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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Tuesday 17 January 2017

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Ayrshire Growth Deal

1. **Patricia Gibson** (North Ayrshire and Arran) (SNP): What discussions he has had with his Cabinet colleagues on the Ayrshire Growth Deal. [908200]

The Chief Secretary to the Treasury (Mr David Gauke): We have regular discussions with Cabinet colleagues on how the Government can boost growth and productivity across Scotland and the UK. The Government are discussing city deals for Edinburgh and Stirling, and we are looking forward to receiving proposals from the Tay cities. The Government are focused on taking those deals forward as we look to agree city deals for all of Scotland's great cities.

Patricia Gibson: Would the Chief Secretary to the Treasury agree that the Ayrshire growth deal would generate investment and create the economic conditions to achieve a step change throughout Ayrshire, an area of huge potential? Will he commit today to working actively and constructively with the four Ayrshire MPs, the three Ayrshire local authorities and the Scottish Government to support the deal, to the benefit of the whole county of Ayrshire?

Mr Gauke: Up to this point, growth deals have been city growth deals and, by definition, have focused on cities. As I said earlier, we have made a lot of progress on all the Scottish cities. Of course, it is open to the Scottish Government to take forward projects to enable growth in the county of Ayrshire, if they wish to do so.

Small Businesses

2. **Craig Tracey** (North Warwickshire) (Con): What support the Government are providing to small businesses. [908201]

12. **Maria Caulfield** (Lewes) (Con): What support the Government are providing to small businesses. [908211]

The Financial Secretary to the Treasury (Jane Ellison): The Government absolutely recognise the key role that small businesses play in the economy, which is why, for

example, at the autumn statement we announced an additional £400 million for the British Business Bank to help growing firms to access finance. Of course, we have taken a number of other steps, including introducing the seed enterprise investment scheme.

Craig Tracey: Does the Financial Secretary agree that independent retail stores, such as Chalk & Linen in my constituency, add greatly to the character and vitality of our towns and high streets, and that the Government should do all they can to support them?

Jane Ellison: As a former co-chair of the all-party parliamentary group on retail, I could not agree more that independent retail, and retail generally, is a vital sector. My hon. Friend is right that we want to support independent retailers on our high streets, which is why, from April, 600,000 of the smallest businesses—occupiers of a third of all properties—will not have to pay business rates as part of the £6.7 billion business rates package that will kick in over the next few years. I hope that he agrees that that is a helpful bit of support for key local businesses.

Maria Caulfield: I recently attended my local chamber of commerce's breakfast meeting in Seaford, and I met many small businesses that are pleased that the economy is doing so well and is being so expertly led by this Government. However, they have some concerns about the introduction of quarterly tax returns and the impact that would have on the costs of small businesses. They suggest the introduction of a threshold for the smallest businesses. Will the Minister consider that?

Jane Ellison: I, too, have a good relationship with my local chamber of commerce; we get vital feedback from our chambers of commerce. Of course, we are not introducing quarterly tax returns; my hon. Friend is referring to the "making tax digital" project. Although the Treasury Committee recently said that the long-term future can, and probably should, be digital, we understand that we need to look carefully at the consultation responses and at the concerns of small businesses. Of course, we have already exempted a number of the smallest businesses from the threshold, but we are looking carefully at the consultation responses and at the Select Committee's report. We do not recognise the figure from the Federation of Small Businesses on the cost, and we have not seen the assumptions that underpin it; if I am to address those concerns, seeing those would be helpful.

Dame Rosie Winterton (Doncaster Central) (Lab): Small businesses in Doncaster face a worrying skills shortage. Will the Minister support those businesses by impressing on her colleagues in the Department for Education the need for a speedy decision on Doncaster's university technical college, to give the go-ahead for the money? Will she have a word, please?

Jane Ellison: I am very happy to raise that issue with colleagues. More broadly, the Government absolutely support the skills agenda, which we have made a real priority. If we are to close the productivity gap in this country, investing in skills and high-quality apprenticeships is clearly key. We have taken a lot of action in that regard.

Helen Goodman (Bishop Auckland) (Lab): The most useful thing that the Treasury could do for small manufacturers in my constituency would be to announce an objective of staying in the customs union. Up to now, the Treasury has been a beacon in saying that it wants decisions based on analysis, not on rhetoric and ideology. Can the Minister assure the House that that is still under consideration?

Jane Ellison: Again, these are issues that we are looking at carefully; the Chancellor has had a series of roundtable meetings with different sectors and industries in recent months, as have all of us Ministers. We are looking carefully at what those detailed issues are. Of course, much more will be said on this and discussed in the House later today, but we are clear that we want to understand the detailed issues that businesses face so that as we move forward to make our future outside the European Union, we can resolve the practical issues that businesses will face in a way that helps the British economy.

Mr Alan Mak (Havant) (Con): Access to capital is vital for small businesses in my constituency and across the country, and a refusal from a big bank should not be the end of the line. Will the Minister continue to support the bank referral scheme, which helps so many small businesses to access alternative sources of finance?

Jane Ellison: Absolutely we will. The Government's finance platform referral policy helps small and medium-sized enterprises whose finance applications have been declined by their bank to explore alternative options. It requires the major banks to refer SMEs that are rejected for finance—with their permission—to finance platforms. We can do a range of other things to support the good point that my hon. Friend makes. I encourage all Members with SMEs in their area that have had finance applications rejected to refer them to some of these schemes, because they are making a difference.

Mr Alistair Carmichael (Orkney and Shetland) (LD): Many small businesses in the Northern Isles are in the tourism sector. Given the Chancellor's reported comments at the weekend, will the Government look again at the opportunities presented by the tourism industry's proposals for a lower rate of VAT on that sector?

Jane Ellison: The House will not be surprised to learn that the Treasury is receiving a number of suggestions as to what might happen to VAT when we are no longer members of the EU, and I am aware of the pressure from and representations made by the tourism industry. I am meeting the Northern Ireland Affairs Committee tomorrow; this is likely to be one of the issues on its mind. Of course we look at these issues carefully, but we are still members of the EU, and all our legal obligations and so on remain while that is the case.

Science and Technology: Innovation

3. **Nusrat Ghani** (Wealden) (Con): What fiscal steps he is taking to encourage investment in innovative UK science and technology projects. [908202]

The Chief Secretary to the Treasury (Mr David Gauke): As announced at the autumn statement, the Government are significantly increasing investment in research and development, which is rising by an extra £2 billion a

year by 2020-21. That is the largest increase over a Parliament since records began in 1979. This includes an industrial strategy challenge fund, which will support collaboration between businesses and the UK's world-leading science base. That will ensure that the UK remains an attractive place for business to invest in innovative research, and that the next generation of discoveries are made, developed and produced in the UK.

Nusrat Ghani: I thank the Minister for his answer. Scientifica, one of the largest employers in my constituency, won both business of the year and export business of the year for 2016 at the British Chambers of Commerce's annual awards. I will be incredibly proud to join Scientifica when it opens the London stock exchange in March. Will he join me in congratulating Scientifica, and will he pledge to continue supporting such businesses, which export the best of British scientific innovation, collaboration and enterprise to the rest of the world?

Mr Gauke: I am delighted to join my hon. Friend in congratulating Scientifica, and I am happy to make that pledge. At the spending review, we committed to a £175 million reinvestment in UK Trade & Investment, now part of the Department for International Trade, to drive UK exports. We remain committed to ensuring that UK exporters receive world-class support. Indeed, as the Prime Minister will make clear today, maintaining the UK as one of the best places in the world for science and innovation is a priority for us.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): On Friday, I visited Wirecard, an innovative financial technology company in the emerging payments sector; it is based in Newcastle. It is concerned that leaving the European single market, and in particular the passporting rights, will diminish investment in fintech, an area in which this country leads, and which is growing in Newcastle and the north-east. What reassurance will the Minister give Wirecard?

Mr Gauke: As the hon. Lady will be aware, the Prime Minister will have just begun making a speech on this matter, and my right hon. Friend the Secretary of State for Exiting the European Union will make a statement to the House later. Let me just say that the UK is in a very strong position on fintech, and on ensuring that this successful sector is a priority. Indeed, the Minister for Trade and Investment, my right hon. Friend the Member for Chelsea and Fulham (Greg Hands), led a delegation of 33 companies to India, where the focus was, among other things, on this sector and promoting the best of British businesses. We will continue to ensure that the UK remains a strong place for the sector.

Alex Chalk (Cheltenham) (Con): Will my right hon. Friend join me in welcoming the fact that Cheltenham's GCHQ cyber-accelerator is now up and running? Does he agree that that key element of the Government's £1.9 billion national cyber-security programme will allow start-ups to gain access to GCHQ's world-beating personnel and digital expertise to bring jobs and opportunity to Gloucestershire?

Mr Gauke: Yes. I certainly welcome what my hon. Friend said about the opportunities here. He highlights an important sector that has significant potential for the UK and for Gloucestershire.

Danny Kinahan (South Antrim) (UUP): What discussions have taken place in Northern Ireland with the Department for Business, Energy and Industrial Strategy to ensure that catapult projects will happen in Northern Ireland just as much as in the rest of the UK, to help our science and business development?

Mr Gauke: We are, of course, determined to ensure that all of the UK is a good place for these businesses to develop, and to encourage the development of technology and businesses that are based on it. The future of the United Kingdom has to be as a highly skilled, technologically advanced, outward-looking country. We have engaged with all the devolved Administrations to further that aim.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): We Labour Members believe that encouraging investment is essential to making our economy more productive, and we recognise that that will be especially important post Brexit. Does the Treasury have a genuine indicator of how foreign direct investment has been affected by the referendum result, given that it was recently revealed that the Department for International Trade's figures incorrectly include decisions taken before the vote for Brexit?

Mr Gauke: We are at an early stage, in terms of the impact on foreign direct investment. On the level of business investment since the referendum, the numbers have held up pretty strongly, although, as I say, it is early days and early data. The hon. Gentleman says he welcomes business investment in this country; he should listen to some of the things his party leadership is saying, which would do nothing but drive business out of the United Kingdom.

Sovereign Debt

4. **Chris Davies** (Brecon and Radnorshire) (Con): What steps his Department is taking to reduce sovereign debt. [908203]

The Chancellor of the Exchequer (Mr Philip Hammond): The only way to reduce debt sustainably is to return the public finances to balance. Our new fiscal rules commit us to doing that as soon as possible in the next Parliament. We have already reduced borrowing as a share of GDP by almost two thirds from the post-war peak that we inherited in 2010, and we are forecast to borrow less than 1% of GDP by the end of this Parliament.

Chris Davies: I thank the Chancellor for his answer. Government debt interest sits at around 5% of overall Government spending, which is equivalent to nearly 20% of the overall health budget. Would my right hon. Friend consider paying down our debt more swiftly to relieve the strain that debt interest is putting on the public finances?

Mr Hammond: We are committed to reducing debt while at the same prioritising investment in high-value infrastructure that will enhance our productivity. Of course, the only way we can pay down debt is to generate a current surplus, which means more tax or

less spending. The trajectory that I set out at the autumn statement is the right one for this country in the circumstances. I intend to stick to that and ensure that we get the public finances back into balance as early as possible in the next Parliament.

Alison McGovern (Wirral South) (Lab): But the total of UK Government debt owned by foreign investors now sums more than half a trillion pounds for the first time ever. As the value of sterling tumbles, what assessment has the Chancellor made of the risk of the cost of servicing our debt rising unsustainably?

Mr Hammond: The way it works is that the pricing of new Government debt is determined by the auctions around new issuance, which, clearly, is bought at current exchange rates by foreign purchasers of debt. The hon. Lady makes a good and important point: currency volatility, rather than the actual level of the currency, does introduce an additional dimension for foreign purchasers of UK Government debt. I have said many times that the process that we are embarked on of negotiating our exit from the European Union creates some uncertainty, some of which we have seen manifesting itself in the currency markets. The sooner we can get through that period of uncertainty and have clarity about our future relationships with the European Union, the better for markets, business and people in this country. The purpose of the speech that the Prime Minister is making right now is to start to give some clarity to the situation.

Leaving the EU: UK Economy

5. **William Wragg** (Hazel Grove) (Con): What fiscal steps he is taking to improve the resilience of the economy in preparation for the UK leaving the EU. [908204]

The Chancellor of the Exchequer (Mr Philip Hammond): We have committed to returning the public finances to balance as soon as possible in the next Parliament, and to reducing the structural deficit to below 2% of GDP by the end of this Parliament. As I have said, that strikes the right balance between restoring the public finances to health and giving ourselves enough flexibility to allow us, if necessary, to support the economy in the short term as we go through this period of greater uncertainty. We have also been able to commit an additional £23 billion to a national productivity investment fund to improve our economic productivity.

William Wragg: Does my right hon. Friend agree that the resilience of our economy is best served by what the Prime Minister has said today, which is that Britain will be leaving the single market with no ifs and no buts?

Mr Hammond: For six months, we have kept open as many options as possible while we review the way forward in this negotiation with the European Union. We have heard very clearly the views and the political red lines expressed by other European leaders. We want to work with those leaders and to recognise and respect their political red lines. That is why the Prime Minister is setting out right now a position on which we will go forward, understanding that we cannot be members of the single market because of the political red lines

around the four freedoms that other European leaders have set. She is expressing an ambitious agenda for a comprehensive free trade arrangement with the European Union that will allow our companies to trade in Europe, and European companies to trade in Britain, while minimising disruption to business patterns and to pan-European supply chains.

Stephen Timms (East Ham) (Lab): EU banks use passport arrangements to operate in the UK, and so provide us with jobs and the Exchequer with revenue. Given what the Prime Minister is saying at this moment, those arrangements are clearly at risk. How hopeful is the Chancellor that passporting will survive the exit from the European Union?

Mr Hammond: As the right hon. Gentleman says, EU banks use passporting to operate in the UK, and of course, vice versa: UK banks use passporting to operate in the European Union. It is important that EU banks are able to continue operating in the UK, and that UK banks are able to continue operating in the EU. He will know that City UK, the lead City pressure group on this issue, took the strategic decision last week to stop pushing for passporting rights and to focus instead on what I would describe as an enhanced equivalence regime. The important thing is not the mechanism, but the end result, and that is what the Prime Minister will set out today.

Mr Andrew Tyrie (Chichester) (Con): The Treasury Committee has challenged whether the Office for Budget Responsibility's sustainability reports—the latest such report was published just an hour ago—are worth the effort, given that they amount to 50-year forecasting. The OBR's latest effort does not even try to take account of Brexit at all. It is required to do this work by statute. Does the Chancellor not think that it might be a good idea to revisit that commitment?

Mr Hammond: My right hon. Friend has a point in one sense, in that economic forecasters admit that even with a five-year forecast, there will be a high degree of uncertainty about accuracy. On a 50-year forecast, there will be a very high degree of uncertainty indeed, but we will see how the debate goes on the fiscal sustainability report that is published today. I suspect that it will act as a very useful catalyst for discussing some of the really important strategic issues that we face as a nation, not in the white heat of immediate political debate, but over a much longer term—over a 50-year period—so that we can think about where we go in the balance between public spending and taxation, and how we support our vital public services.

24. [908223] **Kirsty Blackman** (Aberdeen North) (SNP): The financial services industry employs 40,000 people in Edinburgh alone. Given the Chancellor's comments on the single market, what impact does he think leaving it will have on jobs in Scotland?

Mr Hammond: My assessment is that by setting out our agenda and by setting out clear objectives, as the Prime Minister is right now, we are meeting the first ask of our European partners, which is to be clear about what we want. We are recognising the political red lines they have set out and saying that we will respect them.

That is the first step towards sensible engagement with our European Union partners to reach an outcome that is positive for the UK and for the European Union. That of course must include freedom for financial services firms to continue doing their business.

Mr Speaker: I was going to call the hon. Member for Coventry South (Mr Cunningham), but he does not seem to be standing—

Mr Jim Cunningham (Coventry South) (Lab) *rose*—

Mr Speaker: Go on, get in there man.

15. [908214] **Mr Cunningham:** What provisions has the Chancellor made for universities in this country after 2020? Will he match pound for pound the lack of EU money?

Mr Hammond: What we have said is that where EU funding is awarded to projects involving universities, businesses, external research institutes and farmers between now and the point of our departure from the European Union, provided those awards meet our value-for-money criteria and have the support of the UK or devolved Administration Department responsible, the Treasury will underwrite those awards. We expect that in any settlement with the European Union, the Commission will go on paying those awards after we have left, but if it does not we will stand behind them.

Mr Philip Hollobone (Kettering) (Con): Many small businesses in Kettering are supplied by other British firms and sell their goods and services to British consumers, yet all are affected by often unnecessary EU regulation. Will the Chancellor join efforts post-Brexit to reduce this burden as quickly as possible?

Mr Hammond: The remedy to the problem my hon. Friend sets out will lie in the hands of this Parliament once we repatriate the *acquis* in the great repeal Bill.

Stewart Hosie (Dundee East) (SNP): In the seven years to 2014, Scotland's trade with the EU rose by 20%, twice the rate of growth in trade to the rest of the UK and vital for a resilient economy. Today's hard Tory Brexit puts that at risk, but is this not also a kick in the teeth to many of those who voted leave believing that a European economic area/European Free Trade Association-type arrangement would be put in place to mitigate the damage done?

Mr Hammond: I reject the hon. Gentleman's analysis. We are engaging constructively with the real world and recognising the political red lines of our European Union partners. If we do not recognise them, frankly, we are banging our heads against a brick wall. They have to recognise our political red lines, we have to recognise theirs, and then we need to work together to find a pragmatic solution that works for all the people of the UK within those red lines, and that is what we are doing.

Stewart Hosie: As we are looking for a pragmatic solution, Scotland's trade with the rest of the world over the same timeframe grew by 50%, driven by EU trade agreements. Given that it takes an average of

28 months to conclude a single agreement, how many pragmatic decades does the Chancellor believe it will take to put in place the trade agreements that we need to mitigate the damage of a hard Tory Brexit?

Mr Hammond: I am disappointed to hear the hon. Gentleman resorting to the soundbite; he is normally better than that. The discussions I have had with third countries that have free trade agreements with the European Union suggest that there is a strong appetite for a quick and simple agreement with the UK so that, as we leave the European Union, we can immediately enter into a successor agreement with those countries—Korea, for example—that will allow us to continue trading with them on the same terms.

John McDonnell (Hayes and Harlington) (Lab): At the weekend, the Chancellor told a German newspaper—not this House, you will notice, Mr Speaker—that he is prepared to turn this country into a tax haven. If that means competing with the likes of Ireland on a 12.5% corporation tax rate on top of existing Tory tax cuts it means, according to the House of Commons Library, giving away more than £100 billion to corporations over the next five. That is equivalent to almost 5p on the basic rate of income tax. How then does the Chancellor ever propose to solve the funding crisis in the NHS and social care, given that this morning the Office for Budget Responsibility thinks that public finances are on an unsustainable path?

Mr Hammond: Let us take that question apart. There are two points. First, the OBR's 50-year forecast sets out a possible outcome if the Government take no action. As I made very clear in the autumn statement, we are acutely aware that action will be required in order to return the public finances to balance. Secondly, with regard to my interview with *Welt am Sonntag*, what I said very clearly—I am sorry if this did not come across in the UK reporting, but the right hon. Gentleman should read the original—was that Britain wants to remain in the European mainstream, with its economic and social model, but that can happen only if we get a sensible Brexit deal for continued access to the European market. If we do not, the people of this country will not simply lie down and accept that they will be poorer. We will do whatever it takes to maintain our competitiveness and protect our standard of living.

John McDonnell: The threat is there on the record: this country will be a tax haven, according to the threats the Chancellor has issued today. We know from what the Prime Minister is saying right now that she is intent on pulling up the drawbridge and leaving the single market, and possibly the customs union, cutting us off from one of the largest markets on the planet, threatening jobs and public finances. This is not a clean Brexit; it is an extremely messy Brexit. We can already see the consequences in the rise in the rate of inflation. With real living standards squeezed by this policy announcement, is it not time for the Chancellor—I appeal to him—to reconsider his cuts to in-work benefits and withdraw them in full in the Budget in March?

Mr Hammond: No. What the Prime Minister is setting out today is an ambitious agenda for a Britain engaged in the world, and a Britain engaged with the European

Union. What she is setting out is a broad-based offer for future collaboration on trade, investment, security, education, technical and scientific areas, and many other matters. We want to remain engaged with the European Union, and I am confident that the approach the Prime Minister is setting out today will allow us successfully to negotiate a comprehensive future relationship with the European Union.

Several hon. Members *rose*—

Mr Speaker: Order. We do need to speed up, so short, sharp questions and comparably pithy replies are the order of the day.

Oxford to Cambridge Growth Corridor

6. **David Mackintosh** (Northampton South) (Con): What steps he is taking to develop the Oxford to Cambridge growth corridor. [908205]

The Chief Secretary to the Treasury (Mr David Gauke): At the autumn statement, the Government backed recommendations made by the National Infrastructure Commission to invest £140 million in the Cambridge/Milton Keynes/Oxford corridor. That includes development funding for the expressway road scheme and £100 million to accelerate construction of the east-west rail line. The Government support the commission's ongoing work, looking at a range of delivery models for housing and transport in the corridor.

David Mackintosh: How does my right hon. Friend envisage that benefiting the economy in Northamptonshire?

Mr Gauke: It is worth pointing out that in the terms of reference for the National Infrastructure Commission's report the Government noted that the area contained four of the UK's fastest growing and most productive places—Oxford, Cambridge, Milton Keynes and Northampton. We agree with the commission that transport investment is key to maximising growth potential in the area. We will invest in the east-west rail line and the expressway, which will better connect parts of the region with one another and with the rest of the country, supporting growth and jobs. The commission will issue its final report later this year, including work on delivery options for housing and transport, and we will carefully consider those recommendations.

Single Market

7. **Alex Cunningham** (Stockton North) (Lab): What assessment he has made of the potential effect of losing access to the single market on the chemical industry and the wider economy. [908206]

The Financial Secretary to the Treasury (Jane Ellison): The Government absolutely recognise the significant contribution that the chemicals industry makes to the UK economy, and of course the complex supply chains between the UK and the EU. The hon. Gentleman will have heard the Chancellor's words just now about the importance we attach to getting the best possible market access, and the Prime Minister is talking about that this morning. We are looking at a comprehensive range of analysis to inform our position as we go into those negotiations but, as the Prime Minister is laying out, clarity and certainty are one of the industry's big asks.

Alex Cunningham: The Chemical Industries Association's Brexit manifesto shows how the chemical industry could help to sustain and enhance the UK as a location for future investment in jobs while playing a leading part in addressing global environmental challenges. Has the Minister read the manifesto? What is she doing to reassure the chemical industry that its very specific needs are at the forefront of her mind as the Government develop their strategy?

Jane Ellison: Rather than just reading the manifesto, Ministers have actually been meeting the chemical industry. The Under-Secretary of State for Exiting the European Union, my hon. Friend the Member for Worcester (Mr Walker), met the Chemical Industries Association on 17 November. All these issues were explored in some detail and a good, productive conversation was had.

Sir Julian Brazier (Canterbury) (Con): I welcome my hon. Friend's typically constructive approach, but does she recall the clinical trials directive that destroyed much of the pharmaceutical industry in this country overnight, including Pfizer's site in east Kent?

Jane Ellison: As I recall, the original directive did have some negative effects, but it was improved on in subsequent negotiations to ensure that it did not have the same effect.

Dr Rosena Allin-Khan (Tooting) (Lab): Voters partly backed leave on the basis of the £350 million economic boost that our NHS is still waiting for. Where, therefore, is the democratic mandate for this Conservative version of hard Brexit—leaving the customs union and the single market—that the Chancellor himself has accepted damages the economy and that puts jobs in my Tooting constituency at risk?

Mr Speaker: With particular reference to any concerns about employment in the chemical industry, preferably in—

Dr Allin-Khan *rose*—

Mr Speaker: No, the hon. Lady does not need to add anything. I am sure that she meant to mention it in her question. It was an error of omission—only a matter of time.

Jane Ellison: Of course. As colleagues across the House will realise, getting the best deal for Britain means getting the best deal for all our major companies and industries. That, in turn, allows us to carry on investing the record amounts that we have in the NHS to date.

Mr Speaker: On the chemical industry, I feel sure—Mr David Nuttall.

Mr David Nuttall (Bury North) (Con): Yes, indeed. Does my hon. Friend agree that when we leave the European Union, the fact that this Parliament will be free to redraft the registration, evaluation and authorisation of chemicals regulation, which has long been identified as one of the most burdensome of all EU regulations, will be of enormous benefit to small and medium-sized businesses in the chemical industry, particularly those that only operate within the UK?

Jane Ellison: My hon. Friend makes a fair point. A discussion about the REACH regulation was on the agenda when the Under-Secretary of State for Exiting the European Union met the chemical industry and, of course, it will continue to form part of our discussions.

US Banks: UK Operations

8. **Philip Boswell** (Coatbridge, Chryston and Bellshill) (SNP): Whether he has made an assessment of the potential merits of introducing additional rules to ring-fence the operations of US banks in the UK. [908207]

The Economic Secretary to the Treasury (Simon Kirby): US banks operating in the UK are regulated by the Prudential Regulation Authority and the Financial Conduct Authority. The UK's ring-fencing regime applies to all banks operating in the UK that are above the threshold of holding £25 billion of core deposits.

Philip Boswell: Does the Minister agree that the likely rolling back of the Dodd-Frank Act in the US, combined with the watering down of banking conduct reform, could result in deregulated American banks with high-risk lending patterns operating in the UK?

Simon Kirby: The UK and US financial sectors have significantly increased their resilience since the crisis, and the PRA has the powers it needs to regulate overseas firms operating in the UK to ensure the stability of the UK financial system.

Mike Wood (Dudley South) (Con): What steps are the Government taking to ensure that banks meet the 2019 deadline for separating retail banking from riskier investment banking activity?

Simon Kirby: That is well under way and we are keeping a close eye on it.

Household Debt

9. **Clive Efford** (Eltham) (Lab): What recent assessment he has made of the effect of high levels of household debt on the economy. [908208]

The Chancellor of the Exchequer (Mr Philip Hammond): Households' financial positions have improved. Household debt has fallen from 160% of household income in quarter 1 2008 to 144% in Q3 2016. UK households have undertaken the second-largest amount of deleveraging in the G7. However, we should be alert to signs of a recent reduction in the level of household savings. The savings ratio is now—in Q3 2016—at 5.6%, which is down from 6.6% in Q3 2015.

Clive Efford: Notwithstanding that, household debt is very high, and housing costs are a big proportion of households' expenditure. Has the Chancellor made an assessment of the impact of an interest rate increase on growth, given that that growth is driven by consumer spending?

Mr Hammond: Yes. The Bank of England makes regular assessments of the impact of changes in interest rates—that is a central part of the modelling work that it does. The hon. Gentleman is absolutely right that one

of the drivers of the relatively high household debt levels in this country is our housing model, with relatively high percentages of home ownership.

Robert Jenrick (Newark) (Con): The Governor of the Bank of England has identified that two of the most serious challenges to the economy today are levels of household debt and the falling pound. Both of those are made worse by the widespread belief among the general public that interest rates are not going to go up. What more can the Government and the Governor of the Bank of England do to signal to the public that interest rates will rise, and not fall, in the near future?

Mr Hammond: That is not a matter for the Government, because, as my hon. Friend knows very well, interest rates are a matter for the Monetary Policy Committee of the Bank of England, and it is up to the Governor and individual members of the Monetary Policy Committee to signal as they see fit.

Rebecca Long Bailey (Salford and Eccles) (Lab): TUC analysis published last week showed that unsecured household debt is at a record high. Even the Bank of England voiced concern yesterday that the UK was relying on consumer spending rather than exports and investment to boost growth, which bodes poorly for the future. Does the Chancellor acknowledge that such high levels of household debt are indicative of the fact that the Government's economic strategy simply is not working, especially for most families who are now struggling to get by on their incomes alone?

Mr Hammond: No, I do not accept that at all. What I do accept is that the extraordinary performance of the UK economy over the last six months, which has defied many predictions, has been largely driven by consumer behaviour. As I just set out in my response to the hon. Member for Eltham (Clive Efford), the savings ratio has declined, so consumers are feeling confident, and they have been spending money rather than saving it over the last six months.

Rebecca Long Bailey: I invite the Chancellor to meet struggling families in my constituency and, indeed, across the rest of Britain. Even the Office for National Statistics reported on 10 January that non-retired households have less money on average than before the economic crash. Chronic low pay, lack of opportunity and Government cuts to support mean that they are desperately trying to find ways to make ends meet on a monthly basis using debt. Will the Chancellor therefore confirm what protection he will offer these families should inflation rise significantly as a result of the pound's weakness since Brexit and, indeed, in the light of the Bank of England's suggestion yesterday that interest rates could go up?

Mr Hammond: The hon. Lady is right, of course, that the declining value of sterling will have an impact on inflation, and we have to take that into account as it feeds through the economy. The OBR signalled in its autumn statement report how it expects that to occur. At the time of the Budget on 8 March, we will get new reports from the OBR in the light of currency movements since the autumn statement, and I will report to the House again then.

Banking: Carers

10. **Stuart Andrew** (Pudsey) (Con): What progress has been made on improving access to online and in-branch banking for carers. [908209]

The Economic Secretary to the Treasury (Simon Kirby): Banks are required to treat customers fairly and ensure that vulnerable customers have appropriate access to banking. My hon. Friend and I met recently to discuss this, and I am pleased to hear that both the Financial Conduct Authority and the British Bankers Association have offered to meet my hon. Friend to discuss it further.

Stuart Andrew: I am grateful to my hon. Friend for meeting my constituent Annie Dransfield, who, as a carer for her adult son, manages his finances in the hope that he will be able to live as independent a life as possible, but she has real issues trying to access his online banking. Given the increasing number of carers in the country, does my hon. Friend agree that the banking industry should do all it can for these very important customers?

Simon Kirby: The FCA and BBA are both looking at ways to make it easier for trusted friends or family to help people to manage their money safely, and I wish my hon. Friend luck with his meetings.

Jim Shannon (Strangford) (DUP): As my brother's appointee after he suffered severe head trauma in an accident 11 years ago, I can see many avenues by which carers' time is taken up dealing with red tape. Will the Minister outline his view on how things such as online banking can be kept safe but made simpler for carers with regard to multiple usernames?

Simon Kirby: I can assure the hon. Gentleman that we have discussed this. It is the very issue that my hon. Friend the Member for Pudsey (Stuart Andrew) will be discussing with the BBA and the FCA, and the Government are keeping a close eye on it.

Housing Supply

11. **Mr Stewart Jackson** (Peterborough) (Con): What fiscal steps he is taking to increase housing supply in (a) Peterborough and (b) England. [908210]

The Chief Secretary to the Treasury (Mr David Gauke): Progress has been made since 2010, with housing starts now at an eight-year high. However, the scale of the challenge requires us to go further. That was why my right hon. Friend the Chancellor announced in the autumn statement that the Government will invest £5.3 billion in housing. This includes investing £2.3 billion in the new housing infrastructure fund, which will deliver up to 100,000 homes in high-demand areas, an additional £1.4 billion to deliver 40,000 new affordable homes, and £1.7 billion to deliver a programme of accelerated construction on public land.

Mr Jackson: Does my right hon. Friend agree that supporting the off-site construction of new homes, as we have been doing in Peterborough, is one important way to get more good-quality homes built quickly?

Mr Gauke: I do agree that we should explore the potential of modern methods of construction, including off-site construction. We should also ensure that the Government support new entrants into the market, particularly SME builders. The accelerated construction programme announced by my right hon. Friend the Communities and Local Government Secretary in October, which aims to speed up the build-out of homes on public land, will include an element of off-site construction. The Department for Communities and Local Government is actively considering ways of encouraging diversification in the house building market.

Several hon. Members *rose*—

Mr Speaker: Oh, we had better get the fellow in; otherwise he will be very unhappy. I do not like to see the hon. Gentleman unhappy. I call Mr Barry Sheerman.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): As someone who chairs a national charity based in Peterborough, and also as the Member of Parliament for Huddersfield, may I back the people who have been saying not only that we need a more diverse housing market and better provision, but that the future must be lower-cost housing and off-site construction, and to a highly sustainable standard?

Mr Gauke: I think that we can agree on all that; there is consensus on this point. We do need to build more homes. Building more homes more cheaply, but of high quality and on a sustainable basis, is something on which I hope the whole House can agree.

Kelly Tolhurst (Rochester and Strood) (Con): In my constituency, we face high levels of proposed new housing. Can the Minister assure me that that will be matched with increased investment in our local infrastructure?

Mr Gauke: I draw my hon. Friend's attention to the housing infrastructure fund, which demonstrates the Government's determination to ensure that when new housing is built in areas of high demand, we also deliver the infrastructure to support that housing. That will have a beneficial effect by getting more houses built, and also ensuring that the appropriate infrastructure is in place.

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

Mr Speaker: Order. This is about Peterborough and England, not Kilmarnock and Loudoun—or even Scotland. I am going to save the hon. Gentleman up for a later occasion. We look forward to that with eager anticipation.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): For many in my constituency, home ownership is but a pipe dream, with more people renting privately than owning their own homes. What steps is the Minister considering to encourage private landlords at least to offer longer tenancies for these very many private renters in London and in Hackney South?

Mr Gauke: We look to put in place measures to support all sectors and all types of housing. The hon. Lady is absolutely right to say that private rented housing is a really important sector. However, I am sure that she

agrees that we have to be careful about some of the proposals on rent controls that float around, which would be damaging for the private rented sector.

Value of the Pound

13. **Fiona Mactaggart** (Slough) (Lab): What assessment he has made of the effect of recent trends in the value of the pound on the economy; and if he will make a statement. [908212]

The Chancellor of the Exchequer (Mr Philip Hammond): The Government do not comment on currency movements and we do not target an exchange rate, but I will tell the House that the pound has spiked in the last few minutes while the Prime Minister has been speaking. The vote to leave the EU has obviously caused some uncertainty in the movements of financial markets. More generally, the fundamentals of our economy over the last couple of years have been strong.

Mr Speaker: I think what the Chancellor means is that he does not comment on currency movements unless he does.

Fiona Mactaggart: But is it not the case that No. 10's office briefed that the pound would fall as a result of the Prime Minister's remarks today? Did it do that in a cynical attempt to get the soundbite that the Chancellor has just sought to achieve?

Mr Hammond: I draw a distinction between providing the House with information and commenting on that information—I would not dream of doing the latter. The other thing I would not dream of commenting on is any operations that No. 10 might undertake, which are well beyond my pay grade.

James Morris (Halesowen and Rowley Regis) (Con): The depreciation of the pound during the past few months has been of significant benefit to west midlands exporters, particularly those exporting outside the European Union. Does the Chancellor agree that whatever arrangements we come to for access to the single market after we leave the European Union, they must not constrain west midlands exporters from growing their trade outside the European Union?

Mr Hammond: On the contrary, the arrangements must support west midlands exporters in that endeavour. We still have a very large current account external deficit, and we need to bring our trade into better balance. One of our objectives in concluding the exit arrangements from the European Union will be to support that.

Concentrix

14. **Gerald Jones** (Merthyr Tydfil and Rhymney) (Lab): Whether the Government plan to publish a timetable for investigating HM Revenue and Customs' contract with Concentrix. [908213]

The Financial Secretary to the Treasury (Jane Ellison): The independent National Audit Office has in fact published its report on HMRC's contract with Concentrix today. HMRC senior managers will attend a Public Accounts Committee hearing on 25 January, at which the report will be discussed.

Gerald Jones: Given the report released this morning, which the Minister mentioned, and the fact that the whole debacle has caused undue stress to thousands of people across the country, including in my constituency, what specific lessons has she and the Department learned?

Jane Ellison: There are a number of things. I reflected on them during the Opposition day debate on this subject when, as Labour Front Benchers will remember, I accepted their motion. We have of course learned a number of lessons, including on how Ministers monitor colleagues' views about the way in which we deal with their concerns on behalf of their constituents. HMRC has confirmed that it is not planning a contract of this nature for this particular operation, but it will have more to say when it responds both to the PAC and to the report.

Peter Dowd (Bootle) (Lab): Given the NAO's excoriating report on Concentrix's failure to achieve savings targets, performance targets, serviceable staffing levels, sufficient levels of training, call handling accuracy, proficient contract management and competent decision making—while, unbelievably, increasing its commission almost threefold—would not the Chancellor's time be better spent concentrating on getting a modicum of efficiency into HMRC, rather than popping off to Davos for a winter sojourn?

Jane Ellison: First, I want to say that many tens of thousands of people work for HMRC. It would do their morale a power of good if people in this House reflected on their current excellent performance and the improvements they have made on customer service compared with two years ago. I want to compliment them publicly on the improvements they have made.

We have accepted that mistakes were made on Concentrix, and that is the reason why the agreement was terminated. We will reflect on that further when we respond to the National Audit Office report.

Topical Questions

T1. [908190] **Carol Monaghan (Glasgow North West) (SNP):** If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr Philip Hammond): My principal responsibility remains delivering near-term measures to ensure stability and resilience as the UK exits the EU, while also addressing the UK's long-term productivity challenge. My immediate focus is on preparing the last ever spring Budget for delivery on 8 March.

Carol Monaghan: Many of my constituents are concerned about the future of the Green Investment Bank in relation to possible asset stripping, the worth of the golden share and the suitability of the buyer. What is the Department doing to ensure that the UK taxpayer is given a fair deal on the sale of the bank and the bank retains its green focus?

Mr Hammond: Those are two of the criteria that we have set: there should be value for money for the taxpayer; and the bank's focus for future operations should be

retained and protected. We are reviewing the sale process as it goes forward, and we will make sure that those outcomes are protected.

T2. [908191] **Victoria Atkins (Louth and Horncastle) (Con):** The latest fiscal sustainability report was published by the Office for Budget Responsibility just over an hour ago. Knowing what a quick reader my right hon. Friend is, what assessment has he made of the implications for the long-term health of the public finances?

Mr Hammond: I am not only a quick reader, but able to read the report while also answering questions in the House.

The OBR's report shows that, under certain circumstances, the UK public finances will come under increasing pressure over the next 50 years. As I said earlier, this creates a catalyst for a discussion, which we need to have, about how we maintain the sustainability of our crucial public services, given the pressures, including demographic pressures, that they will face. I believe that the report serves a useful purpose. Given that the point 50 years out is sufficiently far away, I hope that we will be able to have a mature, cross-party discussion about how we address these issues in the long term.

T5. [908194] **Steven Paterson (Stirling) (SNP):** The autumn statement revealed the Brexit bombshell that growth will be a massive 2.4% lower than previously predicted. What further impact does the Chancellor expect that leaving the single market will have on GDP growth in the years to come?

Mr Hammond: The Office for Budget Responsibility set out its projections under different scenarios at the autumn statement. It is the OBR that makes the forecasts. It will, of course, produce a revised set of forecasts that will be published on 8 March—Budget day.

T4. [908193] **Derek Thomas (St Ives) (Con):** Businesses, including restaurants and guest houses in my constituency, curtail their business to keep within the VAT threshold, but that has a negative impact on economic activity and jobs in west Cornwall and the Isles of Scilly. Will the Chancellor consider increasing the VAT threshold as soon as the opportunity arises?

The Financial Secretary to the Treasury (Jane Ellison): I thank my hon. Friend for that point, which I am happy to discuss. It is worth putting on record that VAT is projected to raise £138 billion for the public finances this year. We have one of the highest thresholds in the EU, but I am always happy to listen to colleagues. I know that the concerns of the tourism industry are to the fore in the minds of many colleagues.

T6. [908195] **Patricia Gibson (North Ayrshire and Arran) (SNP):** Last week, the Nuclear Decommissioning Authority began a statutory consultation on UK Government plans to cut final salary pensions across the nuclear estate, which will have an impact on 16,000 workers, including hundreds in my constituency. Is the Chancellor aware that this is a betrayal of promises made by Margaret Thatcher to nuclear workers when the electricity industry was privatised?

The Chief Secretary to the Treasury (Mr David Gauke): The Government and the relevant agency recognise the importance of the employees who work in this sector, but it is necessary to have terms and conditions that reflect the modern situation that applies across the economy as a whole.

T7. [908196] **Mrs Flick Drummond** (Portsmouth South) (Con): The Solent region has a deficit of 6% in its gross value added compared with the rest of the south-east. Much of that is due to the lack of investment in local transport infrastructure; for example, there has been no significant rail investment for 50 years. Can Ministers confirm that the new national productivity investment fund can be used to address that deficit?

Mr Gauke: I can say to my hon. Friend that the very purpose of the national productivity investment fund is to support economic growth across all regions of the country. Further details specifying how and where the fund will be invested will be set out by the relevant Departments and agencies in due course. The Solent will not be forgotten, and we are taking action to improve rail services, with a new franchise expected to deliver more services and quicker journey times on South West Trains.

Louise Haigh (Sheffield, Heeley) (Lab): It is simply not good enough to throw Concentrix under the bus. Today's National Audit Office report finds that HMRC was at fault in the writing of the contract, in failing to monitor it, and in intervening to make things worse after a poor performance in summer 2015. Who at HMRC will be held accountable for the gross failings of this contract from beginning to end?

Jane Ellison: The hon. Lady and I have debated this issue. We are looking at the significant criticisms in the report. We have accepted a number of the criticisms that have been made about the handling of this matter, but a lot of money has been saved by addressing error and fraud in the tax credits system. HMRC will respond in more detail at next week's PAC hearing, and I will be considering the report in detail.

T8. [908197] **Huw Merriman** (Bexhill and Battle) (Con): The Halifax reports that the number of first-time buyers is at its highest since 2007 and cites Government schemes such as Help to Buy as making a major contribution. What more can the Government do to back aspiration and get more people on the housing ladder?

The Economic Secretary to the Treasury (Simon Kirby): The Help to Buy scheme has helped more than 220,000 households to buy a home, including more than 180,000 first-time buyers. In the autumn statement, the Chancellor announced that the Government will invest an additional £1.4 billion in affordable housing to deliver 40,000 new homes for shared ownership, rent to buy and affordable rent, bringing the total funding of the affordable homes programme to £7.1 billion.

Patrick Grady (Glasgow North) (SNP): Will the Chancellor state unequivocally the Government's commitment to the 0.7% aid target in this and future spending rounds?

Mr Philip Hammond: As the hon. Gentleman knows, the 0.7% target is enshrined in primary legislation, and the Government have no intention of changing that.

T9. [908198] **Ben Howlett** (Bath) (Con): The Government are investing in major infrastructure projects, including Heathrow airport, HS2 and, I hope, a new A36-A46 link road through my constituency. What is my right hon. Friend doing to ensure that we provide sufficient funds so that this work can be conducted in a timely fashion?

Mr Gauke: The Government are committed to supporting the skills we need to deliver our national infrastructure. In the transport infrastructure skills strategy for 2016, we committed to creating 30,000 road and rail apprenticeships by the end of the Parliament. In addition, the Department for Business, Energy and Industrial Strategy is investing £40 million in the national college for high-speed rail, with additional funding for the college coming from local government and industry. Finally, Heathrow airport has committed to double the number of its apprentices to 10,000 by the time the new third runway is operational.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Changes to the rateable value for solar panels for organisations mean that business rates for organisations with solar rooftop installations, such as schools, hospitals and SMEs, could increase dramatically—six to eightfold—in April. Do the Government recognise the huge damage that this will cause to organisations that have installed panels in good faith, as well as the solar panel industry?

Jane Ellison: The installation of solar panels is only one of the factors that determines the rateable value. That said, a £3.4 billion transitional relief scheme will support businesses facing an increase in business rate bills, while businesses with solar panels will also benefit from the £6.7 billion package—the biggest ever—to reduce business rates.

T10. [908199] **Dr James Davies** (Vale of Clwyd) (Con): The Government will be aware that north Wales has among the lowest productivity rates in the UK, at about 73% of the UK average. With that in mind, what plans do they have to work with the six north Wales councils, the Mersey Dee alliance and the Cheshire and Warrington local enterprise partnership to deliver a local growth deal?

Mr Gauke: I can confirm to my hon. Friend that Treasury Ministers have regular discussions with ministerial colleagues about how the Government can boost growth and productivity across Wales and the UK. At autumn statement 2016, the Government confirmed that the door was still open for a growth deal with north Wales, and we are committed to negotiating a city deal for the Swansea Bay city region in south Wales. I look forward to receiving proposals from partners in the north Wales region over the coming months.

Mr Speaker: The right hon. Gentleman is always very well briefed for these topical questions—reading out the screed! Very good.

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): The International Monetary Fund yesterday highlighted widening inequality and stagnation as key drivers of social dislocation, while the Institute for Fiscal Studies has recently warned of the biggest pay squeeze in the UK for 70 years. What is the Chancellor's strategy to ensure that growth in our economy benefits everybody?

Mr Philip Hammond: Income inequality has been falling, but of course we face challenges as the depreciation of sterling works its way into inflation in the economy. That is an issue on which we will remain very much focused, and I will address it in more detail in the Budget.

Jeremy Quin (Horsham) (Con): Alongside other elements driving recent extremely successful purchasing managers' index surveys were seven consecutive months of export growth. Does the Minister agree that this is a fine way to underpin our already record rates of employment?

Simon Kirby: I agree. The PMI surveys show significant resilience in the UK economy since the referendum. The Prime Minister recently made it clear that we will make a success of leaving the EU.

John Cryer (Leyton and Wanstead) (Lab): Given the Chief Secretary's earlier comments about attempts to stimulate house building, can he guarantee that at the end of this Parliament the supply of rented homes will be larger than it was at the beginning?

Mr Gauke: We are likely to build more affordable homes in this Parliament than have been built since the 1970s.

Andrew Selous (South West Bedfordshire) (Con): There are currently 87,000 ultra-low emission vehicles on our roads, but the Committee on Climate Change says that we need 1.7 million by 2020. What more can the Treasury do to help us to reach that challenging target?

Mr Philip Hammond: I recognise my hon. Friend's concern. This matter was on my agenda when I was Transport Secretary in 2010. The roll-out of ultra-low emission vehicles has been disappointing—it has not been as fast as I would have hoped—and that will be one of the issues we consider as we try to respond to concerns about air quality, which have been reinforced by recent court decisions requiring the Government to review their approach on that.

Alan Brown (Kilmarnock and Loudoun) (SNP): In his previous Budget, the Chancellor stuck in a £7 billion investment line for the year 2021-22, which is beyond the remit of this Parliament, so will he explain what that money is for?

Mr Hammond: It is customary to present forecasts for fiscal events over the forecast period which, as we progress through this Parliament, will stretch beyond its end. That is how it has always been done, and it would not be helpful to give the House only a shorter horizon.

Jake Berry (Rossendale and Darwen) (Con) *rose*—

James Berry (Kingston and Surbiton) (Con) *rose*—

Mr Speaker: A choice of Berries! A London Berry and a Lancashire Berry. Let us hear from London Berry.

James Berry: Thank you, Mr Speaker. This is a London-related question. Major infrastructure investment will form a vital part of our economy in post-Brexit Britain. Will my right hon. Friend confirm his support for London's major infrastructure project—Crossrail 2?

Mr Hammond: The Government will, of course, consider all proposals for infrastructure investment on their merits. When the industrial strategy Green Paper is published, it will set out the Government's approach to prioritising infrastructure to support the economy.

Bill Esterson (Sefton Central) (Lab): When the Chancellor considers the effect of bringing in quarterly reporting, will he look at the figures showing that only 25% of our smaller businesses have maintained electronic accounting records and that 38% lack basic digital skills? Will he listen to what the Chair of the Treasury Committee said when he described this as a potential "disaster"?

Jane Ellison: I always listen to what the Chairman of the Treasury Committee says. I am considering the Committee's very useful report carefully. Of course, it acknowledged that the digitisation of the tax service represents the direction in which we should be travelling, but we are looking carefully at the possible impacts on small businesses, many thousands of which we have already exempted through our existing announcements.

Jake Berry *rose*—

Mr Speaker: I think it is Lancashire's turn.

Jake Berry: Thank you, Mr Speaker. On the subject of berries, does my right hon. Friend the Chancellor share my concern that too many JAMs are becoming jam tomorrow with the ballooning of household debt? What steps will he take to stop inappropriate and irresponsible lending by credit card companies and banks to low-income households?

Mr Philip Hammond: The Government and the regulatory authorities take appropriate measures to prevent inappropriate lending and to make sure that credit products are not mis-sold, and we will continue to do so.

Several hon. Members *rose*—

Mr Speaker: The hon. Member for East Lothian (George Kerevan) always looks so happy. We will make him happier by calling him.

George Kerevan (East Lothian) (SNP): Thank you, Mr Speaker; it is your presence that makes me happy.

While the Chancellor has been answering questions, the Prime Minister has said in her Lancaster House speech that the UK will most likely continue to pay into EU budgets. Will the Chancellor acquaint the House of that?

Mr Hammond: We have always said that if, as part of our future arrangements with our former European Union partners, we continue to collaborate in certain areas, such as scientific and technical research programmes, we will of course have to expect to contribute. All this is

for the negotiations ahead. The Prime Minister has today set out a 12-point plan for Britain's future relationship with the European Union, which is exactly what our partners have been demanding from us. I hope that this will now signal the beginning of serious engagement on Britain's future relations.

Jeremy Lefroy (Stafford) (Con): I heard this morning that an overseas insurance company had chosen Zurich over London as its European base because it felt that the Swiss authorities were much quicker to engage with it than the London authorities. Will the Chancellor ensure that we are the most competitive financial services market in the world and that we really take overseas investment seriously?

Mr Hammond: Of course. I thought that my hon. Friend was going to tell me that the company had chosen an EU location over London, so I am interested to hear him say that it has chosen Zurich—the only other possible non-EU location. I will look at the issue that he raises. It is our objective to have the most attractive location on this continent for inward investment and for foreign businesses to do their business.

