of the Minister.

In the *Times Higher Education's* ranking of 800 universities according to a range of indicators, UK institutions were three of the top 10. We should all be proud of that, but it is now imperilled. I see a parallel with how the leave campaigners kept saying “We are the fifth largest economy; we'll be okay”, but now, soon afterwards, it looks as if we are slipping down to sixth place. Most of the rest of those 10 universities are in the United States, so we should be under no illusions: our placing is a result of the all-important English language, but it is also buttressed by our access to European networks and by our intellectual climate. We need to do all we can to indemnify our universities now.

On macro issues, it is arguably the role of a university to be about global reach and collaboration. Many speakers in the Lords debate spoke about soft power. Other people like the phrase “bridges, not walls”—although the chief advocate for building literal walls has found that the reputation of his own university, Trump University, has not fared that well recently, given the court case that was settled on Friday. Leaving that aside, concrete examples of research projects that have benefited from EU funds include the hadron collider space research that captivated the world.

EU students on campuses have also benefited. I taught in universities for many years before I came to this place in May 2015, and I know that many of our courses are populated by EU students—particularly STEM subjects and business studies, which are less popular with home students. When I talk to my friends in the sector, they say that a lot of masters courses would completely collapse without those students. We need some assurances on the fee code that will apply to them; we know that there are assurances up to 2018-19, but what will happen after that?

We also know that the Treasury will underwrite research funds obtained while we are in the EU, but such research streams often go hand in hand with EU structural funds—I think Portsmouth has had a medical campus out of it. Structural funds related to EU funding fluctuate yearly but can be between £50 million and £100 million.

**Mr Andrew Smith** (Oxford East) (Lab): I congratulate my hon. Friend on securing this important debate. Does she agree that universities and their research and spin-offs have a crucial role post-Brexit, but that to make the most of it they need to be assured that lost EU funding will be totally reinstated, that collaborative research with researchers and institutions in the EU will be enabled to continue and that restrictions on overseas students' post-study opportunities must be relaxed?

**Dr Huq:** As always, my right hon. Friend makes an excellent point. He has anticipated my speech very well, because EU students and their migration totals are on my list of asks, which I am coming to.

The Prime Minister's much quoted Downing Street speech advocated

“an economy that works for everyone”.

Universities are often the biggest employers in their cities. There are lots of figures on this; in 2014-15, 125,000 EU students generated some £4 billion for the UK economy, and there is off-campus spending as well. We must not ignore all that. We need to bust the myth that universities are merely insular communities up an ivory tower with their heads in a book and provide no wider public benefit. In addition, there is the £836 million of research funds—15% of the total. Universities provide good economic value.

Universities are also changing. My constituency is home to the University of West London, but also to a distance learning and blended learning institution, Arden University. People felt that there were already pressures on the sector, but Brexit is exacerbating everything.

As well as statistics, we should also consider a wider set of philosophies. In my alumni magazine, the vice-chancellor of Cambridge wrote that

[Dr Huq]

“the University has a duty of leadership that it will not forsake...Our commitment to Europe...is...to a shared cultural and intellectual heritage”.

In the '90s, as a twentysomething, I did a stint at Strasbourg II, one of Strasbourg's many universities. I want others to have the same opportunities. After I finished my degrees, I worked as a university staffer; the Russell Group, where I was employed early in my career, has had to lay on hotlines to provide not only emotional counselling but legal help for its institutions to get indefinite leave to remain for academics who are completely traumatised by what has happened.

I know from friends in the research community that British researchers are already being snubbed for Horizon 2020 funding or are being told, “You can't be the lead partner institution any more because you will be gone soon”, and we have not even left the EU yet.

**Julian Sturdy** (York Outer) (Con): The hon. Lady makes some valid arguments. I was on the other side of the Brexit campaign from her, but I know how important universities are. European research funding makes up 11% of the research budget for York University in my constituency. She has hit a key note. We really need to know whether Britain will be part of a wider collaboration with the EU and involved in the future beyond Horizon 2020, whatever it may be. We do not know what that future will be, but we need to make certain that UK universities play a leading role in it.

**Dr Huq:** I completely agree with the hon. Gentleman. There are many unknown unknowns in this debate. A former employer of mine, Professor Martin McQuillan from Kingston University, where I was last employed, has written an article about the post-1992 sector. York is a Russell Group university, as is Cambridge, and Manchester, where I used to work, but at the other end of the spectrum we have the new universities that John Major equalised—the ex-polys, which felt precariously perched anyway. In his article, he outlines some of the pressures—we discussed some of them on Report on the Higher Education and Research Bill on Monday—including rocketing class sizes without commensurate resource, reforms to the research excellent framework, and the new teaching excellence framework.

My old boss says that to some extent EU funding used to level the playing field, but if that is gone, it will tip things even more unequally towards the older universities. He highlights the shocking Higher Education Funding Council for England prediction that between 2015 and 2019, the funding gap between the best and worst-performing institutions will widen, with the spread running from plus 21.5%—some will be in surplus by that much—to the worst performing at minus 28.6%. That is quite a disparity, and it is set to grow; hardly an economy that works for all.

I would rather we had remained in the EU to shape the criteria. One of the arguments was that we might be like Norway, having to do all the same stuff but not making the decisions at the top table. But we are where we are. I shall now go through the list of asks, or—I do not know—demands; or should I be collegiate and friendly and call them the suggestions that we might like to build into a future strategy?

**Hywel Williams** (Arfon) (PC): Demands!

**Dr Huq:** Yes. Many academics, and not just them but the ancillary staff and all those other people, such as the technicians, are part of the 48%. If we are going to jump off a cliff, it is a good idea to have some idea of where we are going to land, preferably with a parachute to soften the descent.

Here come the assurances I am seeking. First, I urge the Government to heed the warning of MillionPlus, which is the pressure group for the post-1992 sector, equivalent to the Russell Group. It says that any moves to create a more “hostile environment” for EU or international students in order to drive down immigration is “problematic”, so we should remove students from the immigration targets. All the polling shows that people see them not as immigrants but as temporary stayers, and they are welcome here and valued by the population at large.

Secondly, we all do surgeries and we all deal with the Home Office. Home Office procedures and the vexatious visa requirements should be speeded up. The tier 2 visa threshold is now at £35,000; it was £18,000. I have spoken about it previously in relation to curry chefs, but the principle also applies to people such as lab technicians, who are highly skilled but who in universities might not be earning £35,000, which is quite high on the spinal scale. The threshold should therefore be looked at again.

Thirdly, I mentioned my experience with the Erasmus programme; access to Erasmus+ should be guaranteed for UK students. Even if it requires funding, the money should be found from somewhere, because we want to be a forward-thinking trading nation that keeps engaging with the world. Fourthly, we have had short-term assurances on Horizon 2020 and fees until 2018, but longer-term stability is needed for forward planning as we voyage into uncharted waters. The business model cannot continue as “business as usual”.

Fifthly, we are substantial net beneficiaries of our universities' European dealings, so we somehow need to retain as much as possible in a new way, which is why I would like to see higher education represented at the top table in Brexit negotiations. I hope that the Minister will be there, given all his expertise and all the multifaceted aspects. Will we be like Norway, with access but no influence? Will we be a sort of pay-as-you-go country? Or will there be some third way that I have not thought of?

Sixthly, since this debate was announced I have received loads of suggestions from institutions all over the country—far wider than Ealing Central and Acton. My old union, the University and College Union, has produced a charter that urges the Government to enshrine human rights, and has also said that there should be an urgent inquiry. If that inquiry, or any other, goes ahead, it should consider campus hate crime. Anecdotally, we have heard of a worrying upsurge now that people feel disinhibited in voicing what was previously not politically correct, or was politically incorrect. We had already heard about Islamophobia and anti-Semitism rearing their ugly heads on campuses. The climate at a university should be that of a safe space for all, so all intolerance should be stamped on.

Seventhly, of all the different quotes I have seen in preparing for this debate, my favourite is this one, which I think the Minister may recognise:

“European research funding offers a good example of how the EU can get things right...EU countries are among our most crucial partners...Free movement of people makes it easier for our universities to attract the best talent.”

Those words were of course said by the Minister, the hon. Member for Orpington (Joseph Johnson). They are as true now as when he said them. I know that we have lost that argument, but we still need to do everything we can to ensure that the Prime Minister dispels all doubts that EU nationals in the UK, and their dependents, will ever be bargaining chips in some kind of negotiating game. The Minister must also set out robust reciprocal arrangements for our academics who go elsewhere.

I could go on. I have spent a lifetime in universities: from 1990, when I started my undergraduate degree, to May 2015. That is quite a long time, and I have never really got out—I am always in the Library upstairs. In my experience, Westminster Hall debates sometimes have meaningless responses from Ministers, but I am optimistic that this Minister, whom I like, trust and respect, will come up with something better for us today, and I am keen to hear the contributions from right hon. and hon. Members from both the Government and Opposition Benches.

We have had our fair share of bad news this year. I could go on and on listing so many international atrocities, the result the other week and the referendum result. Before all that there was our friend and colleague, Jo Cox, whom we lost in June; that is still very difficult for many of us to process. We have had so much bad news that I am hoping for some good news from the Minister when he responds.

9.46 am

**Hywel Williams** (Arfon) (PC): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate the hon. Member for Ealing Central and Acton (Dr Huq) on securing this debate. She should be more forthright in her demands of the Government; I give her some encouragement in that direction.

The terms of Brexit are clearly still to be decided. My priority, and that of my party, is to campaign for the least bad option for the Welsh economy. That includes getting the best possible outcome for higher education and putting in place every possible safety net to mitigate the potentially catastrophic effects of leaving the European Union in a hard-line way.

**Mr Andrew Smith:** Has the hon. Gentleman had cause to reflect on why Wales voted so strongly to leave the European Union?

**Hywel Williams:** The right hon. Gentleman asks a very interesting question, but given the shortness of time I shall not go too far in discussing it. The research that I and other respected academics in Wales have conducted shows that deprivation was an important factor. The constituency that received the most money from Europe—that of the hon. Member for Blaenau Gwent (Nick Smith), who is not here today—voted most heavily to leave. It is something to do with deprivation and being left behind, but it is also, of course, much more complicated than that. I should say that my constituency voted 60:40 in favour of staying in.

Plaid Cymru has been united in its determination to maintain membership of the single market and the customs union, at least, because that would be by far the least damaging option for the Welsh economy—first,

because of the wide-reaching benefits of being in the single market and customs union for Wales; and secondly, because it will enable Wales to qualify for the cross-border and transnational programmes and research and innovation funding from which our higher education sector derives such benefit.

Higher education is a major economic actor in Wales. It generates around £2.4 billion of Welsh gross value added and sustains almost 50,000 jobs. As for structural funding, I once worked at Bangor University, which alone has benefited from around £100 million of EU funding over the past 10 years. That investment supports jobs as well as capital projects. Swansea University's campus on the bay was backed by £40 million of structural funds, plus a finance package worth £60 million from the European Investment Bank. These are huge sums of money. If we are to continue our success, the UK Government need to match the commitment of the EU to the principle of regional equalisation. That is why we call for a UK convergence strategy to replace EU funding, and on a needs basis.

I opposed, and still oppose, leaving the EU for many reasons: philosophical; historical; educational; the EU's promotion of peace on our continent; and most importantly for me, at least, the EU's cultural and linguistic diversity, and the normality of multilingualism, which is sadly not matched in this member state and certainly not in its Parliament.

Higher education has been a central feature of Welsh policy for many centuries. When we were last independent—a little matter of some six hundred years ago—there were three main planks of Government policy in Wales, one of which was the establishment of a university to join Padua and Oxford, which were already up and running. That ambition was not realised until the 19th century; it took us four or five hundred years to get our act together. Nevertheless, it is indicative of the importance that we place on higher education in Wales, and of the need to defend what we already have, that there are now seven higher education institutions in Wales.

I do not ignore the material benefit that we also derive from membership of the EU. It is no source of pride to me that we get convergence funding because our economy is on a par with some parts of the former communist states in eastern Europe. We get that money because we are a poor country with some extremely poor regions, one of which I represent. At least the EU has a policy of convergence funding for which Wales qualifies—alas—and our institutions derive great benefits from that funding.

**Graham Stringer** (Blackley and Broughton) (Lab): I am sure that the hon. Gentleman knows that the UK is a net contributor to the EU, so that anything that comes back in regional funds is a loss. However, when we break the UK down into its regions and countries, only Northern Ireland and Cornwall are net beneficiaries. Will he accept that Wales loses out by the European funds in net terms, rather than gaining from them?

**Hywel Williams:** I would be much more prepared to accept that argument if the Government here in London had a similar regional policy, so that when we leave the EU one could be guaranteed that the money that comes from Europe will come from London instead.

[*Hywel Williams*]

When David Cameron was Prime Minister, I repeatedly asked him to guarantee that this funding would continue post-Brexit, but he refused to give such a guarantee. I doubt that it is in the power of the Minister today to make up for that failure, but I look to him for at least some reassuring indication that this issue is actually on the agenda.

I will refer very quickly to cross-border programmes. In the first year of the Horizon 2020 scheme from 2015 to 2016, Welsh university staff have already succeeded in securing £25 million of funding. Those programmes help Welsh students and institutions to compete on the world stage, which surely must be our ambition. Identified research funding to Wales suggests that Welsh institutions received some €183 million between 2002 and 2013, and it is estimated that Wales received at least €29 million from lifelong learning funds, including Erasmus, from 2007 to 2013. Those funds are vital to encourage joint working and collaboration between academics and students in different EU member states and further afield.

I will briefly refer to my own university of Bangor. There are 2,000 international students in Bangor; the total student population doubles the city's population, so the university is vital to the local economy. Can the Minister assure me that the UK Government are giving due consideration to the disproportionate effects of post-Brexit immigration controls on small university towns or cities, of which Bangor is one? That is a particular issue. Bangor University also has widespread international links, which I referred to in the debate on higher education the other day, including a site in China, so we are worried and concerned. Moreover, Trinity College Dublin has a site in Bangor for Japanese students to learn English. It is an excellent institution, but I think the staff there are also worried.

To cut a much longer speech short, the HE sector in Wales is one of the keys to unlock the doorway to our prosperity—

**Geraint Davies (in the Chair):** May I say that speakers have about nine minutes each, so you are okay?

**Hywel Williams:** I will conclude, as I have reached the last page of my speech. As I was saying, the HE sector in Wales is one of the keys to unlock the doorway to prosperity. Both the UK Government and the Welsh Government have a duty to protect and advance the HE sector in Wales, and we will scrutinise the way in which they do so very closely indeed.

9.55 am

**Liz McInnes** (Heywood and Middleton) (Lab): As ever, it is a pleasure to serve under your chairmanship, Mr Davies.

I thank my hon. Friend the Member for Ealing Central and Acton (Dr Huq) for securing this important debate. I know this subject is very close to her heart, given her work as a university lecturer before her election to serve her constituents here in the House. This subject is also very close to my heart. As an NHS scientist before I came to this place, I worked in a field that thrived on collaboration and recognised no boundaries.

Our universities are rightly held in high esteem worldwide. We have 18 of the top 100 universities in the world, including four in the top eight. Globally, Britain represents only 0.9% of the world's population, but we have 3.2% of global research and development expenditure and 4.1% of the world's leading researchers, producing more than 15% of pioneering research papers.

It is well known that British science punches above its weight in the international university league tables and does so mainly thanks to EU grants. British science is not awash with funding; in fact, Britain has the lowest per capita spending on research of any G7 country. Sadly, Brexit and the Government's handling of the referendum outcome have shown their inability to lead and to quash uncertainty over what Brexit will actually mean for the higher education sector. Brexit just adds more uncertainty, and uncertainty breeds insecurity.

There are two aspects of the human and intellectual cost of Brexit for universities. The first is the brain drain and the second is the potential restrictions on overseas research students. The brain drain is nothing new. Many senior figures in British universities remember the lack of support from the Thatcher Government in the 1980s and the exodus of scientists abroad. It is ironic that the four recent British Nobel prize-winners—Duncan Haldane, David Thouless, Michael Kosterlitz and Sir Fraser Stoddart—are all based in the US, having been forced out of Britain during the 1980s brain drain. British research scientists are worried that the Prime Minister's mantra that "Brexit means Brexit" will lead to a lack of funding and grants for British science, and has the potential to create a modern-day brain drain.

**Dr Huq:** I neglected to say something in my own speech. As a scientist, is my hon. Friend aware of the Science and Technology Committee's report last week that says that the future of EU researchers and scientists in this country should be guaranteed, because otherwise we would imperil our science research base here?

**Liz McInnes:** I thank my hon. Friend for that intervention, and yes I am. I was briefly a member of the Science and Technology Committee and I try to keep on top of the work that it produces. I fully support its call for EU funding to be replaced in some way by this Government, and I hope that we might get a response from the Minister today on that subject.

**Graham Stringer:** Is my hon. Friend aware of the previous Science and Technology Committee report that pointed out that the EU is inimical to UK science? The clinical trials directive has destroyed much research in this country; the EU's ban on genetically modified food has destroyed much of the chemical-agricultural industry in this country; and the arbitrary sacking of the Commission's scientific adviser was destructive to science. We have example after example of how the EU has damaged British science.

**Liz McInnes:** I thank my hon. Friend for that intervention. I am not aware of that report. I do not know when it was published. It certainly does not echo the views that I am expressing in my speech or the views of eminent vice-chancellors and scientists who work in the UK today. Perhaps if he can send me a copy of the report, I will look at it at a later date.

As well as the potential for a modern-day brain drain, we have the very real potential of UK universities becoming less attractive to international research students. Indeed, the vice-chancellors of LSE, King's College London and Bristol have already voiced their fears for the recruitment of international students and how that will have serious financial and human resource consequences for our universities. The vice-chancellor of Cambridge University, Professor Sir Leszek Borysiewicz, is a stalwart remainer, but he recognises the result of the referendum and he wants Cambridge to get the best out of Brexit. He says that to achieve that, the Government must provide some basic clarity on what Brexit actually means. He asks for three things from the Government: clarity on the national status of university staff; a recognition of the collaborative ideal implicit in EU projects; and a Government guarantee of vital university budgets. I hope that his requests will be listened to and heeded by the Government.

Some people might regard the vice-chancellor of Cambridge as something of an expert, and although the people of this country were urged not to listen to experts during the referendum, it is vital that, on this subject and the many other areas affected by the Brexit negotiations, the Government take note of our finest minds and our experts. They are not asking for a running commentary, but for clarity and a coherent, informed plan as to the exact nature and manner of our departure from the EU.

The EU makes substantial financial contributions to research in UK universities. Research funding from the EU amounts to some £1 billion a year, while Britain's national research budget, as I alluded to while discussing British science, is below international averages. The EU's contribution to the income of UK universities has risen by more than 30% in the past five years. I represent a Greater Manchester constituency, and universities across our region have more than 4,000 EU students currently on their campuses. That equates to spending of £90 million a year—that is not just tuition fees, but expenditure in the local economy. Manchester University has received £48 million in research funding in the past two years alone. The loss of such substantial funding and a failure to attract EU students could not fail to have a detrimental effect on our area.

I have spoken about the economic positives and security of funding, but the academic, scientific and higher education sectors are not merely about money. Education at its core is about collaboration, common understanding and continual progress. Education has no boundaries and no borders, and science knows no country. We must decide where Britain's place post-Brexit is going to be. I hope that it will be not in isolationism and introversion, but that the Government will set out a clear plan for diversity, collaboration and funding and for our universities to maintain their place and their standing in the world.

**Geraint Davies (in the Chair):** I have got five Members on the list to speak by half-past 10, so I ask them to keep their remarks down to just below five minutes. I invite Jim Shannon to give us an example of that.

10.4 am

**Jim Shannon (Strangford) (DUP):** I thank you, Mr Davies, for giving me the opportunity to speak on this issue. I also congratulate the hon. Member for

Ealing Central and Acton (Dr Huq) on setting out the case very well. It is no secret that I was very much in the leave camp. *[Interruption.]* I am surrounded by many people who have a different opinion, but I still look upon them as my friends and colleagues, and that will not change, no matter what happens. I am proud to speak on this matter, because it is of some interest to many of my constituents, and I want to bring a Northern Ireland perspective to the debate. These are important issues, as the Minister and shadow Minister know.

I attended a grammar school, where I did my O-levels, but at that time it was clear that I would not continue to university. My father had a shop and that is where my intentions were and where they ended up, at the beginning at least. I did not enjoy academia as much as I enjoyed the jingle of cash in my pocket. When there was a chance of getting a job and moving on, that is what I thought I should do. I have a high regard for all those who prioritised education and for those who knew they were called to those vocational jobs that are so essential to all. Society could not function without a broad spectrum of people with skills to fill the jobs that need to be done.

The hon. Lady indicated that we have dropped to sixth in the world. I would be happy if the United Kingdom of Great Britain and Northern Ireland was in sixth place, because we would still be strong. Unemployment figures are decreasing. We have a good and strong economy. I have every confidence in Brexit and where we are going.

**David Simpson (Upper Bann) (DUP):** Does my hon. Friend agree that while there is difficulty with unsureness about funding, there is a danger of talking ourselves into depression and sending out a negative message to students who want to come to the United Kingdom to learn? We will work together to resolve the issues, and I think that is the way forward.

**Jim Shannon:** Quite clearly my hon. Friend, like me, sees the glass as half full. We believe in the future and we have confidence in the future, and we look forward to that. We know we can deliver.

I am beyond proud of the universities in Northern Ireland: Queen's University Belfast and Ulster University. We have tremendous courses that produce highly recognised degrees. I have met many politics students from Europe and the USA who made the choice to study in Northern Ireland because universities in the UK are so highly regarded. We have a legacy of high-class institutions in this country, and we must build upon and jealously guard that legacy. Queen's University Belfast is made up of 32% international students. It is essential that our campuses retain the ability to access the international market. There are partnerships at Queen's University and the University of Ulster with companies and students from overseas for new research into medicines.

There is no need for a knee-jerk reaction. The Government have made it clear that EU students applying to study from 2017 to 2018 will not only be eligible for the same funding and support as they are now, but their eligibility will continue throughout their course, even if the UK exits the European Union during that period. That is the Government's commitment, so let us be clear where we are. We have time to consider the best

[*Jim Shannon*]

way forward. We can all still be assured of that. The Minister in his response will reaffirm that position, and it is important that he does so.

