

Thursday  
15 December 2016

Volume 618  
No. 82



**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Thursday 15 December 2016**

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# House of Commons

*Thursday 15 December 2016*

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

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### CULTURE, MEDIA AND SPORT

*The Secretary of State was asked—*

#### Rural Broadband

1. **Stephen Gethins** (North East Fife) (SNP): What progress has been made on rolling out broadband to rural communities. [907912]

10. **Peter Aldous** (Waveney) (Con): What progress her Department has made on improving broadband speed in rural areas. [907924]

**The Minister for Digital and Culture (Matt Hancock):** Superfast broadband is now available to over 90% of homes and businesses in the UK—up from 45% in 2010—and is on track to reach 95% by the end of 2017. After that, we are bringing in a universal service obligation in the Digital Economy Bill.

**Stephen Gethins:** The Minister will be aware that rural communities such as those in North East Fife, and small businesses in particular, rely on broadband, and there are concerns that the current plans do not go far enough. Are there any plans to extend them further so that we can get faster speeds in rural communities?

**Matt Hancock:** Yes. The plan to bring in a universal service obligation means just that: it is about making sure that superfast broadband is available to all. If the SNP joined us in the Lobby to support the Digital Economy Bill, which is currently passing through its remaining stages in the other place, we would be very grateful.

**Peter Aldous:** Superfast broadband is available across much of Waveney, but not spots remain, particularly in rural areas. The roll-out of 5G could play an important role in plugging those gaps. I would be grateful if the Minister outlined his plans to fast-track this provision. Will he consider some pilots in the Waveney area?

**Matt Hancock:** My hon. Friend is a ceaseless champion of better connectivity in Lowestoft and throughout Suffolk. Connectivity is improving: there is a licence obligation to cover 90% of the UK landmass by the end of next year. I am sure he will keep fighting for his

constituents to make sure that they get a better signal. The £1 billion announced in the autumn statement will help to get us there.

**Catherine McKinnell** (Newcastle upon Tyne North) (Lab): Access to broadband is an issue not just for rural areas, but for areas such as Dinnington village, which lies on the edge of my constituency, and for new-build housing areas such as Newcastle Great Park, where capacity simply cannot keep up with demand for this vital service. How will the Government speed up delivery to such areas?

**Matt Hancock:** The hon. Lady asks a very good question. By 1 January—less than one month away—it will be a legal requirement to put superfast broadband into new housing developments. By the end of the programme that is under way, 98% of Newcastle, which includes her constituency, will be covered for access to superfast broadband. I am sure she would want to welcome that.

**Neil Parish** (Tiverton and Honiton) (Con): Percentages do not mean much to people who do not have broadband, and we just do not have it in many parts of my constituency. This affects not only residents, but businesses, such as the caravan parks that people will not now come to unless there is broadband access. That is the problem.

**Matt Hancock:** My hon. Friend is dead right that that is a problem. The universal service obligation is very important in making sure that everybody gets decent access to broadband. In the past few years, that has changed from a “nice to have” to an absolute “must have”, and we are delivering to make sure people have the connectivity they need.

#### British Film Industry

2. **Neil Carmichael** (Stroud) (Con): What steps she is taking to promote the British film industry. [907913]

**The Secretary of State for Culture, Media and Sport (Karen Bradley):** The UK film industry is a great success story, contributing more than £4 billion a year to the economy and supporting nearly 70,000 full-time jobs. Last year, the Government invested £340 million through film tax relief, and nearly £70 million in grant in aid and national lottery funding through the British Film Institute.

**Neil Carmichael:** Like many of our creative industries, the British film industry is a fabulous success story. What plans does the Secretary of State have to make sure that it will still be an industry to celebrate post-Brexit, and will she be contributing to February’s White Paper on the future negotiations?

**Karen Bradley:** My hon. Friend is absolutely right about the success of the UK film industry. I am sure that many right hon. and hon. Members are planning over Christmas to enjoy the new “Star Wars” film, which was made in Britain. Last week, I was in China to sign a co-production treaty, making us only the second country in the world to have both film and TV treaties with the Chinese. That is important because this is a

global industry—it relies not merely on the other 27 member states of the European Union, but on the whole world—and I want to make sure that it continues to be a success.

**Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): I was born in the shadow of Shepperton film studios and have long had links with the film industry, so may I urge the Secretary of State to do something about getting more apprentices into the film sector? Our great directors and many of our great actors left school at 14 or 15 and did apprenticeships. Today, too many people at the top are not very creative, because they all went to Eton. Will she do something about getting ordinary kids into the film industry again?

**Karen Bradley:** I am incredibly proud of the creativity of all our young people, no matter which school they went to. Perhaps that was an audition by the hon. Gentleman, given his close links to film. He rightly identifies that there are issues with apprenticeships in the film industry because of the business model in that industry, and particularly because there are so many freelancers and shorter-term contracts. We are working with the Department for Education to make sure we have the right apprenticeships so that young people can get the skills they need to succeed in the global success that is the British film industry.

**Mr Philip Hollobone** (Kettering) (Con): With part of “Les Misérables” filmed at Boughton House near Kettering and Keira Knightley’s “Pride & Prejudice” filmed at Weekley village just outside the town, what more are the Government doing to encourage filmmakers to use historic sites in the great British countryside for their films?

**Karen Bradley:** I want to see the great British countryside used as the location for great British films. It is fantastic that Kettering has been such a hotbed. I am pleased that a number of films have been made in the Peak district, including in the Staffordshire moorlands. I want to see more of them; they are very welcome.

**Mr Speaker:** Surely the decision for the filming to take place in the constituency of the hon. Member for Kettering (Mr Hollobone) was quite deliberate, on account of his prodigious efforts.

**Jim Shannon** (Strangford) (DUP): Northern Ireland’s film commission, Northern Ireland Screen, has invested some £14 million in the US cable network to enable “Game of Thrones” to be delivered, and some £115 million has come back into the economy of Northern Ireland as a result. Industry-wide speculation certainly brings great accumulation. What discussions has the Secretary of State had with the Northern Ireland Assembly to ensure that the Northern Ireland film commission brings even more business into the United Kingdom of Great Britain and Northern Ireland?

**Karen Bradley:** “Game of Thrones” is another fantastic example of a global franchise that is made in the United Kingdom, this time in Northern Ireland. That is something we are incredibly proud of and we need to make sure that there is as much support as possible. I continue to work with colleagues across all the devolved nations to ensure that film companies understand the diverse breadth of opportunities in the whole United Kingdom.

## Sexual Abuse in Sport

3. **Sir Henry Bellingham** (North West Norfolk) (Con): What steps her Department is taking to deal with historical allegations of child abuse in sport. [907914]

**The Secretary of State for Culture, Media and Sport (Karen Bradley):** The Government take these matters very seriously. Yesterday, I co-chaired a meeting with my right hon. Friend the Home Secretary of sports bodies, law enforcement and the National Society for the Prevention of Cruelty to Children to ensure that sports are able to deal effectively with allegations of non-recent abuse and have the most robust possible child protection processes in place today.

**Sir Henry Bellingham:** The allegations that are under investigation, which involve more than 100 clubs, are truly shocking, but does the Secretary of State agree that the vast majority of coaches and volunteers in local sports clubs play a crucial role in our constituencies? Does she also agree that it is vital that we do not put off or discourage potential volunteers who would never dream of betraying the trust that was placed in them?

**Karen Bradley:** I agree with my hon. Friend. We want to ensure that parents and young people have the confidence to participate in sport. We need to know what happened. We need to make sure that the victims come forward, that the police have time to carry out the investigations and that there is confidence in the system. The roundtable that I co-chaired yesterday was incredibly helpful in flushing out where we can do more, because we can always do more, and in giving reassurance that much is being done.

11. [907925] **Mr Clive Betts** (Sheffield South East) (Lab): I am sure that we are all appalled by the allegations of horrific abuse that have come out in recent weeks, which have besmirched the game that many of us love so much. We are aware of the helpline that is available so that people can phone up and relate what happened to them. Has the Secretary of State had conversations with the football authorities about what more can be done proactively to identify people who had contact with the abusers in the past and assist them in every way to make the difficult decision to come forward and relate what happened to them?

**Karen Bradley:** I confirm that I have had exactly those conversations with the Football Association, the premier league, the English football league and the Professional Footballers Association to make sure that we are identifying people who may have been victims, but who have not yet had the confidence to come forward.

**Damian Collins** (Folkestone and Hythe) (Con): Does the Secretary of State agree that there should be a mandatory requirement for the reporting of known or suspected abuse for everyone who works in regulated activities, including sport?

**Karen Bradley:** My hon. Friend will know that the Department for Education and the Home Office have carried out a joint consultation on mandatory reporting.

I understand that the responses are being considered at the moment and that a response will be forthcoming shortly.

**Christian Matheson** (City of Chester) (Lab): My contempt is reserved almost solely for the predators and abusers who carried out the crimes rather than the institutions, but the Secretary of State is right that there has to be a reflection on what went wrong and how we can maximise the robustness of safeguarding. Which individual sporting bodies has she met recently to have those discussions?

**Karen Bradley:** I do not wish to detain the House with a long list, so perhaps it would be helpful if I wrote to the hon. Gentleman with the full list of the bodies that my hon. Friend the sports Minister and I have spoken to.

**Mr Dennis Skinner** (Bolsover) (Lab): Is it not remarkable that the people who are making statements went to football clubs among the 92 teams in the football leagues of Britain, whereas most people like me, working at the pit, were coached at the miners' welfare, and nobody who helped at the 700 miners' welfare all over Britain has been brought forward? The truth is that it is about the money as well. When the Government are digging into this, they should remember that there is a class argument about it. It is about people making money, and the Tories know a lot about that.

**Karen Bradley:** I am sorry, but I do not think that trying to bring party politics into the matters is at all appropriate. Vulnerable young people have been abused by predatory individuals from all walks of life. Even suggesting that party politics is involved belittles the House.

#### **Football Association: Governance**

4. **Ian C. Lucas** (Wrexham) (Lab): What discussions she has had with the Football Association on its governance arrangements. [907915]

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch):** You will be unsurprised, Mr Speaker, to learn that I have had several discussions with the Football Association on this subject. As recently as Monday, I spoke to the chairman, Greg Clarke, and I was clear that I wanted reform and that the clear mechanism for achieving that is through compliance with the new code of governance for sport, which was published in October.

**Ian C. Lucas:** I have always been a great admirer of the Minister's optimism, especially when we played on the same five-a-side team. Unfortunately, her optimism about the future of the FA is not shared by three of its previous chairmen, who said earlier this week that legislation was needed to address the deficiencies in the organisation. Will she therefore give an undertaking that, before the end of April, she will come to the House either to announce her agreement with the FA about future governance arrangements, or with proposals for legislation?

**Tracey Crouch:** On the five-a-side pitch, it was never optimism, just skill.

I assure the hon. Gentleman that I take this matter incredibly seriously. We believe that the FA has heard the warnings from all parts of the House and all levels in Parliament that it needs to reform quickly. We strongly believe that the incentive of removing public funding will achieve that. I would be happy to update the House on progress in April.

#### **Channel 4**

5. **Ian Murray** (Edinburgh South) (Lab): When she plans to make an announcement on the future status of Channel 4. [907917]

**The Minister for Digital and Culture (Matt Hancock):** We will make an announcement on the future status of Channel 4 in due course.

**Ian Murray:** The Minister knows that Channel 4 not only supports a thriving independent production sector through commissioning, but has proven time and again to be a sustainable and successful business model. We know that the Government like to create uncertainty, but will the Minister take it away from Channel 4, its advertisers and the independent production companies that it supports, and make a decision which has been delayed for far too long?

**Matt Hancock:** As the hon. Gentleman well knows, we are looking at all the options to ensure that we have a strong and sustainable future for Channel 4. I am a great supporter of Channel 4. A Conservative Government in the 1980s put it in place, and we will do what is necessary to sustain its future.

**Michael Fabricant** (Lichfield) (Con): I am completely open-minded about the ownership of Channel 4 as long as we ensure that the programming standards are maintained, but may I remind my right hon. Friend that ITV, Sky and many others produce great documentaries and wonderful dramas, and they are privately owned?

**Matt Hancock:** Of course that is an important thing to remember. We are looking at how we can have the most sustainable, vibrant future for our brilliant Channel 4.

**Mr David Lammy** (Tottenham) (Lab): Is the Minister comfortable with the fact that currently Channel 4 has no one from a diverse background on its board, and will he explain the process by which he or the Secretary of State made a decision that excluded the deputy chief executive of the Arts Council from that board?

**Matt Hancock:** We have recently made some appointments to the Channel 4 board. Those appointments were all made on merit. I remind the right hon. Gentleman that public appointments must be made on merit, and give him this statistic: since this team has been in place in the Department for Culture, Media and Sport, 24% of all public appointments have gone to people from minority ethnic backgrounds—which is far higher than the proportion in the economy. We are passionately devoted to making sure that our great institutions are represented by people from all backgrounds, and will continue to do that, based on merit.

**Philip Davies** (Shipley) (Con): The right hon. Member for Tottenham (Mr Lammy) is absolutely right that Channel 4 is not diverse, so will the Minister make sure that there are not as many politically correct left wingers at Channel 4 in the interests of diversity? As he does so, will he set out why it is in the taxpayers' interest for the Government to own a left-wing broadcaster?

**Matt Hancock:** Of course, Channel 4 pays its way and pays for itself—it is not subsidised; it is just owned by the taxpayer. I am sure, with contributions such as that, my hon. Friend will bring great insight and entertainment to the Women and Equalities Committee.

**John Nicolson** (East Dunbartonshire) (SNP): The Minister talks of merit. Channel 4 has 13 board members. Ten of them are men. All of them are white. Will he explain to the House why he and the Secretary of State blocked the sole black candidate, who was described as outstanding by Ofcom?

**Matt Hancock:** In this case, there were four vacancies and we chose the four best candidates. I will have no truck with the argument that we should have tokenism. I support appointment on merit. I also support making sure that we reach into all communities. The fact that this ministerial team has appointed 24% of people from black and minority ethnic backgrounds demonstrates how much we care about—

**Mr Speaker:** Order. We are not as slow as all that. The right hon. Gentleman has made that point with force and eloquence, but it does not improve by being repeated.

**Kevin Brennan** (Cardiff West) (Lab): I am afraid that the Minister's laconic attitude towards this is not helpful at all. He has just said that the appointments were made on merit and that had he gone through with the recommended appointment it would have been an example of tokenism. That is an absolute insult to the candidate, who, as he well knows, was perfectly well qualified and was recommended for appointment on merit.

When are we going to get an end to the uncertainty about Channel 4? The Secretary of State has been in place for 150 days. The sector is in absolute despair about the lack of a decision from the Government. When will we get an answer?

**Matt Hancock:** The sector is going from strength to strength. I strongly support it in doing so. We will continue our support for Channel 4, for appointments based on merit and for the great British TV sector.

### Creative Industries: Exiting the EU

6. **Deidre Brock** (Edinburgh North and Leith) (SNP): What assessment she has made of the potential effect on the UK's creative industries of the UK leaving the EU. [907918]

**The Secretary of State for Culture, Media and Sport (Karen Bradley):** The Government want to ensure the best possible deal for Britain on leaving the European Union. The creative industries are one of the UK's greatest success stories, contributing more than £87 billion to the economy and more than £19 billion in exports.

We are working closely with the industry to assess both the impacts and the opportunities that our departure presents, and I am hosting a series of round-tables with industry about that.

**Deidre Brock:** The Secretary of State is, I hope, aware of the concerns of the world's biggest festival of the arts that Brexit and hostile immigration policies pose a serious threat to its ongoing success. What assurances can she give the Edinburgh festivals that they will remain truly international in a post-Brexit Britain?

**Karen Bradley:** I visited the Edinburgh festival this summer. It was a fantastic experience, and I loved the big signs of welcome, which were very clear that it was a global festival. The Edinburgh festival existed before the United Kingdom joined the European Union, and I want to make sure that it continues going from strength to strength in its anniversary year next year.

### Topical Questions

T1. [907904] **Craig Williams** (Cardiff North) (Con): If she will make a statement on her departmental responsibilities.

**The Secretary of State for Culture, Media and Sport (Karen Bradley):** Last week I visited China, along with the largest cultural delegation ever to accompany a Minister from the Department for Culture, Media and Sport abroad. We made key partnerships with Chinese travel companies, the Chinese television sector and the Beijing Winter Olympics, as well as announcing the forthcoming terracotta warriors exhibition in Liverpool.

The BBC royal charter has been approved by Her Majesty in Council, and printed and sealed. I laid copies of the royal charter and associated framework agreement in both Houses today, with an accompanying written statement.

Mr Speaker, I hope you will not mind my promoting the MP4 single—the hon. Member for Cardiff West (Kevin Brennan) is part of the band—that is supporting the Jo Cox Foundation. I hope we all download that single and get it to No. 1 for Christmas.

**Mr Speaker:** Splendid.

**Craig Williams:** My right hon. Friend will be aware that, under its commercial expansion through Project Lightning, Virgin Media is committed to rolling out fibre to 2 million premises across the UK, including in my constituency, thereby helping the Secretary of State to meet her vision of a fibre future. Will she clarify whether the fibre fund will be limited to areas of market failure?

**Karen Bradley:** My hon. Friend represents a constituency with 97% superfast coverage, which I am sure he welcomes. He is right to highlight our announcement in the autumn statement of additional funding to boost the UK's digital infrastructure. We will announce further details about the fund in due course.

**Mr Tom Watson** (West Bromwich East) (Lab): Happy Christmas to you and your family, Mr Speaker, and to the staff of the House.

In the light of recent data security breaches, does the Secretary of State have confidence in the operational security of the National Lottery, and that Camelot is operating within its regulatory obligations?

**Karen Bradley:** The hon. Gentleman is right to highlight that we should all be very aware and alert to our cyber-security, and that we should take advice issued by cyber-security experts with regard to updating passwords and so on. I met the National Lottery and continue to work with it to ensure that it is cyber-secure.

**Mr Watson:** Can the Secretary of State give the House her absolute assurance that Britain's national lottery is safe? Will she commit to come back to the Dispatch Box if there are any further revelations of security breaches at Camelot?

**Karen Bradley:** I repeat that I met Camelot and am working with it to ensure that it is as secure as it possibly can be, and that it takes all possible cyber-security measures. I am sure the hon. Gentleman and I will discuss these matters over the Dispatch Box. I wish him—and you, Mr Speaker—a very happy Christmas.

T3. [907906] **Mr Philip Hollobone** (Kettering) (Con): The respected independent media monitoring organisation News-watch published research showing that over the past 10 years just 3% of the 4,000 people interviewed about the EU on the BBC's "Today" programme were supporters of Brexit. Given this demonstrable bias, which since the referendum is now conflated with almost daily doom and gloom from the show's business section, how can the licence fee payer funded BBC be held to account to deliver the impartial news service its charter requires?

**Karen Bradley:** I am sure my hon. Friend welcomes the charter, which sees a new regulatory regime for the BBC and includes Ofcom having regulatory responsibility, that is being laid today. I am sure he will support the Digital Economy Bill, which is making its passage through the other place, to ensure that the regulatory regime comes into force.

T2. [907905] **Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): BT owns a massive 42% of the UK's useable mobile spectrum, meaning that challenger companies suffer capacity constraints. Will the Minister ask Ofcom to include a cap considerably below 42% in the forthcoming spectrum auction?

**The Minister for Digital and Culture (Matt Hancock):** Making sure we have a fully competitive mobile market is very important. Ofcom will take a view to ensure that that continues. That is in its remit. We will ensure that the spectrum is auctioned in such a way to get the broadest possible coverage.

T6. [907909] **Martin Vickers** (Cleethorpes) (Con): The National Citizen Service has done a great deal to encourage young people in north-east Lincolnshire, and in Cleethorpes in particular, to broaden their horizons. What further action is the Minister taking to promote participation in the scheme, and will he commit to visit some of the projects in Cleethorpes?

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr Rob Wilson):** My hon. Friend is a big supporter of the NCS and I am aware that coastal areas face significant challenges. The NCS can and does have a significant impact on helping those areas. It is therefore great news that there is a place in the NCS for every young person who wants one. This summer alone, 285 young people in north-east Lincolnshire have taken part. Subject to my diary, I am very happy to visit the schemes in his area.

T4. [907907] **Graham Jones** (Hyndburn) (Lab): The Minister says he is considering all options on Channel 4. Does that include privatisation and part-privatisation?

**Matt Hancock:** We will set out our plans for the future of Channel 4 in due course.

**Mr David Nuttall** (Bury North) (Con): What possible justification is there for the Government owning both the BBC and Channel 4?

**Matt Hancock:** Channel 4 is not paid for but is owned by the Government. It was set up under Government ownership, but it pays for itself through its advertising, and delivers brilliantly—I think—within its remit.

T5. [907908] **Paula Sherriff** (Dewsbury) (Lab): I have arranged for Sport England to attend my constituency in January to meet local sports clubs, many of which are struggling to stay afloat because of a decrease in grants and huge cuts to local authority funding. In the light of the child obesity strategy, does the Minister agree that the Government should make it a priority to engage with and promote these small sports clubs?

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch):** I congratulate the hon. Lady on her initiative, and I hope that others in the House will do something similar, because getting Sport England funding involves a lot of work and paperwork. We would encourage all local sports clubs to do it, however, and I congratulate her on her initiative.

**Charlie Elphicke** (Dover) (Con): Her Majesty's Revenue and Customs says it is investigating 43 premier league players and 12 clubs, including, it is believed, Manchester United, for image rights tax dodging. Does the Minister agree that fans are right to be angry that big clubs and players, including England captain, Wayne Rooney, stand accused of dirtying the beautiful game with a culture of excessive greed and tax dodging?

**Tracey Crouch:** I agree with my hon. Friend that those in football should protect the reputation of football, but he is asking me to comment on a matter that HMRC is still investigating. Football players, clubs and managers are treated no differently from others and are expected to adhere to the same principles.

T7. [907911] **Dan Jarvis** (Barnsley Central) (Lab): I welcome the Government's announcement yesterday of a review into volunteering, but will the Minister confirm that the Government will provide a full response to each of the review's eventual recommendations, particularly on the question of the legal status of full-time volunteers?

**Mr Rob Wilson:** May I begin by saying how proud I am of the fantastic work already being done by the NCS and the I Will campaign, which is making a dramatic difference to young people and volunteering? I announced a review yesterday, and of course we will respond in detail to the report's findings.

**Mr Peter Bone** (Wellingborough) (Con): It is widely acknowledged that the BBC is institutionally biased in favour of the EU. Will the Secretary of State explain why the BBC does not acknowledge that itself?

**Karen Bradley:** I repeat the answer I gave to my hon. Friend the Member for Kettering (Mr Hollobone): not only does the new charter require impartiality, but we have Ofcom to regulate that, a new unitary board with management responsibilities for the BBC and the National Audit Office looking at value for money. I think that that package of regulation and value-for-money auditing should give my hon. Friend the Member for Wellingborough (Mr Bone) the comfort he needs.

**Mr Alistair Carmichael** (Orkney and Shetland) (LD): Will the Secretary of State speak to the BBC about the role it can play in the future of Gaelic language broadcasting? It currently spends less than 0.25% on Gaelic programming, and as a result the otherwise excellent BBC Alba is left with a 74% repeat rate.

**Karen Bradley:** I am sure that the right hon. Gentleman will welcome the fact that this is an 11-year settlement that will guarantee Gaelic language broadcasting. I would be happy to discuss the matter further with the BBC, but I am sure that he welcomes the fact that this is a long-term sustainable settlement.

**Bob Blackman** (Harrow East) (Con): Our community libraries could be places of study and multi-media use and real community hubs. What steps will my hon. Friend take to encourage local authorities to develop our libraries so that they become such community hubs?

**Mr Rob Wilson:** We recently published a report, the "ambition" document, which highlighted how libraries are an important part of local communities able to act as community hubs and providing a range of activities in respect of support for reading, digital skills, culture, health, employment and learning. I urge local authorities to think innovatively and to use their libraries to deliver services to their communities so that they are sustainable and can thrive in the future.

## INTERNATIONAL TRADE

*The Secretary of State was asked—*

### Foreign Direct Investment

1. **Craig Williams** (Cardiff North) (Con): What steps his Department is taking to support foreign direct investment into the UK. [907889]

**The Parliamentary Under-Secretary of State for International Trade (Mark Garnier):** My Department is working globally to attract foreign firms to set up or expand their businesses in the UK and to generate new

jobs and contribute to national wealth creation. We are promoting the UK as a prime destination for inward investment from across our global network, with dedicated support for investors in 50 overseas markets. With the support of sector specialists, we are ensuring that the UK has the best opportunities to attract higher-quality foreign direct investment.

**Craig Williams:** Latest gross value added figures show that Wales is the fastest growing area outside London, and Cardiff is unabashedly the engine room of the Welsh economy. What positive steps is the Department taking to ensure that Welsh businesses and Cardiff businesses get the help they expect to get?

**Mark Garnier:** Let me say that my hon. Friend, given that his constituency is Cardiff North, is the engine-room of the Cardiff economy. The Department for International Trade works for the whole of the UK, but I stress that my right hon. Friend the Secretary of State has already visited Wales, and I am working with the Wales Office to see what more we can do. We also support the Welsh Government by offering them support in posts overseas. We see the opportunities presented by Wales as very exciting.

**Bill Esterson** (Sefton Central) (Lab): Today we are told that it could take up to 10 years to reach a trade agreement with the EU after we leave, while research from the National Institute of Economic and Social Research suggests a drop in trade of up to 60% if we are outside the customs union. Foreign investors are vital for the British economy, so will the Minister give those investors some of the certainty they so desperately need—and that we need, as well? Will he tell them whether he wants Britain to be inside the customs union and whether he wants tariff-free access to the single market or not?

**Mark Garnier:** It has been made very clear that the Government are not going to give a running commentary on what we are proposing to do. I also stress that the comments of Ivan Rogers are opinions and words taken from interlocutors and do not necessarily define how long it will take to create a trade deal. It is worth bearing in mind, if we look at various trade deals around the world, that while the Trans-Pacific Partnership has taken potentially eight years, the US-Jordan trade deal took just four months. It is very difficult to establish exactly how long any trade deal will take.

**Mr Alan Mak** (Havant) (Con): As the UK becomes a world leader in the fourth industrial revolution—new technology—will the Minister update the House on what steps his Department is taking to secure foreign direct investment in this vital new sector?

**Mark Garnier:** I congratulate my hon. Friend on launching the all-party parliamentary group on the fourth industrial revolution. This type of innovative approach by businesses moving forward is incredibly important to the success of this country's economy. We are working extraordinarily hard to make sure that this innovative approach is being transmitted around the world through our posts overseas, and that we can secure foreign direct investment to support it.

**Nick Smith** (Blaenau Gwent) (Lab): What is the Minister's best estimate on when an EU trade deal will be completed?

**Mark Garnier:** I refer the hon. Gentleman to my earlier answer.

### World Trade Organisation

2. **Callum McCaig** (Aberdeen South) (SNP): What discussions he has had with the World Trade Organisation on the approval of new schedules for the UK after the UK has left the EU. [907891]

**The Secretary of State for International Trade and President of the Board of Trade (Dr Liam Fox):** I have had a number of constructive discussions with the director-general of the World Trade Organisation, Roberto Azevêdo. We have made clear to the WTO membership the UK's intention to replicate as far as possible our current obligations in order to avoid disrupting our trading relationships or those of our trading partners across the world. The UK will need its own schedules in the WTO regardless of the nature of our future trading relationship with the EU.

**Callum McCaig:** Given that the list of countries offended by the Foreign Secretary grows longer by the day, what contingencies are being put in place should there be some opposition to the renegotiation of the UK schedule?

**Dr Fox:** The contingency that the hon. Gentleman asks for is in place, because until new schedules are negotiated and agreed, current schedules will apply. It is worth noting that the European Union itself, having failed to negotiate EU28 schedules, is still operating successfully under the EU15 of 1995.

**Philip Davies** (Shipley) (Con): Civitas has estimated that if we were to go to World Trade Organisation terms with the EU, EU businesses would have to pay £12 billion to access the UK market, and UK businesses will have to pay £5 billion to access the EU market. Does the Secretary of State accept those figures? If the Government do not accept them, will he tell us what the Government's figures are?

**Dr Fox:** Whatever the actual figures are, there is one point that is more important—the introduction of any impediments to trade and investment in intra-European trade would be disadvantageous to producers and consumers alike. Of course, the Government have made it very clear that we will try to get maximum access to European markets in order to avoid a disruption of trade.

**Chris Leslie** (Nottingham East) (Lab/Co-op): Are not these WTO schedules of concessions just one of many examples of the mammoth bureaucratic task that has to be conducted, and should we not be thanking our ambassador to the European Union for the reality check he has given about the decade-long period it will take to extricate ourselves from this process? Does the Secretary of State agree we should not be rushing so headlong into this timetable?

**Dr Fox:** Yes, we face a number of bureaucratic challenges, but the people we should be thanking are the British people for giving us such clear instructions to leave the EU.

**Kevin Hollinrake** (Thirsk and Malton) (Con): The UK has high standards in the workplace and for its products and animal welfare. Does the Secretary of State agree that a free trade deal with zero tariffs with countries that have much lower standards could have a significant commercial disadvantage for many of our companies?

**Dr Fox:** The whole point of reaching an agreement is because it is beneficial to both parties, otherwise an agreement would not be reached, and regulatory and compliance standards will always be an important part of that.

### Global Trade

3. **Mr Dominic Raab** (Esher and Walton) (Con): What steps he is taking to expand UK global trade. [907893]

**The Secretary of State for International Trade and President of the Board of Trade (Dr Liam Fox):** With the current slowdown in the growth of global trade, the UK must be a world leader in championing free trade worldwide and banging a drum for British business. Our measures to support UK business trading globally include a network of advisers in 109 markets, online advice at GREAT.gov.uk and support through UK Export Finance. Both myself and ministerial colleagues have continued to meet businesses in the UK and abroad, including 50 ministerial visits to 34 markets overseas.

**Mr Raab:** I thank the Secretary of State for that answer. Professor Patrick Minford has estimated that UK trade liberalisation would cut consumer prices by 8%. Does the Secretary of State agree that forging our own free trade arrangements outside the EU presents huge opportunities to ease the cost of living for low-income families?

**Dr Fox:** I am grateful to my hon. Friend for that question, and he is right to highlight the potential of free trade to reduce the cost of living in this country. Free trade ensures that more people can access more goods at better value, making their incomes go further, whereas protectionism tends to hurt the poorest the most.

**Kerry McCarthy** (Bristol East) (Lab): It has been two years since the then Environment Secretary announced with great fanfare plans to sell pigs' trotters to China. As my written question this week revealed, we are still no closer to signing the pigs' trotters protocol. If it takes this long to reach an agreement to sell pigs' trotters, what does that say about our ability to make all the other trade deals we need in the wake of Brexit?

**Dr Fox:** I am very intent that our agricultural exports continue apace. I shall continue to push pigs' trotters as fast as they can possibly go.

**Mr Speaker:** A very alluring prospect, to be accomplished by the right hon. Gentleman probably not without sweat or emotion.

**Mr Mark Prisk** (Hertford and Stortford) (Con): Many countries are using non-tariff barriers to block global trade. However, as the Secretary of State is well aware, in countries such as Brazil we are now seeing real progress in the removal of local content regulations. What more can be done to encourage other countries to follow this example?

**Dr Fox:** I thank my hon. Friend for his work as our trade envoy to Brazil. I was extremely impressed in the meetings I had last week in that country that we are now seeing major attempts not only to open up markets, but to deal with endemic corruption. That corruption is one of the biggest single barriers to trade, and, as the World Bank has made clear, improved governance is a major improvement in the potential for trade.

**Ms Tasmina Ahmed-Sheikh** (Ochil and South Perthshire) (SNP): The Secretary of State recently reaffirmed the Government's target to double exports by 2020, but at the autumn statement the Office for Budget Responsibility contradicted this, stating that it expects UK trade to reduce as a result of the UK leaving the EU and the single market. So who is right: does he accept the assessment of the experts of the OBR, yes or no?

**Dr Fox:** I am tempted to ask the hon. Lady if she would like Santa to bring her a dictionary, because expectations and targets are not the same thing.

**Mr Steve Baker** (Wycombe) (Con): Will my right hon. Friend seek to unblock the global trading system by adopting a new open anti-distortions agreement that can deliver free trade and self-government, fight crony capitalism at home and defend against predatory practice abroad, like the one proposed by the Legatum Institute special trade commission?

**Dr Fox:** I do not think I need to explain to my hon. Friend that I and my fellow Ministers have set out the case for free trade on a number of occasions. We are seeing a slowdown in the rate of global trade growth at present, which is a threat to the prosperity of people across the globe. We must have more open trade, fewer tariffs and fewer non-tariff barriers if we are to succeed in that task.

**Barry Gardiner** (Brent North) (Lab) *rose*—

**Michael Fabricant** (Lichfield) (Con): Love the tie!

**Barry Gardiner:** One of the steps that the Government are taking to expand UK trade is through arms sales, particularly to the middle east. In July, the Committees on Arms Export Controls heard evidence that there was an imbalance in arms sales, with promotion coming at the expense of regulation

“such that in UK practice those things are at odds.”

Does the Secretary of State recognise that imbalance? If he does, what does he propose to do about it? If he does not, has he chastised the White House for the remarks this week that “systemic, endemic” problems in Saudi

Arabia's targeting of civilians in Yemen drove the US decision to halt a future weapons sale, which has the Secretary of State and British policy in this area looking callous and threadbare?

**Dr Fox:** I thank the hon. Gentleman; this is the first time in my life that I have been grateful for being colour blind. [*Laughter.*] This country has one of the world's strictest arms control regimes. It is both robust and transparent, and decisions are scrutinised intensely. I simply do not accept the picture that he paints of the UK's attitude.

**Mr Speaker:** I am going to play the role of tie referee and say that the tie of the hon. Member for Brent North (Barry Gardiner) is absolutely beautiful. It is tasteful and interesting, not boring like all too many ties. Now, let us hear from the fellow from Gloucester.

**Richard Graham** (Gloucester) (Con): The UK has an excellent tradition of hosting major international sports events—most recently the Olympics, the Commonwealth games, and the Rugby World cup—and other countries hosting such events can benefit from our expertise. In 2018, Indonesia will host the Asian games, which is a great opportunity to highlight the improvements it has made in infrastructure development. Should my right hon. Friend have the chance to visit south-east Asia in the new year, will he highlight British expertise and the help that we can give Indonesia to deliver a magnificent Asian games?

**Dr Fox:** Yet again, I am able to thank an hon. Friend for working as a trade envoy—this time to Indonesia. My hon. Friend's specific point applies more generally: the United Kingdom can provide great service sector skills to many countries, which not only helps them to mature their economies, but provides them with the ability to grow their markets, offering an export opportunity for the United Kingdom.

**Catherine McKinnell** (Newcastle upon Tyne North) (Lab): Newcastle international airport plays a vital role in the north-east's economy, by facilitating over £300 million-worth of exports every year. Like other English regional airports, however, it faces unfair competition on tax as air passenger duty is devolved to Scotland. The Government have failed to commit to mitigate that. What discussions will the Department have with the Treasury to ensure that airports such as Newcastle can continue to play a vital role in international trade?

**Dr Fox:** Such imbalances are an inevitable consequence of devolution, for which the hon. Lady's party campaigned. I also have a regional airport in my constituency, and I can assure her that the ongoing discussions with the Treasury will be not just general but personal.

**Mr Speaker:** I call Julie Elliott. Not here.

#### Free Trade Agreement: USA

5. **Mr Peter Bone** (Wellingborough) (Con): What progress he has made on negotiating a free trade agreement with the USA.

[907895]

**The Minister for Trade and Investment (Greg Hands):**

The United States is our single largest export market, accounting for £100 billion-worth of UK exports. As the Prime Minister said, the UK and US are, and will remain, strong and close partners on trade, security and defence. We cannot negotiate and conclude trade deals while we are a member of the EU, but we can discuss our current and future trading relationships. The Secretary of State for International Trade, Lord Price and I have all visited the US since taking office. We look forward to working with President-elect Donald Trump to ensure the continuing prosperity of our nations.

**Mr Bone:** The excellent Minister is quite correct that the USA is our biggest single export market, although we have no trade deal with it. However, the current President said that we would at the “back of the queue” when it comes to a trade deal. In the discussions that the Minister will have in the US, does he think that President-elect Trump will put us at the back or the front of the line?

**Greg Hands:** My hon. Friend is right to stress the importance of the bilateral trading relationship and the investment relationship. Every day, 1 million Britons go to work for American companies here and 1 million Americans go to work for British companies in the United States. Not only are our exports to the US very strong, but they grew by 19% in the most recent year for which data are available. Of course we look forward to developing a stronger and more open trading relationship with the new President and the new Congress.

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): One of the main proponents of a future UK-US trade deal in Congress is Congressman Charlie Dent, who happens to be a very good friend of mine and of the hon. Member for Aberconwy (Guto Bebb). However, President-elect Trump was elected on an anti-globalisation mandate, so why does the Minister think the new President will put UK-US trade deals at the front of his agenda in a post-Brexit environment?

**Greg Hands:** Over the summer, I met Senator Orrin Hatch, one of the co-authors of the Congress resolution calling for a future US-UK free trade agreement. We strongly welcome the support right the way across Congress on our future trade relationship with the United States. As for the President-elect, I suggest we wait to see his actions. He did say during different campaign events:

“Trade has big benefits, and I am in favour—totally in favour—of trade...Isolation is not an option. Only great and well-crafted trade deals”.

We look forward to working with him in the future.

**Neil Carmichael** (Stroud) (Con): What consideration has the Department given to the President-elect’s views on the Trans-Pacific Partnership?

**Greg Hands:** In a very general sense, the UK remains supportive of trade deals, right the way across the globe, that reduce or remove trade barriers—tariff barriers or non-tariff barriers—to help facilitate the flow of international trade.

**Ian Murray** (Edinburgh South) (Lab): The TPP, which has just been mentioned, and the Transatlantic Trade and Investment Partnership have been fraught with difficulties and concerns from the public, businesses and sectors. So what will the Minister do when negotiating a bilateral trade deal with the US to make sure that those issues do not derail that kind of deal?

**Greg Hands:** The first thing to say is that TTIP is still on the table, and we have always been clear that the rights of Governments to regulate in the public interest will still be there in all these different trade deals. As the hon. Gentleman will know, TTIP has been debated in the Commons on at least five occasions, and the views of parliamentarians have been made clear. We will make sure that there will be no reduction in regulatory standards if TTIP comes to pass.

### Trading Opportunities Abroad

6. **Wendy Morton** (Aldridge-Brownhills) (Con): What steps his Department is taking to support businesses in establishing future trading opportunities abroad. [907896]

8. **Sir Edward Leigh** (Gainsborough) (Con): What steps his Department is taking to support businesses in establishing future trading opportunities abroad. [907901]

**The Parliamentary Under-Secretary of State for International Trade (Mark Garnier):** The Department is working across the UK, as well as in both current and future export markets overseas, to help British businesses. We are helping them to export their goods and services, identify new export opportunities and win those export sales. We are doing this digitally, through the GREAT.gov.uk website, and in person, through our network of international trade advisers across the UK and through our overseas staff in 109 countries.

**Wendy Morton:** Businesses in my constituency do not always have the resources to explore export markets but are keen to maximise opportunities. What is the Department going to do to help those businesses, so that they can find more opportunities abroad?

**Mark Garnier:** May I refer my hon. Friend, who is a champion of businesses in her constituency, to the GREAT.gov.uk website? Although it has been going for only one month, 174,000 users have visited it, more than 6,000 users have already made use of our selling online overseas services and nearly 1,000 businesses have created a profile on our “Find a buyer” service. This was highlighted to all hon. Members when the Department sent out our MPs’ toolkit, so that all MPs can help their constituents to find new markets and raise their eyes to the horizon.

**Sir Edward Leigh:** With only 5% of businesses trading directly with the EU, surely leaving the internal market will allow us to relieve the other 95% from the shackles of over-regulation? Will the Minister say a bit about the balance his Department is going to strike between inward and outward investment?

**Mark Garnier:** I thank a member of the Select Committee for his very wise question. It is a new approach by this Department to look equally at overseas direct investment for businesses looking to move overseas. This is incredibly important because it provides opportunities for many businesses to create new opportunities and new markets overseas. It is worth bearing in mind that, as British businesses invest overseas, they take with them skills and expertise, which can only help those developing economies to grow, thus creating even more opportunities for British businesses in further developed markets.

9. [907902] **Christina Rees** (Neath) (Lab/Co-op): The Secretary of State for Exiting the EU said yesterday that he is considering four options for the customs union: completely inside; completely outside; the Turkish model, which is partially inside but outside the single market; and the Swiss model, which is outside but with customs arrangements. Are there enough staff in the International Trade Department and the Brexit Department to assess by February the concerns of UK businesses that leaving the customs union would devastate their complex cross-border EU supply chain by exposing new paperwork hurdles and tariffs?

**Mark Garnier:** The Department for International Trade is currently recruiting some of the finest people known in this country to help us to develop that. I stress to the hon. Lady that this whole exercise is not just defined by one Department or by the Department for Exiting the European Union; every Department is working to help to maximise the assistance that we can give both to British businesses and to the entire economy.

**Jim Shannon** (Strangford) (DUP): Expanding UK global trade will mean that we need better connectivity within the UK. With that in mind, does the Minister agree that expanding Heathrow and adding more flights from Northern Ireland will enable more of our exporters in Northern Ireland to reach clients, particularly in new and emerging markets outside the EU?

**Mark Garnier:** I certainly agree that greater connectivity through airports is incredibly important for the whole country. However, I must stress that the details for such arrangements are for Ministers in the Department for Transport, so perhaps I can refer the hon. Gentleman to them.

Several hon. Members *rose*—

**Mr Speaker:** Order. I am very conscious that the hon. Member for Bishop Auckland (Helen Goodman) had her question transferred to another Department, and I am sensitive to her plight. If she wishes to give the House the benefit of her thoughts, doubtless she will bob up and down during topical questions and we will all be grateful for that.

### Topical Questions

T1. [907881] **Sir Desmond Swayne** (New Forest West) (Con): If he will make a statement on his departmental responsibilities.

**The Secretary of State for International Trade and President of the Board of Trade (Dr Liam Fox):** The Department for International Trade has three tasks:

promoting UK exports to support a growing economy that serves the whole country; maximising opportunities for wealth creation through overseas direct investment to support the current account; and negotiating the best international trading framework for the UK outside the EU. Like the UK, my Department is open for business.

**Sir Desmond Swayne:** Will my right hon. Friend shed some light on the difference between our trade deficit with the EU and our trade deficit with the USA?

**Dr Fox:** I am pleased to say that we do not have a trade deficit with the US; we have a trade surplus with the US. In fact, we send £100 billion of exports to the US a year, which is 20% of our total, with a £40 billion surplus. The US is responsible for 26% of all our inward investment, and we are responsible for 23% of outward investment to the US. It is a very, very interdependent relationship.

**Barry Gardiner** (Brent North) (Lab): By insulting my wife's taste in ties, the Secretary of State must await her reprimand, but she must wait in line because there are others who wish to reprimand him. The European Scrutiny Committee told off the Secretary of State for going to Brussels and agreeing the comprehensive economic trade agreement between the EU and Canada without first bringing it to the UK Parliament for scrutiny. He undertook to the Committee that he would bring CETA for debate in this House by the end of November, a deadline that he missed. The Committee then set a more generous deadline, but that deadline expired two days ago, on 13 December. Will he tell us whether he actually believes in taking back sovereignty from Brussels—does he or does he not? If he does, repeatedly denying the UK Parliament the right to properly scrutinise such an important trade agreement is a very odd way to go about it. Will he now commit to bring a debate and a vote to the Floor of the House before the European Parliament finally votes on CETA on 2 February?

**Mr Speaker:** May I very gently say to the hon. Member for Brent North (Barry Gardiner), whom I hold in the highest esteem, that I hope, in due course, his PhD thesis will be published?

**Dr Fox:** I am grateful to the hon. Gentleman for giving way before Christmas. We did not go against procedure. Owing to parliamentary timetable constraints, we could not offer a debate in the House before signalling political agreement on 18 October. We have committed, and continue to commit, to holding a full parliamentary debate on CETA as soon as possible, and we are working with business managers to arrange it. The European Parliament has now changed the date of the expected vote on the agreement to 2 February 2017, and we hope to have a debate well within that timetable.

T2. [907882] **James Berry** (Kingston and Surbiton) (Con): Over the past five years, South Korea has been our second fastest growing trading partner. Does my right hon. Friend agree that we should seek to boost trade with South Korea further still until we leave the EU and, after we leave the EU, enter a prompt bilateral trade deal with South Korea, which its Government would welcome?

**The Minister for Trade and Investment (Greg Hands):** I know that my hon. Friend takes a huge interest in Korea and his Korean community in Kingston. He knows that I visited Seoul, as did Lord Price, in September and saw for myself what natural allies we will be in the global future of free trade. I had excellent meetings with Samsung and with other interlocutors. We look forward to working very closely with South Korea in the future in developing free trading relationships, and I will make sure that my hon. Friend is very involved.

T3. [907883] **Louise Haigh** (Sheffield, Heeley) (Lab): Recently, the hon. Member for North East Somerset (Mr Rees-Mogg) said in relation to emissions standards that what is good enough for India is good enough for us. May we have a firm assurance that no emissions standards will be watered down as part of any free trade deal?

**Dr Fox:** The Government take very seriously their environmental obligations and will continue to do so.

T4. [907884] **Bob Blackman** (Harrow East) (Con): On Monday, I was delighted to hear my right hon. Friend the Prime Minister announce that she wanted to take the trade relationship with Israel to the next level—our key ally in the middle east and strong trading partner. Can my right hon. Friend set out the steps that he is taking to ensure that we put in place a new trade deal with Israel, so that we can cement that commitment by the Prime Minister?

**The Parliamentary Under-Secretary of State for International Trade (Mark Garnier):** My hon. Friend is right. We have an extraordinarily good relationship with Israel, and we are the second biggest export market for Israel. Currently, we are governed by the association agreement that the EU has with Israel, and we are certainly keen to engage with Israel to make sure that in a post-Brexit world there is no disruption to the trade that we have.

**Helen Goodman** (Bishop Auckland) (Lab): I am sure that the Secretary of State is delighted to be back in the Cabinet, but does he agree that the 1 million jobs that will be put at risk if we leave the customs union matter more than his own career?

**Dr Fox:** I repeat that the Government have made no decision yet in relation to the discussions and negotiations that we will have with the European Union. We have made no decision yet on the customs union. That will be part of the ongoing discussion and the Government will make decisions based on evidence.

T5. [907885] **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): What action is my right hon. Friend taking to promote our world-class science base around the globe? Will he confirm that he recognises that face-to-face collaboration is an important part of that continued success, and that we need to attract the best and the brightest to do their research here?

**Greg Hands:** I commend my hon. Friend on his work as Chairman of the Science and Technology Committee. As he will know, I was in his constituency on Friday looking at some technological innovation at DP World's

fantastic port facilities at the London Gateway. The UK has a long-established system that supports and therefore attracts the brightest minds at all stages of their careers. We will make sure that Britain is the global go-to nation for scientists, innovators and tech investors.

**Margaret Greenwood** (Wirral West) (Lab): What steps is the Minister taking to include human rights expertise on UK trade delegations?

**Greg Hands:** If I understood the hon. Lady's question correctly, while we remain members of the European Union, of course we are party to all the EU agreements and all the human rights elements attached to those. With regard to the future, the UK has as strong a history as any in the EU of promoting and protecting human rights around the world, including in relation to trade.

T6. [907886] **Mr Philip Hollobone** (Kettering) (Con): In prioritising a post-Brexit free trade deal with Israel, will the Minister ensure that as far as possible the Palestinian Authority is included, because enhanced trade between the UK, Israel and the Palestinian Authority will be an essential part of building a sustainable and lasting peace?

**Mark Garnier:** I wholeheartedly agree with my hon. Friend. The British Government absolutely support a negotiated settlement leading to a safe and secure Israel living alongside a viable and sovereign Palestine state. We should continue to engage with those countries. I was in Israel not so long ago, but I also visited Ministers in Palestine. We are very keen to engage with both Israel and Palestine.

**Douglas Chapman** (Dunfermline and West Fife) (SNP): A recent parliamentary question revealed that the involvement of Scottish companies in the recent trade visit by the Prime Minister to India was very limited. What extra effort can the Secretary of State make to ensure that Scottish companies are better represented by the UK to support them in exporting into new international markets?

**Dr Fox:** We have repeatedly said that this Department is open to all businesses in the United Kingdom when it comes to seeking our support for exports, and I hope that the Scottish Government will encourage businesses in Scotland to work with the Department for International Trade, so that we can maximise that. We have made that offer, and we hope that they will take it up.

T7. [907887] **Henry Smith** (Crawley) (Con): What steps is my right hon. Friend taking to promote a global free trade agenda?

**Dr Fox:** We have repeatedly set out our worries about the slowdown in the growth of global trade. That has implications across the globe. It is worth making the general point that we need more free trade because it increases global prosperity. Increasing global prosperity leads to greater political stability, and greater political stability leads to greater global security. It is not possible to disaggregate those different elements.

**Alan Brown** (Kilmarnock and Loudoun) (SNP): When the Secretary of State is lobbying for foreign inward investment, does he agree with the comments of his friend the Foreign Secretary, who said that a pound spent in Croydon has more value to this country than a pound spent in Strathclyde?

**Dr Fox:** I bow to no one in this House in terms of my credentials as a Unionist, and I want to see prosperity spread to every part of the United Kingdom. I hope that the Scottish Government's economic policies will help to contribute to that.

## Business of the House

10.36 am

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

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

MONDAY 19 DECEMBER—General debate on exiting the European Union and science and research.

TUESDAY 20 DECEMBER—General debate on leasehold and commonhold reform followed by general debate on matters to be raised before the forthcoming Adjournment.

The business for the week commencing 9 January will include:

MONDAY 9 JANUARY—Remaining stages of the Technical and Further Education Bill.

TUESDAY 10 JANUARY—Remaining stages of the Commonwealth Development Corporation Bill followed by consideration of Lords amendments to the Policing and Crime Bill.

WEDNESDAY 11 JANUARY—Opposition day (17th allotted day). There will be a debate, or debates, on an Opposition motion. Subject to be announced.

THURSDAY 12 JANUARY—Debate on a motion on Yemen followed by debate on a motion relating to the security and political situation in the African great lakes region. Both debates were determined by the Backbench Business Committee.

FRIDAY 13 JANUARY—Private Members' Bills.

The provisional business for the week commencing 16 January will include:

MONDAY 16 JANUARY—Second Reading of the National Citizen Service Bill [*Lords*].

I should also like to inform the House that the business in Westminster Hall for Thursday 12 January will be:

THURSDAY 12 JANUARY—Debate on the fourth report from the Justice Committee on restorative justice followed by general debate on the future of the UK maritime industry. The subjects of these debates were determined by the Liaison and Backbench Business Committees.

As this is the last exchange at business questions ahead of the recess, may I conclude by wishing a happy, peaceful and restful Christmas recess not just to right hon. and hon. Members on both sides of the Chamber, but more particularly to the staff of the House in all departments?

**Valerie Vaz:** I thank the Leader of the House for the forthcoming business.

May I press the Leader of the House yet again for the date of the summer recess? People are absolutely desperate to print those little calendars. We do need that date.

May I also ask the Leader of the House for a date for the restoration and renewal report? I understand that a date has been floating around—people have mentioned it to me in passing. Can he enlighten all of us and perhaps let me know whether the resolution that is to be put before the House on this issue will be in the form of

votable motions, whether all three options will be put to the House and whether Members can table further resolutions?

When will the Bus Services Bill arrive? It has the flashing sign, “Due”, but it has been due for a year now. It would be quite helpful to know that.

Did you know, Mr Speaker, that 21 years ago today—no, not “Sgt. Pepper”—European leaders announced that their new currency would be known as the euro? It was a Tory Government who took us into the European exchange rate mechanism—and out again—but a Labour Government who defined the five economic tests before we joined the euro. That is why we will not give the Government a blank cheque on article 50; we want to see the framework for negotiating. We know the vital statistics following the referendum—52% leave, 48% remain, and 28% did not vote—so we need to find a way forward that encompasses everybody’s view.

To Labour Members, the position is clear: the UK voted to leave the EU, and our job is to ensure that we shape that exit. We need to shape the exit to ensure that jobs, the economy and living standards are our priorities; that trade and services with and to the EU are not damaged; and that we preserve all the good things about our place in the world, acting in concert with other countries to protect the vulnerable against bullies. Negotiating a good trade agreement will help the UK to negotiate with other countries to preserve the rights that were secured for our workforce, who have powered this economy through knowledge, skills and creativity by hand and by brain. Will the Leader of the House therefore ensure that between January and March there are discussions through the usual channels on a proper form for debate? Many Select Committees are producing reports. We do not want the public to be confused and we do not want to get into post-truth debates: we want a proper form of motion and proper recommendations. We need all that in order to shape the Government’s thinking before article 50 is triggered.

We need that debate because there is confusion in the Government. On Friday last week, the Secretary of State for Exiting the EU said that he is “not interested” in transitional arrangements. On Monday in the Treasury Committee, the Chancellor said that the Government would likely seek a transitional deal in order to avoid disruption that would risk Britain’s “financial stability”. At PMQs the Prime Minister was very emphatic in saying that we are leaving the EU. Yet Downing Street says that it may consider EU associate citizenship that will allow people to travel and work in the EU, and presumably we need to offer reciprocal arrangements. May we have a statement on the correct position?

We need to look at the effect of leaving the EU on young people and to debate how these policies will affect them, because 75% of those aged between 18 and 24 voted to remain. The Institute for Fiscal Studies warns that exiting the EU will herald the biggest pay squeeze for 70 years, with younger people hardest hit. Since 2007, the median income for those aged 22 to 30 has dropped by 7%. Inflation is already going up, and the cost of food and other necessities is rising. Will the Government look at implementing the real living wage based on the cost of living, which is £8.45 per hour, or £9.75 in London. That is not the Government’s living wage of £7.50, which will come in in April 2017?

[Valerie Vaz]

At PMQs, many right hon. and hon. Members mentioned the music single for Jo Cox. Let me place on record my thanks to MP4, who did a fantastic job of organising and playing on it: my hon. Friend the Member for Cardiff West (Kevin Brennan), the hon. Member for Perth and North Perthshire (Pete Wishart), and the right hon. Member for East Yorkshire (Sir Greg Knight). Others who took part included Ian Cawsey and Mary Macleod, formerly of this House, who came back to sing, Steve Harley, KT Tunstall, the brilliant community choir, members of the Royal Opera House, and many colleagues. Jo's family will have to face their first Christmas without her.

Many Members in all parts of the House are facing hostility. They have had to endure court cases. They have to deal with all this with courage. Will the Leader of the House and other Members try, on a cross-party basis, to find out the nature of and evidence for what is happening to our colleagues, because it is huge, and encourage them to report it. Perhaps we could have a streamlined way of ensuring that this matter is dealt with? Will he also look at what is happening when Members agree a package to keep their offices secure, because apparently they are not being implemented?

I do not know what the Leader of the House will give the Prime Minister for Christmas, but may I suggest a couple of books? The first is the autobiography of the former Prime Minister, John Major, in which he writes:

“Calling three of my colleagues, or a number of my colleagues” a very non-parliamentary word

“was absolutely unforgivable. My only excuse is that it was true.”

The second is “Team of Rivals”, Doris Kearns Goodwin's book about Abraham Lincoln and his Cabinet, three of whom had previously run against him.

Finally, Mr Speaker, may I wish you, your family and your office, the Leader of the House, his suave deputy and those in his office, the Clerks, the Doorkeepers and everyone who has made me so welcome, from the cleaning and catering staff, to the postal workers, and all right hon. and hon. Members a very happy Christmas and a peaceful new year?

**Mr Lidington:** I thank the hon. Lady for her personal good wishes. The thoughts and prayers of everybody in the House will be with Jo Cox's family at this time. I also salute, as the Prime Minister did yesterday, what MP4 and other hon. Members on both sides of the House did to contribute to the recently released download.

The hon. Lady asked about the serious issue of the threats and abuse that a number of hon. Members in different political parties have been receiving. I and the House authorities take that very seriously. She will understand that we do not usually talk about such security matters in detail in the Chamber, but the Chairman of Ways and Means and I recently sent a letter to all Members of the House, alerting them to the existence of a dedicated police hotline to which any such threats should be reported. Certainly, both the Chairman of Ways and Means and I would want to know of any evidence or suggestion that a local police force was not taking such threats seriously. We would take the appropriate steps were we to receive such information. Similarly, if there is evidence that necessary security improvements

to Members' homes and offices are being held up on unreasonable grounds, I would certainly be willing, as would the Chairman of Ways and Means, to try to make sure that things were sorted out rapidly.

Turning to the policy points that the hon. Lady raised, I will try to give the summer recess dates as soon as possible, but she will appreciate that, in line with precedent, it has not been the custom for any Government to announce summer recess dates quite this early in the parliamentary year. Similarly, I hope to be able to satisfy as soon as possible her appetite for dates both for the report on the renewal and restoration of the House and for the Commons proceedings on the Bus Services Bill.

The hon. Lady might have noted in her comments on the EU that it was a Conservative Prime Minister, Sir John Major, who ensured that this country had the opt-out from the euro in the first place and that without his efforts that choice would not have been available to the United Kingdom.

On EU exit, I welcome the hon. Lady's statement on Labour's position, but I have to say that it is at odds with what her party's own spokesman, the hon. and learned Member for Holborn and St Pancras (Keir Starmer), said just over a fortnight ago when he stated that we need to “keep our options open” on a second referendum. If we are to take the Labour party's approach seriously, it has to accept that whichever side we campaigned on and supported during the referendum, and whether we agreed or disagreed with the verdict of the public, this was a decision that the electorate was democratically entitled to take and which almost all of us in the House agreed, in supporting the European Union Referendum Bill, should be delegated from Parliament to the voters of the United Kingdom to decide finally.