Kelvin Hopkins (Luton North) (Lab): Inflation is still below the Monetary Policy Committee's official target, and the economy has long been at greater and more worrying risk of deflation than inflation. Will the Chancellor therefore be seeking to dissuade the Governor of the

Bank of England from any thoughts of raising interest rates, which would simply inflict wholly unnecessary damage on the economy?

Mr Hammond: No. It is not for me to dissuade or persuade the Governor of the Bank of England in relation to interest rate policy. However, I will say this to reassure the hon. Gentleman: although this morning's inflation figure—1.6%, as measured on the consumer prices index—is below the Bank of England's target rate, the forecasts of the OBR and, indeed, the Bank suggest that the figure will meet and exceed the target rate later in the year.

Several hon. Members *rose*—

Mr Speaker: Finally, I call Yvonne Fovargue.

Yvonne Fovargue (Makerfield) (Lab): More than a year ago, the Treasury promised to consult on breathing space to assist people in debt and protect them from interest and other charges while they seek help. In view of the high levels of personal debt, will the Minister commit himself to proceeding with that as a matter of urgency?

Simon Kirby: I can tell the hon. Lady that we are looking closely at the issue and will see some progress in the very near future.

Northern Ireland Assembly Election

12.41 pm

The Secretary of State for Northern Ireland (James Brokenshire): With permission, Mr Speaker, I shall make a statement about forthcoming elections to the Northern Ireland Assembly.

As the House knows, Martin McGuinness resigned as Deputy First Minister of Northern Ireland on Monday 9 January, as a result of which the First Minister also ceased to hold office. That began a seven-day period in which both positions had to be filled, or it would fall to me to fulfil my statutory obligation as Secretary of State to call a fresh election to the Assembly.

Over the past week, I have engaged intensively with Northern Ireland's political parties to establish whether any basis exists to resolve the tensions within the Executive without triggering an election. I have remained in close contact with the Irish Foreign Minister, Charlie Flanagan. In addition, my right hon. Friend the Prime Minister has been kept fully informed, and has had conversations with the former First and Deputy First Ministers and the Taoiseach, Enda Kenny. Regrettably, despite all our collective efforts, it has not proved possible to find an agreed way forward in the time available. In the Northern Ireland Assembly yesterday, the Democratic Unionist party nominated Arlene Foster as First Minister, while Sinn Féin declined to nominate anyone to the post of Deputy First Minister.

I have some discretion in law over the setting of a date for an election, but, given the circumstances in which we find ourselves in Northern Ireland, I can see no case for delay. As a result, once the final deadline had passed at 5 pm yesterday, I proposed Thursday 2 March as the date of the Assembly election. The Assembly itself will be dissolved from 26 January, which means that the last sitting day will be 25 January. That will allow time for any urgent remaining business to be conducted before the election campaign begins in earnest. I am now taking forward the process of submitting an Order in Council for approval by Her Majesty the Queen, on the advice of the Privy Council, formally setting in law the dates for both the dissolution and the election. In setting those dates, I have consulted the Chief Electoral Officer for Northern Ireland, who has given me assurances on operational matters relating to the running of the election. The decisions that I have made have also been informed by my ongoing discussions with Northern Ireland's political leadership.

As all Members will understand, elections are, by their nature, hotly contested. That is part of the essence of our democracy. No one expects debates about the key issues in Northern Ireland to be anything less than robust. I do, however, wish to stress the following.

This election is about the future of Northern Ireland and its political institutions. That means not just the Assembly, but all the arrangements that have been put in place to reflect relationships throughout these islands. That is why it will be vital for the campaign to be conducted respectfully and in ways that do not simply exacerbate tensions and division. Once the campaign is over, we need to be in a position to re-establish strong and stable devolved government in Northern Ireland.

Let me be very clear: I am not contemplating any outcome other than the re-establishment of strong and stable devolved government. For all the reasons I set

out in my statement last week, devolution remains this Government's strongly preferred option for Northern Ireland. It is about delivering a better future for the people of Northern Ireland and meeting their expectations. For our part, the UK Government will continue to stand by our commitments under the Belfast agreement and its successors, and we will do all we can to safeguard political stability.

Over the past decade Northern Ireland has enjoyed the longest run of unbroken devolved government since before the demise of the old Stormont Parliament in 1972. It has not always been easy, with more than a few bumps in the road, but, with strong leadership, issues that might once have brought the institutions down have been resolved through dialogue. And Northern Ireland has been able to present itself to the world in a way that would have been unrecognisable a few years ago: a modern, dynamic and outward-looking Northern Ireland that is a great place to live, work, invest and do business.

Northern Ireland has come so far, and we cannot allow the gains that have been made to be derailed. So, yes, we have an election, but once this election is over we need to be in a position to continue building a Northern Ireland that works for everyone. That is the responsibility on all of us, and we all need to rise to that challenge.

In that spirit, Mr Speaker, I commend this statement to the House.

12.47 pm

Mr David Anderson (Blaydon) (Lab): I thank the Secretary of State for his statement.

Like most of us, I am saddened that we are here today, and I know that so many good people in Northern Ireland will feel exactly the same, with deep regret that we have reached this impasse. I have personally been involved for almost three decades in Northern Ireland-related issues, and if I have learnt one thing it is that political vacuums should be avoided at all costs. So I say to the Secretary of State today that he must not only make sure that he is willing to fill that vacuum, but work with all parties to try to seek a way forward so that we avoid the nightmare scenario of six weeks of increasingly bitter campaigning which leaves us in the same place as when it started, with no solution in place to heal the huge divide and to bring together those elected to represent all the people of Northern Ireland.

I realise that the tension of an election dominates people's minds and the news agenda may well be focused on other issues, but I suggest that for the sake of all of us on these islands we highlight the critical importance of maintaining devolved and functioning government in Northern Ireland. I want to see young men and women from Blaydon continuing to go to Belfast with rucksacks on their backs; I do not want to go back to the days when they went there with rifles over their shoulders. Anyone who thinks that this is some form of local difficulty in Northern Ireland should think again.

I want to see the continuing peace and prosperity in Northern Ireland that is helping to grow the economy and the life chances of all who live there. I want the world to look at Northern Ireland and rightly applaud the success we have witnessed over the past decades.

[Mr David Anderson]

I hope none of us wants to see a divided Northern Ireland that turns in on itself, as, sadly, we have seen so often in the past.

There are huge issues facing the people of Northern Ireland: our exit from the European Union and the real changes this will bring to everybody's everyday lives; the uncertain position from the Government on the UK's only land border with Europe; how to keep improving economic performance; and, critically, how we deal with Northern Ireland's unique and painful past. Without a stable, workable Government, all these issues will be much harder to progress.

Last week, the Secretary of State and the Prime Minister assured me and the House that there would be scope for the Northern Ireland voice to be heard in the run-up to our negotiations on the EU, via a Joint Ministerial Council. If that is the case, there is no reason for the Secretary of State not to engage with the parties and communities over the next eight weeks, in order to resolve the issues that have led to this breakdown. He must not let the election be an excuse for not getting people together.

Let us be clear: what is happening in Northern Ireland is not just about who is or is not the First Minister or Deputy First Minister, or the debacle that is the renewable heat incentive scheme. There are other real underlying issues, including how we support victims of the troubles; women's rights; equality for LGBT communities; the treatment of ethnic minorities and migrant groups; and, above all, how we deal with Northern Ireland's past and the crucial issue of trust and mutual respect. The Secretary of State has a responsibility to ensure that the Government deal with all parties in Northern Ireland on an equal basis. That is clearly a matter of huge concern to a number of the parties there.

I give due credit to the Secretary of State for the calm and measured tone that he has adopted so far, and I will not deny myself the optimism that those of us who love Northern Ireland still feel. To that end, I can assure the House that we in Labour will do everything we can to help, but all the parties need to look at what they can do to prevent the present impasse from degenerating into total collapse. Let me make it clear that we need to avoid a return to direct rule if at all possible. We need Northern Ireland politicians to stand up and be counted, to recognise their responsibility and to accept that the vehicle for addressing the concerns and needs of their communities is the Assembly and its Executive. The need for the continuation of the Assembly should be the No. 1 priority for them all, and for us in Westminster. The imposition of direct rule will serve no one. In the weeks to come, we should not let any personal political positioning, posturing or differences get in the way of the return of a working Government in Northern Ireland.

James Brokenshire: I welcome the hon. Gentleman's comments and his emphasis on the need to return to shared government in Northern Ireland at the earliest possible opportunity. I welcome his support and his comments underlining the shared responsibility that we all keenly feel in seeking to achieve that outcome by using the time ahead as effectively as possible. He is aware that there is a relatively short period of time following an election—around three weeks—in which

to form an Executive. We need to use all the time, up to polling day and beyond, to try to bring people together and to retain the sense of dialogue, difficult and challenging though that might be during an election period. It is important that we continue to do that.

We recognise that political stability is the primary responsibility of Governments. I have had discussions with all the parties since my last statement, and I have focused on engaging widely in order to encourage and promote a way forward. That is absolutely what I will continue to do in the time ahead. No one should prejudge the outcome of the election. We should be absolutely focused on seeking to get the right outcome, which is the continuation of devolved government in Northern Ireland. That is in the best interests of the people of Northern Ireland as it will allow things to move forward. As the hon. Gentleman said, we must work collectively to that end and approach this in a positive way if we are to achieve that outcome.

Mr Laurence Robertson (Tewkesbury) (Con): I returned from Londonderry this morning following meetings there yesterday. I witnessed a great sense of frustration there about what is happening, and a great sense of disappointment that the Assembly is yet again under threat and has indeed fallen. Does the Secretary of State agree with me—and, indeed, with the proposal from the shadow Secretary of State—that the coming weeks should be used to explore all the possibilities? None of us wants to see a return to direct rule, but the worry is that there is a strong possibility that the election—which the Secretary of State is obliged to hold—will deliver the parties back to Stormont in roughly the same numbers as now. What is the likelihood of making progress under such similar arrangements? Surely we should use the coming weeks to put in place a plan B under which we could continue with some form of devolved government and not bring powers back to this House, because direct rule is not a satisfactory way of running Northern Ireland.

James Brokenshire: I am grateful to my hon. Friend for his comments. He rightly identifies the maintenance of devolved government in Northern Ireland as the key issue. He is also right to say that we must use the available time to ensure that communication lines and dialogue remain open during the election period, however difficult that might appear. Equally, the issues relating to trust and confidence in the institutions, and in the ability of parties to work together in the shared government arrangement, will still need to be resolved. The question of how we can use this time to bring people together must be at the forefront of our minds.

Deidre Brock (Edinburgh North and Leith) (SNP): I thank the Secretary of State for giving me notice of his statement. I support the calls made yesterday for the election to be conducted in a manner that looks to the future and anticipates difficult but reasonable negotiations for the establishment of an effective Administration after the election. No one will get everything that they want from this election or from the formation of the new Executive, but the people whom the politicians serve deserve our best and most faithful efforts. The victory in this election should belong to the people, not to political parties.

This election has been brought about by circumstances that have their genesis in Belfast and that will also have their solutions in Belfast. We will be onlookers to a great extent, but there are some areas in which the efforts made here might help. I am pleased that dialogue between the Secretary of State and the parties in Northern Ireland will continue throughout the election period, so that the ground is prepared for the negotiations over holding office in March. Can he tell us whether he will take those opportunities to reassure the parties that funding will not be cut, particularly from the support for addressing the legacy issues? The Assembly suffers from the austerity fetish as much as the rest of the UK, but it carries additional burdens and needs those extra resources.

The past couple of months in the Assembly have been marked by some serious allegations. What support will the Secretary of State be able to offer the Assembly to have those allegations properly investigated and to find resolutions? The uncertainty of this election, with the peculiarities surrounding it, adds to the uncertainty of the Brexit mess. What support can the Government offer to people and businesses in Northern Ireland to smooth the next few months? Also, will he clarify what special arrangements he is putting in place to consult on the Brexit negotiations while the election is ongoing?

James Brokenshire: I am grateful to the hon. Lady for highlighting the issues relating to the nature of the elections. I think we all recognise what is at stake here. I can assure her that we will be doing our part to maintain communication channels and open dialogue. We will continue to encourage the parties to think carefully about the nature of the campaign ahead and about how best to bring people back together afterwards to get on with the process of devolved government in Northern Ireland. She asked a number of more detailed questions. On the question of legacy, she will know that it remains this Government's intent to give effect to the Stormont House agreement. Indeed, the funding commitments that were made in respect of that remain firmly in place.

In respect of support for the investigations and inquiry into the allegations that have provided the trigger, or the catalyst, for the situation we find ourselves in, I continue to believe that the best solution for this lies within Northern Ireland. This is a devolved matter, and it still seems right that the answers should come from that direction. I remain open to working with the parties on a cross-community basis to see what support can be given because, ultimately, getting answers on these issues is what matters.

On the UK's departure from the European Union, as hon. and right hon. Members will have heard, the Prime Minister set out a very clear position on this Government's approach. Indeed, she emphasised the issues on the common travel area and on strengthening the Union, too. Hon. and right hon. Members will have plenty of opportunity to raise further questions on that later today.

Sir Gerald Howarth (Aldershot) (Con): To the extent that the Secretary of State has a locus in this matter, may I make a fervent plea that he should protect the interests of former British soldiers currently being charged by the Sinn Féin-supporting Director of Public Prosecutions for Northern Ireland with murder for events that took

place more than 40 years ago? Is he aware that it appears that the Director of Public Prosecutions issued a notice to news desks, not for publication, stating:

"We would advise that if you publish an article which alleges lack of impartiality on the part of the Director or any other prosecutor that the appropriate legal action will be taken and we will make use of this correspondence in that regard and in relation to a claim for aggravated and exemplary damages?"

Is that not an attempt to muzzle Parliament and, indeed, to question the right of this House to support those soldiers who sought to bring about peace in Northern Ireland?

Mr Speaker: In my usual way I have been, as I think the House would acknowledge, extremely generous to the hon. Gentleman. He has asked a most interesting question, and he has delivered it with his usual eloquence, but it does suffer from one disadvantage, which is that it has absolutely nothing whatsoever to do with the statement made by the Secretary of State. Nevertheless, I have indulged the hon. Gentleman, and he can thank me on a daily basis.

James Brokenshire: My hon. Friend raises the important issue of legacy. As I indicated to the House last week, I will never tire of praising the work of our armed forces personnel in securing the peace, the stability and the arrangements that we see in Northern Ireland today. Yes, I do have some concerns about imbalance within the system, which is why I believe it is right that we move forward with the Stormont House agreement and the legacy bodies that are set up there. I will not comment on any individual decisions. Indeed, justice is devolved in Northern Ireland. It is independent, and has its own processes that remain in place in an independent way. I hear clearly his very general and very firm point on balance within the overall system, which is something that I am very keen to address.

Mr Nigel Dodds (Belfast North) (DUP): The Democratic Unionist party has worked tirelessly in recent years to move Northern Ireland forward, to make devolution work and to create the conditions for stable government in Northern Ireland, so we are deeply disappointed, frustrated and, indeed, angered by the decision of Sinn Féin to walk away from devolved government and to cause this election. What is the election about? It is fairly clear that it is not about the renewable heat incentive issue; had it been, we could have got on with sorting it out. Indeed, the election will serve to disrupt and delay sorting out those issues.

The election is about Sinn Féin seeking opportune political advantage, seeking to overturn the result of the election held just a few months ago, seeking to gain a list of concessions from the Government on legacy issues, such as rewriting the past and putting more soldiers and policemen in the dock, and other issues, and seeking other concessions from the DUP. Let us be very clear that we will work through this election, and afterwards, to create a stable devolved Government in Northern Ireland, but let this House and the people of Northern Ireland know that, just as we have not given in to Sinn Féin's demands in the past, we will not bow down and give in to Sinn Féin's unreasonable demands going forward, because that is what this election is all about.

James Brokenshire: I recognise that there are strongly held views on all sides, and as we enter the election period, I am sure these issues will be hotly and keenly contested. From what the right hon. Gentleman says, I welcome the willingness to engage, the willingness to work things through and the desire to get back to stable, shared devolved government. We all have that focus in our minds when looking to the future of Northern Ireland and how we can get on with governing in the best interests of all Northern Ireland.

Sir Henry Bellingham (North West Norfolk) (Con): Does the Secretary of State agree that an unencumbered, unhindered press is vital to the future elections? Does he agree that any chilling effect or threat could undermine the very democratic essence of these elections? We must have a free and fair press.

James Brokenshire: I am sure that the issues around the election will be keenly and hotly contested. From all my experience of the press in Northern Ireland, it is fair, free and open, with wide debates contained within it. The Government certainly see those building blocks in the freedom of the press and, indeed, in the strength of our judiciary and legal processes, and we want to see that those pillars of our democracy are upheld.

Mr Ivan Lewis (Bury South) (Lab): In truth, Northern Ireland has lurched from one political crisis to another in recent years. Is it not time that the Government urgently reviewed the constitutional arrangements covering power sharing, including issues such as the title of First and Deputy First Minister and a whole range of other issues? Is that not how the Government could add value in terms of long-term stability?

James Brokenshire: We need to be very careful about the approach we take at the moment. We are now embarking on an election and, as I said, I do not want to prejudge the outcome of that election or, indeed, the discussions that take place during this period and through and beyond the short window of time that we have after the election period. We will do all we can as the UK Government, and we hold a primary responsibility to provide political stability within Northern Ireland. Clearly, the parties will need to discuss things through an open dialogue that I hope brings people back together, but at this stage, in seeking to open and widen the debate, we need to be very focused on the task at hand in bringing people back together again. Yes, the UK Government will play their part in supporting the Belfast agreement and its successors, bringing an element of stability and getting devolved government back in Northern Ireland, which is what we all want to see.

Richard Drax (South Dorset) (Con): Having served on three tours in Northern Ireland, I congratulate the Secretary of State on his calm and measured approach in these difficult circumstances. Does he share my concern that if indeed the resignation of Mr McGuinness was political and not because of the environmental issue, the intent of Sinn Féin is to hold these elections and then not to reappoint, which would put pressure on my right hon. Friend to resort to direct rule, with all the consequences of that? Does he share my concern that that is a real possibility?

James Brokenshire: I have said that an election campaign that seeks to divide and to make it that much harder to bring people back together again afterwards is clearly a risk, and one that I am concerned about. Again, I encourage people to think about these issues very carefully. It is clear that the issues at stake here go much wider than simply the renewable heat incentive scheme, which was perhaps the catalyst that crystallised this. We need to be very careful, and we need to appreciate what is at stake here. Again, it is so important that people are able to work together and to maintain communication and dialogue so that we see the return of shared government in Northern Ireland for all communities at the earliest possible opportunity.

Lady Hermon (North Down) (Ind): The Secretary of State has quite rightly said that trust and confidence in the institutions in Northern Ireland have to be rebuilt. One of the best ways of doing that is transparency, including transparency on the renewable heat incentive scheme and, with the greatest of respect to him, on the political parties operating in Northern Ireland, and on the donations to them. Sinn Féin has precipitated this election. The people in Northern Ireland are entitled to know who is funding Sinn Féin, who is funding this premature Assembly election and, by the same token, who is sponsoring and funding the other political parties in Northern Ireland. Please do not tell me that that is a good idea and that the Secretary of State will reflect on it. What is he going to do about it?

James Brokenshire: The hon. Lady has rightly made the point on political donations and transparency over a number of weeks and months, and I have a huge amount of sympathy for the view she rightly takes. That was why I wrote to all the party leaders a short time ago to ask them to come back to me with their views by the end of this month so that we can move things forward. It is right that we look at that reform and start to put in place changes that give that greater transparency to politics in Northern Ireland. That is why I have written, and I look forward to receiving the responses so that we can move forward.

Bob Blackman (Harrow East) (Con): I commend my right hon. Friend's calm and measured approach to this problem. Will he update the House on what he will do to facilitate the voice of Northern Ireland, from politicians, being heard in the run-up to triggering article 50? Obviously, the Assembly will be removed quickly, an election will be held and then there will be a short period before we trigger article 50. We want to make sure that the voice of Northern Ireland is heard in our approach to our future.

James Brokenshire: It is important to recognise that although an election has been called, Ministers other than the First Minister and Deputy First Minister remain in place in the Executive, and therefore we will continue to invite the Executive to send representation to each of the meetings that will continue through the Joint Ministerial Committee or through other means. That approach will be taken as we look towards the triggering of article 50, but obviously I will continue to have engagements across the community, with business, with the voluntary and community sectors, and more broadly, to ensure that we continue to listen to and reflect upon the views of people in Northern Ireland as we look to the negotiations ahead.

Dr Alasdair McDonnell (Belfast South) (SDLP): Will the Secretary of State share with us more of his thoughts on what he expects to happen after an election in Northern Ireland? Does he accept that the problems will remain? Without his calling a public inquiry on the RHI or, if he cannot find a way to do that, his making it clear that he fully supports a public inquiry, public confidence in our political settlement will sink even lower, making restoration of the Executive even more difficult. That is what people have been telling me on the streets during the past few days and the past week. They said that they need clarity, as we are having an election in a fog.

James Brokenshire: Clearly, RHI scheme issues have been very much at the heart of what has led to the election that I have now called. It is right that we get answers on that, because it is crucial to re-establishing trust and confidence, seeing accountability and giving answers to the public about what has taken place. As I have said, it is right for that to come from Northern Ireland, as much as is possible, as this was a devolved issue and something that related to decisions within Northern Ireland. But I stand ready to work with people and consider options on a cross-community basis where support is commanded across the community. This is about how we get those answers and inject confidence back into the whole process.

Kevin Foster (Torbay) (Con): I am sure the Secretary of State and others in the House may reflect on the irony that this election has been caused by the resignation of a man who spent a lot of his life trying to use violence to overcome the democratic will of the people of Northern Ireland to be part of this United Kingdom. Will he also agree that it is vital that work is done to ensure that in dealing with the legacies of the past there is an equity once this election is out of the way, so that those who put their lives on the line to defend this democracy are not unduly hounded by these legal processes?

James Brokenshire: It is right that we have a system that is fair, balanced and proportionate. I have been clear about that on a number of occasions and about why I strongly believe that the Stormont House agreement and the legacy institutions contemplated within that provide a real framework and way forward to achieve that. I am concerned that there is an imbalance in the system, with a focus on state-based actors, and getting answers for those who lost loved ones as a consequence of terrorist atrocities is essential. That is why I want to see this moving forward and why we strongly believe change is required.

Vernon Coaker (Gedling) (Lab): We all wish everyone in Northern Ireland well in trying to resolve these current difficulties. May I press the Secretary of State on what he is doing on working in partnership with the Irish Government? The British and Irish Governments are co-guarantors of the Good Friday agreement, so what plans does he have to work with the Irish Government to help to resolve these difficulties? Is he planning a summit? Is he planning talks? Is he calling everybody in? What concrete measures is he planning to take to work with the Irish Government to help to resolve these difficulties?

James Brokenshire: As I have indicated to the House, I have had regular ongoing communication with Charlie Flanagan, the Irish Foreign Minister, and the Prime Minister and Taoiseach have had conversations. I certainly intend to meet Charlie Flanagan in the very near future so that we can assess the current situation and determine how our two Governments can seek to encourage and promote, and bring people together in a way that leads to, the maintenance and continuation of devolved government in Northern Ireland.

Mike Wood (Dudley South) (Con): What alternative to direct rule would be available if these elections did not result in an immediate power-sharing Government?

James Brokenshire: I have said that I think it would be premature and wrong to contemplate something other than devolved government in Northern Ireland—that is where we need to have all our focus in the weeks ahead. I am talking about encouraging the parties, dialogue and communication, which is absolutely necessary. Although others will say, “What if this, what if that, what if we don’t get to a position where we have that?”, I am not contemplating that; I am contemplating how we use the time available to us to maintain devolved government, get people back into that power-sharing arrangement and get on with what the people of Northern Ireland want, which is having that settled situation, taking Northern Ireland forward and seeing that positive, optimistic Northern Ireland which I know is there and which has so much more to give.

Ms Margaret Ritchie (South Down) (SDLP): Central to those political institutions has been the principle of power sharing, so what efforts will the Secretary of State and the British Government, working with the Irish Government, make to ensure that the principles of power sharing, mutual understanding and respect for political difference, which have withered away over the past number of months, will be strictly adhered to following these elections? What work with the Irish Government will take place within the next few weeks to do just that?

James Brokenshire: I have already indicated to the House the dialogue and discussion we have had with the Irish Government, the work that we will continue and the discussions that we continue to have. I stress, as I said in my statement, that this Government remain committed to the Belfast agreement and its successors—and all of what that means. Therefore, we will play our part to support the parties, discussion and dialogue, so that we move to that stable devolved government position that underpins so much of the positive work that we see in Northern Ireland. We wish to return to that period of stability which is what everybody would wish to see.

Jeremy Quin (Horsham) (Con): Foreign direct investment in Northern Ireland has been a great success in recent years, so will my right hon. Friend reassure me that he and his office will do all they can to maintain that positive momentum during this period of political instability?

James Brokenshire: Absolutely. I can give that assurance to my hon. Friend, because Northern Ireland has seen so much success in terms of foreign direct investment;

[James Brokenshire]

I believe it is the region with the greatest foreign direct investment outside the City of London, which underlines the huge potential that I see and the huge ability for Northern Ireland to continue to flourish and do so much more. We absolutely will continue to underline that message.

Sir Jeffrey M. Donaldson (Lagan Valley) (DUP): May I echo the comments made by the hon. Member for Belfast South (Dr McDonnell)? He and I, and many others in this House, have worked hard to bring the peace process to where it today, and we have taken risks, and I despair of where we are just now. May I say to the Secretary of State that if he is going to sit on his hands for the next six weeks and do nothing about the current crisis, he can forget getting devolution up and running three weeks after an election? I support the suggestion made by the hon. Gentleman, for which there is cross-community support: let this Government get on with holding the public inquiry on the RHI scheme that Sinn Féin has blocked.

James Brokenshire: The Government will continue to do all they can to support the parties in finding their way through to a resolution. As I have indicated in answers to previous questions, I remain open to considering issues that command cross-community support in order to find answers and get to the root of the issues in respect of the RHI inquiry. I will continue to hear the points that are made on a cross-community basis because, ultimately, whatever is done must command confidence and support in Northern Ireland if it is to be successful.

Alison McGovern (Wirral South) (Lab): The connections between the people of Merseyside and the people of Northern Ireland are many, and they run deep. May I press the Secretary of State on what he is doing, given the current political situation and the effect on Stormont's budget, to absolutely ensure that the people of Northern Ireland do not lose out?

James Brokenshire: The clearest way for the people of Northern Ireland not to lose out is for devolved government to be re-established at the earliest possible opportunity. That way, work can continue, budgets can be set and programmes can be put in place to take Northern Ireland further forward. That is why I make the point in such clear terms about the focus, attention and effort that we give to working with the parties to encourage dialogue and discussion, and to bring people together. That is the most powerful and effective way to give effect to what the hon. Lady said.

Mr Alistair Carmichael (Orkney and Shetland) (LD): We can have as many elections as we choose to hold, but we will get the strong, stable devolved Government that the Secretary of State says he wants only when we have trust between the parties and transparency in the workings of the Executive. To get that, we need an independent examination of the conduct of the RHI scheme. Under the Inquiries Act 2005, the Secretary of State has the locus to order an inquiry; it is surely apparent that nobody else is going to do that, so he must.

James Brokenshire: I agree with the right hon. Gentleman about that sense of trust, which has clearly broken down in Northern Ireland, hence the situation in which we find ourselves. I hear his point about the need for answers, transparency and an inquiry. As I have indicated, I strongly believe that the best way to achieve that is by Northern Ireland doing that itself, because that is where the issues arose and where devolution is holding fire. As I have already indicated to other parties, I will listen to and reflect on suggestions and proposals that come forward on a cross-community basis, because ultimately that is what will be needed not only to command confidence and respect, and ensure that any investigations or inquiries are balanced and actually get to the answers that people want, but to ensure that accountability is shown.

Conor McGinn (St Helens North) (Lab): The Secretary of State has my support as he charts the course set by the Good Friday and St Andrews agreements in re-establishing the devolved institutions, but the Prime Minister's commitment today to a hard Brexit will cause widespread concern in Northern Ireland. Will he outline how he will work in full partnership with the Irish Government on this matter while the Assembly and Executive are not functioning?

James Brokenshire: I welcome the hon. Gentleman's support for our work to ensure the return of stable devolved government. I do not, though, recognise his characterisation of what the Prime Minister has said. She has set out a bold, positive vision of what this country can and will be outside the European Union, but yes, of course, there is a negotiation to come. We have, of course, had initial dialogue and discussion with the Irish Government on how we get the best possible outcome for Northern Ireland. That was reflected in what the Prime Minister said today about the common travel area and strengthening the Union. That is precisely the approach we will take.

Jim Shannon (Strangford) (DUP): Would the Secretary of State care to outline what exactly people will be voting for if Sinn Féin refuse to work with the Democratic Unionist party, set impossible criteria, or ask for impossible concessions? How is the Secretary of State ensuring that Sinn Féin are not calling the shots, if I can use that pun, when it comes to who is elected to the Government of Northern Ireland, and that the electorate know that their vote will not be ignored because of the petty machinations of a party that simply wants its own way and does not like being challenged by a strong DUP team?

James Brokenshire: Ultimately, the election will be about the future direction of Northern Ireland. As we are in a democracy, I am sure the issues will be debated to and fro in the coming weeks—that is absolutely the whole point of the political and democratic system that we operate under. So much is at stake here. As I said yesterday, I encourage people to take part and vote in the election.

Karin Smyth (Bristol South) (Lab): The people of Northern Ireland are magnificent. They have got used to living with a sense of peace over the past 18 years. They need hope going forward. I just listened to the

Prime Minister's speech, in which she talked about making practical arrangements for the border, and making that a priority. In today's context, those are warm words. She has managed a phone call, but she should be here, and she should have been there. I have listened to the Secretary of State talk about his phone call and his activity over the past week, and with due respect, I think that is wholly inadequate. The elections are about not only the future of Northern Ireland but all our futures—those on the island of Ireland, and those who live on this island. What meetings will the Secretary of State have with the Irish Government and the Taoiseach in the next few weeks, and what will those conversations involve? What hope can he offer today to the people of Northern Ireland?

James Brokenshire: As I have indicated, the Government's clear intent and focus is on seeing the return of devolved government in Northern Ireland. That is what is absolutely in the best interests of Northern Ireland, which is why I will continue to do all I can to bring together the political parties. Ultimately, that political division has been part of the issues at stake. Yes, of course, as I have indicated to the House today, we have had continued dialogue and discussion with the Irish Government, and we will continue to keep them closely informed. As I indicated to the hon. Member for Gedling (Vernon Coaker), I intend to meet the Irish Foreign Minister very shortly to discuss the position and how we can work together and ultimately re-establish devolved government and the sense of the politics moving forward. We should be positive about what we can achieve. I am certainly not going into this issue in a negative way; it is all about how we can get on with it and make it happen.

Sammy Wilson (East Antrim) (DUP): The Secretary of State has said today that he is committed to any action having cross-community support in Northern Ireland. As this crisis has been brought about by Sinn Féin's demand for more security forces personnel to be taken to court and put in the dock, and for politically motivated inquests into deaths caused by the security forces, will he give a commitment today that there will be no money for politically motivated inquests, that no security forces files with national security implications will be released, and that he will not persuade Sinn Féin to re-enter government at the expense of soldiers being dragged through the courts?

James Brokenshire: On the issue of legacy, the Stormont House agreement, to which all the parties signed up, provided the right framework and the right way forward. I hold stark national security responsibilities that I feel very keenly about, in terms of safety on the streets of Northern Ireland here and now, and what that means more broadly. On the issue of legacy, it is important that we are able to find a way forward that is more balanced and proportionate, and that sees Northern Ireland looking to the future, rather than the past. We must focus on providing that framework, so that we can move things forward in that way. The hon. Gentleman will well know the issues and bodies set out previously, and, indeed, the way in which engagement has taken place over many months. I believe there is a way forward, but we need to have the framework, the intent, and the balanced and proportionate approach that I continue to underline.

Margaret Greenwood (Wirral West) (Lab): What assessment has the Secretary of State made of the effect of the political instability on potential investment in Northern Ireland?

James Brokenshire: I have had some discussions with business representatives. It is important that we get back to stable devolved government at the earliest opportunity. Again, that is the most powerful way to underline Northern Ireland's moving forward. There is so much that we can be positive about, including the jobs that have been created and the foreign direct investment made. There are so many fantastic businesses in Northern Ireland, too. That is what we should be celebrating. It is that positive, optimistic viewpoint of Northern Ireland's economy that we should be advancing.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): After the Assembly election in March, agreement will need to be reached on a new power-sharing Executive. However, if that does not happen, there is a very real possibility of a return to direct rule from Westminster. Does the Secretary of State think that it is acceptable for the people of Northern Ireland, who voted to remain in the European Union, to witness the triggering of article 50 while they live in total political limbo?

James Brokenshire: That underlines my general point on the need to get back to devolved government at the earliest opportunity, but as I have indicated, we intend to trigger article 50 by no later than the end of March; that is the approach that we have taken, and that is the work that continues. Invitations to appropriate meetings will continue to be made to the Executive, notwithstanding the current situation.

David Simpson (Upper Bann) (DUP): Further to the comments made by my hon. Friend the Member for East Antrim (Sammy Wilson), there are concerns in my constituency that the Government's eagerness to set up an Assembly immediately after the elections could lead to them contemplating some form of side-deal with republicans to get it up and running. May I gently warn the Secretary of State that that will be unacceptable?

James Brokenshire: There is a limited period under law in which to form a new Executive; it is around three weeks following a poll. That is why I make the point about maintaining open dialogue and thinking about how we can bring parties together. There has to be a sense of commanding support from across the community, which is why we need to listen very keenly and intently to the voices of the hon. Gentleman's party and other parties on the process ahead. I stress the need to hold dialogue and discussions, and to focus on the principles in the Belfast agreement and its successors—those things to which all parties have signed up. That provides us with the framework, and we need to get on and do it.

Mark Durkan (Foyle) (SDLP): As we face this phase of challenges, it is right that we should mourn the passing of Dermot Gallagher, former doyen of the Department of Foreign Affairs and one of the lynchpins for so much of this process, bringing us from transfixed to transactions to transformations. We need to emulate his purposeful ethic in the time ahead. Ar dheis Dé go raibh anam. Will the Secretary of State recognise that, after the elections, there will be negotiations, and that

[Mark Durkan]

those negotiations will have to be more inclusive, more comprehensive and more fundamental than what passed for negotiations in Stormont House? The outcome will have to be more robust and more reliable than the political Febreze that we got with the “Fresh Start” agreement.

James Brokenshire: I certainly pay tribute to Dermot Gallagher, and send my condolences to his friends and family and all those who remember him and his contribution. As I have said, I do not want to prejudge the outcome of this election, nor indeed of discussions that will take place. I earnestly want that to be achieved throughout this election period, in whatever way possible. I also want to see that in the discussions that take place afterwards. We must achieve a position that creates stability and a sense of shared power arrangements, as that will allow Northern Ireland to move on. That must be our focus and our intention, and it is why I make the point about being very thoughtful and conscious the nature of the campaign, so that we can bring people back together afterwards.

Ian Paisley (North Antrim) (DUP): Will the Secretary of State confirm that after the election, the framework of a devolved Assembly and of a shared Executive will be the settled framework for moving forward, and that joint authority with the Republic of Ireland, or wholesale renegotiation of agreements already in place, do not form part of his plan for moving forward? If he does not give expression to that certainty, further drift will occur; we must nip it in the bud now.

James Brokenshire: I can confirm that that is absolutely my intent. It is absolutely the approach that I take. It is about getting through the election, and seeing the re-establishment of the Executive and of the devolved government that we have had. Although I hear all of the broader talk, that must be our focus: how we re-establish trust and confidence in our institutions and systems, so that Northern Ireland can move forward.

Danny Kinahan (South Antrim) (UUP): The Ulster Unionist party wants a strong and stable devolved Government who work for everyone, but this crisis is about trust between the two main parties in Northern Ireland. The Secretary of State said that he was committed to the Belfast agreement and all its successors, yet this morning on the radio, we heard a Democratic Unionist party Executive Minister say that he had no intention of implementing the St Andrew’s agreement in full. Surely it undermines all agreements if parties are not willing to tie themselves to what they have agreed. Will the Secretary of State look at the structures of the Belfast agreement, and at how we can get back to the joint election of the First Minister and the Deputy First Minister?

James Brokenshire: I did not hear the comments this morning, so it is difficult for me to comment directly, but as I have said, the UK Government stand by their commitments under the Belfast agreement and its successors and the framework that is set in place. The question is how we use the time ahead to look at ways to bridge gaps and put devolved power-sharing arrangements in place at the earliest opportunity. Obviously, I will continue to discuss that with all parties.

Mr Gregory Campbell (East Londonderry) (DUP): Does the Secretary of State agree that in the past months and years, problems, even major ones, have been resolved when all parties dedicated themselves to working through them? Yesterday, a Sinn Féin Deputy First Minister refused to be re-nominated; Sinn Féin have indicated that they will not nominate even after the election. Walking away is not a solution, but working through the problems most certainly is.

James Brokenshire: Division has existed in Northern Ireland in the past, and some people said then that it could not be bridged, yet Northern Ireland has shown what can be done. We need to reflect on Northern Ireland’s past, the political achievements reached, and the strengths of dialogue, discussion and bringing people together as we look to the future and at what can be achieved. I hope that we will see a return of devolved government.

Gavin Robinson (Belfast East) (DUP): The Secretary of State will know that Belfast politicians regularly quote the dogs in the street, but if they were to summarise the Northern Ireland Office’s position in this, it would be “barking mad”. This is not the time for him to be a bystander in these discussions. He should not fail to recognise what the Prime Minister recognised last week, which is that no one can or should benefit from the instability, and from wrecking the progress and the political institutions that we have fought so hard to obtain for Northern Ireland.

James Brokenshire: I am not, and will not be, a bystander in relation to these issues. It is important that the UK Government play their role in supporting the parties, and in fulfilling our obligations relating to providing political stability in Northern Ireland. That is what we will use the time ahead to achieve. The issues at stake are significant, and those relating to the political future of Northern Ireland are very clear. That is why I make these points about the collective responsibilities that we all have in taking this forward, and about getting back to that positive outlook for Northern Ireland that the people of Northern Ireland would like to see.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): The Secretary of State said in his statement that, with strong leadership, issues that might once have brought down institutions have been resolved through dialogue. Can he therefore assure the House that, with the Taoiseach, the Prime Minister will give that strong leadership? As vice-chairman of the all-party group on Ireland and the Irish in Britain, I echo the sentiment of the hon. Member for St Helens North (Conor McGinn), the chair of the all-party group, in calling on the Prime Minister to put her foot on the pedal and get that 100% support.

James Brokenshire: I underline for the hon. Gentleman the Prime Minister’s commitment to these issues. She has been kept very closely informed and updated, and has had discussions with the former First Minister and Deputy First Minister, and indeed the Taoiseach. We are committed as a Government to a return to devolved government and a positive outcome after these elections have taken place. That is what the people of Northern

Ireland want, and what we all want. We have a shared and collective drive to achieve that, and we all need to focus on achieving it.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): On a point of order relating to the next statement, Mr Speaker.

Mr Speaker: I gather that this point of order relates to the next immediate piece of business, and therefore, exceptionally, I will take it now.

Stephen Doughty: Thank you for your generosity, Mr Speaker. As I am sure you will agree,

“In our constitution, Parliament is supposed to be sovereign...We...need a system that gives Parliament real powers over ministers...and the transparency to restore public trust”—not my words, but those of the now Prime Minister in 2007. I will be scrutinising a Minister shortly on the implications of Brexit for Wales, but do you share my concern that on one of the most fundamental issues facing this country in a generation, the Prime Minister chose to be accountable not to the House this morning, but to the media and foreign ambassadors? Churchill would not have done it; Thatcher would not have done it; but it seems that when it comes to this House, this lady is not for turning up.

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. I do not have all the precedents in front of me, but I think that there has been a developing phenomenon in recent decades whereby, under successive Governments, important statements have sometimes been made outside the House that we would have welcomed being made first inside the House. I am pragmatic in these matters and say to the hon. Gentleman and others who might share his concern that when I heard of the Prime Minister’s important speech, scheduled for today, my first concern was that a senior member of the Government should come to the House on the same day to address us on the same matter. I had contact with the powers that be to make precisely that point. I am pleased to say that we have in our midst, and in my line of vision, the Secretary of State for Exiting the European Union, whom, I rather imagine, the hon. Gentleman will wish in due course to interrogate. Meanwhile, let us hear from the Secretary of State.

New Partnership with the EU

1.41 pm

The Secretary of State for Exiting the European Union (Mr David Davis): I say to the hon. Member for Cardiff South and Penarth (Stephen Doughty), who has just made a point of order, that I spent many years sitting on the Opposition Benches—

Chris Bryant (Rhondda) (Lab): Making that point.

Mr Davis: Not making that point, but making a rather more pertinent one, which was that we did not have the opportunity at all to interrogate Mr Tony Blair after he had been on the radio and television. But today is a parliamentary day and I wish to share with Parliament what I think are some important points.

I would like to update the House on the Government’s plans for exiting the European Union. Today, the Prime Minister is setting out a plan for Britain. It is a plan to ensure that we embrace this moment of change to build a confident, global trading nation that seizes the new opportunities before it, and a fairer, stronger society at home, embracing bold economic and social reform. It is a plan that recognises that the referendum vote was not one to pull up drawbridges and retreat from the world, but rather a vote of confidence in the UK’s ability to prosper and succeed.

It is a plan to build a strong, new partnership with our European partners while reaching beyond the borders of Europe, too, forging deeper links with old allies and new ones. Today we set out 12 objectives for the negotiation to come. They answer the questions of those who have been asking what we intend while not undermining the UK’s negotiating position. We are clear that what we seek is that new partnership: not partial EU membership, not a model adopted by other countries, not a position that means we are half-in, half-out. Let me address each of our aims in turn.

First, we will provide certainty wherever possible while recognising that we are about to enter a two-sided negotiation. We have already made announcements about agriculture payments and student funding. Our proposal to shift the *acquis*—the body of EU law—into UK law at the point of exit is designed to make the process as smooth as possible. At the point of exit, the same rules and laws will apply, and it will then be for this Parliament to determine changes in the country’s interests, for we also intend to take control of our own laws and end the authority of the European Court of Justice in the UK. Laws will be made in this Parliament, and in the devolved Assemblies, and interpreted by our judges, not those in Luxembourg.

We will aim to strengthen the Union between our four nations. We will continue to engage with the devolved Administrations, and we will ensure that as powers are returned from Brussels to the UK, the right powers come to Westminster and the right powers are passed to Edinburgh, Cardiff and Belfast. Another key objective will be to maintain the common travel area between the UK and the Republic of Ireland. No one wants to see a return to the borders of the past.

In terms of immigration, we will remain an open, tolerant nation. We will continue to welcome the brightest and the best, and to ensure that immigration continues

[Mr David Davis]

to bring benefits in terms of addressing skills shortages where they exist, but we will manage our immigration system properly, which means that free movement to the UK from the European Union cannot continue as before. We want to guarantee the rights of EU citizens who are already in this country and already make such a great contribution to our society, in tandem with similar protections for the rights of UK citizens in EU countries. We would like to resolve that issue at the earliest possible moment.

UK law already goes further in many areas than EU minimums, but as we shift the body of EU law into UK law we will ensure that workers' rights are not just protected but enhanced. In terms of trade, we want to build a more open, outward-looking, confident nation that is a global champion for free trade. Membership of the EU's internal market means accepting its four freedoms, in terms of the movement of goods, services, capital and people, and complying with the EU's rules and regulations. That would, effectively, mean not leaving the EU at all, so we do not propose to maintain membership of the EU's single market. Instead, we will seek the broadest possible access to it through a comprehensive free trade agreement with the EU. We want it to cover goods and services and to be as ambitious as possible.

This is not a zero-sum game. It should be in the interest of both the UK and the EU. It is in all our interests that financial services continue to be provided freely across borders, that integrated supply chains are not disrupted and that trade continues in as barrier-free a way as possible. Although we will seek the most open possible market with the European Union, we also want to further trade links with the rest of the world, so we will deliver the freedom for the UK to strike trade agreements with other countries. The Department for International Trade has already started to prepare the ground and it is clear there is enormous interest around the globe in forging new links with the UK.

Full membership of the EU's customs union would prohibit new international deals, so we do not intend to remain part of the common commercial policy or to be bound by the common external tariff. Instead, we will seek a customs agreement with the EU with the aim of ensuring that cross-border trade remains as barrier-free as possible. Clearly, how that is achieved is a matter for negotiation.

The UK is one of the best places in the world for science and innovation, with some of the best universities in the world, so we must continue to collaborate with our European allies. When it comes to crime, terrorism and security, we will aim to further co-operation with EU countries. We will seek practical arrangements in these areas to ensure that we keep our continent secure and defend our shared values.

Finally, in terms of our exit, we have said repeatedly that it will be in no one's interests for it to be disorderly, with any sort of "cliff edge"—the words used by the Opposition—as we leave the European Union. We intend to reach broad agreement about the terms of our new partnership with the EU by the end of the two-year negotiation triggered by article 50, but then we will aim to deliver an orderly process of implementation. That does not mean an unlimited transitional period where the destination is not clear, but time for both the UK

and EU member states to prepare for new arrangements, whether that be in terms of customs arrangements, the regulation of financial services, co-operation over criminal justice, or immigration controls.

Those are the aims and objectives we set today for the negotiation to come. Our objectives are clear: to deliver certainty and clarity wherever we can; to take control of our own laws; to protect and strengthen the Union; to maintain the common travel area with the Republic of Ireland; to control immigration; to protect the rights of EU nationals in the UK and UK nationals in the EU; to protect workers' rights; to allow free trade with European markets; to forge new trade deals with other countries; to boost science and innovation; to protect and enhance co-operation over crime, terrorism and security; and to make our exit smooth and orderly. That is the outline of an ambitious new partnership between the UK and the countries of the EU.

We are under no illusions: agreeing terms that work for both the UK and the 27 nations of the European Union will be challenging, and no doubt there will be bumps on the road once talks begin. We must embark on the negotiation, however, clear that no deal is better than a bad deal. As the Prime Minister has made clear today, the UK could not accept a punitive approach, so let me be clear that we do not expect that outcome.

We are confident that if we approach the talks in a spirit of good will, we can deliver a positive deal that works for the mutual benefit of all. It is absolutely in our interests that the EU succeeds, and it is absolutely in the EU's interests that we succeed too. That will be one of our central messages: we do not want the European Union to fail; we want it to prosper politically and economically, and we will seek to convince our allies that a strong new partnership with the UK will help it to do that.

Our approach is not about cherry-picking; it is about reaching a deal that fits the aims of both sides. We understand that the EU wants to preserve its four freedoms and chart its own course. That is not a project that the UK will now be a part of, so we will leave the single market and the institutions of the European Union. We will make our own laws and decisions about immigration. Let me be crystal clear, if there has been any doubt: the final deal agreed between the UK and the EU will be put to a vote in both Houses of Parliament before it takes effect.

To conclude, we are leaving the European Union but we are not leaving Europe. We will continue to be reliable partners, willing allies and close friends with our European neighbours. We will be ready for any outcome, but we anticipate success, not failure. The UK will embrace its new place in the world with optimism, strength and confidence.

1.51 pm

Keir Starmer (Holborn and St Pancras) (Lab): I thank the Secretary of State for advance sight of his statement. The speech that the Prime Minister has just made is the most important she has ever given. It was about the future of our relationship with the EU and our position in the world. The place for such a speech is here, at the Dispatch Box. That is not just a convention; it is so that MPs across the House can question the Prime Minister on their constituents' behalf about her plans for their future, and there are many questions.

For many months Labour has been demanding the fullest possible access to the single market, emphasising the risks of leaving the customs union, arguing for a collaborative relationship with our EU partners, and emphasising the need for transitional arrangements and to entrench workers' rights. Today the Prime Minister has rightly accepted those in her plan, and I acknowledge that, but she has given little detail about how that is to be achieved, and there are some unanswered questions and big gaps. In truth, it is a half-in, half-out plan.

Let me give an example. The Prime Minister says that she does not want the jurisdiction of the European Court of Justice, but she wants a comprehensive trade agreement. Sooner or later, she and others will have to face up to the fact that any such agreement will have a disputes resolution clause, and that will have to be independent of this country; it will not be by reason and resolution in the High Court in London according to English law. She has avoided fronting up to some of these essential questions.

If the Prime Minister achieves all that she has set out to achieve, she will fall far short of the hard Brexit that many businesses and trade unions have feared—the Brexit of no deal, a bare trade agreement, out of any customs union and at arm's length from our EU relations. It is good that she has ruled out that hard Brexit at this stage. However, as she knows, setting out ambitions is the easy bit; delivery is much more difficult. She is taking the precarious course of taking the UK out of single market membership and changing the customs arrangements. That will cause concern to businesses, as the Secretary of State knows, and trade unions. The Prime Minister should have been more ambitious.

However, I accept that form follows function, so let me set out in terms what Labour will hold the Prime Minister to account for, as far as trade is concerned: tariff-free access to the single market; access to the single market unencumbered by impediment—that is what was in the exchange of letters with Nissan, and it is what all businesses want, and what all trade unions want for those dealing in goods and services; alignment of regulatory bodies to avoid dual bureaucracy or, worse, divergence; and a deal that works for goods and services. That is the test we set out today, the test we will return to throughout the negotiations, and the test to be applied when a deal is reached. That is why the concession on a vote at the end of the negotiations is significant. We have been demanding that for months, and it has not been given before today. It is significant because it means that we can ensure that those tests are met throughout the process and at the end.