We are all aware of the issues regarding visas for those who are not from the EU and who want to study here, and we must be aware of the statistics. Non-EU students contributed £3.5 billion in 2012-13, £3.9 billion in 2013-14 and £4.2 billion in 2014-15. It is clear from those stats that we are still able to attract international students without the benefits of EU membership, but I am certainly not saying that no thought should be given in the Brexit negotiations to reciprocal incentives that our former EU partners could avail themselves of in the short term. Let us ensure that we keep the co-operation with our EU partners that we have at the moment. The value and the importance of our EU and international students and their role in our economy should not be underestimated. Indeed, I believe that the Government are not underestimating them.

It is absolutely clear that we benefit from having universities that people from around the globe want to attend. In 2013-14, there were some 125,300 EU students at UK universities, and in that year £224 million was paid in fee loans to EU students on full-time courses in England. That was 3.7% of the total student loan bill. The higher education sector contributes a massive £73 billion to the UK economy, including £11 billion of export earnings. The latest available figures show that in 2011, EU and non-EU students in higher education contributed an estimated £9.7 billion to the UK economy through tuition fees and living expenditure. The publicly funded higher education sector currently receives 2% of its total income from the fees of EU students, with some individual institutions receiving higher levels of funding.

I will conclude, Mr Davies, because I am aware of the time restraints. International students want to study here; the universities want them to study here; and our Government are aware that in Brexit we must facilitate and foster this educational relationship in every way possible. The value of sharing educational findings and research grants is another issue that I know the Government are very aware of, and I know they have confidence in our ability to continue funding projects such as those that take place in Queen's University in Belfast and at Ulster University, which have resulted in ground-breaking innovation. This must continue; I believe it will.

**Geraint Davies (in the Chair):** I call Dr Roberta Blackman-Woods. You have five minutes.

10.9 am

**Dr Roberta Blackman-Woods (City of Durham) (Lab):** It is a pleasure to serve under your chairmanship, Mr Davies. I, too, want to start by thanking my hon. Friend the Member for Ealing Central and Acton (Dr Huq) for calling this extremely important debate. I think we would all agree that higher education and research must be at the forefront of the Government's mind as they start to make preparations for leaving the EU. The HE sector has become so internationalised and collaborative that the UK's leaving the European Union will hugely impact on how the sector will operate in future.

Let me say to Government Members that this debate is not about trying to talk down the higher education sector; it is about trying to highlight for the Minister the action that needs to be taken to protect this hugely important sector as we move forward.

As chair of the all-party group on universities, I met university vice-chancellors last month who shared with me their key concerns about higher education in the Brexit process. Their concerns centre around four core issues: student recruitment, staff recruitment and retention, research, and upholding the global profile of our universities, which will be especially important once we leave the EU. They want to see the importance of the sector recognised more by the Government in their negotiations. As I pointed out to the Minister earlier this week, the sector contributes a massive £73 billion to the UK economy and needs to be at the front of the Government's negotiations.

As we have already heard, some of the world's leading universities are found in Britain, and I am pleased that the UK is now the second most popular destination for international students. However, that position could fall if action is not taken by the Government, particularly given the period of uncertainty following the referendum result. We have already seen a decline in the number of EU students applying to study in British universities—for example, in medicine and dentistry at some of our leading institutions. Figures last month showed a 9% drop in the numbers of EU students applying for those sought after courses, so we need to do more not only to protect the 185,000 EU students currently studying in the UK, but to continue to attract them to this country. They amount to quite a large proportion of students in universities, varying from about 5% to about 25%. Overall, about 30% of our students are international.

The Government need to ensure that they do not send out the message that international and EU students are not welcome here. They need to radically and quickly reform the immigration visa system to ensure that the message is that international and EU students are welcome here. The same needs to happen for staff. About 28% of staff working in universities are from the EU. About 40% of new academic posts created since 2004 have gone to EU nationals. They are a really important resource in our universities. They drive forward research and are involved in international collaborations. Again, we need to hear more about that from the Minister—not only how the research they are involved in will be protected but what will happen to their immigration status. That is urgent and needs to be resolved immediately by the Government.

The Government also need to say more about research funding itself. This is not just about Horizon 2020—that is important and we need to hear from the Government that they will continue to support it. We know that about 22% of the research in this country is funded through European projects and European-led collaborations. Universities need certainty that they will be able to continue to be involved in collaborations and to drive forward research in this country.

I have two quick questions for the Minister. I do not doubt his commitment to the sector, but we have not seen it reflected across Government. I am not sure where universities are on the international trade agenda, and he needs to answer the question of why education is not represented on the Exiting the European Union Committee or sub-Committee.

10.15 am

**Gavin Newlands** (Paisley and Renfrewshire North) (SNP): It is a pleasure to serve under your chairmanship once again, Mr Davies. I had already cut my speech, albeit not in anticipation of the time limits, but to try and get through it—my throat may stop me, but hopefully I will get to the end. I start by congratulating the hon. Member for Ealing Central and Acton (Dr Huq) on securing today's important debate. She is obviously well versed on the contribution that our universities make from her time lecturing at the University of Manchester and Kingston University. I very much enjoyed her contribution and the perspective that she brought to the debate today.

Shelby Foote once said:

"A university is just a group of buildings gathered around a library."

I suspect he was being a tad facetious, as the truth of the matter is that universities are so much more than books, the imparting of knowledge or certificates. Our universities are a cornerstone of the British economy. They provide stability in times of economic downturn, they give direction to young people searching for opportunities and they provide a second chance to mature students looking to better their lives for themselves and their children. I should probably declare an interest: my wife is one of those mature students looking to better our lives and the lives of our children.

**Jim Shannon:** She is young; not mature.

**Gavin Newlands:** I should point out that she is not so mature—I appreciate that sedentary contribution from my friend the hon. Member for Strangford (Jim Shannon).

Students internationalise our communities and attempt to provide answers to some of life's greatest unanswered questions, such as: how in the name of all that is holy can somebody like Donald Trump be elected President of the United States? It is in the acknowledgement of the overwhelmingly positive contribution that universities make to our economy and wider society that we should consider the effect that Brexit may have on our universities.

According to Professor Sir Timothy O'Shea, the principal of Edinburgh University, the potential impact of Brexit on HE

"ranges from bad, to awful, to catastrophic".

Despite what the Government may sometimes suggest, people like Professor O'Shea are not political figures looking for an axe to grind. They are experts in the field whose views should be listened to and respected.

To compound the Brexit issues, the plan to prevent universities from recruiting international students—this would be based on an obscure and superficial quality mark decided by the Home Office—would be deeply damaging. All of Scotland's 19 HE institutions reject the introduction of any restriction on their ability to recruit international students on the basis of a supposed differentiation in quality. All of Scotland's universities are already routinely assessed by the Quality Assurance Agency for Higher Education and routinely audited by the Home Office. When all is said and done, the Government seem to be saying that the institutions that do not receive the higher mark will be deemed not good enough for international students, but good enough for ours. Is that really the message the Government feel comfortable in sending out?

The University of the West of Scotland is going through an exciting period of growth. They ask their students and staff to dream, believe and achieve. Their global reach enabling plan is an ambitious plan to

"deliver an academic portfolio that provides...students with globally relevant skills, is internationally attractive and contributes to global reach."

UWS is vital to Paisley and Renfrewshire. Some 15,500 students study there and 25% come from SIMD 20 postcodes—those ranked statistically under the Scottish index of multiple deprivation as the most deprived 20% in Scotland. UWS employs more than 1,500 people and helps to support 4,500 more. The Biggar Economics report noted

"UWS has [the] potential to significantly increase its economic and social impact in the future through the delivery of its Corporate Strategy, which will transform both the University and the communities that it serves."

The principal of UWS, Professor Craig Mahoney, has explained that expanding the university's international presence, increasing the international opportunities for domestic students and growing the number of international students on their campuses are key to achieving the vision set out in its strategy and realising the potential set out in the report.

The truth of the matter is that Brexit, combined with the anti-HE policies of the Government, seriously risks damaging the operations and future plans of all our universities. Universities across the UK generate more than £73 billion each year for the economy. Their position in our society, the direction they provide to students, the jobs they support, the research opportunities they deliver and their importance to our national economy means that the Government cannot afford to undermine the sector, which deserves answers to the many questions about the Government's approach. We need clarity, before the Government permanently damages our HE sector. We are at grave risk of being perceived as an unwelcoming location that does not value the contribution of international students, colleagues and partnerships. I sincerely hope that the Minister can provide some reassurance to the HE sector today.

10.20 am

**Ian Murray** (Edinburgh South) (Lab): It is a pleasure to serve for the first time under your chairmanship, Mr Davies. I pay tribute to my hon. Friend the Member for Ealing Central and Acton (Dr Huq) for securing this debate. If the tactic of flattering the Minister brings answers, we are all going to have to start being slightly nicer to Government Ministers. I wait with bated breath to see if the tactic works.

This is an incredibly important debate. Most of the issues being discussed will be repetitive, because we all represent university cities and are concerned about the impact of Brexit on what is happening in our universities. It is not just Opposition politicians who are concerned—vice-chancellors, principals, students, student bodies, academic staff and those involved in research are constantly knocking on our doors at advice sessions. They are watching debates such as this one, and want their questions answered, not just for their own personal needs, such as their academic careers or their passion for higher education and research, but for the wider higher education sector and the economy. We should bear that in mind. I hope the Minister will tell the Secretary of State for Exiting

[*Ian Murray*]

the European Union how important it is that he has a seat at the table to champion the cause of higher education in this debate.

In the short time available, I want to concentrate on Edinburgh University. It is in the heart of my constituency and epitomises the issues being discussed around the country, such as in Oxford, Cambridge or Loughborough, or in the west of Scotland, as we have just heard from the hon. Member for Paisley and Renfrewshire North (Gavin Newlands).

Edinburgh University is unique. It is one of the world's top universities and 25% of its academic staff are from the European Union. That is higher than the average of 21% for Russell Group universities or 15% for universities across the UK as a whole. Some 14% of all students at Edinburgh University are from the EU, almost 5,000 in the last academic year, which is double the average for Russell Group universities. The figure is only 5% for universities across the UK. Some 10% of Edinburgh University's entire total research income of £226 million in 2015 came from EU sources, with the largest proportion going to research in the College of Science and Engineering, the driver of innovation for the future needs of our country and economy. Figures up to February 2016 ranked Edinburgh University as the most successful Scottish higher education institution for Horizon 2020 funding, ranking sixth across the EU, gaining nearly €60 million in funding to date.

I hope the Minister realises how concerned we all are about Brexit and its impact on not just EU nationals but research funding and, critically, collaboration. Some 30% of the entire output of research from Edinburgh University, one of the world's key research institutions, is from EU collaboration, co-authoring with other EU nation states. Anecdotal evidence, and some factual evidence that we have heard from my hon. Friends this morning, tells us that universities in the UK are still involved in those collaborative projects, but they are being told not to take the lead, not necessarily because of their skills or what they can bring to those projects, but because of the uncertainty about the impact that leaving the European Union will have on the projects. The Government have to reflect on that point seriously. Having universities in this country that are at the cutting edge of technology, research and development but which are unable to take the lead in big co-authored projects across the European Union diminishes our ability to run other major projects in the future and diminishes our higher education and research sector. To put the 30% into context, the figure is only 18% for co-authoring with the United States; collaboration with the EU is almost double, and that is why it is incredibly important.

I will not rehearse the arguments that my colleagues have already made, but I will re-emphasise the points that we need addressed. We need to maintain UK university access to EU research programmes. We need to seek income, partnerships and influence and make sure that outputs are collaborative, with UK universities right at the top of those collaborations. We need to continue UK contribution and access to EU research infrastructure, such as CERN. We need to preserve research excellence across the university sector. We need EU nationals to be told that they can stay and continue to work here. We need to continue to make sure that free movement, both EU and non-EU, is prioritised for our

university sector, so that it can attract the very best, very highly skilled researchers. We need early clarity over the rules that will apply to tuition fees at Scottish, UK and EU level, so that we can make sure that future funding for universities is secure. We need continued access to Erasmus schemes. That is what universities are telling us they want. The Government have to deliver.

10.26 am

**Mr Bernard Jenkin** (Harwich and North Essex) (Con): I congratulate the hon. Member for Ealing Central and Acton (Dr Huq) on securing this debate. The issues that she raises, and the questions that universities are raising, are of course legitimate matters of concern, but the language that she used—"we are all jumping off a cliff without a parachute"—is the kind of negative language we should try to avoid. In my dealings with vice-chancellors—I represent Essex University in this Parliament, I am a graduate of Cambridge University and I deal with other universities; I am shortly to be appointed a visiting fellow of another university—I do not find universities are using this alarmist language. They want to make a success of the opportunities they have in the world.

It is important to understand the tremendous strength that our universities now have as a result of the progression towards fees and loans. They have been liberated from the constraints that Governments used to put upon them, have grown dramatically and are financially stronger than they have ever been in my lifetime. It is an extraordinarily good position to be in when approaching the present situation.

A lot of the uncertainty arises from confusion, which I have to say extends to Government Departments. I chair the Public Administration and Constitutional Affairs Committee; I see a lot of the civil service struggling to catch up with the absence of preparation for the outcome of the referendum, which is one of the lessons that we must take from it. It is unforgivable for a Government to call a referendum and remain completely unprepared for one of the possible eventualities. There are many officials rapidly trying to get their brains around some difficult and complicated questions, in a scenario that they perhaps are not emotionally attracted to anyway. It is taking some time and the Government are entitled to take that time. I do not remember the Opposition parties telling the Government that they should prepare for Brexit when the referendum was called; I think they should be given the time that they need.

A lot of the uncertainty arises from confusion about what category the problems and concerns should be put in. Some concerns arise simply because of the uncertainty, and the Minister has already addressed some of those concerns. He could address some more and give more definition and assurance about funding streams, the status of students and academic staff joining universities at the moment, and so on.

Most of the debate is about what the Government's policy will be after we leave the European Union—post-Brexit questions on issues of post-Brexit policy, such as what our immigration policy or our policy towards foreign students will be. There are relatively few issues that have to be included in the article 50 negotiations. In my discussions with universities, I advise them to try to categorise the issues and not to overload the article 50 negotiation process by trying to get everything resolved in that agreement. The less we put into that agreement, the more likely we are to get what we require.

There are three basic overall concerns. The first is about the access that foreign students—particularly EU students—have to the UK. It is interesting to note that only 5% of students in the UK are EU students. Some 10% are non-EU foreign students, who pay full fees, whereas EU students do not. It is actually going to be an advantage to the universities sector if we can charge EU students full fees. At the moment, the British taxpayer helps to fund those students. What is more, we are obliged to offer them loans, and the default rate among EU students is higher than that among UK students. There is talk in the Treasury about universities having to pay the cost of that default. We can resolve that issue by leaving the European Union.

The second concern is about access to EU funds. Table 9.9 of the Pink Book has become famous in the debate about leaving the European Union, but nobody disputes that we are one of the largest net contributors to the European Union. No Government in their right mind would use the pretext of leaving the European Union to cut the funds that universities receive, just because they get some of their money from the European Union. Let us remember that the money universities get from the European Union for research grants comes from us taxpayers. We put money into the European Union and we get only half of it back. We should be able to afford to pay more into our universities to fund more research and support our universities more effectively as a result of leaving the European Union, because we will no longer be forced to pay to subsidise universities elsewhere in the European Union. I acknowledge the concern that universities need certainty now and year on year into the future, but my hon. Friend the Minister should be able to give them a long-term assurance that we will fund research programmes in our universities as generously, if not more generously, in the future.

Finally, the idea that we are no longer going to collaborate with other universities in the EU is about as potty an idea as could be imagined. First, there are non-EU countries that participate in EU schemes. CERN, for example, is an international project. Let us have confidence in our universities. We have the crown jewels of scientific research in the EU in our universities. If I am correct, we have four universities in the world rankings top 10. We have 10 of the top 50 universities in the world—more than any other country outside the US. Two are in London—the same number as are in the entirety of the rest of the EU. It would be perverse if the EU wanted to cut itself off from UK universities, so we should approach the negotiations and future collaboration with universities with confidence. We have what it takes to promote successful collaboration with countries across the whole of Europe, whether they are in the EU or not. Outside the EU, our universities have as great a future, if not a greater future, than they would if we remained in the EU.

**Geraint Davies (in the Chair):** Talking of cuts, the Front Benchers have nine minutes each.

10.33 am

**Carol Monaghan (Glasgow North West) (SNP):** It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate the hon. Member for Ealing Central and Acton (Dr Huq) on securing this important debate.

I have been thinking about what the big asks are for higher education as we move towards Brexit. There are three things that are going to be affected by Brexit. The first is the collaborations that take place across Europe, which draw in not just funding but people and are extremely important for the quality of higher education in the UK. The hon. Member for Arfon (Hywel Williams) talked about the concerns in the Welsh higher education sector about the threat to its EU funding as we move towards Brexit.

The hon. Members for Strangford (Jim Shannon) and for City of Durham (Dr Blackman-Woods) highlighted the position of EU students. Both talked about the need to collaborate with EU partners to ensure we continue to attract EU students, and they raised the economic benefits that those students bring.

Of course, the EU also draws in funding. A recent Scottish Parliament report suggested that Scottish universities and institutions have received more than €200 million in Horizon 2020 funding, which has helped to fund research in disease prevention, improve our ability to tackle cyber-security issues and increase our understanding of climate change and how we can build a greener economy. That funding has been key for all those projects, so we need assurances about what will replace it in the future.

The hon. Member for Edinburgh South (Ian Murray) said that leading universities such as Edinburgh may find it difficult to lead collaborations. We need to be aware of the damage that will be done if universities that are currently leading collaborations are not able to continue to do that. My hon. Friend the Member for Paisley and Renfrewshire North (Gavin Newlands) raised the issue of the University of the West of Scotland. It is currently in a period of expansion, but that could now be under threat.

Horizon 2020 is not an abstract research fund. It affects all our lives and helps us address challenges. Without EU membership, we will have very little influence over how that research funding is allocated in the future. I hope the Minister will be able to explain to universities what will happen in the event that they are not able to apply for Horizon 2020. I know that he knows that that fund has helped to support research work in higher education. What assurance can he give to the researchers whose research grants are being pulled because of Brexit? What certainty can he give to academics at the start of their careers, who are expected to collaborate internationally?

Secondly, given the reputational damage caused by Brexit, the lack of post-study work visas and the Higher Education and Research Bill, higher education in the UK is being viewed now internationally. The hon. Member for Harwich and North Essex (Mr Jenkin) mentioned the lack of preparation before the vote to leave the European Union and the uncertainty that caused for our universities. It is also causing uncertainty across the world, and we need to be aware of the difficulty that is causing for institutions.

Thirdly, there is the effect of Brexit on people. The hon. Member for Ealing Central and Acton talked about the need to stamp out intolerance on our university campuses. I would widen that. We are in a dangerous worldwide situation at the moment, and we all need to be aware of the rise of the right wing. People feel that such views are legitimised by the recent election results.

**Stuart Blair Donaldson** (West Aberdeenshire and Kincardine) (SNP): My hon. Friend is making some excellent points. Does she agree that one benefit of being in the EU is Erasmus, which enables students from this country to go to other European countries to study and learn more about other European cultures? Given that xenophobia and the views that she spoke about are on the rise, cultural understanding is more important than ever.

**Carol Monaghan:** I agree completely. Going to university is not just about learning; it is also about diversity and experiencing different cultures. My son has just started at university, and one of the things he looked at when he chose his university was whether it participated in the Erasmus scheme, which is now under threat. He is not alone. Many young students thought they were signing up for something, but will potentially have it taken from them.

Sticking with people, the brain drain of the 1980s was considered by the hon. Member for Heywood and Middleton (Liz McInnes). She suggested the potential for its repetition, which could be one of the most dangerous aspects of Brexit. We need to work hard to ensure that that does not happen.

The recent report of the Select Committee on Science and Technology was mentioned by the hon. Member for Ealing Central and Acton. The report called for the Government to make an immediate commitment to researchers already working in our universities—not a reciprocal agreement, not a “If you let ours stay, we’ll let yours stay”, because those people need certainty, and they need it now. The position of our universities worldwide is under threat if we do not get that right.

The biggest damage and the biggest threat to our higher education is the threat to freedom of movement. For Scottish universities, freedom of movement and talent is the most important aspect of being a member of the EU. I am sure that that is the case throughout the UK.

The existing visa restrictions and the removal of the post-study work visa have taken on new significance as we move towards Brexit. How will EU students be viewed? I do not share the opinion of the hon. Member for Harwich and North Essex that we will be able to milk more money out of them by calling them international students. Unfortunately, the reality is that they will simply not come. Unless we get that right, we have a real big problem.

Talking about the EU, we have Irish students who come to study here as well. The Ireland Act 1949 states clearly that Ireland is “not a foreign country”. How will Irish students be considered as we move towards Brexit?

I have great respect for the Minister, so perhaps I should not be the one sitting here this morning to question him. What guarantees will he give to EU researchers already in our higher education institutions—what non-reciprocal guarantees? The greatest assurance is needed if we are to protect higher education in the UK.

10.42 am

**Paul Blomfield** (Sheffield Central) (Lab): It is a pleasure to wind up this debate for the Opposition with you in the Chair, Mr Davies.

I join others in congratulating my hon. Friend the Member for Ealing Central and Acton (Dr Huq) on securing the debate and for making a characteristically powerful and entertaining speech to set the context. She was right to highlight the absence of a Brexit Minister from the debate today, because that team is leading the negotiations. I join in the plaudits for the Minister who has joined the debate, and we are all reassured by his views on the issues, but we need to know that those views will be reflected in Government.

This is a hugely important debate about a vital sector, and I welcome the many contributions from all parts of the Opposition. It is disappointing—I am sure the Minister is disappointed—that so few Conservative Members are willing to speak up for our universities in such an important debate.

Our universities are a great British success story. Higher education exports are worth almost £11 billion. The wider value was highlighted by my hon. Friend the Member for City of Durham (Dr Blackman-Woods). Hundreds of thousands of jobs depend on universities’ success, and they provide the high-level skills that our economy needs. In a world in which our success as a country will be determined by our ability to innovate, the research capacity of our universities is central to economic growth, as my hon. Friend highlighted.

All of that is potentially at risk if the Government get Brexit wrong. What would getting it wrong look like? What are the risks? Let us start with students, who after all are the bread and butter of our universities. International students, as many have pointed out, are hugely important. About 185,000 of our 500,000 international students are from the EU. Their future is uncertain and, under the sort of regime that the hon. Member for Harwich and North Essex (Mr Jenkin) talked about, many are unlikely to come to the UK.