I think that the hon. Lady's appetite for debates on the European Union will be more than sated in the new year. I also point out that there are more than 30 different Select Committee inquiries taking place in this House and in the House of Lords into various aspects of our departure from the European Union. She is right to say, as the Prime Minister has repeatedly said, that it is in our interests and in the interests of the other 27 members of the European Union to secure a negotiation that provides for as amicable a divorce as possible, because although we are leaving the European Union, we are not leaving Europe. A strong, productive, mutually beneficial relationship with the EU27 will be important both for the prosperity and security of all 28 countries and for effective co-operation, on an international scale, to deal with such challenges as large-scale migration from Africa and the threat from international terrorism, which will be with us, I am afraid, for a long time into the future.

The hon. Lady chided the Government about our approach to the living wage, but I have to say that we followed the advice of the Low Pay Commission in the recent increase in the national living wage. I note, too, that the Resolution Foundation, which is not always an unalloyed champion of Government policy, has said that 2016 has marked the best year ever for low-paid workers because of the Government's commitment to the national living wage.

Finally, the hon. Lady asked me about Christmas presents. For some unaccountable reason, she omitted to mention that in the Opposition's campaign grid for

this week, tomorrow is marked down as the day for Christmas jumpers. That combination of garish design, clashing colours and a general sense of naffness rather summarises where the shadow Cabinet is.

**Sir Simon Burns** (Chelmsford) (Con): Over the last three weeks or so, Chelmsford commuters travelling into London by train have had nightmare journeys because of broken-down trains, faulty tracks and other problems. Would my right hon. Friend be able to arrange for a statement by a Transport Minister on what can be done to stop such inefficient service provision, or would my right hon. Friend advise me that I ought to seek to catch Mr Speaker's eye next Tuesday afternoon to contribute to the Adjournment debate before the recess?

**Mr Lidington:** For as long as I have been in the House, I have known that my right hon. Friend is the most formidable champion of commuters from Cheltenham—[HON. MEMBERS: "Chelmsford!"] I beg his pardon as well as yours, Mr Speaker—from Chelmsford. The Christmas spirit is getting to me.

There is an important message here for the franchise holder and the railway workers, who together have to make that line operate, that the interests of the travelling public should be first and foremost in their priorities at all times. I am sure that if my right hon. Friend catches your eye, Mr Speaker, Transport Ministers will be only too happy to respond to him.

**Pete Wishart** (Perth and North Perthshire) (SNP): I thank the Leader of the House for announcing what there is of business next week; I thought for a minute that he was trying to talk out business questions. It is good to see a Leader of the House minus the lederhosen. Mr Speaker, may I take the opportunity to wish you and your family a merry Christmas? I extend that to the Leader of the House and, of course, to the staff of the House, who have looked after us in their usual exemplary fashion. I think we all pay tribute to them for that. Perhaps we should have a debate about 2016, and vow never to have another year quite like it, with the loss of so many of our stars and artists, as well as the election of Donald Trump in the States and this accidental, clueless Tory Brexit. Shall we learn a lesson from 2016 and vow never to go back there again?

Today's piece of Tory Brexit cluelessness comes courtesy of our man in Brussels. The UK ambassador to the EU has warned Ministers that it might take 10 years to get a trade deal with our European partners, and that some European capitals might never ratify Brexit, but apparently we are not to worry, because this only reflects the views of the 27 nations we are supposed to be negotiating with. Only in the weird world of Tory Brexit cluelessness does that make it all right, then.

With the Christmas recess in a few days' time, it might be weeks before we have an opportunity to debate the deteriorating situation in Aleppo, so I appeal to the Leader of the House for at least a statement from the Foreign Secretary to keep us updated before we rise for the recess on Tuesday.

Lastly, I know the whole House has engaged with trying to get the single for the Jo Cox Foundation to No. 1 for Christmas. On behalf of MP4, may I say that we are really grateful to everybody throughout the House for ensuring that we do that? I am sure that the

Leader of the House would join me in thanking Sir Mick Jagger and Keith Richards for waiving the royalties on their "You can't always get what you want", ensuring that even more money will go to the Jo Cox Foundation.

**Mr Lidington:** I happily endorse the hon. Gentleman's tribute to Mick Jagger and Keith Richards for waiving their royalties.

I will pass on to my right hon. Friend the Foreign Secretary the hon. Gentleman's wish for a further statement on Aleppo next week. I think the House is united in a sense of horror at what civilians there are having to endure. I know that Foreign Office Ministers are normally very keen to ensure that the House is informed as soon as possible about recent developments.

In my previous ministerial role, I worked with Ivan Rogers for a number of years. He is a formidable public servant who always reports to British Ministers in successive Governments what he picks up and what is said to him by various people in different Governments and EU institutions. It may be hard for you to believe, Mr Speaker, but in some countries people in the same Government say slightly different things about the future of Europe; that is not that unusual. The truth is that we have not set out the Government's objectives in the negotiation to our 27 colleagues, nor have they yet met to hammer out their mandate for their appointed negotiators, so the speculation about how long the negotiations will take seems to me to be remarkably premature. If there is good will and strong political intent, I am confident that an amicable and good negotiation can lead to an agreement in which all sides can take pleasure.

**Andrew Selous** (South West Bedfordshire) (Con): As we approach the time of the year at which there was no room at the inn for Jesus to be born in, may we have an early debate on the position facing many of our constituents who are moving into new shared ownership properties? Many of my constituents exchanged contracts in early September, but the completion date has been rolled forward endlessly. They are being chased by their current landlords, and some of them have been taken to court. Some of them are pregnant and expecting to have children shortly, and they do not know when they can move in. To make matters worse, I understand that some of the developers are concentrating on finishing off their own properties first, leaving the shared ownership tenants totally at their mercy when it comes to when they will be able to move into their new homes.

**Mr Lidington:** I am concerned about what my hon. Friend says about the case in his constituency. The Government are right to press forward with an ambitious programme of new home building for all types of tenure, but we need to be very clear that where sites have planning permission, developers have a responsibility to move ahead as quickly as possible. The most important step on shared ownership is for developers and authorities to work closely together at a local level to ensure, once permission is granted, that work on building out such sites is taken forward as rapidly as possible. As my hon. Friend knows, we are taking action through the Neighbourhood Planning Bill to remove some of the causes of unnecessary delays to development, but I hope that local councils will use their powers—both through setting conditions on development, and through

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the negotiation of section 106 planning agreements—to ensure the rapid delivery of shared ownership properties alongside properties for sale.

**Ian Mearns** (Gateshead) (Lab): Mr Speaker, may I join other right hon. and hon. Members in wishing you, the Leader of the House, all right hon. and hon. Members of the House, the staff of the House and our constituents a very happy Christmas and a happy, healthy and peaceful new year?

I thank the Leader of the House for the business statement. A number of hon. Members have asked me why we have not had a debate about Yemen. I am very glad that the Leader of the House has announced that, following our deliberations, it is scheduled for 12 January, along with a general debate about the African great lakes region. I have been asked about Yemen an awful lot. May I also thank the Leader of the House for his generous co-operation since he came to office, which has helped the Backbench Business Committee to plan ahead?

**Mr Lidington:** I am grateful to the hon. Gentleman for his Christmas wishes and his final remarks. It is always a juggling act to ensure that adequate time is available for what different Members in different parts of the House want to see debated, but we always do our utmost to accommodate the Backbench Business Committee.

**Jeremy Lefroy** (Stafford) (Con): Today, the sustainability and transformation plan for Stoke-on-Trent and Staffordshire has been published. There is a lot of good common sense in it, but there is also the statement that there needs to be consideration of whether to move from three A&E sites to two and an urgent care centre. It is clear from the demand and the history in Stoke-on-Trent and Staffordshire that all three A&E sites at Stoke, Stafford and Burton are required. May we have a debate on this issue urgently, because it is vital that our constituents know that their interests are being properly considered?

**Mr Lidington:** As always, my hon. Friend will be trenchant in defending the interests of his constituents. He is right that sustainability and transformation plans must not only be locally tailored, but deliver services that are of good quality and sustainable for the future of their locality. Any change has to meet the four tests that have been set out. It must have support from GP commissioners, be based on clinical evidence, demonstrate public and patient engagement, and consider patient choice. The local authority health overview and scrutiny committee of any locality has the right to object to a planned service change and refer it to the Secretary of State for a decision.

**Steve McCabe** (Birmingham, Selly Oak) (Lab): I know that the timing of statements is never easy, but given the importance of the local government settlement for places such as Birmingham, which are virtually bankrupt, and the fact that many of us will be serving on Public Bill Committees from 11.30 am today, may I ask the Leader of the House for an urgent debate on the combined impact of social care, education and local government funding decision on towns and cities that are not run by Conservative administrations?

**Mr Lidington:** I do not want to pre-empt what my right hon. Friend the Secretary of State for Communities and Local Government is going to say in his statement later today, but there is an opportunity next Tuesday in the Adjournment debate to raise precisely the kind of local city or county-specific issues that the hon. Gentleman has in mind.

**Edward Argar** (Charnwood) (Con): Rothley post office in my constituency closed recently and moved its services to a local shop, despite strong local opposition. It appears from local reports that promises about services that were made during the consultation are not being fully adhered to by the Post Office. May we have a debate on the impact on rural communities of changes to the Post Office branch network and, in particular, on the importance of the Post Office adhering to assurances that it gives during consultations?

**Mr Lidington:** I would be concerned to hear that the Post Office was going back on previously accepted positions. My hon. Friend may wish to catch your eye, Mr Speaker, in the Adjournment debate next Tuesday to raise his constituency concerns. The Post Office operates as an independent business, and the Government do not interfere in day-to-day operational responsibilities, but the Post Office has a responsibility to carry out proper consultation locally and seek feedback from people. I hope that my hon. Friend will bring his constituents' concerns directly to the attention of senior managers in the Post Office.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. Before I call the right hon. Member for Gordon (Alex Salmond), I should inform the House that he received the Coppieters award last night in Brussels. I feel sure that the House will want to know that the Coppieters awards are an initiative of the Centre Maurits Coppieters to honour individuals and organisations that stand out in defence of cultural and linguistic diversity, intercultural dialogue, self-determination, the rights of minorities, peace, democracy and a united Europe. I hope that, in the circumstances, the right hon. Gentleman deservedly feels and will sound even more chipper than usual.

**Alex Salmond** (Gordon) (SNP): Thank you very much, Mr Speaker, and congratulations on the pronunciation, which displayed all your customary *savoir faire*—a quality also required of Leaders of the House. May we therefore have a brief statement now to show that the Leader of the House, alone in the Government, understands the difference between access to the single market, which just about everybody in the world has, and membership of the single market, which is an economic advantage that only 500 million people on this planet have just now? How many answers to business questions does the Leader of the House believe that he can cram into the 10 years that Sir Ivan Rogers estimates it will take to complete trade negotiations?

**Mr Lidington:** I sometimes think that the right hon. Gentleman wants to continue debating these matters indefinitely, rather than reach a decision and a good outcome for this country. However, may I genuinely congratulate him on his award? In response to his

points about the single market, one thing I learned in my six years as Europe Minister is that none of the four freedoms that are discussed in the context of the single market is unqualified in its operation. For example, the single market in goods is much more developed at EU level than the single market in services. To present “in or out of the single market” in the binary fashion of the right hon. Gentleman does not do justice to the complexity of the negotiation ahead of us. The Prime Minister has made it clear that she wants the maximum access for UK companies to the European single market, the greatest possible freedom for UK companies to operate within that market, and reciprocal rights for EU companies here.

**Mr David Nuttall** (Bury North) (Con): May we please have a debate on essential services? That would give me and hon. Members of all parties the opportunity to thank and pay tribute to our armed forces, who are serving in this country and around the world, the police, our NHS staff, care sector workers, prison officers, energy sector workers, security staff, caretakers, transport workers, broadcasters and the many others who will have to work over the Christmas period.

**Mr Lidington:** My hon. Friend makes a very important point. Many of us will know of constituents or family members working in the health service, the police, the Army and other key public services, who will be on duty over the Christmas period. We want to wish them and their families well, and to say a profound “thank you” to them for their continuing service.

**Diana Johnson** (Kingston upon Hull North) (Lab): Having spent time on the police parliamentary scheme and seen close up the excellent work that our police officers do up and down the country, I am concerned that the Government now plan to make being a police officer a graduate entry occupation. There are a number of excellent police officers who do not have degrees, especially the bobby on the beat. May we have a statement from the Government about their plans in that regard, please?

**Mr Lidington:** If the hon. Lady looks at what has been proposed by the College of Policing, she will see that the degree requirement is one of three options it has suggested for consideration; another is an apprenticeship scheme to provide enhanced education and training for police officers after recruitment. The police service itself believes it needs to address the point that we ask police officers—even the most junior new constables—to make very sensitive decisions on our behalf, including whether to initiate a process that may lead to a family’s children being taken into local authority care and whether a person should be physically restrained because they represent a threat. It is right that police officers should have expertise and training so that they are capable of taking those decisions wisely. The College of Policing is seeking to ensure that.

**Tom Pursglove** (Corby) (Con): Residents in King’s Cliffe are very concerned about the lack of post office facilities in the village and the amount of time it has been taking to try to get those facilities reopened. Will the Leader of the House join me in encouraging Post Office Ltd to expedite the matter and get those services

reopened as an early Christmas present for my constituents? May I join my hon. Friend the Member for Charnwood (Edward Argar) in calling for a debate on this next week?

**Mr Lidington:** I know that my hon. Friend will continue to champion the interests of his constituents in securing the reopening of local post office services. As I said earlier, the Government do not intervene in the day-to-day business decisions of the Post Office, but I am sure that its senior management will have heard what he has said.

**Dr Philippa Whitford** (Central Ayrshire) (SNP): We learned about 12 hours after the EU vote that the £350 million pledge was arrant nonsense, so will the Leader of the House commit to a debate in Government time on the real impact of the EU on the health service, and the issues we need to consider regarding Brexit?

**Mr Lidington:** There will be many opportunities when we return in January for every aspect of our departure from the European Union to be debated in full, and for Ministers from all relevant Departments to be questioned.

**Mr Peter Bone** (Wellingborough) (Con): Tomorrow is Local Charities Day. We all have very good local charities in our constituencies. One of mine is Crazy Hats, run by Glennis Hooper and her group of dedicated volunteers, who have raised more than £2 million through people wearing crazy hats. They spend that money on breast cancer care in Northamptonshire. Will the Leader of the House tell us how those charities can be further supported?

**Mr Speaker:** Order. I have indulged the hon. Gentleman for the duration of his question, but I am glad that he has now taken that hat off. I sincerely hope he will not put it on again—preferably not at any time, but certainly not in the Chamber.

**Mr Lidington:** I thought for one moment that my hon. Friend the Member for Wellingborough (Mr Bone) was auditioning for a role in some remake of the film “Elf”. The Chancellor has demonstrated through improvements in the gift aid scheme that the Government are keen to provide greater opportunities for small local charities to benefit from donations. Legislation going through Parliament at the moment will make further concessions to help such charities. We will all want to celebrate tomorrow the work that so many thousands of local charities do in every constituency in this country.

**Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): Even though you were not able to call me during International Trade questions, Mr Speaker, may I wish you a very happy Christmas? I especially want to do so because at one stage it looked like the House of Commons children’s Christmas party would not happen, and I believe that you played a role in making sure that it did. We had a lovely party on Tuesday. All the kids had a great time, as did the parents and grandparents, so thank you for that.

Before I came here today I consulted my constituents about the neglected issues that they want us to go back to in the new year. They had three. The first was of course Aleppo, that heartrending, disgraceful blot on our civilised world. The second was the fact that we are likely to lose our A&E hospital in Huddersfield. The

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third was that we are neglecting the people who make things in our country, our manufacturers; in International Trade questions, the M-word was hardly spoken. Those are my constituents' three priorities. May we have debates on them early in January? And happy Christmas, everyone.

**Mr Lidington:** I shall look for opportunities to provide debates on all those important subjects. As I said earlier, sustainability and transformation plans must meet four specific criteria. The hon. Gentleman's local authority has the right to challenge and refer to the Secretary of State any change to services to which it objects.

Aleppo has already been debated and been the subject of questions this week, but I do not think there is any Member who does not share the hon. Gentleman's horror at what we have seen. It is a matter of the utmost regret—that is putting it too mildly—that Russia, sometimes in alliance with other countries, has consistently vetoed Security Council resolutions designed to ensure a ceasefire and the peaceful evacuation of civilians from affected areas.

On manufacturing, support for it and the upgrading of our skills base so that we can compete internationally in high-value manufacturing are core elements of the Government's economic and industrial strategy.

**Bob Blackman** (Harrow East) (Con): At both of the recent Women and Equalities questions, the Minister for Women and Equalities, my right hon. Friend the Member for Putney (Justine Greening), committed to publishing the consultation document on caste discrimination legislation. That will give British Hindus the opportunity to ensure that this ill-thought-out, divisive and unnecessary legislation is removed from the statute book. Time is short. There are only three more days of parliamentary time before the end of the year, when the release of the consultation has been promised. Will my right hon. Friend the Leader of the House ensure that we have a statement to the House on the consultation document before Parliament rises, so that British Hindus have the optimal opportunity to respond to it?

**Mr Lidington:** I will draw the attention of my right hon. Friend the Secretary of State to my hon. Friend's concern.

**Mrs Madeleine Moon** (Bridgend) (Lab): Yesterday, as chair of the all-party kidney group, I hosted, with the right hon. Member for North Norfolk (Norman Lamb), a symposium of leading experts on kidney disease. One thing that shocked us was that a quarter of people on dialysis have diabetes. Early monitoring of diabetic kidneys for renal failure would make a huge difference to those who go on to need dialysis and transplantation. May we have a debate on how we join up that knowledge, so that through early diagnosis of diabetes we can prevent people needing dialysis and transplants?

**Mr Lidington:** The hon. Lady makes a very interesting and important point. That might be a subject for a Backbench Business Committee debate, but I will make sure that her point is drawn to the attention of Health Ministers.

**Martin Vickers** (Cleethorpes) (Con): Earlier this week the finals of the Great British High Street awards took place. Sea View Street in Cleethorpes was one of the finalists, winning a silver in one of the categories. The street is a collection of independent retailers. May we have a debate on the role of independent retailers and the contribution that they make to our communities and to the economy?

**Mr Lidington:** I think we all accept that with the growth of online sales all retailers, but in particular small high street shops, face a challenging environment. That makes it all the more welcome that Sea View Street in Cleethorpes has won this award. I would like to add my congratulations to all the retailers there who have clearly worked extremely hard, and in an innovative fashion, to ensure they still pull in customers.

**Stewart Malcolm McDonald** (Glasgow South) (SNP): Last week, the Leader of the House failed to tell me how far it was from Castlemilk to Newlands, which I am surprised about, given that when the Department for Work and Pensions calculated the distance, it did not use any of the great resources at its fingertips; instead, it used Google Maps. That is how it calculated its decision to close eight of Glasgow's 16 jobcentres. Here we are, however, eight days on from the announcement, and still the consultation is not on the DWP website—so that is at least eight days by which it will have to extend the consultation. Will the right hon. Gentleman help me to facilitate getting it put on the website today, and will he convey our frustration to Ministers at the way they have handled this whole sorry affair?

**Mr Lidington:** The central point is that there will no change in the level of service that jobcentres offer people in Glasgow. The DWP is merging a number of smaller offices into bigger sites as leases come to an end so that we can save taxpayers, including Scottish taxpayers, money without changing the service offered. The Government have already consulted on the plans, but there will be further consultation in areas where people have to travel more than three miles or for longer than 20 minutes to reach a jobcentre.

**Philip Davies** (Shipley) (Con): May we have a debate on horse-racing, particularly the bravery of jockeys? Horse-racing is undoubtedly the finest sport there is and plays an important part in many communities' local economies, but it would not be possible without jockeys and their bravery. One in 10 jump jockey rides ends in a fall. Freddy Tylicki, a flat jockey, recently suffered life-changing injuries from a fall on the flat, and Mark Enright recently spoke about the mental health problems that he and other jockeys have faced, particularly in keeping their weight down to ride horses. Such a debate would enable us to praise those jockeys, the British Horseracing Authority and the Professional Jockeys Association. Will the Leader of the House grant such a debate and see if the Government can help the horse-racing industry to tackle these matters?

**Mr Lidington:** Millions of people in this country enjoy horse-racing in all its forms and admire the guts and determination of jockeys, and it is a very risky occupation, but, as I am sure my hon. Friend will

acknowledge, it is one for which those jockeys volunteer; they accept the sort of devastating risks he describes and, I think, derive huge pleasure and accomplishment from it.

**Clive Efford** (Eltham) (Lab): I ask that the Leader of the House offer up a feast for Members on both sides of the House: the Transport Secretary at the Dispatch Box to answer for the chaos that our constituents have been suffering on the railways. It would give him an opportunity to explain why he refused, on political grounds, to give suburban services to the Mayor of London, which is something now supported by businesses in London, and to listen to what Members think about his decision.

**Mr Lidington:** I recall my right hon. Friend the Transport Secretary answering hon. Members' questions about this within the last two weeks. I hope that the hon. Gentleman, in his work on the railways, might drop a line to ASLEF inquiring why it has so far refused to respond to the Transport Secretary's invitation to come to talks to try to end this devastating strike, which is plaguing so many commuters in the south of England.

**Ms Tasmina Ahmed-Sheikh** (Ochil and South Perthshire) (SNP): May we please have a debate on the implementation of personal independence payments? I have been contacted by constituents with serious long-term health issues who were previously in receipt of disability living allowance but who have been assessed with low scores in relation to PIP. I am concerned that some of the most vulnerable in our society are being cast aside by a system that is not working as it should.

**Mr Lidington:** As the hon. Lady knows, personal independence payments are designed to compensate people for the additional living costs incurred as a result of their disability. If she knows of cases where she believes there to be a systemic problem with how awards are assessed, she is certainly welcome to draw them to my attention, and I will pass them on to the relevant Ministers, but it is surely right for the Government to concentrate on enabling disabled people who wish to work to find employment, as record numbers are now doing, while also helping people with those additional costs.

**Vernon Coaker** (Gedling) (Lab): Will the Leader of the House arrange for a debate on the availability of high-cost drugs for children with rare medical conditions? A young child in my constituency suffers from Duchenne muscular dystrophy, but a consultation is taking place about the withdrawal of the drug Sarepta, which has dramatically improved his life. I am sure there are many other such conditions, of which I am not aware, for which such drugs may or may not be available to families. This is a really urgent matter that affects many children and others across our country. The Leader of the House needs to talk to Ministers in the Department of Health to ask them to come to this House to discuss and debate with us the availability of funding for such high-cost drugs.

**Mr Lidington:** If the hon. Gentleman sends me a note about the particular constituency case, I will pass it on to the Health Secretary. As he will understand, the

general principle to which we and the previous Labour Government adhered is that decisions about the availability of drugs to treat unusual conditions should be determined either by NICE nationally or by local commissioners, looking always at the clinical effectiveness of those drugs. I do not think it would be right to go back to a system in which Ministers, perhaps influenced by the political voices of whichever campaign shouted the loudest, took these decisions, instead of the expert bodies.

**Martyn Day** (Linlithgow and East Falkirk) (SNP): May we have a statement or a debate in Government time on the World Health Organisation protocol to eliminate the illicit trade in tobacco products? In June, in a response to a Lords parliamentary question, we learned that the Government are fully committed to ratification of the protocol, and will ratify once they are satisfied that legislation is in place to require the licensing of tobacco machinery. However, growth in this criminal trade continues to threaten public health and results in a loss of Government revenue. Is it not high time that we had an update?

**Mr Lidington:** It strikes me that there will be an excellent opportunity for the hon. Gentleman to raise this issue in questions to the Health Secretary next Tuesday.

**Paula Sherriff** (Dewsbury) (Lab): Sadly, in July, a constituent's teenage daughter needed to seek acute mental health care on an in-patient basis. The nearest available bed was in Colchester—an eight-hour round trip by car, causing her family untold hardship, both emotionally and financially. Will the Leader of the House clarify whether this is what his Government mean by "parity of esteem"? I hope he agrees with me that owing to the seriousness of this issue, we need an urgent debate.

**Mr Lidington:** We have not only legislated to give mental and physical health equal priority in law, but the Government have introduced the first ever access and waiting standards for mental health services, which never existed under previous Administrations. Some 1,400 more people are accessing mental health services every day compared with 2010—an increase of 40%—and we are investing more taxpayers' money in mental health than ever before. Yes, there is more to be done—I do not deny that for an instant—but I think this Government have shown greater determination than any of their predecessors in moving forward to improve the quality of mental health services available to our constituents.

**Dr Lisa Cameron** (East Kilbride, Strathaven and Lesmahagow) (SNP): May we have a debate on the importance of accessibility for disabled people to local sportsgrounds and amenities? I recently had an inspirational meeting with East Kilbride youth disability sports club, many of whose members, I am delighted to inform the House, will be taking part in the special Olympics next year. Does the Leader of the House agree that this is an important issue, and that we require access for all to maximise potential and should focus on ability rather than disability?

**Mr Lidington:** I completely agree with the hon. Lady. Wearing my hat as the Member whose constituency includes Stoke Mandeville, I think that sport has shown

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that it can provide one of the best means available for people with disabilities of all kinds to show that they can achieve great things and have those achievements celebrated by the public as a whole. I hope all sports governing bodies and the management of stadiums and other premises will pay close attention to the hon. Lady's words.

**Louise Haigh** (Sheffield, Heeley) (Lab): The Drive for Justice campaign is being led by Sheffield's *The Star* and its sister publications, looking at sentences for causing death by dangerous driving. One mother pointed out that the drunken woman who had murdered her 15-year-old son had served only one year in prison, while she described herself as serving "a life sentence". May we have an urgent debate on sentencing guidelines for causing death by dangerous driving?

**Mr Lidington:** The next Transport questions are not until 12 January, but the hon. Lady will know that the Government have recently put out to public consultation proposed increases to the severity of sentences for dangerous driving. I hope she and her constituents will avail themselves of the opportunity to make their voices heard during that consultation.

**Joanna Cherry** (Edinburgh South West) (SNP): At the weekend, there were newspaper reports that the Home Office has stopped transfers to the UK of unaccompanied minors registered in the Calais camp. Most worryingly, there were reports that children awaiting transfer in France are going missing and that children who have come to the UK under the schemes operated by the British Government have gone missing after their arrival. May we have a statement from the Home Secretary before Christmas updating the House on the operation of the scheme under both the Dublin system and the Dubs amendment?

**Mr Lidington:** I will draw the hon. and learned Lady's request to the Home Secretary's attention. The Home Office continues to work very closely with the French authorities to ensure that we identify the most vulnerable children and give them priority in our resettlement plans. That is what was envisaged under Lord Dubs' amendment to the recent legislation, and the Government remain committed to that policy.

**Mary Glendon** (North Tyneside) (Lab): According to Department for Work and Pensions figures released yesterday, more than 120,000 disabled people have had their benefits severely downgraded despite living with chronic progressive conditions. So following the earlier question, may we have a debate on how reassessments from disability living allowance to the personal independence payment have been conducted?

**Mr Lidington:** I will draw the hon. Lady's concern to the attention of the Work and Pensions Secretary, but the principle is surely right, as my ministerial colleagues have announced, that people who are suffering from long-term, often degenerative, medical conditions or disabilities should be exempt from reassessments, and people with disabilities and medical conditions who are capable of returning to work of some kind, helping to restore to them the dignity that goes with working, should be supported in doing that.

**Kirsten Oswald** (East Renfrewshire) (SNP): This is the third Christmas for which six veterans, including my constituent Billy Irving, will be stuck in jail in India awaiting yet another judgment. Will the Leader of the House join me in making a new year resolution to do everything in his power to bring these innocent men home, and may we have a statement on what the Government will do to make sure that that happens?

**Mr Lidington:** As the hon. Lady knows, those men are being held under the Indian judicial system. Although we cannot give orders to another country about how it operates its judicial system, the case of the hon. Lady's constituent and the other men being detained has frequently been raised by Ministers when speaking to their Indian counterparts, and continues to be raised by our high commissioner in New Delhi. We will continue to make such representations.

**Kevin Brennan** (Cardiff West) (Lab): Instead of the traditional Adjournment debate, perhaps Tuesday's debate could be on the substantive motion, in tribute to our fallen colleague Jo Cox, that this House believes we have more in common than that which divides us. If we did have such a debate, that would enable us to highlight wonderful gestures like that of the bookmaker William Hill, which has said this morning that it will donate all the money staked on the Friends of Jo Cox single becoming Christmas No. 1 and in addition make a £5,000 donation to the Jo Cox Foundation. Does the Leader of the House agree it would be a wonderful gesture if all the other major bookmakers matched William Hill's generosity?

**Mr Lidington:** I pay tribute to the action of William Hill. It has set a precedent that others might indeed wish to look at closely.

**Gavin Newlands** (Paisley and Renfrewshire North) (SNP): Last week's announcement of 270 job losses at the Doosan Babcock facility in Renfrew may herald the end of 121 years of production and industrial heritage, so may we have a debate on advanced manufacturing and what we can do to protect jobs in that sector, particularly in light of the Government's plans to leave the biggest single market in the world?

**Mr Lidington:** Any job losses of the type that the hon. Gentleman has described are to be regretted, but he will surely welcome the fact that unemployment in Scotland has fallen significantly since this Government took office and that more people are in work in the United Kingdom today than ever before.

**Nic Dakin** (Scunthorpe) (Lab): Can the Leader of the House say when the Parliamentary Constituencies (Amendment) Bill will get its money resolution and move into Committee? If he cannot, will he say why?

**Mr Lidington:** As I said at business questions last week, the Bill's promoter did not publish it until three days before its Second Reading was due to be debated. No estimate or description of costs was provided with the Bill, and the Government are now having to undertake that analytical work.

**Alison Thewliss** (Glasgow Central) (SNP): May we have a debate in Government time or a statement on the unacceptable delays in tier 1 visa tribunals? One constituent has been waiting since November 2015 for an appeal on a visa for his wife, another has been waiting since February 2016 and a third is facing eviction from his home along with his wife and four children. Will the Leader of the House please help my constituents?

**Mr Lidington:** It is clearly of concern to hear about the case history that the hon. Lady describes. If she will let me have the details, I will pass them on to the Justice Secretary.

**Christian Matheson** (City of Chester) (Lab): Is the Leader of the House aware of the “Bartend against Bombs” campaign? It was started in Chester by my constituents Calum Adams and Ben Iles and involves low-paid bar and hospitality staff giving a large proportion of their gratuities to charities that support children. It has now been rolled out across the country, making thousands of pounds in just a couple of years. In view of my constituents’ marvellous success, now would be a good time to debate about and celebrate voluntary and charitable giving.

**Mr Lidington:** I give my unreserved congratulations to those bartenders in Chester. I understand that they have raised more than £7,000 over the past year for aid in Syria. We rightly take pride in the fact that the UK has pledged £2.3 billion of taxpayers’ money to tackle the humanitarian crisis in Syria, but the hon. Gentleman’s constituents have demonstrated that that sense of solidarity with the suffering people of Syria is felt widely and in every part of this country.

**Steven Paterson** (Stirling) (SNP): I recently visited the Real Food Cafe in Tyndrum in my constituency. It is an excellent business that employs many EU nationals, but they are extremely concerned about their future following the vote in June. Given the position in which the Government find themselves with their wrongheaded policy, will they reflect on that concern over the Christmas period and come back with a statement in the new year to give certainty to those employees, who make such a contribution to our society?

**Mr Lidington:** On the behalf of the Government, I will say very clearly that people from other EU countries who have come here lawfully in order to work, who are obeying the law and paying their taxes, are contributing to our society. The Prime Minister has made it clear on many occasions that we want an early agreement on a deal that enables those EU nationals already in this country to know that their rights here are secure and, equally, that UK nationals living elsewhere in the EU will have their rights respected on the same basis.

**Chris Stephens** (Glasgow South West) (SNP): As the great Tory party icon Ebenezer Scrooge saw the error of his ways at this time of year, may we have a statement or debate in the new year on building a social security system based on the needs of the most vulnerable and poorest in our society? Does the Leader of the House agree that initiatives such as the Govan community toy bank, which has provided toys to more than 700 families over the last two years, brings into focus why such a change in social security, and our economy, is necessary?

**Mr Lidington:** The truth is that whatever system of social security we have in this country, voluntary initiatives such as the Govan toy bank will have a significant additional role to play. We cannot shy away from the fact that we need to have a welfare system in the United Kingdom that is fair both to those people who are genuinely in need and to taxpayers, especially taxpayers who work hard on modest wages to pay for that social security system.

**Brendan O’Hara** (Argyll and Bute) (SNP) *rose—*

**Douglas Chapman** (Dunfermline and West Fife) (SNP) *rose—*

**Alan Brown** (Kilmarnock and Loudoun) (SNP) *rose—*

**Mr Speaker:** I call Brendan O’Hara.

**Brendan O’Hara:** During Monday’s Defence questions, I asked the Under-Secretary of State for Defence, the hon. Member for West Worcestershire (Harriett Baldwin) why the national shipbuilding strategy had not yet been published. In her reply, she accused me of “complaining about the lack of publication of a report that has been published”.—[*Official Report*, 12 December 2016; Vol. 618, c. 485.]

May we have a Government statement, preferably right now, to confirm for my benefit, the country’s benefit, the benefit of this House and, most importantly, the benefit of the Under-Secretary that Sir John Parker’s report is not the national shipbuilding strategy, and that that strategy has not been published and indeed will not be published until the spring of next year?

**Mr Lidington:** At the end of the question, the hon. Gentleman was replaying a timetable that I had given him in the past at this Dispatch Box. He is right to say that the Parker report has presented the Government with some very far-reaching recommendations for the future of our shipbuilding industry. The hon. Gentleman and his friends would have been the first to criticise us had Ministers rushed to the Dispatch Box abruptly after the publication of the report, rather than first giving it the serious consideration it needs.

**Alan Brown** *rose—*

**Mr Speaker:** I call Alan Brown. [*Interruption.*]

**Alan Brown:** It appears my hon. Friend the Member for Dunfermline and West Fife (Douglas Chapman) does not want to hear what I have to say—it is his loss.

After the autumn statement, the Government made great play of the £23 billion investment fund, however a single budget line of £7 billion has been put back to 2021-22—that is beyond the scope of this Parliament. That budget line is called “long-term investment”, so will the Leader of the House make a statement explaining what that money is for, how a future Government can be held to account on it and why, if it really is for long-term investment, we are not making that investment right now?

**Mr Lidington:** It is sensible to have provision in a medium-term economic plan and obviously it will be for the Government to decide on and, if necessary, seek parliamentary approval for the details of spending within that overall envelope, when we have taken stock of where the economy is closer to that date. In talking

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about the autumn statement, I would have thought that the hon. Gentleman would have had the grace to acknowledge not only the £23 billion that the Chancellor has set aside for infrastructure, but the £800 million infrastructure bonus going to Scotland as a result of those decisions.

**Mr Speaker:** I have just been informed of a most remarkable, almost novel development in the House, namely that an hon. Member has beetled out of the Chamber and not asked his question on the ground that it had already been asked—that has never normally stopped Members! It has to be said that the hon. Member for Dunfermline and West Fife (Douglas Chapman) is a most unusual denizen of the House. Let me also say that I am most grateful to the Leader of the House and to colleagues.

Just before I call the Secretary of State for Communities and Local Government to make his statement, I will just say this: I understand that a copy of the statement was provided to the Opposition spokesman only approximately 15 minutes ago, and that is, frankly, a discourtesy, not only to the Opposition, but to the House. It is also a departure from a very long-standing and almost invariably adhered to convention in this place. I must say to the Secretary of State, in all courtesy, that I had considered, in the circumstances, a brief suspension of the House, but after consultation and on reflection, I am persuaded, not least in the light of other business with which we have to deal today, that it is probably best for the House to press on. That said, this must not happen again.

Moreover, I very gently say to the Secretary of State one further thing: he inquired of my office earlier whether it would be acceptable for his statement to be of 15 minutes' length rather than the normal 10, because he wished to provide the House with as much detail as possible. It is acceptable for him to do that on this occasion, but of course compensation must be granted to the Opposition spokesperson in terms of the length of his reply. All of that said, I nevertheless would like to wish the Secretary of State, the Opposition spokesman and of course all colleagues a very merry Christmas.

## Local Government Finance Settlement

11.44 am

**The Secretary of State for Communities and Local Government (Sajid Javid):** With permission, Mr Speaker, I will make a statement on funding for local authorities next year.

First, let me wish you, Mr Speaker, a merry Christmas. I am sorry to hear that the statement arrived late for the Opposition—I understand from my office that it reached them at 11.15. That was not the intention, and I do apologise for it.

Local government accounts for almost a quarter of public spending and it is making a significant contribution to reducing Labour's record-breaking budget deficit. Councils have dealt with this admirably. Public satisfaction with local services has been maintained. There is much that other parts of the public sector can learn from councillors across the country when it comes to delivering value for money, but no one is disguising that more can be done to improve efficiency and further transform services.

In last year's spending review, we delivered a flat-cash settlement for local government. It was one that gives councils more than £200 billion to spend on services over the course of this Parliament. In February, we published an historic four-year offer for councils, providing the certainty that they need to plan ahead.

I am pleased to say that 97% of councils have taken up the offer and met our expectations of reform by publishing a long-term efficiency plan. That means that almost every council in England is now working with local partners in the NHS and other areas to translate this greater certainty into improved services and efficiency savings.

Today, my Department has published a consultation that confirms the second year of this four-year offer for councils. Core spending power figures have been made available in the Library of both Houses.

The added certainty provided by the four-year offer will increase stability for councils as we transition to a world where they retain 100% of locally raised taxes to fund local services. By 2020, we will see local councillors deciding how to fund local services using local money—true localism in action.

Meanwhile, stronger incentives to support local firms and local jobs may increase business rate revenue for local government as businesses expand. In the new year, we will introduce a Bill to provide the framework for the new system, with trials beginning later in the year. The March Budget announced that, in London and the devolution deal areas of Greater Manchester and Liverpool city region, there will be pilots of 100% business rates retention. I can confirm today that those authorities have reached agreements to begin rate retention pilots in 2017-18. I am pleased to say that they will be joined by authorities in the devolution deal areas of the west of England, Cornwall and the west midlands.

The new homes bonus is an important part of our commitment to reward communities and authorities that embrace ambitious house building plans. It also provides valuable income for councils seeking to grow their local economies, which they can then go on to spend as they see fit. Since its introduction in 2011, more than £6 billion has been paid to reward housing

supply and more than 1.2 million homes have been delivered. But for all its successes, the system can be improved.

A year ago, we consulted on a number of possible reforms to the scheme. Having studied those results closely, I can confirm today that, from next year, we will introduce a national baseline for housing growth of 0.4%. Below that, the new homes bonus will not be paid. That will help to ensure that the money is used to reward additional housing rather than just normal growth.

From 2018-19, we will consider withholding new homes bonus payments from local authorities that are not planning effectively by making positive decisions on planning applications and delivering housing growth. To encourage more effective planning, we will also consider withholding payments for homes that are built following an appeal. A consultation on this will take place in due course.

We will implement our preferred option in the consultation, reducing the number of years for which payments are made from six years to five years in 2017-18 and to four years from 2018-19. This will release important funding for adult social care, recognising the demographic changes of an ageing population, as well as a growing population.

I am sure that all Members on both sides of this House agree on the need for action to meet the growing cost of caring for some of our most vulnerable citizens. Every year councils spend more than £14 billion on adult social care. It is by far the biggest cost pressure facing local government. The spending review put in place up to £3.5 billion of additional funding for adult social care by 2019-20, allowing local government to increase its spending on this service in real terms by the end of this Parliament, but more needs to be done. Over recent months we have listened to, heard and understood calls from across the board saying that funding is needed sooner in order to meet short-term pressures.

Today I can confirm that savings from reforms to the new homes bonus will be retained in full by local government to contribute towards adult social care costs. I can tell the House that we will use these funds to provide a new dedicated £240 million adult social care support grant in 2017-18, to be distributed fairly according to relative need. I can also confirm the indicative allocations of the improved better care fund that we published last year. The Department of Health will shortly be confirming allocations of the public health grant to councils for next year.

Last year we agreed to the request by many leaders in local government to introduce a social care council tax precept of 2% a year, guaranteed to be spent on adult social care. The precept puts money-raising powers into the hands of local leaders, who best understand the needs of their community and are best placed to respond. In recognition of the immediate challenges faced in the care market, we will now allow local councils to raise this funding sooner if they wish. Councils will be granted the flexibility to raise the precept by up to 3% next year and the year after. This will provide a further £208 million to spend on adult social care in 2017-18 and £444 million in 2018-19. These measures, together with the changes we have made to the new homes bonus, will make almost £900 million of additional funding for adult social care available over the next two years.

However, we do not believe that more money is the only answer. There is variation in performance across the country that cannot be explained by different levels of spending. Some areas have virtually no delayed transfers of care from hospital, but there is a twentyfold difference between the best and the worst performing 10% of areas. It is vital, therefore, that we finish the job of integrating our health and social care systems. We know that this can improve outcomes and make funding go even further, helping people to manage their own health and wellbeing and to live independently for as long as possible. There are already some strong examples of where this works. For example, in Oxfordshire joined-up working has seen delayed discharges plummet by over 40% in just six months. Meanwhile, Northumberland has saved £5 million by joining up with the local health care trust, reducing demand for residential care by some 12%.

The better care fund is already supporting this with £5.3 billion of funding pooled between councils and clinical commissioning groups last year. But we also want to make sure that all local authorities learn from the best performers and the best providers, so we will soon publish an integration and better care fund policy framework to support this. In the long term, we will need to develop the reforms that will provide a sustainable market that works for everyone who needs social care.

We also need to recognise that demographic pressures are affecting different areas in different ways, as is the changing cost of providing services, so we are undertaking a fair funding review to thoroughly consider how to introduce a more up-to-date, more transparent and fairer needs-assessment formula. The review is looking at all the services provided by local government, and will determine the starting point for local authorities under the 100% business rate retention programme. This is an opportunity to be bold—an opportunity for bottom-up change. We are working with representatives from local government on the review, and we will report on our progress to the House in the new year.

Council tax is a local decision, and local councils will need to justify social care precept rises to their taxpayers. They will need to show how the additional income is spent to support people who need care in their area and how it improves adult social care services. However, it is worth noting that the extra flexibility to raise funding for adult social care next year will add just £1 a month to the average council tax bill. The overall increase to the precept in the next three years will remain at 6%, so bills will be no higher in 2019-20. In our manifesto, we made a commitment to keep council tax down, and that is exactly what has happened. Since 2010-11, council tax has fallen in real terms by 9%. By 2019-20, hard-working families will be paying less council tax in real terms than they were when we came to power.

However, last year we saw a worrying 6.1% rise in precepts in town and parish councils. That is why, earlier this year, we consulted on extending council tax referendum principles to larger town and parish councils. These councils play an important role in our civic life, and I understand the practical considerations of scale, so we have decided that we will defer our proposals this year, while keeping the level of precepts set by town and parish councils under close review. I expect all town and parish councils to clearly demonstrate restraint when setting increases that are not a direct result of taking on

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additional responsibilities. I am also actively considering with the sector ways to make excessive increases more transparent to local taxpayers.

This local government finance settlement honours our commitment to four-year funding certainty for councils that are committed to reform. It paves the way towards financial self-sufficiency for local government and the full devolution of business rates. It recognises the costs of delivering adult social care and makes more funding available sooner. It puts local councillors in the driving seat and keeps bills down for hard-working taxpayers. I commend it to the House.

11.58 am

**Mr Gareth Thomas (Harrow West) (Lab/Co-op):** This is a settlement that will leave the people of England paying higher taxes and getting worse public services for their money. For some, this settlement will still mean that the support they had hoped would be there for an elderly or vulnerable relative is not available. For others, visible public services, such as street cleaning and rubbish collection, will be cut ever closer to the bone, and even more youth centres and libraries will close.

While it would have been nice to see the statement in good time, at least we can be grateful that the crisis in the Conservative party over the price of a pair of trousers has abated enough to allow the chief of staff at No.10 to decide what the Secretary of State can say today.

Is not the real truth about this statement that there is no new money for local authorities to tackle the social crisis now? Moving new homes bonus money around in a few years' time is not going to tackle the crisis now. On 18 July, when the Association of Directors of Adult Social Services was already raising the alarm, the Secretary of State said of social care, in response to my hon. Friend the Member for Easington (Grahame M. Morris):

"I do not accept that it is underfunded."—[*Official Report*, 18 July 2016; Vol. 613, c. 530.]

Why has it taken so long for the Secretary of State to spot that there might be a problem after all?

This is a crisis that Ministers still do not seem to grasp the severity of, with £4.6 billion axed from social care budgets as a result of their cuts since 2010, and 1.2 million people, according to Age UK, not getting the care they need. There are even senior figures in the Secretary of State's own party with a closer grip on reality than he appears to have, such as Lord Porter, the chairman of the Local Government Association, who notes:

"Services supporting our elderly and vulnerable are at breaking point now."

Does the Secretary of State share our view that we did not need to be in this position? Does he remember how, before the 2010 general election, senior figures in his party chose to kill off serious cross-party talks on how to fund social care going forward?

Once Ministers finally began to realise that there might actually be a bit of a problem, they reached for that old Conservative favourite: blaming councils themselves. Ministers like to attack councils, but is not the truth that councillors and local authority staff up and down

the country are doing their best to plug the funding gap to cope with huge rising demand for care and increasing costs?

When will the Secretary of State address the worsening postcode lottery for social care? In the most deprived areas of the country, social care spending fell by £65 per person, but it rose by £28 per person in the least deprived areas. Will he not accept that the rising social care precept will only further entrench this inequality? I gently ask of him: is this really the best time to be choosing to cut corporation tax on Amazon, Sports Direct and the big banks?

Since the Prime Minister came to office, there has been much talk of help for those who are only just about managing their finances. That seems to have gone out of the window today as the Prime Minister decides to put up the council tax in every part of England again. To borrow her words, "If you are from an ordinary working-class family, life is much harder than many people in Downing Street realise. You have your own home but you worry about the cost of living, the state of your area, and the services you rely on, and you also worry whether you can pay the tax bill at the end of each month." Today she decided to make it just a bit harder for them to manage. On top of council tax rises this year, there is 3% in 2017-18 and more again in 2018-19, and by 2020, a 17% increase in council tax compared with 2015—all decided in Downing Street. Who would have thought it: the Conservatives, who once claimed to be in favour of low taxes, putting up taxes every year until the next election?

The truth is that social care is in crisis. This settlement means even deeper cuts in funding and worse public services. Is not the truth that the people of England deserve better?

**Sajid Javid:** The shadow Minister claims that as a result of today's news there is "no new money"—those were his words—for adult social care. He could not be more wrong. However, if he wants to imagine what a world would look like with no new money for adult social care, that is exactly what would have happened had the result of the last election been different. Let us just remember what the then shadow Chancellor said:

"There will be no additional funding for local government".

He went on to say, when pushed on the point, that there will not be a penny more for local government.

The shadow Minister mentioned, and rightly so, the important role that the NHS plays in providing and helping with adult social care. Let us also remember that at the last general election the Labour party's plans were to cut NHS spending by £5.3 billion—[*Interruption.*]

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. I need to hear the Secretary of State. You may disagree with him, but everyone wants to get in, and if I am going to get people in, let us hear the Secretary of State.

**Sajid Javid:** Thank you, Mr Deputy Speaker. If the Labour party had had its way, NHS funding would have been £1.3 billion lower this year. What difference would that have made to people, especially the most vulnerable in our society? We should be grateful that Labour is not in office.

Under this Government, the spending review allocated an additional £3.5 billion of funding for adult social care by 2020. Let me focus precisely on the shadow Minister's claim that there is no new money, because he is absolutely wrong. There is new money, with today's announcement of £240 million that otherwise would have gone to the new homes bonus. We have responded to what local councils and many local authority leaders have asked for and repurposed that money. There is also an additional £654 million because of the precept changes. If the shadow Minister cannot work that out, he needs to look again at his basic mathematics skills. Taken together, those numbers mean an additional £900 million over and above the spending review settlement over the next two years. That means approximately £450 million of new money each year for the next two years.

The shadow Minister also referred to council tax bills, which reminded me of what the shadow Minister for adult social care, the hon. Member for Worsley and Eccles South (Barbara Keeley), said recently:

"Asking taxpayers...to pick up the bill...is no substitute for a proper plan."

The Opposition need to learn that there is no such thing as Government money—it is all taxpayers' money, whether it is raised locally or nationally. I know that the Leader of the Opposition believes in a magic money tree, but I did not realise that all Opposition Members feel the same way. If we want properly funded services, including for adult social care, there needs to be a balance between those who pay for them—the taxpayers—and those who use them. That means making the right decisions to make sure that the services are properly funded and, at the same time, that tax bills do not rise more than necessary. That is why I am proud that, under this Government, even taking into account the precept changes that we have announced today, by the end of this Parliament the average council tax bill will be lower in real terms than it was in 2010.

**Bob Blackman** (Harrow East) (Con): I welcome today's statement. Will my right hon. Friend confirm that 97% of local authorities have agreed a four-year long-term deal, which is welcome and allows them to plan for the future? That means, however, that 3% of local authorities have not agreed the deal. What impact will their failure to agree a long-term settlement with the Department have on their council tax payers and the future of their services?

**Sajid Javid:** My hon. Friend makes a very good point and it is worth talking about it a bit more. As he rightly says, the good news is that 97% of councils have accepted the four-year settlement. That means that 10 councils have not, including, unfortunately, his local council, Harrow. In practice, that means that those councils will have an annual, year-by-year settlement, which will deny local people the certainty that they seek. It also means that they have not put together efficiency plans, as the other councils will have done. It is a shame that they did not accept the settlement. That was entirely up to them, but it will have consequences.

**Mr Clive Betts** (Sheffield South East) (Lab): Does the Secretary of State agree that his statement still leaves life very challenging indeed for most local authorities dealing with social care and the crisis that it is in?

Will he confirm that even £900 million goes only part-way towards filling the £2.5 billion to £3.5 billion gap that the LGA, the Nuffield Trust and the King's Fund believe will exist by the end of the spending review period? Why has he chosen not to pay the new homes bonus money through the better care fund, which would have enabled him to target the money at the poorest authorities, which raise the least through the precept?

Finally, I do not know whether the Secretary of State saw that Simon Stevens and Stephen Dorrell came before the Communities and Local Government Committee yesterday. They said that integration between health and social care was desirable, but that that of itself will not solve the problems of social care in the longer term. Will he agree to a much wider review, including the full involvement of the LGA, to try to get cross-party agreement for a genuine, sustainable solution for the longer term, which will need all-party support?

**Sajid Javid:** I always take very seriously what the Chair of the Select Committee on Communities and Local Government has to say, and I know that he considers such matters carefully. To answer his questions, he may recall that at the spending review last year the LGA asked for, I think, £2.9 billion of extra funding for adult social care by the end of the Parliament. The spending review provided more than that—£3.5 billion—and the changes that we have announced today add another £900 million on top of that £3.5 billion. That is a significant increase, and even more so when we look back at what the LGA was considering just last year.

The hon. Gentleman asked about the allocation of the £240 million that would otherwise have gone into the new homes bonus. He will know that the allocation of the improved better care fund, which is worth £1.5 billion by the end of this Parliament, takes into account the council tax-raising powers of each local area. The £240 million is allocated based on relative need, and I think that that is the best way to do it.

**John Redwood** (Wokingham) (Con): I quite agree with the Government that we need more money and reform. The two local authorities serving my constituency were short-changed in the past, which is a separate issue. On the general question, what can be done about the perverse incentive created by the fact that if a council does not come up with a timely care package, a person will stay for longer in an expensive hospital bed, where they do not want to be and which is needed for other purposes?

**Sajid Javid:** My right hon. Friend highlights the vital issue of more and better integration between the healthcare system and the adult social care system. I referred in my statement to places where we are seeing good practice. I mentioned Manchester and Northumberland, and there are some other such areas. Many areas can learn from that, especially on things such as delayed transfers of care. We want to see more work in this area. That is why the Department has already started to work with the Health Secretary on a set of principles that we expect to be implemented as local authorities access the additional funding.

**Jack Dromey** (Birmingham, Erdington) (Lab): The great city of Birmingham has been hit hard by the biggest cuts in local government history—£800 million. That is having increasingly "catastrophic consequences"

[Jack Dromey]

for public services, in the words of the chief executive. According to the chief executive of Birmingham YMCA, it is leading inevitably to more young men and women dying, like the young man who froze to death on a Birmingham street on 29 November. Birmingham has been denied a fair deal. Can the Secretary of State begin to explain why—as we have seen with nursery schools last week, schools yesterday and local government today—Birmingham is treated less fairly than the Prime Minister's own constituency of Maidenhead? It cannot be right to put the interests of the Tory party above the interests of the public.

**Sajid Javid:** The hon. Gentleman should re-examine the figures and get them right. I have here some helpful figures for him. He will know that Birmingham has significant failings, which is why an independent panel was put in place by my predecessor. Failings were significant in management areas. The hon. Gentleman seems to suggest that there is a real funding issue with Birmingham, but let me give him the facts. Birmingham, among the metropolitan districts, by 2019-20 will receive £1,984 per dwelling, in comparison with the average of £1,767. It is a well-funded local authority, and it is incumbent on those who run it to do so more efficiently in the interests of their residents.

**Sir Peter Bottomley** (Worthing West) (Con): In four years' time, Birmingham's money will go up, but the money for Worthing, Arun and Adur will not. Those who throw accusations across the Chamber should look at the figures.

Leaving aside most of my right hon. Friend's statement, I think he should pay a lot of attention to the consultation on whether planning permission granted on appeal should not count towards the new homes bonus. Many times, it seems as though rationally produced local authority and parish council plans are torn up by some imposition of new housing targets. I hope that he will pay a lot of attention to that. I am glad that he has taken away the referendums on parish council increases. Parish councils are closest to the people, they can easily be turned out and they can be trusted.

**Sajid Javid:** I know that my hon. Friend will be pleased by the fact that the Neighbourhood Planning Bill passed its Third Reading this week. One of the things that the Bill tries to do is to make neighbourhood plans even stronger and easier for local communities to put together, and I know that he supports me in that goal. On the issue that he raised, as I said in my statement, we are minded to deny the new homes bonus where planning permission is granted on appeal, but we will have a consultation on that, and then we will decide.

**Mrs Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): Liverpool has high levels of poverty. It also has an innovative local authority that believes in value for money. Liverpool City Council has already lost 58% of central Government funding, and yesterday, in a redistribution of education funding, it lost £3.5 million more. What does today's statement do, in concrete and specific terms, to address the crisis in social care, except ask poor people to pay more? Even that will not address the growing crisis of people in need.

**Sajid Javid:** I was in Liverpool a couple of weeks ago, and I met local leaders, including the chief executive, because I want to understand directly some of the challenges that Liverpool is going through. Some of the changes we have announced today will help Liverpool and other places that are in the same situation. The hon. Lady will know, for example, that the allocation of the better care fund takes into account the power of a local area to raise council tax, and that benefits places such as Liverpool. She may have noted from the statement the extra £240 million that will be based on need; that will certainly advantage Liverpool. She may also be interested to know that Liverpool's council tax spending power per dwelling is rising from £1,922 in 2017-18 to £2,041, which is a much bigger increase than in most other areas in the same situation.

**Dr Sarah Wollaston** (Totnes) (Con): It is good news that people are living longer—in the decade to 2015, there has been a 31% increase in the number of people living to 85 and over—but already, more than a million people have unmet care needs. Although I welcome the fact that some of this money will be brought forward, I do not feel as though we are going far enough in this House to address the scale of the increase in demand and allow people to be cared for with dignity in their old age. May I join the Chair of the Communities and Local Government Committee in asking the Government to start cross-party talks urgently to ensure that we have a long-term, fair, sustainable settlement for both health and social care?

**Sajid Javid:** My hon. Friend speaks with experience. I know that she has spent a great deal of time looking into this issue, especially in her work as Chair of the Select Committee on Health, and I take what she has to say very seriously. I think I am correct in saying that my hon. Friend used the words “bring forward spending”. Today's announcement on adult social care does more than just bring it forward; it is a real, significant increase in spending of £900 million. To be clear, that is an additional £900 million over the next two years where there are some of the biggest short-term pressures. That would not have happened had these changes not been announced. It is, significantly, new money, not just bringing forward spending. I know that she will welcome that clarification.

My hon. Friend referred to the need to talk widely, including with members of the Opposition. I would include in that local leaders, health professionals and social care professionals, and that is certainly what I intend to do over the coming months, to make sure that we keep this always under review.

**Norman Lamb** (North Norfolk) (LD): This is, surely, a truly feeble response to a national crisis. The LGA would be entitled to reject the proposal and put the ball firmly back in the Government's court, for them to think again. This is an unfair way to raise additional money; it will increase inequalities between rich and poor areas. When will the Government come forward with plans to work genuinely across parties? There have been two suggestions about that already in this question-and-answer session, but the Secretary of State has not answered either one. When will he work with others to come up with a genuine solution to what is now a real national crisis?

**Sajid Javid:** As the right hon. Gentleman will know, any funding provided to a local authority is raised through taxes, either locally or, when that funding is in the form of grants, nationally. He used the word “unfair” about this funding, but he should be aware—I know he has experience in this area—that when we allocate billions of funding from the better care fund, we take into account the council tax raising power of each area. That is the basis used, and it is the fairest way to do it. We have given councils flexibility through the precept, and we have enhanced that flexibility today so that councils are in a better position to meet local needs. That is also a sensible and fair policy. Where councils have more demand for services locally, they should be given the power to deal with that.