The sting in the tail in this morning's plan was the threat to destroy the economic model that has been in place for many decades if that ambition is not reached. That is a very serious threat. That model—a shared model on which there has been consensus for decades across this House—is designed to share prosperity, protect workers' rights and improve living standards. There is no mandate for reckless disregard of that model and of so much of what this country stands for. The Prime Minister described that as resulting in self-harm for the EU. It would be an act of huge self-harm for the UK to abandon the economic model that we have had in place for so many years. It is also totally inconsistent with any meaningful commitment to workers' rights and a fairer society. That threat—that sting in the tail—undermines the ambition in the plan that I recognise.

Let me touch on wider issues. The UK and the EU have hugely benefited from our collaborative work in the fields of criminal justice, anti-terrorism, research, medicine, science, technology, arts and culture, and much else. We should be seeking to preserve that collaboration, not destroy it, yet the Prime Minister said today:

“We do not seek to hold onto bits of membership as we leave.”

Let me give some examples of the bits that she should seek to retain—

Mr Speaker: Well, not many and not for long. [*Interruption.*] Order. The hon. Gentleman is a learned, celebrated and cerebral individual, and I do not want to interrupt him, but the convention is that the reply is normally half the length of the statement. I can indulge him modestly—there is usually a bit of latitude—but I was a bit concerned when he said “some examples”, particularly as he is a lawyer.

Keir Starmer: Mr Speaker, let me give three examples without the details: the European Aviation Safety Agency, which deals with safety; the European Medicines Agency; and Europol, which I worked with for many years. Those are the bits of the EU that we should be seeking to retain, not throw away.

It was the previous Prime Minister who got us to this place without any forethought or planning. This Prime Minister has now chosen a risky implementation plan. She owns the consequences now, in 2019 and beyond.

Mr Davis: When we started down this route, I said to the House that the Government had been given a national instruction that we would attempt to interpret in the national interest. That seemed to me to be the right approach. Rather than a 52/48 approach, it is an approach that encompasses everybody's interests. I hope that we have done that today.

The hon. and learned Member for Holborn and St Pancras (Keir Starmer) is a very talented man, and his questions were as forensic as we would expect. He asked about membership of the single market, so we answered that. We laid out the claims on the customs union, which was another of his questions. He asked for detail to scrutinise the plan to see where we are going. Within the context of not undermining our negotiation, that is entirely what we have tried to do. I had hoped to see some Opposition Members support what we think is a responsible, thoughtful but realistic plan that takes on board the instruction that we have been given by the British people to take us out of the European Union, but in a way that preserves our interests as best we can, whether security interests, economic interests or whatever.

Let me deal with some of the specific points raised by the hon. and learned Gentleman. I will put aside my disappointment at the tone. He says that a free trade agreement will need to have a disputes resolution procedure. So it will; they nearly all do. It does not have to be the European Court of Justice, though. We can agree that he has just got the thrust of it wrong. As for the other things: tariff-free, I agree; impediment-free, I agree. Alignment of regulation? That may well be necessary in some aspects, but we will see as the negotiation develops. On goods and services, I agree. The hon. and learned Gentleman is not putting up any hurdle that, frankly, we do not intend to cross ourselves.

[Mr David Davis]

Now, on this question of threats, this was not a threat. It was the Chancellor saying in an interview, “Well, if you go down the route of a punitive approach, this is the consequence and this is what will happen.” Nations defend themselves. Nobody says it is what we want to do. It is specifically not what we want to do. We want the freest, most friendly possible relationship we can get, and that is what we will set out to do.

The other areas, including questions on matters such as criminal justice, home affairs issues and so on, will develop as we go through the negotiation. The Prime Minister is a very distinguished ex-Home Secretary—the longest-lasting Home Secretary in modern times—and she has as good a grip of our home affairs needs as the ex-Director of Public Prosecutions has. He can take it as read that we will, over time in this House and, most particularly, in the negotiating chamber with the Europeans, address all the issues he raised. I happen to think that they will have as much interest in resolving those issues as we do. The negotiation is predicated on us doing what is in the interests of everybody: ourselves, the Europeans and all our neighbours in our part of the globe. That is what we intend to do and what we intend to deliver on.

Sir William Cash (Stone) (Con): I am sure that my right hon. Friend will acknowledge that the Prime Minister’s speech is principled, reasonable and statesmanlike. The 27 member states’ Heads of Government said only a few weeks ago at the last Council summit that there would be no access to the single market unless we accepted all the four freedoms. Does my right hon. Friend agree that that presents a difficulty? Will he accept, therefore, that it is essential that we clear that with the other member states on the basis of principle, reasonableness and statesmanship?

Mr Davis: I have tried throughout the past six months not to respond to the sometimes emotional comments from various people around the continent. I am slightly surprised in my hon. Friend, however, because he of all people would pull me up if I confused access to the single market with membership of the single market. Pretty much every country in the world that is not subject to sanctions has access to the single market. We will have access to the single market. The question is about the terms. My job and the job, frankly, of everybody, including the Opposition, is to persuade our opposite numbers in Europe that it is also in their interests that we all have equal access to each other’s markets, and that is what I intend to do.

Peter Grant (Glenrothes) (SNP): I thank the Secretary of State for the advance copy of his speech, and for recognising the correct place to make this statement; it certainly was not at Lancaster House. Today, the Prime Minister and the Secretary of State have completed an unholy trinity of worthless Westminster promises to the people of Scotland. They promised to take account of the 62% remain vote in Scotland and to consider all options for Scotland’s future. They have broken that promise today. They promised during the referendum campaign and in their election manifesto that leaving the EU does not mean we have to leave the single market. Today they are breaking that promise. As for

the promise they made in 2014 that remaining in the United Kingdom would guarantee Scotland’s place in Europe—well, we all know where that has gone. I hope the Secretary of State will pass the message back to his boss that if she insists on giving Scotland only one option to remain in the European Union, Scotland will take that option.

We know with certainty that Brexit means hard Tory Brexit. We do not know what it might be disguised as, but we know what it will be. Will the Secretary of State accept, even at this late stage, that the promises that he and Prime Minister made must be honoured? Exactly how does he propose to recognise the 62% remain vote in Scotland and the overwhelming—nay, unanimous—view in Scotland that our membership of the single market and free movement of people into and out of Scotland are essential for our wellbeing? Has he actually read the Scottish Government’s paper, “Scotland’s place in Europe”?

Mr Davis *indicated assent.*

Peter Grant: Given that he is nodding, will he give an undertaking that the paper will be properly and thoroughly discussed at the Joint Ministerial Committee meeting next week? Finally, will he give an undertaking that before any non-returnable steps are taken, the Parliaments of all our devolved nations will be given a chance, even on an advisory basis, to consider the Government’s plans before they are implemented?

Mr Davis: It has been my privilege to chair the Joint Ministerial Committee on EU Negotiations on which Mike Russell broadly represents the Scottish Government’s position. I gave him an undertaking that we would debate that paper at the next JMC (EN), as it is known in Whitehall jargon, and that is what we will do. I have been very careful not to comment publicly on it because, as I said, we want to give it the most open debate possible. There are parts of it with which I disagree and parts with which I agree. On the question of the protection of workers’ rights or the maintenance of our terrific universities, I am entirely on side with the paper. I suspect that Mr Russell might be surprised by how pro-devolution I am. Nothing will be taken away from the devolved Administrations and, indeed, we have to decide what passes to them from the European Union. That will be a rational debate based around the interests of the United Kingdom and of Scotland. The hon. Member for Glenrothes (Peter Grant) must take it as read that we will take very seriously the idea that we do not allow any part of the United Kingdom or any nation of the United Kingdom—Scotland, Wales, Northern Ireland or England—to lose out in this process. We are determined in that.

Anna Soubry (Broxtowe) (Con): I will continue to campaign for our membership of the single market and to make the positive case for immigration because I believe in the free movement of people from the European Union, but may I make it very clear that I welcome the Prime Minister’s—I nearly said Her Majesty’s—speech and the statement made by the Secretary of State? It is realistic and provides much-needed clarity. The tone is to be hugely welcomed as it marks a genuine desire to bring about a consensus and to reunite our country. In that spirit, would my right hon. Friend commit—this is not unreasonable—to putting those 12 objectives into a White Paper and bringing it to this House so that we

can finally debate the single market, the customs union and the free movement of people? So far, we have not and many of us feel that Parliament has been deliberately precluded from all this.

Mr Davis: First, on my right hon. Friend's slip of the tongue, I often make the same mistake; it is probably why I am where I am. [*Laughter.*] Look, I will go to the substance of my right hon. Friend's request. The Prime Minister and I have tried today to answer all the questions we are able to without undermining the negotiation. Regarding debates in the House and in this Chamber, I can see entirely a place for debating the very things my right hon. Friend mentioned, and that is what I will seek to get.

Edward Miliband (Doncaster North) (Lab): The Secretary of State and the Prime Minister have both more or less admitted today what has been obvious for months—that it will take more than two years to have a trade deal with the EU ready to go. But there follows a crucial question for many businesses up and down the country, which is what the arrangements will be when we leave the EU and that trade deal is not yet complete. From listening to the Secretary of State and reading the Prime Minister's speech, we are none the wiser what that will be. Will the Secretary of State enlighten us on that crucial point, which matters hugely to families and businesses?

Mr Davis: I will correct one or two things the right hon. Gentleman got wrong about what I said. He is wrong to interpret what I said as any suggestion that we will not be able to negotiate this outcome in the timetable in front of us. I said the issue was that we would look at implementation issues, because they may well take time. I cited some of them—borders, customs and various other aspects that might take time to put into effect. It will be in the joint interests of the European Union and ourselves to put those in place. But more widely, I cannot think how I could have been clearer. I have answered every single question, with one exception, that the Labour spokesman put to us. I have tried to answer as many as I can of the ones the Select Committee put to us. We have been very clear. I do not think anybody out there will believe the Labour party now when it says, "We don't know what the negotiating strategy is." It is as plain as a pikestaff, and the right hon. Gentleman should recognise that.

Mr Andrew Tyrie (Chichester) (Con): The Prime Minister has indeed given clarity: we are leaving the single market, and we are leaving the customs union. But further to the point that has just been asked, in the implementation phase the Prime Minister has proposed after article 50—that period of adjustment to a deal—will all the detailed terms already have been finalised, or are the details of the so-called bold and ambitious deal, as she put it, to be worked out during the implementation phase?

Mr Davis: My right hon. Friend wrote a very wise paper, which I referred to in a previous exchange here. He will recognise that the negotiating balance changes at the end of the two-year period, so it is very important that we conclude the deal by then. The implementation is a different matter; it may take time, and it does take time, but we cannot control that, whether we are putting

in place a new customs arrangement or whatever it might be. So there are practicalities there, and it is the practicalities that will drive this.

Hilary Benn (Leeds Central) (Lab): While the Prime Minister has made things clearer today, and I welcome, in particular, the commitment that Parliament will have a vote on the final deal and that the Government will seek transitional arrangements—both things that the Select Committee called for in its first report—there is one big issue where there is still uncertainty for businesses, and that is the continuation of tariff-free and barrier-free trade. Given the Government's unequivocal commitment today to that goal, will the Secretary of State tell the House whether, if remaining in the customs union turns out to be the only way of ensuring that—because what we ask for is not necessarily what we will get—that is what the Government will do to honour that commitment to British businesses?

Mr Davis: What the Government will do is abide by the instruction given to them by the British people, and that instruction was to leave the European Union. I am afraid that is inconsistent with membership of the market. But what we have said in terms is that we intend to deliver the very thing the right hon. Gentleman says British business is uncertain about, and that is tariff-free and barrier-free access to the European market.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): May I, too, welcome the increased clarity the Prime Minister has brought to the EU debate today? I just hope that the 27 remaining countries in the EU will take this opportunity to embrace the positive spirit in which this plan has been put forward. The Prime Minister said in her speech that she was putting

"the preservation of our precious Union at the heart of everything".

In that spirit, may I ask the Secretary of State whether those parts of the country that are net beneficiaries of funds from the EU, such as Wales and Cornwall, will continue to get that level of funding so that they, too, can take advantage of the great opportunities ahead?

Mr Davis: The aim of our entire strategy is to improve the economic prospects of the country, and to do that for everybody. Our Prime Minister has been very forward in talking about the benefits for all. One of the things that has passed almost unremarked but was, in fact, remarkable was the speed with which the Treasury stepped in very early on—on universities, farming and structural funds. It made a decision in four weeks, in the middle of August—something I cannot remember in my lifetime in this Parliament, which is quite long. I think my right hon. Friend can take it as read that we will do everything possible to make sure that all parts of the United Kingdom benefit from this policy.

Mr Douglas Carswell (Clacton) (UKIP): I applaud the Prime Minister's speech and her vision of a liberal Brexit. Can the Minister confirm that, where mutual co-operation is needed between the EU and the UK after we have left, such as on intelligence sharing, arrangements will be put in place on the basis of bilateral treaties, rather than supranational legislation with us as the applicant?

Mr Davis: One of the things the Prime Minister has made plain is that we are not the supplicant, either in this negotiation or in what follows. Britain is the intelligence superpower in Europe; we are critical to the defence of Europe from terrorist threat, and we are critical to the military support of Europe and to dealing with migration, with our Navy at work. Those things will continue; they are very often on a bilateral basis anyway, but they will be done on a treaty basis that is equal to both sides.

Sir Edward Leigh (Gainsborough) (Con): I think we should loyally support the Government. *[Laughter.]* Will the Secretary of State confirm that insisting on controlling our own borders and insisting on doing international trade deals are inconsistent not just with membership of the European Union but with the customs union and the single market? So I agree that, after the welcome tone of today's speech, it is not hard Brexit—it is full Brexit.

Mr Davis: With respect to my hon. Friend's opening remarks, my health is fragile these days, so will he be careful about making such assertions about supporting the Government? However, it is plain that we have endeavoured to put together the option that gives the best outcome for Britain while obeying the decision of the people. That is what we have done, and it will work.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The Prime Minister, in the first part of her speech, made a welcome commitment to enhance and protect workers' rights, but at the end she was threatening to take them away, undercut the rest of Europe and rip up the British economic model if we do not get what we want. Can the Secretary of State now withdraw that threat and be clear that Britain will not do that, because if the Government are prepared to rip up workers' rights as soon as the negotiations get difficult, how can we trust them to ensure that the rest of Britain's interests are protected if the negotiations get difficult?

Mr Davis: I will say to the right hon. Lady what I said to the head of the TUC only a couple of weeks ago: there is no circumstance under which we will rip up workers' rights. That is my commitment from the beginning in this job, and it will be my commitment for as long as I am in it.

Mr Steve Baker (Wycombe) (Con): The Governor of the Bank of England recently told the Treasury Committee that the financial stability risks to the eurozone are greater than those faced by the UK. Will the Secretary of State undertake to offer the European Union a full agreement to ensure that, through the withdrawal agreement, the eurozone continues to enjoy access to the City of London?

Mr Davis: The Governor and my hon. Friend make a very good point. The existence of the City of London ensures a pool of liquidity and an almost bottomless source of low-cost finance for most of the industries of Europe, so countries have every interest in doing the deal we have described. I reiterate that that is what we are relying on: that it is in everybody's interests to do this—economically, socially and in terms of financial stability.

Andy Burnham (Leigh) (Lab): As the Secretary of State knows, I support reforming freedom of movement, but in a way that does least damage to the economy, and particularly the regional economy. I see in the Prime Minister's speech today that she makes specific mention of protecting the interests of Cardiff, Edinburgh, Belfast and the City of London, but there is no mention at all of the north-west of England, Greater Manchester or, indeed, any English region. Rather than leaving these crucial decisions to a London-centric, right-wing clique around the Prime Minister, is it not time now to open up this debate, give Greater Manchester a voice in it and establish a Brexit committee for the nations and regions?

Mr Davis: If the right hon. Gentleman is not careful, I shall invite him to jump on the M62 and come to visit me at my home in Yorkshire—that right-wing bastion in the north of England. What I would say to him is this: as he might imagine, I am acutely conscious of the needs of the north, and what I am intending to do—I had not intended to announce it today, but I will, since he has asked—after the mayoral elections is to get all the mayors of the north to come and have a meeting in York to talk about precisely that.

Sir Desmond Swayne (New Forest West) (Con): It is a magnificent plan, but before the Secretary of State negotiates it, may I urge on him enormous patience, because our partners will first want to discuss the money—the division of the assets and liabilities?

Mr Davis: I almost reiterate the answer I gave to the previous question, which is that I am from Yorkshire, and we are known to be just like the Scots but a lot less generous.

Mr Pat McFadden (Wolverhampton South East) (Lab): Today's speech is a result of what we get when immigration policy is allowed to dictate economic policy rather than considering these crucial questions of immigration and economics together. The Prime Minister set out a plan to leave the European Union but did not set out a plan to keep anything like the current access to our biggest single market for jobs, businesses and trade. During the referendum campaign she said that pulling out of the single market would mean a loss of investors and going backwards on international trade. So what economic assessment did the Government make of the impact of today's speech on jobs, trade and prosperity—or was the speech made without any such assessment at all?

Mr Davis: First, the outcome of the referendum last year was not principally about immigration, although a very large part of it was; it was principally about control of our country. If we talk to the people who voted, they would say that that is what they were concerned about, and that is what this is about. Since I was party to the writing of this speech, I can tell the right hon. Gentleman that we had the economic future of the country, the security of the country, the sovereignty of the country and our part in the world all squarely in our sights when we wrote it.

Alex Chalk (Cheltenham) (Con): My right hon. Friend made it clear in his statement that “no deal is better than a bad deal”. In the unlikely—I am sure—event

that we were to get a bad deal and the House were to vote against it, what would be the impact on our status within the European Union?

Mr Davis: The referendum last year set in motion a circumstance where the UK is going to leave the European Union, and the vote will not change that. We want to have a vote so that the House can be behind and support the policy that we are quite sure it will approve of when we get there.

Kate Hoey (Vauxhall) (Lab): I welcome the Prime Minister's speech today in the sense that it gives certainty to the millions of Labour supporters who voted to leave and now know that, "Taking back control", is not just a slogan but actually means something. Will the Secretary of State assure us that in this interim period before we leave the EU, we will continue to work to negotiate trade deals with other countries—some of which might be nearly finished—so that we are ready to go when we actually leave?

Mr Davis: Of course we will do that; the hon. Lady is entirely right. We are constrained by a thing called the duty of sincere co-operation, which requires us not to do things that jeopardise actions by the European Union, so if the European Union currently has a trade deal in negotiation, we have to be very careful about how we impact on that. Of course we cannot actually sign anything until the day we leave, but I have a very strong suspicion that there will be a lot of things ready to sign on the very next day.

Mr Kenneth Clarke (Rushcliffe) (Con): I apologise, Mr Speaker, for being unavoidably rather late in the Chamber. While I welcome the tone of the Prime Minister's statement today and the commitments to free trade, internationalism and so on, which are very welcome, does my right hon. Friend agree that when he is negotiating free trade agreements or customs unions with any other country or group of countries, the parties both agree to be bound by sets of rules which neither of them is going to change? Any agreement involves submitting to some means of resolution of disputes, be it arbitration, a court of law, or the World Trade Organisation rules. What I do not understand when reading the Prime Minister's statement or listening to my right hon. Friend is which country in the world is going to enter into a trade agreement with this country on the basis that the rules are entirely what the British say they are going to be on any particular day and that if there is any dispute about the rules, it is going to be sorted out by the British Government. [HON. MEMBERS: "More!"]

Mr Davis: Opposition Members have a very short memory. I can forgive my right hon. and learned Friend because he did not hear the very first question, which was on exactly this point. I answered it in the same way that I am going to answer this one, which is to say that of course there will be agreements between us and they will be arbitrated by an organisation that we agree between us—not normally the European Court of Justice.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): Can the Secretary of State be absolutely crystal clear about this: do his statement and the Prime Minister's

speech today represent the totality of the plan promised to Parliament, and will there be a White Paper—yes or no?

Mr Davis: I was asked by the Select Committee to present a plan as quickly as possible, and that is what we have done.

Heidi Allen (South Cambridgeshire) (Con): I am very pleased to hear that priorities include allowing EU citizens to stay here and allowing us still to access the vital skills that we need, especially for science and innovation. While appreciating that the Prime Minister's negotiation cannot be open for all to see and that no running commentary will be possible, will the Secretary of State commit to listening to the globally recognised scientific organisations in my constituency, because their needs and requirements must be reflected in our negotiating aims?

Mr Davis: Broadly, yes. My hon. Friend is the Member for South Cambridgeshire. I was in Cambridge only just before Christmas to speak to a number of high-tech organisations—one of which was ARM, but a number of others as well, including some pharmaceutical ones—with the direct intention of informing exactly how we approach some of these complex matters in the negotiation.

Sammy Wilson (East Antrim) (DUP): The Government took a wise decision to inform our EU partners that in the event of intransigence during our negotiations to establish a new partnership, we would not take it lying down and would use the fiscal and legislative levers at our disposal to ensure that Britain's economic case was represented properly. Is the Secretary of State surprised at the casual way in which the Opposition have dismissed the use of these levers on the basis that it might start a trade war? Does he not accept that the sure way of getting intransigence from the EU is to throw away this economic deterrent that we have at our disposal?

Mr Davis: I am mildly disappointed but not surprised. What is perhaps surprising is that whenever we hear somebody threaten some sort of punishment sanction, the Opposition never say a word. This is something in the national interest, and every single member of our nation stands to gain by that.

Mr Dominic Raab (Esher and Walton) (Con): I welcome the detailed plan set out by the Prime Minister for a post-Brexit Britain that means that we are a self-governing democracy and a firm friend to Europe but also with a global perspective. Does my right hon. Friend agree that it is absolutely vital that this is a positive vision, because that is how we can unite the country and make sure that Britain goes from strength to strength?

Mr Davis: My hon. Friend—my old friend—goes right to the heart of this. The purpose of this, and the reason we addressed the questions put by the Opposition, was that we wanted to get people behind a vision of Britain that will be in everybody's interest—north and south; England, Scotland, Wales and Northern Ireland; every part of the country, rich and poor—and that is what we intend to do.

Stella Creasy (Walthamstow) (Lab/Co-op): In 45 minutes, the Prime Minister has not delivered a plan—she has delivered a Pandora’s box. Let us talk of just one example raised by my right hon. Friend the Member for Leeds Central (Hilary Benn). The Prime Minister said that she wants us to leave the common commercial policy and the common external tariff but to have associate membership of the customs union—a type of membership that does not yet exist and that nobody else has. Can the Secretary of State tell us exactly what this means for deals like the Nissan deal on which thousands of jobs depend, or any others that are in train—or simply, what cake it is that he wants to have and eat this time?

Mr Davis: First, Nissan has decided to enlarge its investment in Britain, so it is clearly persuaded of this circumstance. Secondly, we have said from the beginning that the relationship—the new partnership—that we want to have with the European Union will be unique; it will be brand new. It is unique in many ways. Let me give the hon. Lady one example. In the trade deal that we are seeking to arrive at, we will have the same standards of production applying to all of Britain that apply to the European Union now. There is no other trade deal in the world like that. The same thing applies to the customs agreement. We are in a position where currently we have no customs barriers, so why should we not have a completely frictionless one when we get to the end of the deal?

Dr Tania Mathias (Twickenham) (Con): Does the Secretary of State agree that having a strong, fair and global Britain must include showing support for EU nationals currently living and working in our communities? To that end, does he agree that we should unilaterally guarantee their rights, which would demonstrate our good will with a clear statement of intent?

Mr Davis: What we have done is to seek at the earliest possible opportunity to try to establish with the national Governments of those EU nationals an agreement covering those EU nationals, about whom we care deeply, but also British citizens for whom we have legal and moral responsibility—the point to remember is that we have a legal and moral responsibility for our own citizens—and those nations have not yet taken up the offer.

Keith Vaz (Leicester East) (Lab): Further to the point made by the hon. Member for Twickenham (Dr Mathias), the speech contains the word “guarantee”, so there is a commitment from the Government that they want to do this. However, with 3.5 million EU citizens living in our country, what will be the cut-off date—23 June, the date we trigger article 50 or the date that we leave? Certainty is extremely important, and work needs to be done on the basis of when people arrived because a number of EU citizens will have arrived without passports, but with identity cards.

Mr Davis: The right hon. Gentleman will know, as the long-standing ex-Chairman of the Home Affairs Committee—it published a report on this, and put up three dates—that this is strictly a matter for the Home Office to initiate and to set policy on. However, the aim is clear: we do not want people who came to this country in good faith to feel fear or concern about their

future. We want to be able to guarantee their future in terms of not just residency rights, but all the other things that go with it, such as welfare support and so on, and that is what we intend to do. He will forgive me if I do not pick a date out of the air, because he knows what would happen: that would create an instant problem either with a sudden rush of people arriving or concerns for those who arrived after that date, and I do not wish to make this any more difficult for people—very good, decent, productive people—than I want to.

Ben Howlett (Bath) (Con): I, too, welcome the Prime Minister’s tone and her outlined objectives as she enters into the Brexit negotiations. I am also pleased that she has listened to her hon. Friends across the Government Benches about putting that to a vote in Parliament. Does my right hon. Friend agree that to ensure the Government are in tune with the will of Parliament, a full debate on the single market is desperately overdue? Does he agree that we should aim for a 0% tariff agreement with the European Union, so that Britain can be the best friend and neighbour of our European partners? To do anything else would certainly make my constituents, and I think Britain, poorer.

Mr Davis: My hon. Friend goes to the heart of the strategy. We want not just a 0% tariff, but—let us remember that we have an 80% services economy—non-tariff barriers. In many ways, non-tariff barriers are as important as the 0% tariff, and perhaps a bit harder to negotiate.

Sarah Olney (Richmond Park) (LD): Once the UK has left the EU, there will be a £9 billion hole in EU finances. Given reduced resources, why do the Government believe that the EU will prioritise negotiating a trade deal with the UK over more lucrative markets, such as the US or China?

Mr Davis: I am afraid that the hon. Lady is wrong about the more lucrative markets. Once we are outside the European Union, we will be the largest market for the European Union, and it does not want to lose what it already has, which is the massive trade deficit—in their direction, as it were—that is very important for many millions of jobs on the continent.

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): I warmly welcome the statement by my right hon. Friend and the speech by the Prime Minister earlier. I am sure my right hon. Friend is aware of the importance of the British university sector for research, jobs and growth. That sector is particularly challenged by the process of exiting the European Union in relation to the workforce and many of the grants that it gets from the European Union. Will my right hon. Friend commit to prioritising working with the university sector to make sure it has a viable and strong future in a post-Brexit world?

Mr Davis: We are already doing that. As I mentioned to my hon. Friend the Member for South Cambridgeshire (Heidi Allen), I was in Cambridge just before Christmas with that very much in mind. Let me reiterate the point—I know I have previously made it from the Dispatch Box—that my job is, as it were, to bring back control of immigration policy to the UK, but hon.

Members should not assume that we will do anything other than interpret that immigration policy in the UK's national interests. We are a science superpower, and that science superpower status depends on our access to talent—our ability to get people to come and work in our universities, win Nobel prizes and do what they do very well here—and that is very much square and centre in what we are attempting to achieve.

Ms Angela Eagle (Wallasey) (Lab): The Secretary of State was an early advocate of a White Paper. Downing Street has made it clear that there will be no White Paper, and that the Prime Minister's speech is all we are going to get. Is he disappointed by that, and will he go back and ask her to think again so that we can have meaningful debates, with votes, ahead of the final agreement?

Mr Davis: Frankly, the hon. Lady should read the speech. It is almost 7,000 words of very closely argued strategy on our approach to the European Union. It answers all her questions that we can answer at this stage, and that is what we set out to do. We set out to help Parliament with its decisions, and I think that is what we have done.

Lucy Frazer (South East Cambridgeshire) (Con): The hon. and learned Member for Holborn and St Pancras (Keir Starmer) suggested that the European Court of Justice would retain jurisdiction over disputes in respect of the trade deal. Given that the Canada trade deal contained an arbitration clause, does the Secretary of State think that that is absolutely necessary?

Mr Davis: There is always an arbitration clause in any trade deal, but who carries out the arbitration forms part of the deal. That is what we will agree, and I think it is incredibly unlikely that it will be the European Court of Justice.

Caroline Lucas (Brighton, Pavilion) (Green): May I suggest to the Secretary of State that his Government's threat to turn Britain into a corporate tax haven floating off the edge of Europe is not what people voted for on 23 June, and that people also did not vote to wreck our environmental protections? Will the Government therefore introduce a new environmental protection Bill, as advocated by the Environmental Audit Committee, so that vital safeguards for nature are neither quietly dropped through secondary legislation, nor bargained away in the rush to conclude new trade deals, for example with the US?

Mr Davis: The way in which we have—very clearly, I think—structured this with the great repeal Bill is so that all existing protections in law will be put into British law, and anything thereafter will be for this Parliament to decide, which has not been true for about 40 years.

Mr Peter Bone (Wellingborough) (Con): In the Secretary of State's long and distinguished political career, did he ever think that in his political lifetime a British Prime Minister would make such a splendid speech on the EU, totally in line with the British people?

Mr Davis: Absolutely not. Sadly, however, that will not get me a pay increase.

Chris Bryant (Rhondda) (Lab): Russia has been up to its usual tricks in trying to stir up trouble between Serbia and Kosovo this week, and it is of course trying to face down the United States of America and, for that matter, other members of NATO on the border with Poland and Estonia. I believe that the bedrock of our national security is NATO—I hope my party does, too—but on coming back from the EU, successive Foreign Secretaries, Home Secretaries and Prime Ministers have come to this House and said that they are proud to have been able to make sure that the EU keeps strong sanctions in place against Russian territorial aggression. How will we be able to do that in future when we have left the European Union?

Mr Davis: We will be able to do that by bilateral negotiation, but let me go back to the fundamentals of what the hon. Gentleman said. He is right that we need to contain Russian expansionism, and that that is an important part of this country's role in the world. One of the most important parts of what was an incredibly important speech was where the Prime Minister made it very plain that we will continue to be a good global citizen and a good European citizen, particularly on matters of regional security.

James Morris (Halesowen and Rowley Regis) (Con): I welcome today's statement and the clarity it brings. In the black country and the wider west midlands economy, businesses have driven export growth, particularly outside the European Union. Does the Secretary of State agree that any agreement on access to the single market must not constrain the ability of west midlands exporters to continue to ply their trade outside the EU and grow their exports?

Mr Davis: My hon. Friend makes a point that goes to the heart of the approach to the customs union. The reason we are not going to be a part of the common commercial policy is to enable us to make the deals that enable black country industrialists to make the maximum out of international trade.

Hannah Bardell (Livingston) (SNP): EU workers in Scotland contribute £7.5 billion to our economy, not to mention the huge contribution they make to our social fabric. What is the Secretary of State going to do to protect their rights and Scotland's place in Europe, which they voted for by a majority in the EU referendum?

Mr Davis: There is a part of the Scottish Government's report that relates to this issue. As I said to one of my colleagues earlier, we will not be managing the immigration policy or migration policy in a way that harms the national interest. That means not causing labour shortages or shortages of talent and so on. That applies not just globally, but to each nation state of the United Kingdom.

Victoria Atkins (Louth and Horncastle) (Con): I welcome the Prime Minister's plan for Britain and her speech today. I represent a rural constituency that has a long history—and future—of agriculture. Will my right hon. Friend assure the House that agriculture will be central in any trade negotiations, and that the high quality of food standards for which British farming is famed will be a key principle in those negotiations?

Mr Davis: Very simply, the answer is yes. We are a large market for European agriculture and food production, but they are a large market for us too, and we will keep that in mind.

Stephen Timms (East Ham) (Lab): On rethinking immigration policy, will Ministers consider allowing EU citizens to come to the UK if they have a firm job offer in the UK as part of the quid pro quo for barrier-free access to the single market, which the Secretary of State said is his goal?

Mr Davis: If I remember correctly from the Prime Minister's speech, she made the point that this is not at all a policy to shut out Europeans; it is a policy to deliver the best interests of the United Kingdom and the best interests of the European Union. We will therefore keep that in mind.

David Rutley (Macclesfield) (Con): I welcome the Prime Minister's speech and her plans. Does my right hon. Friend agree that his negotiations will be greatly enhanced by his commitment to working with British business, and that the Government's commitment to shaping a modern industrial strategy with British business will provide a clear vision for our post-Brexit economic future?

Mr Davis: The two policies, the industrial policy and the negotiating policy with the European Union, fit together hand in glove. My hon. Friend is quite right. We have paid an enormous amount of attention to business, finance, manufacturing, aviation, energy and so on—every single sector; 51 different sectors—to get the best possible deal that suits all of them. We will continue to do so.

Mr Chuka Umunna (Streatham) (Lab): Trading with the EU under WTO rules would be vastly inferior to our current arrangements, with 10% tariffs on cars, 13% tariffs on clothes and up to 40% tariffs on the agricultural produce the hon. Member for Louth and Horncastle (Victoria Atkins) was talking about. For the sake of clarity, will the Secretary of State be absolutely clear: does the Prime Minister's commitment to an interim implementation arrangement amount to the Government ruling out leaving the EU with no deal at all, and amount to the Government ruling out ending up trading under WTO rules, because that would be very, very damaging for jobs and businesses in this country?

Mr Davis: What the Prime Minister said in terms is that a bad deal is worse than no deal for a variety of reasons, one of which is that if you walk into a negotiation with no other option you will not do very well.

Jeremy Lefroy (Stafford) (Con): I welcome the Prime Minister's tone this morning in the building formerly known as Stafford House. Does the Secretary of State agree that the issue of no cliff edge and of a really well worked out implementation plan is incredibly important, not just for businesses but for the entire economy and all the people of the United Kingdom—and, indeed, of the EU?

Mr Davis: As ever, my hon. Friend is right. The point I tried to make earlier—I think it was made this morning, too—is that this is not only important to us, but to the European Union.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): If we are looking for things that unite us and enable us to exit the European Union more smoothly, may I suggest to the Secretary of State that he starts talking to the Home Office and to Ministers who deal with universities to find a way to properly remove the numbers of international students from the immigration figures?

Mr Davis: Having explained earlier how I got the job by being oleaginous to the boss, I think answering that question would lose me the job because that is a matter for the Home Office. As I said earlier in answer to other questions, the right hon. Lady can be sure that the operation of the immigration policy after we depart the European Union will be in the national interest. That includes in the interest of our incredibly powerful and effective university sector.

Alec Shelbrooke (Elmet and Rothwell) (Con): As the shadow Minister said, this is not a hard Brexit and nor is it a soft Brexit. This is a plan for Britain on Brexit. The pound is up almost 3% since the Prime Minister's announcement this morning, so I urge my right hon. Friend not to give in to the voices opposite who want a constant commentary, but to carry on the very clear strategy, laid out since he took the post, of making announcements when there is something to announce. The markets today prove that that stability works.

Mr Davis: I am slightly loth to pin the entire effectiveness of the strategy on the currency markets, although I have to say that the two speeches have managed to move the pound by a total of 5%. I have made more money on that than in the rest of my entire industrial career! But I take the point. This is a very important issue and we must not give a running commentary on it. However, the Opposition had a point: clarity is worth while and that has been demonstrated today.

Phil Wilson (Sedgefield) (Lab): The Prime Minister said in her speech that we are leaving the single market and that she is going to negotiate a free trade agreement with the EU. She said that the free trade agreement “may take in elements of current single market arrangements in certain areas”.

She continued:

“If so...it is reasonable that we should make an appropriate contribution.”

Will the Secretary of State today confirm that the Government are considering continuing to make a financial contribution on that basis to the EU?

Mr Davis: The hon. Gentleman should have listened to the questions, when the Prime Minister elaborated and pointed out that there are elements of the European Union where it is to our benefit—some of the research arrangements and so on. We are not in the business of going into great detail beyond that. As I have said before, we are not closing doors but nor are we committing to things at this point.

Richard Drax (South Dorset) (Con): Well done the Prime Minister; well done my right hon. Friend. Does he share my optimism that access to the European markets will not be affected by our departure? The millions of European workers will not allow their politicians or their bureaucrats to threaten their livelihoods simply to punish the United Kingdom.

Mr Davis: I am sure my hon. Friend is right and I particularly like the opening part of his question.

Dr Alasdair McDonnell (Belfast South) (SDLP): I commend the right hon. Member for Broxtowe (Anna Soubry) for her sanity and common sense, and the right hon. and learned Member for Rushcliffe (Mr Clarke) for bringing a degree of integrity to the discussion.

Does the Secretary of State for Exiting the EU recognise that I, and thousands of others in Northern Ireland, will not be leaving the EU willingly? We recognise the very significant benefits that have flowed from EU membership. We hold EU passports and we intend to retain them. What arrangements will he make to accommodate the people like me and the 70% of my constituents who voted to remain in the EU and intend to retain the benefits? Will he, while he is at it, perhaps tell us how he intends Northern Ireland to have its voice heard at Joint Ministerial Committee meetings and in the negotiations generally over the next three months?

Mr Davis: Since the beginning of this process—since I took up my post—we have put the preservation of the stability and the interests of Northern Ireland pretty much at the top of the tree of the negotiations, particularly on issues such as maintaining an open border and preserving the economic basis of Northern Ireland, which is very dependent on trade with the Republic of Ireland. On the JMC, I do not know if it has gone yet but yesterday I approved a letter to the Northern Ireland Executive—although the next Government are now subject to an election, most Ministers are still in place—asking that during the interim period they send representatives, whether ministerial or otherwise, so that we are always across the interests of Northern Ireland. The hon. Gentleman must take it as read that I am absolutely committed to maintaining the stability, peace and prosperity we have got used to in the last several years.

Mr Jonathan Djanogly (Huntingdon) (Con): As the Secretary of State said, giving up our membership of the EU and the single market is not incompatible with our negotiating access to the single market, either in whole or in part, but has he yet considered the red lines he might put down on what we pay for such access?

Mr Davis: I have considered them, but the idea that I might talk about them is another matter. There is a naive belief in modern politics that we have to establish, in some butch way, red lines. If we were to establish a red line, we would invite those with whom we are negotiating to make that red line very expensive. I do not therefore intend to get into the business of laying out red lines here, there and everywhere; I intend to get the best possible outcome for the country.

Dame Rosie Winterton (Doncaster Central) (Lab): The Prime Minister has said we will be leaving the jurisdiction of the European Court of Justice, but will

the Secretary of State, who has been a strong advocate of human rights, confirm that we will not be leaving the European convention on human rights?

Mr Davis: As the right hon. Lady knows, I have history in this area. They are completely separate entities, and the latter has nothing to do with this.

Tom Pursglove (Corby) (Con): I wholeheartedly welcome my right hon. Friend's statement and that of the Prime Minister. Steel production is hugely important in Corby and east Northamptonshire, so will he pledge to continue to consult widely on the future of the steel industry to make sure we get these arrangements right, because this is a vital and strategically important industry for our country?

Mr Davis: The short answer is yes.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): The Secretary of State talked about bumps in the road, but this threatens to be a head-on car crash for Wales, where trade with Europe supports 200,000 jobs. Does the Secretary of State have any idea how many jobs will be lost in Wales as a result of the Government's chosen path?

Mr Davis: The intention is none. To that end, the JMC will be considering a submission from the Government of Wales in—I think—the meeting after next.

Stephen Hammond (Wimbledon) (Con): I believe that the Prime Minister's plan is a pragmatic one setting out our ambition to continue to attract the best talent, to have access to the single market and to ensure a phased implementation. It certainly recognises the ambitions of the financial services industry. Will my right hon. Friend confirm to the House that he will follow the Prime Minister's lead, put the needs of the financial services industry at the forefront of his negotiations and secure mutual recognition and equivalence in those negotiations?

Mr Davis: Following my earlier oleaginous comments, of course I will follow the Prime Minister's lead. Yes, financial services are an enormously important industry, supporting—along with all the associated service industries that support it—1.9 million jobs, so we will treat it as incredibly important. It also generates a great deal of revenue for the Treasury, however, so even if I did not pay attention to it, I am sure the Chancellor would.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Some 58% of north-east exports are destined for the EU—10% more than the UK average—which leaves our region the most exposed to leaving the single market, so will the Secretary of State say what assessment he has made of the risks and what conversations he has had with business organisations and others in the north-east to ensure that our voice is heard in these discussions and that the jobs that depend on our access to the single market are not put at risk?

Mr Davis: I am not a southerner, so the hon. Lady will understand that I come at this with a slightly different view from some. Companies such as Nissan clearly took a view too. I want to make it clear to the hon. Lady that the aim of this strategy is to deliver the

[Mr David Davis]

maximum possible access to the EU marketplace, as well as access to other global marketplaces. Those two things will be to the benefit of the north-east as much as anywhere else.

Amanda Milling (Cannock Chase) (Con): Nearly 70% of my constituents voted to leave the EU, so I very much welcome the Prime Minister's speech today and my right hon. Friend's statement outlining the plan for delivering exit. On trade, will he outline in a little more detail how the Government will ensure that businesses such as those in Cannock Chase can make the most of global trade opportunities as we exit the EU?

Mr Davis: Strictly speaking, my hon. Friend should address that question to the Department for International Trade. One element of its work involves negotiating new deals, but the other involves facilitating access to those markets, particularly for medium-sized businesses—the ones where we underperform—so it will be doing that as well.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): The second of the Prime Minister's Brexit principles is that leaving the EU will mean that our laws will be made in Westminster, Edinburgh, Cardiff and Belfast. In the spirit of principle 1, which is that the Government will provide certainty wherever they can, will the Secretary of State now provide details to the House of what further devolution—the right powers, as he called them—there will be to the devolved Administrations following our exit from the EU?

Mr Davis: First, not a single power will come away from the devolved Administrations—[*Interruption.*] Yes, but if one were to listen to people sometimes, one might think we were going to strip the Scottish Parliament of powers, which is not true. Secondly, on the hon. Lady's specific question, I can give the principles but not the details at this stage: my presumption is that we will devolve wherever possible, so long as it does not undermine the UK single market, which is incredibly important to Scotland—about five times more important than the European single market—so long as it preserves the Government's ability to carry out international negotiations and so long as we can meet international standards. Those are very important. Subject to that, however, I am on her side in terms of devolving.

Jason McCartney (Colne Valley) (Con): I totally agree with my right hon. Friend that the UK is one of the best places for innovation and science, not least because we have many world-class universities, including in my hometown of Huddersfield. Is that not exactly why our European allies will be eager to build a strong new relationship?

Mr Davis: Of course. If the European negotiators take a rational approach, we will do this deal inside the two years, and it will be good for both sides.

Steve McCabe (Birmingham, Selly Oak) (Lab): No deal might be better than a bad deal, but is not the reality that no deal means that, despite their best efforts, the British Government have been unable to conclude what

they regard as a satisfactory outcome to the negotiations, leaving us therefore with what the other 27 members want to impose on us, and does that not sound like a pretty bad deal?

Mr Davis: No. Being left with what the 27 nations want to impose on us is the definition of a bad deal.

Craig Mackinlay (South Thanet) (Con): I am sure that the Secretary of State shares my enthusiasm for the clarity in the Prime Minister's speech today on her vision for a global Britain, and freedom from the customs union and the constraints of single market membership, but how will he impart that same enthusiasm to our EU friends and partners as we approach this future in order that they might realise it is as good for them as it is for us—that it is a positive-sum game?

Mr Davis: That last point is the most persuasive: it is a positive-sum game, and will be to their benefit as well. The EU has had a difficult five years in economic terms, so if anyone has an appetite for more jobs, business and trade, it is the EU, and we are its biggest market.

John Mann (Bassetlaw) (Lab): EU procurement rules have led to the privatisation of parts of the health service, including part of the ambulance service in the east midlands. Will the Secretary of State guarantee that when these negotiations are concluded and put in front of Parliament, we will have the opportunity, if we so choose, to renationalise the entirety of the health service, and indeed the rail industry, without EU procurement rules getting in the way?

Mr Davis: What the hon. Gentleman will understand better than most is that once we have exited the European Union, every change in law will be subject to this Parliament's decision.

Henry Smith (Crawley) (Con): I very much welcome the Prime Minister's speech today, and indeed my right hon. Friend's statement. Over the weekend, the New Zealand Prime Minister visited London and expressed a desire for a trade deal, and US President-elect Trump also wants a swift deal with the UK. There seems to be some confusion, so can my right hon. Friend confirm that we cannot negotiate global free trade deals if we remain members of the customs union?

Mr Davis: My hon. Friend is exactly right. The common commercial policy prevents us from making such deals, which is why we have come to the conclusion that we have.

Alan Brown (Kilmarnock and Loudoun) (SNP): The 12-point fantasy wish list includes the UK doing away with free movement, coming out of the customs union and leaving the single market, yet we are to maintain a common travel area and free movement with Ireland. How can that work for Ireland, when we are constantly told that such arrangements would not be possible between Scotland and England?

Mr Davis: That was an interestingly conflated question. If I remember correctly, the common travel area started in 1923 and has nothing to do with the European Union.

William Wragg (Hazel Grove) (Con): My right hon. Friend is the man with the plan. *[Interruption.]* Opposition Members may mock if they wish, but will my right hon. Friend ensure that those wanting a running commentary will not get their way in wrecking the negotiation?

Mr Davis: Of course.

Lady Hermon (North Down) (Ind): The Secretary of State and indeed the Prime Minister are very keen to repeat that no one wants a return to the borders of the past between Northern Ireland and the Republic of Ireland. Of course no one wants a return to those borders, with Army patrols and all the rest of it, but the reality is that we cannot have a return to the border of the past because we do not have the Army watchtowers. They have gone, but dissident republicans have not; they have murdered two prison officers in the last four years in Northern Ireland, so this is a really serious issue.

I do not want to go back to that very hard type of border, but the border is porous in South Armagh, and there is 300 miles of porous border. If we are not going back to the borders of the past, are the British Government proposing to outsource our immigration control to the Irish Government when it comes to Limerick, Dublin and Shannon? What are the British Government going to do? I hope that some light is thrown on this in this debate today, because I am so tired of hearing that soundbite: “No one wishes to return to the borders of the past.”

Mr Davis: The first thing to say is that there is, of course, an open border now. I do not wish to give the hon. Lady soundbites, but there are other open borders in Europe—though perhaps not in places with quite the same security issues—such as those between Norway and Sweden, where customs and excise work across the border, but it is frictionless. That is what we would aim for. On the security front, the hon. Lady’s question is more one for my right hon. Friend the Secretary of State for Northern Ireland.

Gareth Johnson (Dartford) (Con): Some 44% of our exports go to the European Union. Does the Secretary of State agree that in many respects, that figure is part of the problem, given that just 7% of the world’s population live in the EU? Does he agree that today’s decision to come out of the single market gives us a wonderful opportunity to be more global and international with our trading partners? *[Interruption.]*

Mr Davis: Yes, it is a really difficult one. My hon. Friend will know better than me that over the last 16 or 17 years, the balance of our exports to Europe and the rest of the world has almost turned around. It was about 60:40 in favour of Europe 20 years ago; it is now almost 60:40 the other way. That reflects the much higher growth rates in global markets than in the European Union. This is one of the opportunities arising from our exit from the European Union.

Kerry McCarthy (Bristol East) (Lab): The Prime Minister has come up with this wish list and a threat of a scorched earth policy of slashing taxes and protections, and inevitably public services, if she does not get what she wants. Many of the Secretary of State’s colleagues

would regard that as an ideal scenario—as the economic model that they would love to see implemented—so how will he square those things during the negotiations, and ensure that we hold out for the best deal, rather than this deal, which would be absolutely terrible for this country?

Mr Davis: It would help the hon. Lady if she read the speech with a slightly more impartial view. It says in terms that our preferred outcome is the freest possible open market with the European Union, as well as the rest of the world, and that is what we intend to achieve.

James Cartlidge (South Suffolk) (Con): Whether we like it or not, it is a statement of economic fact that a large part of our economy is heavily dependent on hard-working, unskilled migrants from the European Union. Does my right hon. Friend accept that there is still likely to be some unskilled migration into this country after we leave the EU? If so, will it be the case, as at present, that unskilled migrants can come to this country legally only from the EU, or will our migration system be global, too?

Mr Davis: My hon. Friend is right that a level of unskilled migration is likely to continue. Where from and how it is to be controlled will be matters for the new immigration policy, which will be under the control of this House—a point to which I keep returning. My job is to return the policy here; it will then be the job of this House to make the right decision in the British national interest, and I am sure that it will.

Matt Warman (Boston and Skegness) (Con): My constituency voted, as Members know, more strongly than anywhere else in the country to leave the European Union, and I know that many people in Boston and Skegness will welcome the clarity and tone of today’s announcement. Does the Secretary of State agree that when the people of Boston and Skegness voted for this country to be able to control its immigration policy and do our own trade deals, they were voting knowingly to leave the customs union and the single market?

Mr Davis: I do not want to get into trying to interpret everybody’s inner thinking, but the simple truth is that advocates on both sides of the argument made it plain during the campaign that they thought leaving the European Union meant leaving the single market. I cannot think that the decision was made in ignorance.

Albert Owen (Ynys Môn) (Lab): The Secretary of State has said that maintaining the common travel area between the Republic of Ireland and Northern Ireland is an objective, and he has mentioned the history, but for the first time ever, one partner will be a member of the European Union and one will not. Can he give some clarity to people such as myself, who are by a porous border with the Republic of Ireland, on whether the common travel area will mean the free movement of people, or the free movement of people, goods and capital? Many people who travel do so with goods under these arrangements. Will Welsh ports be subject to customs?

Mr Davis: Let me pick up both parts of the question. The hon. Gentleman is right: only one of the two countries in the area will be in the European Union.

[*Mr David Davis*]

I discussed that issue with Mr Barnier, and the point that came across very clearly was that the European Union is very proud of its position in the peace process and does not want to jeopardise it. I believe that the terms of the 1949 Act will apply, whereby Irish citizens will be treated the same as British citizens and vice versa.