We are not talking only about EU students. In a survey taken before 23 June, one third of non-EU students said that they would find the UK a less attractive destination if we exited. The worst outcome, therefore, might be that we lose half our international students—billions of pounds and hundreds of thousands of jobs, not only in universities, but across sectors that serve students in communities throughout the country.

We might imagine that the Government would seek to mitigate such risks by setting out a clear strategy to maintain our position as a destination of choice for the world’s students, but sadly not. Instead, the Home Secretary has put international students at the centre of her plans to cut net migration, making a bad situation worse. My hon. Friend the Member for Ealing Central and Acton was right to highlight that net migration point.

The question of staff was highlighted by my hon. Friend the Member for Edinburgh South (Ian Murray). Because our universities are so good, they attract great staff from all over the world: 28% of academics are non-UK citizens, with more than 15% from the EU. For key research staff the number is much higher, accounting for more than half in some STEM—science, technology, engineering and maths—subjects. Those of us who represent universities have already heard stories about job offers refused and those here now questioning their future in the UK, because the Government will not give the assurance this House asked for in July on the position of EU nationals.

If we leave the EU with no deal on the future movement of workers, we will fall back on existing immigration rules, and for universities that will not work. Tens of thousands of early-career academics and researchers will not meet the tier 2 income threshold, creating a potential crisis for research and teaching.

Let us talk about research funding and the collaboration that goes with it, as my hon. Friend the Member for Heywood and Middleton (Liz McInnes) did so ably. Because our universities are so good, we do disproportionately well from EU funding. EU programmes provide almost 15% of university research income, and with that money comes critical collaboration across countries and disciplines. All of that is at risk if research is not put centre stage in the Brexit negotiations.

What do we need from the Brexit negotiations? First, we need a plan. It is all very well for the hon. Member for Harwich and North Essex to say that civil servants are playing catch-up, but the problem is that Conservative Members and Ministers at the heart of Government seem unable to agree on what that plan should be. As they struggle with each other, in the policy vacuum the tail is increasingly wagging the dog, giving rise to increasing talk of hard Brexit.

My hon. Friend the Member for Ealing Central and Acton is right: this debate is a microcosm of a wider one on many issues. For universities, what would hard Brexit mean? Hard Brexit would mean losing students and staff, and cutting research—it would be a disaster. So we need reassurance from the Minister that the Government—not just him and his Department, but the Government—recognise the problem, and that they will put the continuing strength of our universities at the heart of the negotiations on exiting the European Union.

Among other key issues, we need clarity on fee levels and access to funding for EU students considering coming here until we leave the EU. As the hon. Member for Strangford (Jim Shannon) pointed out, we have that for next year, but frankly that is not good enough. What about 2018-19? Will the assurance apply to postgraduate students as well as undergraduates? What about the future? Will the Minister confirm his views on the immigration status of existing and prospective EU students and their right to remain in the UK after graduation for work or postgraduate study? Will he support the benefits accruing to UK students from the Erasmus programme by confirming that the Government intend to seek continued participation in it?

On staff, will the Minister press for the earliest confirmation that EU nationals working in our universities will be able to stay for the indefinite future on existing terms without having to apply for leave to remain? Will he go further—this is crucial—and extend that right to those who join our universities in the pre-Brexit period until 2019, because that will be critical for the ability of our universities to continue to recruit? What representations is he making about future visa arrangements post-Brexit, so that our universities are in a position to continue to enjoy the benefits of securing the services of the most talented academics from the EU and the rest of the world?

On research, will the Minister give a clear commitment that the Government will prioritise research and innovation in their negotiations, with a view to ensuring continued UK participation in EU research programmes not just

for the full duration of Horizon 2020, as he has assured us in the past, but in all its successor programmes? Will he outline, beyond the announcement that we expect from the Chancellor this afternoon, what plans the Government have to strengthen support for research and innovation more widely to mitigate the potential damage from leaving the European Union?

One vice-chancellor recently described to me the challenge that our universities face as “existential”. If the Government get this wrong, it will be a calamity for the sector. If it is a calamity for the sector, it will be a calamity for the economy and the country. So will the Minister, by addressing the points that my hon. Friends have made and the questions that I have put to him, explain just how the Government will avoid that potential disaster and ensure the continued success of our university sector?

10.51 am

**The Minister for Universities, Science, Research and Innovation (Joseph Johnson):** It is a pleasure to be here under your chairmanship, Mr Davies. Happily, it falls to me to congratulate the hon. Member for Ealing Central and Acton (Dr Huq) on securing this debate. I am glad that it falls to me rather than a colleague in another Department, because this is an important issue on which I am happy to represent the entire Government’s position.

The debate is timely, because the UK’s withdrawal from the European Union and its possible effects on higher education affect all Members in the Chamber and institutions across the country. This matter is of great importance, and the Government are giving considerable thought to its management, as hon. Members would expect. Higher education is clearly one of our great national assets. Hon. Members who served on the Higher Education and Research Bill Committee will be aware of how keenly the Government feel about this question and how strongly we want to help the sector through these times so we can move to calmer waters and continue to strengthen what is undoubtedly a world-class system.

In global league tables, four UK universities are in the world’s top 10 and 18 are in the world’s top 100. Those universities are home to world-class teaching and research, and we want that to continue in the years ahead. I am sure that hon. Members will have welcomed the Prime Minister’s announcement at the CBI conference on Monday that the Government plan to commit an extra £2 billion a year by 2020 to support research activities across the country in our university system. I hope that hon. Members will acknowledge that that underscores this Government’s determination to put science and innovation at the forefront of the new industrial strategy. We promised that we would do that, and we are delivering on that. I hope that in his speech this afternoon, the Chancellor will provide further details that will give hon. Members even greater confidence that the Government are clearly putting their money where their mouth is—behind our universities.

Research and innovation are key drivers of this country’s global competitiveness and key sources of economic advantage for us. Our HE sector can be proud not only of UK science: the universities across our nations are also leaders in social sciences and the arts and humanities.

[Joseph Johnson]

But we are not complacent about our success. We recognise that the EU referendum has brought uncertainty for our universities and their students and staff, particularly the non-UK EU nationals among them. We have taken steps to mitigate that uncertainty where we can, be it in relation to the terms on which EU students can access finance or the terms on which we can underwrite research funding.

I will come back to those points shortly, but I want first to reflect on the UK's knowledge landscape. As I said, our science system is one of the very best in the world. It is highly efficient, competitive and internationally successful. Among the G7 countries, we have stand-out impact rates; ours is perhaps the most productive science base when measured by papers or citations per unit of GDP. We punch well above our weight, and we want that to continue. We recognise that our universities' world-class academic staff are central to that outperformance and our extraordinary bang per buck.

**Mr Andrew Smith:** Is the Minister in a position to confirm reports that the Home Secretary is reviewing and revising her previously proposed limits on universities' visa powers in relation to students who want to stay to work?

**Joseph Johnson:** In her party conference speech, the Home Secretary announced that she was conducting a review and would be consulting on arrangements for non-European economic area migration, including the study route. The process leading up to that consultation is still under way.

**Ian Murray:** What representations has the Minister made to the Home Office and the Prime Minister to try to win the argument that we should be taking students out of the immigration numbers to resolve all these issues?

**Joseph Johnson:** It is important for hon. Members to recognise that we already have a strong offer. We are second in the world after only the US in terms of the number of international students who come to study in this country—according to Home Office figures, the number of students coming here has risen by 14% since 2010—and we continue to be successful in attracting international students. We should not create an impression that we have closed off as a country, because that is clearly not borne out by the facts. It is not borne out by the successful recruitment of many institutions in this country. I would not want to create an impression that we were closed, because we are not; we welcome international students and we want to continue to do so.

As I said, the quality of the staff at our institutions is central to the UK's outperformance, and we want them to feel welcome and that the Government appreciate their contributions to our institutions. We want to give them the assurances that they need to feel confident that they can continue to embed the richness that they bring to our institutions.

We also derive benefits from EU students. Hon. Members have referred several times to the contribution that EU students make to our institutions' health. We want those students to continue to study here. We are extraordinarily successful in that respect. In 2013, 20% of EU students who chose to study overseas chose the UK—the greatest proportion of any country. We also welcome those who choose to study for a short time under the Erasmus programme. The hon. Member for Sheffield Central (Paul Blomfield) asked what the Government's plans were for future involvement with Erasmus. Post-exit access to Erasmus will be a matter for the negotiations that he knows will follow the triggering of article 50. We will work through the implications for future years as part of those wider negotiations.

I completely share the determination of the hon. Members for Ealing Central and Acton and for Glasgow North West (Carol Monaghan)—and I underscore the Government's absolute determination—to show that we are welcoming and will not tolerate hate crimes of any sort in our universities or our country. Since the referendum, the Government have worked closely with the police to monitor hate crime and ensure that local forces have the necessary assistance and guidance to respond, and police forces are responding robustly to incidents. Ministers and officials have also met ambassadors and high commissioners from EU states and offered them reassurance and a single point of contact to raise concerns on behalf of their citizens.

In the remaining minute or so, I will skip forward to deal with the points that were raised about research, which is clearly of great importance. My hon. Friend the Member for Harwich and North Essex (Mr Jenkin) and the hon. Member for Sheffield Central asked what relationship we will have with future Horizon 2020 programmes. The short answer is that it is too early to speculate about the UK's future relationship with those programmes. There are already several models for co-operation by non-EU countries on research with the EU and EU member states, and there may be areas where the benefits of collaboration to both sides provide a case for ongoing co-operation. Again, that will be a matter for the negotiations about our future relationship. We are keenly aware that the matter is of great importance to the university sector, and it is fully represented in the thinking of the Cabinet Committee on Brexit, on which the Secretary of State for Business, Energy and Industrial Strategy sits.

*Motion lapsed (Standing Order No. 10(6)).*

## Clinical Commissioning: North Durham

11 am

**Dr Roberta Blackman-Woods** (City of Durham) (Lab): I beg to move,

That this House has considered changes in clinical commissioning group commissioning practices for GP referrals in North Durham.

I asked for this debate as a result of a development that affects many in my constituency and other constituencies covered by the North Durham clinical commissioning group. I was made aware of it not by the clinical commissioning group but by “BBC Look North”, which received a tip-off from a GP about an upcoming change to the way GPs refer patients to a specialist. The change made by North Durham CCG fundamentally alters the way in which a GP refers a patient to a specialist.

It was always the case that if a GP saw a patient and considered that their health condition needed further investigation, they would be able to refer that patient directly to a specialist. The scheme introduced by North Durham CCG adds an additional layer of referral: if a GP wants to refer a patient, they must send a letter and medical records explaining why to a private health company called About Health, which will decide whether a patient should be referred to a specialist. That means that, in effect, a private company that has never seen the patient can overrule the decision of the patient’s GP to refer them to a specialist in a hospital. Conditions that would be referred under the new system include cardiology, gynaecology, dermatology and gastroenterology. Suspected cancer cases would be excluded from the system, although many cancers are detected when patients present with other health issues.

The decision to implement the scheme was taken following a year-long trial carried out by North Tyneside CCG. We do not yet know the clinical outcomes of the patients involved in that trial, but North Durham decided to roll out the scheme even without that information. North Durham CCG’s decision to adopt the new practice for referrals was also made without proper consultation of local residents or patients. Many patients were not even informed that confidential information about their health status was being shared with a private company. My hon. Friend the Member for North Durham (Mr Jones) and I had a meeting with the clinical commissioning group in September, only weeks before it introduced the new scheme, and yet it made no mention of the scheme whatever.

**Liz McInnes** (Heywood and Middleton) (Lab): I am listening to the debate with astonishment. General practitioners, by their very name, are generalists, are highly trained and should be aware of the signs and symptoms of diseases and know who to refer patients to, but the intervention of a private company has been inserted as a barrier to patients getting specialist treatment. I cannot believe what I am hearing. I am sure my hon. Friend shares my surprise.

**Dr Blackman-Woods**: My hon. Friend makes an excellent point. Indeed, I was shocked and surprised. In fact, when “BBC Look North” presented me with the information, my immediate reaction was of huge concern for my constituents. I did an interview for “BBC Look

North” and was then contacted by other news outlets. As a result of those interviews, I was contacted by many of my constituents, some of whom had already been adversely affected by the new referral system, and by GPs who said they were being forced to jump through hoops or to refer their patients unnecessarily to physiotherapy services when they knew that treatment would not help before they could refer to a specialist in a hospital.

I was also contacted by a GP in the area covered by North Tyneside CCG who said that he had referred a patient to a specialist for a skin condition but the referral was overruled by the new scheme, which is called the referral management system. The skin condition turned out to be cancer, but that was not discovered until months further down the line, which meant that far more radical surgery was required than would have been the case if the patient had been seen by a specialist when the GP first referred them.

I therefore have a number of serious concerns about the referral system and the way in which the decision to implement it was made. My first concern is the possible negative impact on the health of my constituents and other people who live in areas affected by the new patient referral management schemes. I am concerned because whether a referral to a specialist goes ahead or not could have a long-term impact on the health of the patient or even result in something more serious, especially if decisions are overturned by About Health. A patient might not receive the treatment they need early enough.

I am also concerned about the financial impact of the decision. I understand that the NHS is under considerable financial pressure, but I doubt whether the scheme will end up saving money in the long run. That is because, as I just set out, in many cases where referrals are rejected the problem does not go away and patients return to their GP or even go to A&E with far more serious problems, which take up more of the NHS’ time and resources. About Health, the private company deciding on referrals, will be paid a basic fee and an additional £10 for each referral letter, which in itself will incur a significant cost. I am therefore not at all sure that the scheme is cost-effective.

My final concern is about the lack of public consultation and information on the decision to implement the scheme. Last October, the Secretary of State for Health announced plans to rate CCGs to make

“the most patient-focused NHS culture ever”,

which would be

“much more accountable to their local population than previously.”

The decision made by North Durham CCG to change completely the way in which GPs can refer a patient to a specialist without any consultation flies in the face of CCGs being accountable to the local population. How are people supposed to hold a CCG to account if they are not aware of changes that are being made?

The North Durham patient reference group meets monthly in Durham city to discuss patients’ points of view and give feedback to the CCG about proposals and issues. The group, which is drawn from members of each GP practice forum across Durham, was informed of the new referral scheme only as it was about to be introduced, and it was not given any opportunity to give feedback on proposals. Despite meeting monthly,

[*Dr Blackman-Woods*]

members of the group had not even heard about the plans before they were presented with them and told that they were to be introduced imminently.

Similarly, members of patient forums at local GP practices were informed of the decision, rather than consulted on it. I am told that patient forums and the North Durham patient reference group were concerned and opposed the immediate implementation of the proposals, but North Durham CCG decided to go ahead and implement the new scheme immediately in any case.

This is a really important point for the Minister. If a patient goes on to the CCG's website, what they see does not tell them that their details will be given to a private company; they are simply told that a referral system is in place and that referrals are to "consultants" or "specialist GPs". I think many patients would conclude from that wording that their medical information is to be sent to a specialist at a local hospital rather than to a private company.

I have written to the CCGs in the north-east to invite them to meet me and other members of the northern group of MPs to discuss this issue. It has been extremely difficult to get them to come to a meeting with us or indeed to get any information from them at all. I have some questions, which I will put quickly, to give my hon. Friend the Member for North Durham time to speak. Does the Minister know of any other clinical commissioning groups in the UK that have implemented a patient referral management service? Does he think that it is acceptable that no consultation was carried out? Will the practice be repeated by other CCGs across the UK—particularly ones ranked as in special measures? How can About Health, or other private companies, be held accountable if decisions result in negative outcomes for the health of patients? Does the Minister agree that the referral system is acceptable at all?

**Geraint Davies (in the Chair):** Both the Minister and the Member who moved the debate have agreed that Kevan Jones and Julie Cooper may speak, on the understanding that they will speak for under five minutes and two minutes respectively.

11.10 am

**Mr Kevan Jones (North Durham) (Lab):** I congratulate my hon. Friend the Member for City of Durham (*Dr Blackman-Woods*) on securing the debate.

The decision of the North Durham CCG raises some fundamental questions about how the NHS is run in North Durham, and our constituents' relationship with the NHS. As my hon. Friend described, there was no consultation of my constituents about the decision, which was taken in secret. There was no transparency at all, nor any consultation with Members of Parliament in the CCG area or any local elected officials. The decision changes the fundamental relationship of trust between a patient and their GP. My constituents have never been asked for permission for our private medical information to be passed to a private company—and neither have I or my hon. Friend. We have not been asked whether the company has our individual permissions. In many cases I do not think constituents have even been told by their GPs that the information is being passed to a private company.

What is the legal position on the giving of my private medical information, and that of my constituents, to a third party? Who is responsible for ensuring that it is secure? Do I have a right, given that it is my personal medical information, to withhold permission for it to be passed to a private third sector organisation? I certainly do not think that patients in North Durham are being told that that is happening. As my hon. Friend the Member for City of Durham said, the website does not give the impression that the information is being given to a third party.

The way the decision was taken was shameless. As my hon. Friend has already said, we met the CCG in September and there was no mention of the contract at all. I want to ask why. One of my constituents, Keith Johnson, raised concerns and the CCG responded:

"GPs have responsibility to make best use of NHS resources and need up to date evidence and advice to be able to treat patients in practice or to refer on appropriately. Unnecessary outpatient appointments are a large cost to the NHS."

I do not think anyone would disagree, but that is the job of GPs; it is not up to a private sector organisation, or anyone else who has never seen the patient, to decide whether they should be referred to a specialist.

My concern is not just the way the decision is being implemented, but the fact that it fundamentally breaks down the trust that we all value, and the confidentiality between us and our GP. I am also concerned that the more articulate constituents and patients will insist on getting care; some others will not. There will be rationing of care, depending on people's ability to make their case. That goes to the principle at the heart of the NHS—care being free at the point of need.

I have questions about the way the contract was let. We have had no information about how that happened. Was it by competitive tender? Did any individuals employed by the CCG have any pecuniary interest in awarding the contract? How will it be evaluated? What ability will patients have to say whether they agree with the outcomes? I challenge the North Durham CCG to publish the contract and all information and decision making about how it was awarded, because the cloak of secrecy around it is a disgrace. I also challenge it to scrap the contract and answer a basic question: why is it treating its patients with such contempt?

11.15 am

**Julie Cooper (Burnley) (Lab):** I am grateful to my hon. Friend the Member for City of Durham (*Dr Blackman-Woods*) for bringing this important subject to the fore. I have a few comments. First, on the question of the impact on patients, what assessment has been made about conditions going untreated? There has been nothing about safety implications. Patients could be affected in two ways: a condition might be untreated and, as has been mentioned, their private, confidential information would go to a private company where the people are not medically trained. We have already seen from other contracts, such as with Capita, total disrespect in the handling of patient records.

Secondly, what is happening is a challenge to the professionalism of general practitioners. We spend a lot of time and money, over many years, on training experts. No wonder we cannot retain staff in the NHS if this is how we treat them. Some important questions need to

be answered. The whole thing is cloaked in secrecy. There is an underhand feel to it. It is important that we get answers to a lot of questions. Can the Minister tell us who decided that what is happening was okay? Why has there been no public consultation or transparency? Where is the risk assessment? Why were patients not informed that confidential information about their health was being shared with a private company? How much is the company paid for its role? How much has been saved? How many referrals have been cancelled? We need the answers because what is being done is rationing by the back door, with the potential to compromise patient safety.

11.17 am

**The Parliamentary Under-Secretary of State for Health (David Mowat):** It is a pleasure to serve under your chairmanship today, Mr Davies. I, too, congratulate the hon. Member for City of Durham (Dr Blackman-Woods) on obtaining the debate, and I congratulate the other hon. Members who spoke too. It is good to have a chance to discuss the matter and weigh up the pros and cons of what is being done.

The context is the CCG in the hon. Lady's area, which consists of 31 GP practices. It has been rated as a good CCG by the Care Quality Commission. Its treatment referral time is above the national standard, at 92% within 18 weeks. I want to talk first about the policy area, and then about the specifics of the decision to employ About Health in North Tyneside and North Durham.

The first thing to say about the policy is that referral management is not a new area. In 2007, something like 70% of primary care trusts had a type of referral management system in place. The intention is fairly clear: when a GP is making a referral, it will be absolutely obvious in many cases that it needs to happen. In many other cases it will be clear that a referral is not needed. There will also, frankly, be a grey area in the middle—that will happen in any profession.

**Dr Blackman-Woods:** Will the Minister focus on this specific referral system, under which, we understand, all referrals to specialists from GP practices in the CCG area are subject to private company screening and there is also a target to send back at least 50% of all referrals made?

**David Mowat:** I was explaining the purpose of the policy and the fact that this referral mechanism was used widely in 2007. A King's Fund report from 2010 sets out the pros and cons of using referral management—I suggest the hon. Lady reads it.

These things are not new. They are a mechanism by which a consultant, or a GP with a specialist interest in the area of what is being referred—there are six areas of referral in this CCG, as the hon. Lady said—has two to three days to either accept that the referral goes on to the secondary system, or to contact the GP and have a discussion about what the best alternative pathway might be. There is an appeals process if the GP does not agree with that decision.

The hon. Lady asked where else such referral management was being done across the NHS in England. It was introduced in 2007, as I said, and it is being done very commonly. It is being done in Bromley, Cambridge, Peterborough, Imperial in London, and Southampton.

I saw a similar system in Tower Hamlets to the one working in her area—indeed, the GP was very proud of the way they reacted, with an email referral system, when there was every possibility of things not going ahead.

This is not rationing. It is completely wrong to say that. It was brought in by the CCG, which is GP-led. If the GPs in the CCG do not agree with it, they have the mechanism to replace the chairman of the CCG.

**Mr Kevan Jones:** I understand what the Minister is saying, but what about the patient? Where does the patient come into this? If I go to my GP and he says I need a referral, that is between me and my GP. If it was not for my hon. Friend the Member for City of Durham (Dr Blackman-Woods) or the BBC raising this, none of my constituents—or myself and my hon. Friend, who are patients of the CCG—would have known about it. Will the Minister please answer the point about the patients?

**David Mowat:** The point I was in the middle of making—which I will finish making—is that if the GPs in the CCG have difficulty with the scheme, they have the mechanism to replace the CCG chairman and therefore to not go ahead with the scheme, so the GPs in his area are presumably content with it.

**Mr Jones:** The patients are not being consulted.

**David Mowat:** The fact is that the GPs vote for the head of the CCG who has put the scheme into place. On the patient issue, which is a fair one, if the patient expresses a preference to go to a secondary or an acute hospital and have an appointment, which could typically be six to eight weeks away, of course that is part of the process, and of course the referral management schemes will take that into account.