**Sir Edward Leigh** (Gainsborough) (Con): I appreciate the appalling pressure that the Secretary of State is under on adult social care, but may I press him further on the new homes bonus? This is an important point. The bonus is vital in industrial towns such as Gainsborough to promoting difficult developments on brownfield sites. What worries me about his proposal is that if a council such as West Lindsey does not meet the 0.4% target, but allows developments that go against community plans in suburban villages, where it is easy to develop, it may lose its new homes bonus. Furthermore, he said: “To encourage more effective planning, we will also consider withholding payments for homes that are built following an appeal.” This is centralism; it goes against localism. I urge him to think again. Councils should determine such appeals on their merit, not on the basis of central Government diktat.

**Sajid Javid:** I assure my hon. Friend that the new homes bonus will stay in place. The reforms that we have announced today were consulted on; I think the consultation began in December 2015. It is important to make sure that the incentives for local authorities to promote house building remain, not least to deal with some of the local pressure for more homes in their area. He mentioned the national baseline figure of 0.4%, which councils must be above. He may be reassured to know that that is based on historical numbers, and that the figure for the country last year was 0.94%, so most local authorities will still be able to benefit from the new homes bonus. I listened carefully to what he said about the possible change in relation to appeals, which we will consider in the consultation.

**Diana Johnson** (Kingston upon Hull North) (Lab): How will Hull be in a better position to meet local needs when the Secretary of State’s announcement of a 1% increase in the precept that the council can levy will bring in only £700,000, or just 12% of what Hull actually needs to address its social care budget following the massive cuts since 2010? Wealthier areas such as the East Riding can raise much more from their council tax base, and they have many more self-funders, so how is that fair? The Government are not giving Hull what it requires to meet the needs of some of the most vulnerable people in one of the most disadvantaged areas of the country.

**Sajid Javid:** Hull, the area the hon. Lady mentioned, will benefit from these changes. She mentioned the change in the precept, which is important; I do not have

the exact number for Hull at hand, but it will help. I notice that she did not mention the money going into the new homes bonus. The new homes bonus is allocated on the basis of relative need and takes into account the ability of local areas to raise money through taxes. As it is based on relative need, it will benefit places such as Hull.

**Sir Hugo Swire** (East Devon) (Con): I agree with my right hon. Friend that this is an opportunity to be bold and to use bottom-up thinking. I welcome the fair funding review, but does he not agree that until that review is completed and we have a fuller picture of what local authorities can afford and what central Government are prepared to provide—taking into account the demographic pressures in various parts of the country, such as mine in Devon—there should be a moratorium on the loss of community hospital beds?

**Sajid Javid:** My right hon. Friend highlights the need for the fair funding review. I hope he agrees with me that it is about time we looked carefully at the needs of every local area, including the more rural areas, and made sure that the way funding is distributed takes into account all the challenges that those areas face. For example, in rural areas, sparsity creates more challenges and funding pressures. He will be aware that my predecessor listened to such arguments and, despite his limited flexibility, took action where he could, with a £65 million rural services delivery grant for 2017-18. My right hon. Friend is absolutely right to highlight that in the fair funding review, we will need to look carefully at the pressures, particularly in rural areas, and make sure that we act on them.

**Clive Efford** (Eltham) (Lab): We will take no lectures from this Government about funding for social care. They walked away from the cross-party negotiations on the funding of social care before the 2010 election, purely for political gain, and they then cut £4.6 billion from social care during the last Parliament. The crisis we have now was created by the people sitting on the Government Benches. A 1% increase in the precept will bring in £670,000 in my local authority, but we already have a £14 million deficit in our expenditure. This is not going to touch the sides, as the leader of my local authority has said. It is just not good enough. We have a gaping hole, and the Secretary of State has come to the House with a sticking plaster. It is just not good enough. We need cross-party agreement on how to deal with this crisis.

**Sajid Javid:** It is worth reminding the hon. Gentleman that at the last election he stood on a ticket that would have led to even less funding for his local authority, which I believe is Greenwich, and lower funding for the NHS as well. He should keep that in mind when he considers today’s announcement. He should welcome the fact that the Government have not only made more available in the spending review, but have announced an additional £900 million today. Just for next year alone, that will mean a minimum of an additional £3.1 million for his local authority.

**Mr Peter Bone** (Wellingborough) (Con): The discussion on this statement is rather sad, because there is too much party political point scoring on a very important

[Mr Peter Bone]

issue. I agree entirely with the excellent Chairman of the Select Committee on Communities and Local Government, the hon. Member for Sheffield South East (Mr Betts), and with the former care Minister, the right hon. Member for North Norfolk (Norman Lamb), who speaks for the Liberal Democrats, that we need a policy with genuine cross-party support. This is not a party issue, and I urge the Secretary of State at least to explore the possibility of cross-party working on this issue.

**Sajid Javid:** My hon. Friend is right to say that the more we can all co-operate, put aside party politics and deal with this issue for the long term—there are some significant long-term challenges in the sector—the better off we will all be, and our constituents would thank us for doing that.

**Mr David Winnick** (Walsall North) (Lab): The most crippling cuts are being planned in Walsall borough, because the allocation from central Government has been nearly halved in the past six years. Does the Secretary of State not understand that I am talking about an area—my area—where there is so much deprivation and poverty? The cuts next year will be even higher than previous ones, so I want to ask: why is there a Tory onslaught on this borough, and when is this war going to end?

**Sajid Javid:** The hon. Gentleman will know that all councils across the country, without exception, have been asked to find efficiencies and make savings, and many of them have done so in very innovative and clever ways. For example, sharing services means that some of them have been able to maintain the level of services, but at a lower cost to taxpayers. He mentioned his borough of Walsall; it, like many other areas, needs to do things better and deliver services in a better way where it can, but he will see an increase in core spending power by the end of this Parliament, and the changes to adult social care budgets that we have announced today will also help his borough.

**Jo Churchill** (Bury St Edmunds) (Con): I thank the Secretary of State for the money, but I also add my voice to those who are concerned about the long-term sustainability of social care. As the Prime Minister said at Prime Minister's Question Time, this is a short-term, medium-term and long-term issue. The Secretary of State will know that rural areas have issues not only of sparsity, but of delivery. Will he assure me of two things: first, that he will not take his foot off the gas in ensuring that we find long-term solutions; and secondly, that he will work cross-departmentally, because it is important that we have joined-up Government as well as joined-up opinions on this issue?

**Sajid Javid:** I absolutely assure my hon. Friend that adult social care will remain a priority, not just for me and the Health Secretary, who was here for the statement, but across Government. This issue is well understood by the Government. That is why we have been able to listen and take the action we have announced today. My hon. Friend is right to say that although this action meets the short-term need of particular cash pressures, which were rightly identified, we also need to think about the medium term and the longer term.

**Catherine McKinnell** (Newcastle upon Tyne North) (Lab): As the Prime Minister mentioned yesterday, Newcastle City Council performs well on social care in the face of continued punitive cuts, but that will all be put at risk if the Government do not act responsibly to plug the £15 million funding gap. Today's plan relies on local areas being able to build new homes and raise local taxes to solve a crisis in social care funding. Can the Secretary of State not see that this will entrench inequality across the country and that it is playing politics with vulnerable people's lives?

**Sajid Javid:** The statement has just been made, and when the hon. Lady has the time to look at it a bit more closely, she will see that it does not rely on building new homes to get more adult social care—nothing of the sort. Perhaps that was not clear earlier and I am glad that she has raised it, because if she thought that, others might be thinking the same. The £240 million comes from the new homes bonus budget. That money will no longer go into that budget and has been transferred to adult social care budgets across the country on the basis of the relative needs formula. It will certainly benefit Newcastle upon Tyne and other areas.

**John Howell** (Henley) (Con): The Secretary of State is right to point out that this is not wholly a question of money. He mentioned Oxfordshire in his statement. Does he agree that in Oxfordshire, the problems with delayed discharges and care are being solved by a greater use of care home beds, and that we need to see more of that sort of imaginative approach?

**Sajid Javid:** My hon. Friend is absolutely right and I am glad he highlights that point. This issue is not just about money. Of course resources play an important role, and today's announcement helps with that, but it is also about finding a better way to deliver services. One of the key things that is required is more integration between health and social care, and Oxfordshire is an excellent example of that.

**Lilian Greenwood** (Nottingham South) (Lab): Since 2011-12, Nottingham City Council, which as the Secretary of State knows serves a population with high levels of deprivation, has seen its spending power reduced by 23%, while more prosperous areas have seen their funding rise. As the King's Fund has shown, the precept will further widen those inequalities. Nottingham city organisations recently won a *Health Service Journal* award for the quality of their partnership working on integrating health and social care, but the portfolio holder describes them as at "breaking point". I listened carefully to the Secretary of State's answer to the hon. Member for Wellingborough (Mr Bone). Will he confirm whether he will take up the offer of a cross-party review to tackle the crisis in social care funding—yes or no?

**Sajid Javid:** Turning first to Nottinghamshire, the hon. Lady is right to highlight Nottingham as an example of an area that, through the precept, cannot raise as much as even some of its neighbouring areas. That is why the better care fund, which is already in place, takes account of the tax-raising powers that are available locally. Beyond the precept, the other allocation I have talked about today, the £240 million fund, will be based on need, which will mean a relative benefit for Nottingham.

She might be interested to know that the precept alone is worth £12.5 million to Nottingham next year. On talks, I think I have made it clear that I am happy to talk to everyone. This is just such an important issue.

**Mark Pawsey (Rugby) (Con):** The new homes bonus has become an important source of funding for councils with a positive attitude to development, such as Rugby Borough Council. I welcome the additional incentives the Secretary of State has provided today, especially in respect of consents granted on appeal where there is an up-to-date local plan. Will he reassure councils like Rugby that they will continue to be able to generate funds from the new homes bonus to provide valuable infrastructure, which is often needed to respond to local concerns about development?

**Sajid Javid:** I am more than happy to provide that reassurance. My hon. Friend makes an important connection between the new homes bonus and the need to ensure that there are enough local services, especially infrastructure, to deal with more people living in the area. The new homes bonus helps with that. He might be interested to note the Chancellor's announcement in the autumn statement of the new £2.3 billion housing infrastructure fund, which is designed to help with those pressures. I look forward to discussing that with him.

**Karin Smyth (Bristol South) (Lab):** One of the cruellest things this Government did was to renege on their manifesto commitment to cap care costs, forcing more families to continue to live in the silent misery that is social care. Our Public Accounts Committee report in December last year said it was "disappointing". That postponement delivered more than £2 billion of savings. I have listened very carefully today and we are talking about a £900 million commitment. I have heard nothing about further implementation of the Care Act 2014, nor about closer working with the Department of Health to solve this problem. It would be helpful to understand what discussions there have been with the Department of Health, beyond those on the better care fund.

I add my voice to those of others in saying that this is not just a short-term or medium-term crisis, but a long-term crisis that there is great willingness to resolve. The evidence has been clear over many years and I, too, urge the Government to consider this matter for the long term.

**Sajid Javid:** I think the hon. Lady was referring to the Dilnot reforms that were recommended. She said that they are not happening or that they have been cancelled. She will know that we are delaying them because we are listening to local authorities, many of which have asked for a delay. I know she will agree that when we carry out such a big long-term reform, it is very important to get it right. She also talked about the need for more integration and co-operation with the Department of Health and others. In my statement, I referred to the fact that my Department and the Department of Health, which are already working closely together, will be assisting on a new framework to convince us that local councils are taking integration seriously as they utilise the new flexibility.

**Peter Heaton-Jones (North Devon) (Con):** I welcome the Secretary of State's statement and all the work the Government are doing to encourage the building of new homes. When considering changes to the new homes

bonus, I ask him to bear it carefully in mind, as I am sure he will, that it is an important source of income for smaller local authorities like mine in North Devon and that the triggering of the new homes bonus is tied to the delivery of new homes, which is not always totally in the gift of the local authority, because of issues such as the availability of land and, frankly, the willingness of developers to build out. Will he work with me and North Devon Council to consider that carefully so that we get the balance right?

**Sajid Javid:** My hon. Friend makes an important point. I agree with him on the importance of the new homes bonus. As the name suggests, it is a bonus and not something that councils should rely on for day-to-day spending. That is why we do not include it in our core spending power calculations. Nevertheless, it is important, not least to meet the added pressures brought by the homes. He also talked about ensuring that the incentives are working properly, including in Devon, and I am happy to discuss that with him further.

**Mr Steve Reed (Croydon North) (Lab):** Does the Secretary of State recognise that additional precept in an area with a low council tax base raises drastically less than in more prosperous areas? The better care fund goes nowhere near plugging that gap. The Secretary of State is therefore denying tens of thousands of older people the home care and social care services that they desperately need.

**Sajid Javid:** I am afraid that I have to disagree with the hon. Gentleman. The better care fund goes a long way to plugging the gap. Let me remind him of the overall numbers: the spending review set out £3.5 billion of new spending by 2020, £2 billion of which would come from precepts, and £1.5 billion a year from the better care fund. It was designed precisely to plug the gap. I hope the hon. Gentleman recognises that, in today's announcement, not all the money is through precepts. One of the reasons for the £240 million fund that is allocated on needs is to acknowledge that gap.

**Mr David Nuttall (Bury North) (Con):** Despite council tax bills doubling under the last Labour Government, there was no long-term solution to the problem of funding adult social care. Does my right hon. Friend agree that, if we are ever to make real progress, we need a long-term solution based on the Conservative principle of self-reliance, and we need to encourage people, as far as possible, to provide for themselves?

**Sajid Javid:** I agree absolutely with my hon. Friend. He kindly reminded the House of Labour's track record and of how taxes increased. He rightly said that council tax doubled in the 13 years of the last Labour Government. During those years, they had a manifesto commitment to deal with adult social care, a royal commission in 1999, two Green Papers in 2005 and 2009, a comprehensive spending review and the Wanless review. All that, they said, would solve the adult social care challenges, and all they did was make it much worse.

**Anna Turley (Redcar) (Lab/Co-op):** First, I want to say that the 1% rise in the precept in Redcar and Cleveland will raise just £500,000, which is meaningless given the scale of the rising demand in need. I want to

[Anna Turley]

ask the Secretary of State two questions because the answers were not clear from his rather rushed statement. The first is about the new homes bonus, and the key words are “the savings from the reforms”, not the new homes bonus. If it is just the savings from the reforms, that is not an awful lot of money, so I hope that he can clarify that.

Secondly, is the Secretary of State saying that local authorities will keep what they make in the new homes bonus, or will it be distributed nationwide from one pot on a needs basis? If it is the latter, yet again he reinforces the inequality that already exists in this country, because the new homes bonus is based on council tax rates.

**Sajid Javid:** I can tell the hon. Lady that for her local council, Redcar and Cleveland, the precept next year could raise £2.2 million, and the following year it could raise £3.4 million. The numbers are considerably higher than she may think at the moment.

On the new homes bonus, let me be clear: it is being reformed, but it is staying in place. The bonus that is currently equivalent to six years’ band D council tax will fall gradually from five years to four years, but the essential principles remain the same. The savings that are generated from that change from six years to four years are national savings—that is the £240 million pot—and will be distributed nationally across authorities that provide social care services. That will be based on a needs formula.

**Tom Pursglove (Corby) (Con):** Both Corby Borough Council and East Northamptonshire Council are firmly engaging with the Government’s housing growth agenda. Will my right hon. Friend undertake to consult them fully on any proposed changes to the new homes bonus, because it is essential that infrastructure and services keep up with the pace of housing growth? I particularly say that because the level of development is so significant in our area and because it is focused on urban extensions, and the costs associated with those are inevitably high.

**Sajid Javid:** Again, my hon. Friend highlights the importance of the new homes bonus to meet some of those additional pressures. By having the reform, we have made sure that we keep the principle of helping those authorities that are doing the right thing and building those homes. My hon. Friend asked me specifically about consulting on the changes. I should point out that the consultation has happened: it started in December 2015 and is now complete. However, I said that there was a potential new change, which concerns whether the new homes bonus should be available if planning permission is granted on appeal, and we will consult on that.

**Jess Phillips (Birmingham, Yardley) (Lab):** This morning, children in Birmingham woke up to a £20 million cut in their schools funding. My son’s school already has more than 30 children in every class. He has special educational needs provision, which will now be taken away. That was done following what Government Members might call the “shroud waving” by Conservative Back Benchers about the underfunding of schools in their areas. I am therefore here to tell the Secretary of State that the

social care funding disparity in this country deserves exactly the same redistribution. In his constituency of Bromsgrove, the older adult weekly rate in social care homes is £100 less than in the constituency of the Secretary of State for Health in Surrey. Will the Secretary of State stand here in front of me and tell me that it is okay that his constituents already get £100 a week less than those of his Front-Bench colleagues who live in still leafier areas?

**Sajid Javid:** In rightly referring to her constituency in Birmingham, the hon. Lady mentioned my constituency of Bromsgrove, which is next door. I think that she was somehow trying to demonstrate that Bromsgrove gets more per head on average.

**Jess Phillips:** No. Bromsgrove gets less than Surrey.

**Sajid Javid:** I am comparing Bromsgrove with Birmingham and it gets on average a lot less per head than Birmingham. I assure the hon. Lady that that is noticed locally. I guess her wider point was about fairness in the allocation of funding. She knows that some areas have less power to raise money locally through the precept because of the size of their council tax base, and that is precisely why we have introduced the better care fund. Today’s announcement will help Birmingham significantly through the precept, but Birmingham will also benefit from the additional £240 million, which is allocated on need.

**Jeremy Lefroy (Stafford) (Con):** I welcome the announcement of the fair funding review, for which my hon. Friend the Member for Beverley and Holderness (Graham Stuart) has been pushing for a long time. I also welcome the additional funding that has been announced today, but I add my voice to those who call for a proper, cross-party solution to this extremely important issue.

Has my right hon. Friend managed to discuss with the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Mr Jones), the issue in Staffordshire, where problems with the better care fund are leading to substantial reductions in, for example, drug and alcohol services, which will inevitably place greater burdens on adult social care and the NHS?

**Sajid Javid:** First, my hon. Friend highlights the importance of the fair funding review being thorough and looking at all the issues carefully, and I wholeheartedly agree. He also echoed the Chamber’s desire, which I welcome, for all parties to work together on adult social care, given its importance to all our constituents. He asked me particularly about the problem in Staffordshire. The Under-Secretary of State, my hon. Friend the Member for Nuneaton, is looking at the matter, and I am discussing it with him.

**Margaret Greenwood (Wirral West) (Lab):** I had an email this morning from a constituent, a retired gentleman called John, who lives in West Kirby. He points out that not only will a 3% social precept on council tax have an unfair impact across the country, as several of my colleagues have mentioned, but councils cannot start collecting it until April, by which time winter will be over. What action will the Secretary of State take to tackle the winter crisis?

**Sajid Javid:** Although the hon. Lady is absolutely right that the change we have announced today is for the next tax year—as she rightly indicated, it begins in April—and the following one, I know it is hugely welcome for many local authorities because it allows them to plan. Those were the two particular years for which local authorities felt they had the biggest gap because, as a result of the way in which the better care fund was profiled, the £1.5 billion in full does not kick in until towards the end of this Parliament. The planning that can now be done, and the certainty that that will provide, will immediately help to allay some concerns in local areas. In her area of Wirral, the precept increase for 2017-18, starting in April, will raise £1.4 million; in the following year it will be £8.3 million. That will make a considerable difference.

**Chris White (Warwick and Leamington) (Con):** Does the Secretary of State agree that improving efficiencies must be a priority when considering the financial settlement? Will he outline any proposed measures to encourage local authorities to move from a two-tier structure to a unitary one?

**Sajid Javid:** My hon. Friend's general point about efficiencies is absolutely correct. That is why I have today praised those local authorities that have shown they can spend less money and in many cases improve public services. I have also talked about the work my Department and the Department of Health are doing together on the integration of adult social care and promoting that more locally.

My hon. Friend asked specifically about the structure of local authorities. The Government are very responsive to that. We will listen to local authorities. A number have started coming forward with plans, and we will look at each one of those very carefully.

**Daniel Zeichner (Cambridge) (Lab):** Today, as every day, more than 300 people will present at the accident and emergency department at Addenbrooke's, the hospital that serves Cambridge, 50% more than there were just a few years ago. Shamefully, at least 60 of them will not be seen within four hours; it is almost 1 o'clock, so they will not be seen until at least 5 o'clock this afternoon. That is because of the problem with delayed transfers of care, which in turn is a problem because Cambridgeshire County Council chose not to use the precept this year. I think it is highly likely that that will occur in lots of other places next year, because it will be county council election year; that will mean that the money will not be available in lots of places. The Secretary of State is in a unique position to tackle the crisis. I urge him not to pass the buck to local government but to listen to Members from across the House. He has expressed

some warm words, but can I pin him down and ask him what he is actually going to do about this?

**Sajid Javid:** I hope the hon. Gentleman agrees with me and believes in the power of localism and of letting local people, through their elected representatives, make decisions for their local areas. That is the job of local government; the precept provides flexibility, and today we have provided even more, but the decisions should be made at the local level. That is important.

The hon. Gentleman will know that Cambridgeshire and Peterborough have reached a devolution deal. By May next year, they will have a directly elected mayor. As well as economic growth and more productivity, part of the deal is about seeing whether there can be better management and delivery of public services. Cambridgeshire and Peterborough are in a good position to look at how those devolution powers can be used to improve services, including adult social care.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Last, but certainly not least, I call Huw Merriman.

**Huw Merriman (Bexhill and Battle) (Con):** Thank you, Mr Deputy Speaker. I think there are about the same number of people here as there were when I first started bobbing.

**Mr Deputy Speaker:** Order. Does the hon. Gentleman want me to take them again?

**Huw Merriman:** No, Sir. I was recently told that in my constituency town of Bexhill we have more over-85s than any other town in the whole of western Europe. Many of those constituents will have moved from other counties to East Sussex to downsize. As a result, council tax increases are a challenge not just for them but for those in the rest of East Sussex. May I therefore thank the Secretary of State for the extra funding for East Sussex MPs? When he looks at the bold reform for social care, will he consider whether national funding for social care will help to alleviate the demographic issues I have in East Sussex?

**Sajid Javid:** First, I thank my hon. Friend for his words. He highlights the important issue of having the right balance between national funding for adult social care, provided through the various grants, and local funding, through council tax. The changes we have announced and the increased flexibility on the precept will help East Sussex, his local authority, as will the changes in the grant, and the extra £240 million. What he clearly implied is absolutely correct: this is welcome short-term news, but there is a much longer-term issue, and the Government will be concentrating on that.

## Points of Order

12.54 pm

**Chris Stephens** (Glasgow South West) (SNP) *rose—*

**Stewart Malcolm McDonald** (Glasgow South) (SNP) *rose—*

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. We have two points of order that are exactly the same, more or less, from Chris Stephens and Stewart Malcolm McDonald. But okay, let us start with Chris Stephens.

**Chris Stephens:** On a point of order, Mr Deputy Speaker. First of all, I refer Members to my entry in the Register of Members' Financial Interests and my position as chair of the Public and Commercial Services Union parliamentary group.

Mr Deputy Speaker, you will be aware that an issue exercising Members who represent the great city of Glasgow is the proposal to close half its jobcentres. Yesterday my hon. Friend the Member for Glasgow South (Stewart Malcolm McDonald) raised in a point of order the fact that it was day seven with no information at all referring to this matter on the website of the Department for Work and Pensions. Today is day eight with no information on the DWP website about a public consultation on the proposed closure of half the jobcentres in our city. That is of great concern. We are now entering the Christmas and new year period, when public consultation is already curtailed.

The consultation is a morass. In my view, it shows contempt not only for hon. Members of this House but for the general public. Mr Deputy Speaker, can you advise me whether a Minister could come before the House today to outline the processes of public consultation on the proposed jobcentre closures in the great city of Glasgow?

**Mr Deputy Speaker:** My understanding is that this was dealt with from the Chair yesterday, when it was fully aired. I have great sympathy and recognise the importance of the matter. I think the hon. Gentleman is aware that there is a debate at 4.30 pm on Tuesday in Westminster Hall, which I think will be the right avenue to pursue the matter. It is certainly back on the record.

**Stewart Malcolm McDonald:** Further to that point of order, Mr Deputy Speaker. When I raised this issue during business questions earlier, I think the Leader of the House inadvertently misled Members by claiming at the Dispatch Box that the DWP was actively consulting on the issue. That is false. There is no consultation. I cannot find it because it does not exist. Can you try to find an opportunity sometime this afternoon for the Deputy Leader of the House to come and correct the record from the Dispatch Box?

**Mr Deputy Speaker:** It is not for the Chair to correct the record. If there was an inaccuracy or misstatement, the hon. Gentleman has put the point that what was said was not correct. But it is a matter for the Leader of the House. I am sure he feels that if it was wrong it is up to him to correct it. If nothing else, the Chamber is aware of the issue, as am I. As I said just before, there is a debate next Tuesday. I am sure that this will not have gone away, and the hon. Gentleman will be able to bring his point forward once again.

**Greg Mulholland** (Leeds North West) (LD): On a point of order, Mr Deputy Speaker. I need to bring a very troubling matter to the House's attention. One issue that has exercised us has been the activities of corporate lobbyists, which at times have cast a dark shadow over the political process. A brief was circulated on 13 December by the British Beer and Pub Association, which represents the large pub companies and wishes its members to be allowed to continue to convert pubs into supermarkets without needing planning permission. The briefing the association circulated to some MPs made an entirely false claim, which was then repeated by the Minister for Housing and Planning at the Dispatch Box as a reason for not accepting a new clause to a Bill; hon. Members were clearly influenced by the briefing in the way they voted. The Minister said on Tuesday:

"A briefing note from the British Beer and Pub Association makes the point that removing permitted development would not only stop the conversion of pubs to supermarkets and whatever else we would want to stop, but might prevent pubs from doing improvement works to their premises, which we clearly would not want."

I challenged the Minister, who then said:

"I am well aware of what the BBPA is, but I tend to take the approach that, when I see briefings, I look at the points they make. If they make a sensible point, they are worth looking at. The BBPA makes a serious point."—[*Official Report*, 13 December 2016; Vol. 618, c. 744.]

No—the BBPA made an entirely false claim. It is very troubling that civil servants did this, but this corrupts the legislative process—

**Mr Deputy Speaker:** Order. Points of order are meant to be short. They are not meant to be speeches that go through the whole of the debate. [*Interruption.*] Does the hon. Gentleman want a reply, or should I move on to the next point of order? May I just ask Members to please try to bring points of order to the attention of the House briefly and quickly?

If there is something significantly wrong in what the Minister for Housing and Planning said, I am sure, knowing his good character, he will want to put the record straight. The hon. Member for Leeds North West (Greg Mulholland) has brought this matter to the attention of the House and it is now on the record. As he well knew when he raised the point of order, this is not a matter for the Chair, but we have allowed it. It is on the record and it is now up to the Minister to reflect on what he has said. I am not going to continue the debate. I am going to move on. I have another point of order to deal with.

**Greg Mulholland:** On a point of order, Mr Deputy Speaker.

**Mr Deputy Speaker:** It is not the same point of order, is it?

**Greg Mulholland:** I merely ask your advice about the corruption of the legislative process, which was clearly inadvertent on the part of the Minister. What can we do to make the British Beer and Pub Association apologise, and to stop this kind of corruption of our legislative process in future?

**Mr Deputy Speaker:** I cannot do that as the Chair. I am not here to decide whether it was correct or incorrect. What I will say is that it was quite right for the hon.

Gentleman to put it on the record. It is there for all to see and to recognise. I know the Minister well. If he was significantly wrong, I am sure he will want to put that right. I cannot do more than that. I am not responsible for accuracies or inaccuracies. I can only help by trying to see how we can move the matter on. I do not think the hon. Member for Leeds North West can do more than he has done today. I know the good Member, so I do not think he will give up on this matter—that is the one thing on which I rest assured.

**Mr Peter Bone** (Wellingborough) (Con): On a point of order, Mr Deputy Speaker. I am sorry I have not given you notice of this point of order, but it occurred today. We had two very important departmental Question Times: the Department for Culture, Media and Sport and the Department for International Trade. We tried to cram in, in an hour, two Departments, with topical questions lasting only seven minutes. It clearly did not work. I am pleased the Leader of the House is in his place. Many Members were left disappointed and unable to scrutinise the Departments, which is what they came in to do. I am not sure whether this is something you control, Mr Deputy Speaker, or whether it is some other organisation, but it would seem sensible if we could go back to having an hour for DCMS questions and an hour for International Trade questions.

**Mr Deputy Speaker:** As the hon. Gentleman knows, this is not a matter for the Chair, but it is certainly a matter for the usual channels. I am sure they can have a discussion and reflect on it. There is a nod from the Leader of the House. I know what a great man he is and I am sure that that will all be looked into as a matter of course and duty.

**Stewart Malcolm McDonald:** On a point of order, Mr Deputy Speaker. The Leader of the House is now present. Further to my earlier point of order, I wonder whether you would allow him to correct the record.

**Mr Deputy Speaker:** If the Leader of the House wishes to do so, I am always willing to hear him, but if not—[*Interruption.*] It is up to the Leader of the House. As much as the hon. Member for Glasgow South (Stewart Malcolm McDonald) wants to entice the Leader of the House, it is for the Leader of the House to choose.

The right hon. Member for Leicester East (Keith Vaz) has been very, very patient. His patience is now running thin. He has been up and down waiting to present his Bill—he is going to wear out the carpet!

## BILL PRESENTED

### DIABETES INPATIENT CARE

*Presentation and First Reading (Standing Order No. 57)*

Keith Vaz presented a Bill to require the Secretary of State to ensure that all diabetic patients are identified on admittance to hospital and have their diabetes condition monitored while in hospital by a specialist diabetes team; and for connected purposes.

*Bill read the First time; to be read a Second time on Friday 24 February 2017, and to be printed (Bill 115).*

## Backbench Business

### Commercial Financial Dispute Resolution Platform

1.3 pm

**George Kerevan** (East Lothian) (SNP): I beg to move,

That this House notes the statement presented to the Treasury Committee on 20 July 2016 by Dr Andrew Bailey of the Financial Conduct Authority (FCA); endorses his statement that the ad hoc creation of a compensation scheme within the FCA was not entirely successful and lacked perceived authority to treat customers with fair outcomes; believes that the recent headlines and allegations in the press against RBS will lead to pressure for a similar scheme; notes that many debates in this House over the years have focused on similar subjects with different lenders; believes that what is needed is not ad hoc compensation schemes, but a long-term, effective and timely dispute resolution mechanism for both regulated and unregulated financial contracts; and calls on the FCA, the Department for Business, Energy and Industrial Strategy and the Ministry of Justice to work with the All-Party Parliamentary Group on Fair Business Banking to create a sustainable platform for commercial financial dispute resolution.

In time-honoured fashion, I thank the Backbench Business Committee for allowing us to bring the motion to the main Chamber. I expect that many hon. Members will wish to raise constituency matters. Many constituents have experienced mis-selling by banks and had loan dealings with them. Today, we are trying to move beyond individual cases, serious as they are, to try to find a broad permanent resolution system.

I would also like to thank the hon. Member for Aberconwy (Guto Bebb) and my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (Calum Kerr), who were my predecessors as chair of the all-party group on fair business banking. The all-party group rose out of the interest rate hedging product mis-selling. We can lay that at the door of many different banks—Clydesdale, Royal Bank of Scotland, HBOS, HSBC and so on—but today I want to direct the Minister to the point that, after eight years of dealing with this problem, we need to look to the future and a more permanent resolution. I suspect many hon. Members will have cases, as I have, where it is not just that an individual's business has been affected or that money has been lost; the impact on an individual's mental health is also a very serious issue.

**Norman Lamb** (North Norfolk) (LD): I thank the hon. Gentleman for raising this incredibly important issue. Does he agree that along with all the people who suffered the horrendous loss of their business and livelihood, we need to think about whistleblowers, the incredibly brave people who risk everything to expose wrongdoing? They need to be properly treated, too.

**George Kerevan:** The right hon. Gentleman makes a fair point. In my experience, it has been those very whistleblowers who have suffered most in terms of mental stress. They started off trying to present justice to the community, the banking world and small businesses, and ended up losing their job, their family and their partnerships. They are still suffering to this day.

The issue is also economic. We have had eight years where, although there has been economic growth, levels of productivity have been poor, if not flatlining. A lot

[George Kerevan]

of that is due to the underperformance of the small business sector. It is not just individual businesses that have been affected by mis-selling and the lack of resolution. It has carried on to a lack of investment in new businesses, and it has been an additional factor in important entrepreneurs withdrawing from the business process. Unless we find a permanent resolution, we will not be able to create the economic growth that I know all of us in this House hope to see.

**Patrick Grady** (Glasgow North) (SNP): My hon. Friend is right that a number of Members have constituency cases. He will be aware of my constituent, Mr Neil Mitchell, whose business was forced into administration by the RBS Global Restructuring Group. He finds himself almost in the role of whistleblower by trying to take private legal action. Does my hon. Friend share my disappointment at the lack of willingness of RBS to engage in dispute resolution, in particular the unwillingness of the chief executive to meet my constituent personally? Does he share my hope that the proposals in the motion, which I was glad to sponsor, can be taken forward?

**George Kerevan:** I take my hon. Friend's point. There are so many individual cases. They cut across all the nations of the United Kingdom and Members of all parties. My plea to the Minister is that we desperately need to find a permanent resolution.

**Stephen Gethins** (North East Fife) (SNP): My hon. Friend made a good point about encouraging small businesses. It is important that we get a fair deal for small businesses. He will be aware of the case of my constituent, Mr Jim McGrory, who was looking to refinance at a preferential rate, but was faced with high exit fees and termination clauses that had not been made clear in the terms and conditions. That is crucial for small businesses, and it was crucial for Mr McGrory.

**George Kerevan:** Indeed. That brings us to the nub of the issue: the imbalance in power between an individual small business and a bank.

**Mike Weir** (Angus) (SNP): I have a constituent in a similar situation to the constituent of my hon. Friend the Member for North East Fife (Stephen Gethins). My hon. Friend the Member for East Lothian (George Kerevan) is right to talk about an imbalance. My constituent's business was put under by the Royal Bank of Scotland. He found that taking legal action was almost impossible, because RBS, bailed out by the taxpayer, was in a much stronger financial position than he was. My hon. Friend's suggestion of an alternative mechanism gives at least a real chance for these businesses to take on the massive banks, which the public have bailed out.

**George Kerevan:** Indeed. It is clear in Scotland—it might be true of other parts of the UK—that the major banks have signed up many solicitors, making it almost impossible for someone to find a lawyer to represent them, even if they want to take action against a bank, difficult as that would be, given the financial ability they wield in court.

**Norman Lamb:** Does the hon. Gentleman also agree that the absence of a clear dispute resolution process actually incentivises bad behaviour and sharp practice? If the banks know that there is no proper mechanism to challenge wrongdoing, it encourages that bad behaviour.

**George Kerevan** *rose*—

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. I just want to remind hon. Members that opening speeches are usually up to 15 minutes long—there is some flexibility—and to warn them that I will be applying a formal limit of up to eight minutes so that everyone can get a fair shot.

**George Kerevan:** For that reason, having been reasonably accommodating, I will press on to the nub of my argument.

For a permanent resolution of the problem, we need three different mechanisms. First, we need a shift in the legal onus on banks to provide a duty of care or good faith in how they deal with customers, particularly business customers. That is open for broad debate—over the years, the banks have been unwilling to accept a narrow duty of care—but we need to redress the balance between major banks and small business clients by providing a mechanism around the legal onus on banks. I would even accept it, initially, if the banks collectively were prepared to come forward with a solution themselves. Secondly, given that many small companies end up insolvent, we need a more balanced insolvency practice to remove the possibility of banks or lenders being tempted to force small and medium-sized enterprises into unnecessary or premature insolvency. Finally, we need a new permanent and effective redress system for banks and small businesses in dispute. In effect, putting those three together, we need to change bank culture.

In order, I hope, to build some common ground with the Minister, I should acknowledge that the Government have already moved some way in recognising this issue. The Government's impact assessment on the establishment of a small business commissioner in the Enterprise Act 2016 reads:

“The Government is concerned that for small firms, negotiating a contract with a larger business can be challenging... Government has been told that small businesses often feel intimidated and accept such terms (rather than walking away from a proposed contract or refusing to agree to a change) and there is concern that larger firms”—

for that, read “banks”—

“sometimes use their market power to impose unfavourable terms.”

That, I think, is what lay behind the issue of the hedging products sold to small businesses during the economic boom in 2006 to 2008. The Government have recognised the general problem, therefore; it is just a matter of how we resolve it.

Just to show that there is a broader political agreement on this, from right and left, I want to quote the Minister of State, Department for Environment, Food and Rural Affairs, the hon. Member for Camborne and Redruth (George Eustice), who wrote a piece for the Free Enterprise Group three years ago, entitled “Defending the rights of those who take risks”, in which he wrote:

“Over the years...the banks have contractually extended their rights through their ‘standard terms and conditions’ to give LPA”—

the Law of Property Act 1925—

“receivers general powers of sale, to set aside the limit on the fees that a receiver may charge and to load all associated costs on to the borrower. They have even moved to grant themselves the right to peaceably re-enter properties over which they have a charge without any recourse to the courts. The contractual extension of power taken by the banks goes well beyond what was originally envisaged in the Law of Property Act 1925.”

In other words, the banks have gradually extended their powers of receivership, making it increasingly difficult for small companies in financial difficulties to get redress, and leading to the situation with RBS’s Global Restructuring Group, which has now re-entered the public domain with the initial report from the Financial Conduct Authority.

I expect the Minister to tell us that ultimately, if there is to be a change in the redress process, it has to come from the FCA. To that end, the all-party group on fair business banking has been consulting the FCA, and subsequent to that, I raised the matter with Mr Andrew Bailey, its new chief executive, when he appeared before the Treasury Committee. I asked if he drew any relevant conclusions from the FCA’s experience with the banks in drawing up ad hoc processes of redress for the various mis-selling schemes, and he said that he did. He said that the problem arose where schemes lay “outside the regulatory perimeter”—much of the mis-selling was of unregulated products—but that the FCA had learnt from the experience, having come late to it, that businesses felt they had not had their day in court. He went on:

“Now, they do not want to have a literal day in court because that is obviously very expensive. However, what I conclude from this is that it”—

the ad hoc procedures—

“is not satisfactory from the point of view of the FCA, because the FCA has been involved in creating a lot of bespoke processes. We discussed this on the board a number of times. Were there to be a mechanism that could substitute for these—let us loosely call it a tribunal, for the sake of argument—rather like the ombudsman but for more complex cases, because corporate cases often are more complex, this would be a big step forward. From the point of view of the things that come out, we are creating a lot of work for ourselves. However, I am very sympathetic to the people involved, so we have to do it. However, if there were to be a process that could substitute for this...I think this would be a big step forward.”

We are proposing the idea of a tribunal. At this stage, it is a generic proposal, and there are issues to be discussed. It would, for example, cross the boundaries of the devolved Administrations, so if we went down this road, there might have to be separate institutional tribunal procedures in Scotland. There are also financial issues, but since we are dealing with redress where the FCA has decided that a bank has been involved in mis-selling—in other words, since we are already in the territory where a bank is going to pay—any permanent tribunal system could be funded by the banks. The all-party group is open to a general discussion with the Government about how to proceed, but the general backing from the FCA is there; it is just a matter of the detail.

This is important because the issue has not gone away. The situation with RBS GRG is coming back into the public domain. RBS has put forward a new ad hoc procedure for dealing with complaints from small businesses

put into GRG. We have advance notice of a report, not yet finalised by the FCA, in which, having taken technical advice, it has clearly found a conflict of interest in how RBS handled the cases of companies put into GRG: the part of the bank taking over and reselling properties from the insolvent companies was part of GRG. In effect, therefore, the bank was putting companies into insolvency, taking their property and handing it over to another part of the bank, and generating cash that way.

Given that this issue has reappeared and that there is a public debate over the nature of the redress system, we are not looking at legacy items; we are looking at a future situation in which the Royal Bank of Scotland is creating an ad hoc redress system that we need to ensure is a correct one.

I know that other Members want to participate in the debate. The bottom line for the Minister is that there is now an ongoing process of debate and a general consensus, even from the FCA, that we need a more permanent resolution system and that we need to go beyond just looking at insolvency law. The door is open for the Government to join the rest of us on both sides of the House to ensure that that resolution process is provided.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** As I said, we will have a voluntary limit of up to eight minutes. If it is not voluntary, it will have to be imposed.

1.20 pm

**John Howell (Henley) (Con):** It is a great pleasure to follow the hon. Member for East Lothian (George Kerevan). I congratulate him and I congratulate the Backbench Business Committee on granting the debate. I rise to speak as chairman of the all-party group on alternative dispute resolution. We are about to embark, in tandem with the hon. Gentleman’s all-party group, on an inquiry into precisely what he has proposed in the debate. We will be looking at the sort of dispute resolution that could be put into place for these sort of disputes.

I want to concentrate on the part of the motion that refers to the creation of

“not ad hoc compensation schemes, but a long-term, effective and timely dispute resolution mechanism”

that can be used to help solve these sort of issues. The hon. Member for East Lothian has set out admirably the reason for doing that, but I would say that the dispute mechanism already exists in the form of the alternative dispute resolution regime. I shall say more about that.

Businesses, including small and medium-sized enterprises, are left with no option except prohibitively expensive appearances in court. One of the great advantages that the alternative dispute resolution system brings is the potential to reduce the costs involved. This is not something that is strange to the financial services sector. A large number of commercial sectors automatically include alternative dispute resolution clauses within their commercial contracts.

The all-party group held a meeting on this recently, where we went through subject by subject, looking at how ADR could be incorporated within the system and used more often. We looked at the commercial area in quite substantial detail. One of the great things we were able to do was to bring together quite a disparate body of people who operate in the ADR field to see whether

[John Howell]

there were some common threads between them in approaching disputes such as those the hon. Gentleman mentioned and taking them forward.

The good news is that there was quite a lot of agreement about what we were aiming for, even though some of the methods of getting there were slightly different. For us, ADR includes arbitration, mediation, adjudication, expert determination, dispute boards and online dispute resolution. We also looked at examples to see how those elements could be—some already are—incorporated by financial services sectors in their contracts. The good news is that these were already being incorporated into contracts, so what we needed to do was to put pressure on the sectors to include them as a matter of course in their contracts, because that would help to solve these disputes.

**Richard Arkless** (Dumfries and Galloway) (SNP): Will the hon. Gentleman clarify which sectors of the financial services he is referring to? Is it the retail sector or the business-to-business sector that is incorporating ADR? I have not seen many commercial contracts with ADR clauses in them from the banks.

**John Howell:** From memory, I think it was the business-to-business sector primarily, but there is absolutely no reason why it cannot include the business-to-retail sector as well. There is a great deal of ability for individuals to bring quite complex cases in a way that does not involve going to the courts, as I shall explain.

We are running out of time, so I shall deal with the issue right now. We all know that trying to bring a case to court is a very expensive business. It requires extremely expensive lawyers. What the arbitration or mediation process holds out is the ability for an individual to sit in arbitration and mediation between people in order to bring the dispute to a much earlier resolution. It could be said that this does not take away the need for a court to be involved, which is absolutely true, because the awards of the arbitration panel or the mediator have to be enforced by the courts. However, that is a long-stop for the ADR process, and I think we will see it being brought into play more infrequently.

Of course, Lord Justice Briggs has commented that he would prefer to see “alternative dispute resolutions” not called that—he wants the “alternative” taken out so that they are called “dispute resolutions”. I think that fits well with our own view of things. The other side is the issue of time and stress involved in taking forward cases within this sort of framework. It is absolutely true that the arbitration and mediation process takes away a lot of the stress of appearing in court and allows these sort of issues to be settled in a much more friendly way.

I look forward to the work that our two all-party groups will do on this issue. I think that the framework is already there, and I think we need to encourage banks to include clauses within their commercial contracts so that we can get back to ADR becoming the standard mechanism for resolving disputes, rather than using the internal complaints procedures of the companies as the starting point and the ending point of much of the discussion that takes place on these issues. On that note, I am happy to allow another Member to continue the debate.

1.27 pm

**Mr David Hanson** (Delyn) (Lab): It is a pleasure to follow the hon. Member for Henley (John Howell), a fellow member of the Justice Committee and chair of the all-party group on alternative dispute resolution, of which I am a member. I welcome his contribution, and the motion in the name of the hon. Member for East Lothian (George Kerevan), to which I was pleased to add my name, as a Labour MP; I support its objectives on a cross-party basis.

The issue is of great importance, and the Minister has a duty to the House to respond in a positive way to the very straightforward demand made by Members today—a demand that we establish a universal mechanism that allows businesses and others in non-regulated sectors an appeals mechanism, so that they can have an independent review of their situation. The motion is important, and I support it. The demands are clear, and have not come out of the blue. The motion clearly refers to the statement made by Andrew Bailey of the Financial Conduct Authority to the Treasury Committee on 20 July 2016. He said that we needed to look at the fact that “the ad hoc creation of a compensation scheme within the FCA” had not worked, and that there was no mechanism in place for many businesses—Members will no doubt mention them today—to find a resolution. Remember, these are small businesses facing big banks that have the time, money, expertise and often patience to try to see out the complaints being made. The motion, which calls for an effective, sustainable platform for resolving commercial financial disputes, is therefore absolutely right and timely.

Although many financial firms may be regulated, business and commercial banking remains an unregulated activity in the UK. Businesses do not have the same level of protection as consumers; they have to rely on internal complaints procedures and on the Financial Ombudsman Service, which may not be well equipped to deal with some of these cases. Businesses have to consider the potential for expensive, protracted activity through the courts. All of this effectively militates against fairness when opportunities have been denied or wrongs done.

I am particularly concerned about the Royal Bank of Scotland, which remains in public ownership. We taxpayers still endorse and act on behalf of the bank. The Minister has to look at not just the complaints procedure proposed by the hon. Member for East Lothian on behalf of the all-party group on fair business banking, but the Government’s responsibility, on behalf of every taxpayer, for the services provided by, and the attitudes and responses of, a bank that remains owned by me, my hon. Friend the Member for Bootle (Peter Dowd) on the Front Bench and every Member of this House.

This matters because over 12,000 companies were pushed into RBS’s controversial turnaround division, called the Global Restructuring Group. We are talking about real pressures and real actions affecting real businesses, and the bank having acted unfairly. Indeed, it has now recognised that it acted unfairly and has provided a compensation scheme of its own, but there is no independent scrutiny of it, and not necessarily any independent endorsement of it yet, because as the hon. Member for East Lothian said, this has not yet been finalised. RBS has a major commitment to those 12,000 businesses.

This also matters because of cases such as that of my constituent Clive May of Mold in Flintshire, north Wales. With his permission, I will detail his case. He experienced at first hand the actions of RBS in relation to the Government-sponsored enterprise finance guarantee scheme. Mr May was the owner of a successful business employing 100 people in north Wales. It was a construction company, building houses and factories. The company had banked with RBS for many years when Mr May was approached by RBS and asked to take up the EFG scheme, which was designed by the Labour Government to support the growth—not the closing down—of businesses through the difficult times of the recession between 2008 and 2010.

Mr May believed that the enterprise finance guarantee scheme would support the expansion of his business. He was informed that his overdraft, for which he had always met his responsibilities, and which was not excessive, as he could meet the liabilities, was to be taken over by the EFG scheme, and that his business's cash flow would therefore be protected and developed. That was a falsehood on the part of RBS, because the moment he took up the EFG scheme, RBS placed the company in its distressed department and cut his overdraft.

**Norman Lamb:** It has been a pleasure to work with the right hon. Gentleman on what I regard as a scandal. Surely he is making the incredibly serious allegation that not only was an individual destroyed, but there was misuse of public money.

**Mr Hanson:** Absolutely, and I make that allegation here today. RBS has acted appallingly in its treatment of my constituent. Before Mr May took up the EFG, his business was making new contracts, had excellent cash flow, and never once went over its agreed overdraft limit. The moment Mr May took part in the EFG scheme, RBS took from the Government the money underpinning that overdraft, closed down his overdraft and ruined his business. That is important because Mr May exemplifies the small business facing the big bank. He and his wife Kerry have spent four years arguing this case—along with me as their Member of Parliament—having meetings with RBS, and looking at court cases, and now at criminal activity, which has been reported to North Wales police, because there are allegations of fraud. That is also being looked at by the Crown Prosecution Service, which is reviewing the case. All of that is because of concerns about how RBS has acted, but there is no mechanism to drag this case forward apart from Mr May's personal determination and will to hold RBS to account. The Financial Services Authority cannot do that; he has to have the will himself, with the support of his family and his MP. That is not acceptable.

That is why I support the proposal of the hon. Member for East Lothian. Mr May's business and similar businesses need this mechanism to ensure that they get fairness when they face banks such as RBS, which is in public ownership, that treat them with disdain.

1.36 pm

**Mr Steve Baker (Wycombe) (Con):** I am very glad to be called to speak in this debate. I support the motion, and congratulate the hon. Member for East Lothian

(George Kerevan), with whom I serve on the Treasury Committee, not just on securing this debate, but on the excellent work he has done in having the initiative to bring forward the all-party group on fair business banking. I am glad to be a vice-chair of it, and am grateful to him for the invitation to take that role. I shall make three points: the first is about incentives; the second is about the cost and accessibility of courts; and the third is about complexity.

I have spoken previously in the House about the incentives for bad behaviour, particularly in relation to accounting under the international financial reporting standards, and liability. It is appropriate that the House is so well packed with Scottish National party Members, because I know at least one of them will be glad to hear that I recently attended an event at the Adam Smith Institute, where I helped launch the book “Legislating Instability: Adam Smith, free banking and the financial crisis of 1772”, by Tyler Beck Goodspeed, a brilliant American economist working in the UK. That event may seem irrelevant, but it goes to the heart of what is wrong today. The book shows that the Scottish banking system, characterised as it was by unlimited strict liability among partners, had very good, strong incentives for the owners and staff of banks to behave well. I am grateful to the hon. Members who are nodding in agreement.

Of course, we have come a long way since then, and we are not about to go back to free banking, much as I would wish us to. I shall quote an actuary, whom I do not wish to name, who talked about his work:

“I have examined around 100 individual cases, all of which had the same negative qualities. It is a case of bank salesmen deliberately withholding key information about the risks embedded in the ‘hedging’ products they sell. The term ‘hedging’ is therefore itself misleading.

Overall, the process is disgusting. Banks sold derivative products on top of loans to their clients which those banks knew would render them less creditworthy at the point of sale, and therefore render the business more likely to fail. How this can be described as ‘hedging’ by any financial organisation with a scrap of integrity is beyond me.”

I agree. The actuary went on to say:

“This misleading use of language, unfortunately, is maintained by some of the ‘experts’, some of whom charge large fees for reports to take into the courts. If these reports miss out on key risks, the cases become far weaker, possibly to the point that the case fails. At the best, the bargaining power of victims is much reduced.”

I want to pick up on that experience, because my second point is about the cost and accessibility of the courts system. This points to why our debate is so important. I am sure that the hon. Member for East Lothian has, like me, heard evidence in constituency casework and from the authorities showing that the system that was set up was not adequate to the task in hand. Indeed, I am sure many Members will have constituents whose businesses have been in grave difficulty, and whose lives have been affected, who found that the system failed them.

However well intentioned the authorities were in setting up the system, it has not worked well. We need to find some middle ground between the courts, which are too expensive, complex and require expert evidence—often either unavailable or too expensive to purchase at quality—and the failed semi-formal system. The court system, its inadequacies and the necessity of avoiding it

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is an old problem—Matthew 5:25 refers to it—and the Government have quite some task ahead of them if they are to deal with this matter.

As for complexity, even Treasury Committee members, who have been elected by the House to deal with such issues, have found derivatives fabulously complex and difficult to follow. If that is true of those of us who are charged with developing the expertise, it will no doubt be true of the small business people who buy the products. To ensure that similar problems do not reoccur, the Government may want to consider whether small businesses—limits on size is something else to consider—ought to be treated as consumers for regulatory purposes.

I am glad that we are interested in a tribunal system funded by the banks, and that we are open-minded. Although my hon. Friend the Member for Henley (John Howell) is not in his place, I am grateful that he will be working with the APPG to take things forward. Finally, I again congratulate the hon. Member for East Lothian. I look forward to making progress, and to hearing what my hon. Friend the Economic Secretary to the Treasury has to say.

1.41 pm

**Philip Boswell** (Coatbridge, Chryston and Bellshill) (SNP): I thank my hon. Friend the Member for East Lothian (George Kerevan) for securing this important debate. As others have rightly pointed out, those most negatively affected by the absence of a financial dispute resolution platform are largely small and medium-sized enterprises. The importance of such businesses to our general economic wellbeing cannot be emphasised enough. Some 67% of all UK workers are employed by small and medium-sized enterprises, which are not protected by the Financial Ombudsman Service. That figure amounts to 17 million employees, or over half the UK's workforce. As such, it is important to recognise when discussing such businesses, which are at risk of going under owing to the burden of financial disputes, that it is not only the business owners who are at risk: the employees and their families will also feel the knock-on effects.

These vital small businesses face numerous structural challenges not faced by larger businesses. They have far fewer resources, meaning not only finances, but time, labour and information. In addition, they often have far less experience to draw upon than larger, more established businesses. The structural challenges mean that there is a substantial imbalance when SMEs get into financial disputes with large businesses or large banking institutions. The larger party involved in such disputes is inherently at an advantage, both in the context of a dispute resolution outwith the legal system and within the court system.

For small businesses that come into dispute with a financial institution, the first step is to submit a complaint to the institution's internal complaint procedure, but many SMEs are fearful of even taking that first step. Unfortunately, it is unsurprising that SMEs feel sufficiently intimidated by financial institutions not to submit a complaint when they feel unfairly treated. According to statistics from the Bank of England, total lending from UK banks to other banks has more than quadrupled since 1990. However, lending from UK banks to businesses

involved in production has remained stagnant. In addition, the Basel III international capital adequacy regulations, introduced in the wake of the financial crisis, have made lending to SMEs more expensive, further incentivising banks to lend to other banks, rather than to SMEs.

Just last week, I was approached by a small business from my constituency that has developed an innovative new technology that recycles waste and creates clean energy while minimising emissions. It reached out to me because it has struggled to obtain sufficient funding to move forward with the project, despite having built a test facility. That is just one example, but it demonstrates the degree to which small businesses struggle to obtain financing and credit. It is no wonder that many small businesses do not want to submit complaints to a financial institution. With so little credit available to SMEs, it is more than understandable that they want to protect their access to a limited available line of credit, even if it means being treated unfairly.

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): The hon. Gentleman is making an important point, highlighting that the UK's highly centralised banking model is broken. In addition to considering dispute resolution and firmer protections for businesses, we should look at an alternative banking structure based on community banks, under which banks are ingrained in their communities and know their local businesses.

**Philip Boswell:** I wholeheartedly agree with that excellent point.

As mentioned in today's motion, the Financial Conduct Authority has set up several ad hoc schemes to address systemic misconduct by financial institutions. The schemes have been widely criticised, and, as others have mentioned, even Andrew Bailey, the new chief executive of the FCA, has said that they have left those affected by bank misconduct feeling unfairly treated. The recent review of the mis-selling of interest rate hedging products demonstrates the shortfall of the ad-hoc compensation schemes and their inability to reach fair outcomes for customers.

Last year, just before Christmas, I was approached by a constituent who had been mis-sold an interest rate hedging product. In 2001, my constituent and several co-investors used their retirement savings to create a small business that would purchase commercial property in Glasgow. However, they had insufficient capital to purchase their first property outright and therefore sought a loan from a bank. Despite the banks involved with the mis-selling claiming that customers were under no pressure to purchase the product, my constituent informed me that he could not find a single bank that would lend the money without including the interest rate hedging product. My constituent was told that this was to protect the customer in the event of interest rates continuing to rise. Having no other choice, my constituent's business took out a 25-year loan that included the aforementioned product.

Many in the Chamber will be aware that interest rates fell during the financial crisis. The inclusion of the product in the loan resulted in my constituent's business—set up on pension scheme earnings—owing £30,000 per quarter in interest alone during the biggest financial crisis in modern history. When it became apparent to

my constituent that his business had been mis-sold the product, he began the complaints process in the hope of receiving some sort of compensation. However, the bank with which he took out the loan continually refused to provide him with the relevant paperwork for the loan, making it difficult for my constituent to continue the process.

**George Kerevan:** Does my hon. Friend agree that a fundamental problem with the current ad hoc redress system is that it does not allow the complainant access to the information they need? A tribunal system would put the complainant and the bank on an equal footing and allow that information to be made available.

**Philip Boswell:** I entirely agree. Such a practice is entirely undesirable and not befitting of any bank, particularly one in public ownership, as has been mentioned before.

The delay and avoidance tactics used by the bank, combined with the FCA's own recommendation that claimants should not take legal action, meant that my constituent's case surpassed the six-year time limit on taking court action. His business did not receive any compensation from the bank as a result of the ad hoc scheme overseen by the FCA. Unfortunately, my constituent's experience is far from rare, as many Members have shown. The compensation scheme for the mis-selling of interest rate hedging products was bank-centric and lacked sufficient FCA oversight. The review was set up in conjunction with the banks and allowed them to make redress offers that did not reflect an objectively fair outcome. The case of my constituent and the experiences of others who have been treated unfairly by banks clearly demonstrate the wide scope of financial disputes, particularly those between small businesses and financial institutions.

After hearing about the experiences of constituents from across the UK shared by Members today, it is apparent the ad hoc schemes set up by the FCA have lacked sufficient clarity and that the creation of a commercial financial dispute resolution platform is necessary. I am happy to support the motion presented by my hon. Friend, and I welcome the support that has been expressed in the House today.