Robert Jenrick (Newark) (Con): I am loth to disagree with my parliamentary neighbour, my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke)—people are trying to build a statue of him in my constituency, but I put that to one side—but I cannot think of a single trade treaty between the EU and another country that uses the European Court of Justice to organise its dispute issues. Every treaty that the EU has ever signed, as far as I am aware, uses either an international arbitration system or the World Trade Organisation, so there is absolutely no reason why my right hon. Friend and the Government could not achieve that in our negotiations.

Mr Speaker: It would be good if it were a speaking statue. I fear that otherwise it will not fully capture the richness of the right hon. and learned Member for Rushcliffe (Mr Clarke).

Mr Davis: My hon. Friend the Member for Newark (Robert Jenrick) is right. I cannot imagine that most countries doing deals with the European Union would agree that the European Union's own court could make the judgment; the judgment would of course be made by an independent court, and generally is.

Helen Hayes (Dulwich and West Norwood) (Lab): The Secretary of State has confirmed that my constituents who are EU nationals will still be used as bargaining chips to secure the rights of United Kingdom nationals living in the EU. The uncertainty is already having an impact on our NHS, universities and the construction sector, among other sectors of our economy. Why will the Secretary of State not retain the moral high ground, confirm the rights of EU nationals living in the UK and their status as valued members of our community and important contributors to our economy and public services, and then seek to hold EU countries to the same high standard of decision making as regards the rights of UK nationals?

Mr Davis: The point about dealing with people as a block is that it makes no one a bargaining chip. The trouble is that once we start separating groups, we will turn the remainder into a bargaining chip, and that is absolutely what we must not do. We have a legal responsibility to our citizens. That being said, I have said many times, in every public forum in which I speak about this subject, that we are determined to secure a good, guaranteed position for those people. They should not worry. We just need to get all the other countries lined up to agree with us to do that. We wanted to do it earlier, and we tried to, but we have not been able to do it yet. We will do it as soon as we can.

Mr Andrew Turner (Isle of Wight) (Con): Will my right hon. Friend explain what will happen to fisheries?

Mr Davis: With great respect to my hon. Friend, I will not go into every single sector of the negotiation, but it is pretty plain that we have a very strong hand on fisheries.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): It is a pity that the Secretary of State was unable to be present for the statement by the Secretary of State for Northern Ireland. If he had been present, he would have recognised that the White Paper—that is what the Secretary of State for Exiting the European Union called it—is a catastrophe. Will he assure us that the Ireland Act 1949, which he has mentioned and on which I have pressed him several times, will not be revoked either before or after Brexit, and that the United Kingdom Government will confirm that they will not impose a hard border with their closest European Union member, Ireland?

Mr Davis: I think I have said that many times.

Daniel Zeichner (Cambridge) (Lab): When Switzerland voted in 2014 to restrict immigration, its future participation in key EU research programmes was thrown into doubt. Just a few weeks from the deadline, it has reached a compromise that allows it full participation, in return for free movement with some tweaks. Our science, research and university sector demands no less. Today, however, the Prime Minister offered no more than an aspiration: she offered no plan at all for the sector. Two years of uncertainty will do huge damage. Just how much damage to one of our key sectors are the Government prepared to countenance?

Mr Davis: As nonsense questions go, that pretty much takes the biscuit. We have made very plain indeed what we intend in this regard. We are a dominant scientific power in the European Union. We have worked night and day to ensure that we guarantee the position of students and research grants, and we will continue to do so. If the hon. Gentleman plays that down, he will harm the very sector that he is supposedly trying to protect.

Neil Gray (Airdrie and Shotts) (SNP): Given that nearly everything that has been said by the Prime Minister and the Secretary of State today is incompatible with the Scottish Government's "Scotland in Europe" compromise document, how do the UK Government plan to honour the promise to take those proposals seriously, unless they now plan to explore all options to support continuing Scottish membership of the single market?

Mr Davis: As I said in an earlier answer, that paper will come before us in a few days' time. It has, of course, more than one component. The hon. Gentleman talks as though it were only about the so-called—opt-out, do they call it? But it also contains questions about devolution, and the treatment of employment and immigration, all of which we will discuss at that time. We will treat those questions seriously, as we always have.

Joanna Cherry (Edinburgh South West) (SNP): At the weekend it was reported that Michel Barnier, the EU's negotiator, was prepared to contemplate a special deal for the City, and the UK Government have indicated

in the past that they might look at special sectoral deals for the City and for Nissan. Does the Secretary of State accept that there is scope for the differentiated deal that the Scottish Government seek if he and his Prime Minister have the political will to support it?

Mr Davis: This is very unusual for the hon. and learned Lady, but she has not quite got Michel Barnier's statement right. What he is reported to have said, although I think he subsequently denied it, is that he saw that there would be risks to the financial stability of the European Union if it did not maintain open access for the City of London. The hon. and learned Lady was also wrong in saying that we had talked about special deals for any sector. We have not. *[Interruption.]* The aim of the British Government is to ensure that the whole economy succeeds as a result of this policy, not just one part of it; and that includes Scotland.

Wes Streeting (Ilford North) (Lab): The Secretary of State says that no deal is better than a bad deal, but what he has not made clear is that no deal is a bad deal. Given that the Chancellor told the Treasury Committee that the Prime Minister should enter the negotiations with the widest possible range of options available, why have the Government today chosen to rule out the best possible deal with the European Union, which is membership of the single market, membership of the customs union, and, as a result, free-flowing goods and trade with the largest single market in the world on our own doorstep and access for British businesses to half a billion customers?

Mr Davis: I do not know where the hon. Gentleman was on 23 June, but the British people pretty much rejected that.

Mark Durkan (Foyle) (SDLP): Brexit is a bigger factor in the political discoloration in Northern Ireland at the moment, partly because common membership of the EU and its institutions was absolutely germane to the Good Friday agreement. The Secretary of State needs to recognise that any negotiations that follow these elections and precede the restoration of our institutions will involve returning to and renewing fundamentals of the Good Friday agreement. That means that people will be looking at strand 2, and the need to ensure that the island of Ireland can work and be worked as part of the European economic area in the future.

The question of when powers over rights are transferred or devolved after the great repeal Bill will be a key political issue. No one in Northern Ireland will trust the House of Commons with the dilution of rights before powers are devolved when any attempt to improve them can be vetoed by the Democratic Unionist party, as we have seen in the past. It would be like asking Attila the Hun to mind your horse.

Mr Davis: I am not entirely sure that I understand the reference, but one of the reasons why I wrote to the Northern Ireland Executive was to ensure that we had representation in the Joint Ministerial Committee during the election process. I do not foresee the removal of any rights, and, as I said to a Labour Member earlier, this is one area in which we expect a great deal of co-operation from the European Commission to secure an outcome that will be beneficial for everyone.

Mr Mark Hendrick (Preston) (Lab/Co-op): Will the Secretary of State tell the House why on earth the other 27 members of the European Union should give the UK the benefits of single market membership without the costs? A bespoke deal that provides barrier-free and tariff-free access to the single market sets a precedent, and offers other EU states an incentive to leave the European Union. How is that good for them?

Mr Davis: Let me, at the risk of repeating myself, pick one industry and one country. The German car industry sells 800,000 cars a year to the United Kingdom, and I think it has every interest in keeping that market open.

George Kerevan (East Lothian) (SNP): The Prime Minister ended her speech this morning on a very gracious note: she said that the victors in the Brexit debate in the UK should be magnanimous towards those who lost. I put it to the Secretary of State that magnanimity means accepting that Scotland wants to stay in the single market and that the discussions from now on should at least leave the door open to that ask from Scotland.

Mr Davis: As I said earlier, and as I have said to Mike Russell, I have not commented publicly on the report even though I have read it in detail because I want to have an open discussion about it later. That does not mean that we are going to agree on everything, but we are going to treat it with respect.

Kate Green (Stretford and Urmston) (Lab): The EU is in the process of concluding international trade deals with, for example, Japan and Canada, which the UK Government have warmly supported, believing they will be good for the UK economy; I understand that the UK Government estimate that the Japanese deal could be worth £5 billion annually to the British economy. How quickly can those deals be replaced when we leave the EU, and what modelling have the Government done of the potential cost to our economy if they cannot quickly be replaced with new deals?

Mr Davis: There is little point in modelling what is not going to happen. For many of the most important deals for us, the expectation is that we will get, as it were, an immediate transfer, and then we will start talking about improving the deals between us. Not all EU trade deals have been that beneficial for Britain, and we could certainly improve some of them.

Tom Elliott (Fermanagh and South Tyrone) (UUP): I noted the Secretary of State's assertion about controlling our own laws and ending the authority of the European Court of Justice in the United Kingdom, and I want to put it on the record that I support that proposal. When that takes place, what will be the authority or standing of any decision relative to the United Kingdom that has already been taken by the Court?

Mr Davis: I assume the hon. Gentleman is talking about the standing of case law. That will be frozen at the point when we leave, and whether we change that will then be up to us in this House.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Free trade in goods is much easier to achieve than the free flow of services where non-tariff barriers are the problem. How will the Government seek to ensure the continued success over time of UK financial service exports to Europe when we no longer get a say in the regulatory harmonisation that has facilitated that success so far?

Mr Davis: The hon. Gentleman may have noticed that last week TheCityUK, which obviously has an interest in the area he refers to, was talking about mutual recognition and external equivalence, as it were, rather than passporting. We have not arrived at a conclusion on that yet, but he is right that the goods side of it will be easier. That is partly because the single market is very incomplete in services. However, notwithstanding that, we have been very successful in this area, and he may take it as read that we will continue to facilitate that success.

Ian Paisley (North Antrim) (DUP): The Secretary of State will know that my constituency had the largest leave vote in Northern Ireland, and one of the largest in the United Kingdom by dint thereof. Will he confirm that he will not fall for some flawed, special status, hokey-cokey, half-in, half-out arrangement that is currently being sought by some people, and instead give my constituents absolute clarity and certainty that the Brexit deal will apply to all of Northern Ireland in the same way as it will apply to the people in his constituency?

Mr Davis: Yes, it will apply across the whole United Kingdom I think, but, as I have said, I am trying not to prejudice other discussions. What I will say to the hon. Gentleman is this: in what we are doing in this negotiation, the interests of Northern Ireland and his constituency will be at the forefront of our thoughts.

Tommy Sheppard (Edinburgh East) (SNP): Three quarters of my fellow citizens in the great city of Edinburgh voted not to turn their back on the EU, Mr Speaker, so you will forgive me if I wholeheartedly do not welcome today's statements. However, I welcome the Secretary of State's now repeated suggestion that he will take seriously the proposals of the Scottish Government, so let me press him on this matter. Some in his party have said that there can be no differential arrangements in the regions and nations of the United Kingdom post-Brexit on principle, even when it can be demonstrated that they will benefit the UK as a whole. Does he share that view, or will he consider proposals on their merits?

Mr Davis: I have said already that we will respect the view of the Scottish Government on this, but I have also said that that does not mean that we will agree on all parts. Let me mention one practical issue that I, if nobody else, have to deal with. The leading Norwegian members of EFTA have said that the aspect the hon. Gentleman refers to will not work for them, and the Spanish Europe Minister has said that it will not work for them either. We clearly have a few hurdles to get over before that becomes a runner.

Stewart Malcolm McDonald (Glasgow South) (SNP): The new Britannic isolation that the Government now seek must not be at the expense of EU nationals in this country—or indeed, I accept, UK nationals in Europe. The Secretary of State has said that he has tried to resolve this issue and wanted to do so some time ago, so can he tell us exactly what the problem is? What barrier is in the way that is stopping him resolving that, and how do we best get it lifted?

Mr Davis: It requires all members of the European Union together to agree.

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): The Prime Minister's fixation with leaving the jurisdiction of the European Court of Justice clearly jeopardises the extent of our ongoing co-operation in EU justice and home affairs issues, which she says she values. If those ambitions collide, surely the Secretary of State will agree that security co-operation must trump leaving the European Court's jurisdiction.

Mr Davis: We have security arrangements with other allies—America for a start—which do not run into that problem, so I would not think that that is an issue.

Callum McCaig (Aberdeen South) (SNP): “No deal is better than a bad deal”: I am slightly perplexed by that. How could a negotiated deal possibly be worse than something that the Secretary of State refers to as a “cliff edge”? Is he really that bad at negotiation?

Mr Davis: Another hon. Member referred to a deal in which we had to take all sorts of penalties from all sorts of European nations. That would be a bad deal.

Patrick Grady (Glasgow North) (SNP): Of all the laws and regulations that will be democratically repatriated to this Parliament by the great repeal Bill, which is the first that the Secretary of State himself would like to see reformed or repealed? When the great repeal Bill goes through, can he guarantee that the rights of this Parliament to scrutinise legislation will be maintained and the great repeal Bill will not be the great power grab?

Mr Davis: On the question about the first one to repeal, I do not really have a favourite, but I will tell the hon. Gentleman the last one: the protection of the employment rights of United Kingdom citizens both in Scotland and in the rest of the UK, because I made the promise from the first day in this job that that is one thing we are not going to change.

Carol Monaghan (Glasgow North West) (SNP) *rose*—

Mr Speaker: I will come to the hon. Lady in a moment.

I am most grateful to the Secretary of State for the experience of the last one hour and 46 minutes in which we could treat of these matters, and I am advised that no fewer than 84 Back-Bench Members had the opportunity to question the right hon. Gentleman. I hope there has been a decent exploration of the issues, and I congratulate the right hon. Gentleman on the strength of his knee muscles.

Point of Order

3.28 pm

Carol Monaghan (Glasgow North West) (SNP): On a point of order, Mr Speaker. Last week during Department for Work and Pensions questions, I asked the Minister for Disabled People, Health and Work how people with mental health issues could continue to receive appropriate support if the Glasgow jobcentres were closed. The Minister responded by saying that

“my hon. Friend the Minister for Welfare Reform has met Scottish Ministers to discuss the issue.”—[*Official Report*, 9 January 2017; Vol. 619, c. 15.]

First, there is currently no Minister for Welfare Reform. Secondly, I have been informed by Scottish ministerial colleagues that no such meetings have taken place. Would it be in order for the Minister to come back to the Chamber to clarify the situation?

Mr Speaker: I am grateful to the hon. Lady for giving me notice of her point of order, to which I was about to respond, but I see that the Minister in question is on the Treasury Bench and is anxious to catch my eye. I do not want to disappoint her.

The Minister for Disabled People, Health and Work (Penny Mordaunt): Further to that point of order, Mr Speaker. In my answer, I said:

“My hon. Friend the Minister for Employment has met all the MPs who are concerned about those locations across Glasgow, and my hon. Friend the Minister for Welfare Reform has met Scottish Ministers to discuss the issue.”—[*Official Report*, 9 January 2017; Vol. 619, c. 15.]

I was referring to the Under-Secretary of State for Welfare Delivery, and I should have said “the Minister for Welfare Delivery”. The Minister for Welfare Reform is in the House of Lords. For that, I profusely apologise. On these matters and others, not least the devolution of welfare, our doors are always open for meetings with Scottish Ministers, and good outcomes are contingent on good dialogue. I would not want this point of order to give a contrary impression.

Mr Speaker: That was a gracious acknowledgement of the situation by the Minister, and I feel that honour has been served.

Carol Monaghan *indicated assent.*

Mr Speaker: The nod of the head from the hon. Member for Glasgow North West (Carol Monaghan) confirms that she is content with that outcome. I thank the Minister, and we will leave it there. If there are no further points of order, we come now to the ten-minute rule motion, for which the hon. Member for Enfield, Southgate (Mr Burrowes) has been patiently waiting for nearly two hours.

Burial Rights Reform

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

3.30 pm

Mr David Burrowes (Enfield, Southgate) (Con): I beg to move,

That leave be given to bring in a Bill to enable a person to make his or her instructions concerning burial and related matters binding on their personal representative or beneficiary; to enable a person to make provision about the use of a burial space he or she acquired while living after the person's burial; and for connected purposes.

It has been a surprising two months for me in Parliament, because I have been talking a lot about death. It is not a subject we talk a lot about inside or outside Parliament. Given that we all die, it should be a surprise that we do not talk more about it, but apart from the times when we are near to death or personally affected by it, or when some of us plan for it in a will, death is not on the agenda. There will be an opportunity in the week of 8 May, Death Awareness Week, to talk more about death. I commend that opportunity to hon. Members. Let us hope, Mr Speaker, that that week will not coincide with the final moments of our beloved Arsenal's ambitions.

Last month, I steered through Parliament a private Bill that gives our local New Southgate cemetery the power to reuse very old graves, and that provision will probably need to be replicated across the UK to provide sufficient space for burials. This month, my attention has been turned to burial rights by the distressing case of my constituent, Marion, and her family. They are watching this debate from the Gallery today. After Marion's father died in 2009, her mother gave money to her sister to buy him a plot on her behalf. Unbeknown to the mother, her daughter had registered the grave in her own name and gained exclusive rights to decide who is buried there and what monument is placed on the grave.

When Marion's mother died, she assumed ownership of her late husband's grave and Marion was her appointed next of kin. Her dying wish was to have her ashes scattered on her late husband's grave. It was only when Marion contacted the cemetery to make the necessary arrangements that it came to light that her sister, who is now estranged from the rest of the family, was the grave owner. She has refused to allow her mother's ashes to be scattered on her father's grave or even to allow a memorial stone to be erected. Marion and her family have asked me to change the law so the wishes of those like her late mother can be properly respected and not thwarted by another family member who owns the grave.

A recent high-profile case stemmed from the discovery of Richard III's remains in 2012. A lengthy court battle ensued, with descendants of the notorious king pitted against the less notorious Lord Chancellor at that time, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling). The descendants' attempt to have their ancestor laid to rest in York Minster, where he is alleged to have made plans to be buried some 550 years ago, was unsuccessful. The High Court chose to keep his body in Leicester where his remains were found, due to a lack of clearly expressed burial wishes. Given my interest in football, I could express that as a result that benefited from a home advantage: Leicester 1, York 0.

[Mr David Burrowes]

My Bill is concerned less with such high-profile cases than with the many examples that we find in all our constituencies, if we dig deep, of traumatic disputes when relatives are unable to fulfil the wishes of a departed loved one. Another example involves a constituent whose nan died leaving four daughters behind. A decision was made to put the deeds of the grave in the name of the youngest daughter. Unfortunately, she became unwell and uncontactable. So when the late nan's sister died, having expressed a wish to be interred in the family grave, there were problems. It took six years to sort the matter out and get an updated headstone on the grave.

A grave owner should not be able to block other family members from having access to their family grave. I have read on various forums of family disputes arising from remarriage when, say, the father dies and the stepmother arranges the funeral, pays for the grave and registers ownership in her name. She gains exclusive rights to erect a memorial and pass on future use of the grave to her own family, at the exclusion of her late husband's family.

Or there is the example of a grave plot that has been put in the name of the eldest son on the insistence of the funeral directors. The aggrieved younger sister is now concerned that, if her brother dies and is buried in the family plot, the right will pass to her sister-in-law:

"I would be left with nowhere to be buried and I don't have any other family."

A family in the constituency of one of the Bill's sponsors, my hon. Friend the Member for Eastleigh (Mims Davies), have had issues with accessing a cemetery after moving to a nearby village—the scattering and interring was bureaucratic and expensive.

The issue of a family in Sussex has also been raised with me. The affordable interment of a family member's ashes in a grave has been refused because the relative moved out of the parish in retirement and lived 0.3 miles from the requisite boundary, despite being resident in the village for 50 years.

Finally, there is the connected issue of funeral arrangements. There are cases in which the wishes of the deceased, such as for a particular religious funeral, may be at odds with the religion or otherwise of the surviving family. As has been mentioned in the House on many occasions, there are also cases where a funeral costs too much and leads to funeral poverty, which was so well highlighted by the experience and brave campaign of the hon. Member for Swansea East (Carolyn Harris).

Arrangements for funerals and burials have become over-bureaucratic and expensive, and in some cases contrary to the wishes of the person who has died. We can and must do better. We cannot say that we have not been warned. In 2004 the then Home Secretary, David Blunkett, said:

"Our burial law is out of date and needs reform."

Successive Governments have looked at the issue of burial rights, but in 2007 the then Government concluded that there is public support for reform but that it is not a priority. My Bill would provide an opportunity to give clarity to relatives who are confused and aggrieved by the opaque laws on funeral and burial arrangements.

The law is clear, to the extent that dead bodies unsurprisingly have no rights. In common law there is no property in a dead body, which is described appropriately

coldly as "worthless". The overriding legal maxim is that the only lawful possessor of a corpse is the earth. Perhaps more surprising is that there are no laws governing funerals, only the disposal of bodies. Even a will setting out a person's funeral wishes is arguably not legally binding because wills are all about property and therefore not about a dead body. Recent court cases have tried to apply the Human Rights Act 1998 to assume rights over a dead body, but the law is unclear. To follow a theme that we have no doubt heard today, it is about time that Parliament took control of the issue of burial rights or, more to the point, enabled the wishes of a person who has died to take control.

It is entirely for the person who has exclusive right of burial to decide who is buried in a grave and what memorial is placed. That normally happens without any concern and is organised by the next of kin carrying out the wishes of the deceased. The problem is that the exclusive right of burial is determined by whoever buys the lease for the grave plot. If a person's name is not on the deed, they have no right to be buried there or to have a memorial or inscription put on the grave.

My Bill would ensure that a person's burial wishes are properly carried out by surviving relatives and that the ownership of a grave does not lead to exclusive rights being gained by one family member to use against another family member. At present, the only answer when there is a family dispute about grave ownership is to consult a solicitor and conduct expensive litigation. However, the issue of respecting the wishes of the deceased demands a less contentious approach. My Bill would ensure that a statutory requirement is imposed on the parties involved in burial arrangements to take greater responsibility for considering the deceased's wishes for burial arrangements and to give greater significance to any existing will or public register.

My Bill proposes a public burial register similar to the organ donation register. Such a register would allow burial wishes to be clearly identified without necessarily having a will, thereby avoiding subsequent family dispute. A clearly expressed, binding declaration of our final wishes would remove the pressures of burial-related decision making at such a testing time.

Our final wishes are arguably our most important. My Bill would help to give such wishes clarity and protection by the law. There is no better way to honour the dead than to give life to their final wishes.

3.39 pm

Chris Bryant (Rhondda) (Lab): I pay tribute to the hon. Member for Enfield, Southgate (Mr Burrowes) for advancing this cause today, but I cannot agree with him, and I shall explain why. I have probably conducted more funerals than anybody else in this Chamber, when I was a curate at All Saints, High Wycombe. At the first funeral I did, the undertaker put his glasses in his top pocket as he leant over to let the coffin down into the grave and the glasses fell on top of the coffin, so he then had to clamber in on top. The second funeral I conducted was at the crematorium, where, unfortunately, the organist played "Smoke gets in your eyes" at the end of the service. As everybody else realised, that was somewhat inappropriate. At the last funeral I conducted the family was very divided and the ex-husband had not been invited. He suddenly appeared in the middle of the service and started shouting and screaming at me. The family all shouted, "How on earth did you get here?"

We locked you in the bathroom.” He said, “You didn’t lock the bathroom window, so I climbed out and down the ivy.”

I have seen a lot of funerals, so I know the pain and difficulty of which the hon. Gentleman speaks. My beef is not particularly with the remedy he is seeking, although I think that burial reform and funeral reform in general need to be conducted on the basis of a Law Commission proposal, so as to bind the whole of the legal profession and take the matter out of party political discussion. My beef is more to do with the fact that he started, as we start every ten-minute rule Bill debate, by begging leave to introduce his Bill, and I do not think we should give him that leave.

I say that for the simple reason that we have only five more Fridays when we will be sitting before the end of this Session, so any Bill will have to become law during those; it will have had to have gone through all the stages in this House and in the House of Lords, otherwise it will simply fall. There are 73 private Members’ Bills on the Order Paper already seeking a Second Reading on those five days. That is in addition to quite a lot of Bills that have already received their Second Reading, one of which, the Homelessness Reduction Bill, promoted by the hon. Member for Harrow East (Bob Blackman), is in Committee—I believe it will be coming out of Committee tomorrow. In the normal process, it should be the Awards for Valour (Protection) Bill, promoted by the hon. Member for Dartford (Gareth Johnson), that then goes into Committee, followed, one would have thought, by the Bill promoted by my hon. Friend the Member for North West Durham (Pat Glass), the Parliamentary Constituencies (Amendment) Bill. So far, the Government have not brought forward a money resolution for that and are not saying whether they are going to let that happen.

In addition, only this week the Government have said that they have turned their back on the reforms to the private Members’ Bills process that the Procedure Committee has called for in successive years and in successive Parliaments. So the truth of the matter is that even if every element of what the hon. Member for Enfield, Southgate is proposing were right, it is an act of deception for the House to send it on to its next stage, by allowing him to present his Bill, because it has absolutely no chance of getting anywhere. I make this speech for the simple reason that we could use our Friday mornings better. We should not have a system of private Members’ Bills that means we completely waste our time and deceive the public about the true process of what is happening in this House. Consequently, I say that I disagree with the hon. Gentleman but I applaud his motives.

*Question put (Standing Order No. 23) and agreed to.
Ordered.*

That Mr David Burrowes, Dr Matthew Offord, Robert Ffello, Nusrat Ghani, Mr Ranil Jayawardena, Michael Tomlinson, Will Quince, Caroline Ansell, Mike Kane, Mims Davies, Frank Field and Stephen Timms present the Bill.

Mr David Burrowes accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 24 March, and to be printed (Bill 124).

Opposition Day

[18TH ALLOTTED DAY]

Leaving the EU: the Rural Economy

[*Relevant document: The Sixth Report of the Environmental Audit Committee, The Future of the Natural Environment after the EU Referendum, HC 599.*]

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

3.45 pm

Calum Kerr (Berwickshire, Roxburgh and Selkirk) (SNP): I beg to move,

That this House is concerned at the possible impact upon the rural economy of the Government’s aim for the UK to leave the EU; and calls upon the Government to present to Parliament a clear statement of its aims for the rural economy in negotiations with the EU prior to triggering Article 50, and to give assurances on the future of agriculture, particularly with regard to funding, and fisheries after 2020.

We want to use this debate to consider the significant and tangible benefits that EU membership has afforded the Scottish rural community through funding, trade and freedom of movement. Those benefits must be acknowledged and the Government must offer, prior to the triggering of article 50, a clear statement on how they intend to mitigate the impact of leaving the EU on rural areas. They must do so now because the combined threat of the loss of direct funding, an end to tariff-free trading and the abolition of the free movement of people could have devastating consequences for rural communities throughout Scotland and, indeed, the rest of the UK.

The Prime Minister set out 12 points in her speech, but people in my constituency are not reassured, because it lacked detail and certainty. We are told that Brexit is about a more global Britain, and that the process will represent a clean break. Well, let me be absolutely clear in stating how far removed from reality that rhetoric is. Under the Government’s current direction of travel, Brexit will not be a clean break for the sheep farmers in my constituency, whose produce could face prohibitive tariffs and whose direct support payments could be wiped out.

Brexit will not be a clean break for the fish processors in Shetland—where in 2015 more fish was landed than in the entirety of England and Wales—whose access to the largest seafood market in the world is now under question. Nor will it be a clean break for the soft-fruit farmer in Angus when the plug is pulled on the seasonal labour that his business needs to function. It will not be a clean break for the most remote highland communities, which are now contemplating the loss of hundreds of millions of pounds of European regional development funding. We again find ourselves facing a combination of Tory indifference to the needs of the Scottish economy, and a dramatic democratic deficit.

William Wragg (Hazel Grove) (Con): The hon. Gentleman and his party are optimistic people and rays of sunshine in this House. Can he see any possible benefit to the Scottish rural economy from leaving

[William Wragg]

the EU? I am thinking particularly of fisheries, the European policy for which decimated the Scottish fishing industry.

Calum Kerr: If the hon. Gentleman spends a little more time with us, he will find that we are optimists at heart, but this debate is about the realities and the implications for the rural economy. I will, with great delight, return to fisheries later in my speech.

John Redwood (Wokingham) (Con): Will the hon. Gentleman give way?

Calum Kerr: No; I would like to make a little more progress, but I promise to give way in time.

As the many complex challenges of Brexit pile up, we need to remember that real political leadership is about finding solutions, not soundbites.

John Redwood: Will the hon. Gentleman give way on that point?

Calum Kerr: I promise I will in one moment.

This debate is necessary to ensure that the Government do not overlook or downplay all the possible outcomes of Brexit. They must not walk away from the policy vacuum that is opening up before our eyes.

John Redwood: Is the hon. Gentleman telling the House that if we devolve more agricultural powers to the Scottish nationalists, they will not be able to think of a single way in which they could improve policy to help their farmers?

Calum Kerr: The right hon. Gentleman, who is highly respected, usually makes excellent contributions, but I am afraid that that was a poor one. There are many ways in which we would be delighted to improve agricultural policy, so long as his Government do not make a power grab as powers are returned from Brussels.

Mike Weir (Angus) (SNP): Does my hon. Friend also agree that something like 70% of farmers' incomes comes through the common agricultural policy, which is not subject to the Barnett formula, but it may be if it all comes back to the UK, which would lead to a significant reduction in funds available to rural Scotland?

Calum Kerr: I thank my hon. Friend for that excellent contribution, which brings me on to one of the first areas that I want to look at. Nowhere is the policy vacuum more apparent than on the issue of farm payments. Whatever its flaws—

Ms Margaret Ritchie (South Down) (SDLP): I congratulate the hon. Gentleman on making some very compelling points. We have a similar situation in Northern Ireland where 80% of farm incomes are dependent on European resources. Does he agree that there is a fear that that sort of funding is not likely to come from the Treasury, thus undermining our local rural economy and our agricultural enterprises?

Calum Kerr: I wholeheartedly agree with the hon. Lady. It is something on which I would like us to focus in this debate. I am talking about the importance of these support payments to the prosperity not just of farming, but of the whole rural community.

Jake Berry (Rossendale and Darwen) (Con) *rose*—

Calum Kerr: I wish to make a bit more progress. We have two debates squeezed in today.

As I was saying, nowhere is the policy vacuum more apparent than on the issue of farm payments. Whatever the flaws, the moneys invested in Scotland and indeed in all the rural communities in the UK through the CAP are absolutely vital in underpinning the rural economy. As my hon. Friend the Member for Angus (Mike Weir) mentioned, farm payments account for two thirds of total net farm income in Scotland. We have about 8.4% of the population, but 32.5% of the land mass, and our distinct topography means that Scotland received 16.5% of UK CAP funds.

Jake Berry: Like farmers in Lancashire, many farmers in Scotland are involved in upland sheep farming, which I am sure all Members will acknowledge is often a very, very difficult business. Does he not think that, if we leave the European Union, there will be an opportunity for the Government to refocus support on those most marginal farms that he is talking about—specifically the uphill farms in Lancashire and Scotland? Farmers in Lancashire are hoping for more from Brexit, just as farmers in Scotland will be hoping for more from Scexit?

Calum Kerr: Hill farming—sheep farming—is one of our most fragile industries. I have deep concerns about its support in the future. I want to make a point about the level of funding because we need the Government to step up. I would like to talk about lamb when we look at trade, because it is one of the most threatened trade areas.

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): My hon. Friend spoke earlier about the lack of detail in the Prime Minister's statement. Does he agree that the Government should have taken cognisance of the resulting report of the Environmental Audit Committee inquiry into the future of the natural environment after the EU referendum as summarised in a letter to the Secretary of State—I have it here—from the British Ecological Society, the Chartered Institute of Ecology and Environmental Management, the Landscape Institute and the Institution of Environmental Scientists? These are the people we should be listening to, and these are the details that the Government should be including in their letters.

Calum Kerr: My hon. Friend's point is well made.

Agriculture is already a devolved area. As powers are repatriated from Brussels, it is essential that they go directly to the Scottish Government. Any power grab from a Westminster Government would be totally unacceptable. We absolutely understand the need for levels of commonality, but that is not a justification for a power grab by Westminster.

We need a commitment from this Government that the existing allocation of funds will not be tampered with. The starting point for funds to be delivered to Scotland is once the convergence uplift is added to the 16.5%. Throughout last year's referendum campaign, the Secretary of State and her farming Minister, the hon. Member for Camborne and Redruth (George Eustice), who is, I understand, in Scotland, argued for Brexit and it is now incumbent on them to take responsibility for the commitments made during that campaign. Last March, the farming Minister said:

"The UK government will continue to give farmers and the environment as much support—or perhaps even more—as they get now".

Yet this commitment appears already to have been abandoned.

Earlier this month, the Secretary of State, the farming Minister and I were all at the Oxford conference, and both the Secretary of State and the farming Minister refused to confirm that funding would at least match current levels beyond 2020. Will the Secretary of State take the opportunity today to make a clear commitment that, as the farming Minister promised, Brexit will not result in a reduction in the level of funding available for farmers? Or is this another Brexit broken promise?

We acknowledge that the CAP is far from perfect and we recognise that we now have an opportunity to design a new and better system, but we also recognise that there must be a route to sustainable farming without direct income support because there must be an evolution that takes great care over the fragility of the rural economy. It is also important to note that the CAP is about much more than farming. In Scotland, EU funding has helped to support the roll-out of superfast broadband, business development, housing investment and measures to address rural fuel poverty, in addition to improvements in infrastructure and transport through pillar two regional development funds. We need the Government to explain whether they will match the funding for such programmes and, if they will, the more detail we can have from the Secretary of State, the better.

Another area in which the rural economy has benefited massively from EU membership is freedom of movement. For significant portions of the Scottish rural economy, access to a seasonal workforce is a vital factor in keeping their operations sustainable. At any one time, between 5,000 and 15,000 non-UK EU workers are employed in Scottish agriculture alone. We support continued freedom of movement because it is a system that works not just for farming and food production but for a range of sectors in rural Scotland, especially in fragile and often ageing populations.

Mike Weir: I represent Angus, which, along with the constituencies of my hon. Friends who represent Perthshire, has the highest number of economic migrants into Scotland, because they work in the horticultural industry. Many industries could not survive without that labour. Members talk about the unemployed taking the jobs, but there are more migrant workers working in that industry than there are unemployed people in our areas, even if all those unemployed people could take up the jobs. We need these people and the Government must take that into account. At the recent Oxford conference, the Secretary of State hinted that there might be some relaxation in that regard and I would be grateful if she gave more detail when she speaks.

Calum Kerr: My hon. Friend's contribution reinforces the point I was making and gives it a bit more colour.

Given the announcements today and the consensus in Scotland against a hard Brexit, we must have powers over immigration devolved to the Scottish Parliament in order to pursue our own distinct policy—[*Interruption.*] Government Members might laugh, but I respectfully suggest that they go and read "Scotland's Place in Europe"—that is what a plan for Brexit looks like.

In the meantime, I know that the Secretary of State understands the importance of seasonal workers, in particular, to the rural economy, so I would like to hear today what steps the Department for Environment, Food and Rural Affairs is taking to ensure that the rural economy does not grind to a halt, because seasonal workers are already beginning to look elsewhere.

One area that Government Members get very excited about, because there are opportunities, is fishing. We welcome the chance to move beyond the common fisheries policy, but we on the Scottish National party Benches will not forget the circumstances in which it was first imposed on Scotland. Ted Heath, a Conservative Prime Minister, sacrificed the "expendable" Scottish fishing industry in order to gain entry to the European Economic Community—[*Interruption.*] Government Members might not like it, but that is why we are in this position, so we will take no lectures from them.

I note that the farming Minister has just arrived. I welcome him to his place and hope that he enjoyed his visit to Scotland—hopefully he was learning about the importance of honouring the level of payments that Scottish communities currently receive.

The legacy of that deal means that today over half the fish caught in our waters are caught by foreign vessels. Brexit will clearly mean the re-establishment of our exclusive economic zone, but the process is key. As with Norway, the Faroes and Iceland, access to the EEZ should be negotiated on an annual basis and led by Scottish Ministers. Those negotiations must not form part of Brexit talks. Scottish fishermen want to hear a clear commitment from the Secretary of State to the Scottish fishing industry, and indeed to the UK fishing industry, that it will not be just another pawn in the Brexit negotiations?

Finally, I would like to turn to trade and, in particular, the important question of access to the single market. I think that the numbers speak for themselves. Overall, 69% of Scotland's overseas food exports go to the EU, and they were worth £724 million in 2015.

Lucy Frazer (South East Cambridgeshire) (Con): On trade, two thirds of Scottish exports go to the rest of the UK and only 15% go to other EU countries, so why is the SNP suggesting that Scotland should stay in Europe but come out of the UK?

Calum Kerr: I do not understand why Government Members do not get this. It is as though they think that if we become independent we would float off into the Atlantic. That is not what happens. Are you saying that Ireland will be able to trade freely with the UK and the EU, as the Brexit Minister said, but somehow Scotland would not? I hate to break it to you, but we buy more from you than you do from us.

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I cannot let the hon. Gentleman get away with saying “you.” I know what he meant, but maybe he could say it the right way, just to keep me happy.

Calum Kerr: Apologies, Madam Deputy Speaker. I am getting rather over-excited, but I will always be passionate when defending my constituency and rural Scotland against those who want to do it harm based on a hard-right, Tory Brexit.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): I thank my hon. Friend for giving way; he is being generous. On the subject of trade, does he agree that actually the EU is Scotland’s growth market area? We have seen a 20% increase in the export of goods since 2007, and for services the figure was 50%, so actually the EU is our growth market for the future.

Calum Kerr: My hon. Friend makes an excellent point, as always. If we look at the numbers, we see that 68% of Scottish seafood exports that leave the UK go to EU countries, and that 80% of beef and lamb exports from Scotland are destined for the EU.

Outwith the EU, as we hear the Government trying to carve out a policy, those exports will be at risk of tariffs. I want to look at the risk that that poses. Let me take the example of red meat. Quality Meat Scotland has conducted analysis that shows that if we were subject to the current tariffs that apply to non-EU countries, there would be, on average, a 50% increase in costs for importers buying our products.

At the Oxford Farming Conference, the Secretary of State spoke of fields of opportunity but in the press conference afterwards, she admitted that UK exports would decline if tariffs were erected. That is the prospect faced by exporters in Scotland and, indeed, the whole UK. We call upon the Secretary of State to outline which products her Department thinks should be prioritised in upcoming negotiations.

There is no easy way to withdraw from the world’s largest trading bloc, and the search for alternative markets will involve a host of costs and compromises. For example, Canada’s standard tariff on beef stands at 26.5% and South Africa’s is currently at 40%. Do the Government really think that alternative markets, many with lower production costs than our own, can compensate for restricted access to the EU? The recent success of Scotland’s £14 billion—I was slightly taken aback by the size of that figure—food and drink sector shows that we are already an exporting global country. New trade links cannot mitigate the economic vandalism of cutting off access to a market of 500 million people on our doorstep.

Real political leadership is about seeking solutions to combat the impact of leaving the EU not just in Scotland, but all over the UK. If all the tangible benefits of single market membership end up being frittered away in pursuit of a red, white and blue Brexit, or a global Brexit, the Scottish people, who have shown that they want to build, not sever, their links with Europe will recognise a familiar pattern. They will recall that the Heath Government sacrificed Scottish fisheries when we joined the EU and that the Thatcher Government decimated Scottish industry in the 1980s, and they will conclude that this Tory Government, with no mandate

for the damage they may cause, will wreck Scotland’s rural economy and ignore our overwhelming wish to retain our links with Europe.

If this Government have already made a calculation that rural Scotland is expendable in order to engineer a clean break with Europe, they can never again turn to the people of Scotland and claim that the Union is a partnership of equals. Will the Government take this opportunity to recognise the potentially devastating impact that a hard Brexit could have on the Scottish rural economy or will they be content to make a desert of rural Scotland in the name of Brexit?

4.7 pm

The Secretary of State for Environment, Food and Rural Affairs (Andrea Leadsom): I beg to move an amendment, to leave out from “House” to the end of the Question and add:

“recognises the importance of the rural economy to the UK, not least the food, farming and fishing sector which is worth £108 billion to the economy and employs 3.8 million people in communities across the whole of the UK; welcomes the continuity and certainty the Government has provided by guaranteeing the same level of funding to the agricultural sector that it would have received under Pillar 1 of the Common Agricultural Policy until the end of the current Multiannual Financial Framework in 2020; further welcomes the Government’s undertaking that all structural and investment fund projects, including agri-environment schemes and schemes under the European Maritime and Fisheries Fund that offer good value and fit with domestic objectives and are signed while the UK remains a member of the EU will be honoured for their lifetime even when this is beyond the UK’s departure from the EU; welcomes the opportunity that leaving the EU will bring to improve the management of fisheries in UK waters and to champion sustainable fishing; supports the continued investment in superfast broadband and the introduction of a Universal Service Obligation; shares the Government’s commitment to securing a deal in leaving the EU that works for all parts of the UK; and notes that one of the best ways of supporting rural communities is by having a strong economy that works for everyone.”

It will not surprise the hon. Member for Berwickshire, Roxburgh and Selkirk (Calum Kerr) that I do not quite see it in the same way that he does. I thank him for giving us the opportunity to debate the rural economy, which is a vital part of our national economy. Hon. Members of all parties will know how diverse the rural economy is, and much of it is underpinned by our food, farming and fisheries sectors. Those industries have shaped all four parts of the UK and continue to do so. They are central to our heritage, landscapes and economic wellbeing, generating £110 billion for the economy each year and employing one in eight of us in all parts of the UK. We should all be proud of the world-class food and drink those industries produce and the role they play in our national life. The rural economy matters enormously.

Although leaving the EU offers huge opportunities to the farming and fisheries sector, it is vital that we provide the industry with as much continuity and certainty as we can. That is why we have already provided reassurance to all farmers across the UK that they will receive the same level of financial support under pillar one until 2020. For rural development programmes, agri-environment schemes and the European maritime and fisheries fund, we will guarantee projects that are signed before we leave the EU for their lifetime, even when this stretches beyond our departure from the EU.

The Government will also ensure that the devolved Administrations are funded to meet the commitments they have made under current EU budget allocations. Given that the administration of EU funding is devolved, it will be for those Administrations to decide the criteria used to assess projects.

Ian Blackford (Ross, Skye and Lochaber) (SNP): I would like to believe the promises the Government are making, but, of course, the Government have form. If we go back to the convergence uplift criteria, Scotland was supposed to be rewarded with £223 million of funds from the EU, but we are getting only 16%. We were promised a review in 2016—it has not happened. When will it happen, and when will our crofters and farmers get what is due to them? The real question on the devolution of agriculture to the Scottish Government and Scottish Parliament is about making sure we get the correct funding—it is about what happens not up to 2020 but after that.

Andrea Leadsom: I do recognise the hon. Gentleman's point, and it is something I continue to look closely at in my Department. I will keep him up to date with progress on it.

Leaving the EU will give us the chance to develop policies for the rural economy that are bespoke to the needs of this country rather than the different approaches and circumstances of 28 different member states. As Secretary of State, I have made very clear my two long-term ambitions: first, to make a resounding success of our world-leading food, farming and fisheries industry—producing more, selling more and exporting more of our great British food; and, secondly, to become the first generation to leave the environment in a better state than we found it in. These ambitions look far beyond tomorrow; they are about long-lasting change and real reform. They form the bedrock of a balanced approach to policy, and the success of one is integral to the success of the other.

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): My right hon. Friend will be aware that one of the difficulties the agricultural sector faces under current EU legislation is with honest food labelling. Some food sold as British in this country is not, under EU regulations, necessarily grown in Britain—it may well have been grown or farmed a long way overseas. One real opportunity on leaving the European Union is that we can have honest food labelling so that we know that food is genuinely grown, farmed and produced in this country.

Andrea Leadsom: I share my hon. Friend's concerns. This is something we have improved on greatly through voluntary and compulsory schemes for labelling, and we continue to look at that, particularly as we leave the EU, so he is right.

That brings me to the mechanics of our departure from the EU. The great repeal Bill will transpose the body of EU legislation into UK law. We will then be able to change or amend it, as UK law, at our leisure. We will soon be publishing a Green Paper consulting on a framework for our 25-year plan for the environment. This will help to inform our decisions, better connect current and future generations to the environment, and ensure that investment is directed to where it will have

the biggest impact on the environment. I am sure all hon. Members will agree that our constituents want clean beaches, clean air, clean water, good soil and healthy biodiversity, whether we are a member of the EU or not, and I can assure hon. Members of my full commitment to that.

John Redwood: Will my right hon. Friend also make it a priority to publish proposals for a British fishing industry that will allow us to catch more of our own fish and protect our fishing grounds for the future?

Andrea Leadsom: My right hon. Friend makes a good point about the potential for all UK fishing. I hope that our policies, when we come to them after consultation, will enable us to deliver exactly what he asks for.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): Today, the Prime Minister made a passing reference to Spanish fishermen and their interests when she was talking about doing a deal with the EU. That suggests that fishing is already in play in these negotiations, so can the Secretary of State clarify what the Prime Minister is offering Spanish fishermen and why our fishermen are being used as pawns in this process already?

Andrea Leadsom: I can assure the hon. Lady that, as she will appreciate, we are not entering into any negotiations until we have triggered article 50. We are, however, consulting our colleagues very widely in the devolved Administrations, and any negotiating positions will be discussed with them, so she does not need to worry about that.

A healthier environment will enable our world-leading food, farming and fishing industry to go from strength to strength. As pledged in our manifesto, our upcoming Green Paper on food, farming and fisheries will set out a framework for the future of these industries over the next 25 years. We will consult widely on that Green Paper.

Jake Berry: Clearly, in relation to the environment, there are decisions that may still properly be made at a European level, but some decisions made in Europe damage our farming industry in Lancashire. A perfect example is that in Rossendale and Darwen: farming of commons is what most upland farmers do, and each movement of the cattle between commons is counted. A farmer may have 15 movements in the life of his herd, reducing the price that he gets at market. Will my right hon. Friend commit to making sure that this is altered?

Andrea Leadsom: There is a lengthy answer to that but also a much shorter one, which is that the opportunities that arise from leaving the EU include points such as that which my hon. Friend raises. During consultation on our food, farming and fisheries Green Paper, there will be the opportunity to make those points and to seek remedies.

I want to give a few examples of how our departure from the EU gives us some very specific opportunities: first, to design a domestic successor to the common agricultural policy that meets our needs rather than those of farmers across the entire European Union; secondly, to ensure that our fisheries industries are competitive, sustainable and profitable; and, thirdly, to make our environment cleaner, healthier and more

[*Andrea Leadsom*]

productive. Ours will be a system that is fit for the 21st century, tailored to our priorities and those of our farmers, our fishermen, and our environment.

The UK guarantee on funding was my first priority on arriving at DEFRA in the summer. It provides crucial certainty to farmers and the wider rural economy. I am conscious, however, that many farmers and rural businesses plan much further ahead and work to much longer investment cycles, so it is vital that we start planning now for life beyond 2020. It is important that we think carefully about what happens next and develop the ideas and solutions for a world-leading food and farming industry and an environment that is left in a better state than when we inherited it. That will involve focusing on the industry's resilience, unlocking further productivity, and building environmental considerations into our policies from the outset.

I believe that the fundamentals of our food and farming sectors are strong. Food and drink is the largest manufacturing sector in the UK—bigger than cars and aerospace combined—and leaving the EU will provide more opportunities for the sector to thrive. [*Interruption.*] It is important to take stock of how much we already export beyond the EU: 69% of exports of Scotch whisky go to non-EU countries; 59% of salmon exports, which are predominantly from Scotland, go to non-EU countries; and non-EU dairy exports are up by over 90%. Leaving the EU will allow us to shape our own trade and investment opportunities, encourage even greater openness with partners, in Europe and beyond—[*Interruption.*] I sincerely hope that the hon. Gentlemen who keep shouting are going to read this in *Hansard* since they are obviously not interested in any of my words in the Chamber.

Several hon. Members *rose*—

Andrea Leadsom: I will give way once they have listened to me for a moment.

Leaving the EU will allow us to shape our own trade and investment opportunities, encourage even greater openness with partners, in Europe and beyond, and put Britain firmly at the forefront of global trade and investment. The recent launch of our international action plan for exports, with nine campaigns across a number of global markets, demonstrates our ambition in this area—an ambition that builds on our strength as a great, outward-looking trading nation.

Scotland has always been at the heart of this success, accounting for 30% of the UK's total exports of food, feed and drink in 2015. One of the highlights of my trip to Vietnam last year was a lunch to promote fabulous Scottish smoked salmon and Aberdeen Angus beef to Vietnamese food importers.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): The Secretary of State mentions planning and careful thinking going forward to 2020, but what planning and careful thinking have been done for the crofters of Na h-Eileanan an Iar and the west highlands, and what will post-2020 mean for them and their futures?

Andrea Leadsom: My hon. Friend the Minister of State met the National Farmers Union of Scotland yesterday, as I did recently, so we have taken informal

advice. At the same time, I have made it very clear—unfortunately, the hon. Gentleman was not listening—that the consultation on our Green Paper on the long-term future of food, farming and fisheries is the perfect opportunity for him to represent his crofters' interests and for them to feed into the consultation, and we would welcome such an opportunity. [*Interruption.*]

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Hon. Members ought to have the courtesy to listen to the Secretary of State.

Andrea Leadsom: Scotland has a rich and varied agricultural heritage, including the grain-producing lowlands in the east, and beef and lamb production in the uplands. It is no surprise that Scotland has a number of world-beating brands, including Scotch beef, Shetland lamb, Stornoway black pudding and Orkney Scottish island cheddar. On my last trip to Scotland, I met representatives from key industries and trade bodies that are vital to the Scottish rural economy, including NFU Scotland and Scotland Food and Drink. I was given a guided tour of Paterson Arran, which has grown into one of Scotland's best-known independent food companies, with a turnover of almost £24 million in 2015. I was also fortunate to be shown around the Glenmorangie bottling plant in Livingston. Scotch whisky is a phenomenal global success, accounting for about one fifth of all UK food and drink exports, worth £3.9 billion in 2015.