**Mr Jones:** I am sorry, that is not the case. In North Durham, patients have not been told about it. If I went to a GP who said I needed a referral, I would not be told that. What the Minister is saying is in complete contrast to what he told me during a debate on coeliac disease a few weeks ago, in which he condemned CCGs for not consulting people before awarding contracts.

**David Mowat:** We are moving around a little bit here, but I will come to the point about consultation. The GP that the hon. Gentleman refers to is a part of a CCG that has made the decision to extend the North Tyneside pilot to North Durham. All I am saying is that those GPs are part of the CCG and that presumably the CCG is doing this because it believes the clinical out-turns are right. We have a locally driven system. I will make some progress on the benefits of this for patients.

**Julie Cooper:** Will the Minister give way?

**David Mowat:** I will make some progress; I have taken a lot of interventions.

The benefits to patients are that a consultant will review their case within two or three days of a GP referral and a decision will be made on the appropriate pathway. That is why the King's Fund recommended these sorts of systems in 2010—in terms of patient out-turns—and that is why it is of benefit to patients.

[*David Mowat*]

One example that the hon. Member for City of Durham talked about was a skin case that resulted in cancer. That is a very serious situation, and if it happened in the way that she says, it should be investigated. Another example is when a patient with acne was referred to a dermatologist at a hospital. The referral system said, “Why have we not tried a cream for this first?” That process was put into place two or three days later, as opposed to having an eight-week wait for a specialist appoint. That is of benefit to the patient.

**Julie Cooper:** Will the Minister give way?

**David Mowat:** I have given way a lot; I want to make some progress.

That is also of benefit to GPs, because they can quickly validate decisions on the best pathway for those grey areas that may or may not require a referral with a consultant who knows more than them about that particular discipline. Of course, it is of benefit to the providers because it takes away something like 20% of unnecessary outpatient appointments. Indeed, one of the providers for the scheme in North Tyneside has asked for it to be extended to an additional discipline, because they feel that some of the referrals they receive are unnecessary and that the referral management system—in the way we have been doing it in the NHS for the past decade—is a mechanism for preventing that.

**Dr Blackman-Woods:** The only information that North Tyneside CCG has put into the public domain is how much money it has saved through this system. It has not made an assessment of clinical outcomes for patients at all.

**David Mowat:** I am going to talk about the About Health situation and the people who have been awarded the contract in North Durham. It is a one-year pilot that builds on the one-year scheme in North Tyneside. I think it started last month; it covers six disciplines and it does not cover urgent referrals, in particular cancer. All the national requirements for referral-to-treatment times still count in exactly the same way. The local CCG performed a risk analysis before it decided to take the scheme forward and build on what happened in North Tyneside, and the scheme is monitored.

I have been told that a very important feature is that there is a clear GP appeals process. If they are not happy with a decision that has been taken, that process can happen very quickly.

**Mr Kevan Jones:** What about the patients?

**David Mowat:** The GP represents the patients in the health system; that is the fact of the matter. If there are out-turns that are detrimental to patients, as the hon. Member for City of Durham implied, that is a serious situation and should be investigated.

About Health is CQC-regulated—with all that goes with that—in exactly the same way as a GP practice. It is staffed by NHS consultants and GPs with a particular interest. As I said, there is a two or three-day turnaround, and they have to have the same indemnity cover as everybody else. Part of what the CCG is doing is to save money—that is true. Inappropriate outpatient appointments mean that more people than necessary are working. If that can be reduced, there is a cost saving to the national health service. It is about optimising pathways.

**Mr Jones:** Will the Minister give way?

**David Mowat:** I will make a little bit more progress and let the hon. Gentleman in later.

This is about stopping inappropriate treatment; it is absolutely not about rationing. If it was about rationing, the whole referral management system would not have been first introduced by the last Labour Government. I think it is incredible that that point has not come across more strongly.

One of the concerns is that About Health is a private company. It is a private organisation that has won the contract, and the local CCG made that decision. Fair questions were asked about the confidentiality of patient records, in terms of them going across a boundary to a private company. My first point, which is an obvious one, is that GP practices are all private companies. Every partner that works in a GP practice works in a private company, in the same way that the GPs who work for About Health are working for a private company. However, all the requirements around patient confidentiality that About Health needs to make sure are in place apply in exactly the same way as they do in every other part of the national health service.

**Mr Jones:** The point about that is that I, as a patient, have not given permission for that. The way this has been done—with no consultation, which the Minister says is wrong—means that no one knows what is actually happening.

**David Mowat:** I was going to come to the point about consultation—I do not have a great deal of time left now. It is right to say there was no consultation on this, and that is because this is an administrative process change. There is no service change—

**Mr Jones:** That is absolute nonsense.

**Geraint Davies (in the Chair):** Order.

**David Mowat:** We are clearly not going to agree on this point, but there is no service change in what is being done.

*Motion lapsed (Standing Order No. 10(6)).*

11.30 am

*Sitting suspended.*

## Diabetes Technologies

[MRS CHERYL GILLAN *in the Chair*]

2.30 pm

**Derek Thomas** (St Ives) (Con): I beg to move,

That this House has considered access to diabetes technologies.

It is a pleasure to serve under your chairmanship, Mrs Gillan. It is also good to see the Under-Secretary of State for Health, my hon. Friend the Member for Oxford West and Abingdon (Nicola Blackwood), in her place; I served under her chairmanship when she chaired the Select Committee on Science and Technology. I intend to use this debate to consider what can be done to accelerate access to new, innovative diabetes technologies.

This is a complex subject. I know there are patients who would benefit from technologies such as insulin pumps and glucose monitoring systems but are not able to access them. For many, access to diabetes technologies will have a transforming effect on their lives, enabling them to live full lives, be economically active and reduce the burden on primary and secondary care.

First, I recognise that progress is being made in this area. The intention behind the debate is to highlight the opportunity we have dramatically to transform people's lives by accelerating access to diabetes technologies. I am here not to criticise but to say, as my schoolteachers regularly said to me, "You could do better," because I believe we can in this area. Secondly, I want to use this opportunity to pay credit to the work of the all-party parliamentary group on vascular disease, and in particular its inquiry into patient access to technology last summer. The APPG recognised that access to technology facilitates the earlier and more accurate identification of people at potential risk of diabetes-related complications.

I want to refer to three of the 12 recommendations listed in the APPG's report. The first is that the NHS must consider steps to become more flexible when commissioning or supporting the commissioning of new technologies designed to improve patient outcomes. Its second recommendation is that the NHS and industry should work together to harness innovation and promote better treatment for patients. Thirdly, it recommends that NHS England should consider how to introduce measures to incentivise the screening and diagnosis of patients at risk of peripheral arterial disease in primary care settings. Those recommendations help me to impress on the Minister a matter of great urgency, importance and opportunity for diabetic patients in the UK.

I would like us to consider the need to accelerate access to existing technologies; how the NHS can accelerate the development, testing and application of new technologies; and how information technology can be used to inform and educate patients, giving them greater power to manage their condition and lead full and free lives.

**David Simpson** (Upper Bann) (DUP): I congratulate the hon. Gentleman on obtaining this debate. He will be aware that in our schools today there is a problem with young children administering insulin where teachers are not trained to do it and cannot, because of child protection rules. If new and innovative technologies were used, we could perhaps get over that difficulty.

**Derek Thomas:** I thank the hon. Gentleman for his intervention. I will speak later about the opportunity as regards children. If we do not help them to manage their condition, the complications later on are significant indeed.

I do not intend to go over the sheer scale of the problem of diabetes in the UK and its impact on people's quality of life, our health system, community and social care services and economic productivity. We all know the stats. Despite that, it is my belief that the NHS fails to take full advantage of the latest technology available to patients, including flash glucose monitoring technology, known as FGM. That issue is being targeted by NHS England via the national obesity and diabetes prevention programme. The programme is a joint initiative between NHS England, Public Health England and Diabetes UK, and it aims significantly to reduce the 5 million people in the UK expected to have diabetes by 2025.

Flash glucose monitoring technology is available to support the NHS and NHS England to achieve their objectives related to diabetes. Today's debate is an opportunity to see how the Government might take full advantage of that and other technologies in the future. It is timely therefore to concentrate our minds briefly on the benefits of technologies such as flash glucose monitoring. Just a few years ago, who would have thought that someone with diabetes could turn their back on routine finger pricking to test their glucose readings and instead rely confidently on readings taken via a small sensor worn on the body?

Just a few years ago, diabetics must have dreamt of a day when they could take a glucose reading as many times a day as they liked, without having to worry about pain, discomfort, inconvenience or running out of test strips. Imagine a world where schoolchildren or people in full-time employment avoided the interruption of finger prick testing and the stigma of testing in public. That world exists, and accelerated access to FGM, which delivers those benefits, could help to improve people's health, avoiding the need for people who are in work to take extra sick leave by simply enabling better management of their condition.

Flash glucose monitoring provides a current glucose reading, an eight-hour history and information about the direction glucose is going in. That allows people to monitor whether their glucose levels are rising or falling quickly and can support them to take action before their condition worsens. That can only be a plus for patients, GPs and the wider health system. Furthermore, long-term accurate data on glucose levels must be invaluable for clinicians and patients as they make choices about how they manage diabetes.

I would like to ask the Minister a few questions. How confident is she that patients are accessing the treatments and technologies that are available today? What action is required of the Department of Health to ensure that the patient pathway is smooth, well signposted and not too long? Are clinicians fully aware of what technologies are available and how to operate them? Are they equipped to train patients to operate these technologies and make the best use of any data provided? What more can the Minister do to apply pressure to clinical commissioning groups to make diabetes technologies such as insulin pumps and glucose monitoring systems available? I know of patients in my constituency who have waited

[Derek Thomas]

and waited before getting an insulin pump. In the meantime, their condition has been unbearable, and living any sort of normal life has not been possible. I am glad to say that once they get the insulin pump, their lives are transformed. However, I know others who still wait.

I want to move on to the opportunity we have to embrace emerging technology. One of the greatest developments in healthcare and public health must be the availability and use of emerging technologies. In 2004, Derek Wanless described the NHS as a “late and slow adopter” of innovation. I know that the Government are committed to improving that and to taking advantage of the opportunities on offer from innovative technologies. An excellent example of that is the commissioning through evaluation programme, launched in 2013, which was an innovative solution to the problem of developing real-world data to support the use of innovative medical procedures. I would like the Minister to shed some light on where we are with that programme.

I recognise that CTE set out to accelerate treatments for a far wider group of illnesses and conditions and should be a subject for another Westminster Hall debate. However, commissioning through evaluation is an example of good forward thinking that has been successful in accelerating access to treatments for patients and is the perfect tool for accelerating diabetes technologies and treatments. The reality is that patients, the NHS and UK plc will see the benefit if we find ways quickly to develop the technologies and give patients accelerated access.

Finally, I am keen to know what role the Department believes information technology has in informing and educating people so that they can play a greater role in managing their condition. If a diabetic only gets to see a specialist once a year, can online information help to close the gap? What responsibility does the Department of Health have to ensure that patients with diabetes are signposted to reliable, safe and helpful information? Should the Department actively back charities such as Diabetes UK, so that people have confidence about to whom they should turn? I would also like the Minister to outline what role she believes information technology can play in informing and educating people with diabetes.

I am glad to have secured the debate. This is one of the most pressing issues facing us today, and there is a great opportunity ahead of us. It is an opportunity for patients, because if we get this right, they will be able to manage their condition much more effectively and will be much more likely to be active in the world of work. We will be able to hold off lower limb amputations and sight loss and offer a much brighter future for people with diabetes.

There is also an opportunity in relation to health and social care. One in five hospital admissions for heart failure, heart attack and stroke is of a person who has diabetes, so by getting this right and ensuring that patients have access to advanced technologies, we can reduce the burden on primary and secondary care and reduce the £14 billion spent annually on diabetes in the NHS. The savings potentially go further when we consider the costs associated with adapting people’s homes and workplaces following amputations or sight loss, for example.

There are also opportunities for UK plc. If we get this right, the UK will be seen as the place to do research and development, and manufacturing. It must be the aspiration of the Government for the UK to become a hotbed of innovation, and I am certain that the NHS could exploit its sheer size and buying power much more effectively, giving UK patients the best access to the latest treatments.

2.41 pm

**Mr George Howarth (Knowsley) (Lab):** I congratulate the hon. Member for St Ives (Derek Thomas) both on raising this very important subject and on the constructive and helpful manner in which he raised it.

I intend to confine my remarks to type 1 diabetes and, in particular, young type 1 diabetics. I should say that I am indebted to both Diabetes UK and the Juvenile Diabetes Research Foundation for the very helpful briefing that they provided and for the important work that they do on behalf of people with diabetes.

Diabetes, whether type 1 or type 2, is a life-changing condition regardless of the age at which it is diagnosed, but for young type 1 diabetics, it is also a lifelong challenge. Young type 1 diabetics face a daily and lifelong routine of monitoring glucose levels and administering the appropriate doses of insulin. It is not insignificant that one quarter of hospital admissions for ketoacidosis are of 16 to 25-year-olds; that is quite a shocking statistic.

At the same time, dealing with the transition to adulthood, with all the attendant biological, psychological and physiological changes that occur, can be even more challenging for young diabetics and their families. Many young diabetics face bullying. The hon. Member for Upper Bann (David Simpson) referred to a problem in schools. Quite often, because of the misconception about what type 1 diabetes is, young diabetics will face taunts: “Well, it’s your own fault because you don’t eat properly”, “You’re overweight” and so on. It is bad enough that young diabetics face bullying in school. Very often, as the hon. Gentleman signified, schools simply do not know how to deal with this issue.

One thing about being a type 1 diabetic is that because their blood glucose levels can be very unreliable, they sometimes need to take glucose, which means that at a certain point their absolute priority is to eat something. They have to be able to eat something to even out their blood sugar levels, yet all too often teachers will not allow them to use the classroom in those circumstances.

**The Parliamentary Under-Secretary of State for Health (Nicola Blackwood)** *indicated assent.*

**Mr Howarth:** I see the Minister nodding. This really is a problem. Schools need to be advised on how to deal with these situations, so that in every classroom the teacher is aware, whether or not they have a type 1 diabetic in their class, of what they are supposed to do in those circumstances. The lack of understanding in many schools—not all of them, as some deal with the matter very well—must be tackled.

However, I do not want to be overly gloomy about the problem. Organisations such as the JDRF and Diabetes UK, in conjunction with others, including the all-party parliamentary group for diabetes, of which I am a member, are both raising the profile of the way

type 1 diabetics are being failed by the healthcare system and suggesting constructive ways of improving the situation. Later today there will be the launch of a report, not specifically on type 1 diabetes but on how services can be better organised. That is the result of many months of taking evidence from expert organisations. I hope that Ministers will study that report closely.

With regard to progress, scientific research is making great headway. The hon. Member for St Ives, who opened the debate, highlighted some of the scientific research going on and the technologies that are available. It is in my view highly likely that a cure will be found well within the lifetime of today's young diabetics. Building on the technology that already allows automatic continuous glucose monitoring and automatically pumped insulin, an algorithm for combining the two into an artificial pancreas already exists. The hope is that it will not be long before that technology becomes the norm. More development work is going on, but the research and tests that have been carried out indicate that that system works and can bring about a massive improvement in the lives of young people and others who suffer from diabetes, because it enables them to keep their blood glucose at an even level.

I want to say a few words about a particular problem that some young type 1 diabetes sufferers experience. As we know, as a society we face a problem—particularly, although by no means exclusively, among young women—as regards body image. The media, magazines and society in general put forward an idealised view of what a woman or, for that matter, a man should look like. We know about eating disorders that arise from that wholly inappropriate promotion of a “perfect” shape. I do not profess to be an expert on this issue, but my experience of life is that human beings come in all shapes and sizes, none of which is more acceptable than another—but that is just a personal view. However, some young type 1 diabetics discover—this is easy to find out through social media—that by manipulating their insulin intake, they can achieve rapid weight loss. To some young people, that sounds like a great thing to be able to do. Someone can lose perhaps half a stone in a week simply by not taking the amount of insulin that they require. Of course, the problem is that it leads to major medical complications and, in some cases, can end fatally.

Those who do fall into the habit, which amounts to a highly specialised eating disorder, need to be able to access support from diabetologists and from either psychological or psychiatric specialists. All too often, though, that support is not available—at least not in one place—at the time when the young person needs it most and they are left trying to negotiate a sort of medical specialists ping-pong game between, on the one hand, diabetologists, who do not understand the psychological problem that the young person is experiencing, and on the other hand psychologists or psychiatrists, who do not understand all the scientific and medical issues about their diabetes. I know that that is not the Minister's specific area of responsibility—*[Interruption.]* Oh it is, she tells me, great—but I put in a plea for her to really give some thought to how those services can be co-ordinated in such a way that means those young people are not left travelling from one place to another, often with long distances involved, to try to access support, when all they can get is somebody

who understands one aspect of their disease and the particular manifestation of that disease they have. We are not talking about tens of thousands of young people; we are talking about hundreds, but nevertheless these are young lives and they need to have proper access to all the services that they require.

I will conclude with a couple of questions, which are asked in an entirely constructive spirit. Can the Minister give an assurance that the Government will take an active interest in the research that is going on into technology, and that it will be properly supported? Does she agree that the achievement of making these technologies normal, particularly the artificial pancreas, needs to be pursued with absolute rigorousness? That could be delivered very quickly if the Government took an active interest in it. Will she commit—both through the technological means and better treatment design—to ensuring that the various services that can prevent serious complications are properly integrated so that the medical ping-pong is overcome?

I hope that I have not gone on for too long. Knowing you as I do, Mrs Gillan, I know that you would have told me if I had. Again, I thank the hon. Member for St Ives for giving me the opportunity to say the things that I wanted to say. I am sure that the young diabetics around this country who have the opportunity to do so, will be glad that at least their plight has been raised by at least one Member of this House.

**Mrs Cheryl Gillan (in the Chair):** Unless any other Members are seeking to catch my eye, we will move to the wind-ups. I call Mr Martyn Day.

2.52 pm

**Martyn Day (Linlithgow and East Falkirk) (SNP):** It is a pleasure to serve under your chairmanship today, Mrs Gillan. I thank the hon. Member for St Ives (Derek Thomas) for bringing forward this interesting debate on diabetes technologies. I thank him for his explanation of the position, and would like to publicly agree with him that we need to accelerate access and that we could do better. I am also grateful to him for informing us of flash glucose monitoring—FGM. It is a new technology that I must admit I am not familiar with, and I would have guessed completely wrong, based on its initials, as to what we were discussing.

There can be little doubt that diabetes is the fastest growing health threat of our time and a critical public health matter. It is estimated that more than one in 16 people across the UK has diabetes—be that diagnosed or undiagnosed—and it is worth remembering that around 80% of diabetes complications are preventable, or can at least be significantly delayed through early detection, good care and access to appropriate self-management tools and resources, of which access to diabetes technologies is a fundamental part. With that challenge of the increasing numbers of people with diabetes, access to the technology to help those living with the disease becomes yet ever more important. We can learn much from the different approaches to this issue throughout these isles, and we have heard examples today that are both good and bad. The right hon. Member for Knowsley (Mr Howarth) informed us of the problems faced by many young people and their experiences at schools. That is a very good example of how we could do better.

[*Martyn Day*]

Much of the debate centres around the two main technologies: insulin pumps and continuous glucose monitors. It is, unfortunately, fair to say that at present the challenges facing sufferers in Scotland in obtaining them are greater than for those in England and Wales. However, much progress is being made and the Scottish Government are committed to ensuring that people living with diabetes have access to the best possible care.

Since 2010, the Scottish Government have set and met targets to increase insulin pump therapy. In Scotland, we have already made good progress in its provision, and by the end of the current Parliament some 6,000 adults—more than 20% of the type 1 diabetes population across Scotland—will have access to insulin pump therapy; currently, the figure is around 9.5%. In 2010, the diabetes action plan called for NHS boards in Scotland to introduce plans to make insulin pump therapy available for patients who would most benefit from it. That was followed, in 2011, by the target that 25% of under-18s with type 1 diabetes should be on insulin pump therapy; that was met by December 2014, and the figure had reached 31.2% by the end of 2015. Good though this progress is, we must still do better.

This form of insulin delivery has made a big difference to those who have received it; however, it is worth remembering that is not always appropriate for everyone. To be successful, insulin pump therapy requires intensive work by the patient in association with the local diabetes team, and requires self-management and monitoring.

Continuous glucose monitoring devices can be extremely useful in helping sufferers to manage and monitor their glucose levels. The Scottish Intercollegiate Guidelines Network—SIGN—guidance recommends that CGM should not be used routinely for people with diabetes; however, it may be considered for women with type 1 and type 2 diabetes, as it may be beneficial during pregnancy. As a result of that, provision through the NHS in Scotland is limited. Earlier this month, Shona Robison, the Cabinet Secretary responsible for health, wellbeing and sport in Scotland, confirmed that a national approach is being developed, stating:

“Work is currently on-going to develop a national approach for the use of Continuous Glucose Monitoring (CGM) devices in Scotland, as we recognise the speed of development of this technology.”

Best practice on provision of CGMs and insulin pumps will continue to evolve with developments in technology. Innovative new approaches to healthcare may prove key to improving the treatment of conditions such as diabetes. The Scottish Government, in partnership with Scottish Enterprise, has funded a £500,000 competition to develop a new technology to help with the management of type 1 diabetes. To supplement existing education programmes, competition entrants have been asked to develop a mobile health product, which could be an app, a new interface or a new device, to assist people in dealing with their condition. The competition is a good example of working with partners across private, public and third sector organisations to develop a new and innovative solution. At its launch, Dr Lena Wilson, chief executive of Scottish Enterprise, said:

“The economy grows faster when companies embed innovation in all they do. Scotland operates in an increasingly competitive global market so developing and maintaining competitive advantage

is imperative. The work underway with NHS Scotland on solutions to the challenges Type 1 diabetic patients face offers an opportunity for more of our SMEs to embrace innovation.”

Of course, the potential benefits of that are not just with the businesses that take part. Managing diabetes accounts for about 10% of the annual NHS Scotland budget—almost £1 billion a year. When 80% of NHS spending on diabetes goes on treating avoidable complications, potentially significant savings can be made through better self-management and use of technologies—and that is before we consider quality of life for the actual sufferers who benefit.

In conclusion, we can do much to improve diabetes education and care for both type 1 and type 2 diabetics, and diabetes technologies have a key role to play in that process. The challenge is to find effective ways to overcome barriers to implementation, and to facilitate greater access for those who would benefit. I am thankful for the opportunity to take part in today’s consensual and informative debate.