1.49 pm

**Mr Mark Williams (Ceredigion) (LD):** It is a privilege to be able to speak to this motion. First, may I congratulate the hon. Member for East Lothian (George Kerevan) not only on initiating this debate on our behalf, but on his leadership of the all-party group for fair business banking, of which I am a vice-chair? I also wish to pay tribute to the former chair of the group, the hon. Member for Aberconwy (Guto Bebb), who helped us to set up the "bully banks" all-party group, as it was then, some years ago. Let me read out what he said when we debated these things earlier this year. He said that the FCA

"must work with integrity and be independent to deliver in the interests of a healthy financial marketplace."—[*Official Report*, 1 February 2016; Vol. 605, c. 715.]

The sad reality for many of my constituents, in a constituency targeted for the selling of interest rate swaps—adverts were taken out in the local newspaper, and at one point we had more than 20 cases of mis-selling

of hidden and embedded interest rate swap products—is that they lack confidence in the FCA, based on their experience; the respect and confidence that they should have have dissipated.

As we have heard, the ad-hoc scheme set up by the FCA for interest rate hedging product mis-selling has never had the authority or impartiality that it should have as a model for redress, as was acknowledged by Andrew Bailey in a very welcome admission before the Treasury Committee. The fact that he acknowledges this problem indicates—we hope—that he understands there needs to be reform, and we have heard positive comments from my hon. Friend the Member for East Lothian—he is my hon. Friend for these purposes—and from the hon. Member for Henley (John Howell).

The ad-hoc scheme was fundamentally flawed, not just because it was bank-centric and the FCA oversight was not rigorous enough, but because those SMEs that had embedded or hidden swaps were excluded from it. As has been said many times in this place, when the impact of an embedded swap is the same as the impact of a separate hedging product taken out with a loan, it is difficult to argue that the small businesses that were sold those products should be excluded from the scheme—but they were excluded from the scheme and they were denied justice.

Business and commercial banking is an unregulated activity in the UK, and those of us who have been following these matters know that businesses do not have the same level of protection as consumers do. That point was made by the right hon. Member for Delyn (Mr Hanson). Nor do they have recourse to a timely dispute resolution mechanism—the key word there is "timely". As we have also heard, banks have deep pockets and recourse to civil litigation is unaffordable for most SMEs—certainly those I represent. Ceredigion has more small businesses per head of population than anywhere else in the UK. Those businesses and those people do not have those kinds of resources, so what do they do? First, when a business has a complaint against its bank, it has to rely on its lender's internal complaints procedure. Time and time again, I have seen constituents deliberately hung out to dry by their banks, pushed into the long grass, in the hope that the issue would disappear or the constituents would give up. In all too many of those cases, businesses went under as a consequence of that prevarication.

Today, I want to raise the case of my constituent Mansel Beechey, a well-known publican in Aberystwyth and a customer of the Clydesdale bank, whose case regarding the mis-sale of an unregulated interest rate hedging product I have mentioned many times. We have had four or five of these debates over the past four years, and I have had to mention Mr Beechey's case in every one, yet it remains unresolved. Mansel first formally complained to the Clydesdale bank in April 2012 through his solicitor and it took the bank six months to respond, which is clearly unacceptable. I wish to endorse the comment made by a Scottish National party Member about businesses that have been too frightened to pursue matters for fear of action being taken against them.

If an internal complaint fails—Mr Beechey had no confidence in the internal complaints mechanism—some SMEs can go to the Financial Ombudsman Service. Although the FOS is keen to explain that it will look at the facts, I am sad to say that I believe it has been

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selective in what it has looked at and has all too often examined evidence in isolation. I am sure it has done well in many disputes, such as those relating to payment protection insurance and payday lending, but my experience of the past four years has shown me that it has not had the expertise to deal with acutely complex cases.

For example, the ombudsman suggested that monthly payments under the redress scheme for my constituent would have been about £1,000 more than the actual fixed rate loan interest, which Mr Beechey says he could not afford. Yet the ombudsman insists that there was not a great difference between these payments, and his whole judgment hinges on this belief, which seems extraordinary. I am not a businessman—perhaps that is a good thing—but even I can grasp the fact that Mr Beechey's pub business would need to take around eight times the amount of £1,000 through its till, which is about £ 96,000 per year or a third of the annual turnover of the pub. We need reassurance that those at the FOS are suitably qualified and experienced to understand how small businesses work.

Several constituents have cited timeliness as a problem with the FOS, which, sadly, seems to move at glacial speed. Some cases presented several years ago remain unresolved. What is very concerning is that when a final decision has eventually been reached in a case, it will never be overruled, even when that decision may be brought into question by new evidence or a change of approach in other comparable cases.

Another example to cite is the case of Mr Geraint Thomas of Bargoed farm in Llwynceilyn, a Lloyds bank customer of 53 years who was mis-sold a fixed-rate loan during the banking crisis. Mr Thomas was severely let down, with little understanding shown by his relationship manager at the bank of his financial situation, putting him and his business under great pressure. This started a long-standing complaint, which has required my intervention on several occasions, including phone calls to Lloyds officials. Eventually, a revised settlement offer was given by Lloyds, which Mr Thomas was under immense pressure to sign or he would lose out on it entirely; this came with the understanding that he would still be able to take his concerns to the FOS. However, since this period, the FOS has refused point-blank to look at the case, on the basis of the settlement he agreed with Lloyds bank, despite the fact that I had previously received assurance directly from Lloyds that his acceptance of the offer would not stand in the way of his complaint being taken to the FOS. It seems to have done exactly that.

We have heard about issues relating to subject access requests, a topic touched on a moment or two ago. Andy Keats of the Serious Banking Complaints Bureau has said:

“The bank relies on concealment of your central file, committee meeting reports and minutes, internal and external valuation of your property, loan documents and bank rules, etc.”

That is hardly a system of transparency to inspire confidence in the system. In the course of working for Mansel Beechey, we have made three subject access requests to both the Clydesdale bank and the FOS. He found that in simultaneous requests to both organisations, new information kept on coming. I have seen different transcripts of telephone conversations, three different

credit reports and three different sets of credit figures. Things seem to have been changed by the stroke of a pen. Again, that is not a way to inspire my constituents' confidence, and I seriously question the level of transparency and disclosure in his case and, no doubt, in others.

I could go on at length, Madam Deputy Speaker, but I am not allowed to. I apologise for the detail of some of what I have said, but it shows the practicalities of the cases we have taken on behalf of our constituents. Let me just end by making a plea for a level playing field. The system, whether we call it ad hoc or something else, seems to have been stacked firmly in favour of the banks. Our constituents—the small businesses of Ceredigion and elsewhere—deserve a fair chance. That is why I hope that some of the suggestions made by the all-party group will be taken forward, in the weeks and months—not years—ahead.

Several hon. Members rose—

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. If everyone who wishes to speak takes approximately seven minutes, everyone will get a chance. If they do not, some people might not get to speak, and that would not be fair.

1.58 pm

**Anna Turley (Redcar) (Lab/Co-op):** It is a pleasure to follow the hon. Member for Ceredigion (Mr Williams), who not only made a very articulate case on behalf of his constituents, but exposed the vacuum at the heart of the regulatory framework to support small businesses. I appreciated everything he had to say. I also congratulate all hon. Members who secured this important and timely debate, which, as we have heard, has real resonance in the life experiences of our constituents. That is why I am very happy to support the motion, and I wish to say something on behalf of one of my constituents who has been affected by this. I also give credit to the work that the Treasury Committee and the all-party group on fair business banking have done to give this issue the prominence it deserves.

I do not rise to speak on the minutiae of financial regulation, as I am sure you will be delighted to hear, Madam Deputy Speaker. Instead, I ask the House to consider the human stories of those denied fair outcomes in their financial disputes and those who have had to accept the current lacklustre compensatory measures. This debate is about the consumer and the customer and their right to meaningful redress when things go wrong. It is right that this House takes an interest in these matters, just as it is right that the FCA was established by an Act of Parliament. This House has an obligation to monitor the regulatory environment to ensure that our constituents are adequately protected when they bank, save, borrow and spend.

My constituent, Stephen Lilley, who runs his own business knows the devastating personal and economic effect that bad financial regulation can have. He was mis-sold an interest rate hedging product, which has left his business in considerable financial difficulty. The product was sold to him deceptively by HSBC, and included a base rate swap that was put in place to protect his business from rising interest rates, but without any explanation that should rates fall—and they certainly

did—his business would not benefit. The result has left his business in a perilous state. He was let down by HSBC, which mis-sold him the product. He was initially let down by the Financial Ombudsman Service, which rejected his complaint twice until it decided that the swap product had indeed been mis-sold. He was also let down by the FCA and the flawed redress scheme for mis-sold IRHPs, which did not deliver the sort of financial compensation that would get his business back on track.

Mr Lilley and his family have endured sleepless nights and stress. Both he and his wife have had heart attacks in recent years, and have been wracked with worry over the future of their business. They feel powerless and that the bank has a hold over their lives. When HSBC admitted that it had mis-sold a product to Mr Lilley, it said that it had made a mistake in the length of the interest rate cap it had in place. It should have been five years, but instead it was 10. The bank said that Mr Lilley could have the difference returned to him if he accepted a cap at five years. It is very difficult for me to see how that can be right. How is it that, after clear negligence, the bank can continue to hold all the cards, and the customer none? Mr Lilley put it in stronger words to me: he said that the proposal amounted to theft.

This story is repeated all over the country, and we have heard some examples in the debate. Everyone in this House today will have constituents who have suffered similar circumstances—people who want to do the right thing, who have poured every spare penny they have into their businesses, and who have looked to their bank to secure a financial plan for that business. When things went wrong, the bank, the regulator and the ombudsman let them down. The best way that we can serve our constituents and ensure that cases such as Mr Lilley's do not happen again is to support the motion, which I welcome.

The people who need a proper platform for the resolution of disputes of this nature are ordinary individuals and small and medium-sized businesses—exactly those whom the Government say they are determined to support. This House also has a proud history of acting to protect the wellbeing of citizens of this country, of which the Health and Safety at Work etc. Act 1974 is a case in point. That Act outlines the duties of employers to take measures, where reasonable, to ensure that persons not in their employment who may be affected by their activities are not exposed to risks to their health and safety.

I do not need to outline the devastating physical and mental health effects that are brought about by chronic worry and anxiety about a business that someone has spent their life building up. The impact on the health and wellbeing of my constituent and his family are clear. Our financial regulatory system has a moral duty to regulate as much as an economic one, and it is the lives of our constituents, and the worry that they bear, which is the test against which it should be measured. That is why I am proud today to support the creation of a proper authority to solve these disputes and why I am happy to support this motion.

2.3 pm

**Norman Lamb** (North Norfolk) (LD): I am very pleased to support this motion, and I congratulate the hon. Member for East Lothian (George Kerevan) on bringing this vital issue to the attention of Parliament.

There is a very clear gap in the framework of protection which needs to be addressed. This amounts to a significant injustice for very many people, and it would be intolerable if that injustice was allowed to go unchallenged. There is a need, clearly, for an effective and timely dispute resolution mechanism. As the hon. Gentleman said, central to any process of delivering justice must be full disclosure. Unless a person has access to all the information, they cannot properly bring their case and achieve justice. It must be a mechanism that is there for both regulated and unregulated financial contracts. The abuse of a proper process incentivises bad behaviour. If the banks know that there is no proper mechanism in place to achieve justice, they are encouraged to behave badly and to engage in sharp practice.

At the heart of current concerns is the Global Restructuring Group, which was set up by RBS. The stated intention was to put companies into intensive care to turn them around and to restructure their debts if necessary, but many small firms accuse the bank of deliberately forcing companies into distress, as the right hon. Member for Delyn (Mr Hanson) said, so that RBS can strip their assets and profit from their failure. That allegation in itself is akin to theft. On top of that, there is the serious allegation that there was a misuse of public money through the Government's enterprise finance guarantee scheme. Lawrence Tomlinson, the former adviser to the Department for Business, Innovation and Skills, said:

"My fundamental concern is around what businesses were told before being brought into GRG and whether this reflected the true purpose of the division. Many businesses believed that they were in GRG to be helped, when in fact it appears to have been an exercise in restructuring the bank's balance sheet, often in conflict with the best interests of that business."

That is really serious. When he was in front of the Treasury Committee, he referred to

"unnecessarily engineering businesses into default in order to move the business from local relationship management to turnaround divisions such as GRG."

He alleged that the purpose was to generate revenue through

"fees, increased margins and devalued assets."

That is scandalous. They are incredibly serious allegations that must be properly addressed by the Financial Conduct Authority. It seems blindingly obvious that there must be an effective process for delivering justice.

I want to touch on the human cost. We have heard about owners of small businesses who have lost everything that they have worked for. They are in exactly the same position as any private consumer who has recourse to justice, but these people do not achieve justice. Just imagine what it is like for someone who has lost everything due to the sharp practice of a bank, but who cannot achieve any justice. It destroys people. It is impossible for them to move on. It is incumbent on this House and this Government to ensure that the matter is properly addressed.

I also wish to address the wellbeing of whistleblowers. I have a constituent, who wishes to remain nameless, who was a highly successful former employee of RBS and who raised concerns repeatedly over a sustained period about improper practice within RBS. It destroyed his health. He ended up leaving on agreed terms simply to end the nightmare that he was going through, but his concerns were not diminished in any way. The whole

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saga has destroyed this man's life. He cannot move on, and he has been met by a brick wall. I have written on his behalf to RBS and, on five occasions, I have asked for meetings. I have written to Stephen Hester, Ross McEwan, Baroness Noakes and Sir Howard Davies, and on every occasion my reasonable requests for meetings have been turned down. They hide behind the compromise agreement reached with this man to say that they are not prepared to engage with him at all any further. It seems to be an arrogant and cavalier way to treat a former, highly successful employee. They have a total disregard for the impact on this man's health.

My constituent's conclusion is that it is not safe to blow the whistle. We should be celebrating whistleblowers; they risk everything to expose wrongdoing. They expose awful things that happen in our major financial institutions and they should be protected. I am horrified by the shameful treatment of this man.

**George Kerevan:** It may help the right hon. Gentleman if I tell him this: RBS has told me that the adjudicator in its new redress system, Sir William Blackburne, will have "unfettered access" to all the bank records in the cases that are brought up. The right hon. Gentleman might want to use that in his future dealings with the bank.

**Norman Lamb:** I am grateful to the hon. Gentleman for that suggestion. The FCA needs to take decisive action to provide justice to business owners who lost everything, establish an ongoing mechanism that is available for future cases of misconduct, and provide protection for whistleblowers destroyed by arrogant, dismissive behaviour by a bank owned by the taxpayer—that is the scandal. The need for justice is overwhelming and it is incumbent on the Government to respond properly to this call.

2.10 pm

**Michelle Thomson** (Edinburgh West) (Ind): I made a speech in this place on 1 February 2016 on the FCA compensation scheme for interest rate hedging products. I argued then that that scheme was ill thought out and provided no effective redress for businesses that had been made insolvent. To be honest, I was almost tempted to re-read my previous speech because here we are again, although I would have included the new numbers. Whereas in the case of the IRHP scheme 10% of its complainants were insolvent, in the case of RBS Global Restructuring Group that figure is upwards of 75%, with some estimates as high as 94%, yet fundamentally nothing has changed because RBS has already confirmed that it will not deal with the business owners who have lost their livelihood. The too little, too late apology from the chief executive of RBS, Ross McEwan, is not good enough.

Thanks to the excellent investigative journalism of BuzzFeed and the BBC, the so-called dash-for-cash articles make fascinating, yet harrowing reading. They clearly demonstrate a system that is well ordered and well structured in which the winner takes all. The so called victory emails that were sent to teams in GRG

when West Register acquired an asset are a disgrace. That is quite telling because where there is a victor, there is always a loser.

I am grateful to Nick Stoop of Warwick Risk Management who applies the story of the "Komodo dragon" condition. The Komodo dragon lies in wait at a watering hole where it nips the foot of its prey. The prey escapes, apparently not seriously harmed, but the bite is toxic and the dragon knows that its target will eventually weaken and die. So it is with RBS swaps and GRG. The swaps salesman lands the toxic bite. GRG and West Register then get to tear the client to pieces.

I concur with Members who spoke about what that means for those people. We can never forget that people are at the heart of what we are trying to do here. Remember what they may have lost—their family home, their business, their livelihood, their future livelihood if they planned for their children to go into the business, their dignity, their pride and often their very self-definition. We know that wider society loses—the wider community, other local businesses that depend on the failed business, its supply chain, creditors, Her Majesty's Revenue and Customs and local authorities. My hon. Friend the Member for East Lothian (George Kerevan) pointed out the potential emotional impact on individuals who, for years, have to dig deep for resilience and strength, but very often end up with mental health issues or develop physical illnesses. Let us never forget that people have committed suicide as a result of the actions of some of our banks.

When did we sign up to this? When did we sign up to a taxpayer-owned bank pillaging the assets of our SMEs—the so-called life blood of our economy—or creating a system where victory emails are sent when another department of the same bank asset-strips? We have to ask whether abuses such as those at RBS could have taken place if we had a system where a business owner could simply be heard. I concur again with my hon. Friend that it is a contract between unequals when somebody who has been declared sequestrated or insolvent cannot take on a bank.

**Mr Baker:** In this House we often hear strident language. The hon. Lady used the word "pillage". I entirely agree that it is wholly appropriate to describe some of that behaviour as a pillage of those companies, and I hope the Minister will bear that in mind.

**Michelle Thomson:** I thank the hon. Gentleman for that compliment.

Finally, I want to address the topic of culture. We need to recall that it is the underlying culture of institutions that has enabled this to happen. We know that we have come from a driven, bottom-line culture, but we must make our banking system—our whole financial system—work for us and for our society. I fear that we have lost sight of that over recent years. I agree that we need a tribunal, but we also need an effective process so that precedent can be set and learned from, and so that behaviour is changed and abuses do not happen in the first place. We have seen that happen with other tribunal systems.

I thank the APPG for its support in driving this campaign and Andrew Bailey of the FCA who endorsed the idea. It is time to get started.

2.15 pm

**Kirsten Oswald** (East Renfrewshire) (SNP): I congratulate my hon. Friend the Member for East Lothian (George Kerevan) on securing this timely debate.

A key issue that we need to address is how we end the conveyor belt of actions by financial services companies that generate disputes. Far too often, the perpetrators seem to be left to continue as before, so if we are to address the issue, we need to improve performance right across the sector. I was pleased that the debate was sparked by comments from Andrew Bailey, the new chief executive of the FCA. I sincerely hope he will follow through on the interest he has expressed in changing how we deal with these issues.

From the cases that I have encountered, it is clear that the current ad hoc approach is not working. As we have heard eloquently expressed today, why should those who blow the whistle on wrongdoing end up losing out, not just through the actions of their peers, but through the actions, or inaction, of the regulator? From my surgeries and caseload, I am well aware of concern at the actions of RBS and other lenders. Some constituents have experience of banks tilting the balance of risk too far in their own favour. I am particularly concerned to hear of banks forcing customers to use their home to underpin commercial loans in order to avoid being pushed into administration.

I want to highlight two constituency cases of concern. The first goes to the heart of the basic service provided by the banks—safeguarding our money and paying it out only when authorised to do so. A young constituent, Calum Cheshire, has had a bank account with RBS since he was 12 years old and, as a student, he worked to build up some funds. In July 2015 he was shocked when his bank statement told him that someone had withdrawn £550 from a branch in the east of Scotland on a Saturday when he was at home in the west of Scotland. To cut a long and painful experience short, Mr Cheshire has been seriously let down. RBS disregarded the FCA-defined rules for such circumstances. Not only has it effectively accused its customer of fraud, but it has rewritten his evidence to suit its narrative.

According to the bank's defence, it appears that the usual way to commit fraud using the bank's branch network is to walk into a branch that one has never used, produce proof of identity that does not include a bankcard, and ask to clear one's account—a most unlikely scenario, but one that was parroted back to Mr Cheshire by the Financial Ombudsman Service as a reason for refusing to order the return of his money. Despite vast sums spent to have the FCA write a regulatory framework and the FOS to keep financial service disputes out of the courts, Mr Cheshire is now forced to resort to the small claims court to secure the redress that has been denied him to date. I issue a challenge to RBS management—please don't throw an expensive city lawyer at this case and price it out of Mr Cheshire's reach.

The relevance of this case to the current debate is what it says about the quality of decision making in resolving financial services disputes. If we are to keep cases out of courts, let us, as my hon. Friend the Member for East Lothian said, abandon some of the complex rules and procedures, but let us not abandon the requirement to apply rules fairly and to use the fullest evidence.

In looking at how we resolve commercial disputes, I suggest we look very carefully at the role of the Complaints Commissioner. This office receives too little attention, despite providing an external check on the quality of decision making in dispute resolution.

I am privileged to chair the all-party group on the Connaught Income Fund. Members may recall that the collapse of that fund saw the disappearance of over £100 million subscribed by investors at an average of £70,000 a head. Many of those investors, including my constituents, were making provision for their pension, attracted by a promised long-term investment, a good rate of return and limited risk. Unfortunately, the history of regulatory failure in relation to the Connaught Fund bears many similarities to that of the RBS Global Restructuring Group. The integrity of the Connaught offer was underscored by the involvement of major companies in the financial services sector. The initial operator of the fund, part of the Capita Group, holds major contracts with central and local government across the UK, was regulated by the FSA, and is regulated today by the FCA.

The Connaught fund collapsed in 2012. Yet, nearly five years later, investors still wait to hear what really happened to their cash. Who walked away with it? Why were they allowed to do so? When we follow a trail set for us by one of the largest companies in the UK, which must pass public sector due diligence tests weekly, we do not expect our funds to just disappear.

In the absence of answers from the FCA, those affected are turning to the Complaints Commissioner for answers. The commissioner recently released his findings regarding a complaint by George Patellis. In 2011, as the newly appointed chief executive of the company making investments on behalf of the Connaught fund, he reported to the FSA what he considered a systematic defrauding of the fund. This was an act of genuine integrity from a senior figure in the financial services sector, and the response by the regulator then and now should gravely worry all Members of this House, and particularly the Treasury. The finding issued by the commissioner describes the FSA's response as unco-ordinated and fragmented, and condemns it for failing to prevent continuing detriment to investors.

I had the opportunity to discuss this, when I met Andrew Bailey recently. I highlighted my concern that there was a danger the FCA would be damaged by its handling of legacy cases such as Connaught, and the same may be said of the Global Restructuring Group issue. I was therefore disappointed to see the FCA's response to the commissioner's findings. He recommended that Mr Patellis receive a public apology. Instead, the FCA chose to issue a private letter of apology. Not surprisingly, Mr Patellis described that as “beyond disappointing”, and reiterated many of the failures of regulation by the FSA and FCA since he first blew the whistle on what he strongly believes was a process of fraud and misappropriation of funds. For the benefit of other Members, I am happy to lodge the Complaints Commissioner's findings and the correspondence between the FCA and Mr Patellis in the Library.

The Complaints Commissioner refers to an internal assessment by the FCA that confirms the FSA delayed reporting this alleged fraud to the police for approximately

[Kirsten Oswald]

18 months. I would welcome a reassurance from Treasury Ministers that this assessment has been shared with them.

So, whether we are looking at the operation of financial services companies as payment services providers, investment managers or commercial lenders, we must expect integrity. It is not yet clear that the FCA is upholding that standard any more now than was the case under the FSA regime so comprehensively criticised by the Complaints Commissioner. That is the challenge facing Mr Bailey and his team as we head towards 2017. Our challenge here is to make sure that that integrity is delivered on.

2.22 pm

**Callum McCaig** (Aberdeen South) (SNP): I congratulate my hon. Friend the Member for East Lothian (George Kerevan) on his choice of tie and on securing this debate—we are wearing remarkably similar ties today, although I am not sure whether that says more about him or me.

This is a really important debate, and there are two aspects to it. First there is looking back at some of the truly appalling practices carried out on behalf of banks, and secondly there is the forward-looking aspect of making sure that these mistakes are never repeated. I do not believe that the solutions that have been put forward will do that adequately.

Banking is clearly a cornerstone of our economy. The central role that it plays has been built on trust—businesses' trust that their bank will deal with them responsibly, but also that the Government and the financial system will protect them if that relationship, for whatever reason, breaks down. That system may work for a large conglomerate—a major employer with the ability to go toe to toe with the banks in terms of litigation, affording lawyers and so on. However, for small or medium-sized enterprises, that relationship is skewed, and they stand to lose out because they cannot meet the might of the banks.

Let me just put that into perspective. I am sure that these numbers will not come as a surprise to anyone, but small and medium-sized enterprises account for 47% of turnover and 60% of employment in the private sector. That is a huge part of our economy, and one we must all be cognisant of, and we must provide the protection it requires.

How do we go about rebuilding the trust that has been lost? We have heard that the problem stretches across the length and breadth of the country and that different banks and sectors have been affected by malpractice. Will ad hoc arrangements address the problem? I do not believe they will, because the problem is not ad hoc; in large part, it is systemic, and we do not solve systemic problems with ad hoc fixes.

There is a temptation in this place, and in all walks of life, to find the simplest solution possible. In this case, that will not cut the mustard; we need to find a proper solution, and my hon. Friend's suggestion of a commercial financial dispute resolution platform, whether that is a tribunal or something else, is a key part of doing that.

Like other hon. Members, I have constituents who have had issues in this respect, particularly with RBS and its Global Restructuring Group. While I have been

sitting in the Chamber, a constituent—I do not feel comfortable naming them, and they have asked me not to—has messaged me about this. He said that, in the dealings his lawyer has had with RBS, the bank's lawyers have said that these things are water off a duck's back and that a bit of bad publicity now will not change how it operates. If that is the case, it suggests that, even when we have ad hoc solutions in place, they do not solve the ad hoc problems. That adds to the compulsion on us to find that systemic solution.

**Hannah Bardell** (Livingston) (SNP): Perhaps I could name one of my constituents, Archie Meikle, of Ashwood Homes, who has given me permission to do so. I have fought on his behalf for over six months, and we have been waiting for responses from RBS after he was forced into the GRG. Does my hon. Friend agree that the only way we can solve these problems and grow our economy is by making sure that our businesses are protected from programmes such as these, which are being pursued by the banks?

**Callum McCaig**: Unsurprisingly, I agree wholeheartedly. The importance of economic growth is tied into this. There are individual consequences to issues like these, but there are also whole-system economic problems that come from them.

Aberdeen is going through a difficult economic time as we speak, although I think we are beginning to see green shoots of recovery. However, we have not seen the problems associated with the previous financial downturn, and we may be in a beneficial situation. However, there is no systemic solution, and just because we do not have a problem now, that does not mean that there will not be problems in the future. The economic problem in Aberdeen has been particularly localised, but if it were to be repeated on a national level, the mistakes of the past could well creep back in. As the UK moves towards leaving the European Union, there is the risk of greater pressure on our financial and business systems, and the temptation may come back for banks to use the opportunity to make money on the backs of others. It is therefore incredibly pressing that we get this right.

The benefits of this proposal would be manifold. Rather than huge crises that we need to solve, we would have early intervention, and we would have parity between banks and companies, so that they could identify and solve problems early, without the need for massive recompense, as has been the case.

We have heard from many hon. Members today that it is very difficult to put a figure on the cost to business. It is even more difficult to calculate the cost to the economy of lost growth as a result of these problems. But let us come back to the human cost, which a number of Members have mentioned: the hours of grief, the hours of anguish and, in certain cases, as the hon. Member for Edinburgh West (Michelle Thomson) mentioned, the lives that have been lost. That is the problem, and we can do something about it: we can protect our businesses. We can ensure best practice, and above all, we can ensure that the mistakes of the past are never repeated.

2.29 pm

**Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): I shall be mercifully brief. I am afraid I have a slight throat infection, so I am forced into brevity against my better judgment.

I would like to address just one area: culture. Many outstanding speeches have gone into lots of detail on the way in which people have been crucified by the banks through the mis-selling of products that were entirely unsuitable—that were not transparent and simply existed, at the end of the day, to allow people to asset-strip perfectly good businesses in our society. I have a number of constituents who have been affected. I will not go into great detail on them because, like those of my hon. Friend the Member for Aberdeen South (Callum McCaig), they do not particularly want to be named, and I fear that if I give too many details, others might find out who they are. One of them was a victim of Clydesdale bank, then National Australia Bank, and then the utterly appalling Cerberus. They have, as he put it, stolen his assets and put him completely out of business—a family business—creating problems not just for him but for his entire family. Another businessman said to me of the Clydesdale bank-NAB-Cerberus lot: “They have destroyed a business, and the mafia couldn’t have bettered the way in which they did it.”

A business close to the boundary of my constituency was promised in statements by Ross McEwan of RBS that proper mechanisms would put in place, and that there would be proper resolution, so that it would get back fees that were unsustainable and quite ridiculous. It then found that what RBS did not state was that it was surrounding this with such difficult conditions that this medium-sized business in central Scotland is unable to get back a penny of—would you believe?—£1.8 million in fees that RBS is imposing on it.

At the heart of this is a cultural problem of a particular sort. It is fundamentally about a complete lack of ethics in the banking sector in relation to businesses, including small businesses. Broadly speaking, there are two major ways in which one can look at ethics. The first is the so-called ontological approach—looking at the processes along the way. Were those processes properly transparent, and was the information properly provided, so that along the route, before one sees an outcome, it can be expected that banks operate ethically? Banks have demonstrably failed on those measures, so from the ontological point of view, they fail the test of operating ethically.

Of more interest to me from an ethical standpoint is the so-called consequentialist view—looking at the outcomes of the banks’ behaviour. Judged on that basis, they have demonstrably completely failed this community—small and medium-sized businesses in this country—and society as a whole. We can look at this from the point of view of medical ethics. The medical profession says that one should operate on the principle of non-maleficence; basically, one has an obligation not to inflict harm intentionally. If ever there was a case of operating to inflict harm intentionally, in order to gain from the destruction of businesses, it is the way in which many of these banks have been operating. We need to get action on this.

I support the motion, but there are two additional things that I would like to see. First, there should be imposed on the entire banking sector a proper and rigorous duty of care towards its customers. Unless we get a duty of care, the banks will continue to have an easy path towards ignoring the rights of individuals and businesses, and potentially continuing to destroy them for their own gain. Secondly, there should be far greater

strengthening of support for whistleblowers in the banking community. The Government should contemplate putting in such severe penalties against financial institutions that they are deterred from blackmailing and harassing people who are doing society a favour, because, so often, it is the whistleblower who suffers, rather than the perpetrator of the crime.

2.35 pm

**Richard Arkless** (Dumfries and Galloway) (SNP): I add my thanks to my hon. Friend the Member for East Lothian (George Kerevan) for securing this very important debate, which has caused a number of Members to be contacted by constituents who own small businesses and have been fleeced and mis-sold the most awful and inappropriate hedging products, leading not only to economic disaster but, as many have said, mental health problems; there have also been other effects on health and wellbeing. My hon. Friend made an excellent speech, as always. He set the tone of the debate perfectly by saying that this is a time to move beyond individual cases. Clearly, we all have these cases, but he meant that we need to look beyond discussing them and see whether we can come to some form of permanent solution.

**Calum Kerr** (Berwickshire, Roxburgh and Selkirk) (SNP): I commend my hon. Friends for turning up in numbers. I am sure that everybody across the House has constituents deeply impacted by this, and it is disappointing, despite Christmas and all, that the House is so poorly attended. Will my hon. Friend join me in praising the work of Richard Samuel, who back in May, when we first looked at this idea, drew the parallel that we have been discussing? Will he commend my hon. Friends for bringing forward—I hope that the Government will see this for what it is—proactive suggestions as to how we improve things? Yes, we rage against the system, but we are trying to be proactive and work with the Government to improve the world for small businesses.

**Richard Arkless:** I entirely agree. My hon. Friend puts his point passionately and very well. It is time for mourning to stop and for solutions to be found.

My hon. Friend the Member for East Lothian made an incredibly important point about the link between low productivity levels in the UK and the threat and the pressure that small and medium-sized enterprises have been under, particularly since 2007-08. There is no smoke without fire. I am convinced, having listened to him, of the causal link between the problems that we are discussing and low productivity of SMEs.

I was particularly struck by my hon. Friend’s comments about arrangements between solicitors’ practices and large banks. I declare an interest of sorts, in that I was a practising solicitor who was seconded to a large financial services organisation. How it works is very peculiar. I was given to the bank for free by my firm, and the bank created a so-called value account. My salary was set into this value account, which triggered work for my firm. We can see the problem that SMEs have in trying to find highly reputable, highly skilled corporate lawyers; they are all working for firms that have these links with the banks. These firms do not bite the hand that feeds them; they need this work. That is another manifestation of the complete inequality of arms between SMEs and large financial services organisations. My hon. Friend

[Richard Arkless]

was right to say that banks' terms and conditions—the secret terms of the contract—have evolved over the years, further exacerbating the inequality of arms.

My colleague on the Justice Committee, the hon. Member for Henley (John Howell), made a very interesting point—I was grateful to him for taking my intervention—about alternative dispute resolution clauses in contracts. While I would clearly welcome ADR clauses in all these types of commercial contracts, I am slightly confused, because I have never seen them in the case of these hedging products. As to asking banks to incorporate these clauses voluntarily, it stands to reason that the commercial risk will drive whether they are included. We are talking about risky derivatives. Have we ever seen ADR clauses in hedging product contracts? If not, I have no idea how we could persuade the banks to incorporate them voluntarily, given the risk.

**John Howell:** The point that I was trying to make was that it is not just the commercial circumstances that will force the inclusion of ADR clauses, but the way in which we make ADR known as a group of activities that can help.

**Richard Arkless:** In that sense I completely agree. The hon. Gentleman is right to point out that ADR, as a concept, exists; we are asking not for a new beast to be created, but for an ADR forum to be specifically linked to the contracts and disputes under discussion. However, I am cynical about banks' motivation in putting the clauses in particularly risky contracts.

The right hon. Member for Delyn (Mr Hanson), who is also a colleague of mine on the Justice Committee, made a typically powerful speech in which he drilled home the perverse fact that the banks under discussion are in public ownership. Essentially, public funds are being used to push businesses against the wall and asset-strip them, which has consequences. It is very hard to accept that that is being funded by our taxpayers' money. The right hon. Gentleman made that point extremely well.

The hon. Member for Wycombe (Mr Baker) touched on a stark irony when he referred to the old banking system in Scotland and the rest of the UK. I wholeheartedly agree with him that strict joint and several liability incentivised a good culture and good practice, but the pendulum has swung entirely in the other direction. I will come on to discuss the crux of the issue, which is banking culture, but he made that point well.

**Hannah Bardell:** On culture, a number of people dealt with my constituent over many months, and he felt that the culture being driven by the bank was not for the majority. We want to believe that most people who work in the banking sector are good people, but the culture being driven from the top of those organisations means that staff end up moving and are deeply dissatisfied at not being able to serve customers properly.

**Richard Arkless:** My hon. Friend will be unsurprised to hear that I completely agree with her. My experience is that, although many good people work in banks and we should not tar them all with the same brush, which we are inevitably tempted to do, banks see businesses

and individuals in the retail sector as units to extract revenue from. Unless banking returns to being an ethical practice of looking after people's interests, as opposed to extracting revenue, we will not make the vital cultural change necessary to sort out the issue.

I was particularly struck by what my hon. Friend the Member for Coatbridge, Chryston and Bellshill (Philip Boswell) said: even before a contention is raised, there is a reluctance to complain. Banks feel the inequality of arms before we even get to the courts or a dispute resolution system. I think that is a consequence of the public perception of the inequality of arms, and it has produced a fear factor. Clearly, an ADR system would go a long way to reducing that fear factor among SMEs.

That point was corroborated by the vice-chair of the all-party group on fair business banking, my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (Calum Kerr). He also made a good point about the Financial Ombudsman Service and inconsistencies in the adjudication of retail banking issues. During my time at a bank, I had many dealings with the FOS, and I assure Members that it was possible to put to it two cases with exactly the same facts and circumstances and get two completely different results.

The right hon. Member for North Norfolk (Norman Lamb) made an excellent and powerful speech, from which I took two points. The first was the effect on mental health and wellbeing, which is often forgotten about; we are not just talking about economic consequences. The second was whistleblowing, which was picked up by my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin). The right hon. Member for North Norfolk will be pleased to hear that we intend to table two amendments to the Criminal Finance Bill. One will seek protection for whistleblowers, and the other will ask for a banking culture review. I would be grateful if he would consider them with his colleagues and perhaps support them in due course.

My hon. Friend the Member for Edinburgh West (Michelle Thomson) wowed this Chamber last week—I think that deserves a mention—and I do not think that any of us could have failed to be struck by her reference to the Komodo dragon. She attacked the underlying culture in banks and said how predatory they can be.

My hon. Friend the Member for East Renfrewshire (Kirsten Oswald) made an excellent speech. I was particularly struck by her example—not a commercial case, but a retail case—of an ordinary individual whom the bank are accusing of going to another branch with identification and withdrawing money. Surely the complaints process could look at the closed circuit television and the FOS could be more inquisitorial in assessing the case. I hope that that message will go out.

When I worked for a bank and a retail customer threatened to take a matter to the FOS, we were told very clearly that that incurred a cost to the bank. I forget the exact figure, but it was between £400 and £600. When it got to that point, a quick calculation was made, and if the case could be settled at less than £600, that was what happened and the bank was not dragged through the FOS. That just demonstrates that we are units to extract revenue from, and nothing more.

I agree with my hon. Friend the Member for Aberdeen South (Callum McCaig), who was the first to say that the ADR system in itself will not fix the entire problem.

He was absolutely right to mention culture. On RBS's approach, he was told that this was water off a duck's back, and that is absolutely true: these are actuarial, commercial calculations. The human cost is completely negated. A calculation is made of liability and potential cost, and the bank will take whichever is lower.

That concludes my summary. If I missed out any colleagues, I apologise. I agree that it would be a good idea to ease access to justice for SMEs that have contentious issues with large banks. That would make it cheaper and easier, and it would certainly help to equalise the inequality of arms. However, whether a case is considered by the FOS, a small claims court, a fast-track court, the Supreme Court, the Court of Appeal or an ADR, it is the same case, with the same contract and the same terms and conditions, that will be considered from court to court, and if all those dispute resolution vehicles do their job, they ought to come to the same conclusion. Although that would be a welcome step, we need to go beyond that and look at the reasons the organisations were sold the products in the first place. That points to the culture perpetuated by the banks. If we can fix the culture and the over-aggressive mis-selling of products that businesses and retail customers simply do not understand, we will not end up in a situation where we need an ADR. Although I welcome the proposal, we need to change the culture in order to make a real difference.

2.47 pm

**Peter Dowd** (Bootle) (Lab): The hon. Member for Dumfries and Galloway (Richard Arkless) has summarised most of the things that I would have referred to. I thank the hon. Member for East Lothian (George Kerevan) for bringing the issue before us. I also want to touch on one or two points made by the hon. Member for Wycombe (Mr Baker) about the Austrian school. As he said, the system is not adequate to deal with the task of resolving complaints. My right hon. Friend the Member for Delyn (Mr Hanson) gave a passionate exposition of his constituents' concerns.

I am pleased that we are debating this issue. It has been the subject of cross-party engagement, particularly in the work of the all-party parliamentary group on fair business banking and that on alternative dispute resolution, which is chaired by the hon. Member for Henley (John Howell). I suspect that RBS's use of global restructuring is the most glaring example of how poor corporate governance and weak regulation can produce dreadful outcomes for individuals and businesses. Many of the small business owners affected have lost not just their businesses but their health. Under the current financial regulatory system there is a huge imbalance of power between small businesses and their financial services providers, as many Members have mentioned, and that imbalance needs to be redressed. When problems arise between businesses and their banks, as happened with RBS and the GRG, the dispute resolution options open to businesses are inadequate. RBS announced in November that it was establishing a new complaints review, but any ad hoc dispute resolution mechanism based on the internal mechanisms of the bank is clearly insufficient.

The failures of RBS were fundamental. Its actions were not just the result of a few rogue employees; apparently, those actions were RBS's explicit policy. Employees were strongly encouraged to push small

businesses into the GRG. Restructuring was required of companies, along with interest rate uplifts. Many claim that once small businesses were in the hands of the GRG, they were, to use a phrase, turned over for every penny that could be found. There was no great secret in the bank about what was taking place. Ostensibly, the fact that project "dash for cash" was in the system was celebrated, as the hon. Member for Edinburgh West (Michelle Thomson) said. The intention could not have been more obvious, and it had little to do with assisting businesses that were in trouble.

The motion usefully highlights the fact that we cannot say that this was a problem at just one bank. The issue went beyond that; it was systemic, and we can point to the wider failings of the banking sector that led us here. The catastrophic failure of the system in 2008 made that clear. Poor regulations, excessive borrowing and incentives within banks all helped to drive the crash. Of course, the cost to the taxpayer was immense. On the IMF estimate, the UK bail-out scheme cost, at its peak, £1.2 trillion.

The lessons that should have been learned are clear. Banks have to be regulated well in the public interest and in the interests of the taxpayer. A laissez-faire approach is inappropriate for a sector of the economy as uniquely privileged as banking. Since 2008, British banks have placed themselves on a more solid foundation, building up reserves and conducting regular stress tests, and closer monitoring has been adopted by the appropriate authorities. That is quite right.

RBS's novel approach to many small businesses shows graphically and in a historic way how things can go wrong. Poor management, avarice and hubris took the place of prudent management at the top of the bank, and other people's money was used imprudently on the basis of hubris. The management were reduced to shoring up the balance sheet by almost any means necessary, and mechanisms must be in place to stop that happening.

Since the financial crisis, a consensus has grown up that a failure of regulation and regulators helped to drive the crash. Efforts have been made at a national and international level, but there have been troubling signs since the election last year that the Government may be going a bit cold on the necessary work. The proposals of the Vickers commission have been, as John Vickers has said, largely ignored, and the inquiry into banking culture has been scrapped.

I know that the Minister is in listening mode, and I hope that he listens today. There are challenges ahead, and we must have mechanisms in place to deal with them. To leave small businesses without even the protections available to consumers is to leave them very vulnerable, and we all know what happens to small businesses when they are left in such a vulnerable position. I do not want to harp on about banking failure, but nor should we go into amnesiac mode to save a few blushes. It is absolutely vital that we get the proper processes and mechanisms in place.

When there are disputes, it is essential that they can be resolved speedily and effectively. Ad hoc dispute mechanisms go only so far, so we need systematic arrangements. In previous cases, small businessmen have had to rely on expensive and inaccessible court procedures to obtain redress, and that is not appropriate. It is not enough, as the motion states, to establish ad hoc compensation schemes after the event. They lack the

[Peter Dowd]

authority to secure public confidence, so we have to go further. It is much better to have the appropriate procedures in place before the event, and before things begin to go wrong. The motion rightly insists that the Government follow the advice of the Treasury Committee and establish an effective dispute mechanism for financial services.

I will bring my comments to a conclusion. It is essential that the malpractice in RBS is not allowed to recur. As has been said, the taxpayer still owns a huge share—73%—in the bank. The Office for Budget Responsibility now believes, on Treasury advice, I understand, that the stake may never be sold, or will not be sold for a considerable period. It is absolutely right that we should expect any bank to treat its customers fairly. The failures at RBS and its treatment of its customers would be totally unacceptable at any institution. At the moment, there is a wider case for at least considering the establishment of effective regulatory mechanisms, and not only such mechanisms, to change the governance and structure of our banking system. It is now pretty clear that RBS will not be sold for the foreseeable future, so it is perhaps time to conduct a full review of all the options for the future of RBS, including whether any alternatives would deliver better value for money for business and the economy. The key is to have a robust, independent and systematic resolution platform.

2.55 pm

**The Economic Secretary to the Treasury (Simon Kirby):**

I thank the hon. Member for East Lothian (George Kerevan) for securing this debate and, to be fair, for his very thoughtful and measured speech. We certainly acknowledge the importance of the issues that have been raised today.

As a former businessman, I have a great deal of sympathy with all the businesses that have been mentioned and, indeed, all the other businesses that have been treated unfairly. As has been clearly shown by the speeches today, we all care about the businesses that form the backbone of our economy. We should never forget that businesses are more than just numbers; they are people, families, employees, customers and local communities.

This Government have a very strong record of supporting large and small companies, including through our competitive tax regime and our investment in skills, research and infrastructure. Clearly, one way that businesses are able to grow and develop is through having access to finance, so we all want financial services providers to lend to our businesses and to act in the strictest accordance with the FCA's rules. Wherever that is not the case, any affected business should be compensated appropriately.

We have already heard about the avenues that exist for SMEs in dealing with their banks—from the Financial Ombudsman Service to the FCA's powers to require firms to establish redress schemes—but it is right to look at the interactions of small businesses with financial services providers to ensure that their dealings are fair and effective. The FCA is already doing that. It launched a discussion paper on SMEs as users of financial services in November 2015. Among other things, that looks at the remit of the FOS in providing fast and inexpensive redress for consumers and our smallest businesses. The FCA is currently analysing the responses to the discussion

paper, but when its findings are published, we will consider them very closely. Let me make it clear that if they include the need to review the support for businesses in resolving financial disputes, we will look at that.

It is important for me to reflect on the specific comments made today. There have been quite a few, but I shall do my very best to cover most of them. The hon. Member for East Lothian asked about reforming insolvency law. He may be pleased to hear that the Government keep insolvency law under regular review, and we are currently considering the responses to our recent review of the corporate insolvency framework.

The hon. Gentleman mentioned Andrew Bailey. As Andrew Bailey made clear in his letter to the hon. Gentleman yesterday, the FCA is considering the treatment of small and medium-sized enterprises as users of financial services. It has yet to publish the findings from that work, but, again, if they include the need to review the support for businesses in resolving financial disputes, we will look at that.

I fully recognise the hon. Gentleman's views about RBS, the Global Restructuring Group and its treatment of small business. I share those concerns and am keen to discuss with RBS the detail of the redress scheme it announced recently for former customers of GRG.

I thank my hon. Friend the Member for Henley (John Howell) for his support for alternative dispute resolution. We welcome businesses using alternative methods to resolve disputes.

The right hon. Member for Delyn (Mr Hanson) raised concerns about the quality of the IRHP review. The Treasury Committee has recommended that the FCA should learn lessons and the FCA has confirmed that it will do so once legal proceedings are at an end. He also mentioned access to the Financial Ombudsman Service. The FCA estimates that 97% of small businesses have access to the FOS and the Government believe the FOS plays a crucial role for small businesses.

The right hon. Gentleman asked an important question about the British Business Bank's enterprise finance guarantee scheme. At the instigation of the British Business Bank, RBS conducted an in-depth internal investigation of its administration of the EFG. RBS put in place a plan to rectify the issues identified and has concluded remediation action with affected customers.

**Mr Hanson:** Will the Minister give way?

**Simon Kirby:** I will not give way, but perhaps we might speak afterwards. I have an awful lot of things I have to address.

My hon. Friend the Member for Wycombe (Mr Baker) asked about incentives to discourage misconduct. The Government and regulators have acted to embed personal responsibility in banking through the senior managers and certification regime. He also stated that small businesses should be treated as consumers.

**Mr Baker:** I am not sure that I did state that. I asked the Government to consider whether it would be appropriate, if I recall correctly.

**Simon Kirby:** I thank my hon. Friend for that clarification, and I apologise to the right hon. Member for Delyn for being inconsistent.

Unincorporated sole traders and small partnerships fall under the regulatory rules of the consumer credit regime. The FCA is asking how all SMEs are treated as customers of financial services, as is right and proper.

The hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) mentioned the IRHP scheme. The redress scheme was not designed to replicate the courts system, which can be lengthy and expensive, as Members have acknowledged. Independent reviewers were put in place to oversee each case.

The hon. Member for Ceredigion (Mr Williams) asked about the timeliness of the ombudsman's decisions. I agree that the decisions should be quick. I am assured that its decisions are faster than the courts and free for complainants. However, inevitably, complex cases will take time to resolve. He also asked about the disclosure of information. Where the ombudsman considers it appropriate to accept confidential information, an edited version, summary or description will be disclosed to the other party. I agree that it is right to pay tribute to my hon. Friend the Member for Aberconwy (Guto Bebb) for keeping this issue on the agenda.

The right hon. Member for North Norfolk (Norman Lamb) asked an important question about whistleblowers. I understand that the FCA has invited the hon. Member for East Lothian to discuss whistleblowing and I am sure he would be welcome at that meeting. To be clear, the Government recognise the information and huge value that whistleblowers provide.

**Norman Lamb:** Will the Minister give way?

**Simon Kirby:** I will not give way; I am so sorry.

The right hon. Gentleman mentioned RBS and GRG. The Government recognise the seriousness of the allegations against RBS. The FCA has stated that it is carefully considering the skilled persons report and other material and it is currently assessing what further work may be needed given the report's findings.

The hon. Member for Redcar (Anna Turley) mentioned a constituent, and I have a great deal of sympathy with the situation in which he finds himself. The Government are committed to supporting small businesses through the tax system and through a regulatory regime that balances consumer protection and growth.

The hon. Member for Edinburgh West (Michelle Thomson) asked about GRG and the Government-owned bank. I should make it clear that Her Majesty's Government's shareholding is managed at arm's length from the Government on a commercial basis and that HMG did not know about GRG's activities. As a shareholder, HMG is not informed of internal business decisions. That is an important point.

The hon. Member for East Renfrewshire (Kirsten Oswald) asked about Connaught. I recognise the difficult position of many Connaught investors and I hope that the FCA considers any lessons to be learned from that case. I understand that an investigation into the collapse of the fund is ongoing.

The hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin) mentioned duty of care. I agree that the outcome is important and that culture is vital. The FCA

has principles of business, including acting fairly, on which it can take action. The consumer panel has asked the FCA to look at a duty of care. I am happy to tell hon. Members that I will write to the FCA to ask for an update on its thinking and put the letter and the reply in the Library.

I thank everyone who has contributed to the debate. I will summarise the Government's position briefly because although we certainly do note many of the issues that are raised in the motion and by hon. Members in the debate, we have also heard that there are existing avenues open to businesses that are seeking to resolve financial disputes. In the case of the smallest businesses, there is the Financial Ombudsman Service. When there are widespread issues, the FCA has the power to take specific measures to ensure redress and, of course, the usual legal process is open to businesses.

However, the FCA has work ongoing to look at the relationship between SMEs and financial services providers, and we look forward to the next steps in that work. I assure hon. Members that we will then consider the need for future steps in that context.

3.7 pm

**George Kerevan:** I thank all Members who took part in the debate. It has been very good and I think that we have progressed matters. I will take the Minister's reply as saying that the door is still open. We will certainly want to come through it.

I particularly thank Heather Buchanan and Fiona Sherriff, who are the brains and hard work behind the all-party group, and deserve to have their names on the record.

The next stage is to have an inquiry, which will be conducted jointly by the APPGs on fair business banking and on alternative dispute resolution, in conjunction with the Chartered Institute of Arbitrators and with the support of the Federation of Small Businesses. I hope that the Minister, if he nods his head violently enough, will give evidence at that inquiry.

**Simon Kirby:** I would be delighted.

**George Kerevan:** Thank you.

*Question put and agreed to.*

*Resolved,*

That this House notes the statement presented to the Treasury Committee on 20 July 2016 by Dr Andrew Bailey of the Financial Conduct Authority (FCA); endorses his statement that the ad hoc creation of a compensation scheme within the FCA was not entirely successful and lacked perceived authority to treat customers with fair outcomes; believes that the recent headlines and allegations in the press against RBS will lead to pressure for a similar scheme; notes that many debates in this House over the years have focused on similar subjects with different lenders; believes that what is needed is not ad hoc compensation schemes, but a long-term, effective and timely dispute resolution mechanism for both regulated and unregulated financial contracts; and calls on the FCA, the Department for Business, Energy and Industrial Strategy and the Ministry of Justice to work with the All-Party Parliamentary Group on Fair Business Banking to create a sustainable platform for commercial financial dispute resolution.

## Broadband Universal Service Obligation

*[Relevant document: Second Report from the Culture, Media and Sport Committee, Establishing world-class connectivity throughout the UK, HC 147.]*

3.9 pm

**Matt Warman** (Boston and Skegness) (Con): I beg to move,

That this House has considered the Broadband Universal Service Obligation.

Today is not the first time that the House has discussed broadband and I suspect it will not be the last. All Members know from their postbags that their constituents have imperfect connections to the internet that is changing all their lives.

**Mr Edward Vaizey** (Wantage) (Con): Not true!

**Matt Warman:** I suspect that those Members who think that they do not have constituents with imperfect connections represent constituencies where the connection is so bad that their constituents do not have the opportunity to tell them.

A universal service obligation is a huge step forward for those constituents in areas—largely, but by no means wholly, urban areas—where superfast and ultrafast speeds are possible: shopping is cheaper, the Government are more accessible, culture is on tap and the NHS can be more efficient. But for those in areas where the current USO of 10 megabits per second is a distant dream, the USO could be a lifeline from this Government, who would help those people to play a full part in the modern world, from drone deliveries to driverless cars.

There is a risk, however—this is why I am so grateful to the Backbench Business Committee for granting the debate—that that lifeline is not as perfect as it could be. I hope that the debate will send a message from the House that “universal” in USO should mean that it is genuinely available to all, whether businesses or consumers, even if that has to be through a satellite connection or preferably, in due course, a 5G connection; that “service” should mean that the connection keeps pace with the quickening web requirements of the modern era, for upload and latency as well as for download; and that “obligation” should mean that it is provided by 2020 with a road map for each individual premises and a penalty on the provider if it has failed to deliver on time.

**Mr Steve Baker** (Wycombe) (Con): I congratulate my hon. Friend on securing the debate. He mentioned 5G. I happened to find myself in a remote west Oxfordshire village recently, where I found 4G available at 62 megabits per second, 50% faster than my BT Infinity at home. Does he agree that it would be appropriate to have 4G everywhere, not least everywhere in the seat of my hon. Friend the Member for Witney (Robert Courts)?

**Matt Warman:** I absolutely agree. My hon. Friend highlights the patchiness of the network. My hon. Friend the Member for Witney (Robert Courts) could not be more deserving of that excellent speed, but all of us in this House are equally deserving of such speeds.

That is the point of the debate. None of the conditions I just outlined would be controversial in any other regulated industry.

**Robert Courts** (Witney) (Con): I ought to point out that although I am very glad that my hon. Friend the Member for Wycombe (Mr Baker) got very good 4G reception in west Oxfordshire, we suffer from patchy and, in some cases, non-existent hard broadband coverage. In areas from Standlake in the south to Ledwell and the Wortons in the north, there is very much a need. I hope my hon. Friend the Member for Boston and Skegness (Matt Warman) agrees that we should be rolling out good broadband throughout not just west Oxfordshire but the whole country.

**Matt Warman:** I absolutely agree. There are calls from across the House for exactly that. I would add that for me, it does not matter whether the USO is delivered through a fibre broadband connection, or 4G, 5G or whatever. The point, at the end of the day, is the connectivity that the constituent receives.

**Mr Vaizey:** I hope I can help my hon. Friends. I understand the House’s important focus on the worries and concerns of minorities, but perhaps I can help with the tone of the debate. Before concentrating on the woes of those minorities, should not my hon. Friend the Member for Boston and Skegness (Matt Warman) acknowledge the incredible success of the rural broadband roll-out programme, which by the end of 2017 will hit its target of bringing superfast broadband access to 95% of the country? It is probably the most successful infrastructure programme any Government have run in many years.

**Matt Warman:** I gather it is not correct to invite interventions, but the name of the Minister who was responsible for that programme temporarily escapes me. My right hon. Friend is completely right that this infrastructure project has been delivered with what is, in some senses, a genuinely world-leading speed and to a world-leading extent. We should not forget that, but it is small comfort to the people who do not yet have the connection. No infrastructure project that the Government are involved in is more important than broadband. The speed of delivery in some places has been world leading, but in others it has fallen far short of the standards that our constituents often tell us they expect.

**Jeremy Quin** (Horsham) (Con): I totally take on board the point made by my right hon. Friend the Member for Wantage (Mr Vaizey), but the success of the programme has spawned its own issues. In Horsham, we have areas with good broadband. However, kids who live in surrounding villages cannot access the internet and the school curriculum is based around using it. That produces very significant problems for those children.

**Matt Warman:** My hon. Friend underlines the ubiquitous importance of broadband in whatever area of life we talk about. We have to ensure that it is available not only to homes and businesses, but to schools and the health service. The announcement, that from 2020 everywhere will get 10 megabits, is one of the most welcome the Government have made. It will, however, be met with somewhat hollow laughter from those

constituents who have nothing, and, shall we say, sceptical excitement from those who have 1 megabit, 2 megabits or 3 megabits, and think that 10 megabits might allow them to use the iPlayer or whatever else constituents in urban areas regard as absolutely standard.

**Mr Baker:** I would just like to take this opportunity to invite my right hon. Friend the Member for Wantage (Mr Vaizey) to come and visit Wycombe. He is very welcome to address my constituents in Hambleden Valley, particularly in Fawley and Turville, where they would be extremely grateful if they had 4G, never mind fixed broadband.

**Matt Warman:** My hon. Friend is absolutely right.

**Mr Vaizey:** May I, via my hon. Friend, accept that invitation? I will go to the constituency of my hon. Friend the Member for Wycombe (Mr Baker) to talk about the success of broadband and the perils of Brexit.

**Matt Warman:** I am delighted to pass on that message.

**Antoinette Sandbach** (Eddisbury) (Con): Will my hon. Friend give way?

**Matt Warman:** Oh, for heaven's sake! Yes.

**Antoinette Sandbach:** I am very grateful to my hon. Friend for giving way. Does he agree that a number of innovative firms, such as ITS in my constituency, are rolling out wireless technology that allows some communities to band together and fill the gaps that the current programme, unfortunately, has not reached?

**Matt Warman:** I agree, and I will come on to that in a moment. The USO must enable those innovative solutions, otherwise it will not fulfil exactly the ambitions I know my right hon. Friend the Minister has for it.