On working with the devolved Administrations, I regularly meet my ministerial counterparts in Scotland, Wales and Northern Ireland, and I look forward to welcoming them to London for further discussions next week. I am determined that we secure a deal on leaving the EU that works for all parts of the UK and recognises the contribution that all corners of this country make to our economic success.

Leaving the EU is DEFRA's biggest focus, as it is the Whitehall Department most affected by the EU, but alongside this, the day-to-day work of DEFRA continues to focus on achieving the right conditions for a thriving rural economy. Although much of rural policy is devolved, in August 2015 we published the rural productivity plan for England to set the right conditions for businesses in rural areas in England to prosper and grow. Across the board, Government policies will help rural communities: having an industrial strategy that works for all areas; delivering 3 million apprenticeship starts in England by 2020, including trebling the number in food, farming and agri-tech; and building more homes and providing better access to services.

David Rutley (Macclesfield) (Con): My right hon. Friend is making an important point. Does she believe, as I do, that the huge opportunities for rural diversification will strengthen our rural economies and communities? Not the least of those opportunities are outdoor recreation and other activities, which can create meaningful experiences for people, that will help the rural economy, as well as physical health and wellbeing?

Andrea Leadsom: My hon. Friend is exactly right. Reconnecting with nature and the outdoors is incredibly good for wellbeing. We expect and anticipate that the success of rural tourism will continue as we seek to become a more outward-looking nation.

Rebecca Pow (Taunton Deane) (Con): The Secretary of State is making a very powerful point. Does she agree that there are huge opportunities in rural industries in relation to renewable energy, many of which are based in the rural economy, and that we should build on this and sell our technology and our innovation on the world stage, which will help with climate change across the globe as well?

Andrea Leadsom: My hon. Friend is quite right. The UK is the scene of incredibly successful renewable energy schemes. Many offshore wind projects are in fact in Scotland, and they have brought prosperity to some key areas in that nation.

Increasing connectivity right across the UK is vital both for businesses to be competitive and for communities to thrive. We are investing over £780 million to make superfast broadband of at least 24 megabits per second available to 95% of UK premises by 2017. Reaching the 5% that this figure does not cover is absolutely key and that is why I welcome the Better Broadband scheme. Under the scheme, those who cannot get a broadband speed of at least 2 megabits per second qualify for a subsidised broadband connection, with a grant of up to £350 available. I do encourage anyone who is eligible to contact their local authority.

We are also working to introduce a broadband universal service obligation by 2020, at a minimum of 10 megabits per second. An additional £442 million will make superfast broadband available to a further 2% of premises in the UK. This will be complemented by a further £1 billion broadband infrastructure investment, as announced in the autumn statement. For areas with poor mobile coverage, planning reforms came into force in November to facilitate the building of taller masts, and to make upgrading and sharing of infrastructure easier. I assure Members across the House that better connectivity, the key to unlocking the full potential and productivity of rural areas, will remain a priority for the Government.

In conclusion, our goal is to secure a deal that works for all parts of the UK. Promoting our great British food at the same time as improving our environment is central to building a strong economy that works for everyone.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Before I call the Opposition spokesman, it will be obvious that a great many Members wish to speak and that we have a very short time for this debate. I warn Members that initially there will be a time limit of four minutes and that that is likely to be reduced to three minutes. If Members make lots of interventions they will find that they will be called later in the debate than they otherwise would have been. No time limit, however, applies to Rachael Maskell.

4.26 pm

Rachael Maskell (York Central) (Lab/Co-op): If I may, as this is my first opportunity to do so, I would like to pay my personal respects to Katie Rough. Katie lived in my constituency and died tragically in York just over a week ago. The whole city has been shocked and saddened by the loss of such a precious little life. Yesterday would have been Katie's eighth birthday, and

I joined with her community in Westfield to celebrate her life alongside her parents and friends. I am sure the whole House would want Alison and Paul Rough to know that they are very much in our thoughts and prayers. May Katie rest in peace.

We live in challenging times, in which it is often difficult to see over the horizon, and yet we have a duty to steer a steady path to achieve the best outcome for our nation. The country voted to leave the European Union on 23 June, so we now have a responsibility to take the whole country forward together—the 100%—to provide economic and national security for all, and to cut deals with the EU and others to ensure that our export focus remains robust.

Seven months have passed since the vote, and negotiations are due to begin in just a couple of months' time, so where is the plan from the Department for Environment, Food and Rural Affairs? I have heard plenty of platitudes from the Conservative party. I have listened to dogmatic ideology about cutting red tape. There have been utterances about aspiration and the "fantastic opportunity" before us, but all is meaningless without even a shred of a DEFRA plan being shared. Those words no longer wash with farmers. Farmers do not work with esoteric concepts; they live in a real, tough, cut-throat and challenging world where straight talking is what matters. So where is that DEFRA plan we have been promised? Of course we should have had it before the referendum, and we continue to hear talk of the two seriously delayed 25-year plans, but farmers need a plan now, so that they can shape their agribusinesses and give them the best possible chance to succeed. The year 2020 is just around the corner and provides little security for so many.

The whole food and farming sector needs security now, security through transition and security for the long term. It is challenging enough for the farming community at the best of times. That is why so many voted to leave the EU, in the hope that surely things could not be worse, but being kept in the dark, not knowing what the Government plan to do, is even more worrying. Farmers at the Oxford farming conference showed their vote of confidence in the Secretary of State; only the Minister of State, Department for Environment, Food and Rural Affairs, the hon. Member for Camborne and Redruth (George Eustice), eventually came to her rescue by putting a sole arm in the air to show support for his boss.

Farmers need clarity. The success of the food and farming industry, which we must celebrate, has been down to the sheer grit and determination of farmers in making a success of their businesses, but let us not get away from the fact that it is tough out there: incomes are falling and debts are rising. Incomes were down by a shocking 29% last year, and a fifth of farmers are struggling just to pay their bills. The average debt for a farming business is now £188,500, and too many have gone out of business altogether, including more than 1,000 dairy farmers in the last three years. Not all farmers are thriving, or even surviving.

Not every problem can be blamed on the EU. For sure, there are some regulations that farmers would happily see the back of. With 1,200 regulations to analyse, of course we would want to see some go, but rather than picking out one or two by name, the Secretary of State should first set out the strategy, and then test

[*Rachael Maskell*]

each regulation against the criteria, not take a piecemeal approach with no systematic logic applied. Ever since I was appointed to my brief, I have been asking how the Government will police regulations and prosecute those who breach them outside the EU framework. Answers are needed, as this will be a matter for the UK alone.

All this has little relevance, however, if the big question is not answered: what will replace the common agricultural policy? What succeeds CAP is not subject to any negotiation with the EU, so what has been agreed with the Treasury? With subsidies accounting for over half the income and investment resources of farmers, they need to know what will take its place. What will the criteria be, how will they access funding and how can they start shaping their businesses now, in line with the new criteria, so that by 2020 they can be on the firmest financial footing possible? What has the Treasury agreed? What has the Secretary of State determined?

If Labour were in power today, we would be launching our rural investment bank, and building sustainability for businesses and the environment, and resilience across farming. We would be giving farmers the stability and security they need to plan their future, along with the business support they need and the infrastructure and technological investment to drive productivity.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): Does the hon. Lady agree that there are grave concerns about early pest and disease intelligence from Europe, which might become much less accessible, alongside investment in research and development, which might fall without access to EU funding?

Rachael Maskell: The hon. Lady is absolutely right. It is our co-operation across Europe that has built the resilience of farming, and the huge knowledge base that we all take advantage of, so of course the relationships we maintain with the science and research base across the EU will be absolutely vital to the success of farming in the future.

Of course, our fishermen and women are searching for answers, too. I have always believed that honesty is the best policy to abide by. It is time the Government clearly set out for those working across the fishing industry what they can expect to change after we leave the EU. The building of a sustainable fishing industry in an international context is vital if the industry is to survive, but as has always been the case, it is the responsibility of the UK Government to make sure that small fishing fleets have access to stock.

Accessing global markets is vital for the future of the UK food and drink and farming sectors, but again I have to ask the Secretary of State what the strategy is. It surely cannot be her role to conduct the global auction on every food product, promoting her favourite brands, such as Snowdonia cheese or Walkers shortbread. What is the approach to help every farmer to access tariff-free global markets? She cannot skip over the EU as if it no longer exists. Some 72% of our food and non-alcoholic drink exports go to the EU, and farmers want the security of knowing that they will have tariff-free access to this market. That is why Labour has been explicitly clear: “We want you to have access to the single market

and tariff-free trade.” We must warn the Prime Minister, who, from what she has said today, is steering towards a hard Brexit, not to create more barriers or impossible competition for the agricultural and food sectors.

The other pressing issue is labour. Free movement has enabled 98% of the UK farmers’ seasonal workers to come from the EU—80,000 people coming to pick our fruit and veg each year. On this point, we must be clear. This is absolutely not about taking anybody’s job from anyone else. These are jobs that failed to be recruited for locally. This is not an issue on which farmers can afford to wait and see what happens, because they need to know what they will reap before they sow. Seasonal labour is already in short supply as a result of last June’s vote, and the fall in the pound has made other countries more attractive to seasonal workers. The xenophobia is keeping some away—and xenophobia has no place anywhere in our country. We owe it to those who come here to make it clear not only that they are welcome, but that we recognise the valuable role they play in our food and farming sector and in the wider economy.

For those in the EU who have made the decision to work in the UK, the Government should grant them the right to stay now. Indecision and delay is resulting in many leaving and keeping others away. I know that the meat sector has highlighted the serious risk that the dithering over these rights is causing to its sustainability—and the meat sector is not alone. Today, the Prime Minister had the opportunity to provide businesses and workers from the EU with the stability they need, but when she was asked specifically on the point, she yet again ducked the question.

Kerry McCarthy (Bristol East) (Lab): Does my hon. Friend share my disappointment that, apart from a passing reference to the word “agriculture” in the preamble to the Prime Minister’s speech, there was nothing about the environment, food or farming in the 12 objectives that she set out? Does my hon. Friend think that the Prime Minister should be according these subjects far more importance?

Rachael Maskell: I thank my hon. Friend for that point, and I have certainly scoured the speech to try to find the word “environment” in it, but it was not there. I have serious concerns that the environmental protections that we currently enjoy from the EU will not be there for the future. Of course, as we go forward and the EU makes more progress in these areas, there was no guarantee in the Prime Minister’s contribution today that that will be part of her 12-point negotiating plan or strategy. [*Interruption.*] I hear the Secretary of State saying that it is non-negotiable, but if it is a key point on which we expect to make progress, we need to see it in the 12-point plan. Clearly, the Prime Minister missed the opportunity to make clear the importance she would place on the environment; that was not stated.

Philip Boswell: Does the hon. Lady share my concern about the staggering fact that the Government have not incorporated at least some of the recommendations for future land management that were suggested earlier this month in a letter to the Secretary of State for Environment, Food and Rural Affairs from the Institution of Environmental Sciences and other professional bodies about the still foggy post-Brexit plan—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Interventions have been far too long. It is simply not fair for the hon. Gentleman to take the time of other Members who are waiting to make speeches. It is simply not courteous—no matter how important his point might appear to be.

Rachael Maskell: We see yet again the lack of certainty being given, so a valid point has been made.

Let me raise a further point, about apprenticeships, with the Secretary of State. I am sorry, but apprenticeships are not about simply filling unskilled labour gaps; they are about sustaining people in skills development and training in their field, so that they can have a career ahead of them. The suggestion that they will fill the posts that 80,000 workers currently hold is not appropriate and not what apprenticeships are for.

Farmers need real solutions, so why not reintroduce the seasonal agricultural workers scheme? I know that the Government scrapped it in 2013, but it would provide a lifeline to farmers now and would be far better than leaving fruit and veg rotting in fields this summer. On behalf of all farmers, especially those who may be watching and listening to us speak here today, I sincerely hope that the Secretary of State finally provides a solution to this issue.

We also have a wider biodiversity system to protect. Farmers are the great conservationists of our nation. They, along with many non-governmental organisations, are the ones investing in and restoring our natural habitats, levering in environmental sustainability. With more support, they will go further still. We know that there is far more to be achieved. We cannot return to being the dirty man of Europe; nor can we stand by and sign trade deals with nations that pollute on our behalf, having no regard for soil, air or water quality. As responsible global stewards, we must stem pollution and drive forward progressive environmental standards. If the Government are pinning all their hopes on a deal with the next United States Administration, I urge them to think again.

As we debate rural communities, we cannot ignore all the other needs that they are still calling on the Government to address. As the Secretary of State said, access to broadband is an important issue, as is mobile connectivity, and rural communities are among the 5% of the population who have no access. Access to jobs, housing and transport are essential, as well as good public services. However, our ambition must go further. We must aim to halt the urban drift and rebuild rural communities, sustaining rural business and investing in new businesses, so that we pull ourselves back into the countryside and take the unsustainable strain from urban Britain. All those aims are important, and Labour Members understand how vital investment in rural communities is. No one will see a Labour Government cutting the budget for our national parks by 40%, as this Government have.

So what will the Secretary of State do? It is a shame that the Government amendment fails to recognise the unique needs of rural communities and the central role of investment in strengthening the wider economy. The huge challenges faced by rural economies require clear interventions, not complacency, and the shocking disparities between rural and urban environments must be addressed.

There is no such thing as a single, monolithic rural economy in the UK. There is great diversity, not just between communities but within them. I have focused

much of my speech on farming, because that is where the challenges are most pressing, but we must remember that there is more to life in rural and coastal communities than farming and fishing alone. If the Government truly intend to deliver for rural communities, that will require a far more sustained effort than simply addressing immediate, short-term challenges in isolation. We need a proper, cross-Government strategy. This Government's abolition of Labour's Commission for Rural Communities and their establishment of the much-diminished policy unit in its place has weakened rural communities through a lack of both capacity and expertise.

Many of the issues that are being raised today are long-standing and cannot be blamed on the EU alone, but the turmoil that the Government are now creating through uncertainty is causing an escalating risk for this sector. Those who work across the rural landscape, or who fish in our seas, felt left behind by a Tory Government who failed to invest in their industry and their communities. That must change. With Labour, people would be confident that it would, and that farming would become far more stable, secure and sustainable.

Several hon. Members rose—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I already have to reduce the speaking time limit, before I have even imposed it. The time limit will now be three minutes.

4.43 pm

Bill Wiggin (North Herefordshire) (Con): It is very nice to follow the hon. Member for York Central (Rachael Maskell). I believe that she mentioned her "urban drip", which I think was a very unfair way of referring to the Leader of the Opposition.

I have a very small farm in North Herefordshire where I raise Hereford cattle, which, as the Secretary of State ought to know, are the finest and most popular beef breed in the world. The assumption made in the motion that Brexit is something for farmers to be scared of is far too pessimistic. There are risks, but there are also opportunities.

The European Union has subsidised farms for years under the common agricultural policy. We have seen our farmers fall from pole position, and we are now behind some of our European partners in respect of profitability and innovation. Leaving the EU, and thus ending the common agricultural policy, should therefore not be a cause for concern in itself. Indeed, farmers and research organisations such as Linking Environment and Farming, or LEAF, have noted that Brexit is far more of an opportunity than a risk. We currently have a common agricultural policy that compromises for 28 states containing 12 million farmers with an average farm size of 15 hectares, or 37 acres. The United Kingdom has an average farm size of 84 hectares, or 207 acres. Now we are able to create a uniquely helpful agricultural policy for our farmers, prioritising the goals that we most want to achieve. It is important that we have an agricultural policy that works for our farmers, for we need their contributions, but it must also work for voters, the environment and all of us who need a healthy diet. That is particularly true as the NHS faces pressure from type 2 diabetes and other diet and exercise-related illnesses.

[Bill Wiggin]

It is true that the reliability and predictability of funding is a major worry for farmers. However, the Secretary of State made it very clear in her conference speech that agricultural support would continue until 2020. By then we will have had enough time to prepare for a new agricultural policy which will work for this country.

The Government have already indicated that they are keen to cut back on ridiculous levels of EU bureaucracy, but we must be aware that within DEFRA there are evil individuals who are still rolling out hideous EU regulation by increasing the area suppressed by nitrate vulnerable zones. These are the nastiest and most ridiculous rules and need to be frozen or rolled back, but instead they are being increased, which is beyond scandalous. The civil servants who have recommended these roll-outs should be sacked, and if that involves getting in touch with the Prime Minister to ensure that it is done, so be it, because it is absolutely against the will of the people and the Government.

I have placed on the record in this House multiple times the eminently sensible and straightforward position that this country stands to gain nothing from the Government setting out our negotiating position before the negotiations commence. The EU negotiators would gain the upper hand.

4.46 pm

Dr Eilidh Whiteford (Banff and Buchan) (SNP): I am desperately disappointed that the Prime Minister signalled today that she intends to pull the UK out of the single market as well as out of the EU. Those who potentially have the most to lose from this hard Brexit approach include Scotland's beef and sheep farmers. We have been farming beef in Aberdeenshire for thousands of years. Farming is a way of life more than a job, and we produce some of the best beef in the world for premium markets.

I am not going to repeat the comments of my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (Calum Kerr), because he made the case well, but I will say the following in response to the Secretary of State. Scotland exported beef and lamb worth £73 million to EU countries in 2015. It is important to realise that more than 90% of Scotland's red meat exports go to EU countries, and Switzerland, Norway and Monaco are at the top of the non-EU destinations.

Over the last 10 years Scotland's food and drink exports have grown substantially, and our biggest growth markets have been in the EU, with a massive 20% growth over the last decade, a much higher rate than in other markets, including the UK market. That is why retaining access to the single market is so important to our future economic security, especially in rural areas where livelihoods are so affected by trade.

The other commodity produced on a large scale in my constituency is fish. We have a huge catching sector; up to a quarter of the UK's fish is landed in my constituency. But for every job in the catching sector there are four or five in the processing industry, and that sector supports thousands of jobs across Scotland and a wider supply chain.

The vast majority of fishermen voted to leave the EU—and given the way they were sold out in 1972 and shoe-horned into the common fisheries policy, who can blame them? The catching sector sees many potential

gains from being outside the CFP, not least a big bonanza on the horizon if it can secure extra quota. However, it is a very different story for the processing sector, where the opportunities are tempered by some significant drawbacks from a hard Brexit, as against a Norwegian-style deal that keeps our foot in the door of the single market. One of the major employers in my constituency has already come out and said publicly that we need to protect our position in the single market because we have a market advantage there.

We need to remember that two thirds of our fish exports go to the EU, so this is a huge issue for some employers. We exported nearly £450 million-worth of fish to the EU in 2015. That is a big chunk of our food exports; we cannot afford to jeopardise trade. While we probably cannot avoid tariffs at this stage, we can avoid non-tariff barriers such as rules of origin or the requirement for export health certificates at £300 a consignment, adding costs and bureaucracy that we do not need. That would leave an open goal for our Norwegian, Icelandic and Faroese competitors.

During the Brexit campaign, when I talked to people in the fishing industry who were ardent Brexiteers, they consistently held up Norway as the model they wanted to emulate, but that is no longer an option in this post-Brexit mission creep situation. The biggest risk now is, as I said to the Secretary of State, our Government selling us down the river, which was suggested might be happening in respect of the Prime Minister's speech earlier today.

4.49 pm

Richard Benyon (Newbury) (Con): It was my privilege, in opposition and in government, to work with Sir Jim Paice. He and I might have voted to remain in the European Union, but we both had deep reservations about the common agricultural policy and desperately wanted the farming community to embrace the concept of changing the narrative and changing the ask of Government. We have to deal with the continuing acceptance of words such as "subsidy" as part of the lexicon of modern agriculture. We have to change the narrative. My message to Ministers today is: please be bold. We do not want a son of CAP, or a CAP-plus. We do not want a system that simply perpetuates what has happened in the past. We must look at this as an opportunity to introduce a rural policy that is an economic policy, an environmental policy and a social policy.

Chris Davies (Brecon and Radnorshire) (Con): Does my hon. Friend agree that support will still be needed for hill farmers in places such as Wales and Scotland after Brexit?

Richard Benyon: My hon. Friend makes a good point, and I will talk about that precise issue.

I would like to have had the opportunity today to talk about innovations in farming. Precision satellite-assisted farming has become old news, with the internet of things and incredible changes in technology bringing huge advances in agriculture. This is an opportunity for the Department for Environment, Food and Rural Affairs to be at the heart of those changes and to support farming enterprise.

The impact of globalisation and the machinations of the CAP have caused the number of smaller farmers to plummet. This is bad news for the fabric of rural Britain, for rural communities and for the environment.

We now have a chance to avoid some of the failures that have afflicted rural policy making for decades, including grants to drain moorlands followed a decade or so later by grants to fill them in; grants to rip out hedges followed a decade or two later by grants to replant them; and incentives to plant thousands of acres of Sitka spruce and lodgepole pine in areas such as the flow country in northern Scotland. The list of lamentable policy making goes on, so please can we get it right, most importantly in the uplands?

We need to be very worried about what is happening in the Lake district. Hill farming created the wilderness and pasture that still defines the Lake district landscape. The hefted flocks and those who shepherd them are as much a part of that landscape as the woods and the open fell. That was what Wordsworth loved about the lakes. It was also what led Beatrix Potter, an expert Herdwick sheep farmer, to save 14 farms and to give them, their sheep and 4,000 acres of land to the National Trust. Her intention was for the National Trust, and us, to preserve this rural heritage for the nation. She expected us—as millions of people do today—to maintain those fragile social structures in rural areas and to preserve the skills we need to sustain some of our most treasured landscapes.

There is, however, a vision that treats sheep farmers as the enemy and aims to turn the fells into a Petri dish for nature free of human intervention. This sees the replacing of the unique blend of the wild and the pastured that has defined the Lake district for 2,000 years with something that is frankly shameful. Allowing Ministers to recognise that small farms, particularly those in our uplands, are the most economically fragile and arguably the most socially valuable should be key to any new post-Brexit model of rural support. Being mindful of what our countryside is, and seeking to protect and enhance the most stunning landscapes in the world while assisting the industry to innovate and to be more efficient and market responsive, has to be the goal. I urge Ministers to take this opportunity to be bold and to create something better than what we have had.

4.53 pm

Mary Creagh (Wakefield) (Lab): I want to speak about the Environment Audit Committee's report, "The Future of the Natural Environment after the EU Referendum", which is tagged in this debate. I pay tribute to my hon. Friend the Member for Bristol East (Kerry McCarthy) and to the hon. Member for Taunton Deane (Rebecca Pow), both of whom are in the Chamber today. Our report, produced by a cross-party group of MPs, found that changes from Brexit could put our countryside, farming and wildlife at risk, that protections for Britain's wildlife and special places currently guaranteed under European law could end up as "zombie legislation", even with the great repeal Bill, and that the Government should safeguard protections for Britain's wildlife and special places in a new environmental protection Act. I will talk a little about that, but first I will address the issues around agriculture.

The Committee found that farmers face triple jeopardy from leaving the EU. Let us not forget that farms and farm businesses account for up to 25% of all UK businesses. First, the CAP provides 50% to 60%, on average, of UK farm incomes, and the figure will be much higher for certain farmers. The loss of the CAP threatens the viability of some farms.

Secondly, the new trade agreements could threaten incomes if they result in tariff or non-tariff barriers to export. At the moment, 95% of lamb exports go to the EU. If we are exposed to a common EU customs tariff, it could mean charges of up to 30% according to the Country Land and Business Association. Thirdly, any new trade deals with the rest of the world, such as that proposed yesterday by Mr Trump, could lead to competition from countries with lower animal welfare, environmental and food safety standards.

The Secretary of State for Exiting the European Union told the House that he will do everything necessary to protect the stability of the financial services sector, and again we heard reassurances to the car industry in the UK, but there have been no such reassurances to the 25% of UK businesses that are classed as rural businesses. The Secretary of State for Environment, Food and Rural Affairs said during a question and answer session at the Oxford farming conference that farm exports to the EU will decline post-Brexit. She also did not give my Committee any clarity on whether there will be subsidies for farmers after we leave the EU, and the Committee wants to see clearly defined objectives for future subsidies, such as promoting biodiversity, preventing flooding and repairing peat bogs.

Kerry McCarthy: Does my hon. Friend share my concern that, when the Environment Secretary gave evidence to the Committee, she said that up to a third of environmental legislation will not be covered by the great repeal Bill? That leaves a huge vacuum for environmental protection.

Mary Creagh: My hon. Friend is right. Our Committee discovered that copying EU legislation into UK law will not be enough for up to a third of the UK's environmental protections. There is a risk that the legislation will be transposed but will no longer be updated because there is no body to update it, will not be enforced because there is no body with the legal duty to enforce it and can be eroded through statutory instruments with minimal parliamentary scrutiny.

Of course, we have had calls from some parts of the Conservative party for a sunset clause in the great repeal Bill, which is another thing from which the Secretary of State did not distance herself when she appeared before our Committee. That is why we want a new environmental protection Act to be passed before we leave the European Union. If the Government are to achieve their manifesto commitment for this to be the first generation to leave the environment in a better state than it found it, they must set out how they will provide an equivalent, or hopefully better, level of protection when we leave the EU. This House will have a vital role in providing clear-sighted scrutiny, rather than cheerleading, as that debate goes forward.

4.57 pm

Rishi Sunak (Richmond (Yorks)) (Con): I received a letter from a local farmer last year. He had been informed that he could no longer grow cabbages because the EU considered them to be too similar to cauliflowers for compliance with the three-crop rule. Turnips, he was helpfully advised, would be more acceptable. Agriculture and food and drink are great British success stories, yet for half a century they have been held back by the ceaseless meddling of Brussels's self-appointed vegetable police.

[Rishi Sunak]

There are three simple reasons why leaving the EU represents an opportunity for the rural economy. Every year UK farmers receive some £3 billion of payments from the CAP, and some people act as if that money is a gift bestowed upon us by Brussels. The truth is that that money is the money of British taxpayers, who every year make a net contribution of £9 billion to the EU budget. With that money returned, we could fund Britain's agricultural policy three times over. The difference will be that we have the freedom to provide funding for British farmers, and for the needs of British farmers, without smothering them with European regulations that they do not need.

The second benefit to our rural economy will be for the food industry and trade. Food demand is projected to grow by 70% in the coming decades, which is a huge opportunity for British food producers. The demand is being driven by China, Brazil, the US and India, all of which are countries that the EU has entirely failed to sign a free trade agreement with. With British trade policy back in British hands, we can sign a new generation of free trade agreements, allowing our companies to fulfil their enormous potential abroad. Lastly, rural businesses will gain enormously from the freedoms Brexit will give us to invest in infrastructure.

After we leave the EU, that box-ticking bureaucracy, a Government elected by the British people will be able to help to fund the roll-out of better broadband to rural areas without having to wait a year for compliance with the European Union's inflexible state aid rules. As wonderful as Provence is, it is not the Yorkshire dales. As dramatic as Seville's orange groves are, they are not Dartmoor and Exmoor. Our rural areas are not the same as those of the 27 other European countries. Outside the EU we can design the policies that work specifically for our rural communities, and use our new-found freedoms to create a rural economy more robust and dynamic than ever before.

5 pm

Brendan O'Hara (Argyll and Bute) (SNP): Like every part of Scotland, my constituency voted to remain in the European Union. More than 60% of the people in my constituency said that they wished the United Kingdom to retain its membership of the European Union and allow our high-quality, locally produced seafood, whisky and other goods access to the world's biggest and most valuable market. In return, we would continue to welcome, with open arms, the EU citizens who wished to come to live and work in Argyll and Bute and call it their home. As the economic development service of Argyll and Bute Council has done with some notable success, we would continue to promote Argyll and Bute as an excellent place for foreign multinationals to invest as they sought secure entry into the European single market for their products. That is why we voted to remain and that is why the Brexit being pursued by this Government will have a profound and damaging impact on so many areas of my constituency's economy.

As we have heard many times, Scotland is a world leader in food and drink, and my constituency boasts 14 of the best whisky distilleries in the world.

Philip Boswell: Does my hon. Friend agree that the rural economy in Scotland is able to support our fantastic

food and drink industry only because of the health of our environment, which has thrived under the environmental protection legislation made in partnership with Europe?

Brendan O'Hara: I absolutely agree, and I think that provenance and purity are essential, and a great part of what Scotland's produce can offer.

Last year, Scotch whisky, much of it produced in my constituency, contributed £5 billion to the UK economy; whisky is absolutely massive, and removing us from the EU damages that. I am surprised that the Secretary of State seems unaware that a huge percentage of the Scotch exported beyond the EU still benefits from deals brokered by the EU, and that is what we stand to lose.

There is so much I would like to say about this issue, but let me conclude by saying that I believe membership of the European Union has been good for Argyll and Bute and for Scotland, and that our continued membership is vital to the future economic regeneration of our area. We need people in Argyll and Bute, and the plan for future economic growth put forward by its council is predicated on attracting inward migration from EU citizens who want to come to work in our food and drink sector, in our forestry, in our farming sector and on our seas. We need people to come to work in our rural communities. We need EU nationals to come to Argyll and Bute, and we welcome EU nationals to Argyll and Bute. Almost 2,000 EU nationals are living in my constituency, and it is a disgrace that this Government will not guarantee their right to remain in the United Kingdom post-Brexit. I want to put on the record the fact that every EU national living in Argyll and Bute is very welcome. They have my full support and I wish to thank them all for the positive contribution they have made and will continue to make to our communities between now and Brexit. I will do everything I can to support their staying post-Brexit.

Brexit will be bad for the UK and for Scotland, and it will be particularly harmful for rural communities such as my own. As I said, being a member of the European Union has been beneficial for my constituency, which is why when we were asked the question last June, the people of Argyll and Bute overwhelmingly voted to remain.

5.4 pm

David Rutley (Macclesfield) (Con): There is an active and interesting debate going on about farming and agriculture in our rural communities. I was reminded of just how active on Friday, when I had the privilege of visiting the Plant House farm in Prestbury to find out more about dairy industry issues. We had a wide-ranging debate that completely captivated us for an hour and a half. I barely had time to see the new milking parlour, which had been the underlying reason for the visit, and the wonderful cakes on the kitchen table went untouched. Such are the sacrifices we make—unbelievable.

I recognise that this is a time of uncertainty for farming, but it is also a time to define new opportunities. The Prime Minister was clear today that although we are leaving the EU, we are not leaving Europe, so we need to define ongoing trading relationships with the EU. There are in her ambitious strategy new opportunities in broader markets, which will have positive implications for all industrial sectors and benefits for UK farmers as well.

Some may want the relative certainty of the common agricultural policy, but few would argue that it is a perfect system—far from it. It is quite the opposite. For too long, it has had all the hallmarks of a system created in the 1950s. It is over-bureaucratic and designed for the needs of 28 states, not the primacy of the UK national agricultural interests that we need to have in mind. Brexit will bring us a huge opportunity, so the passing of the CAP will not be mourned. We will create a better approach. The Prime Minister has already said that there are going to be protections for pillars 1 and 2 of the CAP until 2020.

Like the wider UK economy, the fundamentals of the UK agriculture sector are in good shape. We can compete with the best in the world, so we must now look forward to realise the opportunities before us. Like the wider economy again, though, it is not all about Brexit. Brexit should be a spur to action to tackle long-standing challenges and realise opportunities that have been with us for some time. I mentioned rural diversification in my intervention on the Secretary of State; we must realise those opportunities. That is particularly true for tourism and the visitor economy, which will be pivotal. Outdoor recreation also has a part to play in that particular debate.

We need to help young people to build careers in farming and develop their livelihoods in agriculture. I am impressed by the work I have seen done by young farmers clubs in and around Macclesfield, and by the enthusiasm that they bring to agriculture. As the Secretary of State develops her Green Paper and thinks about her 25-year DEFRA strategy, will she please not forget the other opportunities outside Brexit, such as rural diversification and, of course, the prospects for young farmers, who are pivotal for future success?

5.7 pm

Dr Paul Monaghan (Caithness, Sutherland and Easter Ross) (SNP): As the Member for Caithness, Sutherland and Easter Ross, I am well aware of the likely impact on the rural economy of the UK Government's policy on leaving the European Union. Indeed, after the Prime Minister's speech today outside Parliament, it is clear that that impact will be catastrophic.

We must all be clear that, short of continuing European Union membership, full membership of both the single market and the customs union is the best outcome, not just for the people of Scotland, but in the national interests of each country of the UK. In Scotland, the key economic sectors of the rural economy in terms of employment are agriculture, forestry, fishing, manufacturing, and the wholesale and retail sectors. In remote rural areas, like much of my constituency, tourism, accommodation and food and drink—including whisky and gin—also play a vital role.

Our infrastructure has benefited immeasurably from the European funding of new bridges and roads that have shortened journey times and enabled remote communities to sustain themselves. Building them has created employment, and using them has created a tourist industry that has begun to thrive.

We have benefited economically from enhanced protection for workers, financial support for our farmers and crofters, access to the single market for our goods and products, and new skills and employees found through the free movement of labour.

The hard Brexit announced today will be utterly devastating for Scotland's rural economies, with high tariffs and the loss of financial support. Our exporters face the prospect of losing the Scottish protected food names that we value, the common regulatory frameworks that help to maintain our food safety, animal and plant health standards, and the competitiveness that we rely on through non-tariff barriers to trade.

We do not have to choose between the single market and the UK market. Scotland is already the top destination for exports from the rest of the UK, but the single market of the EU is Scotland's real growth market, and eight times bigger than the UK market. As a member of the single market, not only does Scotland have access to a market of 500 million people in Europe, but through the European Union, it trades with the rest of the world.

Today, we reiterate our request to seek common ground with the UK Government and to find a solution that will preserve Scotland's membership of the European single market, and for the UK Government seriously to consider Scotland's place in Europe.

5.10 pm

John Glen (Salisbury) (Con): It is a pleasure to make a contribution to this debate. As somebody who grew up in a horticultural environment in Wiltshire, I see agriculture and horticulture as absolutely key to the rural economy. This is a time of uncertainty. If a business was told that 50% to 60% of its current income was to end in three or four years' time, it would feel a degree of uncertainty. Against that, in all the conversations that I have had with farmers over the past seven years in and around Salisbury, there was extraordinary frustration with the way that the CAP operated. Every time I met farmers, I heard about a difficulty that had not been overcome. Ministers in Whitehall were unable to effect the changes that they wanted to see.

We must now grasp the opportunities that exist—and considerable opportunities do exist. We must remember that 60% of all food eaten in the EU comes from this country. Some 70% of the UK landmass is managed by those working in the rural economy, and the rural economy contributes £100 billion to the British economy each year, which is a significant sum. We need to be ambitious about the sorts of reforms that we bring to the new funding mechanisms. We have given assurances for the next three years, but we also need to have a bold vision for the future of agriculture and the rural economy that not just delivers more, but demands more. We need to say to those who are frustrated with underfunding and the under-delivery of rural services that we can do more in return for a more productive sector.

I wish to mention the matter of access to the right skills. The problem was clear to me when I visited a fish-gutting plant outside Downton last year. The signs on the wall were not in English, but Polish. Everyone who worked there was bussed up from Southampton. We need to be clear that we nail this issue well. Despite excellent agricultural colleges in Hampshire and Wiltshire, we are not providing the supply of skills to the industry from local home-grown youths. We need to be clear that we answer the question that many farmers are asking, which is how we ensure access to the skills that are needed in this vital sector. This should be a time of optimism for the industry, as we are releasing the burden of all those issues that have been so difficult for farming for so long.

5.13 pm

Tom Elliott (Fermanagh and South Tyrone) (UUP): Coming from the mainly rural constituency of Fermanagh and South Tyrone in Northern Ireland, I know what it is like to live among farmers. Indeed I am a farmer myself. The European Union has provided significant finance and wider support to the rural community. Although many farmers, fishermen and rural businesses recognise that, they also add the question: at what cost? With all the paperwork involved in European regulations and directives, many farmers and rural businesses are saying, “Is it worth it?” Most of them are answering no, it is not, simply because it adds to their burden. Farmers want to farm and businesses want to get on with their business, and they do not want to be burdened with that additional red tape and bureaucracy. I listened to the hon. Member for Richmond (Yorks) (Rishi Sunak) proactively highlight that—he is not in his place at the moment, but I thought that he showed an interesting aspect of this. When we exit the European Union, we need—in fact, we demand this—the United Kingdom and the devolved institutions not to follow through with red tape and bureaucracy, particularly that related to the common agricultural policy.

The most effective report on this that I have read comes from the Scottish Government and was published in August 2014. It says:

“We believe that the EU Commission rely on a fear culture to achieve compliance with a complex set of regulations. The fear culture transcends through to Paying Agencies (fear of disallowance), inspectors (fear of audit failure) and beneficiaries (fear of unintended compliance failures and financial penalties).”

I commend the Scottish Government for being so open, honest and truthful about the regulations and how they affect their farmers and rural communities. They are hugely critical of the penalty system imposed through the common agricultural policy, mainly due to the fear culture imposed by the Commission.

Whatever happens with the exit under Brexit, my one plea is that we will not follow through with those regulations and directives. Many other countries in the European Union do not impose them, but we in the United Kingdom have to impose them to the top end.

5.16 pm

Steve Double (St Austell and Newquay) (Con): It is a pleasure to contribute to this important debate. It is clear from my perspective that our rural communities and rural economy have not fared well during our time as a member of the European Union. There is one thing that was even worse for the rural economy than being part of the EU, and that was 13 years of Labour Government. It is quite laughable that the Labour Front-Bench spokesman suggested that rural Britain has something to fear from a Tory Government, because I can tell the House from Cornwall that 13 years of Labour did no favours to our rural economy. We need to understand that leaving the EU presents some great opportunities for rural Britain.

As has been mentioned, much of our rural economy is dominated by agriculture and fishing and neither have been able to thrive in the way that I believe they can while we have been part of the EU. The one-size-fits-all common agricultural policy and common fisheries policy in which we have to take into consideration all 28 member

states simply does not work for Britain. The British countryside is unique; there is nowhere like it in the European Union and leaving the EU presents us with an opportunity to develop policies for agriculture and fisheries and to manage and invest in our countryside in a way that will be fit for the British countryside and British rural communities. I believe that that great opportunity is facing us now that we have decided to leave, and we can make the most of it.

I am often asked what will replace the European funding—the hundreds of millions of pounds that we have had from the EU, or should I say through the EU, for Cornwall. Let us remember that that money is British taxpayers’ money that is recycled through the European Union and comes with strings attached under heavy bureaucracy, so we are unable to invest it in the things that we really need to invest it in. Leaving the EU will give us an opportunity to have a regional development fund fit for the UK and fit for Cornwall. We will be able to spend it on the things that we want to spend it on and the things that Cornwall needs us to spend it on without the bureaucracy, box ticking and form filling that so many businesses find is needed just to qualify for the grant. I am confident that Cornwall and rural communities across Britain will have the opportunity to thrive and trade with the world once again.

We seem to think that once we leave the EU it will suddenly stop wanting to buy our world-class produce. Of course the EU will still want Cornish clotted cream and Cornish seafood, but this will give us the opportunity to trade with the emerging markets around the world, such as China, where there is a growing demand. I am confident—

Victoria Atkins (Louth and Horncastle) (Con): Will my hon. Friend give way?

Steve Double: I will happily give way—

Madam Deputy Speaker (Natascha Engel): Order. It is the end of the hon. Gentleman’s three minutes.

5.19 pm

Pete Wishart (Perth and North Perthshire) (SNP): Now we know that it is to be the hardest of hard Brexits, in what will perhaps be remembered as the biggest single act of economic self-flagellation ever inflicted on a nation. It will practically crucify our rural economy. If we were indulging in this hard Brexit for some lofty ideal, such as tackling global injustice or trying to improve the conditions of some of the world’s poorest, I could just about stomach it, but we are indulging in this sadistic piece of national self-harm because the UK does not like immigrants. That is the predominant issue, and it takes precedence over all others when it comes to exiting the European Union.

We live in a global, interconnected world where the movement of people has never been so profound, but the new global Britain is about to raise the drawbridge and ensure that nobody comes here. It is the Faragists on the hard right of the Tory party who have won the terms of Brexit. It is their vision that will now inform how this country progresses. I am so proud that my nation voted overwhelmingly to remain within the European Union, and I will do absolutely everything I can to ensure that its decision is respected.

I am proud of the people of Perth and North Perthshire, who also voted overwhelmingly to remain within the European Union. My constituency is almost totally rural. We have some fine hill farming in highland Perthshire, and some of Scotland's finest arable lands in east Perthshire, and the city of Perth was once the centre of agricultural administration in Scotland. All those activities are reliant upon international trade and support from the European Union. Farmers in my constituency are very concerned about what will happen to them. The news that one in five Scottish farmers and crofters intend to quit farming because of their concerns over Brexit should alarm this House.

I have the world-renowned Perthshire berry sector in my constituency—no better strawberries or raspberries are produced anywhere in the world. The harvesting of that crop relies entirely on European labour. This Government could put my berry farmers at ease today by announcing that they intend to renew the seasonal agricultural workers scheme. Just a few weeks ago I went around the hotels in Pitlochry, all of which depend upon European Union workers, and all of which are now under severe threat and greatly concerned about what will happen to them.

If England wants to indulge in this economic self-harm, that is up to England, but our country must now be listened to. We have decided something else and our view must be respected. We have alternatives, and I encourage the people of Scotland to have a very close look at them now.

5.23 pm

Chris Davies (Brecon and Radnorshire) (Con): Looking at the statistics of the referendum, it is evident that a vast number of rural areas voted to leave the EU. We in this place must respect that decision, but we should also ask why that was—I fear that debate is for another day. As we are now on the cusp of triggering article 50, I welcome this debate, which was initiated by SNP Members. Indeed, I even agree with them in several areas. We agree that we must do all we can to support our vitally important rural areas and we agree that the rural economy is vital to the British economy at large. Food security is key, along with the rural way of life. But sadly that is where our paths diverge. The title of the debate on the Order Paper is “Effect of the UK leaving the EU on the rural economy”, and I take umbrage at literally the first word of that title. What does it say about an Opposition party that it uses the word “effect” when talking about Brexit and the rural economy, rather than the opportunities it presents? It seems to want to do down our rural areas from the start, and I certainly cannot agree with that.

If nothing else, Brexit presents major opportunities for our rural economy: on subsidy reform, new markets, forestry, tourism and broadband access, to name but a few. One of the major issues I hear when travelling around my constituency is the effect that leaving the EU will have on single farm payments and the common agricultural policy, but I cannot help but think that there is a great opportunity here for Britain. One thing is for sure—I am sure the whole House agrees—there is nothing common about the common agricultural policy.

Time is against us, but it is clear that there are two sides to this debate and two sides alone. There are those who want to do down our farmers as nothing more than a subsidy, and there are those who believe that our

farmers have the capacity to be the most innovative in the world. There are those who want to do down our rural areas as wholly reliant on the EU, and there are those who want to do up our rural areas so that they may flourish. There are those who seek nothing but their own self-created negativity towards Brexit, and there are those who see nothing but the opportunity that it will provide.

After the Brexit vote last year, we are now in possession of the ambition that our American cousins have held for more than 300 years, for we can truly state that Great Britain is the land of opportunity. Now is the time to capitalise on that. All that matters is that we go into our negotiations with the right attitude and protect our rural economy for the long term.

5.25 pm

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): Diolch yn fawr iawn. The Government amendment mentions continuity and certainty to 2020. That is three years away. People fear uncertainty, and the rural communities I represent are afraid that the certainties that underpin their way of life are to be swept away.

Farming is a difficult profession, requiring a commitment to a lifestyle that is almost unmatched. Yet, the economic impact of farming in communities in my constituency is far wider than is possibly appreciated. In Wales, upland farm profits fell last year to £21,900, meaning that about 60% of farms either made a loss or would have done so without farm support. However, despite their economic hardship last year, the 10,000 or so farm businesses in Wales paid employees and other businesses about three times as much as they made. Many Welsh communities are dependent on the rural economy for their year-round existence. The Welsh language, culture and traditions of Wales are rooted in these communities and their future is at risk.

That brings me to my next point, which is the much maligned—today, before and probably afterwards—EU common agricultural policy. Undoubtedly, this financial support mechanism is not perfect and its administration could clearly be improved, but what we have heard so far from the Government does not offer us much hope of an improved CAP-style model. Of course, farmers do not want to have to rely on direct payments, but a legacy of 60 years of policy making aimed at cultivating a plentiful, cheap and secure food supply means that the returns from the market are simply too low to sustain most livestock businesses. If we slash and burn the support mechanisms that we afford our already struggling farms, we risk not only our food supply, but the future of our rural communities and the industries they support.

Wales has about 5% of the UK population, but receives about 12% of the EU funds that flow to the UK. That is a result not only of its considerably more rural society, but of the less profitable livestock hill farms of Wales receiving a far greater share of CAP payments compared with the crop farms of southern England. Those farms, which are vital to our rural and national economy, must receive guarantees now that they will not suffer any loss of support. I call on the Government to do something radical—to slow down and think.

[Liz Saville Roberts]

Policies must be evidence-based, rather than the product of idealistic aspirations and clever-sounding buzzwords. A “clean Brexit” chimes with a clean break, but no rhetorical flourish will ring true for those who end up broken. I therefore call on the Government to maintain direct payments and budgets, to ring-fence the moneys until we have found a realistic way to replace farm incomes, and to guarantee that there will be no power grab from the nation of Wales. As I was told recently, “if they want to do to rural communities what was done to the miners, let them...do so with their eyes open.”

5.28 pm

Matt Warman (Boston and Skegness) (Con): I have said many times in this House that my constituency voted more than any other to leave the European Union, but what has not been said in this debate is that it was the rural parts of England and Wales that particularly voted to take back control. Those are the parts of the country for whom democracy today is working. What the rural UK voted for, it is getting. For those who remain remainers—behind the times though that may be—it is appropriate first to ask what rural Britain voted for. I would say that there are three things.

First, even though we know that agriculture has long been powered to a greater or lesser extent by migrant workers from elsewhere in the UK or from eastern Europe, a desire for a migration policy that has the consent of the British people was a key factor. By some estimates, a third of central Boston’s population is now from eastern Europe. These are hard-working men and women in the main, paying taxes and working in all weathers, but that is not a change the then Labour Government planned for or the constituency ever voted for.

A key impact of voting to leave the EU should not be to make any individual feel unwelcome, as I have said in this House many times; it should be the restoration, partly in the rural economy, of simple self-determination over environmental regulation and the workforce. No party went to the country on a manifesto that said that market towns across the east of England would see huge changes in numbers that would result in serious pressures on public services, and if they had, they might not have won.

So, on immigration, which is a key issue in my constituency, I hope one impact of Brexit will be the restoration of some form of the seasonal work visa scheme we had until relatively recently that means that people are able to come here, pay taxes and work if a job is already lined up.

Secondly, we should point out that there has already been an impact on the supply of labour in constituencies such as mine. In my area, there is already not the abundance of minimum-wage labour there once was. I submit that that will combine with the more than laudable impact of the national living wage to create a third condition, which, I suspect, will be a renewed push for further mechanisation and automation.

As the labour supply changes, and as technology gets more powerful, the Brussels sprouts and the brassicas in my constituency will, if hon. Members will forgive me, become guinea pigs for new research into how we make growing and picking them even more affordable for

businesses that often work on ferociously tight margins, thanks in part to our supermarkets. We will see a rise of the rural robots. In that increasingly complex environment, we must guard against the challenges of modern slavery, but we must also bear it in mind that we have a huge potential to seize that industrial revolution and to take back the control my constituents voted for.

5.31 pm

Mr Mark Williams (Ceredigion) (LD): I thank the hon. Member for Berwickshire, Roxburgh and Selkirk (Calum Kerr) for affording us this opportunity, albeit a rather short and curtailed one. The one guarantee I think we can assume we will have at the end of this debate is that we will return to these issues again and again—not least those of us who represent rural constituencies.

I do not think anybody would doubt the passion and concerns in this debate, not least about the impact of the hard Brexit we have heard about today. In my county of Ceredigion, small family farming is critical to the local economy and to the sustainability of our rural communities. The point made by my hon. Friend the Member for Dwyfor Meirionnydd (Liz Saville Roberts) and those on the SNP Benches about the multiplier effect—the effect on single family farms and the potential loss of business in the wider community—should not be lost.

Farming is crucial to Wales’s economy. It is described by some as Wales’s last great industry, employing 58,000 people directly, with many more jobs created indirectly, and outputting £1.5 billion of produce each year. Some 13% of the people in my constituency are employed on the land, and farming has a hugely significant effect on the broader economy.

The UK’s food and drink sector as a whole is the fourth largest exporting sector in our country and is worth over £12 billion a year to our economy, with 72% of its exports going to the EU. The Welsh figures are somewhat higher.

The Government say they will keep their negotiating cards close to their chest, but that should not mean a lack of the long-term assurance—the certainties many have mentioned this afternoon—that is needed by those industries that need to plan years ahead at a time. Concern and anxiety are very much the order of the day among the small hill farmers I represent, who are operating on the margins and on a support regime—it is not something they want to exist in perpetuity, but they are concerned that, without transitional arrangements, with the rug pulled from beneath their feet, they could be on the edge of a cliff, which could have huge impacts.

Glyn Roberts, the president of the Farmers Union of Wales, said:

“Careful and precise statements are needed now more than ever.”

The reality is that we still await detailed, careful, precise statements. Yes, let us have guarantees about funding up until 2020, but a three-year window in which to plan a business is inadequate; it needs to be greater—we need far greater certainties. Glyn Roberts also said:

“The livestock producers which make up the vast majority of Welsh farmers are particularly reliant on exports to the continent, and we have made it clear since the referendum that full and unfettered access is essential to Wales.”

He went on to say that he was concerned that a deal was being floated with New Zealand for reasons of political expediency, and that gaining a market of 4.5 million customers on the other side of the planet—

Madam Deputy Speaker (Natascha Engel): Order.