2.58 pm

**Mrs Sharon Hodgson** (Washington and Sunderland West) (Lab): It is an honour to serve under your chairmanship today, Mrs Gillan.

I welcome today’s timely debate on access to diabetes technology, which falls in Diabetes Awareness Month. I congratulate the hon. Member for St Ives (Derek Thomas) on securing this important debate and I pay tribute to my hon. Friend the Member for Copeland (Mr Reed), who is not present today, for all his campaigning, work and efforts on the subject over the years.

I also thank the hon. Member for Linlithgow and East Falkirk (Martyn Day), who spoke for the Scottish National party, and I commend my right hon. Friend the Member for Knowsley (Mr Howarth) on his excellent contribution on young people with type 1 diabetes, and for highlighting the worrying danger of abuse by young people who skip insulin in order to lose weight. I had heard of that before, but I am grateful that he brought it to our attention today, so that the Minister may respond. As my right hon. Friend said, it is often due to the pressures of society and body shaming and it can, sadly, often be fatal. It is yet another pressure on these young people: aside from having the diabetes diagnosis in the first place, it is something else that they have to deal with.

I also want to disclose from the off that sadly I was diagnosed as a type 2 diabetic just a year ago, but through getting control of my diet and achieving weight loss, which is still ongoing, my diabetes is thankfully very well under control. This debate is therefore very close to my heart.

More than 4 million people and counting in the UK are now living with diagnosed diabetes. Some 400,000 live with type 1 diabetes, and 29,000 of those are children. I am hopeful that in the future, artificial pancreas technology, which we have heard about today, will be effective, safe and accessible to patients, and that eventually, thanks to important research undertaken by the Juvenile Diabetes Research Foundation, Diabetes UK and others, we will create a world without diabetes.

However, until that time comes, it is paramount that we do all we can to support adults and children living with the condition. Patients need accessible and high-quality education and support, and access to technology that

will allow them to manage their condition and to achieve positive outcomes. Not only will that have a positive effect upon the lives of those 4 million people, especially including children, but it could also reduce NHS spend on diabetes-related complications.

There have been significant advances and improvements in care for people living with diabetes over the last 15 years or so, but it would be an enormous mistake for us to believe that the job was done. It is far from done and a significant amount of work needs to be undertaken to improve diabetes outcomes. That is because more than 24,000 people a year currently still die from a complication or condition related to diabetes, and many more will encounter life-altering, non-fatal complications. It is worth noting that diabetes-related complications account for a staggering 80% of the £10 billion annual NHS spend on diabetes.

Worryingly, there is also a regional dimension to the challenges presented in relation to positive diabetes outcomes. According to the national diabetes audit 2012-13, diabetes education courses are not being commissioned for people in more than a third of areas in England. Moreover, gateway treatment for both type 1 and type 2 diabetes is undertaken through primary care. However, with a GP shortfall of 40% across the north of England—my region—it is clear that accessibility is limited in certain parts of the country. Meanwhile, some CCGs have particularly large concentrations of people with type 2 diabetes and, it has to be said, there are correlations between those areas and socioeconomic disadvantage. The Government might well approach funding allocations with that in mind.

However, the issue we are discussing, which must be considered alongside the aforementioned points, is supporting patients to access technologies easily that will better help them to manage their condition, from insulin pumps to continuous glucose monitors, to flash glucose meters—a lot of them were spoken about by the hon. Member for St Ives. The technologies to which I refer make monitoring blood glucose more convenient for people than a standard blood glucose meter does, and in turn, those technologies can transform peoples' lives. Continuous glucose monitors—CGMs—such as the Dexcom device, and flash glucose meters, such as the Abbott FreeStyle Libre device, are considered by many to be a less invasive technique than blood glucose meters for measuring blood glucose. They work 24 hours a day and CGMs can include alarms to indicate when glucose levels are too high. That is particularly important for people who do not know that they are experiencing hypoglycaemia, and children who may be unable yet to communicate it.

It is critical that the House understands the importance of blood glucose readings for people living with diabetes—both types—but it is of essential importance for people living with type 1. With type 2 patients, as I have found, blood glucose is usually monitored and controlled over a long period of time and the scope for immediate blood glucose correction is limited. For people living with type 1—people whose control depends upon the use of insulin delivered through an injection or a pump—accurate, real-time data is essential for blood glucose control.

To put it simply: better blood glucose control will result in better outcomes for people living with type 1 or type 2. It will relieve significant pressure on the NHS

and result in a significant and positive long-term financial gain. Access to CGMs and flash glucose meters is limited on the NHS, and National Institute for Health and Care Excellence guidelines do not recommend that CGMs are offered routinely even to adults with type 1 diabetes, but funding should be considered in a small number of specified circumstances. Meanwhile, children and young people must either have frequent severe hypoglycaemia, impaired awareness of hypoglycaemia associated with adverse consequences, or the inability to recognise or communicate about symptoms of hypoglycaemia in order to be eligible for a CGM at the moment.

The guidelines, which can be difficult for health professionals, adult patients, and parents alike to navigate, are an obstacle to accessing life-changing technologies for people living with diabetes. As such, I hope that the Government will take steps to encourage CCGs to increase the take-up of CGMs—I apologise for all the acronyms—and flash glucose meters, and that eventually work will be undertaken, in conjunction with NICE, to look at increasing and improving access to diabetes technologies at a faster rate than patients currently experience.

The running cost of a CGM is around £3,000 to £4,000 a year, whereas a flash glucose meter costs around £1,300 a year. That represents a significant personal cost to many of those who are unable to access these technologies through their CCG, and who therefore have little choice but to self-fund. Lots of parents do this for their children especially. In considering the financial impact of diabetes, we must recognise that diabetic technologies should not be available only to those who can afford to self-fund. Allowing the continuation of the disparity between people with diabetes who can afford to make use of life-changing technologies and those who cannot undermines the principle of a truly national health service.

It is also important to consider that investment in the new technologies could save the NHS vast amounts in the long term. That is because they can help to avoid severe night-time hypos, and severe hypos cost the NHS £13 million a year. In addition, as I have mentioned, diabetes-related complications account for 80% of the total NHS spend on diabetes, and supporting patients to better manage their condition through access to CGMs and flash glucose meters will inevitably seek to reduce that cost. That is a significant saving, before we even begin considering the impact of hypoglycaemia on the UK economy as a whole.

Finally, during Prime Minister's questions, in response to my hon. Friend the Member for Copeland, the Prime Minister stated:

“There are many youngsters out there, from tiny tots to teenagers, living with type 1 diabetes. It is important that we send a message to them that their future is not limited: they can do whatever they want.”—[*Official Report*, 20 July 2016; Vol. 613, c. 821-22.]

I am sure that all of us in the Chamber today very much welcome her comments. I hope that they represent a forthcoming commitment by the Government to improve access to life-changing technologies for adults and children to reduce any obstacles that they might otherwise face.

I ask the Government to commit to working to improve access to diabetes management education, support, and access to emerging technologies. We must ensure that emerging technologies reach the public in a timely

[Mrs Sharon Hodgson]

manner, and that innovation, to make them even more user-friendly and to encourage take-up, is also supported and encouraged by the Government.

A national focus on access to diabetes technologies has its roots not only in clinical, but in financial arguments, as well having national support. So far, more than 26,000 people, from every single constituency in the UK, have signed a petition initiated by my hon. Friend the Member for Copeland calling for CGMs to be made available as a right on the NHS to adults and children living with type 1 diabetes. Moreover, 25 cross-party colleagues have signed an early-day motion in a similar vein. I extend my support to those cross-party calls to ensure that such technologies become accessible to adults and children living with diabetes—especially type 1—so as, ultimately, to improve the lives of those who need those technologies.

3.9 pm

**The Parliamentary Under-Secretary of State for Health (Nicola Blackwood):** It is a pleasure to serve under your chairmanship, Mrs Gillan. I thank my hon. Friend the Member for St Ives (Derek Thomas) for giving us the opportunity to have such an important debate. His timing is impeccable, as always, as I found on the Science and Technology Committee, of which he was such an excellent member—we exist in a mutual admiration society. This debate follows on from world diabetes day last month. I want to add my voice to the tributes already paid to the all-party groups on diabetes and on vascular disease and to Diabetes UK for the work they do on this issue. It is invaluable, as we have heard from the very high quality and personal contributions this afternoon.

As the shadow Minister says, diabetes is one of the biggest health challenges facing this country today. The figures are truly sobering. Almost 3 million people in England are currently diagnosed with diabetes and we estimate that a further 940,000 remain undiagnosed. Furthermore, around 5 million are at high risk of developing type 2 diabetes. If nothing changes, by 2025 more than 4 million people will have the condition. As the right hon. Member for Knowsley (Mr Howarth) said, type 1 diabetes affects 400,000 people in the UK and its incidence is increasing by about 4% a year. It is not preventable, so the emphasis is on improving the lives of people with type 1 diabetes and helping them to manage their condition.

I absolutely associate myself with the words of the Prime Minister: the message should be that people are able to live full and active lives, and the Government are there to do whatever they can to support them to do so. I shall certainly undertake to study the upcoming report mentioned by the right hon. Gentleman and consider its proposals carefully.

Type 2 diabetes is much more common. Diabetes as a whole is a leading cause of preventable sight loss in people of working age and is a major contributor to kidney failure, heart attack and stroke. As my hon. Friend the Member for St Ives said, diabetic foot disease, including lower limb amputations and foot ulcers, account for more days in hospital than all other diabetes complications put together. We are determined to change that.

According to Public Health England and Diabetes UK, 5 million people in England are at high risk of developing type 2 diabetes, and one in 10 will develop the disease if current trends continue. Type 2 diabetes is largely preventable and manageable through lifestyle changes, as the shadow Minister has testified—I was very impressed by her testimony today.

There is also a huge financial cost—as well as a personal cost—to diabetes and its complications. It already costs the NHS in England more than £5.6 billion a year, and that continues to rise. In addition, the annual social care costs associated with supporting people with diabetes are estimated to be £1.4 billion. Managing the growing impact of diabetes is one of the major clinical challenges of the 21st century. That is why preventing type 2 diabetes and promoting the best possible care for all people with diabetes is a key priority for me and for the Government.

It will not surprise my hon. Friend the Member for St Ives to hear that, as the Minister for Public Health and Innovation, I believe he is absolutely correct to highlight the role that modern technologies, properly used, can play in the care of people with diabetes. We are extremely fortunate to have a thriving, world-class life sciences industry in this country—it is one of the jewels in the crown of our industrial sector. That is why we are investing an extra £2 billion a year in research and development by the end of this Parliament to help to put post-Brexit Britain at the cutting edge of science and technology, as the Chancellor announced today.

The development of new, innovative technologies is continuing at pace and is revolutionising health systems throughout the world. However, that will not help if patients do not benefit from it, so we want to make sure that patients here benefit as quickly as possible. As my hon. Friend the Member for St Ives said, we can do better. That is exactly why we commissioned the accelerated access review to support the NHS to become a system that embraces innovation and works in collaboration with innovators to get products to patients more quickly. The review was published last month. We are carefully considering its recommendations and will respond as soon as we can.

It is not surprising that we are seeing the emergence of technologies that have real potential to improve the lives of people with diabetes in the context of such a thriving life sciences sector. As many colleagues have mentioned, key to managing diabetes is monitoring and controlling glucose levels. Various technologies are available. Insulin pump technology is prime among these and is recommended by NICE as an option for people with type 1 diabetes. Many people are already benefitting from blood glucose monitoring with testing strips and a machine to read blood glucose levels, as well as continuous glucose monitoring. The shadow Minister went into great detail about how that already provides hundreds of readings a day to provide a clear picture of people's glucose levels.

People also benefit from flash glucose monitoring, where the glucose concentration and trend is shown when the monitor is waved over the sensor. Other devices are also available; I understand that many people are already finding them useful in reducing hyperglycaemic and hypoglycaemic attacks. In some cases, as my hon. Friend the Member for St Ives said, such devices can offer life-changing support to patients living with diabetes.

They can play a particularly valuable role for certain patient groups, including children and teens, when they are properly managed, as the hon. Member for Upper Bann (David Simpson)—who is not in his place—said earlier.

Clinical commissioning groups are responsible for commissioning diabetes services. In doing so, they need to ensure that the services they provide are fit for purpose, reflect the needs of their local populations and are based on the available evidence, taking into account national guidelines. In the end, none of the guidelines can supersede the best judgment of clinicians, formed with their patients, about the best treatment option for them. I know that NHS England is actively investigating the potential of technologies for use within the NHS with manufacturers and patient groups to understand and identify areas of need and barriers to adoption so that they can improve access.

Looking to the future, artificial pancreas technology, as was mentioned, continues to be developed. One system has recently been approved by the US Food and Drug Administration, and a European licence is being pursued. Large randomised clinical studies of similar systems are now beginning, and several are expected to come to market in the next five years. Teams in the UK, including in Cambridge and London, are leading on some of this work, but these technologies need to be used optimally as part of holistic treatment pathways so that we get the best patient outcomes from them. That is exactly what the NHS innovation accelerator aims to deliver.

The NHS innovation accelerator is supposed to realise the commitment in the five-year forward view to create the conditions and cultural change necessary for proven innovations to be adopted faster and more systematically through the NHS for the benefit of patients. This is being delivered in partnership with all 15 academic health science networks. AHSN initiatives are patient-facing. *Monster Manor*, for example, is a free app launched by the Oxford AHSN—which I mention very selfishly—diabetes clinical network to encourage children with type 1 diabetes to track their blood glucose readings and become more engaged in their diabetes management. By logging readings, players earn rewards that help them to advance through the game.

The Yorkshire and Humber AHSN is implementing a locally developed set of tools to support general practice and community pharmacy in fostering greater self-care and health literacy among patients with diabetes and encourage them to do something to prevent severe hypoglycaemic episodes. A particular benefit of the AHSN network is the best practice sharing system, which is now in place, to ensure that improvements in one area can more quickly spread across the whole country.

Another example of accelerator innovation is the internet of things innovation diabetes test bed, which is funded by the Department. This enables people with type 1 or type 2 diabetes to do the right thing at the right time in self-managing their condition. It can be difficult to manage any long-term condition, so help is particularly valuable. People get a real-time view of their own data so they can take prompt action to prevent their condition from getting worse. This also encourages more timely and appropriate interventions from healthcare professionals. It is hoped that using technology in this way will also create genuine partnerships between patients and their healthcare professionals.

Realistically, the only way we are going to make measurable progress in halting the diabetes epidemic is to put strong measures in place to prevent those at risk from developing type 2 diabetes in the first place. Healthier You, the diabetes prevention programme, is the first type 2 diabetes prevention programme of its kind to be delivered at scale nationwide anywhere in the world. By 2020, the programme will be made available to up to 100,000 people at risk of diabetes each year across England. Those referred will get personalised help to reduce their risk, including education on healthier eating and lifestyles, and physical exercise programmes tailored to the individual. Building on that, NHS England is investing an additional £40 million each year to support CCGs in promoting evidence-based interventions to improve the care that all people with diabetes receive. In line with the points that my hon. Friend the Member for St Ives made, NHS England is encouraging GPs to refer people who are at high risk of diabetes into the national diabetes prevention programme, although referrals also come through the NHS health check, so there are two routes.

The role of structured education is widely recognised to be hugely important. The Department, NHS England and Diabetes UK are working together to improve the take-up of such education, including through digital and web-based approaches. Furthermore, NHS England is planning to make additional investment from 2017-18 to support the expansion of structured education to help patients to understand their condition better and manage it themselves more successfully.

The right hon. Member for Knowsley made some important points about the interaction of mental health services and diabetes provision. There is already significant activity to tackle the challenges of negative body image, and the Government announced a body image taskforce in 2010. It reports annually and is led by the Government Equalities Office. Simultaneously, in response to the priorities put forward in the five-year forward view on mental health, we are currently significantly improving care pathways for eating disorders. I have not so far investigated the specific challenge of how young diabetic patients interact with that context, but as a result of the right hon. Gentleman's comments I undertake to do so.

I hope I have demonstrated not only the Government's commitment but my personal commitment to harnessing new and innovative technologies as part of our drive to improve outcomes for the millions of people already living with diabetes and the many others at risk of developing the disease, as well as to sending out the clear message that diabetes does not in any way limit the ability to live an active life and to contribute well.

3.22 pm

**Derek Thomas:** I am grateful for the opportunity to have this debate under your chairmanship, Mrs Gillan; I think I have 37 minutes left.

I thank the Minister for the information she has given today. I have learned things, and the challenge now is for us to make sure that patients and clinicians will also know what is available to help them. We want acceleration in technology and the integration of services so that patients can be diagnosed as early as possible, have reliable online information about what is available and how to look after themselves and also get the specialist

[Derek Thomas]

care they need, as well as access to the most appropriate technology. It seems to me that we are all singing from the same song sheet, and I am encouraged to hear that the Government are doing and will do all they can to support patients.

I appreciate that there have been distractions in the House today, but I think this debate has been a useful exercise; I am sure there will be others in future about how to continue with this important matter.

*Question put and agreed to.*

*Resolved,*

That this House has considered access to diabetes technologies.

3.23 pm

*Sitting suspended.*

## Car Parking Charges: Stevenage

[SIR EDWARD LEIGH *in the Chair*]

4 pm

**Stephen McPartland** (Stevenage) (Con): I beg to move,

That this House has considered car parking charges and Stevenage town centre.

It is a pleasure to serve under your chairmanship, Sir Edward. I am grateful that the Minister is present to respond to this debate, which is important both for my constituents in Stevenage and nationally. It is clear that excessive parking charges have been a major factor in the destruction of many high streets and town centres. They have forced local shoppers away from their much loved local areas towards out-of-town retail parks and supermarkets offering free parking.

The Minister will be aware of the negative impact a poor local authority can have on standards of living. Such an authority can have a chokehold on economic growth, as it holds small local businesses back. Sadly, Stevenage Borough Council is such an authority and has been holding Stevenage back for years. But we are breaking free from the council's restrictive grip. Stevenage has become the economic engine of Hertfordshire, and Hertfordshire has taken a leading role in the economic recovery.

Stevenage was the first new town in the country. It was established by the Stevenage Development Corporation 70 years ago. It is home to some of the biggest companies in the world and employs nearly 10,000 scientists and technicians. We have more than 4,000 small businesses. Since 2010, unemployment has fallen from 5.8% to 1.6%. I have launched a variety of apprenticeship campaigns. Before 2010, just under 200 apprentices were starting work every year, which was not bad, but not great either. We now have more than 800 apprentices starting real jobs every year in Stevenage, and we are on course for 1,000. That is an absolutely fantastic achievement that is giving young people a real chance at a start in life.

People say, "It's not rocket science," but I actually have apprentice rocket scientists, and I have apprentice accountants, too—you name it, we have them. That is because local employers are working with me and the local community to make a difference. We have amazing transport links, as Stevenage is situated on the A1(M) and the east coast main line. In fact, we are only 19 minutes from King's Cross on the fast trains.

Since 2010, I have secured from the Government more than £300 million of investment in infrastructure. Such massive investment has transformed public services in the area. More than £150 million of that investment has been spent on rebuilding the Lister hospital, which, although it has its challenges, is fast becoming a centre of clinical excellence. We have had a variety of other new NHS investments, including in GP surgeries. Some of our secondary schools have been rebuilt, while others are being modernised. Some primary schools have been rebuilt, and others have been expanded. In total we have 42 primary and nursery schools in Stevenage, and 40 of them are rated as good or outstanding, with the other two closing the gap quickly.

I have secured the money for the widening of the A1(M) between junctions 6 and 8, which was not easy at £8 million a mile. The technical works have started and the Government will deliver on a campaign that has been running for more than 30 years, because we understand how critical great infrastructure is to releasing economic growth.

Hertfordshire is one of the safest places in the country to live, and a third of Stevenage is parks and open spaces. With such great public services, transport connections, new homes being built and more than 400,000 square feet of office space being converted into residential flats because of permitted development rights—all within 15 minutes of the railway station—it is clear why so many people are moving to my constituency. In fact, many Londoners relocate to Stevenage, because they can get to work faster living in Hertfordshire than when they lived in London.

The Minister can see that Stevenage is taking off. We are breaking the grip of Stevenage Borough Council, which is trying to hold us back, and we are moving forward, but we have a huge problem right in the centre of our town. I love Stevenage, but its town centre is not fit for purpose. It needs regenerating and bringing forward into the 21st century, and it needs to reflect the growing aspirations of the people who live there, but do not shop there.

Stevenage Borough Council is addicted to car parking charges and has a monopoly on off-street car parks in the town centre and at the railway station. Let me put that into context: the council takes more than £3.5 million a year in car parking charges, and just over £4 million a year as its share of the council tax. It is a tiny lower tier local authority that provides services for 60,000 electors, making it the smallest local authority in Hertfordshire and one of the smallest in the country.

A third of the council's budget effectively comes from car parking charges. In Stevenage, we have to pay almost as much in car parking charges as we do in council tax. That is totally unacceptable. I am sure the Minister will agree that councils should not have monopolies on car parks. Stevenage Borough Council should consider divesting itself of such assets, and it should certainly not use excessive parking charges to make up a shortfall in its budget.

**David Tredinnick** (Bosworth) (Con): I am grateful to my hon. Friend for giving way, and to be able to speak in this debate with the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Mr Jones), who is my neighbour in Leicestershire. The constituency of my hon. Friend the Member for Stevenage (Stephen McPartland) has many parallels with mine. We have the MIRA business park and we have very low unemployment. I support what he is trying to do with this debate. On Friday, my private Member's Bill should receive its Second Reading. It has the twin purpose of allowing councils to reduce parking charges without 21 days' notice, and introducing a proviso that should councils want to increase parking charges, they will have to consult.

**Stephen McPartland:** That is an excellent intervention. I would be happy to support my hon. Friend's private Member's Bill.

Will the Minister clarify whether a local authority's revenue surplus from off-street car parking may be used for general purposes, or is it restricted in the same manner as an on-street parking revenue surplus? Will he agree to review off-street parking revenues in areas such as Stevenage, where there is such a distorted market due to the council's monopoly?

I know that the Department does not collect data on high parking charges centrally, and local authorities are responsible for setting local parking charges, taking account of local circumstances. Nevertheless, the Minister wants local authorities to adopt policies that support local town centres, and the Government have recently consulted on that idea, so will he start collecting the data and analysing the effect of high car parking charges on the viability of the economies of town centres such as Stevenage's?