In my constituency, despite having the least well-funded police force, an enormous rural road network, and very strong opinions on the EU and immigration, broadband is the single biggest issue in my postbag. My local superfast connection figures are still 6% below the national average, and for the neighbouring constituency of Louth and Horncastle they are 13% below the national average. All Lincolnshire's MPs know from their respective constituents the importance of this issue, even though our county council has delivered its projects ahead of schedule and under budget. I think all Members agree that the USO is a huge opportunity to make an economic impact, narrow the gap between the urban and the rural economy, and reform Government services.

**Patricia Gibson** (North Ayrshire and Arran) (SNP): Does the hon. Gentleman agree that it is an absolute disgrace that Which? found that Scots have access to 4G signal only 54% of the time?

**Matt Warman:** I would say that wherever 4G has not been delivered to the extent operators often claim it is, we have a huge problem. The hon. Lady is right that it is particularly in the rural areas to which she refers that the availability of this service could make the most difference. In that sense, we are clearly not doing as well as our constituents would demand.

**Antoinette Sandbach:** It is not just rural Scotland that suffers. In fact, most of my constituency has only a 2G signal—we do not even have 3G. Ofcom has launched a very useful app, which people can download to their mobile phones, that feeds data directly to Ofcom. I encourage everybody who suffers from poor signal to download it, so that Ofcom can have real-time information on the appalling quality of service some of my constituents are getting with their mobile phone coverage.

**Matt Warman:** I thank my hon. Friend. I will come to the importance of data in a moment.

Ofcom has not yet defined the “U” the “S” or the “O” bit of the USO. We must acknowledge that there will be areas that it is not economical to connect, just as we do with water or electricity, but that underlines the importance of a USO that is technology-neutral, minimising the need for ubiquitous fibre but planning for a fibre spine that powers wireless connectivity and in due course allows a genuine 5G revolution. By the time that 5G is around, the USO must also have risen with what we might call digital inflation, because 10 megabits per second is barely good enough today and certainly not good enough in perpetuity. In the manner of the Low Pay Commission, Ofcom should make recommendations each year to see the USO rise incrementally, and the Government might occasionally make a point of surpassing those recommendations, as it has with those of the commission.

Assuming that this USO is like those in other industries, in that it allocates a reasonable budget per connection, it will be vital that communities can pool their funding, in the manner that my hon. Friend the Member for Eddisbury (Antoinette Sandbach) mentioned, in order to encourage private companies such as those she mentioned to take innovative paths. This effectively would create a voucher scheme of the sort that the Minister talked about in a recent debate. It is certainly important that we explore the avenue of allowing communities to club together rather than leaving individuals to fend for themselves.

Connecting the final few per cent. of the UK will require an unprecedented host of diverse solutions, from satellite broadband to, I hope, full fibre. I hope that my hon. Friend the Member for Eddisbury will agree, however, that one size will not fit all, however marvellous the companies she mentioned might be. A single company might not necessarily be the right approach to provide a backstop for a USO. I suspect that many will express views on BT in this debate, but in reality even that one enormous company will not be providing every part of the solution.

**Robert Courts:** My hon. Friend mentions the one big family, BT. In my constituency, there are excellent companies, such as STL Communications, which provides data, IT and broadband solutions across the entirety of west Oxfordshire and London. Does he agree that there might be ways in which all sorts of companies can be involved in the provision of a 100% broadband solution?

**Matt Warman:** Yes.

The Government's indication that, in the hardest-to-reach areas, connections will be provided on request, rather than by default, is a pragmatic economic response, but communities should be incentivised to go further.

[*Matt Warman*]

I would, however, caveat this approach—that it be demand led—by saying that the USO should surely be extended to all major roads, not just motorways, and to railway lines and stations as soon as possible. I know that the Department for Transport is working on this, but building it into the USO as well would be progress.

**Geoffrey Clifton-Brown** (The Cotswolds) (Con): Over the many months I spent on the HS2 Committee, I tried very hard to insist that we included an obligation to provide broadband all the way up the line and that we gave affected communities access to it. I also think that for every development of over 20 houses we should insist that the developer put in superfast broadband. What does my hon. Friend think about that?

**Matt Warman:** I absolutely agree with both points. It is daft that we are not fibring up every new housing development by default, and it is short-sighted of developers, because we know that superfast broadband connections add value to the houses. There is virtue on both sides.

Like my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown), I would go slightly further than Lord Adonis's National Infrastructure Commission did recently, and say that we should be slightly more creative in identifying areas of default provision.

Crucial to all this is the issue of data. There would be a real risk of cherry-picking if we were to publish simply a bulk set of every single connection and how fast it is; actually, that might provoke the sort of anti-competitive behaviour that none of us would like to see. However, it strikes me that publication of address-level data will provide constituents with an accurate picture of their broadband speeds now, and it should also provide them with a road map for the future, so that it would allow not only prospective purchasers of a house to see what speed they might get and what their upgrade path might be, but communities to pool their own data so that they can identify whether they should be going out to other companies to try to attract investment or whether they might be able to wait a little while because they know that a solution is coming.

**Antoinette Sandbach:** Does my hon. Friend agree that Actual Experience provides free software that can be downloaded on to people's computers at home that feeds into Ofcom and provides real-time data? I am trying to encourage communities in my constituency that do not have access to 2 megabits per second broadband to use that free software so that we can gain greater and more effective data on this issue.

**Matt Warman:** My hon. Friend is absolutely right. Actual Experience, which has worked with Ofcom, provides an invaluable and often free service from which all our constituents could benefit. It is precisely that data that allows communities to join themselves together and work out whether they can go to companies and point out that they are an attractive place to invest, or indeed whether they need to persuade, as has happened in many parts of the country, a friendly farmer to help them dig the trench. It is a useful thing.

**Patricia Gibson:** The hon. Gentleman is generous in giving way. Does he agree with me that the heart of this issue is not that Ofcom does not know where the gaps

are; it is that provision in rural areas is challenging? It is a challenge that companies do not find conducive to taking up and we have social exclusion as a consequence?

**Matt Warman:** I agree that communities that are not connected are not connected to the modern world. That is precisely why we need to make sure that a USO is genuinely universal. I do not agree with the idea that data will not help those communities. I think the more data we have, the more we are able to go to prospectively innovative companies and ask them what they can do, and the more we can see how those communities can get together. It is a two-way street.

In the end, it will be communities themselves, I believe, that drive the universal service obligation. As BT and others have pushed the roll-out of existing broadband further and faster than originally predicted, the howls of protest from those who are left behind have grown only louder. Without the USO, Britain's digital divide will become too wide to bridge. With it done properly, however, it will be the foundation for a truly digital nation. Enabling that is enabling a new industrial revolution, which is a prize that I think we would all agree—whatever our party—is more than worth fighting for. I hope that this debate will enable the Minister and others in the industry to gain a wider perspective of the views of this House, so that we can build the best possible universal service obligation for all of our constituents. I commend the motion to the House.

3.28 pm

**Ian C. Lucas** (Wrexham) (Lab): Let me first congratulate the hon. Member for Boston and Skegness (Matt Warman) on securing this debate. I truly welcome the opportunity to discuss this crucial subject. I particularly welcome the conversion of the Conservative party, after a very long time—seven or so years—to supporting a policy of universal broadband provision.

Access to broadband is absolutely crucial in society today, and has been for the last seven years. That is true not just for businesses, but for individuals. The Government are increasingly insisting that citizens access services through the medium of broadband. It is therefore essential that we have a universal service. It is extraordinary that that concept, which the hon. Member for Boston and Skegness talked about for the last 20 minutes, was rejected by the Conservative party. The concept of universality is crucial, but it was rejected by the coalition Government in 2010. In the 2010 general election, the Labour party had a policy of introducing universal broadband at a speed of 2 megabits by 2012. When the coalition Government came to power, they instead insisted—I remember the hon. Member for Wantage—

**Albert Owen** (Ynys Môn) (Lab): Right honourable.

**Ian C. Lucas:** The right hon. Member for Wantage (Mr Vaizey); I beg his pardon. I remember the wording, as I heard it so many times: the coalition Government were going to deliver the best superfast broadband in Europe by 2015. But they rejected universal broadband, and ever since, I have, when sitting on these Benches, watched Conservative MPs complaining about lack of broadband provision. They are complaining because, as we all know from our constituents—individuals and companies—that provision is not being delivered. The

result has been disastrous, especially for communities away from south-east England and the richest parts of the UK.

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): I agree with the hon. Gentleman's points on universality. Llwyn Helyg country house is an award-winning business in my constituency; it has won a range of accolades and has a five-star rating on TripAdvisor. The only negative comment it has ever had is about bad broadband provision, and that has an impact on its business.

**Ian C. Lucas:** The hon. Gentleman makes an excellent point. The same point has been made to me, and I am sure to many other Members, particularly those representing beautiful constituencies with large tourism sectors. Broadband provision is extremely important for businesses in that sector nowadays; to appeal to and access a worldwide market, they have to be able to provide these services.

**Christina Rees** (Neath) (Lab/Co-op): My hon. Friend is making a powerful case. As he will know, Wales, including my Neath constituency, has some of the most rural communities in the UK, and despite the Superfast Cymru project we still lag behind England on coverage and take-up. Does he agree that the Government should underwrite the additional £20 million needed, and currently being sought from EU funds, to get the job done?

**Ian C. Lucas:** It is essential that we put the infrastructure in place that will deliver for the whole of the United Kingdom; that is the thrust of my speech.

I represent Wrexham. We have heard about rural areas that do not have access to broadband, but Wrexham is a manufacturing and exporting constituency that has many businesses and many modern technology parks around it. Many of those businesses have been telling me over the past few years that they have not been able to access the type of broadband services that are essential for modern businesses to be able to compete.

**Antoinette Sandbach:** The Superfast Cymru project is led and delivered by the Labour-run Welsh Government in Cardiff, so if those businesses are struggling, I suggest that the hon. Gentleman speaks to the Welsh Government in Cardiff, who are rolling out that programme.

**Ian C. Lucas:** It is a matter of regret that the hon. Lady never misses an opportunity to be partisan. If she knew anything about this subject, she would know that the infrastructure and the whole basis on which broadband services are delivered are constructed by the UK Government; it has been their responsibility to deliver the policy of spreading broadband across the UK. It demeans the Conservative party to resort to petty, political point scoring, but that is what I have come to expect from her.

This is a serious, important subject, because I believe in the United Kingdom and in supporting areas right across the country—not just the richest areas, which is the policy of the Conservatives; whenever figures come through from Ofcom, we still see that the richest parts of the country have the greatest broadband provision. That acts against the interests of the nations and regions

of the UK. It is the role of government, and the UK Government in particular, to correct the deficiencies of the market, but the coalition and Conservative Governments have failed to do that since 2010. That is why we have heard so many complaints from Conservative MPs at every Culture, Media and Sport Question Time since 2010 about the weakness of broadband provision and services.

I accept that there has been progress. Demand has not stood still since 2010. I know that the hon. Member for Wantage—

**Mr Vaizey:** Right honourable.

**Albert Owen:** He was rewarded for failure.

**Ian C. Lucas:** Right honourable. It is always good to have personal connections in politics these days; one always secures rewards.

Labour's commitment to 2 megabits would have established universal provision, so that the entire UK would benefit from the expansion of broadband services. In reality, the richest areas have benefited most. We always accepted that 2 megabits was a starting point and would not be enough, but the important thing was the commitment to a universal service. Jettisoning that principle was disastrous. It reflected a failure to appreciate the essential nature of broadband in today's economy and society. It accelerated still further the regional imbalances in the UK; this country has the most marked regional differences in income of all OECD countries. If we are to address economic and wealth inequality across the UK, the Government must act to ensure that we have a universal superfast broadband service. I welcome, therefore, the conversion to a commitment to universal service, but it is a shame that that did not happen in 2010, and that it has not been in place for the past six years.

BT has achieved much in broadband provision, and has extended that provision since 2010. However, it effectively has a monopoly over the infrastructure in many areas, yet it is not able to meet the required demand.

**Antoinette Sandbach:** Will the hon. Gentleman give way?

**Ian C. Lucas:** I will not give way. There are delays in consumer provision reminiscent of the pre-privatisation era of the early 1980s. Individuals tell me time and again that they wait weeks, sometimes months, for a broadband connection when they move house.

**Antoinette Sandbach:** Will the hon. Gentleman give way on that point?

**Ian C. Lucas:** I will not give way to the hon. Lady because she makes cheap political points.

In addition, many areas do not have the broadband infrastructure to secure superfast services. Until recently, Wrexham had only one broadband infrastructure system, which was unable to meet the demand from local businesses and individuals. The UK Government, who are responsible for devising the system, should have put in place a governance structure that created either the necessary infrastructure through a monopoly provider or a

[*Ian C. Lucas*]

competitive market in which providers compete to build infrastructure. Their failure is that they have done neither since 2010.

I am pleased to say that in Wrexham, in the past two months, Virgin Media has begun to build its own infrastructure system, its first in north Wales, as part of the Project Lightning programme. I thank Virgin Media for responding to the pressure I have consistently put it under to introduce that system, but if we are to have a universal system right across the UK, it is incumbent on the Government and regulators to create the system necessary right across the UK. That they have not done so already is a failure on their part.

**The Minister for Digital and Culture (Matt Hancock)**

*rose*—

**Ian C. Lucas:** I give way to the hon. Gentleman.

**Matt Hancock:** Right hon. Gentleman. I wanted to improve the quality of debate by bringing a couple of facts to bear, because the hon. Gentleman is making a highly politicised and partisan speech. It is just worth pointing out to the House that in Wrexham, a town I know well, 95% of premises have access to superfast broadband, and by next summer that figure will be 98%.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. If everybody is to get equal time, Members should take up to 10 minutes; if they do not do that, other people will get squeezed out. If Members wish to make interventions, they should be short and sweet. I ask the people who are giving way to use up to 10 minutes. Ian Lucas, I know you are nearly ending your speech.

**Ian C. Lucas:** I am very aware of the position in Wrexham, because people contact me every week—every day, on occasion—to complain about a lack of provision. That includes complaints from businesses, and I can and will send the right hon. Gentleman a list of the complaints that I receive. I accept the position, but this is an important matter and I am not inventing these cases; they are cases that come to me.

BT is coming under a lot of pressure, and I have fought hard to get Virgin Media to come to Wrexham to provide competition to BT, which will improve the system. I do not think BT should be excluded in the future. As for the idea of a quick fix, splitting Openreach from BT is not a simple solution. One problem of the broadband market has been that a lot of the companies in the sector have spent far too much time arguing with each other about provision over the past few years. I want to make a constructive proposal for the sector, one based on my experience as a Minister. Regrettably, I am not right hon. because I do not have the right connections at present, but I was a Minister in the Labour Government who created the Automotive Council and, subsequently, the Defence Growth Partnership and the Aerospace Growth Partnership. They were put together to get businesses to work together for the benefit of the UK as a whole, to devise an effective system of businesses in individual sectors working together. I would like to see that in the broadband sector. I would like the Government,

in pursuit of a universal service obligation, to construct a communications council, so that businesses work with each other and with Ofcom to devise a proper and appropriate approach to pursuing a universal obligation.

Providing broadband is not only a massive challenge for us, but a massive opportunity; the scale of the job is such that it provides training and skills potential for years to come. This should be a central task for the communications industry, and the Government should be working to ensure that the investment in infrastructure in the years to come leads to a parallel upskilling of our workforce right across the UK. A communications council should be tasked with that, and should take that objective forward.

Universal broadband should have been put in place years ago, and I welcome the fact that the Government have finally concluded that it should be introduced. They need to work with industry to look at the best way forward, and with Ofcom to secure the way forward, and then make sure that the investment made is used to upskill our young people and provide the type of service right across the UK that all businesses need in today's world.

**Several hon. Members** *rose*—

**Mr Deputy Speaker:** Order. May I remind Members to take up to 10 minutes and no more, so that everybody can have equal time? I call Ed Vaizey.

3.44 pm

**Mr Edward Vaizey (Wantage) (Con):** I am grateful for the opportunity to contribute to this important debate. I shall make two or three recommendations, which will I hope be useful to my right hon. Friend the Minister. I do not particularly want to dwell on the past, but after the previous speech it is probably worth putting in context some of the points that have been made. It is worth pointing out, for example, that, in terms of the Labour party's promise to deliver 2 megabits by 2012, we do not know whether that would have been fulfilled, as it was based on a highly questionable telephone tax, which would have seen a revolt from consumers. In any event, we now have coverage of 99.22% at 2 megabits.

The hon. Member for Wrexham (Ian C. Lucas) failed to explain what happened in 2010, which was that the new Government looked at the promise of 2 megabits and understood that it would not be nearly enough. In fact, I suspect that many of our constituencies, which were already getting 2 megabits, complained to us about poor broadband. What they want is a superfast connection of around 24 megabits that allows them to use many of the applications that we now regard as very commonplace.

**Antoinette Sandbach:** While we are talking about accuracy, does my right hon. Friend agree that it is inaccurate to say that the less economically wealthy areas have been disadvantaged, when the constituency of the hon. Member for Wrexham (Ian C. Lucas) has 95% superfast coverage while mine has just 78%?

**Mr Vaizey:** My hon. Friend is absolutely correct. The rural superfast broadband programme has been a great success. It has delivered access to superfast broadband to almost 5 million homes. The money invested by Government will be paid back because of the nature of

the contracts. The hon. Member for Wrexham mentioned that he had persuaded Virgin to come to his constituency. Virgin is now investing £3 billion in extending its network, and that is partly inspired by the success of the superfast broadband network.

The point I really want to make is that I am sick and tired of people talking down this country and pretending that we are in some kind of digital desert. The latest culprit—I am astonished that the Government allowed this to happen—is Lord Adonis, a Labour peer—*[Interruption.]* No longer a Labour peer. Alright, he is an ex-Labour peer, but we know where his sentiments lie. He used the platform of the National Infrastructure Commission to publish a report yesterday claiming that we have worse mobile broadband than Peru. He based that on one set of analysis by Open Signal. I am not denigrating that company, but it relies on people downloading an app and then uploading the speed they are getting. Some 4,500 in Peru use the Open Signal app, and most respectable telecoms analysts would not go near a country unless they had data from at least 25,000 users. One of the mobile companies in Peru does not even provide 4G, but that is not even mentioned in the Open Signal app.

It is much better to look at a company such as Akamai, which points out that we have the fastest download speed in 4G of any country in Europe. It is almost double the next best in the EU five. Its report, which was published this week, says:

“the United Kingdom once again had the fastest average mobile connection speed at 23.7 Mbps (up from 23.1 Mbps in the second quarter)”.

We have between 82% and 93% household coverage for 4G. A total of 76% of mobile subscribers in this country have 4G subscriptions. That is double the next best country, which is Germany, at around 35%. We have companies such as Amazon investing in cloud services. We lead the world in e-commerce. If we are this so-called “digital desert”, as Lord Adonis claimed today to promote his report, how come we lead on all these metrics? I urge my right hon. Friend the Minister to give Lord Adonis a dressing down, and to tell him to check his facts and use a better analysis instead of running around promoting his report, pretending that we somehow live in a digital desert.

**Geoffrey Clifton-Brown:** As it happens, I have the Akamai table here on my machine. Whereas the UK has a score of 13 for international connections, Peru has a score of only 4.4. How Lord Adonis can come up with his figures, I do not know.

**Mr Vaizey:** I am extremely grateful to my hon. Friend.

Apart from the dressing down of Lord Adonis at the Bar of the House of Commons, my main policy point is this—*[Interruption.]* I tried as a Minister to get a comprehensive data analysis of broadband connections, because too many independent reports are knocking about that people can use to make their own partisan points. We need Ofcom to collate these reports and to update its data, because its own data—not through its own fault but because of how long it takes to collect them—are often six months to a year out of date. We need one comprehensive UK digital report published every year by Ofcom, incorporating all the independent research.

I took refuge in the absolutely excellent independent analysis undertaken by thinkbroadband. If any hon. Members want to know how many connections they have in their constituency, they should go to the thinkbroadband website where they will get the most up-to-date and accurate information.

Having attacked Lord Adonis without his having the chance to defend himself, let me say that I thought his report was excellent, despite his pathetic attempt to promote it by putting out misleading analysis of the digital position in this country. The recommendations were spot-on, not least the recommendation that my right hon. Friend the Minister’s empire should be expanded. I tried to expand my empire when I was a Minister and I failed dismally. People will not be surprised to hear that, but my right hon. Friend is 10 times more talented and 10 times more superfast, and it is right that under his stewardship we should bring together all digital projects.

It is a scandal that we do not have broadband in trains. The reason is that that area is run by the Department for Transport and Network Rail, whereas it should be run by my right hon. Friend. It is a scandal that the Home Office is in charge of the emergency services network; it should be run by him. It is a scandal that we do not have coverage on our roads; it should be run by him. All these digital projects should be brought under one Minister, and I cannot think of anyone more talented than my right hon. Friend.

I come now to the third recommendation. We have something called Broadband Delivery UK—BDUK. The clue is in the title: the D is for delivery. Under my right hon. Friend the Minister, who is talented enough to oversee a large organisation such as that, Broadband Delivery UK should be turned into a delivery organisation that works with local councils. It should not be left to the hon. Member for Wrexham to browbeat Virgin Media to deliver broadband to his constituency; BDUK should be working with Virgin, Openreach and all the mobile operators.

Many of the problems that make us gnash our teeth and pull our hair out are down to appalling planning procedures. We all know the story of how Kensington and Chelsea would not allow BT to upgrade its network because it did not like the design of the green boxes. I have had rows with council leaders in south London who just did not like the people at Openreach and so were not prepared to move. I had telecoms companies coming to me saying that they wanted to deliver broadband to council houses but could get a wayleave from the council to do it. So much of this is about bad planning and straightforward bureaucracy.

**Calum Kerr** (Berwickshire, Roxburgh and Selkirk) (SNP): Will the right hon. Gentleman give way?

**Mr Vaizey:** Finally, the Government have already shown how forward-looking they are, under the stewardship of this brilliant Minister.

**Calum Kerr:** Will the right hon. Gentleman give way?

**Mr Vaizey:** I will tell you in a minute why that is, Mr Deputy Speaker, after I have taken this noisy intervention.

**Calum Kerr:** If I may interrupt the self-praise for one moment, I hang on the former Minister's every word and I am worried. He said that he would make three recommendations. The second one was about giving his replacement more powers, the third was about more powers to BDUK, but the first escapes me. I am sure it will be earth-shattering, so would he mind helping me out with his first recommendation?

**Mr Deputy Speaker (Mr Lindsay Hoyle):** I call the honourable Edward Vaizey.

**Mr Vaizey:** Right honourable.

**Mr Deputy Speaker:** I call Edward Vaizey PC. Oh yes, your father was a peer.

**Mr Vaizey:** Thank you for keeping me on my toes, Mr Deputy Speaker.

The hon. Member for Berwickshire, Roxburgh and Selkirk (Calum Kerr) has given me a chance to rehearse my entire speech again, but let me give him the edited highlights. My recommendations were: first, one annual robust data analysis of fixed and mobile broadband connections; secondly, more power for my right hon. Friend the Minister for Digital and Culture; and thirdly, more power for Broadband Delivery UK to help telcos to navigate the bureaucracy of councils.

Finally, I was going to say how far-seeing and forward-looking this Government have become, thanks to my right hon. Friend the Minister. Again, I heartily endorse the proposals announced in the autumn statement to invest in planning 5G networks. Let us be satisfied with where we are. We had a rural broadband programme that has delivered exactly what it said on the tin. We are going to see increased speeds come through new technologies such as G.fast, but the Government are now quite rightly pushing for the next phase, fibre to the premises and 5G networks. Let us start planning for a gigabit Britain.

3.54 pm

**Albert Owen (Ynys Môn) (Lab):** It is a pleasure to follow the right hon. Member for Wantage (Mr Vaizey); he and I have had some knockabout over the years on certain issues. In this debate he has created a festive spirit, so I start by wishing you, Mr Deputy Speaker, and all the staff of Parliament a merry Christmas and a prosperous 2017.

I am going to talk not about darkest Peru but about brightest Anglesey. I am going to talk not about the 95%, who are always talked about, but about the 5% who are left behind—the 5% who are not expected to get superfast broadband in the initial roll-out. This 5% are normally the ones without gas mains. This 5% will struggle to get a 3G mobile signal, let alone a 4G or 5G signal. This 5% will not, as a consequence of having poor mobile signals, get smart meters when they are rolled out, because they require a mobile signal. This is the forgotten 5%, and it does not have to be like that.

Major projects start by promising a 95% threshold. I think we should be talking about 100%. Then, if there is difficulty, let us deal with those areas, rather than allowing a 95% threshold every time there are major projects and major roll-outs. It is time to be more inclusive and more universal, so let us talk about 100%.

The 5% I am talking about actually pay more for their heating and other utilities. They pay—this is an important point—exactly the same as anybody who gets full 4G coverage and full superfast broadband. They pay exactly the same, and they should be treated the same, in my humble opinion.

These people are often in peripheral and rural areas. My constituency is on the periphery of Wales; it is predominantly rural. Yes, people choose to live there; people choose to visit the area and to move into it, and they are very welcome in north-west Wales and Anglesey, as you know, Mr Deputy Speaker, as a regular visitor. However, I am sure that you have difficulty in the coastal area of Anglesey in picking up broadband or a mobile signal. I have argued that, in the 21st century, we should have 21st-century technology across the United Kingdom.

I am going to divert somewhat from the right hon. Gentleman's consensual approach and remind him, as my hon. Friend the Member for Wrexham (Ian C. Lucas) did, about the previous Labour Government's promise to deliver a universal service obligation by 2012. I recall arguing for it when the coalition Government came in in 2010 and being told, first, that it was not ambitious enough, and then that it was not possible. Then, all of a sudden, about this time last year, the former Prime Minister, David Cameron, stood up and said—I do not think he even consulted the Minister at the time—that we would have a universal service obligation by 2020. That was a complete U-turn, which I very much welcomed.

**Mr Vaizey:** Labour promised 100% coverage of 2 megabits; it did not propose a universal service obligation that allows someone who does not have broadband to demand it. When the Prime Minister announced it, he had, indeed, consulted Ministers.

**Albert Owen:** The right hon. Gentleman is leading with his chin. If he checks *Hansard*, he will see that he will have said the opposite on many occasions. He will have said it was not possible. He will have said that the Government were not going to deliver it. However, all of a sudden, it was not just their ambition but their flagship policy. I welcome that, but I want that flagship policy to come in as soon as possible.

I recently had a meeting—one of several meetings—with service providers, BT Openreach, and constituents and local business people who are finding it difficult to operate because of the poor broadband coverage. The chief executive officer of BT Openreach has agreed to visit my constituency to see the problems and the challenges. I have been out with engineers, and I do understand the topography and some of the other issues they have to deal with. However, I do not accept that in the 21st century, when we have put a man on the moon and I can talk to my daughter in Melbourne, Australia, we cannot get a decent signal. Rural, peripheral areas like the Faroe Islands can get 100% broadband coverage. If there is a political will, it is technically possible to do it.

I am at therefore at one with the new Minister in bringing in his Digital Economy Bill, but I do have a few questions for him. He has been talked up as the great successor to the previous Minister, and he has a real challenge on his hands to live up to his reputation, but I want him to go further and tell this House how the

roll-out of universal broadband is actually going to work, because all we hear at the moment is words. Who is Ofcom going to ask to roll this out? Are we going to go to the market forces that have failed many areas of the United Kingdom thus far in relation to mobile? I have dozens of mobile operators phoning up and saying, “Do you want a connection?”, and when I tell them where I live they are unable to do it, so the market is not a magic solution. What secondary legislation will follow the Digital Economy Bill to deliver this? I welcome the Bill, which lifts our status as a country in moving forward in the digital age, but how will it work in practice?

I want to make the new Minister an offer that I made to the previous one: for my constituency—on the periphery; rural, semi-rural and urban—to be a pilot scheme for the new universal service obligation. I am sure that, working with private companies and with the Welsh Government, we can deliver full coverage. At the moment, we have just 79.9% superfast broadband, 6.4% ultrafast broadband, and 14.5% below the speeds that we now call superfast broadband. There is a challenge there for the country as a whole, as well as in my constituency.

I support the universal service obligation and the Government’s intention to have it for 2020. I know the Minister is a decent person, and I ask him to give a gift to the people of Ynys Môn—the isle of Anglesey—today by saying, “Yes, we will look at having the isle of Anglesey as a pilot scheme for the future.” Then I will work with him and his Government to get the USO on Anglesey and across the United Kingdom.

4.2 pm

**Geoffrey Clifton-Brown** (The Cotswolds) (Con): I, too, pay tribute to my hon. Friend the Member for Boston and Skegness (Matt Warman) for opening this debate so knowledgeably.

My constituency is one of the most rural in England. Earlier this year, on 11 May, I called on the then Prime Minister, the right hon. David Cameron, to honour his commitment that every home and business should have access to broadband by the end of this Parliament. I therefore warmly welcome the inclusion in the Chancellor’s autumn statement of a provision for the deployment of over £1 billion to boost broadband speeds with the help of a digital infrastructure fund which, I am ever hopeful, will provide the universal service obligation.

It is self-evident that today everybody needs a good broadband speed: it has become almost as important a utility as water and electricity. As the representative of such a large rural constituency, it would be useful to illustrate its importance to one particular group—farmers. The connection statistics for farmers compiled by the National Farmers Union make for poor reading. Over 30% of British farmers do not receive their internet via fibre-optic, and 58% experience a download speed of 2 megabits per second or less, well below the current national average of 22.8 megabits per second. Like any modern business, farmers require a fast broadband connection to do a plethora of tasks, including vehicle registration, basic farm payments, livestock movement records, and animal registration; and increasingly, like all businesses in this country, they will have to file their tax affairs online. By their very nature, single farm payment claims, including plans, require a large amount

of data to be transferred. If the Government really want to support this country’s 212,000 farms, they must take that seriously.

I warmly welcome the Digital Economy Bill, which could provide a legislative framework to ensure that the UK can become the best-connected country in the world, but it needs to be bolder and introduce future and rural-proofed legislation. It is clear that the universal service obligation that will introduce speeds of 10 megabits per second by 2020 is obsolete and out of date even before it has been introduced. The minimum EU standard for 2020 should be 30 megabits per second. Indeed, world standards are now moving towards 100 megabits per second, so we need to be ambitious.

We also need to be more inventive. As I said in an intervention on my hon. Friend the Member for Boston and Skegness, all developments of more than 20 houses should have to install superfast broadband. As the previous Minister, my right hon. Friend the Member for Wantage (Mr Vaizey) has said, we should be more inventive, and major public infrastructure projects should install superfast broadband.

My right hon. Friend also said that there has been good progress in Gloucestershire, and I praise him for what he did for my constituency and county. I have consistently campaigned for better broadband provision in my constituency, either by supporting private business to receive installation contracts or by lobbying the Government to increase public investment. Gloucestershire County Council, in conjunction with Fastershire, has seen almost 40,000 homes in my constituency receive superfast broadband over the two phases since it was introduced in 2014. That has been funded by a combination of funds from the county council and the Department for Culture, Media and Sport, with a total investment of almost £28 million. I am glad to note that a further, third phase is soon to begin and will fill in any gaps and, I hope, leave most of my constituents with a reliable and appropriate internet connection.

In 2010, the coalition Government announced that Britain would have the best superfast broadband network in Europe by 2012, but that was postponed until 2015 and replaced by the less ambitious aim of having

“the fastest broadband of any major European country”.

I praise the Government for making progress. I have cited the Akamai tables, which show the UK’s position in relation to Peru, and those same international tables show that Britain is the 12th country in the league. Given that we are the fifth largest economy, we cannot be complacent about our broadband provision.

As with the introduction of any utility, cost-benefit analysis must be undertaken and considered. According to the Government’s own 2013 “UK Broadband Impact Study”, availability of faster broadband will add about £17 billion to the UK’s economy by 2024. The bulk of that money would come from improvements in productivity. In his autumn statement, my right hon. Friend the Chancellor was very keen to stress that we need to improve that. That would also safeguard employment in areas such as Wrexham, which would otherwise be left at an unfair disadvantage.

From an environmental perspective, a universal service obligation will offer additional benefits. Annually, 1.4 billion miles in commuting by car, 3.2 billion miles in business travel through increased use of online collaboration,

[Geoffrey Clifton-Brown]

and 1 billion kWh of electricity through broadband-using firms shifting their server capacity on to more efficient cloud platforms will be saved by the universal service obligation. All of that equates to a saving of 1.6 million tonnes of carbon dioxide each year.

As I said, I strongly support the digital infrastructure fund announced in this year's autumn statement. However, that investment will be severely diminished if there is no blanket improvement of mobile phone signals across the whole country. Although the introduction of 5G in major conurbations is warmly welcome, there are still great swathes of Britain, particularly rural areas, including in my constituency, that do not even experience an adequate 3G signal. Something must be done to improve the foundation of this country's digital capacity.

The absence of phone signals—so-called not spots—should be a thing of the past in this country in the 21st century. In the Cotswolds, villages such as Great Rissington, Chedworth and Quenington are notorious for having a poor mobile phone signal. Indeed, there is a certain spot four miles from Cirencester on the A433—the Fosse way that goes through my constituency and a very busy road—where I know that my mobile phone is going to cut out. Surely in this country we should be able to do something about that. The mobile infrastructure policy is crucial in tackling the unacceptable problem whereby 20% of the UK is affected by not spots. One thing follows the other. If we have good broadband infrastructure, we can solve the mobile infrastructure problem.

Vodafone, EE and O2 have all successfully worked across the country to erect and share masts, including seven in my constituency. The world is moving on. I recently met a major Chinese telecoms firm, ZTE, which plans to gain £2 billion of the £20 billion UK telecoms market by 2025 from a standing start, using mainly fibre and wireless technology. For BT, that does not bode well. It is over-reliant on outdated copper wires when the world is moving towards fibre and wireless technology. It must adapt, otherwise it will simply go out of business.

The Government and regulators need to be mindful of the danger that when broadband and good mobile phone coverage are provided by companies with bespoke solutions, some of the smaller companies increase the cost to customers by more than the cost of inflation. That is a new and growing scourge that my right hon. Friend the Minister will need to look at with regulators.

I conclude by encouraging all parties involved—nationally and locally, private and public—to proceed as rapidly as possible in improving broadband and mobile coverage. To that end, the universal service obligation is entirely correct to create a legal requirement for such a crucial service. We must be ambitious when it comes to internet coverage and speed if we wish to tap into our economic potential to export more goods and services, and if we do not wish to allow our rival countries to overtake us.

As this will be my last contribution in the House before Christmas, Mr Deputy Speaker, may I wish you, all the staff in the House—especially my own staff—and right hon. and hon. Members and their families a very peaceful Christmas?

4.11 pm

**Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): I congratulate the hon. Member for Boston and Skegness (Matt Warman) on securing this important and timely debate. I was struck by the speech made by the hon. Member for The Cotswolds (Geoffrey Clifton-Brown), who underlined some of the points that I want to make quite firmly about the position in Scotland, particularly rural Scotland. I think that some of the words of the right hon. Member for Wantage (Mr Vaizey)—he is no longer in his place—about connectivity, and particularly mobile connectivity, will ring somewhat hollow with a number of our constituents.

It is Christmas, or just about, so in the spirit of Christmas I would like to welcome the moves by the UK Government to provide improved digital infrastructure, but it is important to state that we do not believe that this goes nearly far enough. The USO and the Digital Economy Bill could and should do much more to provide the background for economic growth amid this time of deep Brexit uncertainty.

Our ambition in Scotland is for Scotland's economy and our public services to have a digitally skilled and empowered workforce. The SNP Government are purposely ambitious in this area. The hon. Member for Ynys Môn (Albert Owen) talked about having a 100% commitment, and that is exactly what is happening in Scotland. Our 100% superfast broadband commitment far outstrips the UK Government's plans, which are limited to the universal service obligation of just 10 megabits per second. Incidentally, the Government risk repeating a key mistake of the past, which is to deliver the minimum required for today's needs when they should be delivering what will be needed tomorrow.

The SNP tabled innovative amendments to the Digital Economy Bill. We were concerned, as we continue to be, that the UK Government's unwillingness to engage indicates a lack of genuine commitment to extending broadband coverage. Our ambition for Scotland's economy and our public services requires a digitally skilled and empowered workforce. Digital connectivity is critical to opening up economic opportunity in every part of Scotland, and I know that that will be reflected in the other nations of the UK. A report by Deloitte for the Scottish Futures Trust in July made it clear that if Scotland became a world leader in digitalisation, GDP could increase by over £13 billion by 2030 and generate an additional 175,000 jobs in Scotland, while also improving health outcomes and helping to end the digital divide, particularly in rural communities.

To achieve that, we need to address the shortage in specialist digital skills that risks becoming a growth bottleneck. There is an immediate demand for women and men with strong specialist skills, and that sits side by side with the need to develop a broader pipeline over time. The Scottish Government are working with partners to meet the challenges set out in the 2014 digital skills investment plan. They are raising awareness, especially among girls and young women, with a curriculum that is relevant and responsive from school through to university, and continuing to create and highlight new pathways into these new and changing jobs.

As I have mentioned, the SNP tabled innovative amendments to the Digital Economy Bill, and we are concerned that they were not taken up. The Secretary of State could have introduced a broadband connection

voucher scheme to allow the end user to access a broadband service other than that supplied by the provider of the universal service obligation under part 2 of the Communications Act 2003. That would have gone some way to addressing the issues raised by the hon. Member for Boston and Skegness. I think that that should still be considered, so I hope the Minister will look, even at this late stage, at how to accommodate it. Such a scheme would provide a replacement for the previous UK Government broadband connection voucher scheme, which ran from 2013 to 2015, that encouraged small and medium-sized enterprises to take up superfast broadband. It was a good idea, and it helped over 40,000 SMEs. The Minister could also have committed, as his predecessor did, to extending the rights of consumers with mobile coverage so that they have the same rights of service in contracts as those with fixed broadband, yet he did not do so.

Rural Scotland's poor mobile coverage stems from Westminster having treated it as an afterthought for decades. Although I give a guarded welcome to the support for 5G and the trials of it, there is a lack of ambition on that as well. The widespread uptake of smartphones and tablets has led to a very large growth in the demand for mobile data services. For example, between 2011 and 2015, mobile data traffic in the UK increased by 710%. Analysys Mason forecasts that by 2030 levels of mobile data traffic before wi-fi offload could be more than 45 times greater than in 2014.

Rural Scotland's mobile connectivity is still suffering and struggling because the licensing of the mobile spectrum has been used by the UK Government as a cash cow and a way of making money, rather than as critical infrastructure development that is essential for our country. In the UK, the 3G and 4G spectrum auctions raised billions for the Treasury, but other countries have sought to prioritise greater coverage as a first port of call. The 4G licence auction required 95% coverage for each nation within the UK, which contrasts poorly with Germany's "outside in" approach to licence obligations. Like the UK, Germany required an overall 98% coverage as an EU member state, but it also needed 97% coverage in each of the federal states. The consumer magazine *Which?* has found that Scots have access to a 4G signal only 50.4% of the time. Scotland, Wales and south-west England are the regions with the lowest access to mobile data in general, with access less than 80% of the time, which is a shocking figure. As of December 2015, nearly half—48%—of Scotland's landmass had no data coverage whatsoever.

Reliable and high-quality fixed and mobile broadband connections support growth in productivity, efficiency and labour force participation across the whole economy. That is why the SNP Scottish Government have made progressive pledges on expanding fixed-line broadband. Action taken by the Scottish Government means that we are on track to delivering fibre access to at least 95% of premises in Scotland by end of 2017. We are working with mobile operators to improve and increase 4G coverage across Scotland, and using the dualling of the A9 to put in 4G is helping us to move that on. By the end of 2017, all four mobile operators—EE, O2, Virgin and Three—will provide 95% of premises in Scotland with indoor 4G coverage. The Scottish Government have less control over mobile connectivity than fixed-line broadband, as the spectrum policy and other important levers remain reserved to Westminster.

To conclude, rural Scotland must not be an afterthought again. As we move on to 5G, the UK Government must prioritise rural areas as part of the 5G licence spectrum auction.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** We have two speakers to get in before half-past 4. If they could split the time, it would be very helpful.

4.20 pm

**Jo Churchill (Bury St Edmunds) (Con):** Thank you for your indulgence, Mr Deputy Speaker, as I was not here for the opening speeches.

I thank my hon. Friend the Member for Boston and Skegness (Matt Warman) for securing such an important debate. It is a pleasure to follow the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), who said that he was now in festive mode. All I would say is, for the sake of the family, step it up a little before next Sunday.

Members will see very rapidly what ambitions I have. Much of what was said by the hon. Member for Inverness, Nairn, Badenoch and Strathspey and my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown) was about how badly served their areas are. I, too, have those problems. I, too, have businesses without connectivity and so on.

I am also a neighbour of the Minister. We share roads that go through villages that sit next door to one another and we, too, have these problems. I therefore point out that he knows only too well how difficult it is to deliver broadband in rural areas. Given that Ofcom writes about some of our postcodes, "Ofcom does not currently provide any information on this because the speeds are so poor," I think we are more than aware that work needs to be done on this.

I am interested in what the legal right to broadband actually means. As the Digital Economy Bill progresses and we roll out the universal service obligation, I am interested to understand more explicitly what that means. I welcome the broadband universal service obligation and was pleased to hear the Minister say in Culture, Media and Sport questions that the same thing would happen for mobile connectivity.

Better Broadband for Suffolk is on track to deliver 96% coverage, which is one point above the national average. However, my constituency will only reach somewhere in the upper eighties. That will leave an enormous number of my constituents without mobile and broadband connectivity. A recent survey that I have collected in the last six weeks, which I have sent to the Minister, shows that 55% of people do not have adequate broadband coverage. The coverage in the constituency is 0.4%. People cannot bank online. The Government expect people to do more and more online—complete their tax returns, register their cars and so on. If they cannot get online or if their connection drops off, it is very hard to do those things. Broadband should be the fourth utility.

Rural communities are affected more than most. We have heard about farmers and I will not go over the same points again, but they are innovators. Farmers need connectivity, not only for their health and safety, but to work the topography drones and so on that allow them to seed their land as they want to. They need it for

[Jo Churchill]

their basic payment schemes, which often collapse when they are trying to enter the data. We are encouraging people to have rural businesses. If there is no connectivity, people do not want to go to the bed and breakfasts and enjoy what Suffolk has to offer.

There will also be health issues as we start using telemedicine. For example, there are insulin pumps that upload information to the cloud all the time. That cannot be done without connectivity and that will affect the health of individuals. Nobody minds how connectivity is given to them on phones or on broadband—they just want it. They do not want to hear statistics, they want action.

The survey I conducted showed that 56% of respondents had difficulty with broadband, 55% said that mobile coverage was poor and 70% experienced failure. Bury St Edmunds has 4G only 51% of the time.

As we move forward, could we show a little bit of initiative, locking enterprise zones into hard-to-reach villages, such as, for example, Creeting, out of the back of Stowmarket enterprise zone, and Moreton Hall out of the back of Bury St Edmunds? Could we also take up the churches' offer of masts on churches? Mostly, could the Minister consider Suffolk, with the A143, the road with the worst coverage and the most not spots, becoming a pilot and thereby the true exemplar of how to do it?

4.25 pm

**Ronnie Cowan** (Inverclyde) (SNP): People consider broadband to be the fourth utility. Just as they turn on a tap and get water, flick a switch for electricity or turn a dial for gas, people's lifestyle and expectations have been geared to broadband. It is not sold as a luxury, it is a requirement for entertainment, education and trade.

Few people have any real concept of the journey or technology behind water, electricity and gas before it is presented as a consumer product. It is no different with broadband. Consumers may not know the technical details of how these utilities work, but they know that dirty water is unacceptable. Broadband that is too slow fits into the same category. All the technical babble belongs to the technicians. They use it, maybe ironically, to speed up conversations. The customers, in their house or workplace, do not want excuses or apologies, they just want broadband to do the job.

We have progressed from speeds of 56 kilobits per second, which allowed us to access the first basic web browsers. We have transitioned to the introduction of wi-fi services and the rapid growth of users accessing the internet via mobile devices. We no longer live in a world where families crowd around the wireless to listen to "The Ovaltines". Families expect to be able to watch a movie, surf the internet, interact on social media and play games with people across the globe, all at the same time.

In 2006, BT introduced broadband services of up to 8 megabits per second. Now many homes and businesses can access 200. Ten years from now in 2026, after another 10 years of progress, will we be able to say that our technology has advanced faster than in the past 10 years? It may be difficult to predict, but we need to identify what the internet will be used for in the future.

Will the internet be used to control a greater range of household items that integrate with each other, or perhaps to experience the next generation of augmented or virtual reality? Predicting the future is not easy. Back in the 1960s, I was promised we would all have jet packs. To my eternal sadness, that did not happen. [Interruption.] I definitely did not get mine. We can only make educated guesses at some of the uses, but we can categorically guarantee that 10 megabits per second will not cut it. It shows a staggering lack of ambition and absolutely no foresight.

Scotland is proposing 20 megabits per second, Europe is working towards 30. Up and down the UK, we are still enlarging roads built in the 1960s because we never foresaw the amount of traffic that they would carry. We need to be clear sighted and understand that the broadband strategy we are developing now will affect our capabilities in 20 or 30 years.

With our current level of knowledge, we have no excuse not to build a super-broadband highway that can carry superfast broadband to every user. Importantly, it must be built so that it can be shared by suppliers and is easily accessible for upgrades. The problem is not in the laboratories and it does not lie with the technicians or scientists; it is about digging up roads. A utilities tunnel that carries all utilities and can be partitioned off so that each is separate would help.

How many times have constituents said, "Last week the electricity board came and dug up the street, the month before it was the water board, now it's broadband. Don't you guys talk to each other?" The answer is no, they do not. Historically, our approach has been too ad hoc, too focused on the immediate job in front of us instead of the wider needs. Over time, that lack of strategic planning has been very costly. Can the UK Government honestly say that a USO of 10 megabits is ambitious? I think we can do better. That is why I want the UK Government to take responsibility. Simply facilitating greater competition within the market will not necessarily lead to all the results we want on the ground. Many of my constituents are not getting the best possible broadband infrastructure because service providers have deemed that certain areas are not commercially viable.

My constituents expect results, and they are impatient at being left behind. A broadband USO should be something exciting—a policy that represents technological innovation and an ambitious drive towards the future. If we settle for just 10 megabits per second, I am sorry to say that the UK Government's USO will be remembered only as an "unsuitably slow option".

4.29 pm

**Calum Kerr** (Berwickshire, Roxburgh and Selkirk) (SNP): Scotland aims for superfast, and my hon. Friend the Member for Inverclyde (Ronnie Cowan) demonstrated how we will make that happen—fantastic! I take it, Mr Deputy Speaker, that I have 10 minutes to make some points. I will reflect on the debate only very quickly, as there are a number of points I would like to cover that we have not got to.

First, I congratulate the hon. Member for Boston and Skegness (Matt Warman) not only on securing the debate but on his fine balancing act of calling for more while not talking down his Government. I am sure that the Ministers past and present were both grateful. We then

heard some very interesting points, which I will touch on. I agree with the hon. Member for Wrexham (Ian C. Lucas), who emphasised that the regions and devolved Administrations are particularly badly affected because of our rurality. As usual, the right hon. Member for Wantage (Mr Vaizey) turned up, made some noise, praised himself and then went off to see what had been said on Twitter about it, but he raised some interesting points. I agree with him in particular on the need for digital and on the need for the Minister for Digital to have a higher profile and more responsibility in Government.

**Callum McCaig** (Aberdeen South) (SNP): That is the crucial point. Our Minister for Digital is separate from the Department for Business, Energy and Industrial Strategy. The two of them really need to work hand in hand, so I struggle to understand why that ministerial post does not rest with the other key levers of the business and economy agenda.

**Calum Kerr:** I thank my hon. Friend, the other Callum in the House, for that excellent point. Telephony and IT used to be relegated to a subdivision of corporate structures but have now been elevated to board level. Exactly the same thing should happen to digital within Government.

With the forgiveness of other hon. Members, I will move on to some of my own specific points, simply for the sake of time—I am sure we are all dying to hear what the new Minister has to say. First, I agree that the USO is a good idea. I will agree with anything that puts more money into infrastructure and connectivity. The Government say their intention is:

“The design of the broadband USO must put people and businesses throughout the United Kingdom at its heart in order to secure the benefits of digital connectivity for as many people as possible, as quickly as possible.”

I wholeheartedly agree with that ambition, but question whether we are on the right track to meet it. In the same Department for Culture, Media and Sport document, the Government go on to say:

“The concept of universal service in telecoms is a long-standing principle, dating back over three decades”.

I also agree, to a point. But we are not talking about simple telecoms. Telephony is a binary service: it works or it does not. As we have heard very clearly, broadband is far more complex than that. I recognise that the Government, the DCMS and Ofcom understand that. A document produced alongside the Digital Economy Bill mentions upload, download, latency and other factors critical to the design of an effective USO. But there are still fundamental choices to be made about the design of the universal service obligation.

Ofcom’s summary of responses highlights two paths open to the Government. It says that respondents fall into two groups: those with a vision for a more highly specified service for all and those with a belief that people and businesses simply need a safety net. Are we talking about a vision or a safety net? My fear is—in fact, it is not even a fear, because it is clear—that to date the Government have talked about option two, a safety net.

Let us consider what the USO will look like if we stick to the current path. First, we have the fact that 10 megabits per second has been specified. We can argue whether that is the right speed. I firmly believe

that it shows a lack of ambition, but I accept that some industry players say that at the moment it is fast enough. The Government need to raise the bar, particularly given their recent announcement in the autumn statement. As the hon. Member for The Cotswolds (Geoffrey Clifton-Brown) said, 10 megabits will very quickly become out of date.

**Geoffrey Clifton-Brown:** When used with old-fashioned copper wires, 10 megabits can become a lot less than that. We need a superfast fibre infrastructure instead of copper wires.

**Calum Kerr:** I agree, and I thank the hon. Gentleman for that point.

The danger is that we are following a path similar to that taken in relation to BDUK. It is pragmatic about how much we can do for the money, instead of giving a vision of what we want to have, which is fundamental: critical infrastructure. There is also a real challenge about the ability of the USO to be upgraded. Yes it will be reviewed, and there were some excellent suggestions as to frequency, but I have serious doubts about how it is going to work.

Before I come on to that, let us talk about the telecoms elephant in the room: BT. Let us be clear that BT is the one provider that has said it will do the USO. There is a danger—if I can use that word—that it will all be given to BT. If that is the policy, so be it, but let us do it with our eyes open and be clear about whether that is the right thing to do. I can tell Members that not all my constituents would be particularly enamoured with that. We should all reflect on BT’s submission:

“Existing technologies such as Fibre to the Cabinet and new technologies like long reach VDSL can offer cost-effective solutions for a 10M service but would require further investment if the requirement increased significantly, e.g. to 30M.”

That highlights my point. If we settle for 10 megabits today, what happens when it gets upgraded to 30 megabits?

Let us consider another aspect to this: what does a universal service mean? The documents from Ofcom and the Department for Culture, Media and Sport do not hide the fact that it means something cost-constrained like the telephony USO, where a line can be installed up to the cost of £3,400 and thereafter one pays the difference. Imagine applying that in our constituencies, where the cost of broadband is significantly higher than that for telephony. Imagine I am in need of the USO. I have 2 megabits and upgrade to 10 megabits. I may have to pay, maybe I do not. What happens when we upgrade the service to 30 megabits? Do I have to pay again? Maybe I would have preferred to go to 30 megabits in the first place. There are fundamental flaws and traps ahead of us in terms of design.

The Government have choices. As I said, it feels like they are heading towards a safety net when they need to be more ambitious. Actually, was the autumn statement not a revelation? The Minister announced at the Broadband World Forum that fibre was the future and we all went, “Hurray! The Government get it!” In the autumn statement, they put some money where their mouth is. The broadband investment fund—granted, the previous Chancellor announced it—suddenly got £400 million. There was talk about a fibre spine backbone. What we have there is ambition.

[Calum Kerr]

The Robert Kenny report challenges assumptions about fibre and says: pick where to put in fibre first and do not do “blunt” FTTP—fibre to the premises. I think it lacks ambition in itself, but it is right in one regard: fibre has more impact in rural areas. In the Government schemes, I see absolutely nothing that will help rural areas. I see rural areas getting fobbed off with 10 megabits, whereas they should be getting fibre. If I am in an urban area with 30 megabits and go to 100 megabits, that would be fantastic but it will not change my life. If I am sat with 0.5 or 1 megabit, it would be transformational. The Government need to revisit the USO and show the same ambition.

I would like to make one final point about how this can be done. If we stick to the current path, the USO will mean nothing in Scotland—absolutely useless. We are aiming for 30 megabits. A 10 megabits USO might satisfy one or two, but that will be it. In the regions of England and in the devolved Administrations, it will mean very little. We can save the USO, however, by turning it into something more flexible—what David Cullen, chair of the Independent Networks Co-operative Association, said was a universal service opportunity. I put forward an amendment for vouchers. Vouchers would unleash the collective powers of our devolved Administrations and our country. I urge the Government to belatedly get behind that idea, because fibre is the future for rural as well as urban.

4.39 pm

**Louise Haigh** (Sheffield, Heeley) (Lab): It is a great pleasure to follow the hon. Member for Berwickshire, Roxburgh and Selkirk (Calum Kerr), the Scottish National party spokesperson, who always speaks with such passion on this subject, and I congratulate the hon. Member for Boston and Skegness (Matt Warman) on securing this welcome debate. He brings considerable expertise in this area to the House.

The starting point for all hon. Members is that everyone must share the benefits of our modern digital society. That is an issue that Members on both sides of the House have championed for many years. The message has come out from this House loud and clear today that broadband and mobile coverage are no longer nice-to-haves but essentials. The hon. Member for Boston and Skegness gave an excellent overview of the debate, but he made three particularly important points: first, that we need a plurality of providers in the procurement process, and that one size clearly does not fit all, given the various challenges that the universal service obligation will bring; secondly, that the USO should be extended to road and rail across the UK—I would add waterways—and thirdly, that we must have publication of address-level data. I, too, commend the Ofcom app that helps to collect those data.

My hon. Friends the Members for Wrexham (Ian C. Lucas) and for Ynys Môn (Albert Owen) clearly demonstrated which areas have been left behind when it comes to investment and the consequences of failing to give rural issues the same priority as those in the rest of the country. As they made clear, digital exclusion has implications not just for our digital economy but for society; for example, it excludes people from the internet of things, and they therefore face higher costs and

greater exclusion. The right hon. Member for Wantage (Mr Vaizey), who is not back in his place, made two important points: one about increased powers for BDUK, which we support, and another about promotion for the Minister for Digital and Culture; no one could disagree with that, not least because it would mean a promotion for me as well, so we will go with that.

The hon. Member for The Cotswolds (Geoffrey Clifton-Brown) made a very important case on mobile not spots; that raises important issues for the 5G auction, which I hope that the Minister will address. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) made an impassioned speech about digital skills. I hope that the Government’s digital strategy, when they finally produce it, will address his points at length. The hon. Member for Bury St Edmunds (Jo Churchill) explained the dire and shocking levels of access in her constituency. I am sure that the Minister will want to address her points, given that he has the neighbouring constituency.

Finally, the hon. Member for Inverclyde (Ronnie Cowan) set out the staggering lack of ambition in the USO. The lack of ambition in today’s announcement is a particular concern. BDUK estimates that as of March 2016, there were still over 3.1 million premises without the capability to receive superfast broadband. That is expected to decrease to just over 1.9 million by the time BDUK ends, but 5% of premises will still be incapable of receiving speeds of just 10 megabits per second or above—nowhere near that superfast range. In Scotland, Wales and Northern Ireland, that figure is even higher, and in rural UK, it is 24%.

The Government have been forced to revise their target for their broadband commitments a number of times, despite the claims from the former Minister, the right hon. Member for Wantage. While we might not be a digital desert, the hon. Member for The Cotswolds was right to warn against complacency. We should be much higher up the international league table.

The broadband investment fund, which was trailed by the former Chancellor in last year’s autumn statement, will take the UK from 2% full fibre coverage to just 7% by 2020; that will reach 2 million of the 27.1 million households in the UK. Full fibre coverage is so poor that the UK does not even warrant a place on the annual European league table. The pledge to reach 7% of households will mean that the UK will finally have the same coverage that Latvia and Lithuania achieved in 2012. It is therefore right to ask the Government about the roll-out of their USO, and we will monitor them closely as it is delivered.

We have yet to see the Ofcom report. Its consultation was not very promising, as it found little industry appetite for delivering the USO. If the process is to be trusted, transparent and fair, all the information should be in the open and part of the procurement process, so that as many providers as possible can participate and we can ensure that the playing field is as level as possible. I cautiously welcome the Government’s statement of their intent to consider different types of providers, such as regional providers and smaller ones using innovative technologies, but I am afraid that they are cautious, given the serious failures around the BDUK procurement. Those failures left BT as the only supplier, and the process was condemned by the Public Accounts Committee for failing to deliver meaningful competition or value

for money. It is important that the Government give a clear commitment today that community providers and those with different innovative solutions will be consulted and made firmly part of the USO process.

As we have previously discussed, there is no doubt that there is a coalition of support for a much more ambitious USO. That is why we support resetting the USO, through secondary legislation, when it becomes outdated, as it will in the very near future; the hon. Member for Boston and Skegness termed this “digital inflation”. The Minister should bear that clearly in mind. We fully support the proposal from the hon. Member for Boston and Skegness for Low Pay Commission-style oversight of the level of the USO, and we absolutely need more detail today on how often and how it will be reviewed.

As we have seen all too often, businesses and residences see a particular speed advertised, but there is no correlation between that and what they are actually able to download, so we would appreciate an update on the Minister’s work with the Advertising Standards Authority on advertising speeds.

As the Federation of Small Businesses notes, small businesses are disproportionately less likely to have access to acceptable download speeds. Some 46% of businesses in postcodes that cover only small and medium-sized enterprises—namely, business parks—had broadband connections with a maximum speed of less than 10 megabits per second, while 24% had maximum speeds of less than 5 megabits and 12% less than 2 megabits. We fully support the right of small businesses to request a USO themselves—and, crucially, an information campaign to make them aware of those rights. Clarity about how the USO relates to businesses would also be welcome.