5.35 pm

Wendy Morton (Aldridge-Brownhills) (Con): As we have heard, British food and farming are central to our national identity and a key part of the UK's economy, generating £110 billion a year and employing one in eight people across the country, some of whom are employed on the small but none the less very important number of farms in my constituency, along with Hayhead farm shop and other food-related businesses.

In debating farming and fisheries in the context of this Opposition day motion, it is important that we recognise the role that all farmers play in managing the countryside, wherever they are in the UK, and the work that they do. I come from a farming background. My dad worked in farming for 40-odd years; he has probably never had a mention in this place before. I know that for many, farming is not a nine-to-five, Monday-to-Friday job—it is a 365-days-a-year job in what can be a very challenging sector. That is why, in this post-23 June era, I am pleased that at this stage, as the Government prepare to leave the EU, we are guaranteeing that current levels of agricultural support will be maintained until 2020.

Victoria Atkins: Is my hon. Friend, like me, very pleased to hear the Secretary of State for Brexit's announcement that agriculture will be at the centre of future trade negotiations with the EU and the rest of the world?

Wendy Morton: My answer to that is short and simple: absolutely yes.

Agricultural support is being maintained until 2020 to provide stability while a new agricultural policy is being developed, and we are guaranteeing for their lifetimes any agri-environment schemes that are already in place or are agreed in future, even if they run beyond our departure from the EU. Anything we can do help to build a sense of stability will be good for the industry.

Kevin Foster (Torbay) (Con): Will my hon. Friend give way?

Wendy Morton: I am going to continue because we are short of time.

One of the issues that local farmers have raised with me is the workforce and the need to attract the next generation—which is why this stability matters—but also the need to ensure that the agricultural sector has the workforce it needs for today. That is why it is so important to recognise that the PM has said she wants to protect the status of EU nationals already living here.

Turning more directly to the motion, it is disappointing that its primary focus is on farming and fisheries. Vital though those industries are, as are the comments we have heard today, let us not forget that in a rural economy there is also tourism. There are also the very many small and medium-sized enterprises in other sectors that come together to form the backbone of our rural

economy. In fact, the rural economy is part of our country's economy as a whole—the economy that Government Members continue to build and strengthen further. I acknowledge that there will be challenges in the Brexit era, but let us understand that there will also be opportunities, and go out there and find them.

Several hon. Members *rose*—

Madam Deputy Speaker (Natascha Engel): Order. After the next speaker, there will be a limit of two minutes. I ask Members to bear it in mind that if anybody makes an intervention, the last few remaining speakers may not get in.

5.38 pm

Jim Shannon (Strangford) (DUP): We all know and understand clearly my EU stance: I have been firmly out, out, out, as were my constituents. I watched entire families who had fished for generations walking away from the harbour and walking towards uncertainty, and all that was within me revolted against the EU. I have been told about massive schools of fish and yet told by the scientists that there were no fish. I have heard of modernisations for boats being scrapped as they did not meet EU standards, in order to have more money spent on useless changes that did not help the crew to do their job. I have had furious British fishermen prevented from working only to see European fleets fishing at will in our waters. I have heard the death knell rung over British fishing, not because there was a problem in the sea, but because there was a problem in Europe. I have watched that decline during my time as an elected representative at council level, in the Assembly and finally in this place.

I commend our negotiators. I have every faith in the ability of the Secretary of State and the Minister of State to do the job that we want them to do. We look forward to their doing it, and we support them entirely.

When the Brexit vote took place, I met many of the agri-food industries in my area, and I arranged for the Secretary of State to come to Northern Ireland to discuss their needs in a post-Brexit market. Their view is clear, and the Minister knows it. I know it, and I want to put it on the record. Lakeland Dairies—the Secretary of State saw it during her visit to Northern Ireland—is expanding its exports further, beyond these shores and across the world, with much success. Willowbrook Foods has signed new contracts, which indicates how much it is looking forward to the future. Mash Direct, Rich Sauces and Glastry Farm ice cream are all firms from my area that may have had some concerns, but now see the opportunities for them in the future.

In our negotiations about coming out of Europe, the impact on the rural economy will come down to our trading power. The fact that we import so much from the EU surely gives us the strength to ensure a fair return on our trade. Let us therefore look at the good things that we will have when we leave the EU when it comes to fishing and certainly when it comes to farming. These are the issues that will affect our rural economy and the factors that we must consider and that, more importantly, the Brexit team must consider.

I know that the team is under no illusion about the difficulties of finding the right plan for the majority of fishermen, farmers and producers. However, as a

[Jim Shannon]

businessman said to me, this is an opportunity—leaving the EU will be an opportunity—that cannot be wasted, and we must not look back on it and wish we had done it differently. Let us do it the right way now. This is a democratic process: the people across the whole United Kingdom have spoken collectively to leave the EU, and we must now work on their behalf to bring to our strong rural community the benefits from the decision that has been taken. This is our challenge. Are we up to it? I believe we are.

5.41 pm

Kevin Hollinrake (Thirsk and Malton) (Con): Mine is a truly bucolic rural constituency, with quaint market towns, the beautifully old-fashioned seaside town of Filey and the stunning north Yorkshire moors. I believe it is the most beautiful constituency in the land—I would say so—but those magnificent landscapes conceal a vibrant economy. There is farming, of course, but also fantastic foods, which are on display every year at the sun-drenched Malton and Filey food festivals. Groovy Moo makes superb gelato ice cream, and Ian Mosey and Karro Food are pig and pork producers. There are other businesses that Members might not expect, such as precision engineering firms run by octogenarian Christopher Shaw of Sylatech and Eddie Neesom of Hunprencro. These people get up early and travel the world. They are not lazy; they are hard-working people who are confident of taking their products to the world.

One thing these people want across the world, as new trade deals are agreed, is a level playing field. They are excited by the future, but we need to be realistic. In this country, we quite rightly keep quite strong regulation on our businesses in terms of the workplace, the environment and animal welfare. If we do trade deals elsewhere, we must feel that we are on a level playing field with businesses in other nations to make sure that our businesses are not at a competitive disadvantage. We also need a level playing field in the United Kingdom. In our rural areas in north Yorkshire, we do not get the level of investment in infrastructure that we see in other parts of the country; it is about half in transport projects and broadband. All I would say on behalf of my constituents is that they see the world as an opportunity, but they want a level playing field.

5.43 pm

Rebecca Pow (Taunton Deane) (Con): I was born and brought up on a farm where we had Ayrshire cows. They were fine—the greatest export Scotland has ever made. However, that is where any agreement with my Scottish colleagues ends in this debate.

I am very proud to represent the largely rural constituency of Taunton Deane, where farmers, growers, rural businesses and small businesses are the backbone of the economy. The south-west farming business brings in £2.7 billion and 220,000 people work in the food and drink trade, while there is also the all-important tourist trade. Leaving the EU represents an enormous opportunity for all these businesses, provided we have the right framework and backing from this Government. The Prime Minister's statement about certainty and the new global Britain has set us on the right track. Which region wins on exporting the most and on having the most contracts?

The south-west region, and we are perfectly placed to take advantage of the opportunities presented by leaving Europe.

Everyone agrees that the common agricultural policy must be reformed and the Government are on track to do that. I applaud the Secretary of State for mentioning that we must leave the environment in a better state than we found it. We must build a framework at home that enables all our businesses to be strong in the world. If we can do that, we will build on the global market. I applaud the Government for pouring money into infrastructure for Taunton Deane: the A358, the rail transformation project and the improvement to digital services. All those things will help us to build an environment that works for everyone, a farm economy that works for everyone and a rural industry that, contrary to what we hear from the Opposition Benches, will thrive.

5.45 pm

Kwasi Kwarteng (Spelthorne) (Con): I have sat through the whole debate and heard all the contributions, and it is very odd that nobody on the Scottish National party Benches thinks that leaving the EU would be a good thing. One of the curiosities of first past the post is that 38% of Scotland voted to leave the EU, but the SNP is entirely negative about the prospect of leaving it. It shows an iron discipline that Zanu-PF in Zimbabwe would be very proud of, but it is not representing the full range of Scottish opinion.

I want to make a very obvious point. For every £1 we receive from the EU, we put £2 in. That is what being a net contributor means. We can therefore more than compensate for the loss of any EU subsidies from our own budget, which—this is the point—we can decide for ourselves in the United Kingdom Parliament.

One would think that Britain never had a thriving, successful industry and agriculture before we joined the European Economic Community in 1972. Britain had industry, business and farming for 1,000 years before that. If the Opposition parties knew their history—I am surprised that Labour Members have not mentioned this—they would know that the Labour party introduced the Agriculture Act 1947, which very successfully underpinned British agriculture before we joined the EEC. No one remembers that; we just have doom and gloom from the Opposition parties.

5.48 pm

Robert Courts (Witney) (Con): I have the luck to represent a very beautiful constituency, but it is incumbent on all of us to remember that although the countryside is beautiful, it is not a living museum or a frozen Constable painting. There are real jobs and real livelihoods in the countryside, and they are extremely important.

In the very brief time available, I would like to make one point. The Minister will no doubt remember the pioneering flood alleviation work at Honeydale farm in my constituency, which she visited with me. I recently visited Littlestock brook in Milton-under-Wychwood, which is engaged in a similar scheme. A partnership of local landowners, the community and the Environment Agency are working together on upstream flood storage in the Evenlode valley. The measures include tree planting and the re-routing of streams to follow their natural watercourses. I make this point for one very good and

clear purpose: there is an economic as well as an environmental benefit to the scheme. Fruit trees create fruit and wood that can be harvested by the local community. The scheme enables local sustainable businesses to create jobs and money.

Littlestock brook is essentially an open-air laboratory. I mention it because of the way the common agricultural policy is funded, which makes it very difficult for such small community endeavours to gain the funding they need. The CAP tends to favour very big schemes and very big landowners. Leaving the CAP gives us a golden opportunity to rework the policy, so that it works for all, and so that landowners in our communities can easily access the funding they need, without environmental schemes being tacked on as an afterthought. As the Secretary of State said, these environmental schemes can be part of the policy from the very beginning.

5.50 pm

Ian Blackford (Ross, Skye and Lochaber) (SNP): I declare an interest as an active crofter.

I congratulate all my hon. Friends who have spoken so passionately about the threat to our rural economy from a hard Brexit and the concern about what the future holds for many of us. For us, Europe and the single market are about opportunities for growth, investment and jobs; the best opportunities to create sustainable economic growth; and playing to our strengths in order to benefit from the single market. Our opportunity to create a vibrant, prosperous economy hinges on access to the single market. It is a foundation stone of our desire to enhance our productive potential and deliver strong, sustainable growth. For Scotland to succeed, we need additional labour—nowhere more so than in the highlands. We need people who want to be part of our story and help us to deliver that modern, vibrant economy. We want free movement of people. Why would we want to remove ourselves from this opportunity?

The Prime Minister should come clean: a hard Brexit means uncertainty for investment, a threat to jobs and a threat to trade for those who trade with the EU. It threatens lower living standards from lower wages and higher inflation. Sterling is down as a consequence of Brexit. Make no mistake: inflation is on the rise, and it is driven by a fall in sterling. Inflation will rise as the cost of imports reflects the fall in the value of the pound. The December inflation report out today showed that inflation that month rose to 1.6%, the highest level since July 2014. We have seen real wages rise over the last couple of years, but rising inflation will choke off any rise in real wage growth.

The Prime Minister talks of wanting to trade with Europe, but the best route to trading with Europe is by retaining access to the single market. We cannot walk away from market access and expect quickly to put a solution back on the table. There will be a cost, and it will come either from higher costs of participation or from lost jobs. Let me take an industry important to Ross, Skye and Lochaber: salmon farming. As members of the single market, we have tariff-free access. Norway pays a tariff of 2% on its salmon sold into the single market as a consequence of its arrangements. The tariff for those who are not members of the European economic area is 8%. That is the threat facing our fish farming sector if our access to the single market ends.

Food exports to the EU in 2015 represented 69% of Scotland's overall food exports. There is clearly a threat of tariffs being put on those exports. That is not a price worth paying. Why would we willingly seek to disadvantage Scottish seafood producers, farmers and crofters? The Scottish Government have put forward a compromise plan to keep Scotland in the single market even if the rest of the UK leaves. Will the UK Government honour the commitments made to examining options brought forward by the devolved Administrations, acknowledge that Scotland delivered a clear message against leaving the EU, and recognise that we are demonstrating the importance of free movement and the single market to Scotland's economy?

Our Government in Edinburgh are outward looking, internationalist and secure in seeing Scotland's destiny as part of the family of nations in Europe. We are open and seek people to come to Scotland to study, work, invest and, critically, enrich our society with the contribution that they can make as new Scots. Scotland is looking outward while the UK wants to pull up the drawbridge. It is a UK where the welcome mat is no longer put out, a UK closed to Europe and European migration. It reminds me of the newspaper headline from the past: "Fog in the channel, continent cut off." The reality of a hard Brexit is that the UK will be cut off—from the single market and from European trade.

Look at what the Prime Minister said today. *[Interruption.]* For Conservative Members, this is a laughing matter, but it is a real threat to jobs and prosperity for people in Scotland. Having no access to the single market is the road to self-destruction. We should contrast the inward-looking, "turn your back on Europe" message from the UK Government with the forward-looking document published by the Scottish Government in December, "Scotland's Place in Europe"—a road map that allows us to work with the UK to achieve a settlement that respects the vote taken in the UK, but that seeks to protect our economic interests; a road map that respects that the UK has voted to leave, but seeks an appreciation of our position: Scotland voted to remain. That is why, when we see a UK Government so driven to take us out of the single market and to damage our rural economy, we say, "Not in our name".

Let me be clear: Europe has been good for the highlands and islands. Europe recognised the importance of investing in the highlands. Take the convergence fund, which was put in place in recognition of a lower level of support for Scottish crofters and farmers than was in place for most of Europe. Some €223 million of extra funding over four years was granted to the UK on the clear understanding that this would primarily help Scottish crofters and farmers. Sadly, the UK Minister with responsibility for farming took a different view in 2013: Scotland would get only a pro rata share of its normal CAP pillar funding—16% of the total. Put simply, Scottish farmers and crofters were done out of funds by a Westminster Government who failed to pass on what the EU had meant for Scotland. I know who we trust, and it is not the Westminster Government. We were done out of fairness from Europe. Europe wanted to help Scottish crofters and farmers; Westminster once again short-changed us.

The then Secretary of State, the right hon. Member for North Shropshire (Mr Paterson), promised that a review of how the funds were to be allocated would take place in 2016, and the Minister of State, Department

[Ian Blackford]

for Environment, Food and Rural Affairs, the hon. Member for Camborne and Redruth (George Eustice), confirmed that this review would begin after the devolved elections last May. There has been no review. The people of Scotland can contrast the behaviour of Europe, which sought to assist Scottish crofters and farmers, with that of Westminster, which denied the funds. We were promised a review, but it has not happened. Little wonder that we worry what will happen to our crofters and farmers after Brexit.

Will the Minister guarantee to protect CAP funding for Scottish farmers after 2020? Support from the CAP amounts to two thirds of total net farm income in Scotland. Between 2014 and 2020, Scotland will receive around €4.6 billion in funding. We need an assurance that funding for farming and crofting will be ring-fenced. In Scotland, 85% of our land is designated a less favoured area, with a reliance on livestock production. We need to reassure farmers and crofters that active farming and crofting will be supported. Powers over farming and fishing must be devolved to the Scottish Parliament, but they must come with a commitment to funding. We cannot be short-changed again.

Creating sustainable communities and empowering communities in the highlands and islands takes hard work. Our region is full of signs saying, “Project funded by the EU.” Roads, hospitals and much of our infrastructure have benefited from EU funding. The revival of the Gaelic language has been aided by EU funding, not least through support for the Gaelic college, Sabhal Mòr Ostaig on Skye. The EU is ready to make contributions of £6.6 million to the highlands this year through the highland LEADER funding programme, to take one funding stream. We need to know that this will be supported.

In summing up, I remind the Prime Minister that the people of Scotland are sovereign; that has been the historical context—not parliamentary sovereignty, but the sovereignty of our people. Will the Prime Minister work with us to protect Scotland’s interest in retaining access to the single market? Failure to do so will mean that the Union that she cherishes will be put to a fresh question. Respect Scotland, or risk the consequence of us seizing the day. A referendum on Scotland’s future may be our only alternative if we are to protect Scotland from a hard Brexit.

5.59 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): This has been an interesting debate, and I am grateful for all the contributions from right hon. and hon. Members. I hope to be able to cover all the many points that they have made.

Rural businesses in England contribute more than £230 billion to the economy, employing 3.4 million people. The contribution of sectors is as varied in the rural economy as it is in the urban economy. As we have heard today, the food, farming, fishing and tourism sectors play an important role in building rural communities and preserving and protecting the environment. In the countryside in particular, there are many small businesses which cover all sorts of industries—certainly a higher proportion than in urban areas.

The rural economy is vibrant and diverse, but it is not without its challenges. For example, productivity in predominantly rural areas is lower than it is in urban areas. While DEFRA’s responsibilities mainly lie with England, rural businesses and communities in Scotland, Wales and Northern Ireland face similar challenges. Those challenges would be there regardless of our membership of the EU, and that is why we are already addressing them. That is why we launched the rural productivity plan, and why we are taking steps to improve life opportunities for those living in rural areas.

We have already done much to support and boost the rural economy. Nine enterprise zones in rural areas in England were set up last year, and a further six will start in April. Businesses that locate to an enterprise zone will receive business rate relief or enhanced capital allowances, and local enterprise partnerships can use the resulting increases in business rates to fund economic development in their areas. In the autumn statement, we doubled rural rate relief to 100%. That will give a much-needed boost to businesses, saving them up to £2,900 a year.

We are improving digital connectivity: 91% of premises can now access superfast broadband, and that is estimated to reach 97% by 2020 on our current delivery plans. Our universal service obligation of every premises receiving 10 megabits will be particularly important for remote rural communities. Reform of the electronic communications code, as a key part of the Digital Economy Bill, will help to increase rural coverage of mobile phones, and also the provision of fibre. Planning reforms that came into effect last year will enable industry to enhance existing masts and to upgrade and share equipment, which, again, will benefit mobile coverage in rural areas.

We are making it easier for people to live and work in rural areas. There are pilot programmes in parts of Northumberland and Staffordshire, providing 30 hours of free childcare for three and four-year-olds, and the national roll out is set for September this year. Under our plans for full implementation, every local authority in England will receive a minimum funding rate of at least £4.30 per hour, which will benefit many rural areas.

As was pointed out by my hon. Friends the Members for Macclesfield (David Rutley) and for Salisbury (John Glen), we need to work on skills and future careers so that farming is an attractive industry and we provide the skills that are necessary to employers. I can assure them of our commitment to trebling the number of apprenticeships to encourage people into the food and farming industries.

Extensive reference was made to the need for access to the single market. My right hon. Friend Prime Minister made clear today that we would pursue a bold and ambitious free trade agreement with the European Union. She said that we were not seeking membership of the single market, but the greatest possible access to it through a new, comprehensive, bold agreement. It is important to Scotland, Wales, Northern Ireland and England for us to ensure that we take full advantage of the economic opportunities that we enjoy today.

There has also been considerable discussion about devolution. As my right hon. Friend the Prime Minister reiterated, it is important that a Joint Ministerial Committee on EU negotiations has been established so that Ministers from each of the UK’s devolved Administrations can

contribute to the process of planning our departure from the EU. As has already been mentioned, we have received a paper from the Scottish Government, and we look forward to receiving another from the Welsh Government. Both papers will be considered, but I think it important to stress that our guiding principle must be to ensure that as we leave the EU, no new barriers to living and doing business within our own Union are created. That means maintaining the necessary common standards and frameworks for our own domestic market, and empowering the UK as an open, trading nation to strike the best trade deals around the world and protect the common resources of our islands. The Prime Minister has made absolutely plain that as we do that, no decisions currently taken by the devolved Administrations will be removed from them. It is very clear that there will be no power grab.

The subject of migrant workers was also raised today. As we draw up our plans to leave the EU, we are harnessing industry's knowledge and experience, and ensuring that its voice is heard. As my right hon. Friend the Secretary of State said at the Oxford farming conference, access to labour is an important part of our discussions, and we are committed to working with the industry to ensure that it has the right people with the right skills.

On EU nationals, a topic raised by SNP Members, my right hon. Friend the Prime Minister reiterated today the desire to see this issue resolved.

On future support, we have provided early guarantees on CAP payments, specifically on pillar one, so that farmers have certainty. We have said to farmers that they will receive the same level of financial support until 2020. I welcome the support of many Members on the opportunities to shape a bespoke agricultural policy for the needs of our nation. A Green Paper will be published in due course, giving everyone the opportunity formally to offer thoughts on its future design. I particularly like the thoughts of my hon. Friend the Member for Newbury (Richard Benyon), whom I would expect to get good thoughts from as he is my predecessor. I am sure his three-pronged approach of thinking of the agricultural, environmental and social objectives with a focus on small farmers will get much support.

On CAP pillar two, the rural development programme and the fisheries fund, the Government will also guarantee funding for structural and investment funds projects which are signed before we leave and which continue after we have left the EU. This includes rural development programmes and the European maritime and fisheries programme. Funding for projects will be honoured where they provide good value for money and are in line with domestic strategic priorities.

These conditions will be applied in such a way that the current pipeline of committed projects is not disrupted, including agri-environment schemes beginning this month. Where the devolved Administrations sign up to structural and investment funds under their current EU budget allocation, the Government will ensure that they are funded to meet these commitments.

We are committed to acting on the decision taken by the British people to withdraw from the common fisheries policy and to putting in place a new fisheries regime. We want to use this opportunity to ensure our fisheries industries are competitive, productive and profitable, and that our environment is improved for future generations—cleaner, healthier and more productive.

The Government will continue to deliver their commitments on sustainable fisheries and ending discards, and will work closely with industry in designing the future fisheries management rules.

Following EU exit, the UK will continue to be subject to international law on fisheries management. This includes the United Nations convention on the law of the sea and the UN fish stocks agreement.

On leaving the EU, we will want to take our own decisions about how to deliver the policy objectives previously targeted by EU funding. As has been mentioned by several Members, EU funding is actually UK taxpayers' funding, and we will be able to decide how that is spent in due course. Over the coming months, we will consult closely with stakeholders to review all EU funding schemes in the round to ensure that any ongoing funding commitments best serve the UK's national interest, while ensuring appropriate investor certainty.

City deals and devolution have helped to improve local economies and we are gradually seeing more rural economies being boosted. In Scotland, the Government have given considerable support—£2.3 billion-worth—to the oil and gas industry in the last years alone. We should remember how much of the Scottish Government's case for independence was made on the basis of a high oil price to support their economy. It is a good job that the Union has pulled together and supported the industry in these challenging times.

This has been an important debate highlighting the importance of the rural economy. What we heard from the hon. Member for Ross, Skye and Lochaber (Ian Blackford) was, "We're all doomed," but far from it: as my right hon. Friend the Prime Minister has stated, Brexit means Brexit and we are going to make a success of it. We are determined to get the best deal for the British people on leaving the EU. We want a world-leading food and farming industry and the cleanest, healthiest environment for generations. We are clear that when we bring EU law into UK law that is non-negotiable and we will make sure that the environment is protected, if not enhanced, for future generations. That is why today I urge the House to reject the motion but to support the amendment in the name of my right hon. Friends.

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

The House divided: Ayes 212, Noes 287.

Division No. 123]

[6.8 pm

AYES

Abrahams, Debbie	Boswell, Philip
Ahmed-Sheikh, Ms Tasmina	Brabin, Tracy
Alexander, Heidi	Brennan, Kevin
Ali, Rushanara	Brock, Deidre
Allin-Khan, Dr Rosena	Brown, Alan
Anderson, Mr David	Brown, Lyn
Arkless, Richard	Brown, rh Mr Nicholas
Ashworth, Jonathan	Buck, Ms Karen
Bardell, Hannah	Burgon, Richard
Beckett, rh Margaret	Butler, Dawn
Benn, rh Hilary	Byrne, rh Liam
Betts, Mr Clive	Cameron, Dr Lisa
Black, Mhairi	Campbell, rh Mr Alan
Blackford, Ian	Carmichael, rh Mr Alistair
Blackman, Kirsty	Champion, Sarah
Blackman-Woods, Dr Roberta	Chapman, Douglas
Blomfield, Paul	Chapman, Jenny

Cherry, Joanna
 Coaker, Vernon
 Cooper, Rosie
 Cooper, rh Yvette
 Cowan, Ronnie
 Crawley, Angela
 Creagh, Mary
 Creasy, Stella
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 Davies, Geraint
 Debbonaire, Thangam
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Doughty, Stephen
 Dugher, Michael
 Durkan, Mark
 Eagle, Ms Angela
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Elliott, Tom
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Farron, Tim
 Ferrier, Margaret
 Fitzpatrick, Jim
 Ffello, Robert
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Gibson, Patricia
 Glindon, Mary
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Haigh, Louise
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hendrick, Mr Mark
 Hendry, Drew
 Hermon, Lady
 Hillier, Meg
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hosie, Stewart
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Jones, Gerald
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kerevan, George
 Kerr, Calum
 Kinahan, Danny
 Kyle, Peter
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Leslie, Chris

Lewell-Buck, Mrs Emma
 Long Bailey, Rebecca
 Lucas, Caroline
 Lynch, Holly
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Malhotra, Seema
 Mann, John
 Marsden, Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McMahan, Jim
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Moon, Mrs Madeleine
 Morden, Jessica
 Mulholland, Greg
 Mullin, Roger
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Olney, Sarah
 Onn, Melanie
 Osamor, Kate
 Oswald, Kirsten
 Owen, Albert
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Phillipson, Bridget
 Pound, Stephen
 Powell, Lucy
 Pugh, John
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reynolds, Jonathan
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Rotheram, Steve
 Salmond, rh Alex
 Saville Roberts, Liz
 Shah, Naz
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth

Smith, rh Mr Andrew
 Smith, Angela
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Spellar, rh Mr John
 Stephens, Chris
 Streeting, Wes
 Tami, Mark
 Thewliss, Alison
 Thomas-Symonds, Nick
 Thomson, Michelle
 Timms, rh Stephen
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen

Umunna, Mr Chuka
 Vaz, rh Keith
 Watson, Mr Tom
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Williams, Mr Mark
 Wilson, Corri
 Wilson, Phil
 Winterton, rh Dame Rosie
 Wishart, Pete
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Marion Fellows and
Owen Thompson

NOES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Sir Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Blackwood, Nicola
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, rh Karen
 Brady, Mr Graham
 Brazier, Sir Julian
 Bridgen, Andrew
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Cairns, rh Alun
 Campbell, Mr Gregory
 Carmichael, Neil
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Cleverly, James
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Courts, Robert
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Davis, rh Mr David
 Dinan, Caroline
 Djanogly, Mr Jonathan
 Dodds, rh Mr Nigel
 Donaldson, rh Sir Jeffrey M.
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evnnett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Foster, Kevin
 Francois, rh Mr Mark
 Frazer, Lucy
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Gale, Sir Roger
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Nusrat
 Gibb, Mr Nick

Gillan, rh Mrs Cheryl
 Glen, John
 Goodwill, Mr Robert
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Gummer, rh Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jenrick, Robert
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kennedy, Seema
 Kirby, Simon
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Sir Oliver
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lord, Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Mackintosh, David

Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Murray, Mrs Sheryll
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Opperman, Guy
 Paisley, Ian
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Spelman, rh Dame Caroline

Spencer, Mark
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh

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

Tellers for the Noes:
Andrew Griffiths and
Steve Brine

Question accordingly negated.

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

Question agreed to.

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

Resolved,

That this House recognises the importance of the rural economy to the UK, not least the food, farming and fishing sector which is worth £108 billion to the economy and employs 3.8 million people in communities across the whole of the UK; welcomes the continuity and certainty the Government has provided by guaranteeing the same level of funding to the agricultural sector that it would have received under Pillar 1 of the Common Agricultural Policy until the end of the current Multiannual Financial Framework in 2020; further welcomes the Government's undertaking that all structural and investment fund projects, including agri-environment schemes and schemes under the European Maritime and Fisheries Fund that offer good value and fit with domestic objectives and are signed while the UK remains a member of the EU will be honoured for their lifetime even when this is beyond the UK's departure from the EU; welcomes the opportunity that leaving the EU will bring to improve the management of fisheries in UK waters and to champion sustainable fishing; supports the continued investment in superfast broadband and the introduction of a Universal Service Obligation; shares the Government's commitment to securing a deal in leaving the EU that works for all parts of the UK; and notes that one of the best ways of supporting rural communities is by having a strong economy that works for everyone.

Richard Benyon: On a point of order, Mr Speaker. I inadvertently omitted to refer hon. Members to my entry in the register before making my remarks in the previous debate, and I am hoping that this is a means of drawing the House's attention to that fact and apologising for that omission.

Mr Speaker: I am very grateful to the hon. Gentleman, both for his good grace and for his pithiness in communicating the point, which I think will have been warmly received by colleagues across the House. Thank you.

DWP Policies and Low-income Households

Mr Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister. I also take this opportunity to remind the House that this debate can run only until 8 o'clock. There are 17 colleagues wishing to speak from the Back Benches, and I know that those speaking from the Front Bench will jealously guard the rights and interests of those who wish to speak from the Back. Therefore, the Front Benchers should absolutely not exceed 10 minutes each in their speeches, and if they can speak for less time than that, they will be addressing a grateful nation.

6.24 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I beg to move,

That this House is concerned at the impact of policies pursued by the Department for Work and Pensions upon low-income households; notes the negative impact on those with low-incomes disclosed in the roll-out of Universal Credit; expresses concerns about cuts to Work Allowances under Universal Credit; believes that the closure of JobCentre offices in Glasgow and other areas will create difficulties for many people in accessing services; and calls on that Department to suspend the roll-out of Universal Credit and the JobCentre closure programme.

According to the UK Government, universal credit was supposed to bring fairness and simplicity, and I ask hon. Members to hold that thought when I share the experiences of some of my constituents, of people trying to help them and even of Department for Work and Pensions staff trying to navigate them through universal credit. Inverness was a pilot area for the roll-out, meaning that we were suffering the bitter effects and chaos of the full service earlier than other areas. Universal credit is hurting the people who need help the most. I know that if Government Members could see at first hand the grief that it causes, they would understand why I am so passionate about it.

Before I share some of my constituents' experiences, I shall tell Members of my recent meetings with citizens advice bureau officers Leslie Newton and Elaine Donnelly. They have, respectively, 40 and 17 years' experience of dealing with some of the most challenging situations we could imagine—folk at the end of their tethers, and sometimes even at the end of their lives. They have seen it all and had to deal with it. When I met them last week, they were moved to tears telling me about their universal credit case load. They told me about the suffering they were witnessing. They told me that the roll-out is a shambles, and that nobody in the system communicates with each other. They told me that the process simply does not work. They see neither fairness nor simplicity.

The transitional protection is limited and will not protect new claimants. It will be lost if the household undergoes changes in circumstances, and it does not protect people against the anguish and suffering that lengthy delays are causing them. Again, the disabled are some of the hardest hit by the move to universal credit.

Graham Evans (Weaver Vale) (Con): Will the hon. Gentleman give way?

Drew Hendry: I am going to make some progress because other Members wish to take part.

The loss of the severe disability premium has taken nearly £62 a week out of the pockets of the most critically disabled. Cuts to the disabled child addition mean that 100,000 disabled children stand to lose up to £29 a week. Cuts to the severe disability premium mean that disabled lone parents with young carers stand to lose £58 a week. Those in the work-related activity group who receive employment and support allowance will lose around £30 a week.

Tommy Sheppard (Edinburgh East) (SNP): Does my hon. Friend share my concern about the lack of information and data that the Department for Work and Pensions has on its own activities, particularly when it comes to the most vulnerable claimants? On 10 January, I asked the Department to provide me with the number of people who had had their benefits withdrawn or suspended in the process of transferring from disability living allowance to personal independence payment. It wrote back on 13 January to say that it did not know; is that not shocking?

Drew Hendry: It is shocking.

Disabled people who have been found unfit for work by the work capability assessment are still expected to take steps towards finding work. That group includes those who have suffered serious injuries, those in the early stages of progressive conditions such as multiple sclerosis, and those with learning disabilities. Disability unemployment is a long-standing, unique issue, and the universal credit process is creating more barriers for the disabled people in the workplace.

The Prime Minister has been talking about JAM—the so-called “just about managing”—but thanks to universal credit, many families' income is about to be toast. I suggest the Prime Minister comes to Inverness and talks to my constituents about her shared society—to those families with children who will be up to £2,630 per year worse off, according to the Children's Society; to the lone parents and people with limited capability for work under the age of 25 who will lose £15 a week; and to the young people and their families who will be pushed further into poverty because of reductions in standard allowances. The four-year freeze on support for children will see the value of key children's benefits cut by 12% by the end of the decade. Universal credit will not only fail to lift children out of poverty; it will push them further into poverty.

Citizens Advice has said:

“Universal Credit is failing to live up to its promise...from the outset people have experienced problems...delays to claims and errors in their payments.”

The Public Accounts Committee found that the systems were “underdeveloped”, and said there was increasing pressure on DWP staff. My team and I see it every day, day in, day out. Only yesterday, a constituent, Laura Shepherd, got in touch. She was at the end of her tether. Her 20-year-old son, Douglas, has severe autism, and has been on the waiting list for a work capability assessment since the end of September. During this time, they have had no disability support, just the minimum level of universal credit of just over £200 a month. Quite understandably, the family are trying to get this sorted out—they want their claim backdated to cover a period when they were incorrectly given child tax credits instead of universal credit. The universal credit team cannot even give Laura any dates for a

disability work assessment for her son, because assessments of that nature are done by an external contractor. The team actually told her in writing to contact me, as her MP, because they were at a loss as to what to do.

The wife of an officer serving in our Army has now been waiting five months for assistance with childcare costs—she has had no payments for five months—and has suffered a catalogue of errors and very sporadic communication. She could not get her problem sorted out because even DWP staff working on universal credit are not allowed to talk to the service centre or claims manager. Everything has to be duplicated by email, leading to confusion and lost information.

Then there is this so-called helpline. Who on earth thought that it was a great idea to make it a premium call line? It is shameful that people with no money are being made to spend their last pennies on premium lines. What do they do if they have no credit on their mobile phones—that is if the phone has not had to be pawned to make up for the money that they are not getting through waiting for their payments? Many constituents have come to my office to call the helpline because they have no money. When they do call, they are left on hold while DWP staff try to sort out errors for more than 20 minutes. We asked CAB to monitor calls, and it found that none was under the Government's stated waiting time of three minutes 27 seconds. In fact, all 36 that it logged were for longer than that. The longest was a staggering 54 minutes and 17 seconds. Sometimes, people are offered a call back. If it happens and they get to their phone in time, they are lucky. They only get one shot at that. It is like a universal credit version of *Catch 22*. The transfer of universal credit to full digital has already been halted, and the halfway house that has emerged is ripe for confusion.

People are required to make some online claims, yet need to take the original copy of letters to the jobcentre at their own cost. A report detailing the impact of the controversial new scheme in Glasgow shows not only that claimants are struggling, but that services and jobs are being put at risk. There is a lack of understanding and explanation of the general requirements of a claim, and those who have special needs are often left to struggle and to face the sanctions that follow. Where is the fairness or the simplicity?

The system is manufacturing debt and despondency. In Highland, the council has a framework agreement for the temporary homeless accommodation services. It is £25 a night or £175 a week. One of my constituents, Gavin, has been living in homeless accommodation. Under the old system, he would have been awarded £168 housing benefit, leaving him a small difference of £7 a week to pay out of his other entitlements. Under universal credit, he has the same housing costs, but gets only £60 a week, which means that he has to pay £115 a week out of his other allowances—but he does not get £115 a week. Even if he gave up food, heat, light and everything else and spent every single penny he would still be short. Gavin and others will always be in arrears. The system is flawed by design.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): Does the hon. Gentleman not agree that the latest rise in UK inflation will hit poorest families hardest? Surely the Government should be doing much to counteract its effect given that it is a direct result of the fall in sterling following the Brexit strategy.

Drew Hendry: I absolutely agree, and there is more to come.

It is not just the homeless who are affected, but families in private rented accommodation who have been waiting for three months for universal credit claims. There is no fairness there. The only simplicity is that it is simply nuts. Highland Council is left carrying the debt of the money that Gavin and others simply do not have. It has already accrued an additional debt of more than £180,000 as a direct result of universal credit. According to a report by Glasgow Council, a total of 73 homeless people in Glasgow are now on the benefit, and have racked up £144,000 in arrears between them.

The National Federation of ALMOs—arm's length management organisations—and the Association of Retained Council Housing, which together represent more than 1 million council homes in England, found that the percentage of council home tenants in receipt of universal credit who are in rent arrears has increased by seven percentage points—it was up to 86% in March last year. That compares with 39% of tenants in arrears who do not receive universal credit. The average arrears total has also increased, from £321 to £616.

The SNP Scottish Government have consistently done everything they can to mitigate the worst impacts of Tory welfare cuts, and new devolved powers over social security and employment support will include disability benefits, carer's allowance and the winter fuel allowance. With these limited new powers, we will seek to build a Scottish social security system with dignity and respect at its heart—

Craig Williams (Cardiff North) (Con): Will the hon. Gentleman give way?

Drew Hendry: I am going to finish up.

It is wrong that the Scottish Government and the council should foot the bill for UK Government cuts. It is also true that the proposal to cut 50% of jobcentres in Glasgow—a subject I know my colleagues will speak on shortly—is a bad idea. Let us not forget that these proposals come on the back of last year's announcement of the closure of 137 HMRC offices across the UK, with potentially thousands of job losses in Scotland.

There is a damning litany of failure, confusion, heartache and indignity and a crushing drive towards increased poverty in the universal credit system. Long delays to payments, short payments, lost sick notes, misplaced documents, failure to respond, confusion between departments, crushed morale for the poor Jobcentre Plus staff and an inability to respond to common sense are rife in universal credit. It is time to halt this tragic experiment—the bad IDS idea—and think about how we provide for those who need our help, rather than those few who stand to profit from austerity.

6.36 pm

The Minister for Employment (Damian Hinds): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"welcomes last week's Official Statistics showing that the poorest households saw the biggest income growth of £700 in the last year; further welcomes the impact of this Government's welfare reforms in supporting low-income households to find work, with over 2.7 million more people in work and 865,000 fewer workless households than in 2010; recognises the role of Universal Credit

[*Damian Hinds*]

in supporting people into work and increasing their earnings in work by ensuring it always pays to work; welcomes the recent announcement of a reduction in the taper rate to 63 per cent; believes that the Government's reforms have given taxpayers confidence in an affordable and sustainable welfare system that ensures value for money and responds to the needs of claimants, with 86.6 per cent of Universal Credit claims currently being made online; and notes that the Scottish Government has asked for an extended timetable for the full transfer of the extensive welfare powers devolved under the Scotland Act 2016."

As the Prime Minister has made clear, this Government are committed to building a country that works for everyone, not just the privileged few. The support that the Department for Work and Pensions offers through universal credit and Jobcentre Plus has a key role to play in delivering this.

Since 2010, we have made great progress in delivering a modern and effective welfare system. Our work coaches are providing professional and tailored support, exploiting the opportunities offered by digital channels, and for those hundreds of thousands of people already in receipt of universal credit we have ensured that work and progressing in work will always pay. Although we have had to make difficult decisions on welfare spending, we have never lost sight of the fact that the most sustainable routes out of poverty and just managing are to get into work and to progress in work, and universal credit lies at the heart of that, transforming the welfare system to ensure that work always pays—that it pays to participate, that it pays to progress. This is in contrast to the pre-2010 system; in-work poverty increased by 20% between 1998 and 2010, despite welfare spending on those in work increasing by some £28 billion.

We are building a fairer system that will mirror the world of work and we are eradicating the complexities and disincentives of the old system. There are no hours rules or cliff edges in universal credit, as there are in tax credits and other legacy benefits and which have historically, on occasion, provided the disincentive to work or to earn more. Universal credit also removes the need to switch between benefits as claimants move into and on in work, simplifying the system and ensuring continuity for claimants.

Our approach is working. The claimant count has dropped from almost 1.5 million in 2010 to about 800,000 now. Unemployment is down 894,000 since 2010, with near record levels of employment around the country. Once it is fully rolled out, we estimate that universal credit will generate about £7 billion in economic benefit every year and boost employment by up to 300,000, but we are not done yet. We believe that making work pay and opening up opportunities for people to realise their potential are central to building an economy that works for all. By reducing the universal credit taper rate to 63% we will further improve the incentive, helping up to 3 million households.

It is clear that for many disabled people the barriers to entering work are still too high. We need to continue to review and reform our support based on what we know works. We will build on the success of universal credit and provide more personalised employment support by consulting on further reform of the work capability assessment. Our Green Paper on health and work makes proposals that go further, marking a new era in joint working between the welfare and health systems.

Our change to the work-related activity component is designed to encourage and support claimants to return to work. We have allocated a total of £330 million for new employment support for people with limited capability for work over four years, starting from April 2017, and an extra £15 million for a top-up to the flexible support fund in both 2017-18 and 2018-19. It is also important to note that it will apply only to new claims and there will be no cash losers among those already in receipt of ESA.

However, looking at our benefit reforms in isolation fails to appreciate the Government's wider work in providing support for those on low incomes. The single most important thing has been our stewardship of the economy and the strong growth that it has facilitated. People are sharing in the proceeds. Average household incomes are at an all-time high, income inequality has fallen and pay for the bottom 5% in society is up by 6.2% year on year, the highest rise since the series began in 1997.

I do not have time to list all the other advances we have made—the hour is late, time is short and many colleagues wish to speak—but it is important to acknowledge some of the most transformational. We have introduced the national living wage. We have increased the personal tax allowance to £11,000, so the typical taxpayer now pays £905 less tax per annum than they did in 2010. We have introduced the triple lock so that pensioners with a full basic state pension receive over £1,100 a year more than they did at the start of the last Parliament. We are extending free childcare—it will be interesting to hear what SNP Members feel about this—for three and four-year-olds from 15 hours to 30 hours, as well as introducing 15 hours of free childcare for disadvantaged two-year-olds and free school meals for all infants.

Tackling child poverty and disadvantage, delivering real social reform, is the key priority for this Government. Only by tackling the root causes of poverty, not just the symptoms, will we make a meaningful difference to the lives of society's most disadvantaged children and families. It is for that reason that we introduced two new statutory measures, to drive real action on parental worklessness and children's educational attainment, the two areas that we know can make the biggest difference to disadvantaged children. The forthcoming social justice Green Paper will build on those measures and set out how we identify and tackle the root causes of poverty.

Alongside our policies targeted at helping people to progress in work and fulfil their potential, we are also committed to continuing to modernise and professionalise the services and support that our jobcentres offer. If we are to deliver a service fit for the 21st century, we must make the most of the opportunities offered by new technology and recent shifts in demand. I am pleased that the motion refers to our plans for the jobcentre estate, as they are one of the best examples of how we are in fact doing that. After 20 years, Labour's private finance initiative contract, which covers many DWP offices, is nearing an end—it expires at the end of March 2018. That gives us an opportunity to review how the Department delivers modern services and ensure that it gets the best deal. As I have already mentioned, reforms such as universal credit are revolutionising the relationship between claimants and work coaches, ensuring that the support we offer is more personalised and better suited to the needs of claimants.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): Will the Minister comment on the disability employment gap? Surely closing jobcentres will make attaining employment less accessible for people with a disability and increase the hurdles they face in doing so.

Damian Hinds: As the House knows, narrowing the disability employment gap is an absolutely priority for this Government, and I am pleased to say that we are now making progress on that, but there is a great deal more to be done—nobody denies that. We must ensure that there are more opportunities available to people with disabilities, including through our jobcentre network, but part of that is making sure that the right services are available and that we have the resources in place to be able to afford the people, facilities and courses that can help support those people.

The claimant count has dropped from almost 1.5 million in 2010 to around 800,000 now. In some cases we are using only 25% of the floor space in sites we are renting. That is 25% of the value for 100% of the rent. Every penny that we spend on space under Labour's PFI is money that could be going back into the public purse, helping to protect vital services.

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

Damian Hinds: I am going to have to ask the hon. Gentleman for his forgiveness.

Those services and support include our own, because we are expanding what we do. In fact, we expect to have over 2,000 more work coaches in 2018 than we have today. In deciding what changes it is reasonable to make to the estate, we have carefully considered the impact on claimants, including travel times. We think that it is reasonable to ask somebody to attend a new jobcentre that is either less than three miles away from their existing jobcentre, or 20 minutes away by public transport. Of course, many claimants, including constituents of many Members on the Opposition Benches, travel considerably further than that, as of course do many people in work.

The UK Government have devolved powers for existing benefits worth some £2.7 billion to the Scottish Government. Scotland can also top up benefits and create new benefits. With that, of course, comes the corresponding responsibility and accountability. I was interested to note that the Scottish Government are returning to fortnightly payments and direct payments to landlords. We firmly believe that we should minimise the difference between the out-of-work welfare support system and the world of work to facilitate people's transition into work. Few employers pay fortnightly and even fewer have a direct relationship with their employees' landlords. We believe that our system, which still allows for alternative payment arrangements when required for vulnerable customers, is the right approach, but we appreciate that the Scottish Government have a different view. It will be interesting to see how the two approaches deliver. We shall see.

This Government's record speaks for itself. Poverty is down, child poverty is down and the deficit is down. We had the fastest-growing G7 economy in 2016 and 2.8 million more people are now in work. We are all about a strong economy and a supportive, effective welfare system with work for those who can, help for those who could

and care for those who cannot. Taken together, universal credit and our continued reform of Jobcentre Plus will provide the modern, effective and compassionate welfare system we need to continue to deliver on this promise: an economy and a society that work for all.

Mr Speaker: Just before I call the Labour spokesperson, I inform the House formally, as colleagues who are due to speak have been notified privately, that there will be a time limit of three minutes on Back-Bench speeches in my attempt to ensure—*[Interruption.]* Order. If the hon. Member for Glasgow South (Stewart Malcolm McDonald) listens, he will learn. The time limit is my attempt to ensure that everybody who sought to speak has the opportunity to do so. Fairness and equality, Mr McDonald.

6.47 pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab): The Minister paints such a rosy picture, yet the SNP spokesman, the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), gave examples of cases that he has experienced. I could also give examples, and I am sure that Government Members have examples of cases they have dealt with regarding the work capability assessment or other cuts. It is absolutely right that we debate this very important matter.

The Minister started by expressing the Prime Minister's commitment about having

“a country that works for everyone.”

We need to scrutinise those words and, more to the point, work out whether they are actually true, particularly in relation to social security policies and their impact on low-income households.

To understand why the Government's attacks on the poor are so damaging not just to the people who experience those attacks, but to the whole country, we need to understand the situation in the context of inequalities. I worked on this for more than 20 years before I entered this House six years ago, and I focused on the effects of inequalities in income and wealth on our health. Overwhelming evidence over the past 30 years shows that the risk of poorer health and lower life expectancy increases from high-income to low-income groups. My dear friend, the former Health Secretary, Frank Dobson, said:

“There is no more serious inequality than knowing that you'll die sooner because you're badly off.”

This pattern of illness and disease is systemic, socially produced and universal. It is not about the individual or biological factors. It is about inherent, systemic, socially reproduced inequalities. They are not inevitable. They can be changed, so we should all have hope.

The pioneering work of Professors Richard Wilkinson and Kate Pickett published in “The Spirit Level” a few years ago showed that socioeconomic inequalities do not affect just life expectancy, but educational attainment, social mobility, crime levels, mental health, happiness, and even trust within and between communities. The simple truth is that the smaller the gap between rich and poor, the better we all do.

When the Prime Minister claims she wants to tackle these burning injustices, I have to ask her where she has been. These injustices were burning while she was a

[Debbie Abrahams]

senior member of the Government. Now that she is Prime Minister, what is she doing to address them? Again, I am going to go on to show that it is not a lot.

This week, as the World Economic Forum gets under way in Davos, we hear the same warning we heard from the IMF in 2015—that widening inequality is the most defining challenge of our time. Last week, we heard yet again about obscene pay ratios, with top executives now earning 130 times more than the average employee. Yesterday, Oxfam published the breathtaking figure that eight individuals have the same combined wealth as half the world's population—just eight people.

Last Friday, the Institute for Fiscal Studies published its analysis of inequality in the UK, which showed that the inequality in pre-tax pay between high and low earners has risen. Since 2010, working people on low incomes—particularly families with children—have lost proportionately more of their income than any other group, as the net result of tax and social security changes.

The Government have glossed over this problem with divisive rhetoric. Repeatedly, they have said that poverty and inequality are a pathology of the individual rather than the result of the structural flaws of their economic and public policies—particularly their social security policies.

We have just heard from the Minister that work is the route out of poverty, but why is it that, contrary to the Government's divisive narrative, more people in work—7.4 million people—are in poverty than ever before? Three million children of the 4 million living in poverty are living in families where someone is working. How can that be a success story of the Government? When will they start to look at the structural issues in the labour market and at the productivity crisis rather than victimising the poorest? Four out of five people on low incomes now will still be on low incomes in 10 years. What have the Government done about that?

The motion raises some of the important questions hanging over the Government's flagship programme, universal credit. We supported the original principles of universal credit—to make sure that work always pays, by allowing people to work more hours without the fear of being made worse off. Universal credit had the potential to address inequality, by targeting employment support to those on low pay, reducing the cliff edge associated with other support, such as tax credits, as the Minister said.

However, we are a world away from the project initially lauded by the Government. We have been through seven delays in implementation, a reset by the Major Projects Authority, criticism from the National Audit Office and costs spiralling out of control. The many practical issues with the programme have yet to be sorted out, and a full working delivery is still a distant prospect. Fundamentally, there are key flaws in the design of UC.