The Portas review clearly showed that car parking charges were the biggest barrier to the regeneration of our town centres. A couple of years ago, I launched a campaign to protect local people from Stevenage Borough Council's car parking rip-off, and received the support of the then Secretary of State for Communities and Local Government, my right hon. Friend the Member for Brentwood and Ongar (Sir Eric Pickles). I believe that, by taking more than £3 million a year in car parking charges, Stevenage Borough Council is preventing the regeneration of Stevenage town centre.

My campaign calls on Stevenage Borough Council to apologise and move forward by introducing three hours' free parking so that more local people can afford to shop locally. On-street parking is free for three hours in the Stevenage old town, and it is vibrant, with the Department recently commending it for coming in the top five high streets in the country.

There is free parking at the Roaring Meg retail park, where Debenhams is currently building a new store. The company has chosen to build there rather than the town centre. Although I welcome the fact that Debenhams is coming to Stevenage, I wish it would come to the town centre and act as an anchor store to kick-start the regeneration scheme. Local people are rightly concerned that many of the fashion shops in the town centre will relocate once the store opens.

I am campaigning for Stevenage Borough Council to match the three hours of free parking at Roaring Meg and stop killing our town centre by ripping off local people. I have spoken to developers, financiers, chief executives and chairmen of leading retailers, and they all tell me the exact same simple facts of regeneration. We have to increase customer footfall and the dwell time of shoppers before they will come, and the quickest way to do that is with an element of free parking. But Stevenage Borough Council cannot give up its addiction to the £3.5 million it receives in car parking charges, which blocks every regeneration attempt.

Thousands of local people have signed my campaign for three hours' free parking, because we want to see the town centre regenerated. Stevenage Borough Council has launched several regeneration plans over the past 20 years, but they have all collapsed because of this addiction to car parking charges. To put it into context for the Minister, around 40% of my town centre is car parks.

The latest regeneration plan is painful to read. It is a billion-pound joke on local people. The ridiculous proposal involves moving the existing railway station, relied on

[*Stephen McPartland*]

by 35,000 commuters a day, and closing Lytton Way, which the council says is redundant, but is actually the busiest dual carriageway in Stevenage, going right through the heart of the town centre. One of the only two custody suites in the whole of Hertfordshire is located off the dual carriageway. The plan also involves demolishing the Gordon Craig theatre and building 1,600 flats on the leisure park to wipe out our community facilities, including the first Cineworld cinema in the UK, which is an 18-screen cinema, with IMAX 3D and 4D. None of this would actually take place in the area that we refer to as the town centre; it would all be adjacent to it.

Stevenage Borough Council has made Hertfordshire local enterprise partnership mislead the Government in its application to the local growth fund and it has also misled the Homes and Communities Agency. I shall explain: Stevenage Borough Council created what it calls a public-private partnership, named Stevenage First, in June 2015 to launch its latest ridiculous regeneration proposals. I opposed the proposals as they are not deliverable and will create massive economic uncertainty in our town and intense disruption for the seven years that the railway station move would take.

Consequently, the only organisations that make up the board of Stevenage First are Hertfordshire County Council, Hertfordshire LEP, Stevenage Borough Council and Hertfordshire chamber of commerce. No private companies will touch Stevenage First, so it is not even a public-private partnership. However, Stevenage Borough Council writes to companies and organisations, including the HCA, asking them to join the board and stating that I am a board member, even though I am not and I actually opposed the creation of Stevenage First. Stevenage Borough Council also states that Network Rail is a board member. I have met the chief executive of Network Rail who explained that Network Rail is not a board member, confirming that in writing to me and the council.

The council and the LEP have stated in their application for Government funding to move our railway station and destroy Stevenage's economy that Legal & General has committed £250 million of private funding. I have met the chief executive of Legal & General and he has confirmed to me and also put in writing that Legal & General has made no such offer of funding and has no desire to see the train station moved.

This disastrous scheme has also seen the new turnback facility for the Hertford Loop line, which we need at Stevenage station, being delayed, and it is now under threat. I secured the agreement for this facility in the last Parliament, because we need it to benefit from the increased range of services that will be available from 2018, when we will have direct services to Gatwick and Brighton from Stevenage after the new Thameslink works are completed.

I will not bore everyone with the details, but the result of the delay is that Govia, the train operating company, has suggested in its consultation for 2018 that a bus replacement service would be needed until the new station is built. That means that for up to seven years the 1,100 people a day in Stevenage who use the Hertford Loop line would have to get a bus if the disastrous station proposal got the go-ahead. That is totally unacceptable and would mean a reduction rather than an increase in capacity.

I spend my time campaigning for more seats and services on our line, and I have secured massive improvements. This ridiculous regeneration plan is putting them all at risk. If there is any money available for station investment, we should ensure that it is spent only on delivering a new platform five in time for the 2018 timetable.

It is time for radical action and for a new town centre in Stevenage, and the first step has to be introducing three hours of free parking, to help to increase customer footfall and dwell time. I have previously asked the Government to step in and take action. I asked them to establish a new Stevenage development corporation, to regenerate our town centre once and for all. If Stevenage Borough Council is frightened of being side-lined, then it should not have a development corporation. Let us have a development partnership, a super-business improvement district and a whole new model we can invent, which can act as a template for small town centre regeneration schemes. I do not mind—I will work with anyone to deliver for my town of Stevenage.

It is time for radical action and I urge the Minister to help me to create a modern, aspirational and 21st-century town centre in Stevenage. We have a real opportunity and we must take it.

4.13 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones):** It is an absolute pleasure to serve under your chairmanship, Sir Edward. I congratulate my hon. Friend the Member for Stevenage (Stephen McPartland) on securing what has been an interesting and informative debate. It has been important to hear his views and how he wants the future of Stevenage to be shaped. It is also good to hear what a passionate and strong voice he is for his constituents.

This debate also gives me an important opportunity to set out the Government's vision for the future of parking and town centres. Personally, I am passionate about town centres and the role that parking has to play. Town centres are important for our communities and local economies. However, the huge structural shift in retailing, with the rise of online shopping and out-of-town retailing, which my hon. Friend referred to, means that we are at a critical moment for our town centres. I am absolutely dedicated to giving local authorities, local enterprise partnerships and local communities access to the tools they need to transform their local areas and bring their town centres into the 21st century.

High streets and town centres have the potential to aid job creation and nurture small businesses, and parking plays a major role in providing the gateway to them. To date, the Government have taken significant action to support town centres and drive growth. Since 2010, we have helped to create more than 360 town teams and given over £18 million to a number of different towns. That is on top of a range of other steps, including supporting the phenomenally successful Great British High Street awards, which my hon. Friend alluded to, and the Love Your Local Market campaign. We have also introduced a package of important financial reliefs for small businesses, such as the £1.4 billion package of support for small businesses, which ended this year. In addition, we are bringing forward a significant £6.7 billion

package of business rate relief, which will start next April and which will benefit many businesses on our high streets and in our town centres.

The best retailers, the best high streets and the best town centres are already adapting to change. They are becoming places where people go for a day or night out, to do some shopping—but also to have something to eat or go to the cinema—and to enjoy their leisure time. Achieving such adaptation is not always easy in many places, as I am sure hon. Members will know. The Government are absolutely committed to helping communities to adapt, but we cannot and should not bail out or prop up ailing businesses. We believe that plans and ideas for town centres must come from local areas themselves. It is for councils, businesses and communities in local areas, with the input of excellent Members of Parliament, to decide what they want high streets and town centres to look like and what they want their vision for the future to be.

The Government must support local people, building skills and spreading best practice, while doing everything we can at a national level to support high street growth. The Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Brigg and Goole (Andrew Percy)—who has taken on the role of Minister with responsibility for high streets—is taking forward a strand of work through the Future High Streets Forum. He is working with many people from the industry on how the Government can make it easier for local areas, facilitating them in bringing our high streets up to the standard expected in the 21st century, and how a high street or town centre can be restructured to reflect that.

Let me now turn to car parking. This Government have introduced reforms to make car parking easier, allowing high streets to adapt to the needs of their communities. The previous Conservative-led coalition Government introduced reforms to make it mandatory for local authorities to give 10-minute grace periods for all on-street parking bays and all off-street car parks. This gives town centre customers greater flexibility and allows them to complete their business in the town centre without having to worry about whether they are running over their parking time by a few minutes.

The Government have also been concerned about how councils have used CCTV camera cars, which were being used purely as revenue-generating tools. That is why, in addition to grace periods, we banned local authorities from sending car parking tickets through the post. That means that individuals have a degree of certainty, because if they get a ticket now, they know that it will be there when they get back to their car. They will not receive it through the post a number of weeks later, when they may not recall that particular journey, but can instead corroborate the information given by a parking ticket.

I can tell my hon. Friend the Member for Stevenage that we are now looking at further reforms to the local government transparency code, which picks up on his point about how car parking revenue is used. Following the recent consultation, we intend to amend the code so that motorists can see at first hand a complete breakdown of the parking charges their councils impose and how much money the charges raise. Since 2014, councils have been required to be more transparent about how much money they raise through parking charges and

penalties. Our proposals therefore go even further, enabling drivers to see far more information about the levels of fines imposed, how many were paid and how many were cancelled.

Let me take this opportunity to commend the private Member's Bill introduced by my hon. Friend the Member for Bosworth (David Tredinnick). The Parking Places (Variation of Charges) Bill offers an excellent opportunity for a small but sensible reform to local authority car parks. The Bill would give the Government powers to scrap the bureaucratic requirements on local authorities if they wish to lower their car parking charges. That is extremely important, because it offers a real opportunity for councils to be at the forefront, supporting their high streets. For example, they can respond to the opportunity of a town centre festival or event by quickly and flexibly reducing car parking charges. Where areas can do that for specific events, it makes a huge difference. It often attracts a lot of people into the town centre who may live in the area but who do not necessarily visit that town. They can get a feel for the town centre, and often it reminds them what is there and what they can do while they visit. That is extremely important. It would certainly make it easier for Stevenage Borough Council to implement the policy that my hon. Friend the Member for Stevenage sensibly advocates.

The Bill would also provide for a consultation requirement if councils wished to increase the charges. Councils often get to the budget-setting process in the year and decide that they want to fill a hole in the revenue budget. Car parking charges are often seen as an easy fix. It is important for councils to have to engage with their local populations and consult to ensure that they are doing the right thing in taking that approach. Charging levels are often a significant concern to town centre businesses, and we think it is fit and proper that councils listen to those businesses before they set their charges. The Bill is on Second Reading on Friday, and I look forward to colleagues in the House supporting it wholeheartedly.

Turning to other matters, I note that my hon. Friend has been an active supporter and campaigner for three hours of free parking in Stevenage. I take this opportunity to say that I fully support his campaign. Many areas across the country have taken that approach, and it has made a significant and positive difference to the number of people coming into those areas. For example, North Lincolnshire Council has taken the commendable step of offering free parking to visitors to Brigg, Ashby and Scunthorpe to encourage more use of those town centres. The scheme offers one free ticket a day for each vehicle per visit, per site. In Northumberland, the council offers a disk-based scheme. It is good to see my hon. Friend from Northumberland, the Member for Berwick-upon-Tweed (Mrs Trevelyan). She will know that that scheme allows motorists to park at a range of towns across Northumberland.

I encourage other councils to take up that good practice. Where councils do not think about parking charges, it has negative consequences. In my constituency, Labour-controlled Nuneaton and Bedworth Borough Council regrettably took the step of increasing car parking charges in April, and it has already found that that has reduced the car park income to the council by £200,000. That shows what a negative approach that is and the damaging effect that putting up car parking charges can have on a town centre.

[Mr Marcus Jones]

In conclusion, the Government are committed to helping our high streets to adapt to the changing needs of communities and making them fit for the 21st century, but we need to be clear that there is no one-size-fits-all solution. Every town is different, but parking has a key role to play in encouraging people to use our town centres. Everyone needs to play their part, with local economic partnerships, local authorities, businesses, communities and local Members of Parliament coming together. It was good to hear my hon. Friend the Member for Stevenage make that wide offer to his local area—to say, “Let’s work together to make things happen in Stevenage.” That is absolutely right. Local areas must come together to work on behalf of local businesses, bring local people into our town centres and deliver a package that they can be proud of. As we are seeing, many people are indeed proud of their town centres, because across the country more than 400,000 people have voted for their favourite high street in our Great British high street competition.

*Question put and agreed to.*

## Transport: North-east

4.26 pm

**Bridget Phillipson** (Houghton and Sunderland South) (Lab): I beg to move,

That this House has considered transport in the North East.

It is a pleasure to serve under your chairmanship, Sir Edward. I am grateful for the opportunity to hold this debate on such an important issue for many of my constituents. This is by no means the first time that I have spoken in this House about transport in the north-east, and I start by reiterating what I said on those occasions about the region’s huge economic potential. Nissan’s recent decision to build two new models at its Sunderland plant was a resounding vote of confidence in the workforce and in the north-east economy and a demonstration of what can be achieved when Government and business work together to maximise what the region has to offer.

As the only English region consistently to maintain a balance of trade surplus over the past decade, the north-east is clearly doing something right in developing export opportunities by land, air and sea. One of the most effective ways that Government can help to support those efforts and drive economic growth is through greater investment in transport infrastructure. After all, a 2014 research paper commissioned by the Department for Transport described transport as an

“essential input to income generation”

that has

“positive impacts on a wide range of economic variables including city size and employment.”

Creating better transport connections between the north’s economic centres is also meant to be one of the central planks of the Government’s so-called northern powerhouse scheme. Despite the soaring rhetoric of the northern powerhouse initiative, the level of public spending allocated to the north-east remains very low compared with almost every other region in the country. Government figures show that expenditure has declined by almost 20% over the decade, with the result that the north-east accounted for only 2.8% of overall UK spend on transport last year.

Although other northern regions have also suffered from a decline in central funding in recent years, the amount spent on transport in the north-east last year was by far the lowest of the English regions, and second only to Northern Ireland across the UK. The difference between the north-east and London is especially stark. At £300 a head of population, expenditure in the north-east is far below the London spend of £1,900 a head. Some £573 million was spent across the whole north-east on transport last year, but £27 billion to £32 billion has been earmarked for Crossrail 2 alone.

Given the substantial levels of public investment in transport in the capital, it is hardly a surprise that one in 10 Londoners do not own a car. Few realise that the north-east has the second lowest rate of car ownership in the country after London, with one in three people entirely reliant on public transport to get around.

**Mr Iain Wright** (Hartlepool) (Lab): I am grateful to my hon. Friend for securing this debate. I know she is a passionate champion of bus services. Does she realise that bus passenger numbers have fallen by 57.7% in the

north-east since deregulation in the 1980s—the highest of any region? Does she think that is a sign of success, or is it actually a recognition of the failure to have a co-ordinated transport policy?

**Bridget Phillipson:** I feel that deregulation has been an unmitigated disaster for regions such as the north-east, where we have had a knock-on effect on fares, falling bus patronage and local communities often entirely cut off from bus services. I know that my hon. Friend faces similar problems in his community in Hartlepool to those I face in mine.

On that point, the people in my constituency are entirely dependent on bus services. There is no other option. It is therefore imperative that the comparatively small amount of money allocated to the north-east for transport is spent on ensuring that local public transport services meet the needs of local people and businesses. Unfortunately, expenditure on local public transport in the north-east has dropped by more than 45% over the last five years, which is by far the biggest decrease in spending on any mode of transport in the region.

I want to take the opportunity to again raise with the Minister my long-standing concerns about the state of north-east local bus services. Over the past six years, thousands of local people have contacted me to express their deep dissatisfaction about the cost of fares and the level of service being provided by private bus companies. That is why I vocally supported efforts by Nexus and the North East combined authority to use existing legislation to reregulate local bus services, through the introduction of a London-style quality contract scheme in Tyne and Wear. It would have integrated fares and routes and ensured that taxpayer subsidies were used to improve services instead of to increase operating profits. I was therefore sorely disappointed with the quality contract scheme board decision a year ago to reject the proposals, even though it acknowledged that the scheme would offer local people a transport system unrivalled outside London. I still find it incredible that the board believed operators should be compensated for the future loss of potential profits. The people of the north-east should not have to compensate bus operators for what is taken for granted in London.

One year on, north-east passengers are no closer to getting the bus service they deserve. Nexus was clear during the QCS process that if the scheme was not implemented, bus cuts were inevitable, fares would increase and ridership would go down. That scenario is playing out. Annual bus statistics show that bus patronage has decreased by 2.7% again in Tyne and Wear and given the frequency with which operators chop and change services and raise fares, that is hardly a surprise. While north-east bus passengers continue to suffer from the absence of a fully integrated network, bus operators in the region continue to make large profits. In fact, in some cases the profits made by commercial bus operators are even being used to prop up loss-making rail franchises, as David Brown, chief executive officer of the Go-Ahead Group recently admitted. We cannot go on like this.

The QCS board decision last November may have blocked efforts to introduce franchising schemes under existing legislation, but there was much hope that the Bus Services Bill would give us the power to implement the change we so desperately need. Unfortunately, despite sensible amendments to the Bill in the House of Lords

on bus franchising schemes, the Government seem determined to ensure those powers will only be available automatically to mayoral combined authorities. It seems as if the region will once again be denied the opportunity to improve services for passengers. The current deregulated system has not only failed to prevent a decline in bus patronage—it has exacerbated it. I ask the Minister to think carefully on the amendments and to give the north-east the powers it needs to implement the urgent, radical change needed to arrest and reverse that decline.

Buses are of course not the only means by which people travel across the north-east, although they are the only mode of public transport for many of my constituents, which is one of the main reasons for the poor connectivity between semi-urban and rural constituencies such as mine and the urban centres they surround. If the Government really want to create better transport links between economic centres in the north, they must provide Nexus with the long-term funding necessary for essential infrastructure works to refresh and expand the metro. With 60 stations, around 40 million passenger trips per year and trains running up to 19 hours a day, the metro has been serving the needs of north-east residents for more than 40 years.

**Mr Stephen Hepburn (Jarrow) (Lab):** I am very interested in that point about how busy the Metro is. Is my hon. Friend aware that Network Rail maintains the principal part of the rail tracks that the metro runs on, as well as the rest of the rail tracks in the north-east? Does she agree that we should press the Minister to assure us that Network Rail will not be privatised again, as has been widely reported in the national newspapers? It was brought into public hands because of a poor safety record in the private sector. We need an assurance on that today, bearing in mind how dependent we are in the north-east on the railways and the metro.

**Bridget Phillipson:** I am sure the Minister will want to respond to that point; I am not sure that my hon. Friend will get that assurance, but he has made his point clearly.

The metro, a system that was once the envy of the country, is now in need of major renewal and investment. The metro reinvigoration programme, published by Nexus in July this year, provided a clear strategy for the creation of a joined-up rail and metro network that will make use of the disused former passenger and freight routes that criss-cross the north east, such as the Leamside line. Those plans would provide people in my constituency, as well as those living in Washington, Seaham, west Newcastle, Gateshead, Team valley and elsewhere, with the means to travel much more easily and efficiently across the region.

**Julie Elliott (Sunderland Central) (Lab):** I thank my hon. Friend and neighbour for giving way. Does she agree that the £550 million required to replace the current metro fleet, which would stop the breakdowns and the unreliability that compounds the problem, is absolutely essential for sustaining where we are at the moment, never mind for moving forward to the phase 3 that she is talking about, and that the Government should look seriously at that?

**Bridget Phillipson:** My hon. Friend is absolutely right. The Minister should look carefully at the business case being put forward and make sure it is given full and proper consideration.

[Bridget Phillipson]

The benefits for economic regeneration arising from the expansion and extension of the metro are obvious. One example would be connecting Sunderland city centre to Doxford park via the former Hetton colliery railway. That would provide access to Doxford international business park, which is currently very poorly served by local bus services. Extending metro-style services to Sunderland's biggest business park can only help attract new businesses, investors and skilled staff to the constituency and the wider region.

It is no secret that there have been major issues around the metro's reliability and performance in recent months. If passengers cannot rely on the metro to get them to where they need to be on time, they will stop using it—it is as simple as that. I commend the progress that Nexus has made in carrying out essential renewals over the past six years in the face of budget cuts, but one of the main reasons many people are experiencing regular delays and cancellations on the metro is the deteriorating state of its rolling stock, much of which dates back to the 1970s and has long since passed the end of its design life. That is why I support proposals by Nexus to introduce a new fleet in 2021, which would also make the expansion of metro services much more likely.

I urge the Minister and the Department to make a decision about Government investment for that project as soon as possible so that Nexus can meet the target. The completion of the metro reinvigoration programme is the least that people across the north-east without access to integrated transport links deserve. Will the Minister commit to considering carefully the strong cost-benefit ratio of those proposals and the major economic benefits for the region that they will bring? Can he give an indication as to when we can expect a Government decision? I urge him to make it an early one.

Greater investment in local public transport in the north-east should not come at the cost of much-needed regional and local road improvement projects. The new Wear crossing, which is part of Sunderland City Council's strategic plan to create a continuous dual carriageway between the port of Sunderland, the city centre and the A19, will not only help reduce congestion but bring sustained economic regeneration and transport benefits to the city and the wider region. However, the cancellation of the central route scheme in 2011 in my constituency remains a source of deep disappointment. There are major house building projects under way, but we lack the necessary transport infrastructure. Large numbers of vehicles on local roads are causing major congestion and problems for residents, as well as pushing up the logistical costs of doing business.

The purpose of this debate is not to ask for special treatment for our region. All we ask for is a fair funding deal that reflects the unique needs of the north-east and addresses the inequality in Whitehall's transport spending. Although the transport authority and local councils are doing their best in difficult circumstances, they clearly need more financial help and support from central Government. Big ticket projects such as HS2 demonstrate that significant money is available.

I hope that the Minister will reflect carefully upon the issues that I have addressed and make the case for greater investment in the north-east to the Secretary of

State. Warm words and platitudes will not cut it any longer. If the Government are as serious about rebalancing the UK economy away from London as the Chancellor claimed in today's autumn statement, Ministers need to act now.

4.39 pm

**Mrs Anne-Marie Trevelyan** (Berwick-upon-Tweed) (Con): I thank the hon. Member for Houghton and Sunderland South (Bridget Phillipson) for giving me the opportunity to talk about a different aspect of transport investment in the north-east—that of mostly rural Northumberland.