On the detail of the USO, we know that connections will be subject to a cost threshold. Are we any closer to knowing what that cost threshold is likely to be, and to how many properties it will apply? The Minister knows—we have discussed this many times—that we fully support the intent of the Government. As the Digital Economy Bill makes its way through the other place, I hope Ofcom will have produced its report, so that it can have a much better idea of where this obligation is heading. We urge the Government to take into account the many views of hon. Members in today’s debate. Above all, what I think we have heard is that it is time to be more ambitious, and we certainly need more detail.

Finally, the benefits of more of us being online and more things coming online are clear, but that also presents challenges. It was disappointing that the Digital Economy Bill failed to cover two major areas that we are grappling with in our digital economy: online abuse and data protection. We must make serious progress on tackling online abuse and the responsibility of social media sites. Obviously, we have had some debate around child protection, in terms of accessing age-inappropriate material, but the threats to children and indeed adults are much broader, and it is disappointing that sites such as Facebook continue to take a sincerely hands-off approach, defending themselves as platform-only, whether that is on the sharing of fake news, bullying and abuse, or taking money from organisations with extremist ideology. I note the Parents Portal that Facebook launched this week, which is welcome, but I would be grateful to hear from the Minister what progress he is making in this area.

On data security and privacy, the rise of big data, particularly around the internet of things, presents huge issues around consent and ethics. We must urgently get to grips with the parameters of big data, and with where consent begins and ends in this changed landscape of data protection. I hope that the Minister will be able to announce some progress on this soon. We are happy to support the Government’s intent; we would just like to see the Minister be a little more ambitious. I am grateful for the opportunity to respond to today’s debate.

4.49 pm

**The Minister for Digital and Culture (Matt Hancock):** I join everyone else in congratulating my hon. Friend the Member for Boston and Skegness (Matt Warman) on securing this debate, and on bringing his serious background and experience from before he was in this place to bear on a very important subject. It is unsurprising that all of us here to discuss this think it is important; that is why we are here. The debate is particularly timely as Ofcom is tantalisingly close to publishing the analysis we commissioned on the factors that will inform the design of the broadband USO.

We are committed to building a country that works for everyone; that means ensuring that nobody is digitally excluded, and “everyone” means everyone. That is one of the motivations underpinning our drive to have a USO. This requires us to ensure that the UK’s digital infrastructure meets not only today’s broadband connectivity needs, but those of tomorrow; that is crucial. Let us be clear: the delivery of fast broadband, particularly in rural areas, is an economic imperative, not simply a “nice to have”—a point made passionately and eloquently by my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown).

Online abuse was mentioned from the Opposition Front Bench by the hon. Member for Sheffield, Heeley (Louise Haigh); I know that she personally has received some horrific online abuse. Offences offline are also offences online, but we continue to work hard, especially with the platform providers, to ensure that they take appropriate responsibility for abuse that happens on their platforms. Ultimately, however, it is those who write abusive content who are committing an offence, especially when it is a threat of physical violence or a death threat—something that too many Members of this House have suffered from.

My right hon. Friend the Member for Wantage (Mr Vaizey) is of course right: great progress has already been made in this area, and there is still lots more to do. We are on track for 95% of premises across the UK having access to superfast broadband. Some £1.7 billion of public money is being invested. That funding has created more than 4 million potential new superfast broadband connections to date. As a result of this investment and ongoing commercial roll-out, 90% of UK premises can now access these superfast speeds. The hon. Member for Ynys Môn (Albert Owen) was absolutely right that commercial roll-out is part of the answer, but it is not the whole answer. That is why we have Government intervention as well as commercial roll-out; we need a mixed economy of solutions.

**Albert Owen:** We have been talking today about the access figures. Does the Minister have the take-up figures, and will he make them available in the Library, because

[Albert Owen]

many areas that are getting the infrastructure are simply not getting the message out to people to connect up?

**Matt Hancock:** That is an important point. The latest take-up figures are about to be published by Ofcom, but the message that needs to go out on take-up is this: in a BDUK area, the more people who take up the connection, the more money goes back into providing more connections for other people. It is incumbent on us as local representatives to get that message out.

We should also get out the message made by my hon. Friend the Member for Eddisbury (Antoinette Sandbach) about the Ofcom app, which I have downloaded, so that Ofcom gets the real data from the ground about connectivity in each area. My hon. Friends the Members for Wycombe (Mr Baker) and for Witney (Robert Courts) also made the point that connectivity matters more than technology.

I want to return to the point about farmers made by my hon. Friend the Member for The Cotswolds—he is sitting next to my hon. Friend the Member for Mid Norfolk (George Freeman), who also cares a lot about farmers. I loved the phrase used by my hon. Friend the Member for The Cotswolds: it is important that we have both a future-proof and a rural-proof approach. In introducing the USO, we have said that 10 megabits per second is an absolute minimum. The legislation provides for that to be revised up. The Scottish Government have chosen to have a fixed figure; I think it is better to have a figure that can be revised up as technology changes.

**Geoffrey Clifton-Brown:** My right hon. Friend is making a fantastic contribution on this USO, but the problem with the 95% target is that in rural areas, it will not be met for many more than 5% of customers.

**Matt Hancock:** Of course. Topography means that it is harder to deliver in rural areas, so we are introducing a universal service obligation to ensure that everyone can get hold of broadband.

**Calum Kerr:** I let the Minister away with this bizarre comment in Committee, but he really must stop saying that 10 megabits somehow shows more ambition than 30 megabits. The Scottish Government have a target of 30 megabits by 2021. The UK Government target is 10 megabits by 2020. I know which I prefer.

**Matt Hancock:** We have been through this before; 10 megabits is our approach for the minimum. The hon. Gentleman will have to wait and see what Ofcom has to say.

I will address a partisan point that was brought into an otherwise pretty harmonious debate by the hon. Member for Wrexham (Ian C. Lucas). The previous Labour Government did bring in a universal service obligation for connectivity that was set at 28.8 kilobits, but it was unenforced. The hon. Gentleman should stop his point scoring and stick to the bit where he said how brilliantly we are doing now with the ambition that we have put in place.

I gently point out to SNP Members that the Scottish Government are responsible for procurement in Scotland, and it is a pity that procurement there is behind almost every other area of the country. We have been doing

everything that we can to push them along, but they really ought to answer for slow provision in Scotland, and I am sure that they will.

I turn to the future and the two f's: fibre and 5G. Only 2% of premises in the country have a full fibre connection. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) talked about high levels of fibre delivery in Scotland, but that is not true. We have high levels of part-fibre delivery across the UK—it is 90% now, and it is going up to 95%—but that is not full fibre or fibre to the premises. More full fibre is being delivered elsewhere, and we are determined to match that. The autumn statement announced £1 billion for broadband and 5G, and we will consult shortly on exactly how that will be spent.

**George Freeman (Mid Norfolk) (Con):** I thank my right hon. Friend for giving way; it gives me the chance to thank him sincerely on behalf of my constituents, because my constituency has gone from 25% to 70% fast broadband. Does he agree that we may need creative ways of ensuring that the 5% or 10% of areas, including the most rural, that may never benefit from fibre can get alternative provision?

**Matt Hancock:** My hon. Friend is completely right. We should be open-minded about technologies such as wi-fi. I have two and a half minutes left, so I am going to rattle through some more points.

I congratulate BDUK and Chris Townsend, who has run it for a good period of time, for their incredible delivery. The hon. Member for Sheffield, Heeley was not right to say that BDUK delivers only via BT; there are now six providers. BDUK has done a magnificent job since it was set up by my right hon. Friend the Member for Wantage. Getting mobile connectivity on roads and rail is also incredibly important, and we are pushing that hard. EE has a contract to reach every inch of road in the country by the end of next year. Finally, several Members mentioned business; part of the £1 billion announced in the autumn statement is for ensuring that we have much better delivery for business. That drive is broadly supported.

I hope that I have answered as many points as possible. We will set out further details on the USO shortly. We look forward to working with Members from across the House to ensure that everybody gets the connectivity that they need.

4.58 pm

**Matt Warman:** I have 80 seconds to sum up this debate, and it is fair to say that there is absolute consensus that Britain must be ambitious if we are deliver on the potential. As the Minister said, the universal service obligation is a starting point, not an end point, for speed and the transformational possibilities. Whether it is wi-fi or fibre that will provide the universal service that we all believe our constituents deserve, I am pleased to see clear agreement that diversity is an important part of the solution.

The Minister is right of course not only to point out that Britain has made huge progress in relatively recent years, but to be ambitious in trying to make even faster progress as the next years creep up on us. We know that our competitors are putting huge amounts of money,

time and research into what will be a transformational period in global history, which will be powered by the internet. That leaves me with seven seconds in which to wish the whole House and, in particular, you, Mr Deputy Speaker, a very merry Christmas.

**Mr Deputy Speaker (Mr Lindsay Hoyle):** That is very kind of you.

5 pm

*Motion lapsed (Standing Order No. 9(3)).*

**Dr Julian Lewis (New Forest East) (Con):** On a point of order, Mr Deputy Speaker. As you know, both the Foreign Affairs Committee and the Defence Committee are concerned about the proposed closure of the BBC Monitoring service headquarters at Caversham Park and further reductions in the size of the service. Earlier this afternoon, I received informal information, not yet subsequently confirmed, that the scheme to go ahead with this may be signed between the Foreign Office and the BBC tomorrow. However, in written evidence given to the Defence Committee, the Foreign Office said:

“The new Monitoring Agreement is still in draft, pending signing and any recommendations from the Parliamentary Committees that are holding enquiries into the issue.”

At the beginning of this week, we told both the Foreign Office and the BBC that our report would be coming out at the beginning of next week. Do you agree, Mr Deputy Speaker, that in the light of the undertaking given to our Committee, it would be utterly unacceptable for this agreement to be signed tomorrow, given that the Foreign Office and the BBC know that our report is about to be published? Have you had any indication that a Foreign Office Minister will be coming to the House to make a statement?

**Mr Deputy Speaker (Mr Lindsay Hoyle):** I have a couple of points to make. First, I do not think it is correct to circumvent the right hon. Gentleman’s Committee in the way that they have proceeded. On the other matter, I can say that I have absolutely not had any notification from the Foreign Office about a Minister coming here. We both know that it is on the record, and I am sure people are listening very carefully now. It is a very important matter, and if commitments are made, we know that they should be kept. But what I do know, Dr Julian Lewis, is that you will not shy away from ensuring that this is raised, and perhaps an urgent question before the recess could be a route to take.

**The Minister for Digital and Culture (Matt Hancock):**

On a point of order, Mr Deputy Speaker. I would like to make a correction to an inadvertent error made as this morning’s Culture, Media and Sport questions. We are proud that 20% of DCMS appointments to public bodies since the reshuffle in July have been people from black and minority ethnic backgrounds. I said this morning that the figure was 24% and I wanted to correct the record for the House at the earliest opportunity. We are strongly committed to diversity in public appointments, and I think this figure demonstrates that fact.

**Mr Deputy Speaker:** I think the House welcomes that correction, and I am sure the Minister will sleep better tonight for it.

## PETITION

### Exoneration of Persons Convicted of Gross Indecency and Related “Homosexual Offences”

5.3 pm

**Diana Johnson (Kingston upon Hull North) (Lab):** I rise to present a petition of more than 600 names on the exoneration of persons convicted of gross indecency and related “homosexual offences”. I particularly wish to thank Colin Livett and Danny Norton for all their work on this petition.

The petition states:

The petition of citizens of the UK,

Declares that there are many people who were convicted of gross indecency and related “homosexual offences” prior to the Sexual Offences Act 2003; further that these offences were decriminalised by that Act and would not now be an offence; and further that any person (alive or deceased) convicted of any such offence should be exonerated.

The petitioners therefore request that the House of Commons urges the Government to exonerate automatically any persons alive or deceased who were convicted of gross indecency and related “homosexual offences” prior to the Sexual Offences Act 2003 in cases where their offences were decriminalised by that Act.

And the petitioners remain, etc.

[P001998]

## HMS President and Historic Warships

*Motion made, and Question proposed,* That this House do now adjourn.—(*Stephen Barclay.*)

5.4 pm

**Dr Julian Lewis** (New Forest East) (Con): It is my privilege to introduce this short debate on the preservation of HMS President and other historic warships.

When a country's naval history is as rich and as deep as ours, it is not easy to decide which historic vessels should be kept for future generations and which should be discarded. Having observed, since childhood, the scrapping of many famous warships, I have concluded that the few that survive generally do so more by good luck than by any settled policy. The establishment of the Heritage Lottery Fund, and more recently the LIBOR Fund, gave an opportunity to change all that, and we need to consider whether such change has really taken place.

Regrettably, the signs are not auspicious. HMS Whimbrel is, without doubt, the most famous fighting vessel of world war two still at risk and available for preservation. She was part of the most successful submarine-hunting formation in the Battle of the Atlantic—the 2nd Escort Group led by Captain F J “Johnnie” Walker—and was present at the signing of the Japanese surrender in Tokyo Bay on 2 September 1945. She survives to this day, purely by chance, in the possession of the Egyptian navy, which is willing to sell her to the National Museum of the Royal Navy for £725,000. The museum has had help from the Government with other projects in the past, and this is much appreciated. Yet, as its director general, Professor Dominic Tweddle, wrote to me recently, after a failed LIBOR bid:

“Whimbrel is the most important Second World War vessel still afloat ... It is odd that, as a nation, we are keen on saving buildings (good), but have a blind spot about the sea and ships.”

By sheer coincidence, an exact counterpart to HMS Whimbrel, with her vital role in Germany's second deadly U-boat campaign, is a ship designed to deal with the first. HMS President is the last surviving submarine hunter from world war one. She is also one of only three major great war vessels in the United Kingdom, the other two being the light cruiser HMS Caroline in Northern Ireland and the monitor HMS M33 in Portsmouth, though HM CMB 4 at Duxford—a coastal motor boat on which the Victoria Cross was won—should not be overlooked.

I am grateful to Mr Speaker for granting this debate; to the dozens of hon. Members, from five political parties, who supported early-day motion 685 to save the President; and to well over 11,000 members of the public who have signed the online petition so far.

**Jim Fitzpatrick** (Poplar and Limehouse) (Lab): The right hon. Gentleman is always an assiduous and welcome attendee at the national merchant navy memorial service at the national monument in Tower Hill in my constituency every first Sunday in September. May I assure him that he has the support of Labour Members for his campaign to preserve HMS President and other historic vessels?

**Dr Lewis:** I am extremely grateful to the hon. Gentleman who has a long record of public service—personally in the emergency services, and, indeed, his wife as well has

a particular connection with the Royal Navy as I well know. I thank him for his remarks.

**Karl Turner** (Kingston upon Hull East) (Lab): I congratulate the right hon. Gentleman on securing this important debate. It is very important that HMS President is restored not only as a legacy—it is a very important vessel—but for my constituency, as we probably stand to benefit from it. Fibwrap in my constituency is likely to be doing the renovations. I congratulate him and thank him for bringing this forward.

**Dr Lewis:** I thank the hon. Gentleman for that support and congratulate him on his bid for a stage at which we have not yet arrived, but at which I hope we will arrive if we are successful in our campaign to save HMS President.

Colleagues in the upper House, such as Admiral Lord Boyce, have also spoken out strongly in support. Following unsuccessful bids to the Heritage Lottery Fund and the LIBOR fund, HMS President now faces a real and imminent prospect of being scrapped. Unless urgent funding is secured, and despite generously extended pro bono mooring arrangements at Chatham, she will probably “meet her breaker” early next year. This is because the HMS President Preservation Trust, which has been battling to preserve her, can now afford to do so only for a matter of weeks.

One need hardly stress the irony of a warship of this vintage and this significance suffering such a fate in the midst of centenary commemorations of the conflict in which she fought, and just one year short of the centenary of her own entry into service, under her original name of HMS Saxifrage, in 1918.

**George Kerevan** (East Lothian) (SNP): HMS President is a rare example of Scottish engineering. Has the right hon. Gentleman thought to approach the Scottish Government for aid in preserving her?

**Dr Lewis:** I am sure that people listening to this debate will, if they have not already done so, immediately reach for their word processors in order to take up that extremely helpful suggestion.

Launched in January 1918, HMS Saxifrage, as she was then called, was designed to protect the vital merchant shipping on which our country depended. Crewed by 93 men, she was a Flower-class anti-submarine Q-ship. These sloops were originally intended to be minesweepers, but with the growing threat from submarines they were transferred to convoy escort duties. What makes their tale, and that of HMS President in particular, so historically significant was that they were deliberately configured as bait for U-boats. They were fitted out to look like merchantmen in order to invite attack by submarines on the surface, sometimes when investigating why their first torpedo had failed to finish off a vessel which in reality was packed with hidden buoyancy aids and armed with hidden large-calibre guns.

At the start of a U-boat attack, “panic parties” would frantically abandon ship while the gun crew stayed out of sight until the submarine came within range. Then, the Q-ship would run up the White Ensign, break out the concealed guns and open fire. It is worth noting the extreme bravery of those who served aboard these ships: they were sitting targets putting their lives on the line for their families, their friends and our

country. As I have mentioned in this House once before, when the same hazardous technique was tried in world war two it met with disaster, and the Q-ships Cape Howe and Willamette Valley were sunk in June 1940 with considerable loss of life, including the courageous father of my friend Ray Brooks, Stoker Bert Brooks, who served in the Cape Howe's engine room.

The President is the last surviving example of this type of vessel, but her work did not end with the Armistice of November 1918. Four years later, she came in from her service on the high seas to find a permanent mooring on the Thames. In the heart of London, her role became that of a Royal Naval Reserve drill ship, and the Saxifrage was renamed HMS President. During the inter-war period she played a crucial role in training our country's naval personnel, but her combat days were renewed during the Blitz. She was fitted out with anti-aircraft guns and helped to defend some of London's most famous landmarks, including St Paul's Cathedral and, of course, the Houses of Parliament. Not only was she protecting London's skies, but she was fulfilling a more covert function. Her cabins and compartments were secret meeting places for the Special Operations Executive, which planned sabotage and subversion in occupied Europe, and she also served as a headquarters for the French Resistance.

At the end of world war two, HMS President remained on the Thames and renewed her role as a training vessel. Together with her sister-ship, HMS Chrysanthemum, also moored near Blackfriars Bridge, she was the home of the London division of the Royal Naval Reserve, which was when I first encountered her, as an RNR seaman, in the late 1970s.

In 1988, her military role finally came to an end. She was taken on by a social enterprise company and became a successful venue for start-up firms and for corporate and charity events. She served as an iconic location for some leading companies, and continued to provide a valuable educational and cultural space for schoolchildren, sea cadets, veterans and members of the public.

That brings me to her current predicament. From the time she was taken into private ownership in 1988, she was financially self-sustaining. However, in February this year, due to the pending works on London's super-sewer, she had to leave her moorings on the Embankment. The site was about to become an outflow for the new sewer system and, as such, was no place for an important heritage vessel.

That caused her to be taken to Chatham docks, very close to the area represented by my hon. Friend the Minister, who may, I trust, pay her a visit if she has not done so already. It is, unfortunately, during HMS President's time there that her condition has steadily deteriorated—that is no fault of the Minister's—and the move has meant that she can no longer generate the steady flow of income that previously paid for her upkeep. She is now showing her age: in some areas, the hull is just a few millimetres thick. There is no doubt that her situation is precarious and that restoration work cannot be postponed.

The HMS President Preservation Trust applied to the Treasury for just under £3 million of LIBOR money. About half of that was to fund the restoration of the ship herself, including the hull, the original deck gun, which will be reinstated if the ship survives, the navigation equipment and so on. The other half was to construct a new mooring on the north bank of the Thames, just to

the east of London bridge. This mooring would restore HMS President to her rightful home on the Thames, where she had been for more than 90 years. It has been specifically designed to make her even more accessible to the public, ensuring that she can serve for generations to come.

**Kirsten Oswald** (East Renfrewshire) (SNP): In relation to the public and accessibility, would the right hon. Gentleman echo my sentiments about the frigate Unicorn? It is the oldest British-built warship still afloat, and one of only six ships built before 1850 that survive. It is of great interest to tourists who come to Dundee and to Scotland, and it is easily accessible to all who visit.

**Dr Lewis:** I am very glad to hear that the hon. Lady is taking an interest in that vessel, because we have this national register of historic ships, which are absolute historical gems, and we must do everything in our power to keep them in existence.

The planned restoration would secure HMS President's future for the next 100 years. It must have been challenging for the Chancellor to have to decide between hundreds of worthy causes bidding for LIBOR money. Sadly, although he distributed over £100 million in this round of funding, saving this unique vessel from world war one and HMS Whimbrel from world war two did not feature on the list of grants. In the case of the President, I understand that the principal reasons concerned the level of expert advice involved in compiling the bid, the level of oversight for the delivery of a £3 million capital investment, and a worry that the charity's modest size could undermine its ability to see the project through.

Yet, the point about expert advice was simply incorrect. The preservation trust actually commissioned, as part of the bid, the late Martyn Heighton of National Historic Ships UK, generally accepted as the top British expert in the historic ships field; Bill Williamson, a consultant naval architect and marine engineer with Houlder Ltd; and Rupert Keyzar of GW Surveying Ltd. A number of competitive engineering quotes were sought and obtained from companies of the calibre of Braemar, SPS and Beckett Rankine. It is surprising that these names did not carry sufficient weight with the LIBOR grants team.

Possibly the problem was that the trust had too much information to give. I gather that bids for LIBOR grants must use a template application form that is limited in length, and that the trust offered these experts' opinions as appendices. Frustratingly, though perhaps understandably, these offerings were declined. To be clear to the Minister, the trust does have the information that the grants team said in its assessment was lacking. The trust believes that it could have more than adequately provided the information, and I even have a copy here—a rather thick ring binder—if the Minister would like to see it.

On the governance concerns highlighted by the grants team, I fully accept that almost £3 million is a significant sum of public money that must be appropriately safeguarded. Oversight is essential, and that is why the trust secured the support of well-resourced and world-renowned heritage organisations, including National Historic Ships UK and the Imperial War Museum. The trust would be more than happy for these organisations to take on the supervision or even the management of

[Dr Julian Lewis]

the restoration process, so as to provide sufficient confidence in the application of public funds. I gather that the grants team itself acknowledges that third-party supervision could be a sensible solution. Indeed, this would be the preferred course of action for the trust itself, but the funds must be found now, before it is too late to save the ship.

I do find it encouraging that it is not a Treasury Minister attending this debate, but the Minister responsible for heritage and world war one commemorations. Surely there is a solution that can be found within that remit. Accepting that the next round of LIBOR distributions will be too late, I trust the Minister will do all she can to work with me, the trust and supportive colleagues to tap into other sources of funding so that this unique historical artefact is saved from destruction.

The petition to the Government secured more than 10,000 signatures in a very short space of time in the run-up to the autumn statement and the LIBOR decision, so there is no denying the public appetite to see this ship saved. The petition contained signatures from every constituency in the UK—because HMS President is truly a national heritage site. She has a rich history of service to our country, both in military and in cultural terms, and the potential to pay her own way in the future once safely and securely berthed on the Thames, just as she did for so many years in the past. That is why I have called this urgent debate to ensure that we do our utmost to find a solution to protect her. We must not let 100 years of history to be turned into scrap metal and wiped out forever. It is time we did our duty, just as HMS President did hers.

5.21 pm

**The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch):** I thank my right hon. Friend the Member for New Forest East (Dr Lewis) for introducing this debate, and colleagues from across both Houses, including Admiral Lord Boyce in the other place, for their support of our naval heritage.

I share the interest and passion of my right hon. Friend, and others in the Chamber, for our naval history, but beyond my own personal view, I can assure colleagues that the Government are also strong in their support for the preservation of important historic warships, as well as all other artefacts of importance to the history, culture and people of the UK.

Our museums, such as the National Maritime Museum, the Imperial War Museum and the National Museum of the Royal Navy, do tremendous work to help protect and preserve these important historic warships, which are a memorial to brave undertakings and the many lives that were lost. I would like to highlight some of the excellent maritime projects that the Heritage Lottery Fund and its umbrella body, the National Heritage Memorial Fund, have enabled through their funding across the UK. Due in part to contributions from the HLF, many historic ships have new life as museums to our nation's naval heritage, including Cutty Sark and the Mary Rose, whose restorations received significant contributions from the HLF. Local to my own constituency in Chatham, the HLF and the National Heritage Memorial

Fund have helped to conserve many historic warships, including the last surviving world war two destroyer, HMS Cavalier.

Chatham dockyard closed in 1984, but as a result of investment from the lottery and others, including Government, it is now a centre for heritage and regeneration, and home to many of our historic ships. I have taken great pleasure in visiting Chatham dockyard on many occasions and seeing HMS Cavalier and HMS Ocelot, as well as stepping aboard HMS Chatham, whose crest now has pride of place on my parliamentary office wall. It is of course in Chatham that HMS President currently lies. When my right hon. Friend spoke about her showing her age and deteriorating quickly, I was not sure if he was referring to the ship or to me!

The Heritage Lottery Fund has already supported over 1,600 first world war heritage projects, providing £82 million of funding since 2010. As my right hon. Friend stated, this includes two of the remaining three first world war warships: HMS Caroline, the only first world war battle of Jutland ship still afloat; and HMS Monitor 33, the sole remaining veteran from the Gallipoli campaign.

The £15 million award to the National Museum of the Royal Navy to restore HMS Caroline is the largest grant that the Heritage Lottery Fund has ever made in Northern Ireland. HMS Caroline opened to the public on 31 May following a major refurbishment, to coincide with the centenary of the battle of Jutland.

Similarly, the Royal Naval Museum received £1.8 million in funding for HMS Monitor 33. That fantastic project has not only enabled the ship to be opened to the public for the first time, as public access to the dry docks had previously been limited, but allowed the museum to showcase a historic dock from 1801 that put Portsmouth at the centre of the Navy's power.

My Department also sponsors Royal Museums Greenwich—more commonly known as the National Maritime Museum—which funds National Historic Ships UK, an independent organisation that gives objective advice to Government, devolved Administrations, local authorities, funding bodies and the historic ships sector on all matters relating to historic vessels in the UK.

With that in mind, I would like to take this opportunity to put on record my appreciation of the great work of the late Martyn Heighton, who recently passed away. Martyn made an enormous contribution as the former director of National Historic Ships UK, and he was respected by everyone who knew him as an expert in the field. Before taking up his role at National Historic Ships UK, he was closely involved in the creation of the Merseyside Maritime Museum at the restored Albert dock. That was one of the first regeneration schemes for Liverpool docks, raising the profile of Liverpool's maritime heritage. He was also lead arts and culture officer for Bristol City Council, where he supported the first international festival of the sea in 1996. I also commend the contribution he made to establish the Mary Rose as a modern museum in Portsmouth while in post as director.

Martyn will be much missed, but his legacy continues through the work of the National Historic Ships UK and its national register of more than 1,000 historic vessels. The register contains a sub-group of vessels—the national historic fleet—of which there are 200 in total.

HMS President bears that prestigious status, as one of the last three purpose-built vessels surviving from the first world war, along with HMS Caroline and HMS Monitor 33. HMS President has been a regular sight on the Thames for many years, and I am delighted that an estimated 11 million people saw the vessel “dazzled” during 2014 and 2015, as part of our first world war centenary arts programme.

**Karl Turner:** Will the Minister give way?

**Tracey Crouch:** I do not really have time, but I will give way briefly.

**Karl Turner:** The Minister has a very good relationship with my home city of Hull, which will host the city of culture next year. Does she agree that it would be brilliant if HMS President were to be renovated in my home city? In fact, she could probably stay there for the year of the city of culture.

**Tracey Crouch:** The hon. Gentleman has put in a fine bid for the restoration company in his constituency. I assure him that I will be in Hull at some point next year, celebrating the city of culture.

I hope that what I have said so far shows that the Government, the Heritage Lottery Fund and the National Heritage Memorial Fund recognise the significance of these important, historic ships. I am sure that my right hon. Friend is aware that the HMS President Preservation Trust has made several applications to the Heritage Lottery Fund, as well as to the National Heritage Memorial Fund.

May I briefly explain that HLF funding decisions are taken at arm’s length from Government, and I am, quite rightly, not involved in the individual grant-making process? The National Heritage Memorial Fund was set up to safeguard the UK’s most important heritage at risk. Although it recognises the historical importance of HMS President, the National Heritage Memorial Fund

was unable to support the proposals because they did not meet the criteria for funding.

In cases such as HMS President, the National Heritage Memorial Fund can only fund emergency works to stop deterioration until further funds can be secured elsewhere for full restoration. The National Heritage Memorial Fund provides advice to unsuccessful applicants so that they can improve their applications. The fund continues to be open to working with the preservation trust to improve its application. I strongly encourage the trust to take up this offer and to listen to the feedback received about how to strengthen its proposals and explore other opportunities.

I commend the efforts regarding HMS Whimbrel Battle of the Atlantic Trust, which has battled for more than a decade to bring the vessel back to the UK. I wish the trust every success in its work to establish a memorial to the ship in Liverpool. I am delighted that the National Museum of the Royal Navy in Portsmouth has shown an interest in housing HMS Whimbrel and is investigating the possibility of bringing it back to the UK. If it was possible for a deal to be reached to return HMS Whimbrel for repair and to develop her as an educational attraction, the National Heritage Memorial Fund and the HLF would be happy to have discussions about funding options in respect of transportation and emergency repairs.

The Department recognises the importance of both HMS President and HMS Whimbrel, and the opportunities for education and engagement that they present. I encourage the HMS President Preservation Trust to continue its discussions with the National Heritage Memorial Fund and to listen to the feedback that it has received, exploring opportunities for partnerships with our expert maritime museums in order to strengthen its proposals.

*Question put and agreed to.*

5.30 pm

*House adjourned.*



# Westminster Hall

Thursday 15 December 2016

[MR CLIVE BETTS *in the Chair*]

## Air Quality

*[Relevant document: Oral evidence taken before the Environment, Food and Rural Affairs Committee on 13 December 2016 on Air Quality.]*

1.30 pm

**Neil Parish** (Tiverton and Honiton) (Con): I beg to move,

That this House has considered the Fourth Report of the Environment, Food and Rural Affairs Committee of Session 2015-16, Air Quality, HC 479, and the Government response, HC 665.

Thank you for chairing this sitting, Mr Betts. It is lovely to see so many members of the Environment, Food and Rural Affairs Committee here today to support our work on tackling air quality and our recent report. We took evidence again two days ago on air quality, so this debate is timely. It is good to see the Under-Secretary of State for Transport in her place.

Tackling Britain's air quality problem must be at the top of the Government's agenda. Poor air quality contributes to around 40,000 to 50,000 early deaths every year in the UK. This is 20 to 30 times the number of people who die on our roads in traffic accidents every year. Poor air quality is a silent killer. In any other area of policy, the Government would be moving heaven and earth to get it sorted out as quickly as possible, and that is what we now need to do. The Government have been in court twice, and twice they have lost their case. This is a matter of urgency for the quality of life of all people in this country, but especially for those who live in our inner cities in hotspots of air pollution.

The Committee's report in April 2016 said that poor air quality is a public health emergency and called for strong measures to tackle the problem, including an overarching Government strategy to tackle it in all sectors, with flexibility for councils to implement their own clean air zones with higher charges for the most polluting vehicles in those areas, a scrappage scheme for the oldest and most polluting vehicles and proper incentives in the low-emission vehicle market. We have an able Minister here today from the Department for Environment, Food and Rural Affairs, but she is not answerable directly to the Department for Transport or the Department for Communities and Local Government. Everybody—the whole Government, including the Treasury, which deals with vehicle taxation, and others—must work together to deliver a good and urgent response. We want action, not just words.

The Government are in the dock. Having lost their case in the Supreme Court in April 2015 for failing to meet the legal air quality limit, they then lost again on 2 November 2016. The High Court case was brought by the campaign group ClientEarth. The judgment was that the Government had not fully complied with the Supreme Court's earlier ruling and that their old air quality plan was not up to scratch. DEFRA must now

release a new draft plan for air quality by 24 April 2017 and a final report on 31 July 2017—four months away and seven months away.

**Geraint Davies** (Swansea West) (Lab/Co-op): Given that the Government have twice been pulled kicking and screaming into court to lose cases for breaching EU air quality limits, does the hon. Gentleman share my concern that post-Brexit we will not have that regime to ensure mandatory, legally enforceable air quality limits?

**Neil Parish:** The hon. Gentleman raises a good point. Provided the Government do not tamper with the great repeal Act and that EU legislation automatically becomes UK legislation, there should not be a problem. I do not think the Government would do that for the simple reason that not only would it be wrong, but people in this country expect decent air quality. I think it will rise up the political agenda more and more, and I suspect that trying to water down environmental control on air quality would not be popular with anyone.

**Geraint Davies:** Does the hon. Gentleman accept that 40,000 people are already dying prematurely, so there is no reason to think the Government are treating the matter seriously or that post-Brexit they will fulfil the legal obligations they are being dragged into court to fulfil?

**Neil Parish:** We have two years at the very least before we leave the European Union. The case is being made that the Government must be answerable with a proper plan by July 2017, so I think much of this will be driven before we leave the EU. I still believe they would be very unwise and careless to try to water down legislation on air quality when people are becoming much more aware of the situation. It is reducing life expectancy and all Governments of whatever colour will be asked to commit to policies to improve air quality dramatically.

The High Court case was brought by ClientEarth. To lose once in the Court could be seen as careless; to lose twice is negligent. The Under-Secretary told the EFRA Committee that the High Court case was a wake-up call. How many more wake-up calls do the Government need? Urgent action is needed now to address the problem once and for all.

On Tuesday, the EFRA Committee held a fresh evidence session on air quality with the Under-Secretary who is here today and the Minister of State for Transport, my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes). The Under-Secretary said that air quality is a top priority for her and the Transport Minister. We need evidence, but in this case I am afraid the Committee was unconvinced by the evidence we heard on Tuesday that there is enough urgency in the Government's policy. The Minister repeatedly emphasised the role of local government in tackling air pollution and that is absolutely correct, but we must make sure the Government give the necessary powers and in some cases the necessary resources for that to happen. The Committee fears that, as happens under all Governments of all persuasions, it is easy to say, "It's all in the hands of local government; it's not in our hands." Then local government turns round to central Government and says, "The Government haven't done enough. We don't have enough resource or the necessary legislation."

[Neil Parish]

We cannot keep arguing about whose problem it is, because it is the Government—it is DEFRA—that is in the dock, and in the end we have to answer for it. I do sympathise with this Minister, because she has to, and I am sure will, work with all other Departments, but getting all Departments to work together is a challenge in itself. However, we must do that, because in the end people will die prematurely if we do not sort it.

We talk in the recommendations about a diesel scrappage scheme. That is for older diesel cars in particular. The Government should consider a scrappage scheme. We had evidence on Tuesday from witnesses who talked about that. I do not want to make it too complicated, but perhaps it could be targeted slightly at income as well, because what often happens with a scrappage scheme if we are not careful is this. The professional middle-class people think, “Well, this is a very good time to change our car. We have a car or two that are older and we can have a new car.” The problem is that many people in our inner cities who are driving older cars may not necessarily have the income, even with a scrappage scheme, to go out and buy a new car. Perhaps if we could target a scrappage scheme not only at diesel cars but at those who can least afford a new car, we could do something about the problem.

In addition, it is now possible to convert many diesel cars to liquid petroleum gas. That cuts their emissions by about 70%, but again, is it really wise to spend a lot of money on an older diesel car?

The current—illegal—Government plan provides for only five compulsory clean air zones, but we know that pollution in dozens of areas elsewhere in England exceeds EU limits. That is why the Government must look at the whole country when considering hotspots, which is where the high levels of pollution are. The answer to a written question that I tabled to DEFRA is that a full 40% of councils in the UK breached nitrogen dioxide limits in the last year. The problem is widespread in our country; it is not just in our biggest towns. All local authorities should have the power, and the funding, to implement clean air zones if they wish to. In October, the Government provided a £3 million fund for local authorities to bid from to improve air quality. That is a start, but it is a very small amount of money, considering the number of areas that will need clean air zones.

As I said, we had the Transport Minister before us on Tuesday. The interesting thing that the Government have not yet accepted totally is that, not quite for a generation but probably for 15 years or more, there has been a push towards diesel cars. It has been advantageous to have “cleaner” diesel: people pay less road tax, and diesel cars emit less carbon dioxide and carbon monoxide and are much more fuel-efficient than many petrol cars. Previously, the issue was carbon dioxide; now, it is very much nitric dioxide, so we have to start moving the taxation system away from supporting the diesel engine and towards hybrids, clean petrols and electric cars. A grant system is in place—I will talk about that in a minute—but we also need to use a bit of a stick in order to move people away from diesel cars. I understand the position because I have diesel cars; indeed, many of us in this Chamber will have. It is a fairly clean diesel, but

we have to start to say to people, “You have to try to change your philosophy from diesel to petrol to hybrid to electric.”

Since the Volkswagen scandal, we know that many emission figures were completely fictional. We have only to pick up a new car magazine. There are various ones out there, and they will give us a list of the manufacturer’s claims. They will say, “This car will do 68 miles to the gallon,” and then they will say, “True figure: 45—Government figure.”

There is no doubt that we have to get away from that. It is not just Volkswagen making such claims; all sorts of people are making the claims. It is just that Volkswagen is the one that got caught. In the end, we have to have a true figure, so that when people go to buy a car, they know what the pollution levels are and how many miles to the gallon it will do. This applies to anything else that is bought and sold in life. Surely it is against the Trade Descriptions Act that we are buying something when the claim about it is not actually true. We need to do much more on that. The Government must ensure that vehicle companies’ marketing claims are fully accurate and reflect real-world conditions. When devising the new plan, the Government must take into account the most accurate figures on vehicle emissions. If the new figures show an even greater need for additional clean air zones, the Government must act accordingly.

**Geraint Davies:** On the VW scandal, the hon. Gentleman will know that the Department of Justice in the US took VW to court on behalf of the Environmental Protection Agency and is suing it for \$12 billion, but I think that in Britain the figure is £1.1 million. Does he not think that through the British Government and, indeed, across Europe we should be taking firmer action against VW, given that we know the emissions are 40 times the EU limits because of the removal of the defeat devices, and that is literally killing thousands and thousands of people across Britain and Europe?

**Neil Parish:** The hon. Gentleman makes a very good point. I suspect that the Americans took the case for various reasons—not just because of the pollution from the vehicles, but because they wanted to ensure that European vehicles did not get so much into the American market. However, we have missed an opportunity to drill down on Volkswagen. As I said, on Tuesday we had the Transport Minister before us, who said that the Government are now looking to sue Volkswagen. It is good if they are, but we should have got on to that more quickly. Look at the congestion charges that people have paid. If their vehicle was more polluting than was suggested by the band that the vehicle was in, surely Transport for London has missed out on extra charges that should have been paid.

To go back to my previous point, I believe that if an individual has been sold a car that has not met the standards, they should be compensated also. This is not just about the Government; there is a case for the individual, too. I have some sympathy for Volkswagen because it is the one having to face the music, but if we take action against Volkswagen, that will perhaps ensure that the other manufacturers also perform better and do not go down the route of misleading people and

putting out the wrong figures for their cars' pollution levels. The hon. Member for Swansea West (Geraint Davies) makes a very good point.

We call in our report for incentives for a low-emissions vehicle market. The Government have made considerable progress in that area. It was very encouraging to hear my right hon. Friend the Chancellor of the Exchequer announce £390 million of extra funding for electric vehicles, including £80 million for charging points and £150 million for low-emission buses and taxis. If we look at our inner cities, where the hotspots are, there is no doubt that the issue is the buses and the taxis, but there are also a lot of delivery vans now. With the new style of life, in which many of us will order goods online, more vans and small delivery vehicles are driving right into our inner cities. In the short run we need to look at whether some of those diesel vehicles can be changed to LPG and others moved to electric. Lorries are even more of a challenge. There is no doubt that the diesel engine pulls a heavy load so much better than an electric or petrol vehicle would. Again, we have to look at that.

In October, the Government launched a consultation on measures to support electric vehicles. It included bold proposals such as a national roll-out of electric charge points and better mapping and information for consumers. It was heartening to hear the Minister of State for Transport state on Tuesday that the modern transport Bill in 2017 will “specifically address” electric charging points. This issue is cross-Departmental. I urge the Minister here today to continue to work closely with her counterparts in joint ministerial groups to give ultra-low emission vehicles the priority they deserve, to tackle air pollution and air quality. This is not only about having electric charging points; it is about making sure that people can charge quickly. If we are going to get people to use electric cars over a bigger area, they have to be able to charge those cars quickly.

I will move on to agriculture emissions—of course, transport emissions dominate press coverage, but other sectors also cause air pollution, including agriculture. Before I do, I must mention that there are also building sites where we have generators and many of the dumper trucks—all those things people use on a building site—that are all diesel; some are gas-converted, but many are not. I am sure that the hon. Member for Poplar and Limehouse (Jim Fitzpatrick) will talk about cruise ships and the need for electric to be attached to these ships so that they do not need to have their engines running while in port and here in London.

Turning to agriculture, the report recommended that farmers adopt practices that cut emissions of greenhouse gases and local air pollutants including ammonia. DEFRA needs to target support for farmers to improve manure and nutrient management and cut methane emissions through improved feeding for livestock. This is not just about the storage of manures; it is also about the spreading of them. It is about making sure that they are spread at the right time and, if someone uses artificial fertilisers, that those are put on so that they do not evaporate into the atmosphere.

One of the problems—being a practical farmer, I understand this—is that if ammonium fertiliser is applied and it does not rain, quite a lot of that fertiliser is released into the atmosphere. It is about trying to make sure that fertiliser is applied when it does actually rain.

Believe it or not, even now, although the weather forecast is nearly perfect, it is not always 100% perfect—it does not always rain. Sometimes we can make sure that the fertiliser is injected into the crop. If we can get this right, not only would having less ammonia going up into the atmosphere be an advantage to the environment, but it would be a huge advantage to the farmer because he would be applying less nitrogen and making better use of it. It is the same with our fertilisers.

The New Zealanders have done quite a lot of work on making sure that grasses grown are more digestible. Believe it or not, that reduces the amount of methane gas that comes from the livestock sector. I declare an interest as a farmer—I do not want to see the end of the livestock sector in order to see less methane gas. We have to work out a smart way of using that ruminant—a wonderful animal that digests lower-grade proteins and produces a high-grade protein—to make it emit less methane gas. It is not just nitrogen dioxide, but gases such as methane and ammonia, that contribute to these air quality problems.

In conclusion, clean air should be a right, not a privilege. This matter is not going to go away and it is inconceivable, in my view and that of the Committee, that the Government should lose in the courts on this issue for a third time. The first air quality plan was illegally poor. The Government cannot make that mistake again. It is time for a comprehensive strategy to tackle this problem once and for all. We need to have some real practical measures out there that reduce the amount of nitric oxide, in particular, that is in our inner cities. I can assure Members that the EFRA Committee will continue to scrutinise the plans that are published by the Government next year. We intend, only metaphorically, to hold the Minister's feet to the fire and to ensure that we make good very good progress in the future.

1.56 pm

**Jim Fitzpatrick** (Poplar and Limehouse) (Lab): It is a pleasure to see you in the Chair this afternoon, Mr Betts. I am delighted to follow the hon. Member for Tiverton and Honiton (Neil Parish), who chairs the Environment, Food and Rural Affairs Committee so well and with such authority. As he said, there is a degree of curiosity about the fact that we are speaking to the Minister today, having had some robust exchanges with her only two days ago in the Committee. I am sure that we will come back to that.

I will be brief because in his opening comments the Select Committee Chairman effectively detailed the Committee's main recommendations, and I am sure that the Minister will focus on the responses, so I do not see any need to repeat what the hon. Gentleman said. The one comment I will make before focusing on ship emissions on the Thames, is that were 150 people dying prematurely from any other cause in Britain, there would be a massive public outcry and a demand for immediate action from the public and the media. However, this silent killer escapes the scrutiny that it warrants except, occasionally, from the media and the *Evening Standard* in particular. That is clearly an exception because of the impact on London; it carried the report of the Select Committee's exchanges on Tuesday in its columns yesterday, and the issue even made it into its editorial column because the issue is so important in London.

[*Jim Fitzpatrick*]

I want to focus briefly on shipping emissions from the Thames. To put this in perspective, on Tuesday, in response to questions during a discussion on the European directive on air quality, the Minister correctly said that poor air recognises no national boundaries. Obviously she is absolutely right, but neither does it recognise city boundaries or borough boundaries. On Tuesday, the Minister's response to our exchange on the prospective emissions from the proposed cruise terminal at Enderby Wharf on the Thames was that, on the question of ship to shore power, the Royal Borough of Greenwich had carried out an impact assessment in its planning committee so it was job done. I am sorry to say that for many of us that was just not adequate. It is not adequate not only for residents in east London, such as Ralph Hardwick from my side of the river, who has been campaigning vigorously on this issue, but for residents on both sides of the river and in many parts of London.

It is not just residents, constituents, the Chair of the Select Committee and myself who are unhappy; the EFRA Committee collectively articulated unhappiness about this, as have the Mayor of London, the European Commission and the UK courts on two occasions, as the Select Committee Chair outlined. In his letter to the Minister on 14 December, he said:

"The Committee was disappointed with the information Ministers provided. We are extremely concerned that, despite the courts twice rejecting its plans, the Government has failed to grasp the serious impacts of poor air quality on British people."

However, in the Minister's defence, her position was qualified in two elements of the Government response to the Committee's report. On page seven, in response to recommendation 8, the Government said:

"There will be no 'one size fits all' approach...However, it is important Clean Air Zones are co-ordinated from a national perspective",

recognising that this is not a local borough issue or even a city issue. On page 15, in response to recommendation 22, the Government said that they

"recognise through the National Policy Statement (NPS) for Ports, that local air pollution may be abated through the provision of shore-side fixed electrical power to replace ships' generators while in port. The NPS encourages developers including ports and shipping companies to examine the opportunities available for shore-side electricity connection, particularly in areas identified as having poor air quality. All proposals should either include reasonable advance provisions to allow the possibility of future provision of appropriate infrastructure, or give reasons as to why it would not be economically and environmentally worthwhile to make such provision."

I am not sure that the Royal Borough of Greenwich council's decision addressed either of those issues. The discussion we had in Committee on Tuesday—and have had for some months now—was that it was not down to the Royal Borough of Greenwich's planning committee to decide on the matter, because it is a pan-London matter. In fact, it goes even wider than that. The Mayor of London has no locus and could not call in the planning decision. The Department for Transport has no locus either, and nor does the Port of London Authority. The Minister, who has responsibility for air quality, to whom we look to be our champion in Government, also does not have the power. Therefore, the Royal Borough of Greenwich's decision is heavily undermined, and fatally flawed and compromised.

As I said, the Minister's position was qualified by the two responses from the Government to the recommendations that I mentioned. Further, in response to question 93 in the oral evidence session, her senior colleague, the Minister of State, Department for Transport, the right hon. Member for South Holland and The Deepings (Mr Hayes), said:

"We have both said publicly that we are going to bring a further report, because we have to, given the decision of the court that the Chairman mentioned at the outset, and I would be surprised if there was not an expectation that we addressed this issue. It would be very odd if we left this issue out. I will certainly take away what you have said and we will discuss it in the inter-ministerial group. I would certainly want to address this before the date you suggest."

In conclusion, I hope that the Minister can confirm that her joint ministerial committee will address the issue of emissions from the Thames. It would be really helpful if she set out in her winding-up speech the frequency of the joint ministerial meetings and the timetable for its final report. This is a very important issue, particularly for London but to the whole country as well, and I am very grateful to have had the opportunity to contribute to this debate.

2.3 pm

**Andrew Selous** (South West Bedfordshire) (Con): I am probably something of an interloper today, given that I am not a member of the Environment, Food and Rural Affairs Committee. However, I am a member of the Select Committee on Health, and this issue is equally important to members of that Committee. As my hon. Friend the Member for Tiverton and Honiton (Neil Parish), the Chairman of the Environment, Food and Rural Affairs Committee, said, this is an urgent and important issue. The fact that there are 40,000 to 50,000 additional deaths in the UK each year shows how significant it is, and we are right to pay real attention to it. However, we need to realise that this is also a global issue. The American Association for the Advancement of Science calculated that in 2013 there were 5.5 million deaths as a result of air pollution worldwide; 1.6 million were in China and 1.4 million were in India. That does not make the issue in our country any less urgent, but it is important to put the debate in a global context.

**Geraint Davies:** Does the hon. Gentleman accept that 10% of deaths in the UK are linked to air pollution compared with 17% in China? Let us not pretend that we are not appalling and that they are worse.

**Andrew Selous:** I would not be speaking in this debate if I did not think this was an important issue. We all have a shared purpose, wherever we sit in the House, in wanting to take serious action on this issue.

Going from the global level to a local one, the constituency I represent has three market towns. One of them, Dunstable, has an air-quality management area in the town centre and in the Luton Road area. There are 37 different monitoring points for air quality in that area. I remember many years ago, not long after I was first elected, my excellent GP in the centre of Dunstable telling me that many more children who live in central Dunstable—close to the A5 trunk road, which goes through the middle of the town—suffered from asthma than the children who lived in Dunstable's suburbs or

the villages around the town. That is replicated up and down our country, not just in town centres. People who live next to busy roads are affected, which is something that we absolutely need to bear in mind in future planning decisions.

I completely agree with what my hon. Friend the Member for Tiverton and Honiton said about making sure that we transition from dirty energy in road transport to cleaner energy in an affordable way for our constituents. We all want clean air, but people have cars to get to work, to take the children to school and to go about their daily lives. Cars are a necessity for very many of our constituents. We need to think about who the people are who drive older diesels. They will mainly be constituents who are perhaps less well-off, which is why they are driving an older car that is a bit more economical. It is really important that we provide mechanisms to help constituents on lower incomes transition to cleaner vehicles, and I very much hope that we will.

In May 2011, I held a Westminster Hall debate on ultra-low emission vehicles. The then Transport Minister replied to the debate by saying that the Department had “two objectives”, which were

“to create growth and to cut carbon.”—[*Official Report*, 10 May 2011; Vol. 527, c. 382WH.]

Those objectives are both excellent. I hope that today the Minister, who I know really cares about this issue and is determined to make progress on it, will perhaps let us know about a third objective to go alongside the Department’s former second objective of cutting carbon—namely, to improve air quality. That would be very helpful.

I want to press the Minister on the scale of our country’s ambition and policy on ultra-low emission vehicles. When I held that Westminster Hall debate some five-and-a-half years ago, I noted that the Committee on Climate Change had said that the United Kingdom should aim to have 1.7 million ultra-low emission electric vehicles on our roads by 2020. At the time there were only 57,000, and I said that the total of 57,000 was a pretty small share of the then 28.4 million cars on our roads. I also noted that Japan had the much higher goal that 20% of all its vehicles would be electric or plug-in hybrids by 2020. It is important that we have world-leading ambition in this area so that, first, we get clean air, and secondly, absolutely critically, the United Kingdom is right at the forefront of benefiting—to ensure that we have good jobs, economic prosperity and growth—from this industry, which is taking off around the world.

Staying with the far east, China’s goal is to have 5 million all-electric and plug-in vehicles on its roads by 2020, and a number of Chinese companies are already working actively in that area. Zhejiang Geely has bought the London Taxi Company and is making the electric TX4 Euro 5 London taxi cabs, which will be launched in the middle of next year.

*China Daily* has referred to Norway and the Netherlands as

“leading electric vehicle growth in Europe”.

I am disappointed that China does not believe that the United Kingdom is in that position and I look forward, with interest, to what my hon. Friend the Minister will say on that when she winds up. Norway and the Netherlands plan to phase out diesel vehicles entirely by 2025, as do, at the city level, Paris, Madrid, Athens and Mexico City.

On the bus front, it is good to see that the Chinese battery company, BYD Company or Build Your Dreams, has teamed up with Alexander Dennis, the British bus company, to bring electric buses to London, Liverpool and Nottingham. I echo what the Chair of the Select Committee said about the need for joined-up, cross-Government action within this area, but I am most concerned about how we are tracking whether the United Kingdom is on target to meet our 2020 objectives. I would like reassurance that there is a real mechanism to look at that, and that, where we are falling short, Ministers are getting their heads together to take the appropriate action to ensure that we are a world leader in this area not just for our constituents’ health but for the benefit of the United Kingdom’s economy.

2.11 pm

**Kerry McCarthy** (Bristol East) (Lab): It is a pleasure, as ever, to see you in the Chair, Mr Betts. I was not a member of the Environment, Food and Rural Affairs Committee when it prepared this report, although I have subsequently joined and was there for the evidence session on Tuesday, when the Minister once again reassured us that air pollution was a top priority for her Department and, indeed, for the Government. Some of us remain to be convinced, including the courts, as we have seen with the recent ClientEarth proceedings and with the news that the European Commission is taking the UK Government to court for their failures in dealing with the Volkswagen scandal.

In its response to the report, DEFRA described its air quality plan for nitrogen dioxide as “an ambitious plan”, which rather begs the question why it was snuck out on the last day of Parliament before last year’s Christmas recess, hidden in a flurry of written ministerial statements. We will, no doubt, get a similar flurry next week. In its response, DEFRA also rejected the Committee’s call for a comprehensive strategy on the grounds that:

“The national air quality plan for nitrogen dioxide already sets out a comprehensive plan”.

But, as we discovered on Tuesday, it only covers NO<sub>x</sub>. It was disappointing that the Minister did not seem to appreciate, when we spoke on Tuesday, that it was time to update the 2007 plan, which covers all air pollutants. It was more reassuring that the Minister of State, Department for Transport seemed to accept that it was time to do so.

It was also worrying how many times the Government’s response to the report was simply to repeat:

“£2 billion has been committed since 2011”,

with little mention of future plans and funding. DEFRA’s contribution, the air quality grant scheme to support local authority action, went down from £3.1 million in 2012-13 to just £0.5 million last year—a funding cut of 84%.

The Select Committee report expressed concerns about weak national leadership and evidence from the ClientEarth court case suggests that it is the Treasury that has been leading on air quality policy, not DEFRA, by blocking measures to reduce pollution levels. If the Treasury is not prepared to listen to the public health arguments and the moral arguments that we are facing a real emergency, perhaps it needs reminding of the £20 billion that air pollution costs the UK economy every year—10 times the amount that the Government boast they have spent on improving air quality in five years.

[Kerry McCarthy]

Ministers should not need to be dragged through the courts twice to realise that their air quality plan is just not good enough. Ministers' optimism has little basis in reality. Last year, DEFRA decided that just eight of the 43 air quality zones would still exceed legal limits for NOx in 2020, yet just one year earlier, 28 zones were still expected to be non-compliant. The reason for their belief in this rapid improvement was due to new modelling. Ministers were warned that if real-world emissions were much higher than expected, 22 additional zones would exceed the legal limit, and we now know that diesel emissions are up to 12 times the legal limit.

Why did Ministers choose to base their plans on such optimistic assumptions? Why did they try to block European Union legislation on random inspections of vehicles' real-world emissions? Why did they support loopholes that give car companies permission to pollute well above legal limits into the next decade? Why are Ministers still ignoring passenger cars, even though they are responsible for 29% of NOx emissions in the UK? The answer, as we learnt from the ClientEarth court case, is that Ministers were not trying to reduce air pollution levels to safer levels, to limit the damage to people's health, or to prevent premature deaths. For the Government, this was simply a bureaucratic exercise to avoid EU fines and further court action. My constituents and all our constituents are paying the price because Ministers decided that, to meet this technical requirement, they only had to worry about five cities: Southampton, Derby, Leeds, Nottingham and Birmingham.

Yet, as every Bristolian knows, we are never far from the top of the list of most congested cities. Parts of Bristol regularly exceed nitrogen dioxide limits and the World Health Organisation lists Bristol as one of the most polluted cities in the UK for particulate matter. Only this month, the city was warned that it was facing its worst air pollution levels in a decade, with the Government's index scoring us a worrying nine out of 10. The consequences are clear. According to the British Lung Foundation, people in Bristol are 16% more likely to die of lung cancer than the national average, 12% more likely to be admitted to hospital with asthma and 40% more likely to be admitted to hospital with chronic obstructive pulmonary disease. A recent study indicated that nitrogen dioxide and particulates are responsible for 300 premature deaths in Bristol annually—8.5% of all deaths in Bristol each year. Perhaps the Minister would highlight to her Treasury colleagues the fact that air pollution costs Bristol £84 million a year.

The British Lung Foundation has expressed to me that only two schools in Bristol have air pollution monitors within 10 metres. There are three schools in my constituency alone in areas where nitrogen dioxide levels are illegally high. Thankfully, we now have a Mayor, Marvin Rees, who is committed to tackling our air quality crisis and has cross-party support across Bristol City Council for a clean air zone. Bristol has responded to the clean air zone framework consultation, has applied for air quality grants and is working with Core Cities on a comprehensive list of recommendations, although it is worth noting that the Mayor has written to me saying that it is a shame that core cities are required to compete against each other for air quality grants.

Bristol's cabinet member for transport has recently announced with First Bus that routes along Fishponds Road, one of the busiest streets in my constituency, would benefit from a new fleet of low-carbon buses, so the council does understand the need to work with transport providers and taxi fleets. However, the Mayor, like the experts who gave evidence to the Committee, has made it clear that the council needs support from national Government to strengthen legal powers, fund investment, work with vehicle manufacturers and help with real-world data if we are to design effective clean air zones.

To conclude, I welcome the new joint air quality unit between DEFRA and the Department for Transport, and the recognition from Ministers that we need a cross-departmental approach. It was disappointing, however, that DEFRA refused to answer my written parliamentary questions on the work of the clean growth committee, in order to

“protect the integrity of the policymaking process”.