Take, for example, the issue of four-weekly payments, with people being paid twice during one universal credit assessment period and expected to re-apply for support the following month. As hon. Members can imagine, many people do not know they have to reapply, so it comes as a rather unpleasant surprise when the Department refuses them support. Will the Minister please update us on progress in dealing with four-weekly payments?

Or perhaps we should look at the impact of universal credit's so-called long hello. Last year, a report by *The Guardian* showed that the shocking 42-day wait to receive the first payment had sent claimants' food bank use and rent arrears spiralling. One survey of landlords responsible for 3,000 households on universal credit found that eight out of 10 tenants were in arrears. Will the Minister commit to immediately reducing that waiting time and to providing immediate access to hardship funds so that people do not have the current two-week delay?

On sanctions, I am pleased that the Government are finally seeing the evidence of how damaging the system is and its impact on getting people off flow. We cannot underestimate the impact of sanctions when it comes to the rosy picture of falling claimant counts. Under the UC regulations of 2014, the Government are able to sanction people who are in work on low pay. We are now starting to see more people who are already working—doing the right thing—being sanctioned because they are not working hard enough. One million people on zero-hours contracts are potentially under threat from this Government.

James Berry (Kingston and Surbiton) (Con): Will the hon. Lady give way?

Debbie Abrahams: I am sorry but I will not; otherwise, people are going to miss out. [Interruption.] I am happy to take it outside, gentlemen.

Most important for low-income families has been this Government's slashing of the programme's budgets, significantly undermining the principle that work will always pay under the scheme. Cuts to the work allowances of universal credit will mean that, on average, claimants receive £2,100 a year less than if they were on UC. The autumn statement had no impact on this.

The hon. Member for Inverness, Nairn, Badenoch and Strathspey mentioned the impact of this Government's horrendous cuts on disabled people. With nearly £30 billion of cuts to 3.7 million people, we are definitely going to see more than 5 million disabled people pushed into poverty. We also heard about the jobcentre closures. It seems that the universal credit programme will no longer make work pay. It was built by a Government who believe that the best way to help people into work is by shutting jobcentres. We believe that, like our NHS, the social security system should be based on principles of dignity, inclusion and support, and Labour will do this.

Several hon. Members rose—

Mr Speaker: Order. A three-minute limit is now to apply.

6.56 pm

Craig Williams (Cardiff North) (Con): As I have only three minutes, I will not take any interventions. I stood on a platform of getting Britain working again and reforming a welfare system that was failing some of the most vulnerable people in my country and my constituency. For too long, people went on welfare and remained there. It is worth noting that long-term unemployment doubled between 2008 and 2010. Major changes that so directly affect people in their day-to-day lives are never easy and are not necessarily popular, but our welfare system needed changing, and I am delighted that our

Government are taking that so seriously. We are determined to make sure that those who want work, and those who cannot work, are supported when they need it. That help is at hand from this Government.

So far, we have seen monumental change, and it is not easy. As a former member of the Work and Pensions Committee, I have always welcomed the Department's attitude to universal credit—rolling it out; considering the changes and seeing the impact; and then changing and adapting, and rolling it out again. I welcome the pace of delivery of universal credit. We are listening, looking at the evidence, and reforming as we go. That is the correct way to do it.

The single best thing that any Government can do for low-income families is ensure that we have a strong economy. I am delighted that since the 2010 election this Government have put that at the heart of what we are doing. Unemployment is at its joint lowest rate—4.8%—for 10 years; there have been 2.7 million more people in work over the past six years; and there are more women, older workers and ethnic minorities in work than ever before. The annual average income of the poorest fifth of households has risen by £700 in real terms since 2007-08. This House has heard on many occasions about the benefits of work: an improved outlook and social networks, better connections with the community, increased happiness and better health.

I am proud of the Government's achievement in getting more people into work. This stands in stark contrast with the rhetoric of the Opposition. Under universal credit, the biggest change in welfare in this country for a generation, claimants are much more likely to move into work than under jobseeker's allowance. Analysis has shown that working-age adults in non-working families are almost four times more likely to be living on a low income. The 2015 report, "Child poverty transitions", found that 74% of workless families who moved into full employment exited poverty, and that is terrific.

Several hon. Members *rose*—

Mr Speaker: Order. Before we proceed to the next speaker, we come to the 7 o'clock motion.

7 pm

Debate interrupted (Standing Order No. 9(3)).

Motion made, and Question put forthwith (Standing Order Nos. 15 and 41A(3)).

That at this day's sitting—

(a) the Motion in the name of Angus Robertson may be proceeded with, though opposed, until 8.00pm, and Standing Order No. 41A (Deferred divisions) shall not apply; and

(b) the Second Reading of the Intellectual Property (Unjustified Threats) Bill [*Lords*] may be proceeded with, though opposed, until any hour.—(*Guy Opperman.*)

Question agreed to.

Debate resumed.

Question again proposed.

7 pm

Stewart Malcolm McDonald (Glasgow South) (SNP): That sounds way above my pay grade, Mr Speaker, but thank you none the less.

I take my hat off to the Minister and his colleagues at the Department for Work and Pensions, because he has managed to do something I never thought possible: unite Scottish Labour politicians and Scottish National party politicians against his jobcentres closure plan. That will be the focus of my remarks, and if he will listen, I will educate him.

The Minister's plan has gone down like a bucket of cold sick among not just my constituents, but trade unions, the Catholic Church, the Church of Scotland and Glasgow City Council. Glasgow, the city I represent, has the highest unemployment rate in Scotland, and that shames me—I am not proud of that badge—and I would want to work with the Minister to improve on that, but I do not see how we can do so by reducing the number of jobcentres from 16 to eight. That is a 50% cut against what is supposed to be a 20% reduction elsewhere.

Glasgow is being targeted by the Tories yet again. [*Interruption.*] I will take no muttering from Back-Bench Tories. I invite each and every one of them who votes for the Government amendment tonight to come to Castlemilk to meet my constituents who are expected to do an 8-mile round trip, using up to three buses. Ministers would not know about any of that, because they relied on Google Maps in putting the proposal together. Government by Google is not the new Britannic isolation I had expected.

Where is the Scottish Secretary on these plans? Why have we not heard anything from our Secretary of State about fighting for Glasgow and standing up for Scotland against these proposals? [*Interruption.*] Let me say to the hon. Member for Lewes (Maria Caulfield), who is muttering from a sedentary position, that I asked Ministers how many people in Langside and Castlemilk jobcentres in my constituency claim disability living allowance. The answer was that they do not know. On jobseeker's allowance, they do not know. They were asked how many people who are disabled use Glasgow jobcentres across the city; they do not know. What about the public sector equality duty? How confident is the Minister that he will not breach his obligations under the Equality Act 2010, because we still have not had an equality impact assessment? The plans are so ridiculous and so ill thought out that it is almost a schoolboy howler. I invite Members to look through the written answers from the Minister to questions asked by me and Glasgow colleagues; if they do not make hon. Members laugh, they will certainly make them cry.

7.3 pm

Graham Evans (Weaver Vale) (Con): I speak as a former member of the Work and Pensions Committee, which, during the previous Parliament, investigated the roll-out of universal credit. There was a lot of negativism on the Opposition Front Bench then, as there is in this Parliament. Perhaps the English Jobcentre Pluses that have introduced and rolled out universal credit could help their Scottish counterparts to enable SNP Members' constituents to get into work.

The Scottish Government—the SNP has a majority in the Scottish Parliament—have the power to provide discretionary payments in any area of welfare, including to top up reserved benefits, as well as to create new benefits in reserved areas. If SNP Members really want to change welfare in Scotland, they would be better off speaking to their colleagues in the Scottish Government.

[Graham Evans]

Conservative Members know that the way out of poverty is work, not welfare. Since 2010, 2.7 million more people are in employment, with more than 1,000 jobs created every day under the Conservative Government. We have introduced a new national living wage, giving people on low wages a pay rise, and lifted 4 million people—and rising—out of income tax altogether.

Every one of our welfare reforms was designed with the aim of supporting people into employment, and universal credit is a revolutionary part of that. Jobcentre staff in my constituency tell me that 71% of universal credit claimants moved into work in the first nine months of their claim, compared with 63% of comparable JSA claimants.

The SNP motion completely fails to acknowledge the reduction in the universal credit taper to 63p in the pound, announced in the autumn statement last year. This will target support on those on lower incomes, allowing people to keep more of what they earn. Under universal credit, 86% of people were actively looking to increase their hours, compared to just 38% on JSA. We now have a welfare system that rewards hard work and enterprise.

Official statistics show that the poorest households saw the biggest income growth, of £700, in the last year, and there are 500,000 fewer people living in absolute poverty since 2010. The benefit system has to be fair for those who are in receipt of welfare, but equally it has to be fair to the hard-working taxpayers who pay for it.

7.6 pm

Martin Docherty-Hughes (West Dunbartonshire) (SNP): As of November 2016, there were about 1,130 universal credit claimants in my constituency, of whom 450 were in employment and 680 were not in employment. At my local surgeries, my team and I have spoken directly to and assisted those in my community who have been adversely affected. They have been scathing in their views of this policy.

The views of my constituents add to the overwhelming evidence from Opposition Members and organisations such as the Institute for Government and the Resolution Foundation. It is clear that universal credit has failed and that urgent action is needed from the United Kingdom Government, which is why I fully support my colleagues in their call for the roll-out to be suspended. It is obvious from the lessons not learned from the pilot scheme that the roll-out policy has stumbled from disaster to crisis at every step. The Resolution Foundation is scathing in its view of the policy, with the think-tank arguing that universal credit has serious design flaws and has veered off track.

This attitude is laid bare when looking at the implementation of the policy. When universal credit came into effect, the first £111 of a person's wage was disregarded where the claimant was working and universal credit was topping up a low income. However, the UK Government, through the Department for Work and Pensions, scrapped that in April 2016 with no notification to claimants. Will the Minister deny that?

There are also serious problems with staffing. It is clear that staff are being overworked. Before Christmas, it was reported that a whistleblower in the DWP from

Northgate benefit centre in Glasgow had revealed that staff were overwhelmed by the number of decisions they were being asked to process, and that managers had ordered them to prioritise sanctions over appeals in order to meet their targets—a wholly unacceptable situation. I hope the Minister can deny that.

Added to the problem is a huge backlog of what is known in the Department as “tasks”, many of which are computer generated and unnecessary. This leads to double-handling, where more than one account developer is dealing with one claim. Staff in Bolton, Glasgow or Dundee could all be clearing tasks from the same claim on the same day. Will the Minister deny it? Staff have been instructed to check their buckets every day for tasks. In practice, this means claimants are in the lobster pot when claiming universal credit: once they are in universal credit, there is no chance of them getting out or reverting to another benefit. Will the Minister deny it?

The UK Government have failed to ensure that DWP staff are prepared for the roll-out. This has only led to the delays and errors that are resulting in a crisis, not just for those in the benefit system, but for those seeking to deliver it on behalf of the British Government.

7.9 pm

Maria Caulfield (Lewes) (Con): I thought the title of the motion was supposed to centre on the impact of Government policies on helping low-income households, but all Scottish National party and Labour Members have focused on is benefit provision. Not one of them has mentioned getting people into work and increasing the wages they earn once they are in work. As my hon. Friend the Member for Cardiff North (Craig Williams) said, the “Child poverty transitions” report showed that 74% of workless families that went into work exited poverty. This has to be the focus of the Government's agenda.

The Government have done more than any other Government in living memory to help low-paid workers, through measures such as those my hon. Friend the Member for Weaver Vale (Graham Evans) mentioned: the national living wage; giving a pay rise to more than 6 million people; and enabling people to keep more of the money they earn by lifting 4 million out of tax altogether. I disagree with the shadow Minister that the jobs created are on short-term contracts; some 70% of all new jobs are full time, so people can earn more and be in work for longer.

The Institute for Fiscal Studies has said that ours is the fastest-growing economy in the G7, which means that businesses up and down the country have been able to give workers a pay rise of 2.6% in the last year. It is this Government who are helping low-paid workers. The way out of poverty is through work, not benefits. As has been mentioned, research shows that if someone is on benefits, their life chances are increasingly suppressed, that they will live 15 years fewer than someone in work and earning a good wage, and that they will have more health problems, as will their children after them.

The route out of poverty is through work. The Government are helping people not only to get into work, but to earn more while they are in work and to keep more of the money they earn by reducing the amount of tax they pay. They are helping people into

work by creating full-time jobs and transferring them to universal credit, which has seen an 8% increase in the number of people finding work. The Scotland Act 2016 gave the Scottish Parliament powers to ensure that welfare provision could be tailored to local needs. The SNP should get on and use the powers it has, instead of blaming the UK Government for Scotland's benefit problems.

7.11 pm

Carol Monaghan (Glasgow North West) (SNP): It is interesting to follow the hon. Member for Lewes (Maria Caulfield), because the Government's current policies have little to do with getting people into employment and everything to do with aggressively targeting the people who most need support. I want to mention three groups currently affected. Last year, I visited Emmaus, a charity working with homeless people across Glasgow, building their confidence through local employment projects. Everybody living in Emmaus accommodation signs off primary benefits except housing benefit and works full time within the community. If they are forced to move to universal credit, they will potentially have to take part in jobseeking schemes for which many of these vulnerable people are simply not ready.

I also want to mention recently graduated students and the barriers they face when trying to claim universal credit. The eligibility criteria state that a claimant must "have lived in the UK for the last two years and not have been abroad for more than four weeks continuously during that time". This means that anyone who has worked or travelled abroad, as many students do—for language students, it is a compulsory part of their course—is ineligible for universal credit.

Finally, I want to talk about a new source of anxiety for many of my constituents: the news of the closure of half of Glasgow's jobcentres. I spoke to several constituents outside Anniesland jobcentre on Friday, including a lady in her mid-50s who had worked all her life, until she suffered a stroke two years ago that left her paralysed down one side. She has been declared fit for work because her speech is unaffected, but due to a lack of mobility, her quarter-mile walk to the jobcentre takes her over an hour each way. Public transport is impossible because she does not have the mobility, and if it moves when she is standing, she could be on the floor, while a taxi is completely out of the question because of the expense. Under this sham of centralisation, her services are being moved to Partick, over two miles away.

None of the people I have mentioned are layabouts or scroungers; all of them strive for a better life and want to contribute fully to society. If we judge a society by how it treats its most vulnerable, I have no doubt how history will judge this Tory Government.

7.14 pm

Seema Kennedy (South Ribble) (Con): This Government have never hidden their aims to have a high-wage, low-unemployment economy, in which people have the satisfaction of bringing home a wage for their family. We only have to look across the channel to see the really damaging effects that long-term unemployment, particularly among young people, can bring. The changes that the coalition Government and this Government have brought about have been successful. As other hon. Members

have said, we now have 2.7 million more people in employment than in 2010. The claimant count is at its lowest since 1975.

Universal credit was an ambitious aim, and it has at its heart the objective that low-income families will not find themselves better off on benefits than if they went out to work. That was the perverse situation that persisted under the labyrinthine system that preceded it. This system was unfair, as my hon. Friend the Member for Weaver Vale (Graham Evans) said, to those who were trapped on benefits and to the taxpayers who paid for it. In South Ribble, my constituents support a system that is fair on everybody.

I would like to pay tribute to DWP employees who worked really hard on the roll-out of universal credit. There have been some hiccups, but I think they are being looked at. When the Minister sums up, will she explain what systems are in place for monitoring the ongoing roll-out of universal credit?

There is a feeling of unfairness for some families that are in work and doing the right thing, but still find it difficult to make ends meet. To that end, I am pleased about the introduction of the national living wage and the extended hours of free childcare. I particularly welcome the "Child poverty transitions" report, which my hon. Friend the Member for Cardiff North (Craig Williams) mentioned. I shall not repeat what he said, because I know many hon. Members still wish to speak.

Let me finally address the closure of jobcentres in Glasgow. I read with interest the Westminster Hall debate led by the hon. Member for Glasgow South (Stewart Malcolm McDonald) on this specific issue. I fear that SNP Members might be politicking. When I read the summing up by the Minister for Employment, I found that he made very clear both his personal and his Department's commitment to getting people into work. He said that at some of the smaller jobcentres, only 25% of the floor space was actually being used, while also making it clear that he is committed to getting people into work. There is too much clinging on to bricks and mortar when the real questions should be what works and what will get more people into work.

7.17 pm

Alison Thewliss (Glasgow Central) (SNP): I feel as if we are going round in circles and not getting anywhere with this Government. We are not getting the answers that the people of Glasgow deserve when it comes to the jobcentre closures. My colleagues and I have asked for answers, tabling a whole range of parliamentary questions, but what we have found out is that this Government know nothing.

The Government cannot tell us how long the bus journey will take, because they have never done it. There is no record of any Government Minister ever having visited Bridgeton jobcentre. The Government do not know how many employment and support allowance claimants there are, and they do not know the number of income support claimants, because they cannot provide the data. They have said that there are 253 universal credit claimants, but that appears to be the depth of their knowledge on this issue.

The Government cannot tell us what the catchment area is for the jobcentres in Glasgow, which is a crucial point. It is not the distance between two jobcentres that

[Alison Thewliss]

counts; it is the distance between where somebody lives and how they actually get to Shettleston. Lots of people will find that incredibly difficult. If they are in Bridgeton, it means two buses, but if they are in other parts, the journey will be even further and the buses will be even more infrequent. This will impact on people's ability to get to the jobcentre and it will impact on sanctions. Can the Minister tell me whether the time that people have to travel will be taken into account in the claimant commitment, or will it not count as time when they are seeking jobs?

I have campaigned on another issue since it was announced in the summer Budget of 2015. The Government do not know how the two-child policy, which will come into force for universal credit claimants in April, will work. They expect vulnerable women to confess to DWP employees that their third child has been the result of rape, but they do not know how it will work. The consultation on this matter closed on 27 November, but from the DWP there has been not a peep since. We do not know how it will work. Parliamentary questions that I have lodged indicate that they have not even spoken to the trade unions about this issue and how their members will be asked to implement a very sensitive, difficult, personal and traumatic policy that will impact on the dignity of women's lives. The Government do not know how that will work.

The Government do not know the impact of their policies, because they refuse to admit the truth. They refuse to admit that benefit delays are causing people to go hungry, and causing people to go to food banks. On Friday, I visited the fuel bank at the Glasgow SE—South East—foodbank. People do not even have fuel. They do not have electricity in their houses, because they have no money as a result of those benefit delays, but the Government will not admit that that is the truth of the situation. They are also in denial if they think that the national living wage is for everyone: it is not for those aged under 25. Under-25s have the same outgoings as everyone else, but they are not entitled to the same wage. It is disgraceful.

This is not a Government who work for everyone, and they should listen to the people who are actually affected.

7.20 pm

Edward Argar (Charnwood) (Con): It is a pleasure to follow the hon. Member for Glasgow Central (Alison Thewliss). I have to say, however, that although she said that she was not getting answers from the Government, I know—having read the reports of Westminster Hall debates—that not only are she and her constituents getting answers, but, more important, her constituents are getting jobs as a result of the Government's policies, as are constituents of Members on both sides of the House.

Welfare reform was a central plank of the election manifesto on which Conservative Members were elected, but building a system that works for all and a country that works for all, and reforming welfare, are part of a bigger package of measures, including increased childcare, the lifting of those on the lowest wages out of income tax, and the introduction of a national living wage. Most important of all, a record number of people are in

work as a result of the policies of this Government. As we have heard from Conservative Members, getting people into work is central to improving their life chances and those of their families, and essential to achieving greater social justice. I am a considerable fan of the shadow Minister, the hon. Member for Oldham East and Saddleworth (Debbie Abrahams), for whom I have a great deal of respect, but I was disappointed that she did not focus on that simple, single most important factor: the increased number of jobs that the Government have delivered, which, as I have said, are central to the improvement of life chances.

Welfare reform, of which universal credit forms a key part, is also central to the delivery of our vision of a country that works for all. It is reform that will help to ensure that work always pays more than benefits. It is reform that will help to ensure that our welfare system is financially sustainable and delivers a fair outcome, not just for those who use the system but for those who pay into it. It is reform that helps to simplify what was, as we heard from my hon. Friend the Member for South Ribble (Seema Kennedy), a byzantine and opaque welfare system. There is more to be done, but this reform takes us a long way down the route, and it is reform that still places care and support for those most in need of it at the heart of this country's welfare system.

Key to the delivery of reform will, of course, be implementation. Having read reports of debates and listened to Ministers on previous occasions, I have every confidence that the design of this system, and the graduated roll-out, are exactly what we need to ensure that we get it right, and do not repeat the tax credit debacle that we saw under the last Government. This policy has my wholehearted support—and we will get it right.

7.23 pm

Chris Stephens (Glasgow South West) (SNP): As always, it is a pleasure to follow the hon. Member for Charnwood (Edward Argar), but he made the same mistake as many of his colleagues who have spoken today. They have merged the Orwellian with the Dickensian. Let me say to the Thatcherites among them that St Francis of Assisi has not had a look in. Marie Antoinette was a philanthropist in comparison with this Government.

I want to raise two issues, because I do not want them to be swept under the Axminster before the debate ends. I refer to the telephone tax, which my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) mentioned. Those who need to phone the Department for Work and Pensions must pay 45p a minute, and, as my hon. Friend said—this is also the experience of my constituents—it costs them between £9 and £16 to make calls just to gain access to the money to which they are entitled because they have not been paid on time. It really is time that that tax ended.

Why did the Government ignore the clear advice of their own Social Security Advisory Committee, which told them that it would be best to make those numbers 0800 numbers so that the calls would be free? I was told that that would cost £7 million and that the telephony system was being upgraded to include the option of advice on potential wait times for customers. We should picture the scene: someone who is spending 45p a minute on a phone call being told, "You will be answered in 45 minutes."

I was amazed to hear that, according to Government Members, closing Glasgow's jobcentres is a good thing. They said that we have not talked about people getting into work. How are people going to get back into work if 50% of the jobcentres in Glasgow are closed? Why has there only been an announcement of jobcentre closures in Glasgow? Glasgow should not be the guinea pig for the Government's experiment. Why has there not been an equality impact assessment? Why are we not measuring the impact this will have on the disabled or on women with childcare responsibilities, for instance? No consideration at all is being given to the cost impact on people living off the minimum that the Government provide for day-to-day survival.

I urge all Members to support the motion.

7.26 pm

Kevin Foster (Torbay) (Con): It is always a pleasure to follow the hon. Member for Glasgow South West (Chris Stephens), and I also always welcome being in the Chamber debating policies around low-income households and families; whatever our political bent, it is useful to have that attention on them. I came here hoping we might have a debate about different ideas, proposals and alternatives, however, and while we have heard a lot of anger from the shadow Front Bench and the SNP, we certainly did not hear any policies, examples or detailed plans of what they wish to do.

That is particularly the case in Scotland. Greater powers have been given to ensure welfare provision in Scotland is tailored to the needs of Scotland, yet no proposals have been made, and the Scottish Government have in fact asked for a delay in the transfer of Executive powers until April 2020. I did not realise the SNP was quite such a fan of the Union.

We heard in the previous debate how the SNP wanted to see more of Labour, but in this debate we have seen a lot less. It is extraordinary that not a single Labour Back Bencher has joined us to make a contribution to the debate.

On the substantive issue before us, universal credit is coming in and nobody would argue with the theory behind it: we should remove the complexity of a benefits system was split between the Department for Work and Pensions and local authorities with people having to prove the same information several times. However, as this complicated system dealt with many millions of people, it is also right to phase this change in, and it was inevitable that during that period issues with the new system would come to light.

We need to look at this in its wider context, however. We are seeing more people getting back into work. It is a truism that a Labour Government always leave unemployment higher than when they came to office, and that was very true in 2010. However, we know that by the end of the last Parliament, and certainly by the end of this Parliament, it will be a lot lower than when we came to office in 2010.

It is remarkable that the impact of the national living wage, which results in millions of low earners getting a pay rise, has been ignored. That makes a huge difference and for many people gives a real value to work, particularly in areas like Torbay where we have many tourism and social care jobs. *[Interruption.]* Many people are now getting a wage that better reflects the work they do.

[Interruption.] There is heckling from the Opposition Front Bench; it says it all that they have been reduced to heckling a pay rise for lower income workers.

The amendment is a far better representation of the real situation than the motion. That is why I support it and urge the House to reject the politics of anger but with no alternative.

7.29 pm

Patrick Grady (Glasgow North) (SNP): The hon. Member for Torbay (Kevin Foster) asks what we are doing to protect jobs in Scotland. We are opposing the withdrawal from the single market, which the Fraser of Allander Institute reckons will cost 80,000 jobs in Scotland. He asks about the delays in the Scottish Government introducing their welfare reforms. That is happening because they want to put dignity, respect and the voice of the user at the heart of the system. That is why they are taking their time to ensure that they get things right.

As the international development spokesperson for the Scottish National party, I will not pretend to understand all the depths and complexities of the social security system in this country, but it is the lived reality for many of my constituents. Those constituents, especially those from low-income families, have as much right as any of the people I refer to when I talk about developing countries to live their lives free from poverty. This Government are committed to the sustainable development goals, which state that we must eradicate poverty in all its forms everywhere, yet, as we have heard, there are people in this rich, modern, 21st-century country who are going to bed at night hungry because of this Government's policies, particularly the hated sanctions regime. That regime was condemned by the United Nations Committee on Economic, Social and Cultural Rights in June 2016 as being effectively a breach of the UK Government's international human rights obligations.

If the case studies that Members on both sides of the House see on a day-to-day basis in their constituency surgeries are not enough to convince them, I encourage them to read the study entitled "Welfare Conditionality: sanctions, support and behaviour change", a major initiative by six English and Scottish universities to inform policy and practice by listening to people's day-to-day lived experiences. The study has found that

"the impacts of benefit sanctions are universally reported by welfare service users as profoundly negative. Routinely, sanctions have had severely detrimental financial, material, emotional and health impacts on those subject to them. There was evidence of certain individuals disengaging from services or being pushed toward 'survival crime'...There is limited evidence to date of welfare conditionality bringing about positive behaviour change."

The perniciousness of the UK Government's welfare policy is there for all to see, and it is encapsulated in the jobcentre closures that we have been discussing. We will find out on Thursday, when the Scottish Parliament debates this issue on a cross-party and cross-civil society basis, whether Glasgow's Tory MSPs have the guts to stand up and oppose the closures. We have heard time and again from service users about the reality that this is going to happen, and we have heard case studies from other Members today, but despite the spirit of the Smith agreement, no UK Government Minister has yet met their Scottish Government counterpart to discuss the impact of those jobcentre closures. That will have to happen sooner rather than later.

[Patrick Grady]

Why have no other jobcentre closures been announced? I think it is because the UK Government are beginning to realise that they have bitten off more than they can chew. They might find it easy to ignore those of us from north of the border where they do not have any constituencies, but just wait until these policies start to bite in places where their own Back Benchers have a vested interest.

7.32 pm

Richard Graham (Gloucester) (Con): Madam Deputy Speaker, you would not know from the speeches made by Scottish National party Members this evening that welfare spending in the United Kingdom was £264 billion in 2015-16. That made up 35% of public spending and 14% of GDP. All those figures are higher than they were in 2010. We rose from being 20th in the world in terms of welfare spending in 2000 to 13th in the world by 2013, yet there are some who think that we should be spending still more. I say to the Members from Glasgow who have spoken today, and to the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), that if their constituents are struggling to afford telephone calls to their Jobcentre Plus, why does their party in Scotland not pay for the calls instead of spending £6 million a year on baby boxes for every child born in Scotland? *The Scotsman* has said that

“for the vast majority of the four in five Scottish children who are not living in poverty, it seems to be an indulgent use of state cash.”

In contrast, our Government have focused on opportunity, education, skills and jobs, doubling free childcare, providing far more outstanding schools and 2.5 million apprenticeships and creating more jobs than in the whole of the rest of the EU put together. The result is that unemployment is down from 7.9% to 4.8% while free allowances for the lowest paid have almost doubled and salaries under the new national living wage have gone up by more than 6% in the past year alone.

There are parties that believe in the hand up, and there are those that focus entirely on the handout. Every party must decide where it stands. When Beveridge wrote his great report in 1942, he said:

“The State in organising security should not stifle incentive, opportunity, responsibility...it should leave room and encouragement for voluntary action by each individual to provide more than the minimum”.

That was the right balance then, and it is the right balance today. Let me finish with these wise words:

“If you let yourself be put in the ‘soft’ box on welfare, then it’s almost impossible to do anything to tackle disadvantage and unfairness—because it will always be more grist to the mill of those who want to caricature you as weak and interested only in spending more taxpayers’ money and undermining the work ethic upon which so much depends.”

Those wise words were written by an enlightened Labour Secretary of State for Work and Pensions, John Hutton. It is a message and a warning that the hon. Member for Inverness, Nairn, Badenoch and Strathspey, and all his colleagues, should heed as they gallop along the road of irresponsible spending.

7.35 pm

Patricia Gibson (North Ayrshire and Arran) (SNP): My breath has been quite taken away by the insensitive, ruthless and, frankly, ill-informed approach of Government

Members. They have demonstrated this evening that they are detached from the lives of ordinary people—an expression that one of them has used—which is perhaps why the Tory vote in Scotland is lower now than it was in the 1980s under Thatcher.

Like so many of my constituents in North Ayrshire and Arran, I am deeply concerned about universal credit, of which much has been said this evening. The stated aim of the UK Government in introducing universal credit is to improve work incentives, simplify the benefits system and reduce fraud and error. Of course, anybody would welcome a system that is simpler and provides better incentives to low-income families to move into sustainable employment, but universal credit does not do that and has been plagued by errors, delays and computer crashes.

As for the vision of a fairer society outlined by the Prime Minister, how hollow do hon. Members think those words will ring to the average working family in receipt of universal credit? That family will be more than £1,000 a year worse off by 2020, with some families being up to £2,500 a year worse off. Transitional protection, which is limited, simply will not suffice.

What about those who are just about managing, about whom the Government like to talk? Do the Government not realise that many of those who are just about managing will rely on universal credit to make ends meet? What about child poverty? Child poverty is set to rise dramatically over the next three years, according to the Institute for Fiscal Studies. There is simply no evidence for the UK Government’s assertion that reducing benefit support incentivises work. The impact assessment of the Welfare Reform and Work Act 2016 contained no evidence for that.

It is time to ditch universal credit, which is a failed experiment. It is time to abandon it. It fails those on low pay, it fails the sick, it fails the disabled and it fails to incentivise work. It fails to address inequality, and to continue it shows a failure to understand the lives of those who must suffer its indignities.

7.37 pm

Justin Tomlinson (North Swindon) (Con): It is a pleasure to follow the hon. Member for North Ayrshire and Arran (Patricia Gibson), with whom I had many dealings in my former role as a Minister, although I am somewhat surprised that she seems to advocate bringing back Margaret Thatcher for Scotland—we would probably cheer for that.

The Government are committed to making a difference to help people fulfil their potential. We have delivered record employment in all regions, with 2.7 million more people benefiting from work—8,100 in Swindon alone. There are 850,000 fewer households in which no one has worked and 500,000 fewer children in workless households.

We are seeing wages rise, on average, by 2.6%, which is well ahead of inflation, and by 6% for the lowest paid. That is in part thanks to the introduction—the right introduction—of the national living wage, which is helping 6 million people, and our lifting of the 4 million lowest earners out of paying any income tax through our personal tax allowance changes. That, in addition to the triple-lock pension and the extension of free childcare, is why income inequality has fallen, with 500,000 fewer people in absolute poverty, a record low.

It is crucial that we help people into work and, by backing business, we have delivered a growing economy that is creating opportunities. To fulfil those opportunities, we are investing in the future, with 1.4 million more children going to good or outstanding schools. And we are expanding the National Citizen Service so that those children can develop real life skills. There is a commitment to 3 million apprenticeships by the end of this Parliament. There is real, direct link with getting people into work.

For those seeking work today, the roll-out of universal credit is vital: it builds on the emphasis that work should always pay; it removes the 16-hour cliff edge, which is an absolute nightmare for people looking to move on from part-time work; and crucially, for the first time, claimants will have a named work coach who can help them to navigate childcare, training, support and the complicated benefits system that confuses so many. Having that person to help allows claimants 50% more time to find work. As we have seen, for every 100 people finding work through JSA 113 are finding work through the universal credit system. For the first time ever—this is the single most important reason why we need universal credit—those who go into work continue to get support. Often they are entering the lowest-paid jobs, but they will continue to be reviewed, supported and given that confidence to ask for additional hours and for promotion, to increase their wages and benefit from a growing economy.

This Government are on the side of hard-working people—on the side of the people trying to do the right thing. We believe in opportunity. Hard-working people want that opportunity to fulfil their potential and we are there for them.

7.40 pm

Natalie McGarry (Glasgow East) (Ind): It is a pleasure to bring up the rear this evening, Madam Deputy Speaker. From listening to today's debate, it is not entirely clear whether this Government's—or their Back-Benchers'—arrogance or ignorance on the crucial area of social security is more astounding. MPs, MSPs, devolved Governments, experts, civil society and even the United Nations have collectively warned the Government of the real and negative impact that their policies are having on low-income families, but this Government think they know better than those who live this experience or who help those suffering from it every day. The continued roll-out of a flawed universal credit system, the imposition of morally repugnant cuts to the ESA work-related activity group, the brutal benefit sanctions regime and the ideologically driven closure of half of Glasgow's jobcentres are testament to that.

Universal credit is riddled with IT problems and will push many of our constituents into hardship. People who have gone through the process have described it as a "nightmare", and it is reported that 86% of council tenants on universal credit are now in arrears. Since this Government announced devastating cuts of 30% to ESA for people with disabilities, MPs across the House, from both sides, have cited many shocking personal testimonies from our constituents, illustrating why further cuts are disastrous, as they force people with disabilities on low incomes into debt, isolation and even destitution. This is morally repugnant in the 21st century in one of the richest countries in the world.

This House has repeatedly heard of the devastating impact of the sanctions regime on low-income homes. It is clear that sanctions are underpinned by zeal, not evidence; driving people to hardship and desperation, and through the doors of food banks. Just last month, we learned of this Government's punitive plans earmarking eight job centres in Glasgow—half of all of them—for closure, including those in Easterhouse and Parkhead in my constituency. A third, at Shettleston, is to absorb the services of three jobcentres, trebling its claimant size to become one of the largest jobcentres in the UK, in an area with twice the average unemployment rate, pockets of the lowest life expectancies in the UK and unique challenges relating to territorialism. It is an area that includes almost half of the top 10 most impoverished areas in Scotland. All this has been arrogantly proposed without so much as an equality impact assessment. These ideologically driven plans to rip jobcentres from the people who need them most—from some of the most deprived areas of the country—are so sorely bereft of logic, evidence and compassion it beggars belief. In constituencies such as mine, where deprivation and unemployment are high, the Government should be doing more, not less, to help people find work.

This Tory Government have choices where they say they have none. The choices they make tell us all we need to know about this Government and whom their priorities benefit—it is not Glasgow East, it is not Glasgow and it is not people who are on low incomes or just about managing, whom they profess to represent.

7.43 pm

Rebecca Harris (Castle Point) (Con): To some extent, the Scottish National party, in its motion and debate tonight, is painting a picture of a very uncaring Government who may be trying to keep people in poverty. From what some sections of the press and Opposition have said, one would think that we have high unemployment, record low wages and benefit claimants at an all-time high, whereas in fact the opposite is the case. I am very proud to support this Government as we continue to turn around our welfare state. Slowly, we are decreasing dependency on the welfare state, getting Britain back to work and giving a pay rise to the lowest paid.

I find it astonishing that there are 2.7 million more people in employment now than when we first assumed office in 2010. No one could have predicted that, and it is an astonishing achievement. My hon. Friend the Member for North Swindon (Justin Tomlinson) mentioned one of the statistics of which I am most proud: we now have the lowest number of children in workless households since records began. We should make no apologies for that.

I pay tribute to the staff at the DWP, and particularly the staff of my local jobcentre on Canvey Island, who show incredible dedication and commitment to getting people back into work. They are using all the levers and measures we have provided to do so.

There are plenty of incredibly innovative and thoughtful schemes that I would like to mention, but I shall raise just one. A young gentleman called Dale was not in work. His adviser discovered that the thing he loved most in life was dogs, so rang up the local dog hydrotherapy company and asked the staff there whether they would consider giving him an apprenticeship. They had never considered giving anyone an apprenticeship, but the

[Rebecca Harris]

jobcentre sorted it all out for them. At the end of the apprenticeship, Dale ended up in a job that he absolutely loves and the company had taken on an employee, and will now take on another. That is incredibly innovative. It has helped a business to expand as well as provide jobs, and I think that is astonishing.

There are many more similar examples of the incredible work that is going on to help people with long-term disabilities back into work. For too long in this country we parked people on long-term disability benefits and gave them a little bit of extra money to salve our conscience. Again and again I have met people who have been out of work with a long-term disability and I hear the same stories from them, which is that they would love to get back into work but need support, because they do not have the confidence or certainty they need, or because they are worried.

I particularly deplore any attack on universal credit, which is a game-changer. The fact that we have named coaches to help people to turn their lives around, and that we have ended the iniquity and stupidity of the perverse incentives that prevented people from having the confidence to work for more hours or to take a promotion or a pay rise, is an absolute game-changer for this country. Universal credit is already working and improving people's lives.

7.46 pm

Neil Gray (Airdrie and Shotts) (SNP): We have heard today about the working families who stand to be £1,000 a year worse off by 2020—or, indeed, up to £2,500 a year worse off, according to the Resolution Foundation—as a result of cuts to universal credit. The House of Commons Library says that the full brunt of the social security cuts will not be felt until the mid-2020s; by then, overall net savings will be in the region of £40 billion a year, with more than £1 billion lost to Scotland—that is net, so it includes all the more positive steps that have been introduced that could benefit some families in this country. Most worrying is the Institute for Fiscal Studies prediction that child poverty will rise by 50% by 2020 as a result of the cuts. The Child Poverty Action Group in Scotland cites inadequate social security benefits as one of the three main reasons for the rise in child poverty.

It is an old cliché, but politics is all about choices. Austerity is a choice; spending at least £4 billion on renovating this Palace is a choice; spending hundreds of billions of pounds on nuclear weapons is a choice; cutting tax for the highest earners and biggest businesses is a choice; and cutting £12 billion from the Department for Work and Pensions is a choice. But for a family living in a low-income household, seeing their income cut by this Government does not leave many choices.

The exponential rise in the use of food banks and the requirement for emergency food aid has been linked to sanctions and cuts to social security by a series of reports, including those by the Poverty Alliance, the University of Oxford and GoWell in Glasgow. That shows the harm that Tory choices are causing. When the Chancellor sets his Budget during times of austerity, whether it is Osborne's austerity max or Hammond's austerity almost max, Tory MPs cannot pretend that it is not a zero-sum game. They cannot claim that Trident

does not have an impact on DWP budgets. Even the right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) is calling for the cuts to universal credit work allowances to be reversed. They are the only incentive to work in the universal credit system, and they are being slashed. The Government must look at that again.

The Government must also look again at the cut to employment and support allowance for the work-related activity group. Some £30 a week is being cut for sick and disabled people assessed as unfit for work—a drop in income of a third for sick and disabled people. Then there is the closing of jobcentres, which has been raised repeatedly, passionately and eloquently by my colleagues from Glasgow this evening. It is an aspect of our motion that the Government seek to delete entirely in their amendment—a mark of the level of respect that they show for the people of Glasgow.

Let me turn now to the switch from the disability living allowance to personal independence payment. I wish that I had more time to reflect on some the problems, but I will focus on only a couple of areas. I hope that, in closing, the Minister will expand on the commitments that were given about the scheme on 30 November in Westminster Hall. The Minister for Disabled People, Health and Work, the hon. Member for Portsmouth North (Penny Mordaunt), acknowledged that there is an issue of people returning their Motability cars while delayed appeals are considered. She also said that

“we are exploring options to allow those who are not in receipt of the higher Motability component to have access to the Motability scheme.”—[*Official Report*, 30 November 2016; Vol. 617, c. 610WH.] We have not heard or received anything further since. I hope that we can get clarification on both those issues regarding PIP this evening.

I have also written to the Secretary of State on behalf of my constituent, Mr Tom Keatings from Salsburgh, who visited my surgery on Friday. He had been in receipt of PIP for some time, but after having three spinal discs prolapse last year he reapplied to receive the higher Motability rate. He made the application in August, and received a negative response in October. He immediately requested a mandatory reconsideration in October, and has heard nothing, despite being promised that it would take nine weeks to get a reply. He phoned the DWP last week only to be told that not only was the reconsideration not complete, but that it had not even been looked at yet. It is nearly three months since the appeal was sent. I cannot see how Ministers can say that that is in any way acceptable. I hope to hear how the Government are addressing such delays.

Finally, we have heard erroneous claims from Government Members this evening about delays to the Scottish Government's implementation of the new social security powers. Those claims are not true. There have been announcements just this week. The Scottish Government made a commitment to introduce the new Scottish social security system in the lifetime of the new Scottish Parliament and that is what the Scottish Government will do—it was in our manifesto.

We have also heard that, somehow, the Scottish Government should divert more and more money to mitigate the Tory mess that has been inflicted on social security. It is time Government Members got their own house in order before deciding how the Scottish Government should be spending their money.

I hope that, in closing this debate, the Minister will advise how the Government plan to make this shared society a reality. It is a welcome change in tone. It acknowledges that things are not currently shared out fairly. Tinkering at the edges, as we saw in the autumn statement, will not bring about a society that is working for everyone. Listening to some of the concerns and suggestions expressed by others and working constructively across political parties and between central and devolved Governments would at least be a start.

7.52 pm

The Parliamentary Under-Secretary of State for Welfare Delivery (Caroline Nokes): I wish to reiterate the thanks of the Minister for Employment, my hon. Friend the Member for East Hampshire (Damian Hinds), to those Members who secured today's important and interesting debate. I also wish to thank all Members who have contributed. I am very conscious that I am somewhat short of time, so if I do not have the opportunity to respond to every point that Members have made in this debate, I will certainly seek to do so in writing.

For Scottish Members present, I am aware that there is another debate tomorrow in Westminster Hall in which we are discussing the DWP estate. I am sure that that will be an opportunity for us to discuss in more detail the proposals in Glasgow.

This Government are committed to building a country that works for everyone, which means taking action to help the most disadvantaged. We know—many Members have mentioned this today—that our approaches need to be joined up across Government to enable us effectively to support and transform the lives of the most vulnerable. That is why we have committed to bringing forward a social justice Green Paper this year, which will identify and address the root causes of poverty and build on the two new statutory indicators brought in through the Welfare Reform and Work Act 2016. That will drive real action on workless households and educational attainment—the two areas that can make the biggest difference to disadvantaged children and their families.

The Green Paper on social justice will demonstrate our commitment to the Prime Minister's ambition of tackling poverty and disadvantage and delivering real social reform. As my right hon. Friend the Prime Minister said on the steps of Downing Street, she will fight against the injustices that we see in our society. In doing that, we will do everything we can to give people more control over their lives. That is why the Prime Minister has established a new Social Reform Cabinet Committee, bringing together the majority of Government Departments to deliver social reform. The Prime Minister has made it very clear that tackling poverty and disadvantage will be a priority for this Government.

The evidence is clear and we as a Government have been clear that work is the best route out of poverty. Working age adults in non-working families are almost four times more likely to be living on a low income than those who work, which is why the Government's approach has been about recognising the value and importance of work, making work pay and supporting people into work while protecting the most vulnerable in society. Our reforms are working and transforming lives. The most recent labour market statistics show that we have a near record number of people in work: more than 2.7 million more than in 2010. In the past year we have

seen nearly 250,000 more disabled people in work, more than 200,000 more women and more than 150,000 more BME people. That is a record of which we are rightly proud, but we know that there is more to do to realise our ambition of an economy that works for everyone.

I reiterate the comments of my hon. Friend the Minister for Employment: it is vital that universal credit roll-out is delivered safely and securely so that claimants receive the support they need. As he mentioned, reforms such as universal credit are revolutionising relationships between claimants and work coaches, ensuring that the support we offer is more personalised and better suited to the needs of claimants.

There is no doubt that universal credit has been a large and complex programme, which is why we have rolled it out slowly, starting small to begin with and enabling our own DWP staff to be involved in the roll-out through a test-and-learn programme so that we could ensure that as the programme expanded mistakes were ironed out. Our DWP staff are also absolutely crucial to the role of universal credit in encouraging people not just into work but into more work once they have found employment. That is an entirely different relationship.

I have spent the past six months as a Minister visiting Jobcentre Plus centres around the country and speaking with work coaches. Whether in Newcastle, which saw the initial roll-out of full service UC, or in coastal towns such as Eastbourne, I have seen at first hand the value of this approach in transforming lives and I am immensely proud of the commitment I have witnessed from work coaches up and down the country. Indeed, in Oldham I saw some of the most enthusiastic and inspired job coaches that I have seen anywhere in the country, who were absolutely enthusiastic about meeting the claimants and helping them through the journey into more work.

The SNP's call to suspend universal credit, which demonstrates a complete misunderstanding of its transformational benefits, arguably shows a lack of concern for the millions of working households that will benefit from a system that helps people into work, empowering them to transform their own lives rather than leaving them trapped in benefit dependency. As some Members might know, my hon. Friend the Minister for Employment is travelling to Scotland this week to meet MSPs and Ministers in the Scottish Government to discuss with them the issues of the jobcentres in Glasgow.

We have had a lot of discussion about the impact on disability employment, and I am very clear that when a jobcentre closes, that can provide opportunities to enable DWP staff to respond to the personal circumstance of claimants. Work coaches can personalise and tailor the support they provide and can visit claimants in their own home. Claimants do not have to travel to specific jobcentres but can nominate the ones they wish to use. We want a flexible and dynamic welfare state that embraces the new opportunities of technology and the expertise and joined-up services that our local partnership organisations have.

This Government are clear that the best way to help people to pay the rent and live independent lives is to help them into work. With my noble Friend Lord Freud, the former Minister for Welfare Reform, I met arm's length management organisations to talk about

[Caroline Nokes]

UC and the issues that they raised with us about rent arrears. Our research shows that the majority of UC claimants are comfortable managing their budgets and after four months the proportion of UC claimants we surveyed who were in arrears at the start of their claim had fallen by a third.

To conclude, let me reiterate that the Government's commitment to an economy and society that works for all is beyond doubt. I want to reassure hon. Members that the Government are committed to fighting against the injustices of society and ensuring that everyone has the right opportunities to fulfil their potential. Households in the lowest income bracket are now much more likely to be in employment than they were at the start of the previous Parliament. In the bottom half of the income distribution, the percentage of families who were in work increased from 60.3% in 2010-11 to 65.7% in 2014-15—

Mike Weir (Angus) (SNP) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

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

The House divided: Ayes 172, Noes 276.