I thank the Minister for the work that his exceptional team from Highways England is doing. It is rolling out £300 million-worth of investment in the first stages of dualling the remaining part of the A1, which has been untouched by Governments of every colour for many decades. It is very exciting work. I was with the team on Saturday to see the plans for the detailed work that is going on in that rural territory—the farms there have not had a change to their transportation network for so long. I commend the Minister and the team, which is putting a huge amount of work into local communication so it understands how best to create a modern, 21st-century dualled road through Northumberland. It will ensure that livestock can cross that bigger, busier road and that it does not cut through the middle of farms inappropriately. It is exciting to see that activity going on. Doom-mongers in my constituency still say to me, "It'll never happen in my lifetime," so it is exciting to be able to direct them to the maps and show them the farms that will see that investment.

We are doing only about a third of what remains of the last stretch of the A1, which, as its name suggests, should be the first road all the way through to Scotland. As the economic case becomes clearer, we will continue to press for dualling to ensure that people are able to drive from London to Edinburgh, through the constituency of the hon. Member for Berwickshire, Roxburgh and Selkirk (Calum Kerr), on a modern, dualled and, in large part, four-lane motorway—although not in Northumberland.

The hon. Member for Houghton and Sunderland South talked about having an integrated transport system. It is important to understand that we all have to have cars in rural Northumberland because the bus networks are almost invisible, except for those between one or two of the more major towns. That is a real challenge for families, which often need two cars if two members of the family work in different parts of the county or if one commutes to Newcastle or up to Edinburgh.

We want investment in the train network to continue to grow. The train networks in the north-east are pretty much as good as they get. I think all of us who use them weekly are reassured that we get to and from Newcastle and Berwick, and down to London, in a timely fashion, but it is difficult for my constituents. We are trying to develop a better conversation with the Department for Transport about how we can extend the platform at Belford railway station—it is in the middle of my constituency, which is nearly 70 miles long—so trains can stop there. That would open up opportunities for house building in that part of my constituency and help communities to grow. It would also ensure that more

people get on to trains and are not stuck in the commuting networks, clogging up the city centres, which Opposition Members are here to stand up for and defend.

Those are the points that I want to put into the mix. I thank the hon. Lady for giving me the opportunity to talk about the Northumbrian model, which is different from the city models. After so many decades, the Department for Transport must continue to remember that rural Northumberland is a key development opportunity. We have an enterprise zone in Berwick and a growing aeronautical sector in Amble, and we want to ensure that the transport links work so we can continue to grow and invest for the future.

4.43 pm

**Chi Onwurah** (Newcastle upon Tyne Central) (Lab): I apologise for arriving after the start of the speech of my hon. Friend the Member for Houghton and Sunderland South (Bridget Phillipson).

**Sir Edward Leigh (in the Chair)**: Don't worry. We started early.

**Chi Onwurah**: Thank you, Sir Edward.

I congratulate my hon. Friend on securing this debate on a subject that is so important to all our constituencies. Transport in the north-east is a critical part of our infrastructure. My time is short, so I want to make four points about roads, rail, buses and industrial strategy.

The hon. Member for Berwick-upon-Tweed (Mrs Trevelyan) said that everyone has to have a car in rural Northumberland, but I know constituents of hers who do not have one. The bottom line of a transport strategy should be to have a public transport system that enables ordinary working people to go to work, universities and schools without having a car. The fact that a Member of Parliament who represents Northumberland believes that her constituents have to have a car is significant. It is true that the bus services in Northumberland are often very poor—I have experienced them—but I hope the Minister will commit to delivering transport infrastructure in the north-east that enables my constituents to go about their normal work and leisure business without having a car.

I listened closely to today's autumn statement, and I did not hear the looked-for and somewhat trailed investment in transport infrastructure. My understanding is that the dualling of the A69 has been replaced by dualling of the A66. If that proves to be the case, I would like the Minister to explain why we cannot have the investment across the north that we need to ensure we have proper transport links, and why investment in our road infrastructure is piecemeal and on such a limited scale.

**Mr Iain Wright**: On the subject of transport capital investment and today's autumn statement, if the Government are keen on rebalancing the economy so that it works for everyone, why is the Cambridge-Milton Keynes-Oxford growth corridor worthy of a designated budget line in the autumn statement when there is nothing in there for the north-east?

**Chi Onwurah**: I thank my hon. Friend, the Chair of the Business, Energy and Industrial Strategy Committee, for making such an important point, which I will come

on to properly later. I agree wholeheartedly with the implication of his comments. The economic contribution of effective transport infrastructure for the north-east is not recognised in the same way as it is recognised in London and other areas of the south. That absolutely has to change if we are to have any hope of rebalancing our economy and making it more resilient and distributive across the country.

**Mary Glendon** (North Tyneside) (Lab): My hon. Friend set out what she will speak about, but airport passenger duty is also important to the economics of the north-east. Our airports play an equally valid and massive role in helping our economy. We heard nothing today about what will happen with regard to Scotland, but it will be detrimental to our north-east airport if the Scottish Government reduce APD.

**Chi Onwurah**: Given the interest in and strategic importance of transport, I will focus on the issues I set out, but my hon. Friend makes a critically important point. Newcastle airport is a vital part of our economic infrastructure. Naturally, it competes with airports in Scotland. The lack of a decision today—I am not sure whether it has been kicked into the long grass or into orbit—is detrimental to economic certainty at a time of great uncertainty for many other aspects of our economic future.

Let me talk briefly about rail and the metro. I was nine or 10 when the metro came into being. It was a fantastic, highly advanced network that was ahead of its time—I think it was the first network in Europe or the world to be accessible to disabled people—but 40 years later we are using exactly the same rolling stock. Is that believable? Hitachi recently told me that it can deliver trains that would provide what we have been talking about—an extended light rail and metro service across a greater part of Tyne and Wear and the north-east. I hope the Minister will commit to that investment, because we need transport infrastructure and a metro without delays to support the kind of economy we want.

Most of Newcastle Central's transport is about buses. We have a number of metro stops, but for most of the west of my constituency and parts of the north it is about buses.

The failure of bus deregulation in Tyne and Wear has been so patently obvious for so many decades that it beggars belief that we are still debating it today. Outside my constituency office near Central station in Newcastle two No. 1 buses leave in totally different directions, one going north, one south—they both have the same number, because obviously that puts them at the head of some queue. It is totally incomprehensible to those who have lived in the city for many years, never mind visitors.

As my hon. Friend the Member for Houghton and Sunderland South discussed, we should not still be debating the lack of integrated bus transport in 2016, when we have seen the success of, for example, the Oyster card and the integrated system in London. I really cannot believe that the Minister will stand up to say that Tyne and Wear and my constituents do not deserve some control over a bus system that is so important to them simply because of the lack of a mayor.

Why is this all so important? As my hon. Friends the Members for Hartlepool (Mr Wright) and for Houghton

[Chi Onwurah]

and Sunderland South said, transport is important because it is part of our economic infrastructure and the north-east having critical mass.

**Julie Elliott:** On economic infrastructure, does my hon. Friend agree that given the recent enormous investment in Newcastle Central station, investment in Sunderland station—which is just as large a city—needs to be addressed by Network Rail? The station does not even have a toilet for public use, never mind the rest of the upgrading. Influence from the Government needs to be exerted, because the local authorities and Nexus for the combined authority have put aside a significant amount of money for their part in any investment, but it is up to Network Rail, which is simply not doing anything at the moment. Urgent investment is needed to upgrade the facilities for what is a very large city.

**Chi Onwurah:** I thank my hon. Friend for her intervention, which gives me the opportunity to support investment in Sunderland's infrastructure—[*Interruption.*] I know I am going into controversial territory, but I shall plough ahead regardless. As she mentioned, investment has gone into Newcastle Central station and, although the work was painful and disruptive, we now have a fantastic gateway to the city, as well as much improved facilities. Sunderland was equally part of the great industrial revolution and the investment in and birth of the railways. For its history, as well as for its present and future economy, it merits the facilities of a great industrial and manufacturing city.

All this is so important because, as a region, we need critical mass if we are to compete effectively nationally and internationally. We need people to be able to travel to work in less time, so that we can benefit across the region from skills in Sunderland, Newcastle or Durham. We are a distributed region, with a relatively low population by comparison with other regions around the country, so an integrated and effective transport system is even more necessary for us. The talents of everyone and all our businesses and working people could then be shared throughout the region. If the Minister cannot commit to the sort of investment that we have outlined, all the talk—of a northern powerhouse spreading beyond Manchester, of rebalancing the economy to support the regions and of delivering some type of certainty post-Brexit to enable business investment in our region—will be as nothing against the lack of any action.

4.54 pm

**Mr Kevan Jones** (North Durham) (Lab): It is a pleasure to serve under your chairmanship, Sir Edward, and I congratulate my hon. Friend the Member for Houghton and Sunderland South (Bridget Phillipson) on securing the debate.

My constituency, like that of the hon. Member for Berwick-upon-Tweed (Mrs Trevelyan), is rural, although it is not quite as large as hers. She made an interesting point, because in parts of my constituency, too, without access to a car people cannot even get to the public transport system. Many of my constituents travel out of North Durham—as hers do from her constituency—to work in Teesside, Tyneside or Wearside. The important

thing, therefore, is to have good transport links to those jobs that exist along the A1 corridor and in areas in the north-east.

Is the answer a metro for my constituency? No, it is not. My hon. Friend the Member for Houghton and Sunderland South talked about quality contracts, but she knows that I disagree with her about that. A quality contract would have done nothing for North Durham or, I hasten to add, for the constituency of the hon. Member for Berwick-upon-Tweed, because the Tyne and Wear councils would have got control over buses in my constituency. What saddens me a little is that the councils of the north-east, having lost that case—anyone who looked at the finances knew it was going to be lost, right from the beginning—seemed then to park the issue.

My hon. Friend the Member for Newcastle upon Tyne Central (Chi Onwurah) spoke about Oyster cards and smart ticketing. It is vital that the combined authority and the councils sit down with the bus operators to consider how to introduce things such as shared ticketing and Oyster-style arrangements. Bus companies tell me that they are willing to speak about the situation but that they are not getting a great deal of traction from councils.

We will do the travelling public of the north-east a great disservice if we simply wait for the national Government to come up with something or think that some future regulation will be the answer. The combined purchasing power of north-east councils is strong, given what they put into security services, for example. Leadership is needed, rather than thinking that in future we will somehow get a quality contract mark 2, as though that were the only game in town. I do not think it is.

There are opportunities to make a real difference, such as being able to change tickets between different operators, a smart-ticketing process like an Oyster card, or some agreement on children and young people's fares, which I know that the bus companies are prepared to look at. Is that partly down to the Government? Yes, but some things are in our hands, and combined authorities and council leaders could act. I press them to start negotiations now to see what can be done, at least in the short term.

We have no large employers in my constituency, which is a former coal-mining area, and many people move out to work around the region. The other main network for my constituents, apart from the buses, is the railway and Chester-le-Street station. It is 10 minutes from that station to Central station in Newcastle. However, trying to get any investment, not only in upgrading the station but by ensuring that the operators stop more regularly and at times when people actually want to travel, is very difficult.

That could be dealt with straightaway by ensuring more stopping services and hourly services not only during the day—that is what we have at times; at other times they are half hourly—but at peak times, to ensure that we have regular stopping services at Chester-le-Street. That would avoid many people having to use their cars to travel into Tyneside, as they do at the moment.

Increasingly, my constituents complain about the poor service that they get from the operators, whether that involves trains being late, trains not turning up or, when they do turn up, trains being frequently very

overcrowded. People sometimes do not even have the opportunity to stand for 10 minutes, because there is not enough room for them to get on at the station in Chester-le-Street in order to go to Newcastle Central.

I ask the Minister to look at the situation. The formidable Alex Nelson, the stationmaster at Chester-le-Street, always argues very strongly when it comes to refranchising for more trains to stop, but there seems to be a blind spot on the part of the operators and the people who draw up the timetables. My hon. Friend the Member for Newcastle upon Tyne Central talked about extending the metro, but I am sorry; I do not think that is the answer, certainly in parts of my constituency and in Berwick and other places. We need investment in rail—whether it be the Blyth-to-Tyneside route, the Leamside line or others—to increase capacity on the east coast main line, but I fear that over the next 20 to 30 years, most of the money will be sucked into the vanity project that is High Speed 2 and High Speed 3.

Some people in the region, including the chamber of commerce, try to lecture us about how important that project is to the north-east, but I do not think it is. It will be a drain on investment—investment that could go into rail projects in the north-east. It is not even a matter of jam tomorrow; it is a matter of the ingredients and possibly the recipe for creating jam. It will have a detrimental effect on some of the small changes that could be made to the north-east rail network that would make a huge difference to connectivity. The one thing that always gets me is how long it takes to travel from Tyneside to Teesside on a track that with some investment could be radically improved. I do not see that happening in the next few years, because, like I say, most of the rail investment in this country will be sucked into HS2 and HS3, which will not benefit my constituents or many other north-east constituents.

We need to put forward doable plans, but we should not think that everything is in the hands of central Government. On buses, there are certainly things that could be done now. The answer to getting people in the north-east out of their cars and on to public transport is not necessarily just to upgrade more roads. The hon. Member for Berwick-upon-Tweed has campaigned for many years for the dualling of the A1, but that will not directly improve connectivity in the north-east or the region's economy. Although that would be a good feather in her cap, it is certainly not a priority when it comes to the sea change in connectivity that we need to ensure happens in what, as my hon. Friend the Member for Newcastle upon Tyne Central said, is quite a small region. People in the north-east increasingly do not live near their jobs but have to travel around the region, and it is difficult for people without direct access to public transport to get to those jobs.

**Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): I am on the other side of the argument. Re-regulation of buses is acutely needed, particularly in my constituency and especially in the rural parts of east Cleveland. My main concern is the growth in the use of taxis. I am not at all against hire cabs, but there is encroaching monopolisation in the industry. An aspect of transport that is not talked about is the ever-increasing employment of people in the industry, which is highly unregulated and does not best serve my constituents. One Middlesbrough company with a dubious background is encroaching into Redcar and Cleveland. My main

concern is that the lack of regulation of rail and particularly local buses, where that problem is acute, is causing ever-growing demand for taxi services, particularly among disabled users.

**Mr Jones:** I hear what my hon. Friend says, but the quality contract was put up as the only game in town for the north-east bus network. I am sorry, but it never was. Proper regulation is important, but the way that it was done meant that it never stacked up financially. It would have meant that my constituency was more poorly served; for example, Durham taxpayers would have subsidised the Tyne and Wear metro system.

I hear what my hon. Friend says about taxis. I have scars on my back from my time in charge of taxi licensing at Newcastle City Council. May I give him some advice? If the political will is there, the regulation is there to be used; it is a matter of how it is used locally. I accept that that is not easy, because taxi drivers are a vocal section of the local electorate, but we made some major changes when I was in charge of taxi licensing in Newcastle. The regulations are there; it is a matter of how they are used.

Was there anything for the north-east in today's autumn statement? No, there was not. There is a reason for that: the only bits of the north-east that were ever going to get anything under this Government or the previous Government were those with Conservative Members of Parliament. It is not surprising, for example, that money has gone into the A66 and the A1. Those Governments have made pork barrel politics a new art form. It is sad that people in the north-east are being penalised by the Government and denied any major structural investment just because they do not vote Conservative.

5.5 pm

**Calum Kerr** (Berwickshire, Roxburgh and Selkirk) (SNP): On that bombshell—be careful not to encourage them to do so. It is a pleasure to serve under your chairmanship again, Sir Edward. You have obviously been a naughty boy; you have been sent here many times recently, by the looks of it. [*Interruption.*] We can see the connotations the Tories take from the phrase “naughty boy”—I don't know.

I congratulate the hon. Member for Houghton and Sunderland South (Bridget Phillipson) on securing this debate and her colleagues from the north-east on turning up in numbers to support her. They are clearly all concerned and passionate about the issue, and she gave an excellent introduction, which is so important in Westminster Hall debates. Her plea for the north-east to be given the powers that it requires to meet the challenges that she articulated so well cannot have failed to be heard.

The hon. Member for Berwick-upon-Tweed (Mrs Trevelyan) also did well. I see that she now has a friend from the other side of the country, the hon. Member for Carlisle (John Stevenson), so she does not feel quite so isolated. She tried hard and succeeded in making a contribution that was positive about what has been done and at the same time pleaded for much more. I can tell hon. Members that she clearly backs the dualling of the A1, because she gave me a sticker and encouraged me to put it on my car.

[Calum Kerr]

The hon. Member for Newcastle upon Tyne Central (Chi Onwurah) makes an excellent contribution to any debate, although I will now be concerned every time I see a No. 1 bus—is it the correct one? Going by his detailed contribution, the hon. Member for North Durham (Mr Jones) is quite clearly an expert on buses. He sparked some interesting thought processes about HS2, and I will deal briefly with the challenge of what exactly to spend our money on.

I am struck that the imbalances between Scotland and England that my party is somewhat guilty of always complaining about also apply very much to the regions of England. Those imbalances, and in particular the London effect, make me question why new infrastructure such as HS2 needed to start in London and could not have started in—

**Tom Blenkinsop:** Will the hon. Gentleman give way?

**Calum Kerr:** Happily, yes.

**Tom Blenkinsop:** As a result of the Chancellor's announcement today, Scotland will apparently receive an extra £800 million. Does the hon. Gentleman agree that authorities in the north-east should be included in the Barnett formula and get an equivalent sum, which we could use for transport funding?

**Calum Kerr:** I thank the hon. Gentleman for his contribution. I have not given any thought to how money should be allocated. I do not like the phraseology that he uses, but he certainly puts forward an interesting idea. How do we rebalance the economy across England and across the UK? Devolution of power, including spending power, is an important aspect that needs to be considered. As I was saying, if HS2 is indeed so important, why could it not have started in the north of the country? Why could it not be part of redressing the balance between north and south instead of being done in a kind of hub-and-spoke way that reinforces the idea that it is all about London?

I was told that this room would be full of northerners. I do not know whether this makes any difference, but they are all southerners to me. That probably feels like an insult; I assure them that I do not intend it as one. Let me make a couple of points. First, why I am here to sum up, apart from the fact that the third party is asked to sum up in all debates? The reason is, despite being the spokesperson on the Department for Environment, Food and Rural Affairs and on digital, I am from across the border. Interesting interventions were made about how we in the south of Scotland work with the north of England. The more we can collaborate and work together, have a collective voice and look at ways in which we can become more connected, the more we can collectively redress the pull of the south to which I referred.

I will touch on an example that may appeal to the hon. Member for North Durham, which is to reference the longest piece of domestic railway to be constructed in Britain for more than 100 years: the Borders railway from Edinburgh down to Galashiels. It cost £353 million, it was delivered on time and on budget and it is smashing all predictions on passenger numbers. It was predicted to carry 650,000 passengers a year and the figure is now well beyond a million—it hit those passenger targets

within six months. I give that as an example not necessarily of an alternative to high-speed rail but of the kind of projects we should consider.

**Mr Kevan Jones:** That is a good example of the sort of project that could deliver for the north-east, not to compete with high-speed rail but to bring rail back to communities in rural Northumberland and parts of County Durham, which would be beneficial to local people.

**Calum Kerr:** I 100% agree. With the fixation on high-speed rail, as the hon. Gentleman rightly said, the danger is that that sucks up too much money and prevents other projects that could deliver greater economic benefit while attacking some of the geographic challenges that hon. Members have mentioned. The Chancellor in his autumn statement today was keen not to mention too many individual projects. Bizarrely, he decided to talk about one country house refurbishment, although it seemed to me that that was more about scoring a narrow political point against the Labour party than anything else, but such is life.

I appreciate that I am going somewhat off-piste, so if the Minister wishes to bat this back to me I will understand, but is there any mention in the autumn statement or elsewhere on what the Government's position is on extending the Borders railway through to the constituency of the hon. Member for Carlisle? The Scottish Government have a multi-modal study looking at transport across the Scottish borders and a key ingredient in that is extending the Border railway service from Galashiels to Hawick and through to Newcastleton and Carlisle, which would create an extra link. That is the kind of project that we should be looking at. That is not necessarily to the exclusion of high-speed rail, but I know which project I would pick if I had to pick between the two. If the Minister could give me any kind of response on that, I would be grateful.

My final point is on pathways. The east coast main line remains an important line for us. The Scottish Government are committed to new stations at East Linton and Reston and a new service with new trains. My concern is that sometimes again we fixate on services to London—Edinburgh to London—which exclude local services, and that means that main lines become less viable. At the moment we are looking at a two-hour service, and once things are made irregular their viability and usefulness diminishes. The Government have a key role to play too in looking at all pathways and the balance between national services serving major cities and local services. I close by congratulating the hon. Member for Houghton and Sunderland South again on securing the debate.

5.14 pm

**Daniel Zeichner (Cambridge) (Lab):** It is a pleasure to serve under your chairmanship, Sir Edward. I congratulate my hon. Friend the Member for Houghton and Sunderland South (Bridget Phillipson) on securing the debate on an important subject for her and her constituents. We have had many good contributions from my hon. Friends, with substantial speeches from my hon. Friends the Members for Newcastle upon Tyne Central (Chi Onwurah) and for North Durham (Mr Jones) and a good speech from the hon. Member for Berwick-upon-Tweed (Mrs Trevelyan). We had good interventions

from my hon. Friends the Members for Jarrow (Mr Hepburn), for Hartlepool (Mr Wright), for Sunderland Central (Julie Elliott), for North Tyneside (Mary Glendon) and for Middlesbrough South and East Cleveland (Tom Blenkinsop). Given the lack of time, I will try to be as brief as possible.

As others have pointed out, transport in the north-east has suffered from consistent underfunding from the Government. Figures from the Department for Transport show that since 2010 the north-east has received the lowest level of public spending on transport compared with any other region in England. As a consequence of that underfunding, bus patronage in the north-east has declined faster since 1986 than in any other region. It has fallen by more than a half, and is now about 50% lower than before deregulation, declining from 426 million bus passenger journeys in 1985 to just 180 million last year. That deregulation, far from increasing competition and improving services for consumers as the Conservative Government at the time promised, has created damaging bus market monopolies. In fact, recent statistics published by the Department show that in Tyne and Wear just two operators—Stagecoach and Go North East—accounted for 87% of market share. Arriva had a market share of more than 97% in Darlington and more than 91% in Redcar and Cleveland, while Stagecoach has 91% in Hartlepool. Monopolies mean that passengers lack alternatives and have to put up with fares rising faster than wages, while we also see allegedly unprofitable routes consistently being axed.

It does not have to be like that. While in Government, Labour introduced legislation to enable local authorities to re-regulate the bus market in their areas. The Transport Act 2000 introduced quality contract schemes and in 2008 there was an attempt to simplify that process, although it is fair to say that we all now recognise that that legislation was overcomplicated.