The public have a right to know whether Ministers are suggesting solutions to a problem that is killing tens of thousands of people every year. Is not such a complex problem that affects so many of us best addressed through open engagement, rather than through such cloak and dagger secrecy?

The Government's response to the Committee's report assured us that:

“Specific actions have been developed over the course of these meetings”.

So I do hope that we can hear more from the Minister about exactly what those specific actions are.

There is common agreement now that air pollution is an issue that we absolutely must tackle. Perhaps it is now time for a new clean air Act to be passed, some 50 years after the last one. I urge DEFRA to come back to Parliament with a comprehensive, forward-looking plan that includes detailed actions and specific timeframes. It really is time for an end to the complacency.

2.19 pm

**Jeff Smith** (Manchester, Withington) (Lab): It is a pleasure to serve under your chairmanship, Mr Betts. I congratulate the Environment, Food and Rural Affairs Committee on a comprehensive and valuable report on the air quality crisis that we face in this country. I am pleased that the Committee is continuing to take evidence on DEFRA's plans following the High Court ruling that the Government have comprehensively failed to address the issue.

There is a lot in the report, and I will briefly address a couple of its recommendations on vehicle emissions. The deterioration in the quality and safety of the air we breathe, particularly in cities such as Manchester, is increasingly acknowledged as a public health crisis. We know that air pollution causes 40,000 premature deaths a year, that air pollution is linked to cancer, asthma, strokes and heart disease, and that 3,000 of our schools are on sites with dangerous levels of air pollution.

The report is particularly timely in light of the EU referendum result. There is no doubt that the EU has helped us to address air quality. EU regulations such as the 2008 ambient air quality directive have been important tools for campaigners to hold the Government to account. Just this week, EU Environment Ministers approved a

new directive on air pollution that revises targets for member states in line with the Gothenburg protocol. The directive is predicted to halve premature deaths in the EU due to air pollution by 2030, so the EU has a strong track record of action on this issue. Working closely with our EU partners will be critical in the coming years, which is why there is such concern that, following the referendum, we are now at a crossroads. The scale of the challenge is huge.

From speaking to people such as Manchester Friends of the Earth and the British Lung Foundation, I know there is a real fear that leaving the EU could see us return to being the dirty man of Europe, notwithstanding what was said earlier about the repeal Bill. I agree with the Labour environment campaign and ClientEarth that the prospect of leaving the EU reinforces the need for a new clean air Act to bring the EU and World Health Organisation guidelines into UK law to ensure that we do not lose those safeguards in the long term.

The report raises a couple of issues that relate to Manchester. First, I welcome recommendation 9, which calls on the Government to extend new powers and support to councils that are ready to address air quality. Restricting the provision of clean air zones to five cities outside London limits the scope for supporting urban centres such as Manchester to play our part in reducing air pollution.

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey):** We are not restricting it. The difference is that the Government are requiring it of those five cities. Any part of the country can introduce a clean air zone if it wishes.

**Jeff Smith:** What we do not get in Manchester is the support and resource to do it, as the other five cities do.

I was told in July 2016 that Greater Manchester was denied funding and support for a clean air zone because of predictions that the city region would not break the EU directive limit. However, it emerged during the recent High Court case that DEFRA originally included Greater Manchester in the list of clean air zones, only to be told by the Treasury that we cannot afford it. Also, DEFRA's air quality projections for Manchester have been widely discredited because they are based on static car usage and no population growth—in fact, Greater Manchester's population has grown at double the UK average over the past decade. Despite our fantastic progress on public transport, particularly our Metrolink, 58% of journeys within Greater Manchester are still made by car. Now that DEFRA is having to revisit its air quality strategy, I urge the Minister to think again and support Manchester in implementing a clean air zone.

Secondly, we all got it wrong on diesel vehicles, and the Government now need to take stronger and faster action. The direction of travel across the world is away from diesel cars and towards low-emission vehicles. As has been mentioned, just last week Paris, Mexico City, Madrid and Athens joined Tokyo in moving to ban diesel vehicles from their city centres.

Recommendation 19 calls for a national diesel scrappage scheme, paired with grants for purchasing low-emission vehicles. Funding for new refuelling infrastructure for low-carbon vehicles is welcome, but it is clearly not

enough on its own to get high-polluting diesel cars off the road. In Manchester we have taken promising steps to modernise our bus fleet and increase the number of charging locations for electric cars, but we need the Government to show more leadership. It is time for the Government to follow our international partners and take serious action. A scrappage scheme for diesel cars would demonstrate such action, so I repeat the calls made by other Members to reconsider that proposal.

I will not speak for long, but I return to the High Court case brought by the lawyers at ClientEarth. The case exposes the Government's lack of ambition to address our air pollution crisis. The verdict shows that the Government are committed to scraping by but, following the EU referendum result, that approach will not be enough.

Recommendation 7 sums it up perfectly:

“the Government must accord poor air quality a priority commensurate with the toll on the nation's health and environment.”

That is absolutely what we need now.

2.26 pm

**Geraint Davies (Swansea West) (Lab/Co-op):** I welcome the report. I serve on the Environmental Audit Committee, and I have proposed the Clean Air Bill that, in essence, calls for the development of sustainable public, private and commercial transport by road, rail, air and sea. Obviously, the background is diesel pollution. The Clean Air Act 1956 was passed to confront the 12,000 deaths in London in one year, 1952. Now we are seeing 9,400 deaths in London, and 40,000 across Britain, every year. We are looking at a silent killer on an industrial scale. At best, the Government's position is complacent and negligent. They have been dragged into court and forced to abide by EU standards. The strategy is minimalist, rather than an holistic approach that confronts the real problem. We know that people are dying, be it through heart attacks, lung disease or strokes. Unborn babies are being exposed through the placental wall.

The Select Committee Chair mentioned VW, and it is appalling that VW's NOx sensors were allowing 40 times the EU pollution limit. As I mentioned earlier, the US has taken firm legal action and sued VW for \$12 billion, but the EU and the UK are doing virtually nothing vis-à-vis VW. We know that we need to take action.

I have been working in conjunction with the Health Alliance UK on Climate Change, which includes the Royal College of Physicians, the Royal College of Paediatrics and Child Health, *The Lancet*, *The BMJ*, the Royal College of Nursing and the Royal College of General Practitioners. We have seen the huge protests by doctors against diesel deaths. People are getting wise to the fact that they are driving around inside silent killers, and that politicians of various hues have overseen an increase in diesel cars from a market share of some 10% in 2000 to 50% of new cars now. Nearly 40% of the stock is diesel. Of course politicians are frightened of doing anything, but they must do something to save people's lives and to save future generations. Poorer people and children disproportionately live near highly congested areas.

I completely agree with the Select Committee's recommendations, and I want local government to be empowered to provide more infrastructure, such as modern electric trams. I want local government to be

[Geraint Davies]

able to restrict diesel and heavy-polluting cars and vehicles from entering areas where there is particular vulnerability. I want the Government to introduce complete infrastructure for electric and hydrogen vehicles. As my hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick) said, electricity must be provided for ships that are coming into port and polluting local areas. There is another debate to be had about ships. Ships in the North sea create more pollution, diesel and otherwise, than the totality of transport in Britain.

We need to think about the wider picture. The Chair of the Committee mentioned agriculture and methane from cows; we must think about how to manage that as well, by promoting vegetarianism and encouraging best practice. We need to reduce the massive subsidies to the fossil fuel industry and the production of methane through agriculture. I know that people have been reconsidering Heathrow airport. A lot of the testing for the airport was based on old-fashioned modelling that underestimated the amount of emissions from cars roughly fourfold, did not even factor in emissions from the planes themselves, which will increase in number from 480,000 to 700,000 a year.

It really is not good enough. We have seen some action elsewhere: Paris, Madrid, Mexico City and Athens are seeking to ban diesel within the next decade. There has been talk in Germany; a motion was passed in the Bundestag to stop the sale of new diesel cars altogether across the EU from 2030. There are calls, whether caused by Brexit or otherwise, for the Government to support investment in hydrogen electric cars. In Swansea, we welcome the electrification of the railways, but it will not happen until 2024, and the trains will be diesel and electrified. Meanwhile, in Germany, they are developing the first hydrogen trains. We are absolutely miles behind and pretending to be at the front of the game.

The basic point that needs to be made is that we need a new, comprehensive fiscal strategy that encourages a clean and healthy future in terms of consumption and production and discourages bad, unhealthy and deadly behaviour. Since 1992, there has been basically no difference in fuel tariff between diesel and petrol, and despite inflation there has been no growth in either of them since 2010, so the real cost of diesel—the cost of promoting death—has been cut. We need differentials to emerge between diesel and petrol, and particularly in order to encourage electric and hydrogen.

I know that time is pressing for the Front-Bench speeches, so I will bring my comments to a close. I completely support what has been said in the report, and I think that much more must be done. I will circulate my detailed Clean Air Bill for comments and contributions, to help push forward on this growing problem for people not just in London but across Britain who want to protect themselves and their children from unnecessary death.

**Mr Clive Betts (in the Chair):** We now move to the Front-Bench speeches. We are not restricted to concluding this debate by 3 o'clock; the two debates together may take three hours. There are 10 minutes for each of the Front-Bench speeches on this report, and the Chair of the Select Committee has the right to make a brief response at the end.

2.33 pm

**Dr Paul Monaghan** (Caithness, Sutherland and Easter Ross) (SNP): This inquiry was conducted by the Select Committee on Environment, Food and Rural Affairs, led by the hon. Member for Tiverton and Honiton (Neil Parish). As a member of the Committee, I was pleased to participate. We published our report on 20 April 2016, after close scrutiny of 56 items of published evidence and four evidence-gathering sessions.

The Committee framed a number of recommendations, offered the UK Government additional advice and commented formally on a number of vital matters. We also endorsed the UK Government's approach to certain aspects of new road transport technologies. In developing our recommendations, the Select Committee considered 12 important themes relating to UK Government policy and air quality in England. The themes included: the integration and reinvigoration of UK Government actions and policy; Department for Environment, Food and Rural Affairs air quality strategy and analysis of cost relative to benefit; DEFRA nitrogen dioxide plans; how best to fund local action; EU emissions tests and the impact of test inaccuracies on DEFRA plans; the use of so-called defeat devices in software by Volkswagen; new road transport technologies; and emissions from ships, agricultural and greenhouse gases.

Despite mounting evidence of the health and environmental impacts of air pollution, the Committee found little evidence of a cohesive cross-Government plan to tackle emissions and improve the quality of the air that people breathe in England. In part, the Government's narrow focus appeared to relate to a failure by the Cabinet Office to establish clear duties and policy responsibilities for each Department. Furthermore, we observed that Ministers must begin to develop more open and transparent communication strategies in order to engage with the public. In that regard, we were unimpressed by the Cabinet Office's role in co-ordinating policy development and found the work of the inter-ministerial group on clean growth to be opaque.

Disappointingly, DEFRA policies aim to cut air pollution to the legal limits, although it is known that actual threats to health and the environment are evident at much lower levels. DEFRA policies therefore lack ambition, making little attempt to calculate whether cost-effective means can be developed to meet real-life demands representing much tougher targets. Such calculations could be based on robust evidence about the benefits of cleaner air against the costs of policies needed to achieve it, such as imposing constraints on polluting industries.

The Committee demonstrated that enhanced information flows are required within DEFRA if the contribution and value of clean air to society is to be identified and acted on. We also identified that DEFRA policies must begin to incentivise voluntary action rather than regulation. Mandating lower pollution is clearly not the most cost-effective method of encouraging a general focus, and it typically results in a compliance-focused approach by industry in relation to specific activities, rather than the development of a more generalised approach that seeks to accrue benefits associated with a more positive state of affairs. The Committee found DEFRA's overall approach to reducing pollution likely to result in a compliance culture.

Emission reduction targets should be based on scientific evidence and strategies for pollution reduction based on effective cost-benefit analyses. Ministers must set out

with absolute clarity the actions required across Government if the public are to be reassured that the Government are committed to improving air quality substantially. It is worth noting that parts of London, such as Oxford Street, now represent the most polluted environments in the world. The scale of the challenge facing the UK Government in England on emissions is immense, but the public will be interested to know that the UK Government are largely not addressing it.

In particular, the Committee was told that DEFRA's plans for clean air zones will impose a one-size-fits-all category D model on cities from Southampton to Leeds. In London, there are also plans for an ultra-low emission zone, but our evidence demonstrated that few in power appear to understand what that means. We also heard evidence suggesting that the UK Government must give local authorities greater control to implement policy flexibly, in order to tailor measures better to local circumstances. For example, we took evidence suggesting that cities would find it more effective to limit vehicle access at certain times of day or target specific bus routes rather than to implement less considered blanket bans on access.

It was therefore remarkable for us to find that the UK Government have planning powers to levy charges discouraging the use of vehicles in specific areas only for the five cities with the highest levels of pollution, although it is known that dozens of identifiable areas breach current EU pollution limits. That finding sits at odds with many developing nations, and indeed with policies being implemented now to address pollution in cities such as Athens, Paris, Rome and Madrid. If the UK Government are to avoid having their air quality policies left in tatters, DEFRA and the Department for Communities and Local Government must fund wider programmes such as those supported by the local sustainable transport fund, which has demonstrated that it delivers benefits cost-effectively.

We also looked at specific measures to reduce emissions from shipping, agriculture, the building industry, public transport and cars. We endorsed the UK Government's support for a wide range of technologies, including the provision of fiscal incentives such as lower fuel duty rates for cleaner fuels. We viewed positively new technologies such as gas-powered or hybrid vehicles and fully electric vehicles that can offer solutions for different transport needs. Sadly, however, the UK Government appear to be taking a technologically passive approach that is inhibiting support for the necessary research, development and implementation of low-emission technologies.

Indeed, the UK Government's response to our inquiry has been disappointing, if not lamentable. Not only have they failed to address the Committee's recommendations, but they recently lost two cases in the High Court in respect of their failures to implement appropriate measures to limit pollution. On 8 December, the European Union initiated legal proceedings against the UK Government for their failure to apply penalties against Volkswagen and, more worryingly, for failing to disclose full information to the EU Commission. Those failures and omissions are instructive. They are also a damning indictment of ineffectiveness—all the more so since the Minister herself told the Committee only this week that air quality was her "top priority".

We have found that DEFRA's approach is based on predictive assumptions that are too cautious. A history of failure to translate theoretical standards into cleaner

air means that it must keep its assumptions under review. At the current rate of change, it will be many, many years before ultra-low emission vehicles replace all the types of vehicles and heavy plant currently causing pollution. Faster progress could be made if further measures were introduced to encourage people to buy newer, perhaps unfamiliar and in many cases more costly, technologies. The UK Government must rise to that challenge or face the prospect of losing further credibility in the courts.

2.42 pm

**Rachael Maskell** (York Central) (Lab/Co-op): It is a pleasure to serve under your chairmanship this afternoon, Mr Betts.

While the High Court judgment on 2 November has subsequently reinforced the points made in the Environment, Food and Rural Affairs Committee's report, the Committee must be commended for the seriousness with which it has looked into air quality and not least for taking further evidence on Tuesday. I know that the hon. Member for Tiverton and Honiton (Neil Parish) and the Committee have made a number of recommendations, all of which the Opposition would support or even go further on under our plan for action. I note that the Government have failed to take the advice in the Committee's recommendations and plan, despite having had 239 days since the report was published to put a plan in place.

The Government's buzz-phrase about leaving the environment better than they found it is already wearing very thin, as they have had six years to make significant changes in this area and have now been told to do so on three occasions by the courts—the European Court too, we must remember. The Government have been minimalistic in their response and have been told by the judiciary to think again. They have been exposed, not only in their lack of progress on improving our air quality, but in their deliberate attempts to water down improved standards for the 2030 EU directive, as my hon. Friend the Member for Manchester, Withington (Jeff Smith) mentioned. The Government sought, through their MEPs, to adjust the ceiling on emissions to give Britain "flexibility" and allowed them to "adjust their inventory" if the country looked likely to breach targets. That is a scandal, and the Government must be held to account for it.

In the light of the Brexit discussions currently taking place, the question of exactly what form of regulation we will have over our air quality in the future is extremely worrying. While we are talking about leaving the EU, we must also be cognisant of what we have heard this afternoon about China's air quality. If we are signing up to trade deals that will pollute elsewhere around the globe, as the hon. Member for South West Bedfordshire (Andrew Selous) mentioned, we should be incredibly concerned. We must ensure that environmental measures are written into all trade deals to improve international standards.

**Geraint Davies:** Does my hon. Friend agree that in the case of CETA—the comprehensive economic and trade agreement between Canada and the EU—it is imperative that we build in air quality standards and compliance with the Paris standards, so that investor powers do not simply trump environmental imperatives?

**Rachael Maskell:** I thank my hon. Friend for making that point. It is really important that we demonstrate in all our international agreements and dialogue that we can lead on this agenda. I want the UK to be at the forefront, but tragically we are lagging behind.

It is remarkable that, in addition to what has happened, the Government have failed to recognise the weakness in their own plan, despite warnings from the courts to take action over poor air quality. As we have heard, they had to be dragged to the High Court again this year to defend the indefensible: a plan that sought to limit air quality improvements in just five areas outside London, when levels of nitrogen oxides in 37 out of 43 zones are exceeding European standards. We also need plans in other areas to address particulates and ammonia, as we have heard today.

The Government have consistently lacked ambition and tried to avoid their obligations to address this serious health concern. The cost is early mortality. We have heard about the 52,500 premature deaths and about the global scale of respiratory and cardiac disease, which kill 30 times the number of people killed in traffic accidents. The number of people who endure respiratory disease from air pollution has not been calculated, but that is a serious issue too. People are gasping for breath day by day. A young person with asthma, an older person with chronic obstructive pulmonary disease—the suffering of those individuals cannot be overstated. I worked in respiratory medicine for 20 years and I can tell hon. Members how life-limiting such illnesses can be. We have also heard about the cost to the NHS of up to £20 billion—ten times what the Government are prepared to put into mitigation processes. The Government's approach does not really recognise the scale of the crisis. Every life matters, and we need them to use every tool at their disposal to bring about fundamental change on their watch.

Let me welcome the Committee's work and set out what a Labour Government would do. We would introduce a clean air Act, because we understand the urgency of the matter. We would mainstream environmental standards, not just in transport but across all Departments, and ensure that they are integrated into our industrial strategy. We heard from the Prime Minister this week that, remarkably, after six and a half years the Government have not got an industrial strategy. What discussions has the Minister had with the Department for Business, Energy and Industrial Strategy about the future of the car industry? As we have heard this afternoon, so many countries, including Norway, the Netherlands and Germany, are making radical changes to clean up their transport systems. They will be decades ahead of us, so it is important that we take urgent measures now. Why did the Government not intervene on their own plans when they learned about the fourfold shortfall between laboratory testing levels and real emissions, and revise their targets? DEFRA should publish the data on real-world emissions and should take seriously the Volkswagen issue, to ensure that those issues do not occur again.

A Labour Government would go further than just talking about scrappage schemes. We know that those schemes provide an economic boost and are very important, but we would also look at a retrofitting programme to give vehicles more access to opportunities to clean up their emissions, and we would put the right financial drivers in the system to achieve that. We would have

clean air zones, as many of my hon. Friends have said today—not just in five areas, but right across the 43 areas. We would empower local communities, to ensure that the risk of failure is taken out of the system. We need a “can do” attitude from the Government, as my hon. Friend the Member for Manchester, Withington said, not a “can't do” attitude.

I was taken by the Select Committee's astute comment about the “polluter pays” principle. When that principle, which is one of the core strands of the Government's strategy, applies to buses, it is the passenger who pays, so passengers will opt to use alternative vehicles. Avoiding unintended consequences and closing loopholes is so important. That is the responsibility of the Government, but it has clearly not worked so far.

There are so many things that Labour would want to do to improve the wider strategies. We need proper investment into moving people into walk-cycle strategies, and we need to reform the public transport system, as we have heard from other colleagues. At the centre of all this is economics, as my hon. Friend the Member for Bristol East (Kerry McCarthy) highlighted. What discussions has the Minister had with the Treasury to ensure that the whole process of cleaning up our air is properly supported, and what was the result of those discussions?

I could talk about agriculture, but the Chair of the Select Committee has made such a good case already. The fact that our air is so polluted affects our whole biodiversity system. Will the Minister say when we will see the long-overdue food and farming plan? It was promised before Christmas; I hope we will see it by then.

Finally, I wish to highlight the issue of measurement. In its response to the report, the Government said:

“Access to data and information is essential to enabling informed choices to be made on the best approaches to tackling the sources of, and reducing exposure to, pollution.”

Why was the air quality monitoring budget in 2011-12 twice what it is now? Why has the number of projects dropped from 42 to 12? It is so important to monitor air pollution, especially around schools, where young people's lungs are developing and susceptible to pollutants. We have to measure what is in our air, so I want to see that budget restored to ensure that we are taking the right measures in the right places.

Tough action could be taken to clean up our air, and would be taken under Labour. The World Health Organisation describes air pollution as a “public health emergency”. The Select Committee said that the Government have failed to take a coherent, cross-Government approach. The High Court judge said that “the Secretary of State fell into error”.

We say to the Government: clean up your act and clean up our air. I have been so encouraged by the ambition demonstrated in the debate thus far. I trust that the Minister will build confidence with clear direction today.

2.52 pm

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey):** It is a pleasure to serve under your chairmanship, Mr Betts. I thank the Liaison Committee for granting this debate to my hon. Friend the Member for Tiverton and Honiton (Neil Parish).

Improving air quality is my top priority and I welcome the Environment, Food and Rural Affairs Committee's interest in this matter. Such interest is not unique to the Select Committee. Air quality has improved significantly over recent decades, through the regulatory frameworks put in place by successive Governments, starting with the Clean Air Act 1956 and continuing as we signed up to the international protocols that have been continually revised, usually brought into place by EU regulations. We have supported them. The standards have got tougher and I am determined that we will improve air quality further.

We are showing leadership in driving improved air-quality standards internationally through the Gothenburg protocol. As a result, in common with the rest of Europe, we now have legally binding targets to reduce UK air pollutant emissions by 2020, and to reduce them even further by 2030. The targets will be incorporated into our legislation by the end of June 2018. I will set out further actions in due course, including publishing the UK Government's air pollution action plan, which includes all pollutants, and we must do that by no later than March 2019.

The Government's ambition is that ours will be the first generation to leave the natural environment of England in a better state than we found it, which is why we are developing a 25-year environment plan that will include a strong focus on clean air. Our most immediate challenge, though, is to reduce the number of local pollutant hotspots caused by vehicle emissions. That is why the UK led the development of the real driving emissions test. From next year, vehicles will have to meet emissions limits in real driving conditions across a wide range of typical operating conditions. We have also committed more than £2 billion to increase the uptake of ultra-low emission vehicles and to support greener transport schemes. In addition, in the autumn statement we announced a further £290 million to support electric vehicles, low-emission buses and taxis, and alternative fuels. As has already been mentioned, earlier this year we set up the joint air quality unit with the Department for Transport. The unit is focusing on reducing local concentrations of air pollutants from vehicles.

In answer to my hon. Friend the Member for South West Bedfordshire (Andrew Selous), we are absolutely determined to maintain international leadership on the uptake of ultra-low emission vehicles. I recognise the figures he cites for Japan, but we have certainly been the largest market in the European Union this year, and the Government are increasing their support. In answer to my hon. Friend the Chair of the Select Committee, the UK already has the largest rapid-charging network in Europe. Alongside the comprehensive package of measures from the Office for Low Emission Vehicles, we intend to introduce in the modern transport Bill powers to regulate technical standards of infrastructure to ensure the easy compatibility of vehicles, and to require provision at motorway service areas and fuel retailers.

Following the outcome of the judicial review, the Government are developing a new and more ambitious national plan for reducing local concentrations of air pollutants. We are working at pace to update our modelling, in the light of the latest evidence, to inform our plan. Many options are being worked up for us to consider, including fiscal matters. We have established a cross-Whitehall approach, and I have personally arranged to

meet Ministers from the Department of Health, the Department for Business, Energy and Industrial Strategy, and the Department for Communities and Local Government. After those meetings and encouragement from DEFRA, the inter-ministerial group for clean growth was reconvened. We have started to meet monthly and are meeting again next month.

Officials from all the relevant Departments are working to consider what policies and funding will be needed to achieve our goals. Members should realise that the focus will be on carbon and air quality; I recognise that, as Members have said, carbon has been the focus in the past, without consideration of other matters. Meanwhile, DEFRA will continue to influence other strategies and policies as they develop. For example, we recently proposed a consultation on the impact of generators, which I suggest may have influenced a significant drop in the number of contracts being awarded for diesel generation in a recent capacity market. We will consult on the revised plan by 24 April, at which point I am sure the Select Committee will want to discuss matters further. The final plan will be in place by the end of July.

Clean air zones are a key element in our approach to reducing local concentrations of air pollutants, and local authorities already have the power to introduce them. I am pleased to say that Manchester is already considering introducing such a zone, without the Government having mandated it to do so. To support local authorities in creating them, and to ensure a degree of national consistency, we have published a draft framework for clean air zones. The consultation on the framework recently closed, and we received more than 200 responses, which we are now considering.

The hon. Member for Caithness, Sutherland and Easter Ross (Dr Monaghan) said that we would end up with a one-size-fits-all category D model, but that is not the case. Clean air zone standards will be varied by need: some will be category B, some category C and some category D. We will be requiring five cities—Birmingham, Derby, Leeds, Nottingham and Southampton—to implement clean air zones, and as part of our updates to the national plan we will look at whether we need to mandate more zones. As I said to the Select Committee, our indicative modelling suggests that that will be the case, but I need to discuss matters with the relevant local authorities before announcing anything to the House.

My hon. Friend the Chair of the Select Committee mentioned some other elements. Birmingham City Council is trialling the conversion of diesel to liquefied petroleum gas with taxis, but I am led to believe that it does not work technically for most cars. I know that costings have been done in the past for income-based scrappage, or a scrappage scheme more generally, but the Transport for London proposal about which my hon. Friend heard would not really work because it was talking about the exchange being for an Oyster card.

Alongside national Government action, I am encouraging local councils to do all they can to use existing powers to improve air quality and deliver real change, tailored to their local communities. Local authorities have opportunities to think about local land use and their decisions on planning, roads and, indeed, the local air quality management areas they themselves declare.

**Rachael Maskell:** Alongside giving that opportunity to local authorities, what resourcing is the Minister providing for them to take that work forward?

**Dr Coffey:** The hon. Lady will be aware that elements of funding are available as part of the air quality grant programme. The sum has increased at least sixfold since the previous grant last year. If we have good enough bids, we hope to work with the Treasury to consider how we can develop that funding further.

I recently sent letters to 230 local authorities with air quality management areas, seeking updates on their plans, and on their plans to move to compliance. From the number and quality of responses that I have already received, I have been pleased to note that positive action is being taken in many places. Mid Devon District Council has taken a lead role in the region's low emissions partnership; Rushcliffe Borough Council is taking forward a number of transport and educational initiatives, while also reducing the council's own impacts; and Norwich City Council has recorded a significant reduction in nitrogen dioxide after improving traffic flow and introducing a new fleet of Euro 6 buses. The Public Health Minister and I have written jointly to all directors of public health to encourage them to show their influence on air quality at a local level. The Mayor of Bristol replied to my letter and I am pleased to say I will meet him next month, alongside MPs from Bristol.

There are other matters to consider, such as reducing emissions of particulate matter, which is also an important priority for me. The largest source of those emissions now is domestic solid fuel, such as wood and coal burned in open fires and stoves, the use of which has increased significantly in recent years. I am considering a range of options to address this issue, and as a first step I plan to engage with stove manufacturers and retailers to understand the issues and identify where improvements could be made, through industry-led action on cleaner appliances and fuel. In particular, one of the messages that I would like to give out before the Christmas holidays is for people to think about the choice of wood that they use when they have open fires, and to use wood with the lowest moisture possible, to reduce the production of soot and dust.

With regard to farming, our target is to reduce ammonia emissions, which have already decreased significantly over many years. However, we know there is more to do. As a first step, DEFRA recently launched a farming ammonia reduction grant, to encourage the agriculture sector to help drive reductions in ammonia emissions.

I note the points that my hon. Friend the Member for Tiverton and Honiton raised on the use of fertiliser and grass feeds. DEFRA is also looking at greenhouse gas emissions, working with the Agriculture and Horticulture Development Board to drive forward efficiency gains in the beef sector via the beef genetic improvement network.

My hon. Friend also referred to construction, with regard to non-road mobile machinery. We have worked closely with the European Union and the legislation on that area was published in September 2016.

I recognise that the decision made by Greenwich Council was unpopular with the hon. Member for Poplar and Limehouse (Jim Fitzpatrick). According to the Mayor of Greenwich's website, the decision was considered for call-in by the Mayor but he decided

not to. However, my hon. Friend the Member for Tiverton and Honiton will be aware that our right hon. Friend the Minister of State, Department for Transport, has committed to look further at what can be done on shipping emissions, which I am sure is good news for air quality, not only on the Thames but around the country.

My approach on this issue is not to play the blame game or pass the buck. As was pointed out, a previous Government incentivised diesel vehicles, to cut carbon. I could casually blame them, but I just do not see the point of doing so. I do not blame local councils for this matter, but alongside our national strategy we need to take local action. As I have said before, improving air quality is my top priority and a top priority for DEFRA. We are committed to improving air quality across all levels of Government, to deliver the improvements that are needed. As my hon. Friend the Member for Tiverton and Honiton has pointed out, co-ordinated action is absolutely needed, and I can assure him that that work is under way.

In that work, we have the backing of our right hon. Friend the Prime Minister, who just last month said to the House:

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

**Mr Clive Betts (in the Chair):** I call the Chair of the Select Committee to wind up.

3.2 pm

**Neil Parish:** I thank the Minister; the shadow Minister, the hon. Member for York Central (Rachael Maskell); and the "shadow Minister" from Caithness, the hon. Member for Caithness, Sutherland and Easter Ross (Dr Monaghan)—I have elevated him, but he is a very good member of the Select Committee. I also thank the four other members of the Select Committee who are present today; I very much welcomed their support.

I also very much welcomed what the Minister said, because we do not want there to be a third court case that the Government lose, so that we perhaps end up being fined by the European Union for not meeting air quality targets. Nobody benefits from that—not our population, not anyone.

In our inner cities especially, there is a real problem. We will really have to work across Government together, we will have to work with local authorities, and we will have to address the situation in our inner cities. The problem is that although the number of electric vehicles is going up, they still make up only about 1% of our vehicles. In Norway, about 25% of vehicles are electric. There are lots and lots of ways to go. We talked about buses and taxis. But we must make sure that we all work together, because in the end when a man, woman or child is walking down our streets in London or across the inner cities of this country, they do not try to work out, "Is it local government, or is it the Government? Who is responsible?" All they want to have is clean air.

We can get there—I am certain we can—but we will have to put more resources in place. We will probably have to use a little more taxation in order to change people's views on what vehicles they drive. I accept that, as the Minister said, diesel vehicles were promoted by the last Government, as well as this one; but I think we have got to start to put that into reverse—literally. I look forward to seeing the Government come forward

with plans in that regard, because when they present their plans, first in April and then finally in July, we will need some real plans to tackle air quality, so that we are not back in this room, or elsewhere in this Parliament, debating this issue year in, year out, while too many people's health continues to be affected by very poor air quality.

*Question put and agreed to.*

*Resolved,*

That this House has considered the Fourth Report of the Environment, Food and Rural Affairs Committee of Session 2015-16, Air Quality, HC 479, and the Government response, HC 665.

## Greyhound Welfare

[ANDREW ROSINDELL *in the Chair*]

3.5 pm

**Neil Parish** (Tiverton and Honiton) (Con): I beg to move,

That this House has considered the Second Report of the Environment, Food and Rural Affairs Committee of Session 2015-16, Greyhound Welfare, HC 478, and the Government response, HC 133.

It is a great pleasure to serve under your chairmanship, Mr Rosindell. There are around 15,000 active racing greyhounds in the UK today. Although there has been a sustained decline in the popularity of greyhound racing in recent decades, the sport continues to draw crowds and in 2014 it supported a £1.3 billion off-course turnover for bookmakers. I will concentrate a little later on the amount of money being made from the betting on greyhounds and ask whether enough of it is getting back to support greyhound welfare and retirement.

Animal welfare standards expected by the public today are higher than at any time in the past. However, within the greyhound industry, there are sometimes two conflicting priorities—the welfare and integrity standards during a dog's racing career; and the view of a greyhound as a commercial betting asset. The Welfare of Racing Greyhounds Regulations 2010 introduced minimum standards for all greyhound tracks in the country.

The Environment, Food and Rural Affairs Committee published its report on greyhound welfare in February. It focused on the effectiveness of the 2010 regulations and their success in safeguarding racing greyhound welfare standards. It was timely, as it fed into the Government's overdue review of the 2010 regulations, which was published in September.

I will focus today on three of the Committee's recommendations: the need for greater transparency; kennelling standards away from the track, as well as on the track; and the financing of the industry. Greyhound racing tracks operate within a hybrid or two-tier system. The majority of racing tracks—24—are licensed by the Greyhound Board of Great Britain, or GBGB. That means that they operate under the GBGB's rules of racing and are subject to inspection by the organisation. The standards that the GBGB sets at tracks are also independently accredited by the United Kingdom Accreditation Service, and supported by the work of track veterinarians. Any track that meets the required standards may apply to be licensed by the GBGB.

In England, there are also a small number of independent tracks that are not licensed by the GBGB but regulated and inspected by local authorities. These tracks mostly cater for local hobbyists, who keep racing greyhounds mainly as a hobby.

Although different licensing arrangements exist, tracks under both systems must comply with the 2010 regulations. I accept that those regulations have succeeded in improving the welfare of greyhounds at tracks, but there is still much to be done. More transparency is definitely needed in the industry. There are currently no sources of reliable data on greyhound welfare in the public domain. It is therefore difficult to assess accurately the current level of welfare provision or to gauge improvements or deterioration over time.

[Neil Parish]

The Dogs Trust believes that approximately 3,500 greyhounds are unaccounted for every year in the UK. However, as statistics are not published, the true scale of the problem is difficult to assess. The regulations must be amended to require the publication of essential welfare data relating to injury, euthanasia and rehoming. DEFRA's approach is to rely on a non-regulatory agreement with the Greyhound Board of Great Britain to publish statistics from 2018.

**Kerry McCarthy** (Bristol East) (Lab): I do not know whether the hon. Gentleman saw the "Panorama" documentary that showed a continuing problem with doping in the industry. I know that the board carries out some random drug testing, but doping is still very much being used by unscrupulous owners to speed up or in some cases slow down the dogs. Does the hon. Gentleman agree with me that we need much more information about the extent to which doping is a problem and that we need action to tackle it?

**Neil Parish:** I thank the hon. Lady for her intervention. The Committee visited a GBGB track and we also went to an independent track. While we were at the GBGB track we saw the doping testing taking place. We saw the vets checking the welfare of the greyhound and its ability to race. On the day we went I do not think we could fault the amount of testing and inspection that was going on, but we want to be absolutely certain that on the days when we do not attend the track, the same process is taking place. When it comes to doping, welfare and how many greyhounds are racing, the transparency of the data will tell us where the greyhounds are and how many there are so that if there is a problem we can have the greyhounds tested afterwards as well. There is a real issue.

After what we saw, we believe that the industry is in some ways moving in the right direction and is perhaps not as prone to as much doping as has taken place in the past, but we want to be absolutely certain that it does not take place. It is not only the welfare of the greyhound that is at stake. Doping is an attempt to distort genuine greyhound racing and the result of the race.

I call on the Minister to explain why statistics will not be published until 2018 when the data are already available. In addition, the Government's latest regulation review did not take the opportunity to extend transparency of reporting to the independent tracks in England. From the industry's point of view and for the welfare of the greyhound it would be so good to have those figures. If there is nothing to hide, why on earth can we not have the figures sooner? I know that the Minister is very keen on animal welfare. If we had transparency, many of us would feel happier about the situation.

Kennelling is important not only at the track but at the trainers' kennels. Greyhounds spend approximately 95% of their time at trainers' kennels. There are pressing welfare issues facing the industry away from the track, and kennelling arrangements differ substantially between the two systems. Although the Government have a non-regulatory agreement with the industry to develop a standard for trainers' kennels, we are extremely concerned that there is no requirement for this to be used by the independent greyhound sector. Independent trainers'

kennels do not require licensing or inspection. We have concerns that the 2010 regulations do not go beyond racing tracks.

In our report, we urge the Government to extend the 2010 regulations beyond racetracks to cover standards at all trainers' kennels—both GBGB and independent trainers' kennels. We recommend that common welfare standards be developed for all kennels and that an independent body verify those standards. The Government are not treating this issue with the severity it deserves. We are disappointed that DEFRA has not recommended extending kennelling standards to the independent greyhound sector as part of its post-implementation review.

I now turn to the financing of greyhound welfare and the role of bookmakers. Greyhounds are bred for the sole purpose of racing—in other words, to provide a betting product. In our eyes, this means that bookmakers have some responsibility to support post-racing welfare, particularly in the area of rehoming. The bookmaking industry made a net profit of some £230 million from greyhound racing in 2014 with a margin of 18%—a margin that is significantly higher and less volatile than a number of other sports. It paid back around £33 million to the greyhound industry in fees for the rights to televise races, and a voluntary contribution for greyhound welfare was paid by some bookmakers.

There has been a decline in the voluntary levy in the past 10 years. In 2015 contributions were £6.9 million, down from £14 million in real terms almost a decade ago. This income stream is threatened by the growth of online and overseas betting operations, which do not tend to make the voluntary contributions. Greyhound racing is currently at the whim of bookmakers who may choose to contribute or not. The voluntary system allows bookmakers to walk away from their responsibility to the industry if the industry tries to increase the levy.

High welfare standards require financing. The onus should be on bookmakers who profit from greyhound racing to contribute financially to improving standards. I understand that discussions between the industry and bookmakers regarding the voluntary levy have now broken down. The Committee calls on the Government to introduce a statutory levy of 1% of gross turnover. This would provide a more stable income stream for animal welfare activities and create an even playing field between contributing bookmakers.

I would go as far as to say that we ought to name the bookmakers who make a contribution to greyhound welfare and those who do not. The bookies who do the right thing are contributing and ought to get some credit for it. The names of those who do not contribute should be made public. In the end, we have to make sure that there is enough money for rehoming. We have very good greyhound rehoming charities that do great work, but they need support, especially from the industry.

We went greyhound racing and we saw the race run in a reasonable way. We saw the greyhounds being checked, including when they came off the track, and we could see very little problem with the race. However, lots and lots of money is being made in online gambling. Therefore it is essential that online gambling should pay a contribution; if the race did not take place, it would not make its money. It should help with rehoming and looking after greyhounds when they finish racing. That is the biggest problem with greyhound racing: they are bred and

reared for racing, but what happens to them when they finish? Are they to be discarded or euthanized, or rehomed? We need accurate figures, and enough money for the animal welfare and rehoming organisations to be able to take the greyhounds.

**Jim Fitzpatrick** (Poplar and Limehouse) (Lab): I have been looking at my notes and I notice that in paragraph 79 of the report we named Betfair as one of the organisations that are shirking their responsibility. I strongly agree with the hon. Gentleman's point that we should congratulate contributors and name and shame those who do not contribute.

**Neil Parish:** I thank the hon. Gentleman, who if I may say so is a great member of the Select Committee, for that point. We want to be able to publish the names of those such as Betfair that do not contribute; let us also name the organisations that do, and see what happens. I think there would be a public outcry, and those that do not contribute would be more likely to do so. We want to be assured that when the greyhounds have finished their racing career, they will be properly retired and rehomed, and there will be money to help with that. That is essential.

If greyhounds are injured in their racing career, there should be enough money to pay veterinary expenses, so that those that are able to can have a fulfilling life in retirement, and will not be euthanized just because that is the easiest thing to do. We did not conclude that we wanted to ban all greyhound racing, but we felt that there was more to be done with respect to breeding, retirement and making sure that greyhounds that have finished racing have a decent life. It is therefore essential that all parts of the betting industry should contribute.

The Committee expects the greyhound industry and its regulator to make progress on the publication of injury, traceability, retirement and euthanasia data, as I have said. Trainers' kennels should also be inspected to a new transparent public standard. A two-year period to deliver those changes is reasonable. However, the EFRA Committee would expect an update from the GBGB within that timescale. Independent tracks are regulated by local authorities, not by the GBGB. Therefore, there is a gap in accountability and regulation. Local authorities should look to using DEFRA's imminent consultation on updating animal establishment licensing as an opportunity to raise standards in the independent sector.

The Committee believes that the betting industry must increase its contributions. Bookmakers profiting from greyhound racing have a clear responsibility to support greyhound welfare. If a voluntary agreement cannot be struck with bookmakers, we recommend that the Government introduce a statutory levy of 1% across the industry. That would work in a similar way to the horserace betting levy.

3.24 pm

**Jim Fitzpatrick** (Poplar and Limehouse) (Lab): It is a pleasure to see you in the Chair this afternoon, Mr Rosindell, particularly as, if my memory serves me well, you take a personal interest in these matters. I am sure that apart from the usual general interest, the report will contain things of specific interest to you and your constituents.

It is good to follow the hon. Member for Tiverton and Honiton (Neil Parish), the Select Committee Chairman. As he did in the previous debate, he covered the vast majority of the points that the Committee wanted to make, so I shall not waste time repeating what he said. He made an excellent job of representing the Committee's views, as he always does. I look forward to the Minister's remarks; I am not sure that he was the architect of the Government response, but he will speak on behalf of the Department so it is none the less his. I look forward, also, to the remarks of my hon. Friend the Member for North Tyneside (Mary Glendon), the shadow Minister, and those of my fellow member of the Environment, Food and Rural Affairs Committee, the hon. Member for Caithness, Sutherland and Easter Ross (Dr Monaghan), who is the Front-Bench spokesman for the Scottish National party on these matters.

The Select Committee Chairman made reference on page 3 of the report to a commitment to producing injury data. When the Minister was responsible for the issue he pressed GBGB to produce that, and it has said that it will do so. However, as the Chairman said, 2018 seems a long way off for data that are available now; they could be anonymised, made available and published now. On the matter of the number of dogs euthanised, I understand that animal welfare charities calculate that at the moment between 3,000 and 4,000 dogs disappear each year. When I introduced my first ten-minute rule Bill on the issue, in 1998, the figure was much higher, so there has been significant progress; but thousands of dogs still disappear, which is a cause of huge concern to those interested in animal welfare.

I must confess that I stumbled over the word "trainer's" under recommendation 4; it looked to me as if it meant a single trainer's kennel, whereas we are talking about all trainers' kennels. I thought that the apostrophe should have been at the end. It could be argued that it is in the right place, but that does not suit the way I was taught English at Holyrood secondary school in Glasgow. The question of trainers' kennels is a key issue. As the Chairman of the Select Committee outlined, the dogs are estimated to spend 90% to 95% of their time in the kennels. The Dogs Trust has produced recommendations on the welfare needs of dogs—a suitable environment and diet, the ability to exhibit normal behaviour patterns and be housed with or apart from other animals as appropriate, and that they should be protected from pain and suffering. Given that most of the dogs' time is spent in kennels, the fact that the regulations published in 2010 do not address the issue of trainers' kennels is a huge omission. The Government should move on that as quickly as possible.

The second paragraph of the Government's response to the same recommendation states:

"As previously mentioned, Defra are currently considering all the evidence gathered as part of its review before considering whether any changes are needed to the 2010 Regulations."

That reinforces the concern articulated by the hon. Member for Tiverton and Honiton about the time within which they are responding to the issues raised by the Committee.

The question of rehoming is mentioned at the top of page 5. GBGB has already agreed to the Minister's request to publish data on injuries, and that is welcome. However, the information is available and we would accept anonymised data for bona fide research and academic purposes, so 2018 seems a bit of a way off.

[*Jim Fitzpatrick*]

My hon. Friend the Chairman—I call him my hon. Friend for the purposes of Select Committee solidarity—made some points about the betting levy and how much it is worth. I would be grateful if the Minister could respond specifically to this point. As the Select Committee Chairman outlined, £200 million is generated and £33 million goes back to the industry, so I am not sure how significant half a million pounds is. What is the Minister's perspective on that? The third paragraph on page 6 of the Government's response says:

"The remote betting industry estimates that this will add about £2m to the overall transfer of value from the online betting industry to the greyhound industry."

Is the half a million pounds coming from that £2 million, or is it additional money? I was not clear how the figures relate to each other.

In conclusion, there is widespread concern among animal welfare charities. I am sure we all received representations from the RSPCA, the League Against Cruel Sports, the Dogs Trust, Blue Cross and others. When this issue was part of the Minister's portfolio, he took it seriously and was heavily involved. The Department's response refers to 2017 and 2018 and having another look at things in due course, once we have a better assessment of whether the 2010 regulations have worked or not, but they clearly have worked. The vast majority of people and certainly the Select Committee believe that the regulations should be extended. They certainly should be extended to the kennels of trainers. They should be extended to bring forward data on injuries and closer scrutiny of how many dogs are disappearing, so that we can eventually get that number down to zero.

3.31 pm

**Dr Lisa Cameron** (East Kilbride, Strathaven and Lesmahagow) (SNP): It is a pleasure to serve under your chairpersonship, Mr Rosindell. I thank the EFRA Committee and the hon. Member for Tiverton and Honiton (Neil Parish) for leading the debate today. I start by thanking the great many organisations that work for greyhound welfare across the UK, including Scotland's Greyhound Rescue, the League Against Cruel Sports, Blue Cross, the RSPCA, the Scottish Society for the Prevention of Cruelty to Animals, Scottish Greyhound Sanctuary, Give a Greyhound a Home, the Dogs Trust, the International Fund for Animal Welfare and West of Scotland Greyhound Welfare, which looks after greyhounds in foster homes and kennels across my area.

Greyhounds are raced until they are three to four years old. Then, many will be put down. Greyhounds are described as being very clever. They are generally very gentle, and they are fantastic with children. Two 20-minute walks a day is all they need, as they are built for speed, not stamina. They should be rehomed, not disposed of.

My first contact with greyhound racing was extremely distressing, and it has never left me. I was working as a psychologist in the NHS, and my colleague was married to a local vet. He was just starting in his career, and he was doing evening sessions at the greyhound track at Shawfield stadium in Glasgow. I believe it is a regulated stadium. At unregulated stadiums, veterinary cover may not be in place at all. My colleague routinely came into work upset, stating that there had been another dead

dog in a bag in her garage that morning before she left for work. She described the terrible circumstances in which her husband worked in the evenings, where he was placed in a double-bind. He had to put down dogs that were injured or judged not to be good enough, otherwise they would be killed in inhumane ways—hit over the head with bricks, with their bodies discarded in the countryside and their ears cut off to prevent detection. They were left on motorways or in mass graves elsewhere. The dogs were simply treated as commodities by individuals whose sole goal was to make money at their expense. He often had to euthanise dogs that could have been treated medically and recovered; otherwise, in his words, they would simply have met a much worse fate. As a young vet, that must have truly depressed him, and it still upsets me to this day to think of it.

The second time I came into contact with greyhound welfare issues was slightly different. I was working in forensic mental health services. I often had to risk-assess violent offenders and provide recommendations for their management. I had to assess an offender who had been extremely violent towards his partner and children. He owned two greyhounds, and assessment revealed that he went hare coursing illegally with the dogs. As with many violent individuals, he had a history of violence towards animals, including his dogs. They were regularly kicked and beaten by a man, six foot tall, who used them to kill hares in the middle of the night. It was his favourite pastime, alongside violence towards humans.

Since that time, many of my colleagues and friends have rehomed greyhounds. They speak of the unspeakable lives that greyhounds live today, both within and outwith the industry. Some greyhounds are engaged in illegal hare coursing. Few prosecutions occur, so things have not got better. It makes me sick to the stomach to think of the suffering and distressing lives that thousands of greyhounds have today.

I would like to see change from the Minister. The industry needs radical reform. There should be one system of regulation covering all tracks. Local authority officers are not resourced properly or trained adequately to be able to assess tracks. They are not required to inspect tracks regularly, and that needs to be addressed. We need to address data on retiring greyhounds, the number of dogs euthanised unnecessarily and the accidents and injuries that occur at trackside. As we have heard, thousands of dogs go unaccounted for each year, and that simply is not good enough. There need to be regular inspections of breeders and training kennels, and not just tracks. We need to ensure the welfare of the dogs where they spend most of their lives.

The problem of doping needs to be addressed. Dogs are drugged to speed up or slow down their progress. That further undermines the integrity of greyhound racing and has serious effects on dog welfare. Mandatory testing should be required at tracks. Those found to be using drugs should face punishment including fines, bans, imprisonment or rehabilitation, or many of the above. We need to increase the number of dogs tested.

Ultimately, I do not wish to see self-regulation continue in the industry, as I feel it prolongs the time it takes for change. I have little faith in the industry regulating or reforming independently. The UK is already behind many international standards. Repeated attempts at reform have failed, so we need Government action now. There should be greyhound passports or tracking and a

moratorium on new tracks opening. Bookmakers should take responsibility and contribute to improvements in standards. The public simply will not stand for inaction in this realm. We must address the scourge of greyhound cruelty that permeates the UK.

3.37 pm

**Anna Turley (Redcar) (Lab/Co-op):** It is a pleasure to serve under your chairmanship, Mr Rosindell, in this important debate. I rise to speak as someone who has a forthcoming private Member's Bill to increase the sentencing for animal cruelty, but it behoves all of us with an interest in the welfare of our animals to be here today to speak out and ensure that our system protects those who cannot speak for themselves about abuse and cruelty. That is especially important for animals involved in a working environment where the nature of the industry can put them under unusual pressure and strain.

Greyhound racing is a long-established leisure activity, but its success must be built on fair treatment, from cradle to grave, of the animals involved. There are real concerns about how far the Welfare of Racing Greyhounds Regulations 2010 have led to sufficient protections for racing greyhounds. DEFRA's review into the success of the regulations does not adequately take those concerns into account. Self-regulation of the industry through the Greyhound Board of Great Britain is not open or accountable, and the GBGB has lost the confidence of many stakeholders and greyhound welfare organisations. It is not being sufficiently transparent to demonstrate that greyhound racing is a welfare-friendly activity.

One of the biggest issues is the lack of openly published data on the welfare of racing greyhounds. Baseline data on injury, euthanasia and homing after retirement from racing should be published by GBGB-licensed tracks and by independent tracks monitored by local authorities. Without those data, accurate comparisons simply cannot be made. Indeed, the RSPCA has called for greater transparency and the collection and publication of data throughout the life of every greyhound. In a submission to the Environment, Food and Rural Affairs Committee, it said:

"The best way of doing this would be to adopt a joined up approach to track dogs, born in the UK and the Republic of Ireland, utilising one centralised database which could be used to capture information on racing status, injuries, drugs, retirement etc and could be used for rolling analysis and to identify patterns and allow remedial action to be taken for example should there be found to be an issue at a particular track."

It could be argued that the Government are themselves encouraging the industry to be opaque by failing to ensure that the baseline statistics are published so that the industry's performance can be evaluated. In 2007, the Associate Parliamentary Group for Animal Welfare recommended that the industry should be required by law to publish annual statistics.

**Jim Fitzpatrick:** I am grateful for the opportunity to intervene, as my hon. Friend is making the same point that was raised by the Chair of the Select Committee, by the hon. Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron) and by me: that the statistics for injured animals are very important. The Minister has a great track record—excuse the pun—on this matter. He was pushing the industry all the way down the line; he got them to make the agreement. With all due

respect, in my view there has been a bit of slippage, in that the deadline is now 2017-18. The figures do exist. They ought to be available and hopefully, as a result of this debate and decisions elsewhere, they will be published.

**Anna Turley:** My hon. Friend is absolutely right. We cannot continue to just push this into the long grass. Action must be taken.

Ten years on, DEFRA's position to simply encourage the regulator is clearly not working. In fact, the lack of data undermines DEFRA's review of the success of the 2010 regulations, because full data are not publicly available. The Committee's report of February 2016 stated:

"The absence of baseline data regarding issues such as injuries, euthanasia or rehoming makes it difficult to accurately assess the impact of the 2010 Regulations on key welfare issues."

The Government acknowledged that difficulty in their response when they said,

"the absence of such data has made assessing the effectiveness of the 2010 Regulations difficult".

Another issue that goes unaddressed by DEFRA's review is the two-tier system of welfare standards between GBGB tracks and those licensed by local authorities. The 2010 regulations do not establish a minimum set of welfare standards for all tracks and there are discrepancies in the way in which the Animal Welfare Act 2006 is applied and enforced at different tracks. On enforcement, greyhounds racing on self-regulated GBGB tracks are not protected under the Act. On tracks licensed by local authorities, there is no mandate for the local authority to adopt and enforce the Act, and most do not because of the financial cost of doing so and a lack of resources, which is even more of an issue in the current financial climate.

To give an example of the two-tier system, in 2011 an independent trainer was banned from keeping animals for life and received an 18-week suspended sentence for giving his dog Viagra and cannabis. In comparison, in 2014 a trainer licensed through GBGB gave his greyhound amphetamine, following two previous incidents of administering illegal drugs, and the disciplinary committee gave him only a six-month disqualification suspended for two years and a fine. That is a stark example of the absence of minimum welfare standards, which the 2010 regulations have done nothing to rectify.

In its submission to the Committee's inquiry, the Association of Track Veterinarians, who are directly employed by the GBGB, stated:

"We are unanimously concerned that without appropriate changes, the current regulations will not improve greyhound welfare to acceptable standards, indeed even current welfare standards are likely to deteriorate with time."

It is clear that there are significant issues with self-regulation in its current form. I am minded to support calls by various stakeholders—including the campaigning organisation Greyt Exploitations, which campaigns for a ban—for an independent regulator to ensure standards are adhered to and the process is publicly transparent. I would also urge the Government to compel, through legislation, the collection and publication of baseline data so that the industry is more transparent and welfare standards can be monitored. If the public's concern for greyhound welfare continues to be ignored, that will only exacerbate the situation and escalate calls for a ban. We cannot allow poor treatment of racing greyhounds, or of animals in general, to go unaddressed.

3.43 pm

**Dr Paul Monaghan** (Caithness, Sutherland and Easter Ross) (SNP): It is good to see you in your place again, Mr Rosindell. I am grateful for the opportunity to contribute to the debate.

The inquiry was conducted by a Sub-Committee of the Select Committee, which was led by the hon. Member for Tiverton and Honiton (Neil Parish)—I will call him my honourable friend, in support of the solidarity of the Committee. I was very pleased to participate as a member of that Sub-Committee. We published our report on 10 February 2016, following detailed scrutiny of 65 items of published evidence, four evidence-gathering sessions and two site visits. We framed a number of recommendations, offered the UK Government additional advice and made formal comment on a number of vital matters.

Greyhound racing has been relatively common in the UK since the 1920s. In recent years there has been a sustained decline in the popularity of such racing, but it continues to draw substantial interest, to the extent that in 2014 it supported a £1.3 billion off-course turnover for bookmakers. It is big business.

The Sub-Committee heard very distressing stories of animal abuse and mistreatment. We heard about animals being discarded or destroyed when no longer fit to race. Examples included dogs being thrown out of the back of vans on motorways on the return journey home from a lost race and microchips being transferred from dog to dog to evade scrutiny and legitimate checking processes. There were also allegations of doping. My hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron) rightly highlighted examples of cruelty identified by those animal charities that care so well for many of these animals.

As we have heard, the report considers carefully the often conflicting interests of enthusiasts and those concerned with animal welfare. However, there is a third interested party: bookmakers, specifically those responsible for the Bookmakers Afternoon Greyhound Service, which in 2014 paid £26 million to dog tracks for the rights to televise and broadcast some 29,000 races each year. In 2007, the Donoghue report into the industry—and it is an industry—found:

“If it were not for BAGS, there would no longer be a sustainable licensed greyhound racing industry”.

The Committee found no reason to disagree with that statement. We found that the all-day racing schedules of BAGS require large numbers of dogs and put enormous pressure on trainers, owners, handlers, tracks and the animals to meet the broadcasting schedule of the large bookmakers that control BAGS.

The Welfare of Racing Greyhounds Regulations 2010, which the report assessed, governs the tracks. Greyhound welfare is also covered by the Animal Welfare Act 2006, which requires recognition of conditions away from the track, including trainers’ kennels, and makes it an offence to be cruel to a greyhound or not provide for its needs. The 2010 regulations were made under that Act and specifically cover conditions at the racing track. The enforcement of the 2006 Act was beyond the scope of the inquiry, but it has been considered subsequently by a second Sub-Committee. The Breeding of Dogs Act 1973, EU Council Regulation 1/2005 and the Microchipping of Dogs (England) Regulations 2015 are also relevant to the inquiry.

Greyhound racing tracks operate within a hybrid or two-tier system. The majority of racing tracks—24 at the moment in England—are licensed by the Greyhound Board of Great Britain, which means they operate under GBGB’s rules of racing and are subject to inspections by the organisation. The standards that GBGB sets at tracks are independently accredited by the United Kingdom Accreditation Service and are supported at the tracks by the work of track veterinarians.

In England, there are also around five independent or “flapper” tracks that are not licensed by GBGB, but which are regulated and inspected by local authorities. Independent tracks have seen a notable decline in recent years. There were nine when the 2010 regulations were introduced and there are now just five. We found those tracks mostly cater for local hobbyist racing, as opposed to GBGB tracks, which are large-scale, commercially focused and often televised. Although different licensing arrangements exist, tracks under both systems must comply with the 2010 regulations. Askern Greyhound Stadium in Doncaster is one such flapper track, and it was visited by the Sub-Committee. I was pleasantly surprised by the care and attention that is given to animals at that independent track. I found that, in some respects, the standards of care and the attitude towards the animals were better than the standards at the Ladbrokes-owned GBGB track in Crayford, which we visited.

The Sub-Committee was concerned about a number of welfare issues that do not appear to have been fully addressed by the 2010 regulations. First, the regulations do not cover trainers’ kennels, where, as we have heard, racing greyhounds spend approximately 95% of their time. We found that a broad consensus agree that extending the regulations to include those kennels and incorporate them into the UKAS inspection regime is necessary.

Secondly, the fate of retired dogs that are unable to be rehomed at the end of their careers was unclear to the Sub-Committee. We heard from the Greyhound Forum that between 1,000 and 3,700 dogs are unaccounted for each year. I was personally unconvinced that the introduction of microchipping would address that issue, improve traceability or remove the uncertainty about the dogs’ fate. Finally, we were concerned about the inconsistency in the enforcement of greyhound welfare standards across England. For example, Dr Hazel Bentall told us:

“I have seen no evidence that the regulatory framework is consistent and moderated.”

The hon. Member for Redcar (Anna Turley) rightly highlighted the absence and importance of baseline data on issues such as injuries, euthanasia and rehoming, which made it difficult to accurately assess the impact of the 2010 regulations on key welfare issues. Nevertheless, we identified two key questions relating to the effectiveness of the 2010 regulations. First, are adequate standards of greyhound welfare upheld under the current regulatory framework? Secondly, would a self-regulated industry see statutory guidelines as a minimum standard to be proactively built on, or is meeting the minimum requirement the full extent of its ambition?

We argue in our report that DEFRA must amend the 2010 regulations to require the publication of essential welfare data, utilising a database containing microchip data. We also argue that bookmakers profiting from greyhound racing have a responsibility to support

greyhound welfare. Members of the Sub-Committee considered a statutory levy of 1% of gross turnover to be the most effective mechanism for achieving that. That recommendation addresses the finding that the existing, voluntary levy is ineffective and, as we heard earlier, not paid at all by Betfair, which is a major online betting exchange. Personally, I consider Betfair's approach to be an abrogation of its responsibility to an industry that it profits from very significantly. I hope its customers and racing enthusiasts consider that abrogation when choosing where to take their custom in the future. We also argue that the 2010 regulations should extend beyond racetracks to cover standards at trainers' kennels and include independent verification of those standards.

DEFRA's response to the Select Committee's report was published in June 2016. I was disappointed by the UK Government's failure to support the sustainability of the industry. DEFRA noted its commitment to publishing statistics on injury and euthanasia, but did not require the GBGB to act until 2018. That point was well made by the hon. Member—my hon. Friend, perhaps—for Poplar and Limehouse (Jim Fitzpatrick). It is deeply regrettable that the UK Government made no commitment to extend the regulations to cover trainers' kennels. However, in September they published "Welfare of racing greyhounds: post implementation review". That report is sadly an essay in procrastination. That, too, is regrettable.

The EFRA Committee's report is a significant advance that highlights many of the greyhound racing industry's failings. The UK Government's response is not. I recognise the Minister's personal interest in animal welfare, but the continued lack of commitment from the industry—particularly the large bookmaker-owned tracks—and the UK Government should shock the public.

3.54 pm

**Mary Glendon** (North Tyneside) (Lab): It is a pleasure to serve under your chairmanship, Mr Rosindell, and to hear of your particular interest in this serious subject.

I congratulate the Chair of the EFRA Committee, the hon. Member for Tiverton and Honiton (Neil Parish), and all members of the Committee on their excellent and, I think we all agree, thorough report. I thank them for the detailed work they undertook to produce it, and for the time they spent visiting racetracks in London and Doncaster. The report sets out the concerns not just of the Committee but of animal charities, veterinary professionals and others who gave evidence that helped the Committee to reach its conclusions and make recommendations to the Government. I share the frustration of Members who have spoken today and the Committee. I am concerned that the Department's response to date has not been more robust.

The sport of greyhound racing has declined in recent years. It has been enjoyed in this country for more than 90 years, and I hope it will continue to be part of our sporting life for many years to come, but only if the welfare of the animals that make the sport such a pleasure is a paramount concern for all those responsible for looking after their wellbeing.

The EFRA Committee's report focused on the welfare of the 15,000 active racing greyhounds and the effectiveness of the existing regulatory framework. It looked at the broader welfare situation, and made a number of practical

and achievable recommendations, to which DEFRA must give more detailed consideration in its review of the 2010 regulations.

The EFRA Committee report acknowledges that the 2010 regulations have led to some improvements, but it is concerning that the report also states that it is possible to make only a subjective judgment about the effectiveness of the regulations because of the lack of data on key welfare indicators. That was highlighted by my hon. Friend the Member for Redcar (Anna Turley) and others, including the hon. Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron). The Committee is right to ask that the regulations be amended to require the publication of essential welfare data relating to injury, euthanasia and rehoming numbers. As vets have stated, epidemiological analysis could improve greyhound welfare, so that has to be taken into account. Rehoming charities have said that the publication of data would allow them to make forecasts and plan their business, and owners and trainers believe it would reduce some of the criticism of the sport.

It is the aspects of the sport that the regulations do not cover that have proved to be of particular concern, as highlighted my hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick), the Chair of the Select Committee and others. As has been said so many times this afternoon, the fact that trainers' kennels, where racing dogs spend 95% of their time, are not covered is of concern to all stakeholders. It is generally felt that kennels should be included in the UKAS inspection scheme. I hope the Minister will comment on that. There is also the fact that kennelling arrangements differ between the two systems that have been described today.

The independent tracks that come under local authority inspection do not have the same level of inspection as those that come within GBGB's remit. It is particularly important to raise the issue of the responsibility that the Department is happy to place on local authorities, because this very morning the Government announced harsh cuts to local government funding, yet in their response to the Committee the Government encouraged the LAs to make full use of their investigatory powers under the Animal Welfare Act 2006. It is quite rich that we have had the announcement of harsh cuts today.

I agree with the EFRA Committee that the Department should consider encompassing the independent sector within the codes of practice being constructed with the Greyhound Board of Great Britain, in particular with regard to what alternative would be considered if self-regulation and transparency fail to improve welfare standards for racing dogs at tracks operated inside and outside the board's system. Also, the Greyhound Forum has said that up to 3,700 dogs are unaccounted for each year. Statutory microchipping will go some way to highlight this issue, but compatibility between the GBGB and other pet databases is needed to accurately track the whole life of a racing greyhound.

Perhaps most important, as highlighted by the Chair of the Committee, is the area of finance, which needs to be addressed in legislation. The EFRA Committee welcomed the Government's assurances that pressure has been brought to bear on the betting industry with regard to its voluntary contributions towards greyhound welfare. Are the Government sure, however, that the industry will respond to a call for greater welfare contributions

[Mary Glendon]

to avoid the imposition of a statutory levy? This has been said time and time again this afternoon. A levy seems much more preferable to waiting for a further voluntary response from the betting industry. After all, the voluntary scheme has seen a fall of 50% in the past decade. I hope that the Minister will respond positively to the Committee's call for a statutory levy—I am sorry to repeat that, but it is important to have one.

Overall, the Government appear to be paying lip service to the excellent recommendations made by the EFRA Committee. In the words of Paula Boyden, director of the Dogs Trust:

“The Government are not treating this issue with the severity it deserves—their proposed changes are minimal and lack the urgency needed to improve the industry. We have long campaigned and will continue to campaign tirelessly to ensure that these much needed changes to improve and regulate greyhound welfare are implemented.”

The evidence in the report gives the Government the opportunity to improve the welfare of racing greyhounds throughout their lives. I hope that the Minister will respond more fully today and will clarify for the Committee exactly when the outcomes of the review will be published.

4.2 pm

**The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice):** It is a great pleasure to serve under your chairmanship, Mr Rosindell, in particular because I know you have knowledge of and interest in the subject of the debate. I welcome this debate and the interest that the Chair of the Select Committee, my hon. Friend the Member for Tiverton and Honiton (Neil Parish), and all the other members of the Environment, Food and Rural Affairs Committee have shown in prioritising this and other animal welfare issues for inquiry by their Committee.

I am also conscious that the hon. Member for Poplar and Limehouse (Jim Fitzpatrick) is something of an expert on the Welfare of Racing Greyhounds Regulations 2010, because I think he was the Minister when they were passed. The Committee clearly benefited from his experience. It is unusual for Ministers to be able to review their own regulations some years after introducing them. I am sure he enjoyed that experience.

As hon. Members might know, earlier this summer we had a rearrangement of portfolios in DEFRA. My noble Friend Lord Gardiner now takes responsibility for the issues we are discussing and will be taking them forward. However, I retain a passionate interest in the companion animal brief, and I am delighted to be able to represent it still in the House of Commons when we have debates such as this. I was also pleased to be involved in the early work of reviewing the regulations and, indeed, in giving evidence to the Select Committee.

The EFRA Committee report into greyhound welfare has made a significant contribution to our post-implementation review of the 2010 regulations. Before I come to the individual questions asked by hon. Members, it might be helpful if I briefly set out the areas in which the Government are in agreement with the Committee and what the Government said in our post-implementation review of the regulations, which was published in September, after our June response to the Committee.

For us, one of the EFRA Committee's most important findings was that the introduction of the 2010 regulations appears to have improved the welfare of greyhounds at racetracks. That was one of the key objectives of the regulations when they were introduced. DEFRA's own post-implementation review found that, when judged against their original objectives, the regulations have been broadly effective, especially in ensuring higher standards at independent tracks. I recall looking at the detail of that, and something as simple as ensuring a veterinary presence at all the tracks has clearly been instrumental in changing the culture. It is probably the single most important requirement of the regulations.

A key recommendation of the Select Committee report was that the industry self-regulatory body, the Greyhound Board of Great Britain, or GBGB, should be given a two-year probationary period to prove that it can be an open and transparent regulator of the sport “without legislative compulsion”. The Government fully agree with the Committee that GBGB could and should have done more since the introduction of the 2010 regulations to prove itself to be open and transparent. However—again, we are in agreement with the Committee—we have seen no evidence of significant failings on the part of the board to suggest that it cannot fulfil that role or that another independent regulator is required.

With regard to standards at the track, the board's ability to self-regulate is legislated for by its continued accreditation for track standards by the United Kingdom Accreditation Service, or UKAS. UKAS provides independent, external oversight of GBGB's performance as a regulator of standards at GBGB tracks. Should GBGB lose its UKAS accreditation, it will automatically lose its ability to self-regulate track standards, responsibility for which would then fall to a track's local authority. One of the key findings of DEFRA's review is that the system of enforcement of the standards in the greyhound regulations, taking account of the GBGB's UKAS accreditation, appeared to be satisfactory in maintaining track standards. Indeed, we want to see that type of model replicated for the board's enforcement of standards at trainers' kennels, which has been mentioned by a number of hon. Members.

As part of DEFRA's review, the board agreed to sponsor a British Standards Institution publically available specification for trainers' kennels, which the board will adopt as the standard for its trainers' kennels licensing scheme. The board will then seek to extend its UKAS accreditation to cover the kennel licensing work. I believe that proposal goes a long way towards addressing the concerns expressed by many hon. Members about standards at kennels away from tracks.

The Select Committee recommended that we extend the 2010 regulations to cover trainers' kennels. Our review did not rule that out. The Government want to see how the greyhound board delivers on its commitments before we consider what further regulations might be needed. Given that we have an undertaking to introduce a new BSI standard for trainers' kennels and to make that part of the UKAS accredited scheme—which the existing system predominantly is—it makes sense to see how that works before making any decision to regulate. We have been clear that if necessary, we will regulate, because it is important to keep the board's feet to the fire and to make it understand the stakes.

**Jim Fitzpatrick:** I am sorry if I missed this, but did the Minister say what the timescale was for introducing the new BSI standard?

**George Eustice:** We do not have a timescale, but I believe that the board is developing the standard now. We expect to see it developed, certainly during the course of 2018. Indeed, we have decided to delay the introduction of some of the small legislative requirements necessary until we have had an opportunity to review how the BSI standard is working.

The Government also want the board to deliver on the other commitments it has given to Ministers, which tie in closely with the Select Committee's recommendations and its proposed two-year probationary period. The board has agreed to begin publishing annually from 2018 figures for the number of dogs injured and euthanised at GBGB tracks and the number of dogs that leave GBGB racing, including an explanation of what "leave" means.

**Neil Parish:** I thank the Minister for going into so much detail about our report and how the Government are implementing quite a lot of what we recommended. I just question why it is necessary to wait until 2018 for those figures. Either GBGB has them or it does not. Why can it not bring them about now?

**George Eustice:** I will move on to that point, which my hon. Friend raised in his speech. I had that conversation with GBGB. The 2010 regulations required tracks to record those data as part of the local authority licensing regime and the UKAS regime run by GBGB, but those data were never actually collated centrally by GBGB. When I had that conversation with GBGB to secure its commitment to publish those anonymised data, it undertook to begin collating them forthwith. That happened to be earlier this year, so a full set of annual data will be available at the end of 2017. That is what lies behind GBGB's commitment to publish the data from 2018. I reassure my hon. Friend that I pressed GBGB to see whether the data could be published earlier, but it explained that it had not yet collated them and they were simply recorded by individual tracks. I took that at face value, and I understand what the board says. If we can get those data published from 2018, that seems an important step forward and will probably achieve things far faster than any regulatory device might.

My hon. Friend also mentioned kennels away from tracks, which I have dealt with already. GBGB is planning to add that to the UKAS accreditation scheme and is developing a BSI standard for it.

My hon. Friend made the good suggestion that it is important that we recognise and give credit to gaming companies that contribute to the voluntary levy. As part of its annual report, the British Greyhound Racing Fund publishes a list of all the bookmakers that contribute to that fund. I do not have a copy of that report with me, but I am reliably informed that it already lists and gives credit to everyone who contributes to the fund. It is open to the industry to name and shame those who do not contribute. Indeed, the industry would probably gain some kudos if it were willing to do that, because I have not heard any Member here express sympathy with people who freeload and do not pay their share. The industry and the racetracks may want to consider that.

**Kerry McCarthy:** In their response to the Committee's report, the Government mention encouraging payment of the voluntary levy and naming and shaming, but would it not be a lot easier just to make that a statutory requirement so that everyone has to abide by the same rules and pay their way?

**George Eustice:** The hon. Lady makes a point that several hon. Members have raised. As she will be aware, this area of legislation is a matter for the Department for Culture, Media and Sport. There is already a statutory horse-racing levy, which has issues of its own. To extend the remit in the way that she and others have suggested would require primary legislation—I do not think we could do that through secondary legislation—and I am told that there may also be EU state aid and competition law issues. Clearly, those types of obstacles will shortly be removed, and in that context the Government may want to revisit and reconsider the issue in the future. I simply say that it would not be as simple as she says to amend the legislation. I am sure that DCMS Ministers will look at this debate, since they are looking closely at these issues in the context of the horse-racing levy.

My hon. Friend the Member for Tiverton and Honiton mentioned rehoming, which is a very important issue. There are estimates—they are only estimates—that around 8,000 greyhounds leave the industry, the sport, tracks and racing each year. The Retired Greyhound Trust and other animal welfare charities do incredibly good work. The Retired Greyhound Trust rehomes between 3,500 and 4,000 dogs, and we think that other welfare groups rehome around 1,500 dogs. Some people say there are therefore between 1,000 and 1,500 missing dogs.

We have got the GBGB to commit to publishing clearer data about dogs that leave the sport, in terms of what happens to them and what leaving means. I think we all agree that we should aim at all costs to avoid the euthanasia of perfectly healthy dogs. Wherever possible, we should try to rehome these wonderful, kind, loving dogs. I met two of them when a constituent brought two greyhounds that had been involved in racing to see me.

The EFRA Committee's report made it clear in paragraph 60, on page 16, that the

"introduction of microchipping should significantly improve the tracking of greyhounds bred for racing from birth to death."

Let us hope we get some progress on that.

The hon. Member for Poplar and Limehouse raised the issues of trainers' kennels, which I have dealt with, and of disappearing dogs, which I believe we can make some progress on. He referred to the £0.5 million welfare initiatives fund that we mentioned in our response to the Select Committee, which I understand was the result of better than expected fund income and an underspend. That is obviously a welcome boost at a time when, as my hon. Friend the Member for Tiverton and Honiton said, funds for this sort of work have generally been declining.

The hon. Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron) highlighted some appalling cases of animal cruelty. I am as horrified by her examples and anecdotes as any other hon. Member or member of the public would be. I simply point out that every single case she cited is a clear breach of existing animal cruelty

[George Eustice]

laws. Those cases breach the Animal Welfare Act 2006 and would have breached animal welfare legislation predating the 2006 Act.

The hon. Lady also said that we should have a moratorium on the opening of new tracks. I am not sure that that is the challenge we face. We have some 28 tracks in total, 24 of which are under a scheme with the GBGB. Only four are regulated by local authorities, and they are small independent tracks. I am not sure that the challenge we have is dozens and dozens of new tracks opening up and causing new problems. This sport does not seem to be expanding; if anything, it might be losing popularity. I therefore do not believe that we need the type of moratorium she suggests.

The hon. Lady and several other hon. Members, including the hon. Member for Redcar (Anna Turley), raised doping. That is already an offence under the Gambling Act 2005, and people can be prosecuted for it. Depending on what is used, it is also potentially an offence under the Animal Welfare Act 2006. The hon. Member for East Kilbride, Strathaven and Lesmahagow may take the view that there has been insufficient enforcement or that inadequate penalties have been applied in some cases, but the legal remedy for those issues exists.

**Dr Cameron:** I thank the Minister for clarifying those issues. Is there scope to put more resources into prosecution and ensuring that regulation goes much further?

**George Eustice:** There may be opportunities to review enforcement. Indeed, in DEFRA at the moment we have concluded another review of animal licensing establishments, where we are looking at getting more consistent enforcement across the piece on animal welfare. I am sure that I can look forward to another debate in this place because the EFRA Committee has also undertaken an inquiry into some of those proposals, which we are considering at the moment.

I may have misunderstood the hon. Member for Redcar, but she appeared to suggest that the Animal Welfare Act does not apply to the independent tracks or all tracks. That is not true. Whether a racing track is covered by the UKAS accreditation scheme or indeed by a licence from a local authority, all tracks and everyone at all times are covered by the Act—there is no exemption. The 2010 regulations supplement our animal welfare legislation; they are not an alternative to it.

The shadow Minister, in that vein, raised the level of inspection of those small independent tracks. That is ultimately an issue for the local authority. There are only four such tracks and only three local authorities are involved in licensing them, so the local authorities tend to be very familiar with the tracks they license and are in a good place to judge the level of inspection that is required. It is often the case that the smaller tracks tend to be for hobby racers rather than the professional industry, and we often have fewer issues with them. Therefore, in some circumstances a local authority may deem that an annual inspection is unnecessary.

I am grateful to the EFRA Committee for both its scrutiny of this matter and its report. The report's findings support DEFRA's own review of the 2010 greyhound regulations. Both the EFRA Committee's

report and DEFRA's review found that there had been a number of successes in the past six years, as well as areas in which the industry could and should have done more. The GBGB is beginning to address those concerns, and we have agreements with it to do so by 2018—a two-year probationary period. Should the board fail, the Government will consider other approaches, including regulation.

4.22 pm

**Neil Parish:** I thank the Minister for his full reply and for endorsing much of what we put in our report. Including me, there are four Members who sit on the Select Committee in the Chamber—my hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart) has just left—and the beauty of a Select Committee is that we can look in great depth at what is happening, so we can visit the tracks. I congratulate the Minister on meeting the industry, seeing what is happening and drilling down on that.

First, the greyhound is bred. We then have to ensure that the greyhound is microchipped and that all microchipped greyhounds are registered. Once those greyhounds are registered, we will know what happens to those who have been used for racing when they finish their careers. That is essential. We have got the necessary components together and, as the Minister said, if GBGB can deliver that—it must be delivered by 2018—we will have the data, and then the Retired Greyhound Trust and other greyhound charities will be able to rehome these greyhounds so that they can have a good, decent life.

We also referred to kennelling not only at the tracks but at the trainers' premises, which is essential. When we went to the tracks, we found that they were reasonably well managed: there was veterinary supervision on the tracks and the greyhounds were inspected. It is what happens to them when they leave the track and when they are at the trainers' kennels—we must be certain that they are being well looked-after. A greyhound cannot be just a commodity that is used as a racing machine and then discarded at the end of its working life. It has to be looked after properly, and all those who can be rehomed must be rehomed. We must know where they all are. There cannot be a number who are euthanised. From an animal welfare point of view, perhaps some—unfortunately, due to injury—may have to be euthanised, but euthanasia cannot be used as a way of discarding the dog at the end of its working life. Because they are brought in to do a job, they create a great deal of resource for the industry.

I cannot emphasise enough that the gaming industry must step up to the plate. Let us praise to the hilt those who are making a contribution to the retirement of greyhounds, but let us name and shame those who are not. If the betting industry in greyhound racing does not step up to the plate and make a contribution, I urge the Minister, as he said he would at the end of his speech, please to consider some form of legislation. In the meantime, let us name and shame. Let us shout that from the rooftops in this House and beyond, and let us hope that the press coverage we get covers this, which is one of the key points. People who are interested in greyhound racing and want to lay their bets on a race should, please, look at those bookies and see whether they are making that contribution to the retirement of greyhounds.

We can all work together across the parties. What showed today was that, whether we are Members from Scotland, from the Opposition or from whichever party, we all want to see better greyhound racing and better welfare for greyhounds, particularly retired greyhounds. I thank very much the charities who take on the work of rehoming all the greyhounds that it is possible to rehome.

This has been an excellent debate, and I thank the Minister again for his direct input into animal welfare. My final point is that the EFRA Committee must be a good training ground for both Ministers and shadow Ministers, because both the Minister and the shadow

Minister were members of the Committee in the previous Parliament. May I wish everybody a very happy Christmas?

*Question put and agreed to.*

*Resolved,*

That this House has considered the Second Report of the Environment, Food and Rural Affairs Committee of Session 2015-16, Greyhound Welfare, HC 478, and the Government response, HC 133.

4.27 pm

*Sitting adjourned.*



# Written Statements

Thursday 15 December 2016

## CULTURE, MEDIA AND SPORT

### Royal BBC Charter and Framework Agreement

**The Secretary of State for Culture, Media and Sport (Karen Bradley):** On 9 November 2016, my Department submitted a draft version of a royal charter for the continuance of the BBC to Privy Council for consideration.

I am pleased to announce today, that the royal charter for the continuance of the BBC, which was approved by Her Majesty in Council on 16 November 2016, was printed on vellum and sealed on 8 December 2016.

I am laying copies of the royal charter and the associated framework agreement in both Houses today.

[HCWS358]

## DEFENCE

### Armed Forces Covenant

**The Secretary of State for Defence (Sir Michael Fallon):** I am today laying before both Houses the 2016 armed forces covenant annual report. The covenant is a promise by the nation to ensure that those who serve, or have served, and their families are treated fairly. They protect the nation with honour, courage and commitment, and deserve to be treated with fairness and respect and suffer no disadvantage as a result of that service.

The report sets out what the Government have done to uphold the principles of the covenant. The Armed Forces Act 2011 enshrined the covenant into law, setting out the requirement for the Secretary of State for Defence to report progress annually to Parliament.

Every local authority in mainland Great Britain is continuing to provide a network of support for the armed forces community. Over 1,300 employers have now also signed up.

This year, in response to feedback from our people, particular emphasis has been given to improving access to commercial goods and services; ensuring healthcare, education, and accommodation; and improving communications about the covenant.

A total of 89% of the UK's motor industry has agreed that service personnel and their families will not face cancellation fees for suspending their cover when posted overseas, and they will be able to preserve their no claims discount for up to three years. NHS England launched a new veterans' trauma network, aimed at providing a safety net for trauma-recovering veterans and service personnel transitioning back into civilian life. In addition to the service pupil premium, the Ministry of Defence has allocated £6 million of funding from its education support fund to help 471 schools, with over 25,000 children from service families. We continue to

help our people to get on and stay on the property ladder, through the forces help to buy scheme, which we have extended to 2018. A total of 11,645 service personnel have had their applications approved. We have also created a cohort of over 150 covenant champions across the armed forces to act as local focal points within their communities.

Last year, we announced the launch of the new £10 million per annum covenant fund. Since then, it has funded nearly 300 large and small projects across the UK totalling nearly £12 million, to provide support to the armed forces community. We have committed £2 million to provide a single point of contact to help veterans towards appropriate support when and where they need it.

The Local Government Association, in partnership with the Forces in Mind Trust completed a review with over 400 representatives of local authorities to create a covenant toolkit. This will help to spread covenant delivery best practice across the United Kingdom.

A new inter-ministerial group for the armed forces covenant will be established in the new year.

The report has been compiled in consultation with other Government Departments, representatives from the devolved Governments in Wales, Scotland and Northern Ireland, and the external members of the Covenant Reference Group, which includes the three service families federations, the Confederation of Service Charities, the Royal British Legion, the Soldiers, Sailors, Airmen and Families Association, the War Widows Association and Professor Hew Strachan.

[HCWS366]

### Strategic Defence and Security Review: Army

**The Secretary of State for Defence (Sir Michael Fallon):** The Army is refining its force structure to deliver the capabilities set out in the strategic defence and security review (SDSR) 2015 and modernise the Army's ability to fight at the divisional level. The SDSR 2015 significantly increased the readiness levels required of the Army, underpinned by investment in new capability and a war-fighting division as part of joint force 2025. It introduced the innovative strike brigades, based on the new AJAX vehicle family and the development of specialised infantry battalions, reconfigured to provide an increased contribution to countering terrorism and building stability overseas.

I am today setting out refinements to the Army which will take place during the life of this Parliament. These have been aligned with the "Better Defence Estate" strategy announced in early November. As we previously committed, we will continue to sustain a regular Army of 82,000, a whole force of 112,000 regular and reserve troops and the Army's footprint in the devolved nations. All existing regimental cap badges will be retained. Large parts of the Army will be unaffected but it will involve some units changing their role, equipment or location.

A modernised division will be centred on the 3rd (UK) Division, organised with four brigades of two armoured infantry and two strike, rather than three armoured infantry as now. A significant uplift in capability, it will hold one of each at high readiness, rather than the

current single armoured infantry brigade. From this, in times of crisis, the Army will be able to deploy a credible division of three brigades. To develop and transition to this new posture, in 2017 the Army will launch a strike experimentation group in Warminster. This will ensure that the first new strike brigade will be formed by the end of the decade.

In 2017 the Army will also create the first two new specialised infantry battalions to pioneer this new capability. A new group headquarters for the units will be established, initially based in York alongside the 1st (UK) Division of which the group will be part, before moving to Aldershot by 2020. To reinforce this capability the Army plans to create two further specialised infantry battalions by 2019. They will conduct defence engagement and capacity building, providing training, assistance, advice and mentoring to our partners.

As part of our continued investment in the Army Reserve we will build on the success of the Future Reserves 2020 plan. We will optimise reserve structures, embed the successful pairing of regular and reserve units and increase the number of reserve combat units supporting the division. As a result two new reserve infantry battalions will be created from 2017. A new reserve explosive ordnance disposal (EOD) regiment will also be created.

A summary of the Army units most affected is described below.

#### *Summary of changes proposed under Army 2020 Refine Strike Brigade*

The first strike brigade will operate from Catterick and Salisbury plain and will be composed of the Household Cavalry Regiment, The King's Royal Hussars, the 1st Battalion Scots Guards and The Highlanders, 4th Battalion The Royal Regiment of Scotland. A number of Royal Logistic Corps (RLC) and Royal Electrical and Mechanical Engineer (REME) units will be allocated to provide close support logistic support, beginning with 1 Regiment RLC and 1 Close Support Battalion REME.

#### *Specialised Infantry Battalions*

In 2017 the Army will also create the first two new specialised infantry battalions to pioneer this new capability. These units will be The Royal Scots Borderers, 1st Battalion The Royal Regiment of Scotland and 4th Battalion The Rifles, the former relocating to Aldershot from Belfast by 2019. A new group headquarters for the units will be established, initially based in York alongside the 1st (UK) Division of which the group will be part, before moving to Aldershot by 2020. To reinforce this capability the Army plans to create two further specialised infantry battalions by 2019. These units will be the 2nd Battalion The Princess of Wales's Royal Regiment and the 2nd Battalion The Duke of Lancaster's Regiment both joining the group in Aldershot by 2020.

#### *Renaming of administrative structures*

The introduction of the specialised infantry capability will mean some reorganisation of the infantry divisional structure, within which infantry regiments are administered, from seven to six divisions.

The Scottish and The Prince of Wales's Administrative Divisions of Infantry will merge, incorporating The Royal Regiment of Scotland, The Royal Welsh Regiment and The Royal Irish Regiment. This administrative division will be called The Scottish, Welsh and Irish

Division. The Mercian Regiment from the Prince of Wales's Division will join with the King's Division. Army administrative divisions of infantry are the groupings within which the Army manages its infantry soldiers and officers to give them the necessary broad spread of relevant career experience from across a number of different units and activities. They have no operational role. There will be no changes to the names or regimental construct of The Royal Regiment of Scotland, The Mercian Regiment, The Royal Welsh Regiment, or The Royal Irish Regiment as a result of these administrative changes.

#### *Support*

The changes announced will require adjustments in some supporting and enabling elements of the Army. HQ 102 Logistic Brigade, 32nd Regiment Royal Artillery, 35 Engineer Regiment, Headquarters 64 Works Group Royal Engineers, 2 Medical Regiment, Headquarters 4th Regiment Royal Military Police, 33 Field Hospital and 104, 105 and 106 Battalions of the Royal Electrical and Mechanical Engineers reserve will be rationalised, with all manpower in those units being redeployed to other areas of the Army in its refined structure.

#### *Army Reserves*

As part of our continued investment in the Army Reserve we will build on the success of the Future Reserves 2020 plan. We will optimise reserve structures to better support the modernised division, embed the successful pairing of regular and reserve units and increase the number of reserve combat units supporting the division. As a result, two new reserve infantry battalions will be created from 2017. These are 4th Battalion The Princess of Wales's Royal Regiment and 8th Battalion The Rifles. A new reserve explosive ordnance disposal (EOD) regiment will also be created.

[HCWS367]

## ENVIRONMENT, FOOD AND RURAL AFFAIRS

### EU Environment Council

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey):** I will attend the EU Environment Council, which will take place on 19 December in Brussels alongside the Minister for Climate Change and Industry, my hon. Friend the Member for Ruislip, Northwood and Pinner (Mr Hurd).

Following adoption of the agenda, the list of "A" items will be approved.

Under legislative proposals, the Council will debate a proposal for a directive of the European Parliament and of the Council amending directive 2003/87/EC (the "EU ETS directive") to enhance cost-effective emission reductions and low-carbon investments.

Under non-legislative proposals, the Council will seek to adopt conclusions on the protection of human health and the environment through the sound management of chemicals.

The following items will be discussed under any other business:

- a) Current legislative proposals:

i) Proposal for a regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by member states from 2021 to 2030 for a resilient energy union and to meet commitments under the Paris agreement and amending regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (the “effort share regulation”).

ii) Proposal for a regulation of the European Parliament and of the Council on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework and amending regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change (the “land use, land use change and forestry (LULUCF) regulation”).

b) Current legislative proposals:

i) Proposal for a directive of the European Parliament and of the Council amending directives 2000/53/EC on end-of-life vehicles, 2006/66/EC on batteries and accumulators and waste batteries and accumulators, and 2012/19/EU on waste electrical and electronic equipment.

ii) Proposal for a directive of the European Parliament and of the Council amending Council directive 1999/31/EC on the landfill of waste.

iii) Proposal for a directive of the European Parliament and of the Council amending directive 2008/98/EC on waste.

iv) Proposal for a directive of the European Parliament and of the Council amending directive 94/62/EC on packaging and packaging waste.

c) Communication from the Commission on next steps for a sustainable European future: European action for sustainability.

d) Communication from the Commission on clean energy for all Europeans.

e) Fitness check of the EU nature legislation (birds and habitats directives).

f) Reports on recent international meetings:

i) United Nations framework convention on climate change (UNFCCC) (Marrakech, 7 to 18 November 2016).

ii) Convention on biological diversity (CBD) (Cancun, 4 to 17 December 2016).

iii) 66th session of the International Whaling Commission (Portoroz, Slovenia, 20 to 28 October 2016).

iv) Ninth meeting of the conference of the parties (COP 9) to the UNECE convention on transboundary effects of industrial accidents (Ljubljana, 28 to 30 November 2016).

g) REFIT evaluation of the EU ecolabel.

h) European sustainable development week (ESDW) (30 May to 5 June 2017).

i) Odour nuisance.

j) Budapest Water summit 2016 (Budapest, 28 to 30 November 2016).

k) Work programme of the incoming presidency.

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU.

[HCWS359]

## Community Fisheries Control Agency

**The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice):** The Government acknowledge the efforts of the Commission to address the ongoing migration crisis, but has decided not to opt in to the justice and home affairs content in the proposal for a regulation of the European Parliament and of the Council amending regulation (EC) No 768/2005 establishing a European Fisheries Control Agency.

The proposal—which has now been adopted—forms part of a wider package of measures by the Commission to improve collaboration and co-ordination between the newly named European Fisheries Control Agency (EFCA), formerly Community Fisheries Control Agency (CFCA), member states, the proposed European Border and Coast Guard Agency and the existing European Maritime Safety Agency (EMSA) to support national authorities carrying out their coast guard functions.

The amendment will formally establish co-operation for the prevention, detection and investigation of criminal offences by giving EFCA powers to share information and intelligence, such as the data currently accessible through ship reporting, and to provide services, equipment and training. The ECFA will be able to co-ordinate multi-purpose operations, and facilitate building capacity and asset sharing; it also will increase its control and inspection activities.

Although there is little practical or operational benefit for the UK from this measure, the Government maintain that their effect amounts to an obligation that falls within the scope of the justice and home affairs section of the Treaties and is, therefore, subject to the UK’s JHA opt-in. It is on that basis that the Government have decided not to opt in.

[HCWS357]

## HEALTH

### Public Health Grants

**The Parliamentary Under-Secretary of State for Health (Nicola Blackwood):** Today we are publishing the ring-fenced public health grant allocations to local authorities in England for 2017-18.

We are committed to supporting improvements in public health and are making available £3.3 billion to local authorities for this purpose in 2017-18. Over the five years from 2016-17 to 2020-21 we will be investing over £16 billion to support local authorities’ public health responsibilities, which include sexual health, tackling obesity, supporting physical activity, prevention, treatment from drugs, alcohol misuse, stop smoking services and other interventions. This is in addition to what the NHS spends on preventative interventions such as immunisation and screening.

We are expecting the 10 local authorities in Manchester to fund their public health activities from April 2017 through retained business rates as part of a wider pilot of business rate retention. Those 10 local authorities will not receive a central Government grant to fund their public health activities.

Full details of the public health grants to local authorities can be found on [www.gov.uk](http://www.gov.uk). This information will be communicated to local authorities.

Attachments can be viewed online at:

<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-12-15/HCWS363/>.

[HCWS363]

## HOME DEPARTMENT

### Bribery and Corruption Assessment

**The Minister for Security (Mr Ben Wallace):** I, along with the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Kingswood (Chris Skidmore), am today publishing a bribery and corruption assessment template. We are writing to all central Government Departments encouraging them to use the template to set a high standard within Government of our response to bribery and corruption.

No sector is immune to bribery and corruption. Central Government and those they do business with are vulnerable to this threat due to their unique decision-making roles and access to information. To better protect themselves from bribery and corruption, a comprehensive understanding of the unique set of risks posed is essential in order to effectively manage and mitigate the threat. The template directly supports this ambition.

We have therefore worked closely with experts and stakeholders across Government to develop this template, which is intended to be integrated into existing counter-fraud activity and the work across Government, led by the Cabinet Office, to create standards for counter-fraud work and, from these standards, a Government counter-fraud profession.

Development and publication of the template was a commitment made in the 2014 UK anti-corruption plan. The UK Government are committed to tackling corruption through transparency, open government and accountability, and setting a high standard in Government for counter-corruption work is also aligned to our wider ambitions that will be reflected in our development of an anti-corruption strategy.

A copy of the bribery and corruption assessment template will be placed in the Library of the House and also made available on the Government website: [www.gov.uk](http://www.gov.uk).

[HCWS361]

## EURODAC

**The Minister for Immigration (Mr Robert Goodwill):** The Government have decided to opt in to the EU proposal for the EURODAC III regulation.

The regulation will govern the operation of the EURODAC fingerprint database, which holds the fingerprints of asylum seekers and certain illegal entrants to the EU, in order to help member states determine who is responsible under the Dublin regulation for dealing with an asylum claim and to tackle illegal migration.

The EURODAC database will be expanded to increase the categories of fingerprints recorded, to record facial images and biographical data, to increase the length of time data can be stored to five years and to provide better data-sharing procedures between member states. These changes will strengthen the UK's ability to control illegal migration, prevent multiple asylum applications across member states and protect the UK's security through data sharing with law enforcement agencies.

Until the UK leaves the EU it remains a full member, and the Government will continue to consider the application of the UK's right to opt in to forthcoming EU legislation in the area of justice and home affairs on a case-by-case basis, with a view to maximising our security, protecting our civil liberties and enhancing our ability to control immigration.

[HCWS364]

### Justice and Home Affairs: Post-Council Statement

**The Minister for Policing and the Fire Service (Brandon Lewis):** The final Justice and Home Affairs Council of the Slovakian presidency took place on 8 and 9 December in Brussels. The Minister for Courts and Justice, my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald), and I represented the UK. In due course, the United Kingdom will be leaving the European Union. In the meantime, the UK will remain a member of the EU with all the rights and obligations that membership entails.

Justice day (8 December) began with a discussion on the proposal for a directive on the fight against fraud to the Union's financial interests by means of criminal law (PIF directive). The UK has not opted in to this measure. The presidency concluded that a qualified majority of member states supported a compromise proposal which included within the scope of the directive VAT fraud with damages of over €10 million, where it related to cross-border supplies between two or more countries. Formal adoption of the measure by the Council and European Parliament is expected in 2017.

This was followed by a debate on the European Public Prosecutor's Office (EPPO) dossier. The presidency concluded that the majority of member states supported the latest text as the basis for further progress. However, as unanimity is required for this dossier, and some member states could not agree the current text, the presidency indicated that it would be put to the European Council to seek agreement to move forward under "enhanced co-operation" provisions. The UK will not participate in the EPPO.

There was then a discussion on the proposed directive on consumer contractual rights for the supply of digital content. There was agreement that certain contractual rights should be guaranteed by legislation rather than left to negotiation in individual contracts, but Ministers remained divided on issues relating to the scope of the directive. In view of the different views expressed, the presidency proposed seeking a hybrid solution to the question of which contractual rights should apply to digital content embedded in physical goods. The presidency concluded that further technical work was needed on the question of whether the directive should

apply not only to digital content in exchange for money and/or personal data, but in exchange for other data as well.

Over lunch, Ministers heard from the Commission about the progress of work to agree non-binding standards with internet groups in the management of hate speech complaints. The Minister for Courts and Justice reiterated the UK's commitment to protect citizens from online hate crime while protecting the right to free speech. Malta, who will hold the presidency from January 2017, informed Ministers that it proposed to hold a seminar on hate speech and the internet in March.

The final substantive item on the Justice day focused on criminal justice in cyberspace. The Commission provided a progress report on the implementation of the June Council conclusions on improving criminal justice in cyberspace, noting that it was looking at establishing a secure electronic platform for the transmission of e-evidence. It was noted that the current patchwork of national solutions to securing e-evidence posed risks to member states' ability to carry out effective criminal investigations in cross-border cases.

I stressed the need to address online crime and the importance of collaborating with service providers and other member states. I offered to share UK knowledge and expertise on co-operating directly with service providers, noting recent UK legislation (the Investigatory Powers Act) in this area, while arguing that a common EU approach to jurisdiction should reflect the ongoing work in the Council of Europe on the Budapest convention on cybercrime.

Under any other business, Malta presented its priorities for its forthcoming presidency, including taking forward existing legislation and starting negotiations on the package of measures aimed at tackling terrorist financing, which are to be published by the Commission in December. Malta would also continue the work on e-evidence and the EPPO, with a discussion at the Informal JHA Council in January.

The presidency provided an update on current legislative proposals, noting that political agreement had been achieved on the counter-terrorism directive. The presidency also provided updates on the recent EU-US JHA meeting, and the forthcoming EU-western Balkans ministerial conference. The President of Eurojust presented Eurojust's fourth report on foreign terrorist fighters.

Interior day (9 December) started with an update from the presidency on negotiations on the proposals for an entry/exit system to improve the security of the external Schengen border. The UK will not participate in this measure but supports its aim of securing the EU's external border.

This was followed by a substantial discussion on migration. Discussion focused on calls for more support to the EU migration agencies and front-line member states, as well as for more work to be done upstream with countries of origin and transit.

I announced that the UK would deploy up to an additional 40 staff to the Greek islands, in addition to the 75 staff already committed, to support the Greek authorities with asylum processing and the admissibility process. This action demonstrates the UK's continuing commitment to implementing the EU-Turkey agreement and supporting our European partners.

Under the fight against terrorism item the Council discussed action that was necessary to tackle the threat from foreign terrorist fighters, informed by a report provided by the counter-terrorism co-ordinator. Discussion focused on the need for better information sharing, improved engagement with countries in the middle east and north Africa, and women and children. The counter-terrorism co-ordinator said that he would continue to work on these three strands with the group of most affected member states, which includes the UK.

The Council also discussed issues arising from encryption of communications, focused on the need to ensure that law enforcement bodies are able to access information for law enforcement purposes. I noted that while the UK understands that encryption is important to doing business online, we agree that we must ensure that our law enforcement and security and intelligence agencies are able to access the content of communications in limited circumstances and subject to robust safeguards.

The presidency presented a paper on the management of terrorist attacks, which aimed to start discussions among member states on increased co-operation in this area. The presidency called for more EU funding and stated that a meeting with the heads of rescue services would take place in 2017. The Commission noted that action was needed on sharing best practice, enhancing technology and providing victims with specific support.

Over lunch, Ministers discussed principles of responsibility and solidarity in the context of the EU's migration and asylum policy. Member states' positions remained polarised and discussions would continue under the Maltese presidency.

The presidency adopted a partial general approach on the proposal to amend EURODAC (the database of asylum claimants' details, including fingerprints) on the understanding it would need further amendments to reflect the outcome of negotiations on the Dublin IV and EU asylum agency proposals. The mandate would also be updated in the light of the discussions on the issue of interoperability of information systems. The UK has opted in to the EURODAC proposal and it remains under UK parliamentary scrutiny. I also intervened with other member states to object to the current text on law enforcement access and said that the UK would support further amendments to the text to make it easier to check EURODAC for law enforcement purposes.

Under any other business, the presidency updated on the EU-US JHA ministerial meeting on 4 and 5 December, and looked forward to the EU-western Balkans ministerial conference on 15 and 16 December. The Commission noted that the EU internet forum on 8 December had announced a new tool to automatically remove online terrorist material, and launched the civil society empowerment programme to raise awareness and train civil society on how to produce effective counter-narratives online. The incoming presidency outlined its priorities, including: work on the current legislative measures; new proposals on the second generation Schengen information system, due out in December; continued work to support the implementation of the EU-Turkey agreement; internal security and counter-terrorism; and interoperability and information exchange.

## Police Grant Report (England and Wales)

**The Minister for Policing and the Fire Service (Brandon Lewis):** I have today placed in the Library my proposals for the aggregate amount of grant to local policing bodies in England and Wales for 2017-18, for the approval of the House. Copies are also available in the Vote Office.

The Government are committed to protecting the public. The Government will provide the resources necessary for the police to do their critical work, and prioritise finishing the job of police reform by enabling the police to transform so they can tackle changing crime, deal with previously hidden crimes and protect the vulnerable.

Since 2010 we have seen some of the biggest changes to policing in a generation. Crime is down by over a quarter according to the independent crime survey for England and Wales. There is significantly greater local accountability and transparency and police leaders have taken the opportunity to radically reform the way they deliver services to the public. Police officers have been taken out of back-office roles and resources focused on front-line delivery. Police forces are working more closely than ever before to reduce costs and duplication, and have started to work more closely with other emergency services through co-location and collaboration in areas such as fire and mental health.

As Her Majesty's inspectorate of constabulary (HMIC) has set out, there is still considerable scope for forces to continue to improve the efficiency of their organisations and transform the way in which they operate, and it is vital that the pace and urgency of change continues if we are to have a police force fit to meet the challenges of the 21st century. HMIC noted:

“we found evidence to suggest that some forces have reduced the pace and ambition of their plans since last year.”

The Government expect police and crime commissioners (PCCs) and chief constables to do everything in their power to drive efficiencies at pace, and this settlement provides the opportunity to improve the quality of policing and continue to reduce crime.

The Welsh Government are also setting out today their proposals for the allocation of funding in 2017-18 for local policing bodies in Wales.

Following the principles set out on 4 February 2016 when publishing the final police funding settlement for 2016-17 [HCWS510], direct resource funding for each PCC, including precept, will be protected at flat cash levels compared to 2015-16, assuming that precept income is increased to the maximum amount available in both 2016-17 and 2017-18. No PCC who chooses to maximise precept in both years will face a reduction in cash funding next year compared to 2015-16. We have updated our precept forecasts for 2017-18 since February to reflect actual tax base increases in 2016-17.

More is still required to transform policing to meet policing's own vision for 2025. I am therefore announcing an increase in the level of reallocations essential to drive police reform. As planned at the time of the spending review, we will be investing additional funding in police technology. Precept income has increased faster than expected, which means we can meet our planning assumption on direct resource funding for PCCs and also substantially increase the size of the police transformation fund to £175 million in 2017-18. This

will allow the policing sector to invest additional funding in the projects that will improve efficiency, protect vulnerable victims of crime, further improve the leadership and culture of policing and tackle new types of crime such as cybercrime.

The 2017-18 settlement continues the current methodology of applying uniform percentage changes to core grant funding for each PCC.

The tables illustrating how we propose to allocate the police funding settlement between the different funding streams and between local policing bodies for 2017-18 are available online at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-12-15/HCWS360/>.

These documents are intended to be read together.

Table 1 sets out the overall revenue police funding settlement for 2017-18, and table 2 sets out the overall capital settlement (both excluding counter-terrorism police grant). Provisional force-level allocations of revenue grants (excluding counter-terrorism police grant) for local policing bodies in England and Wales for 2017-18 are set out in table 3, and table 4 sets out the capital allocations for local policing bodies. Table 5 demonstrates how the Government expect that all PCCs can maintain flat cash budgets compared to 2015-16 if they maximise precept; the exception is where they have materially reduced their precept level in 2016-17.

### *Counter-terrorism police funding*

I will continue to allocate specific funding for counter-terrorism policing over the course of the spending review period to ensure that the police have the capabilities to deal with the terrorist threats that we face, in addition to the funding set out in this settlement. Funding for counter-terrorism policing is protected. The indicative spending review profile for counter-terrorism police funding in 2017-18 is £670 million; this figure will be confirmed separately. In addition a further £32 million will be provided for armed policing from the police transformation fund in 2017-18.

Police and crime commissioners will receive full counter-terrorism funding allocations in the new year. For security reasons these allocations will not be available in the public domain.

### *Legacy council tax grants*

In 2017-18 we will provide council tax freeze grants to PCCs in England relating to the 2011-12, 2013-14, 2014-15 and 2015-16 council tax freeze schemes. We will also provide local council tax support grant funding to PCCs in England. These will total £507 million in 2017-18.

The Common Council of the City of London (on behalf of the City of London Police) and the Greater London Authority (on behalf of the Mayor's Office for Policing and Crime) will also receive council tax freeze grants relating to the 2011-12 freeze grant scheme. The Greater London Authority will also receive an amount for the 2013-14, 2014-15 and 2015-16 schemes. These sums will continue to be paid by DCLG. There will be no new freeze grant schemes in 2017-18.

### *Baseline adjustments and reallocations*

The Government have reallocated funding to support critical national priorities for policing.

### *National and international capital city grants*

The Metropolitan Police Service, through the Greater London Authority, will continue to receive national and international capital city (NICC) grant funding worth £173.6 million, and the City of London Police will also continue to receive NICC funding worth £4.5 million. This is in recognition of the unique and additional demands of policing the capital city, and also ensures that total direct resource funding to both forces is similarly protected.

### *Police transformation fund*

Total funding for transformation will increase in size to £175 million, an increase of over £40 million. The Government will be working with the Police Reform and Transformation Board to ensure a sector led approach to use this increase in funding in order to incentivise and facilitate transformation in policing. This will improve the leadership and culture of policing, the diversity of its workforce, protection of vulnerable people, cross-force specialist capabilities, exploitation of new technology and how we respond to changing threats.

We will continue to fund a national uplift in armed policing capability and capacity to respond more quickly and effectively to a firearms attack with £32 million of specific funding. We will also continue to fund current police innovation fund projects.

### *Police technology programmes*

Funding will continue to be reallocated for the new emergency services network (ESN), the existing Airwave system, Home Office biometrics and the national law enforcement police database. As planned at the time of the spending review, there will be an approximately £100 million increase in funding for ESN. This is critical to give all officers priority access to 4G mobile broadband data on a single network, including in some areas where it is currently not available at all, allowing them to get even more benefits from mobile working than many forces are already achieving. This investment will bring productivity and operational benefits as well as substantial savings to the taxpayer. Funding for major technology programmes will be managed flexibly between projects, to ensure reallocated funding is used as efficiently as possible. Around £1 million will be spent maintaining the forensic archive, which maintains forensic exhibits relating to criminal investigations on behalf of the police.

### *Arm's length bodies*

The police settlement will continue to fund national policing bodies to deliver services and governance which are essential to the efficient and successful functioning of the police service. We will continue to fund HMIC's PEEL inspection programme, and the College of Policing direct entry schemes. There will be increased funding to support the Independent Police Complaints Commission as it becomes the Independent Office for Police Conduct with an expanded role in investigating serious and sensitive allegations involving the police, enabling it to implement the legislative reforms in the Policing and Crime Bill and enhancing its capability to handle complex major investigations.

A new reallocation of around £2 million will support the Gangmasters and Labour Abuse Authority (GLAA) to use new police-style enforcement powers set out in the Immigration Act 2016 to tackle labour exploitation including modern slavery across the economy. Through

greater resources to use these new powers, the GLAA will be able to undertake more investigations into modern slavery offences that might otherwise fall to the police, saving police time and improving the law enforcement response to exploitation of the most vulnerable workers.

### *Pre-charge bail*

The Government plan to implement significant reforms to pre-charge bail including time limits set out in the Policing and Crime Bill. We will end the situation where some people can spend months or even years on pre-charge bail with few or no safeguards by introducing: a presumption that suspects will be released without bail, regular reviews by the courts and formal guidance governing the imposition of conditions. This change in police practice may involve increased costs for the magistrates' courts and in legal aid, which a new reallocation of up to £15 million for 2017-18 will meet.

### *Strengthening the response to organised crime*

The National Crime Agency (NCA) and regional organised crime units will receive flat cash resource grants from the Home Office compared to 2015-16, in line with the approach taken to funding PCCs. This involves an adjustment to the police funding settlement to top up these grants, continuing the approach taken to NCA in 2016-17.

### *Police special grant including Commonwealth Heads of Government meeting policing*

This is the third year we have decided to provide funding from the police settlement for the discretionary police special grant contingency fund, which supports police force areas facing significant and exceptional events which might otherwise place them at significant financial risk. In 2017-18 I am providing £50 million from the police settlement for police special grant. This is an increase which reflects both an assessment of potential need across police forces, and the specific costs likely to be incurred preparing for the policing operation at the Commonwealth Heads of Government meeting in 2018.

### *Council tax referendum principles*

As in 2016-17, additional flexibility will be given to the 10 PCCs in England with the lowest precept bills (the lower quartile). The PCCs with the 10 lowest bills will be able to raise their precept by £5 per band D household. Other PCCs in England will receive a 2% referendum threshold.

The PCCs to receive the £5 flexibility in 2017-18 are Essex, Greater Manchester, Hampshire, Hertfordshire, Kent, Northumbria, South Yorkshire, Sussex, West Midlands and West Yorkshire.

The Secretary of State for Communities and Local Government is announcing today the council tax referendum principles for local authorities in England in 2017-18. After considering any representations, he will set out the final principles in a report to the House and seek approval for these in parallel with the final local Government finance report. Council tax in Wales is the responsibility of Welsh Ministers.

### *Police capital*

I still intend to allocate the majority of capital funding directly to local policing bodies. Like last year all local policing bodies will receive the same percentage change in capital grant. I will continue to maintain a capital contingency. An increased investment in police technology

reflects a programme of work to replace end-of-life hardware, increase capacity, and enhance functionality including significant investment to replace of end-of-life hardware required for the police national computer.

Attachments can be viewed online at:

<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-12-15/HCWS360/>

[HCWS360]

### Terrorism Prevention and Investigation

**The Secretary of State for the Home Department (Amber Rudd):** Section 19(1) of the Terrorism Prevention and Investigation Measures Act 2011 (the Act) requires the Secretary of State to report to Parliament as soon as reasonably practicable after the end of every relevant three-month period on the exercise of her TPIM powers under the Act during that period.

The level of information provided will always be subject to slight variations based on operational advice.

TPIM notices in force (as of 30 November 2016)	7
TPIM notices in respect of British citizens (as of 30 November 2016)	6
TPIM notices extended (during the reporting period)	0
TPIM notices revoked (during the reporting period)	0
TPIM notices revived (during the reporting period)	0
Variations made to measures specified in TPIM notices (during the reporting period)	4
Applications to vary measures specified in TPIM notices refused (during the reporting period)	1
The number of current subjects relocated under TPIM legislation (as of 30 November 2016)	7

The TPIM review group (TRG) keeps every TPIM notice under regular and formal review. The TRG met on 20, 27 and 28 September 2016. The next TRG meetings will take place on 12, 13, 15 and 16 December 2016.

During the reporting period one individual was prosecuted in relation to offences under section 23 of the Act (contravening a measure specified in a TPIM notice without reasonable excuse) and sentenced to 20 months' imprisonment. This individual is not currently subject to a TPIM notice, the notice having been previously revoked.

[HCWS362]

## WORK AND PENSIONS

### Employment, Social Policy, Health and Consumer Affairs Council

**The Minister for Employment (Damian Hinds):** The Employment, Social Policy, Health and Consumer Affairs Council met on 8 December 2016 in Brussels. The Minister for Employment, my hon. Friend the Member for East Hampshire (Damian Hinds), represented the UK.

The Council reached a general approach on the revision of the governing regulations of the Eurofound, EU-OSHA and CEDEFOP agencies. The UK, along with all member states and the Commission, supported the proposal.

The presidency provided a progress report on the revision of the posting of workers directive. There were interventions from 22 member states. The UK intervention stressed the importance of legal clarity so that workers understood their rights and businesses understood the rules. The presidency also provided progress reports on the European Accessibility Act and the equal treatment directive.

There was a policy debate on the European pillar of social rights. The UK intervention stressed the need to respect subsidiarity and member states' own labour market approaches. The UK welcomed the Commission's communication that the social pillar should include flexibility about participation for non-eurozone countries. This was followed by a lunch time discussion on social innovation where the UK outlined its experience with social investment.

The Commission presented analysis from the European Semester which was followed by an exchange of views on the European Semester. Ministers also considered the draft recommendations for the eurozone countries. The UK welcomed the Commission's findings and the priorities identified for the year ahead.

The Council adopted draft Council conclusions on accelerating the process of Roma integration, women and poverty, and the youth guarantee and youth employment initiative. The Commission also introduced the European solidarity corps, launched earlier that week.

Under any other business, the Swedish and German delegations called on the Commission to upgrade the status of its gender equality strategy, the presidency provided an update on omnibus regulations and the new skills agenda for Europe, and the Austrian delegation provided an update on the Special Olympics world winter games. The presidency presented the outcome of conferences organised during their presidency and the Maltese delegation presented their work programme for their presidency.

[HCWS356]

# Petition

*Thursday 15 December 2016*

## OBSERVATIONS

### DEFENCE

#### The Royal Marines

*The petition of residents of the UK,*

Declares that RM Stonehouse, which is home to 3 Commando Brigade, will be disposed of through the Ministry of Defence's estate optimisation strategy.

The petitioners therefore urge the House of Commons to urge the Government to ensure that 3 Commando Brigade is retained in Plymouth and not moved out of the local area.

And the petitioners remain, etc.—[Presented by Oliver Colvile, *Official Report*, 1 November 2016; Vol. 616, c. 860.]

[P001970]

*Observations from the Parliamentary Under-Secretary of State for Defence, (Mark Lancaster):*

On 7 November 2016, the Secretary of State for Defence confirmed the intention to dispose of Stonehouse Barracks in 2023 as part of the Department's estate

optimisation strategy "A Better Defence Estate". Under current re-provision plans, the units based at Stonehouse Barracks will move to the Plymouth and Torpoint area. This move will contribute to a strategy where the Royal Navy will focus on Centres of Specialisation with operating bases and training establishments located predominantly around the port areas and Naval Air Stations, and an Amphibious Centre of Specialisation in the South West based around Devonport. Consolidating the Defence estate in this way will also help to provide greater stability for Service personnel and their families. The Ministry of Defence (MOD) recognises the positive integration between the military and civilian communities in Plymouth, which has been demonstrated through Plymouth City Council's commitment to the Armed Forces Covenant, and we hope this will continue.

Over the next 12-18 months, the MOD will conduct a series of detailed assessments to more precisely define the exact moves and sequencing required for the units which currently occupy Stonehouse Barracks in line with implementing the 2015 Strategic Defence and Security Review. The MOD will continue to work closely with Plymouth City Council and other interested parties to consider the best possible future uses for the site. The Secretary of State for Defence is committed to reporting to Parliament each year on the progress made to implement the strategy. "A Better Defence Estate" is available in the Library of the House.



# ORAL ANSWERS

Thursday 15 December 2016

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# PETITION

Thursday 15 December 2016

	<i>Col. No.</i>
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**not later than  
Thursday 22 December 2016**

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