As we have heard, the North East combined authority came closest to implementing a quality contract scheme, but that fell at the last hurdle just over a year ago. One of my first trips as a member of the shadow Transport team was to Newcastle to meet key members of that team. I pay tribute in particular to Toby Hughes, the managing director of Nexus, and the team who tried so hard, and I remember their account of why they did. They gave an account of a local travel system that had been integrated, as hon. Members have explained, and that was one of the most effective public transport systems in the country—it is still fondly remembered—with the metro opening in 1980, providing a seamless integrated link, and one ticket taking people across the city on bus, metro or ferry. Of course, back then we had passengers and citizens, not customers and commodities.

Despite that, the metro is still the busiest light-rail system outside London and the backbone of the transport system, with the public authority specifying fares and frequencies, as we would like to see for buses. However, as we have heard from my hon. Friend the Member for Newcastle upon Tyne Central, it certainly needs overhauling. We will support Nexus in that process. It is extraordinary that if a passenger crosses the river and boards a bus, they now need to buy another ticket. Unsurprisingly, the result of all that fragmentation is that despite support from the local authorities—dipping into reserves to try to help—bus patronage is still falling, and the familiar cycle of declining services and cuts to services locks in future decline. The system simply is not working.

That is why we strongly supported Toby and his team in their Herculean effort, and we were deeply disappointed by the rejection of their proposal by the board. In fact, we were astonished by the board's implication that bus operators ought to be compensated by local authorities for financial losses they might incur. We were more than astonished by some of the comments from some of the bus companies.

We hope that the situation is calmer now, and it was a welcome surprise when the Government followed Labour's lead, recognised the shortcomings of the current arrangements and introduced the Bus Services Bill, which has its Third Reading in the other place today. The Opposition want a constructive relationship with all bus operators, large and small. However, we worry that there is a danger that the Bill will have insufficient impact in the north-east because of the linkage to the demand for a combined authority and a mayor. Of course, discussions are going on in that part of the world, but it appears that with a devolution deal "off the table"—in the Government's words—local people are to be denied the services they should be entitled to. We worry about the future of bus services, but there is a solution and we hope that the Minister will give some thought to making sure that it is available to those people.

I will turn briefly to roads and finally to rail, where we also feel the Government are also in danger of breaking their commitments. We recognise how important the "laddering" is—the road connectivity between the parallel north-south highways of the A1 and A19—by way of improvements to the east-west A66, and of course the A19 Tees viaduct is currently a key constraint on the strategic road network.

On rail, the Minister said last week that improving northern transport infrastructure is vital to the success of what the Government have termed the northern powerhouse, and that the Government are committing £13 billion to transport improvements in this Parliament. However, it was promised in 2012 that projects that would benefit the north-east would be delivered between 2014 and 2019, such as maximising the value of the north trans-Pennine electrification through capacity enhancement at Huddersfield station. Much of that has now been delayed until after 2020. There were also hopes for improvements to transform Sunderland, as we heard from my hon. Friend the Member for Sunderland Central, and to improve capacity at Newcastle.

To conclude, the recent history of transport in the north-east has been less than inspiring. It is a story of hard-pressed local authorities doing their best for their communities, but in our view they are too often thwarted by rules imposed upon them from the outside. I very much hope that the Minister will confirm today that the Government will give the North East combined authority the power needed to plan its own bus network and regulate bus services, the support needed to continue to improve transport for everyday passengers and the freedom to unleash the full potential of the north-east of the country.

5.20 pm

**The Parliamentary Under-Secretary of State for Transport (Andrew Jones):** May I congratulate the hon. Member for Houghton and Sunderland South (Bridget Phillipson)

[Andrew Jones]

on securing the debate? It has been quite clear from the remarks by hon. Members across the House just how important transport infrastructure and investment is to them and to all their constituents. I entirely buy the case that has been made that it supports growth and business and helps people to get to work, to shops and to services.

We do not have too long left in the debate, so I will scamper through as much as I can, and I will potentially have to follow some of it up afterwards.

**John Stevenson** (Carlisle) (Con): Will the Minister give way?

**Andrew Jones:** My hon. Friend has a brilliant sense of irony. Yes, I will.

**John Stevenson:** I appreciate the Minister giving way. I apologise for my late arrival, Sir Edward, which was in part due to the machinations of the Scottish Affairs Committee.

**Sir Edward Leigh (in the Chair):** Keep it to the north-east, please.

**John Stevenson:** I appreciate that the debate is very much about the north-east and the transport there, but connectivity between regions and cities is vital. We have heard good news about the A66. Will there be good news about the A69?

**Andrew Jones:** That was very good timing, from a comedy perspective. I will talk about roads if I get a moment a little bit later.

We are very keen to continue the work on rebalancing the economy. The northern powerhouse is a significant part of Government thinking and has driven much investment over the past few years. We have created Transport for the North, which is a key part of the concept of the northern powerhouse—it is about taking control of one's destiny. Transport for the North is driving forward transport plans and will support economic growth across the whole of the north. There will be a £13 billion set of investments in Yorkshire and the Humber, the north-west and the north-east during the course of this Parliament alone.

**Mr Kevan Jones:** Does Transport for the North's remit actually go any further than the corridor that Minister referred to? I have certainly not seen a great deal of impact or any ideas for the rest of the north, which, if the Minister looks at a map, goes a bit further north than Leeds.

**Andrew Jones:** Transport for the North's remit is the north: it is north-east, Yorkshire and the Humber and the north-west. That point needs to be made to it and I will happily make it.

Let me get back to the world of buses. I, too, am a passionate supporter of buses. I know that Nexus and the North East combined authority have been working hard to improve local transport in the north-east, and I applaud their work. The Pop card has been a great success and allows for a seamless, inter-modal shift between bus services, the metro and the Shields ferry. However, we have to go much further.

The hon. Member for Houghton and Sunderland South highlighted her disappointment that the traffic commissioner rejected the bid from NECA for the quality contract scheme. It is because of the desire for local areas to have more influence on the provision of their bus services that we have developed the Bus Services Bill. When drafting the Bill, we had clear objectives in mind: to increase bus passenger numbers and improve services. The Bill will have a range of tools to enable that, including new and enhanced partnership arrangements—although that might not be appropriate in all areas—and the provision for local authorities to have franchising powers. Franchising will enable authorities to specify the services that passengers want and to deliver an integrated network.

Our intention is that mayoral combined authorities will have automatic access, with other areas having access if granted with the Secretary of State's consent. However, we are neutral about the methods that are chosen on a local basis. I do not mind what local authorities choose to do, as long as they achieve their objective, which is to put more passengers on the seats of buses.

The metro is clearly a fantastic asset for Tyne and Wear. I remember its arrival—the home where I was brought up is just to the south of there—and it was fantastic. That is why we are supporting it with a £317 million capital grant to reinvigorate the system and ensure that it continues to provide an efficient public transport system. We are also supporting the day-to-day operational costs of the system with a revenue grant of £203 million.

We have talked a bit in the debate about the business case. Nexus is working up a business case for further investment in the metro system up until 2030. Hon. Members asked whether the Department was open to that. My Department is actually working with Nexus to develop that business case, so yes, we are extremely open to it. I cannot give an indication of the timing of when that will be decided upon; we have to receive the case first. I am also aware that NECA has looked at a wide range of options for extensions, some of which would directly benefit the constituency of the hon. Member for Houghton and Sunderland South. I also very much like the idea of Hitachi providing the metro's new rolling stock. "From the north-east, for the north-east" is a very attractive message.

Rail has been mentioned, so I should highlight the fact that Network Rail will be spending £40 billion between 2014 and 2019, in addition to the High Speed 2 investments. The key benefits that we will see locally will be in the new franchises: Northern and TransPennine Express. By 2019 we will see brand new TPE trains in service, two new TPE trains an hour between Newcastle and Manchester, an hourly TPE service between Newcastle and Edinburgh and additional services from Sunderland to Middlesbrough and Newcastle.

**Mr Kevan Jones:** I am grateful for that information, but if those services do not stop at Chester-le-Street, they are not actually going to improve things for my constituents at all.

**Andrew Jones:** Clearly trains have to stop if people are going to get on them. That argument does not seem to me a difficult one, but it is one that has to be built in

to the franchise arrangements. I will happily take that back. The hon. Gentleman also asked about the Ashington, Blyth and Tyne line. The North East local enterprise partnership has asked us to consider a bid for development funding for the reintroduction of passenger services on that line, which seems to me to be very positive.

There has been some caution regarding HS2, which seems to me to be entirely unreasonable. HS2 will free up capacity on our network, inject capacity to allow more services to be provided and deliver benefits of £103 billion to the UK economy, around one third of which we expect to be in the north of England. Some 70% of the jobs that will be supported by HS2 are expected to be outside of London, so HS2 is an important part of our network.

We have not talked much about roads. Not only will we have a motorway running to the north-east for the first time ever, as highlighted by my hon. Friend the Member for Carlisle (John Stevenson), but there are also schemes to the west of Newcastle. With regard to today's announcements, I can confirm that we have done five strategic studies in the Department for Transport as part of the road investment strategy. As part of those, the A66 will be dualled and there will be work on the north-west quadrant of the M60. That is part of the road investment strategy from 2020 to 2025, so the idea that the north-west is getting everything and the north-east is ignored is not true. There was a further announcement, which has not necessarily been picked up yet: that the Tees Valley east-west connections are also being approved to take the business case forward to the next stage. That is effectively a Darlington north-western bypass. That was a further positive announcement today.

My hon. Friend the Member for Berwick-upon-Tweed (Mrs Trevelyan) talked about people being doom-mongers and wondering whether anything would happen in people's lifetimes. I was asked by a colleague whether HS2 would happen in anyone's lifetime and I suggested that, as we

were starting to do the build in the spring, it would be quite a good idea to hang on—we do not want a by-election. I agree entirely on the merits of the borders line. It is one of the most beautiful parts of our United Kingdom, and it is a big success. I will be very happy to see it extended. That sounds like a good idea, but I have not seen anything further on it.

This is my last point. I hope that this quick canter through the various announcements that have been made has highlighted the fact that significant investment is taking place in road and rail. We have seen air capacity increased. We have changes taking place to buses—

**Sir Edward Leigh (in the Chair):** Order. The Minister should please give the hon. Member for Houghton and Sunderland South (Bridget Phillipson) 30 seconds to wind up.

**Andrew Jones:** I heartily support all that is happening and the Government's strong commitment to the north-east.

5.29 pm

**Bridget Phillipson:** I am grateful to the Minister. I look forward to further debates with him on bus services when the legislation returns, and I will hold him to his point about that being open to other areas—I may also be debating that with my hon. Friend the Member for North Durham (Mr Jones). I will also hold the Minister to his point about the business case for the metro. We need progress, and I hope the Department will consider that a matter of priority.

*Question put and agreed to.*

*Resolved,*

That this House has considered transport in the North East.

5.30 pm

*Sitting adjourned.*



# Written Statements

Wednesday 23 November 2016

## TREASURY

### Autumn Statement

#### **The Chancellor of the Exchequer (Mr Philip Hammond):**

Today I have published a draft updated Charter for Budget Responsibility, a copy of which has been deposited in the Libraries of both Houses. Copies are also available in the Vote Office and Printed Paper Office. The draft sets out the new fiscal framework and changes to the operation of the welfare cap.

The draft Charter includes modified guidance to the Office for Budget Responsibility and has been published in line with Section 6(4) of the Budget Responsibility and National Audit Act. This requires that if the Treasury proposes to modify the guidance to the Office for Budget Responsibility included in the Charter, a draft of the modified guidance must be published at least 28 days before the modified Charter is laid before Parliament. The updated Charter will be laid before Parliament, and a debate and vote scheduled, after the Christmas recess.

[HCWS278]

#### **Autumn Statement: Measures with Immediate Effect**

#### **The Financial Secretary to the Treasury (Jane Ellison):**

As part of autumn statement 2016, the Government have announced that the legislation for the following measures will have immediate effect.

#### *Petroleum revenue tax: cutting administration costs for the oil industry*

The Government are introducing legislation to change the returns process for petroleum revenue tax (PRT) in order to reduce administrative burdens for the oil and gas sector. This will allow participators to opt fields out of the PRT regime completely. Operational changes will also simplify the reporting requirements for PRT. The changes will be effective from 23 November 2016 using HM Revenue and Customs' collection and management powers. This will ensure participators can take advantage of the changes as soon as possible.

#### *First year allowances for charge point infrastructure*

The Government are introducing legislation to incentivise investment in ultra-low emissions vehicles (ULEVs). The 100% first-year allowance will allow businesses to deduct charge-point investments from their pre-tax profits in the year of purchase. The relief is designed to encourage the use of electric vehicles by increasing charge-point availability. The changes will take effect from 23 November 2016 to avoid delays to planned investments.

#### *Employee shareholder status*

The Government are introducing legislation to remove the capital gains tax exemption and income tax reliefs associated with shares awarded under employee shareholder status. This is in response to evidence suggesting that the status is primarily being used for tax planning. The legislation will have effect in relation to employee share-holder agreements entered into on or after 1 December 2016 in order to prevent forestalling, while allowing outstanding agreements to be finalised.

Due to the requirement that seven days must pass between an employee receiving independent advice on an offer and becoming an employee shareholder, this will allow any individual who has received advice before 23 November 2016 the opportunity to finalise the outstanding arrangement. The effective date is to be 2 December where advice is received on 23 November prior to 1.30 pm. Existing employee shareholder agreements will not be affected.

Further details on the measures listed above are contained in the draft legislation, explanatory notes and tax information and impact notes published on the gov.uk website.

As part of autumn statement 2016, the Government have announced that the legislation for the following measures will take effect before the introduction of Finance Bill 2017.

#### *Enterprise investment scheme share conversions*

The Government are introducing legislation to amend the qualifying requirements for the enterprise investment scheme and the seed enterprise investment scheme to clarify the application of the rules to share conversion rights. This change will be effective for shares issued on or after 5 December 2016. This is a wholly relieving measure to enable the Government to provide customers with certainty of treatment and enable the processing of a backlog of cases. Further detail on this measure will be contained in the draft legislation, explanatory note and tax information and impact note to be published on the gov.uk website on 5 December 2016.

#### *Hybrids and other mismatches*

The Government are issuing a technical note in relation to legislation that was passed as part of the Finance Act 2016, in order to improve the new hybrid mismatch regime. Following consultation with stakeholders, it was agreed that further technical modifications were required in two areas of the legislation. These were with regard to financial sector timing claims and the rules concerning deductions for amortisation. The technical note will set out the detail of the changes required and will be published on the gov.uk website on 5 December 2016. These modifications will take effect along with the new regime on 1 January 2017. Corresponding legislation will be introduced in Finance Bill 2017.

As part of the autumn statement 2016, the Government have made an amendment to public notice 733: flat rate scheme for small businesses.

#### *VAT flat rate scheme*

To counter abuse of the VAT flat rate scheme (FRS), the Government are introducing a new 16.5% rate for businesses with limited costs. The new rate will be introduced by statutory instrument and will come into effect on 1 April 2017 with draft legislation published on 5 December 2016. In order to prevent forestalling, HM Revenue and Customs has amended public notice 733: Flat rate scheme for small businesses. The relevant sections (sections 8.2 and 9.7) have force of law and ensure that businesses cannot avoid the new rate by arranging to issue invoices, or receive payments, before 1 April 2017 for services to be performed on or after that date. The amended public notice will be published on 23 November 2016 on the gov.uk website and the relevant rules will take effect from 24 November 2016.

[HCWS277]



# Ministerial Corrections

Wednesday 23 November 2016

## EDUCATION

### Apprenticeships

*The following are extracts from Questions to the Secretary of State for Education on 14 November 2016.*

**Jake Berry:** Sian Nixon, the modern languages teacher, is one of the many inspirational teachers at Haslingden High School. She has invited me and a local manufacturer to go into the school and talk about the value of modern languages before pupils make their GCSE choices. Will the Government say what can be done to encourage more businesses to enter schools, in particular to promote apprenticeships in areas of high manufacturing worth such as Rossendale and Darwen?

**Robert Halfon:** I know that my hon. Friend is an incredible constituency champion on skills and careers. I hope that when he goes into that school he will talk about apprenticeships as well as modern languages. We have created the Careers and Enterprise Company, with £90 million of investment. It has 1,200 enterprise advisers to help more than 900 schools interact with businesses and have work experience and other career options.

*[Official Report, 14 November 2016, Vol. 617, c. 13.]*

*Letter of correction from Robert Halfon:*

An error has been identified in the response I gave to the hon. Member for Rossendale and Darwen (Jake Berry) during Questions to the Secretary of State for Education.

The correct response should have been:

**Robert Halfon:** I know that my hon. Friend is an incredible constituency champion on skills and careers. I hope that when he goes into that school he will talk about apprenticeships as well as modern languages. We have created the Careers and Enterprise Company, **and have provided £90 million of investment for careers provision.** It has 1,200 enterprise advisers to help more than 900 schools interact with businesses and have work experience and other career options.

### Apprenticeships

**Gordon Marsden** (Blackpool South) (Lab): To promote apprenticeships in schools, strong careers guidance is critical. However, this month's cross-party verdict from the two Select Committee Chairs who have looked at this, the hon. Member for Stroud (Neil Carmichael) and my hon. Friend the Member for Hartlepool (Mr Wright), is that

“Ministers appear to be burying their heads in the sand while careers guidance fails young people”.

Will this Minister—the third Minister to whom I have put this question—back the Select Committee's recommendation to restore proper work experience in schools at key stage 4? Will he lift his head out of the sand?

**Robert Halfon:** I suggest the hon. Gentleman stops being a doom-monger and becomes an apprentice-monger. We are providing the Careers and Enterprise Company with £90 million to boost career provision in schools, with £20 million for investment. The National Careers Service is getting £77 million to help people with careers. We have thousands of enterprise advisers in schools all over the country. This is what the Careers and Enterprise Company is all about. The Government are investing in careers, investing in skills and investing in apprenticeships.

*[Official Report, 14 November 2016, Vol. 617, c. 14.]*

*Letter of correction from Robert Halfon:*

An error has been identified in the response I gave to the hon. Member for Blackpool South (Gordon Marsden) during Questions to the Secretary of State for Education.

The correct response should have been:

**Robert Halfon:** I suggest the hon. Gentleman stops being a doom-monger and becomes an apprentice-monger. **We are providing £90 million to boost career provision in schools, with £20 million for investment.** The National Careers Service is getting £77 million to help people with careers. We have thousands of enterprise advisers in schools all over the country. This is what the Careers and Enterprise Company is all about. The Government are investing in careers, investing in skills and investing in apprenticeships.

## HOME DEPARTMENT

### Independent Inquiry into Child Sexual Abuse

*The following are extracts from the Urgent Question on the Independent Inquiry into Child Sexual Abuse on 21 November 2016.*

**The Parliamentary Under-Secretary of State for the Home Department (Sarah Newton):** The inquiry has set up 13 strands of investigation, and made 250 formal requests for information from over 120 institutions, with 164,000 documents having now been submitted. It has referred roughly 80 cases a week to the police. It has rolled out the truth project, providing survivors with the opportunity to tell the inquiry what has happened to them. More than 500 people have so far come forward.

*[Official Report, 21 November 2016, Vol. 617, c. 605.]*

*Letter of correction from Sarah Newton.*

An error has been identified in the response I gave to the hon. Member for Wigan (Lisa Nandy).

The correct response should have been:

**Sarah Newton:** The inquiry has set up 13 strands of investigation, and made 250 formal requests for information from over 120 institutions, with 164,000 documents having now been submitted. It has referred roughly **80 cases a month** to the police. It has rolled out the truth project, providing survivors with the opportunity to tell the inquiry what has happened to them. More than 500 people have so far come forward.

### Independent Inquiry into Child Sexual Abuse

**Sarah Newton:** To go back to my response to the urgent question, the fact that 80 cases a week are being referred to the police and that over 500 people have come forward to participate in the truth project shows how valuable the inquiry already is to those victims.

*[Official Report, 21 November 2016, Vol. 617, c. 608.]*

*Letter of correction from Sarah Newton.*

An error has been identified in the response I gave to my hon. Friend the Member for Lichfield (Michael Fabricant).

The correct response should have been:

**Sarah Newton:** To go back to my response to the urgent question, the fact that **80 cases a month** are being referred to the police and that over 500 people have come forward to participate in the truth project shows how valuable the inquiry already is to those victims.

### Independent Inquiry into Child Sexual Abuse

**Sarah Newton:** I thank the right hon. Lady for her question, and I pay tribute to her for the work she has done in campaigning so assiduously for justice for her constituents. I reassure her and everyone who is here that those lessons have been learned from the past. The inquiry is an incredibly important part of what the Government are doing to learn lessons from the past and make sure that we are doing everything that we can to keep children in our country safe. As a result of people coming forward to the inquiry, as I said in my response to the urgent question, more than 80 referrals a week are being made to the police.

*[Official Report, 21 November 2016, Vol. 617, c. 610.]*

*Letter of correction from Sarah Newton.*

An error has been identified in the response I gave to the right hon. Member for Cynon Valley (Ann Clwyd).

The correct response should have been:

**Sarah Newton:** I thank the right hon. Lady for her question, and I pay tribute to her for the work she has done in campaigning so assiduously for justice for her constituents. I reassure her and everyone who is here that those lessons have been learned from the past. The inquiry is an incredibly important part of what the Government are doing to learn lessons from the past and make sure that we are doing everything that we can to keep children in our country safe. As a result of people coming forward to the inquiry, as I said in my response to the urgent question, more than **80 referrals a month** are being made to the police.

### Independent Inquiry into Child Sexual Abuse

**Sarah Newton:** If the right hon. Gentleman or his constituents have any evidence whatever, they should go to the inquiry right now. We are not waiting for the end of the inquiry to take action, as I have said before; more than 80 cases are sent to the police every week so that action can be taken. It is really important that people engage with the inquiry and support their constituents in doing so, so that we can seek justice for the victims.

*[Official Report, 21 November 2016, Vol. 617, c. 610.]*

*Letter of correction from Sarah Newton.*

An error has been identified in the response I gave to the right hon. Member for Delyn (Mr Hanson).

The correct response should have been:

**Sarah Newton:** If the right hon. Gentleman or his constituents have any evidence whatever, they should go to the inquiry right now. We are not waiting for the end of the inquiry to take action, as I have said before; **more than 80 cases are sent to the police every month** so that action can be taken. It is really important that people engage with the inquiry and support their constituents in doing so, so that we can seek justice for the victims.

# ORAL ANSWERS

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