Division No. 124]

[8.00 pm

AYES

Abrahams, Debbie	Cowan, Ronnie
Ahmed-Sheikh, Ms Tasmina	Crawley, Angela
Anderson, Mr David	Creasy, Stella
Arkless, Richard	Cunningham, Alex
Ashworth, Jonathan	Cunningham, Mr Jim
Bardell, Hannah	Dakin, Nic
Benn, rh Hilary	Danczuk, Simon
Betts, Mr Clive	Docherty-Hughes, Martin
Black, Mhairi	Dodds, rh Mr Nigel
Blackford, Ian	Donaldson, rh Sir Jeffrey M.
Blackman, Kirsty	Donaldson, Stuart Blair
Blackman-Woods, Dr Roberta	Doughty, Stephen
Blenkinsop, Tom	Dromey, Jack
Blomfield, Paul	Durkan, Mark
Boswell, Philip	Edwards, Jonathan
Brennan, Kevin	Ellman, Mrs Louise
Brock, Deidre	Elmore, Chris
Brown, Alan	Ferrier, Margaret
Brown, Lyn	Field, rh Frank
Brown, rh Mr Nicholas	Flynn, Paul
Buck, Ms Karen	Fovargue, Yvonne
Burton, Richard	Gibson, Patricia
Burnham, rh Andy	Glendon, Mary
Byrne, rh Liam	Godsiff, Mr Roger
Cameron, Dr Lisa	Goodman, Helen
Campbell, rh Mr Alan	Grady, Patrick
Campbell, Mr Gregory	Grant, Peter
Carmichael, rh Mr Alistair	Gray, Neil
Champion, Sarah	Greenwood, Lilian
Chapman, Douglas	Greenwood, Margaret
Chapman, Jenny	Griffith, Nia
Cherry, Joanna	Haigh, Louise
Coaker, Vernon	Hanson, rh Mr David
Cooper, Rosie	Harman, rh Ms Harriet
Cooper, rh Yvette	Harris, Carolyn

Hendry, Drew	Rayner, Angela
Hermon, Lady	Rees, Christina
Hollern, Kate	Reynolds, Jonathan
Hosie, Stewart	Ritchie, Ms Margaret
Howarth, rh Mr George	Robertson, rh Angus
Hussain, Imran	Robinson, Gavin
Jarvis, Dan	Rotheram, Steve
Jones, Gerald	Salmond, rh Alex
Jones, Mr Kevan	Saville Roberts, Liz
Kane, Mike	Shannon, Jim
Keeley, Barbara	Sheppard, Tommy
Kerevan, George	Sherriff, Paula
Kerr, Calum	Simpson, David
Lamb, rh Norman	Skinner, Mr Dennis
Lavery, Ian	Slaughter, Andy
Law, Chris	Smeeth, Ruth
Lewis, Mr Ivan	Smith, rh Mr Andrew
Long Bailey, Rebecca	Smith, Angela
Lucas, Caroline	Smith, Cat
Lynch, Holly	Smith, Jeff
MacNeil, Mr Angus Brendan	Smith, Nick
Madders, Justin	Smyth, Karin
Maskell, Rachael	Spellar, rh Mr John
Matheson, Christian	Stephens, Chris
Mc Nally, John	Streeting, Wes
McCaig, Callum	Tami, Mark
McCarthy, Kerry	Thewliss, Alison
McDonald, Stewart Malcolm	Thomas-Symonds, Nick
McDonald, Stuart C.	Thomson, Michelle
McDonnell, Dr Alasdair	Turley, Anna
McDonnell, rh John	Turner, Karl
McGarry, Natalie	Twigg, Derek
McGinn, Conor	Umunna, Mr Chuka
McKinnell, Catherine	Vaz, rh Keith
McLaughlin, Anne	Watson, Mr Tom
McMahon, Jim	Weir, Mike
Meale, Sir Alan	West, Catherine
Mearns, Ian	Whiteford, Dr Eilidh
Monaghan, Carol	Whitehead, Dr Alan
Monaghan, Dr Paul	Whitford, Dr Philippa
Mullin, Roger	Williams, Hywel
Newlands, Gavin	Williams, Mr Mark
Nicolson, John	Wilson, Corri
O'Hara, Brendan	Wilson, Phil
Olney, Sarah	Wilson, Sammy
Osamor, Kate	Winnick, Mr David
Oswald, Kirsten	Wishart, Pete
Owen, Albert	Wright, Mr Iain
Paterson, Steven	Zeichner, Daniel
Perkins, Toby	
Phillips, Jess	
Pound, Stephen	
Pugh, John	

Tellers for the Ayes:

**Owen Thompson and
Marion Fellows**

NOES

Adams, Nigel	Benyon, Richard
Afriyie, Adam	Beresford, Sir Paul
Aldous, Peter	Berry, Jake
Allan, Lucy	Berry, James
Allen, Heidi	Bingham, Andrew
Amess, Sir David	Blackman, Bob
Andrew, Stuart	Blackwood, Nicola
Ansell, Caroline	Bone, Mr Peter
Argar, Edward	Borwick, Victoria
Atkins, Victoria	Bottomley, Sir Peter
Bacon, Mr Richard	Bradley, rh Karen
Baker, Mr Steve	Brady, Mr Graham
Barclay, Stephen	Brazier, Sir Julian
Barwell, Gavin	Bridgen, Andrew
Bebb, Guto	Brokenshire, rh James
Bellingham, Sir Henry	Bruce, Fiona

Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Cairns, rh Alun
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Cleverly, James
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Courts, Robert
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Donelan, Michelle
Dorries, Nadine
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Mr Nigel
Evennett, rh David
Fallon, rh Sir Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Francois, rh Mr Mark
Frazer, Lucy
Freer, Mike
Fuller, Richard
Fysh, Marcus
Gale, Sir Roger
Garnier, rh Sir Edward
Garnier, Mark
Ghani, Nusrat
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, rh Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, Stephen
Hancock, rh Matt
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, rh Sir Oliver
Heapey, James
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hoare, Simon
Hollingbery, George
Hollinrake, Kevin
Hollobone, Mr Philip
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Howlett, Ben
Huddleston, Nigel
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jenrick, Robert
Johnson, Dr Caroline
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kennedy, Seema
Kinahan, Danny
Kirby, Simon
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, rh Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Sir Oliver
Lewis, rh Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lord, Jonathan
Loughton, Tim
Mackinlay, Craig
Mackintosh, David
Main, Mrs Anne
Mak, Mr Alan
Malthouse, Kit
Mann, Scott
Mathias, Dr Tania
Maynard, Paul
McCartney, Jason
McPartland, Stephen
Menzies, Mark
Mercer, Johnny

Merriman, Huw
Metcalf, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Milton, rh Anne
Mordaunt, Penny
Morgan, rh Nicky
Morris, David
Morris, James
Morton, Wendy
Mowat, David
Mundell, rh David
Murray, Mrs Sheryll
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Opperman, Guy
Patel, rh Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, rh Mike
Penrose, John
Percy, Andrew
Perry, Claire
Philp, Chris
Pickles, rh Sir Eric
Pincher, Christopher
Poulter, Dr Daniel
Pow, Rebecca
Prentis, Victoria
Prisk, Mr Mark
Pritchard, Mark
Pursglove, Tom
Quin, Jeremy
Quince, Will
Rees-Mogg, Mr Jacob
Robertson, Mr Laurence
Robinson, Mary
Rudd, rh Amber
Rutley, David
Sandbach, Antoinette
Scully, Paul
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Henry
Smith, Julian
Smith, Royston

Soames, rh Sir Nicholas
Solloway, Amanda
Spelman, rh Dame Caroline
Spencer, Mark
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Graham
Sturdy, Julian
Sunak, Rishi
Swayne, rh Sir Desmond
Swire, rh Sir Hugo
Syms, Mr Robert
Thomas, Derek
Throup, Maggie
Tolhurst, Kelly
Tomlinson, Justin
Tomlinson, Michael
Tracey, Craig
Tredinnick, David
Trevelyan, Mrs Anne-Marie
Truss, rh Elizabeth
Turner, Mr Andrew
Tyrie, rh Mr Andrew
Vaizey, rh Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Warburton, David
Warman, Matt
Wharton, James
Whately, Helen
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, rh Mr John
Wiggin, Bill
Williams, Craig
Williamson, rh Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wood, Mike
Wragg, William
Wright, rh Jeremy

Tellers for the Noes:

**Steve Brine and
Andrew Griffiths**

Question accordingly negated.

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

The House divided: Ayes 268, Noes 81.

Division No. 125]**[8.12 pm****AYES**

Adams, Nigel
Afrayie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria

Bacon, Mr Richard
Baker, Mr Steve
Barclay, Stephen
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, Richard
Beresford, Sir Paul
Berry, James
Bingham, Andrew

Blackman, Bob
Blackwood, Nicola
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, rh Karen
Brady, Mr Graham
Brazier, Sir Julian
Bridgen, Andrew
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Cairns, rh Alun
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Cleverly, James
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Courts, Robert
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Byron
Davies, Chris
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Donelan, Michelle
Dorries, Nadine
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Mr Nigel
Evennett, rh David
Fallon, rh Sir Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Francois, rh Mr Mark
Freer, Mike
Fuller, Richard
Fysh, Marcus
Gale, Sir Roger
Garnier, rh Sir Edward
Garnier, Mark

Ghani, Nusrat
Gibb, Mr Nick
Glen, John
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, rh Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, Stephen
Hancock, rh Matt
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, rh Sir Oliver
Heappey, James
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hoare, Simon
Hollingbery, George
Hollinrake, Kevin
Hollobone, Mr Philip
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Howlett, Ben
Huddleston, Nigel
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jenrick, Robert
Johnson, Dr Caroline
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kennedy, Seema
Kinahan, Danny
Kirby, Simon
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, rh Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Sir Oliver
Lewis, rh Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lord, Jonathan
Loughton, Tim
Mackinlay, Craig
Mackintosh, David
Mak, Mr Alan
Malthouse, Kit

Mann, Scott
Mathias, Dr Tania
Maynard, Paul
McCartney, Jason
McPartland, Stephen
Menzies, Mark
Mercer, Johnny
Merriman, Huw
Metcalfe, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Milton, rh Anne
Mordaunt, Penny
Morgan, rh Nicky
Morris, David
Morris, James
Morton, Wendy
Mowat, David
Mundell, rh David
Murray, Mrs Sheryll
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Opperman, Guy
Patel, rh Priti
Paterson, rh Mr Owen
Penning, rh Mike
Penrose, John
Percy, Andrew
Perry, Claire
Philp, Chris
Pickles, rh Sir Eric
Pincher, Christopher
Pow, Rebecca
Prentis, Victoria
Prisk, Mr Mark
Pritchard, Mark
Pursglove, Tom
Quin, Jeremy
Quince, Will
Rees-Mogg, Mr Jacob
Robertson, Mr Laurence
Robinson, Mary
Rudd, rh Amber
Rutley, David
Sandbach, Antoinette
Scully, Paul
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Henry

Smith, Julian
Smith, Royston
Soames, rh Sir Nicholas
Solloway, Amanda
Spelman, rh Dame Caroline
Spencer, Mark
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Graham
Sturdy, Julian
Sunak, Rishi
Swayne, rh Sir Desmond
Swire, rh Sir Hugo
Syms, Mr Robert
Thomas, Derek
Throup, Maggie
Tolhurst, Kelly
Tomlinson, Justin
Tomlinson, Michael
Tracey, Craig
Tredinnick, David
Trevelyan, Mrs Anne-Marie
Truss, rh Elizabeth
Turner, Mr Andrew
Tyrie, rh Mr Andrew
Vaizey, rh Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Warburton, David
Warman, Matt
Wharton, James
Whately, Helen
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, rh Mr John
Wiggin, Bill
Williams, Craig
Williamson, rh Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wood, Mike
Wragg, William
Wright, rh Jeremy

Tellers for the Ayes:
Steve Brine and
Andrew Griffiths

NOES

Abrahams, Debbie
Ahmed-Sheikh, Ms Tasmina
Anderson, Mr David
Arkless, Richard
Bardell, Hannah
Black, Mhairi
Blackford, Ian
Blackman, Kirsty
Boswell, Philip
Brock, Deidre
Brown, Alan
Cameron, Dr Lisa
Chapman, Douglas
Cherry, Joanna
Cooper, Rosie

Cowan, Ronnie
Crawley, Angela
Creasy, Stella
Cunningham, Alex
Docherty-Hughes, Martin
Donaldson, Stuart Blair
Durkan, Mark
Edwards, Jonathan
Ferrier, Margaret
Flynn, Paul
Gibson, Patricia
Glendon, Mary
Godsiff, Mr Roger
Grady, Patrick
Grant, Peter

Gray, Neil
Greenwood, Margaret
Hendry, Drew
Hermon, Lady
Hosie, Stewart
Hussain, Imran
Jarvis, Dan
Kerevan, George
Kerr, Calum
Lamb, rh Norman
Lavery, Ian
Law, Chris
Lewis, Mr Ivan
Lucas, Caroline
MacNeil, Mr Angus Brendan
Maskell, Rachael
Mc Nally, John
McCaig, Callum
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, Dr Alasdair
McGarry, Natalie
McLaughlin, Anne
Monaghan, Carol
Mullin, Roger
Newlands, Gavin
Nicolson, John

O'Hara, Brendan
Olney, Sarah
Osamor, Kate
Oswald, Kirsten
Paterson, Steven
Reynolds, Jonathan
Ritchie, Ms Margaret
Robertson, rh Angus
Salmond, rh Alex
Saville Roberts, Liz
Shannon, Jim
Skinner, Mr Dennis
Smith, Cat
Stephens, Chris
Thewliss, Alison
Thomson, Michelle
Weir, Mike
Whiteford, Dr Eilidh
Whitford, Dr Philippa
Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Wilson, Sammy
Wishart, Pete

Tellers for the Noes:
Owen Thompson and
Marion Fellows

Question accordingly agreed to.

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

Resolved,

That this House welcomes last week's Official Statistics showing that the poorest households saw the biggest income growth of £700 in the last year; further welcomes the impact of this Government's welfare reforms in support low-income households to find work, with over 2.7 million more people in work and 865,000 fewer workless households than in 2010; recognises the role of Universal Credit in supporting people into work and increasing their earnings in work by ensuring it always pays to work; welcomes the recent announcement of a reduction in the taper rate to 63 per cent; believes that the Government's reforms have given taxpayers confidence in an affordable and sustainable welfare system that ensures value for money and responds to the needs of claimants, with 86.6 per cent of Universal Credit claims currently being made on line; and notes that the Scottish Government has asked for an extended timetable for the full transfer of the extensive welfare powers devolved under the Scotland Act 2016.

Business without Debate

INTELLECTUAL PROPERTY (UNJUSTIFIED THREATS) BILL [LORDS]

Motion made, and Question put forthwith (Standing Orders Nos. 59(3) and 90(5)), That the Bill be now read a Second time.

Question agreed to.

Bill accordingly read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

Toilet Facilities: People with Disabilities

Motion made, and Question proposed, That this House do now adjourn.—(Guy Opperman.)

8.23 pm

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): I thank the House for granting me today's debate on community toilet facilities for people with disabilities. May I take this opportunity to thank the Minister for his attendance? This is not an issue with a party political dimension, but one on which I hope we can achieve cross-party consensus to make a real difference to the quality of life of millions of citizens living with disabilities and chronic conditions throughout the UK.

I raise this issue on behalf of my very brave and dignified constituent Mr Brian Dean of Stalybridge, who chose to go public with his own story last year. Brian is living with Parkinson's disease. Among many challenges, one commonly occurring symptom of Parkinson's is a problem relating to the bladder and bowel. Many people living with Parkinson's have an overactive bladder and need to pass urine more frequently and urgently. Having Parkinson's can also mean that the messages from the brain to the bladder may not get through properly, leaving patients with less time to access a toilet. In some cases, Parkinson's causes slowness of movement and muscle rigidity which can also affect the muscles in the bowels. Easy access to appropriate toilet facilities is therefore essential for those managing Parkinson's disease.

To my great sadness and frustration, Brian experienced both a lack of provision and a lack of community spirit when he found himself away from home and needing to access a toilet in January last year. Returning from a trip to Blackpool with his wife and carer Joan, Brian noticed the need to urinate towards the end of their journey home. Stopping in Levenshulme in Manchester, they pulled over outside a row of shops. They first approached a corner shop to see if they had a toilet Brian could use, but were waved away. They then tried the Money Shop next door, but were informed that they had no toilets available to the public either. Brian and Joan continued a couple of doors down to the Krispy Chicken takeaway, but were also rejected there. They thought they would have more luck at Subway, but likewise they were turned away from there too. At this point, Mr Dean's situation was urgent and very sadly he was forced to wet himself.

Each of the businesses that refused Brian and Joan has since offered explanations and, in some cases, apologies. However, the indignity, discomfort and inconvenience caused to Brian during this episode understandably left him feeling demoralised and, in his words, depressed. None the less, rather than retreat Brian and Joan have shown great courage, turning their anger into action and launching an appeal for a nationwide solution to his problem, which affects thousands of people living with challenging medical conditions or disabilities in each of our constituencies every day. Brian and Joan are now confident media professionals, having shared their story not just with local news outlets but with national newspapers and broadcasters. Their call is for as many businesses as possible to provide an accessible toilet.

[Jonathan Reynolds]

I know that that sounds like an ambitious plan and I know that high streets and small businesses are already under considerable financial strain, but I also remember acutely that when the Disability Discrimination Act 1995 required all businesses to become wheelchair accessible, people said it could not be done. People said that the adjustments would be too great, too costly and too impracticable. Yet today, two decades after the Act came into effect, we take it for granted that the vast majority of shops, cafés, banks and so on have some form of accessible entrance, and that it is simply unacceptable to turn those with mobility issues away at the door.

Jim Shannon (Strangford) (DUP): I thank the hon. Gentleman for so eloquently setting the scene. Does he share my concern that many young disabled people in the Muscular Dystrophy UK Trailblazers Network, which I know he is aware of, are having to restrict their fluid intake, causing urinary tract infections? Some are now turning to surgical intervention because of the lack of Changing Places toilets across the UK. Will the hon. Gentleman ask for a meeting with the Minister and UK Trailblazers, and perhaps with me and other Members in the Chamber, to see what can be done to improve toilet access facilities for disabled people across the whole United Kingdom?

Jonathan Reynolds: I am certainly happy to do that and I thank hon. Members who have stayed for this debate, perhaps to raise issues that have affected their constituents, too.

Rob Marris (Wolverhampton South West) (Lab): I am a patron of Wolverhampton Mencap. Does my hon. Friend share my surprise that Mencap nationally has steadfastly refused to bring a test case before a tribunal on the lack of Changing Places public toilets being built in buildings constructed since the Disability Discrimination Act came in to force in 1996, and does he share my hopes that Mencap will review that position so it can run a test case?

Jonathan Reynolds: I am grateful to my hon. Friend for raising that point. I will be mentioning Changing Places toilets later on in my speech. There is an absence of them in my area, too, so any work we could do to improve provision would be welcome and that could be a very good way forward.

There are a number of ways in which I think we could improve the situation and find a solution. I would be proud if we could, today in this House, agree to work together to try to ensure that in years to come no one is turned away from any premises they approach in the search for an accessible toilet. One of the things that struck me when I visited Brian and Joan to speak to them about what had happened was that not only was every business unable to offer a toilet themselves, but they were unable to direct the Deans to the nearest toilet available for public use. If we cannot immediately move to a situation where every high street business provides an accessible toilet, I hope we can at least move quickly to one where the nearest available facilities are widely signposted and known to all the local businesses and community.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): The hon. Gentleman is making an excellent speech. Does he feel, as I do, that perhaps businesses are missing a trick, because the more accessible they make their business, store, public transport, sports ground, or whatever it is, the more that people with a disability can use those facilities and lend their economic investment to them?

Jonathan Reynolds: I absolutely agree, and I will say something specific about that too. This is absolutely not just a duty but an opportunity for businesses. I would love this debate to get that message across to people.

On public services, I understand that in many cases local authority-provided public toilets were among the first amenities to be lost following substantial cuts to local government settlements. In my own town of Stalybridge, there was a long-established and well-used public toilet block, right in the centre of town, next to the shops, but it was closed in 2012 because—and I appreciate this—the council simply could not justify the cost of running it in such a challenging financial climate. I will not condemn any council for making tough decisions in tough times, but if the public sector, businesses and community groups worked together strategically on accessible toilet provision, I am sure that we could make great progress.

Alex Chalk (Cheltenham) (Con): I congratulate the hon. Gentleman on raising such an important issue about promoting dignity for vulnerable people and, as already indicated, greater prosperity for our high streets. Cheltenham is getting two new Changing Places toilets. Will he join me in congratulating all those who campaigned for this, including the fantastic St Vincent's and St George's Association in my constituency, and made it happen?

Jonathan Reynolds: I thank the hon. Gentleman for his comments. It is wonderful news. I am afraid that I cannot share equally good news about my own area, although I hope one day to be able to do so.

In Manchester city centre, there are now only nine public toilets—down from 18 just a few years ago—although the council has had some success in introducing the City Loos scheme, whereby businesses can sign up voluntarily to open their toilets to non-customers and to advertise in their windows that people are welcome to use the facilities inside. I call today for a rapid expansion of such schemes and perhaps even a national scheme.

Michelle Donelan (Chippenham) (Con): We have set up several such schemes in my constituency. I am contacted regularly—on a weekly basis, in fact—about the availability and accessibility of toilets. One problem with the schemes, however, is around publication and awareness that these businesses are open for anybody to use. It is really important to get the message out.

Jonathan Reynolds: I am grateful for the hon. Lady's comments and to the many colleagues who have stayed for this debate. It is extremely pleasing to hear that such schemes are already in existence in some parts of the country.

Just as many shops and cafes now have “Breastfeeding welcome” signs in their windows, I would like to see as many businesses as possible displaying signs saying: “Accessible toilet here, all welcome”. I understand that some boroughs, such as Lambeth, have already gone further than a voluntarily scheme and managed their community toilet scheme in such a way as to commit that no one has to walk more than 500 metres to find a toilet. The locations of the nearest community toilet provided by local businesses are then well signposted. I know that for some disabled users the maximum distance of 500 metres would still be too far to go, but this sort of public commitment and planning feels like a good start.

A lot more could be done with technology. Apps are already springing up to enable smartphone and tablet users quickly to find their nearest accessible toilet. I had a look at one such app, however, and looking at an area I knew well, I could point to toilet locations not listed. I would therefore echo the comments of the hon. Member for Chippenham (Michelle Donelan): as well as extending community toilet schemes, we must extend the amount of information in the public domain, especially online, so that people can find help at the touch of a button when they need it.

The way that Brian Dean was repeatedly turned away from businesses highlighted not only a lack of compassion but an absence of sound business sense, as the hon. Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron) said. It strikes me that there is a clear business case for more traders opening their doors to those who need to use their toilets. In my constituency, as elsewhere, town centre economies have struggled as custom has been lost to out-of-town shopping outlets and internet shopping. The biggest out-of-town retailer in my area, the famous intu Trafford Centre, is a former winner of the “Loo of The Year” awards—something I was not aware of until recently. I have had constituents with disabilities tell me that it is often easier to travel the 20 miles—no small distance—to the Trafford Centre to shop, rather than the half mile to the town centre, because the access and toilet facilities are far superior in meeting their needs. If we are going to stop the drain in footfall from our town centres and seek to revive those small business-led economies, we must address accessible toilet provision. The Trafford Centre is also one of Greater Manchester’s relatively few locations with a Changing Places toilet. This is a scheme that has already been mentioned. Changing Places is a campaign to provide toilet facilities for people whose disabilities are such that they cannot use a regular accessible toilet.

Nic Dakin (Scunthorpe) (Lab): I congratulate my hon. Friend on securing this debate. One of my constituents, Lorna Fillingham, has long campaigned for Changing Places toilets in all hospitals and health centres. Does my hon. Friend believe this campaign should be given more legs?

Jonathan Reynolds: I absolutely agree.

People with profound and multiple learning disabilities, as well as people with other physical disabilities such as spinal injuries, muscular dystrophy and multiple sclerosis often need extra equipment and space to allow them to use toilets safely and comfortably. These needs are met by Changing Places toilets.

Kirsten Oswald (East Renfrewshire) (SNP): I am sure the hon. Gentleman is aware that the Changing Places campaign has been running for 10 years now. While its work is extraordinary and to be commended, does he share my view that it is time that we came together to achieve more and to allow people to do whatever they want to do, which is, after all, what those of us who do not need to use that kind of facility take for granted?

Jonathan Reynolds: I absolutely agree. This is a fantastic scheme, but as the hon. Lady says, in those 10 years we have secured fewer than 1,000—just 914—registered Changing Places toilets in the UK. I echo the calls of campaigners to make this 1,000 before the end of this year.

Alison Thewliss (Glasgow Central) (SNP): I thank the hon. Gentleman for being so generous with his time. He mentioned the Trafford Centre and new buildings. Does he agree that there might be a place for new buildings to have this as part of the building regulations, so that developments over a certain size would have to have a facility such as a Changing Places toilet?

Jonathan Reynolds: I would love to see that. We could then start to guarantee that there would be substantial increases year on year.

Richard Arkless (Dumfries and Galloway) (SNP): I, too, congratulate the hon. Gentleman on securing the debate and thank him for being generous with his time. I visited the Usual Place café in Dumfries in my constituency last week. It is staffed by people with a range of disabilities, and a Changing Places toilet has been installed. This has literally transformed the lives of many of my constituents. Families are coming from far and wide to use the facility. Does the hon. Gentleman agree that every new public building should have one, and that for high-street businesses that have suffered so much lately, there is a real commercial opportunity here to attract the most grateful and loyal customer base that they could ever wish for?

Jonathan Reynolds: Absolutely. I echo all those comments. It is wonderful to hear Members report the good work from their constituencies. I am a little bit jealous, because it was sad to discover that there are currently no registered Changing Places toilets in my borough of Tameside in Greater Manchester. I pledge to work with my local partners to see if that is something that we can change.

I offer my thanks, Mr Deputy Speaker, for allowing today’s debate. We have heard why this issue is important, and I hope that colleagues agree that it is time for some action. Many people around the country will be genuinely gratified that so many colleagues have waited around to participate in this Adjournment debate.

I ask the Minister to consider a number of issues in his response. First, will he evaluate current public sector accessible toilet provision across the nation, and how we can work with local authorities to prevent further toilet closures? Will he assess how many community toilet schemes are currently operating in the UK, and how we can ensure universal coverage of these, perhaps even through a national scheme? Will he lend his support to the Changing Places scheme, and ensure that greater numbers of larger, better-equipped toilets exist for those who need them? Lastly, will he today encourage as

[Jonathan Reynolds]

many businesses as possible to open their doors to those who need to use their facilities and show greater understanding of the needs of those with disabilities?

In conclusion, I would once again like to pay tribute to my constituents Brian and Joan Dean for the way in which they have turned their poor experience into a positive campaign to help others. Colleagues will recognise that not everyone can be a Brian or a Joan. There will be many people with disabilities, and many worn-out carers, who suffer or have suffered similar experiences and have simply decided that they can no longer face the hassle of going out, and who perhaps do not play a full part in their communities and, frankly, do not live their lives to the full. We must not allow that to happen. For Brian, for Joan and for everyone who has been deterred by the consequences of poor access, we simply must work harder to provide community toilet facilities for everyone with disabilities.

8.39 pm

The Minister for Housing and Planning (Gavin Barwell):

Let me begin by thanking the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) for raising this important issue, and for speaking so powerfully on behalf of his constituent Brian Dean. It was very decent of him to thank me for my attendance. I should put it on record that I had no choice but to be here, but on this occasion it is a real privilege, because I think the issue is very important. I should say at the outset that I have some personal experience of it, having cared for my late father, who suffered from Alzheimer's at the end of his life. For people who are struggling with a degenerative condition, the humiliation that can result from not being able to find a toilet when they need one is very difficult to understand if one has not witnessed it.

The hon. Gentleman deserves great credit for raising the issue in the House, and the fact that so many Members have stayed for the debate shows that a large number of our colleagues take an active interest in issues related to inclusion and accessibility. I know that the hon. Gentleman has a particular interest in such issues, given his role as vice-chair of the all-party parliamentary group on autism.

In some ways, the fact that we need to debate the issue of accessible toilets is an indictment of our society. Confidence that one's toilet needs can be met is something that most of us take for granted in life, and disabled people should be equally confident that that will be the case for them when they leave the house. I was therefore very sorry to hear about the events affecting the hon. Gentleman's constituent. It is sad that it is necessary to debate the issue this evening, but it is entirely right for us to discuss how provision of and access to toilet facilities might be improved to ensure that Mr Dean and many others like him are not subjected to similar experiences in the future.

A number of legislative measures have already been introduced to ensure adequate provision of accessible toilets, and the hon. Gentleman referred to one of them. Part M of the building regulations sets out minimum standards for accessible toilets in buildings when they are built or undergo major refurbishment. That includes

standards for unisex accessible toilets even in small buildings where toilets are open to the public, and additional toilet provision in larger buildings.

Those requirements have helped to ensure that a wide range of needs are properly met in many circumstances, but people's needs and expectations change over time, and the Government recognise that the approach to meeting those changing needs will have to change in response. That is why we have commissioned researchers to check that the current requirements in Part M remain fit for purpose, and, in particular, to look at the design and provision of accessible toilets. The researchers will report later in the year, and the report will help to inform decisions that my fellow Ministers and I make on whether the building regulations need to be changed. I should emphasise that the regulations help only with new buildings, or buildings in which a major refurbishment is taking place.

Once a building is in use, duties in the Equality Act 2010 apply to building owners and service providers, requiring them to take steps which include making what are known as reasonable adjustments. Reasonable adjustments are required wherever a disabled employee or disabled customer, or potential customer, would otherwise be at a substantial disadvantage compared with a non-disabled person. A substantial disadvantage is more than a minor or trivial disadvantage. The reasonable adjustment duty applying to service providers is an anticipatory duty, which means that employers and service providers are expected to foresee the requirements of disabled people and the reasonable adjustments that would have to be made for them, such as the provision of disabled toilets, wheelchair access and auxiliary aids or services for those who may require them. That includes, crucially, reviewing management provisions—for instance, how and when people can have access to toilet facilities, which was clearly an issue in relation to the businesses that Mr Dean approached—as well as making adjustments to the physical features of buildings.

The combination of the building regulations and the Equality Act have proved to be very important in improving provision. However, the hon. Gentleman issued a number of challenges in his closing remarks, asking—rightly—what more could be done to ensure that toilets were publicly accessible so that disabled people could be confident that their needs could be met wherever they went. I agree with him that that requires the public sector, businesses and communities to work together to find new ways to make it easier to find and use accessible toilets.

Rob Marris: I am grateful to the Minister for his support. Would he consider commissioning, through his Department, the development of a mobile phone app with access to a master list of all sorts of accessible toilets in the United Kingdom, whether they are Changing Places toilets or toilets that meet other requirements that people have, so that they can find them easily?

Gavin Barwell: The hon. Gentleman will find that if he is patient, his patience will be rewarded.

Local authorities have an important role to play in identifying how accessible toilet provision can be supported. They have powers to run and maintain public conveniences—although they are not duty bound to do so—meaning that, where appropriate, they can provide accessible toilets

directly. Section 20 of the Local Government (Miscellaneous Provisions) Act 1976 gives local authorities the power to require toilets to be provided and maintained for public use in any place providing entertainment, exhibitions or sporting events, and places serving food and drink for consumption on the premises.

Local authority environmental health officers have an important role to play in reviewing plans and premises licence applications, and advising on whether sufficient sanitary facilities are provided in terms of number, design and layout. Through the planning system, councils can also impose requirements, or negotiate with developers, to ensure that enhanced accessible toilets such as Changing Places are brought forward in new large-scale developments, or in buildings with strategic importance.

Dr Tania Mathias (Twickenham) (Con): I have a question about the design and layout of accessible toilets and the expertise that is available in my constituency. At Shooting Star Chase there are lots of children with terminal illnesses and complex wheelchairs, and I am horrified to know that when the children are taken to some entertainment areas and the staff find a disabled-accessible toilet, it might not have the correct dimensions for the children. Where is the information coming from for the Department?

Gavin Barwell: That is a good illustration of needs evolving over time and the fact that the building regulations must keep pace with them. It also shows that whatever we do with the building regulations only affects brand-new buildings and those that are refurbished where a retrofitting job needs to be done.

I am also pleased to say that we are introducing measures in the Local Government Finance Bill to give councils flexibility to use their existing discretionary relief powers to support publicly owned public toilets from 1 April 2018. They already have powers to provide such relief to privately run toilets. As we announced at the Budget, this measure is a means of levelling the playing field so that both private and public toilets can benefit from relief. Where authorities use their discretionary powers, central Government automatically meet half the costs.

Alongside councils, it is also important that businesses play their part. I was delighted to be joined at the start of this debate by my colleague the Minister for Disabled People, Health and Work, who is leading on a number of initiatives to improve accessibility. Just before Christmas, she called for business people to step forward to act as sector champions, to become a catalyst for change by championing the accessibility of products and services. These champions will help to unlock a virtuous circle of greater financial independence and choice for individuals, while helping to tap into the spending power of the "purple pound." Given that disabled people have a collective spending power of £249 billion, the economic opportunities for business are readily apparent.

Jim Shannon: I asked in an intervention on the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) whether the Minister would agree to meeting Muscular Dystrophy UK trailblazers to get their opinion, as it is a body with knowledge and experience of how to improve toilet accessibility. Will he agree to that? If so, I and others would be glad to avail him of that opportunity.

Gavin Barwell: I will be delighted to do that, and my suggestion to hon. Members who want to meet is that it is probably best to wait until we have the research, and to have a meeting when we are at the point of reviewing the regulations.

I was talking about the spending power of disabled people. The need to unlock this potential is clear. In March 2015 the Extra Costs Commission found that three quarters of disabled people and their families had felt so badly treated because of their disability that they had left the shop or business. That is shocking and this is simply not good enough.

To help to address this, the Minister for Disabled People, Health and Work is assembling some of the nation's best tech experts at the Google campus on 26 January to identify how technology platforms can help people share knowledge about where access is not good enough. She will be inviting Members of the House to attend a showcase on 6 February in the Attlee Room to share the ideas generated at that event, and I encourage Members of both Houses to attend and think about how we can all champion improved accessible provision in our own communities. That community leadership is important, and there is a clear precedent for community, business and public sector leadership delivering improvements in accessible toilet provision through the success of the Changing Places campaign.

I first became aware of Changing Places toilets in my role as the Minister with responsibility for building regulations. It is clear from the correspondence that I see that the number of people with multiple and profound disabilities, and others who need more specialised toilet provision, has increased significantly in recent years. This includes members of the armed forces who have been injured when serving their country; younger adults seeking to live a full, active life; and an increasing number of elderly people. For those people, and for their families and carers, the availability of adequate toilet facilities becomes central to planning any activity outside the home.

Changing Places toilets provide an adult changing bench, a hoist, washing facilities and the space for carers and users to use the facilities safely. It is heartening to see that local and national campaigners, backed by the Government and working in partnership with business and local councils, have increased the number of Changing Places toilets from 140 in 2007 to 914 today. That is a great success story, and it proves what can be achieved when there is strong leadership and collaboration across sectors, but improving the provision of accessible toilets is only part of what is needed. One of the key points, as the hon. Member for Wolverhampton South West (Rob Marris) pointed out, is that it is important to signpost where accessible toilet provision can be found, and Changing Places has provided a sign of how that might be achieved.

In 2015 my Department, along with the devolved Administrations, funded Mencap and the British Toilet Association to develop a website detailing the location, opening hours and facilities of every Changing Places toilet in the UK. This enables disabled people and their carers to locate the nearest toilet at the touch of a button. The website even includes a journey planner that shows every Changing Places toilet along a given route. This simple technology has had a positive impact, and I would encourage further exploration as to how

[Gavin Barwell]

this might also work for the wider network of standard accessible and public toilet provision, to ensure that people like Mr Dean are able to find a toilet facility when they need to do so.

In summary, we have already started the process of looking at accessible toilet provision as part of our programme of research on the building regulations. That will help to inform decisions on whether changes need to be made. We will continue to stress the importance of meeting duties under the Equality Act, including the duty to make reasonable adjustments to buildings and to management practice to help to meet the needs of disabled people. We will also continue to look at ways in which technology and leadership can make a difference.

It is important that local authorities, public bodies and business continue to consider how they might look beyond legislation to improve the provision of accessible toilets, including identifying opportunities to introduce enhanced provision such as Changing Places. I would like to end by thanking the hon. Member for Stalybridge and Hyde for raising these most important issues, and by thanking all the other Members who have been here for the debate. I would be happy to continue to discuss how we can work together to deliver further change in this important area.

Question put and agreed to.

8.52 pm

House adjourned.

Westminster Hall

Tuesday 17 January 2017

[MR GARY STREETER *in the Chair*]

Pennine Acute Hospitals NHS Trust

9.30 am

Graham Stringer (Blackley and Broughton) (Lab): I beg to move,

That this House has considered the future of the Pennine Acute Hospitals NHS Trust.

It is a pleasure to serve under your chairmanship, Mr Streeter. We have a delicate path to tread in this debate. Over the past 10 years, there has undoubtedly been a scandalous failure of care within this NHS trust. It has been well documented; I will come to that in the middle of my comments. There has been a failure in the structure of the trust, a failure of management and, in individual cases, failure by clinicians, and people have suffered and died because of those failures.

That discussion and debate needs to be aired, while ensuring—this is the delicate balance—a solid and credible future for the hospitals in the trust, and particularly North Manchester general hospital in my constituency. The vast majority of clinicians, staff and employees in the trust are committed to the good care of patients, want the best for those patients and devote their careers and time to giving it to them. There is a delicate balance to be struck: I do not want any criticism of the trust to undermine morale further, but we have a responsibility to debate the issues. This is not about the present general debate on NHS cuts or the impact of the Health and Social Care Act 2012; it is specifically about the structures of the Pennine trust and some of its failures, and what we should do to secure its future.

Almost exactly 10 years ago, on 24 January 2006, I sponsored another debate on the Pennine Acute Hospitals NHS Trust; it can be found in *Hansard* at column 372WH. Shockingly, when I read that debate, I found that it covered almost exactly the same points that I believe we will discuss in this one. On the day of that debate, the front page of *The Times* highlighted misdiagnoses, with serious consequences, by the radiology teams at North Manchester general hospital, as well as at Trafford general hospital, which is not part of the Pennine trust. At the time, Professor George Alberti and Dr Joan Durose had written a report on the Pennine trust, which had been going for only three years, having been set up on 1 April 2002. The report found low staff morale, poor communications and poor administration, which is almost exactly what the Care Quality Commission's current report found. The human resources director and medical director of the trust had already left, and after the 2006 debate, the chair and chief executive left.

We hoped for a better future and improvement through Professor Alberti's 25 recommendations, but today we find that the chief executive of the trust has gone elsewhere and the current director of operations is on gardening leave. We are almost back where we were 10 years ago. In the meantime, there have been numerous warning signs that things have been going terribly wrong.

One question on which I shall focus is why, even with all those red lights flashing all over the place for 10 years, with dire consequences for patients, the national organisation of the NHS and, more recently, the clinical commissioning groups did not notice them and sort out the situation.

The first strong warning sign that things were wrong came in a report from Channel 4's "Dispatches" on 11 April 2011. "Dispatches" sent secret cameras into North Manchester and Royal Oldham hospitals in the Pennine trust, and found very poor care, amounting almost to low-level torture of some patients, who were shown not getting what they asked for. It was a terrible situation. At the time, I took up the case, and I am told that staff were disciplined.

Liz McInnes (Heywood and Middleton) (Lab): Is my hon. Friend aware that the nurse who was dismissed as a result of "Dispatches" took her case to a tribunal, which instructed the trust to give her back her job?

Graham Stringer: I was not aware of that. There are obviously many technical details about the disciplinary situation of which I am not aware. However, I saw the programme, and the patients in that situation were undoubtedly treated appallingly. One cannot resile from what one sees directly.

Liz McInnes: I caution my hon. Friend against reading too much into the "Dispatches" programme. The tribunal overruled the trust. The reporters spent six months in the trust and managed to find two incidents, which they broadcast. When the case was heard by a tribunal, it ruled that the nurse in question should not have been dismissed.

Graham Stringer: As I just said to my hon. Friend, I will not go into the details, but I probably know more than she does about the situation from the patients' side, because a relative was affected. I have no doubt that those patients were treated appallingly. I cannot comment on the details of personnel issues, but I can comment on the fact that patients have been badly treated. Given the technicalities of the situation and having watched the programme, I find it worrying that although one or two cases were found after six months, the nurses were re-employed.

After "Dispatches", the CQC report found scandalous failings within the trust. It found that the safety and wellbeing of patients were inadequate, and that the trust's responsiveness and effectiveness needed improving, but that the care of patients was good. That report was very worrying; the trust would have been put in special measures, if a new team had not already been put in place to deal with the situation.

As I say, the CQC report found that the care of patients was good, but within a very short time—and after excellent investigative work by Jennifer Williams of the *Manchester Evening News* and other journalists—an internal report on maternity care was made public, showing that the care provided by some individuals was very poor indeed.

It is worth reading out for the record an extract from that internal report, because we have now had a 13-year period of failure. It is also worth remarking that both that internal report and the CQC report relied on

[*Graham Stringer*]

nothing but internal statements by the trust's staff. A paragraph from the internal report really contradicts the CQC report, as it states:

"Staff attitude has been a feature of a significant number of incidents, from the most basic reports of staff relationship breakdowns, resulting in women and their families exposed to unacceptable situations, to an embedded culture of not responding to the needs of vulnerable women".

The report went on to say of one woman that

"in one incident it is clear that the failure of the team to identify her increasing deterioration and hypoxia attributed her behaviour to mental health issues. Failure to respond to deterioration over a period of days resulted in her death from catastrophic haemorrhage."

That means that, according to internal sources, the situation was actually worse than had been thought.

The report continued:

"A further example of staff attitude and culture has been experienced recently when a woman gave birth to her baby just before the legal age of viability (22 weeks and 6 days)...whilst no resuscitation would be offered to an infant of this gestation, compassionate care is essential. However, when the baby was born alive and went on to live for almost two hours, the staff members involved in the care did not find a quiet place to sit with her to nurse her as she died but instead placed her in a Moses basket and left her in the sluice room to die alone."

That is inhuman treatment.

These failings are the failings of individuals, of management, who failed to sort things out, and of the structure of the Pennine trust itself. I could list a whole series of other cases. In fact, late last night I was contacted by constituents I know about another case. I do not know the details of that case, but my constituents wanted me to take it up, as they strongly believed that a misdiagnosis meant that proper therapeutic care had not been provided. So problems in the Pennine trust continue.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): My hon. Friend is making a very powerful speech and I share his absolute horror at some of the reports of the standard of care that some patients have received. Like me, he was at a meeting with staff last month, who also expressed their concerns about the quality of care being provided.

I am trying to understand something. Is my hon. Friend saying that this poor care, as set out in the CQC report and other reports, is endemic and is found right across the Pennine Acute Hospitals NHS Trust? Also, does he recognise that the new leadership is playing an important role and that the site leadership teams will have an important role in turning this situation around?

Graham Stringer: What I am saying is that there have been failures from the very beginning of this trust, in that it has four hospitals that were jealous of each other. That caused administrative problems, which means the trust has never worked well, and there is also a structural problem. Secondly, there have been failures of management to deal with those issues of individual failure to care.

I have enormous confidence in Sir David Dalton and the team who are taking over the Pennine trust. Sir David's record of developing Salford Royal hospital is exemplary, and I hope that he can do the same with North Manchester general hospital and the other hospitals within Pennine.

As my hon. Friend the Member for Oldham East and Saddleworth (*Debbie Abrahams*) said, along with my hon. Friend the Member for Heywood and Middleton (*Liz McInnes*) we met the trade unions in Pennine just before Christmas and, like the vast majority of the staff, they were committed to improving healthcare in the trust. Like my hon. Friend the Member for Oldham East and Saddleworth, I made the point that one has to acknowledge failures to ensure that there is improvement. One cannot just say that, just because so many staff are committed, that is good enough for the future. One also has to recognise the failure of the local clinical commissioning groups to deal with the problems, the fact that the board of the trust seems to have been paralysed and the fact that NHS Improvement has not dealt with the trust's problems.

I have listed some of the cases that have caused public concern. One cannot put a financial cost on those cases, but if one reads the internal report on maternity care, one sees that the amount of money spent on compensation in the year 2014-15 was £58 million. I repeat—£58 million. Nearly £20 million went on three cases, which means that just over £6 million was spent on each one. In those cases, the people involved took legal action and at the end of the process were awarded that sum to look after severely handicapped patients.

There is no question but that, as I just said to my hon. Friend the Member for Oldham East and Saddleworth, Sir David Dalton has put in place a team who are committed to taking North Manchester general hospital out of Pennine and putting right what was a structural mistake.

It is worth reflecting on another point that was made in the Westminster Hall debate about 10 years ago, which is about why the Pennine trust was created. It was not created for good medical reasons. There was a public reason, which was given at the time by *Billy Egerton*, the then chair of the North Manchester health trust—I think that was what it was called. He said that he thought that if North Manchester general hospital had remained separate from the trust, it would have been prey to the predatory instincts of Manchester Royal infirmary and the major central hospitals in Manchester. First, I do not think that was a good idea—there could have been co-operation—and secondly, there were a number of chief executives in the trust who were retiring, which meant that three chief executives could be paid off and one chief executive found. Those three chief executives who were paid off came back and did consultancy work for the NHS. Unfortunately, that is the way that the NHS has dealt with problems. It has spent money, and wasted money.

The proposals for devolution will help to deal with the problem. The national structures have not worked. Having the combined authority, encompassing the 10 local authorities, taking decisions and examining these issues, with North Manchester general hospital being within the Manchester hospital schemes, is not a guarantee of success, but I generally believe that when decisions are taken closer to what is happening on the ground, they are more likely to be correct decisions than if they are left to a national body, which has clearly failed in this situation.

Mr Ivan Lewis (Bury South) (Lab): I congratulate my hon. Friend on securing this incredibly important debate and on his years of attempting to highlight the dreadful

failure of leadership—not of frontline staff, who do a remarkable job—in the trust. We have to hope that the future is better, but being dependent on the leadership of one individual in the long term is not always the best way to turn around an organisation.

In the light of my hon. Friend's comments about local decision making, does he believe that at a time when accident and emergency at North Manchester general is under such tremendous pressure, it makes sense for Bury CCG to press ahead with its proposal to close the Prestwich walk-in centre? At a time when patients are being told not to go to accident and emergency services, it seems absolutely bonkers to close a walk-in centre that is so well used.

Mr Gary Streeter (in the Chair): Order. Interventions should be brief.

Graham Stringer: I agree with my hon. Friend about the closure of walk-in centres. There has always been a conflict of interest between GPs getting patients through their surgeries and walk-in centres. At a time when there is stress across the whole Greater Manchester NHS—indeed, across the NHS in the whole country—to increase that pressure by closing walk-in centres seems—my hon. Friend says “bonkers”, but I would use slightly tamer language—perverse.

I will finish with some questions for the Minister. Part of the plans that Sir David Dalton and his team have in place, which involve separate management teams for the three major hospitals—putting Rochdale in with Bury—will require investment in the short term in 24 new beds for intermediate care and hopefully, in the medium term, the demolition of more than half of North Manchester general, which is a 19th-century workhouse, to turn it into a completely modern hospital. What will help staff morale most is a commitment to the future of the hospital on that site, dealing with a community with some of the country's worst mortality and morbidity statistics. The Minister might not be briefed on this because it happened relatively recently, but the paediatric audiology unit has failed its accreditation assessment. If he does not know about that—I would not necessarily expect him to—will he write to tell me what the response will be and whether paediatric audiology will continue on the site?

On 13 December 2016, in a statement on the NHS deaths review, the Secretary of State, while recognising the difficulty in doing so, committed to trying to understand which of the highlighted cases were avoidable deaths and which were not. It is important for both the families and the public to know which of them could have been avoided and which were, unfortunately, the kind of unavoidable hospital death that takes place when someone is very sick. Was it a mistake to remove 31 medical beds from the hospital just over 12 months ago? As a result, the number of people being admitted into North Manchester general is lower, because there simply are not enough beds. What is happening to the people who otherwise would have been admitted?

Those are the detailed questions. The real question for the future is whether the Minister will give a long-term commitment to the hospital and to its moving into the Manchester hospital system. Given the statistics showing that men from north Manchester are likely to have lives that are six years shorter than those of men in the rest

of the country, and that women's lives are likely to be about 4.4 years shorter, is there a commitment to quality care and investment in the hospital for the future, to ensure that those rather damning statistics are changed?

Several hon. Members rose—

Mr Gary Streeter (in the Chair): Order. The winding-up speeches will begin no later than 10.40 am and four colleagues wish to catch my eye, so the maths does itself.

9.56 am

Mr David Nuttall (Bury North) (Con): It is a pleasure to have you take charge of our proceedings, Mr Streeter. It is also a pleasure to follow the hon. Member for Blackley and Broughton (Graham Stringer). He was right about our membership of the European Union and he has been proved right again about the Pennine Acute Hospitals NHS Trust. I particularly appreciate the very considered and proportionate way in which he has approached what is clearly a difficult subject.

Deciding on the best and most efficient way to organise our national health service is a problem that has long occupied the intellect of many able minds. I think it is fair to say that both the Conservative party and the Labour party have struggled over the years with how best to manage such an enormous organisation. That is not a political point; it is a matter of fact that there are different ways to organise huge bodies and everyone wants to do it in the best way possible to deliver the best possible service for all our constituents. I want the NHS to be organised in any way that delivers the best service for my constituents in Bury, Ramsbottom and Tottington. They rely on our NHS. They rely on Bury CCG and on the Pennine acute. Frankly, they are not too bothered about precisely where a management committee sits or meets, but they are bothered about whether they can get their appointments on time and, crucially, whether, when they have to use NHS services, they are safe.

Mr Ivan Lewis: Will the hon. Gentleman give way?

Mr Nuttall: I will give certainly way to my neighbour, the hon. Member for Bury South.

Mr Lewis: The hon. Gentleman and I have always sought to work together in the interests of Bury and to put party political differences to one side. Does he agree that the decision being pressed ahead with, to close the walk-in centres in Prestwich and Bury, is perverse—or bonkers, depending on how one wants to look at it? Will he join me in ensuring that, when the formal consultation begins, we fight that decision? Given the pressures on the existing accident and emergency departments at North Manchester and Fairfield general hospitals, that decision would make the situation far worse.

Mr Nuttall: I am grateful to the hon. Gentleman for raising walk-in centres. I was going to mention them later, but I will deal with the issue now. I met with representatives from the Bury CCG some months ago, before all this was announced, and they took me through what they were planning. They convinced me that it was in the best interests of my constituents. It would be easy for me to say the popular thing, which is, “I think we

[Mr Nuttall]

should oppose it.” I entirely appreciate why the good folk of Prestwich do not want their walk-in centre to be closed. I can see that there is a likelihood that it would increase pressure on the A&E. That highlights the point I was making, which is that there are good arguments to be made on both sides of the debate as to whether to have walk-in centres or a more community-based approach to delivering services. That is where Bury CCG was coming from.

Following the devolution of healthcare in Greater Manchester, since last April, we have been in an entirely new situation. We have an opportunity to make a reality of the joining up of health and social care, which has long been argued for.

I want to make three points this morning. First, I do not accept that the problems that have been identified at Pennine acute are all down to a lack of funding. To be fair, I think the hon. Member for Blackley and Broughton accepted that the questions went much wider than funding. It is an easy get-out to simply blame a lack of funding.

Debbie Abrahams: Does the hon. Gentleman accept that the NHS estimates a shortfall of £1 billion for the Greater Manchester health economy by 2020 under the devolution deal? Does he also accept the differences between the consolidation of different sites into specialist units and the huge shortfall that has meant that Pennine acute has not been able to recruit staff?

Mr Nuttall: There are two separate points there. On the first, I have been involved in politics for getting on for the best part of 40 years, and I have never come across a time when it has been claimed that the NHS is not short of money. I cannot remember a time when the parties have all agreed that the NHS was getting all the money it needed. In every general election that I have ever been involved in, there has always been this claim that the Conservative party is about to privatise the NHS and the NHS is short of money. We are not very good at it—if we had been, we would have privatised it years ago, were that the Conservative party’s intention. The fact of the matter is that Pennine acute alone is a huge organisation, with a budget of more than half a billion pounds. Even with our small part of the NHS, such sums of money are difficult to comprehend, never mind the totality of it.

We can all argue that our particular part of the NHS should be given more funding, but in reality the NHS will always be competing with all the other calls on the public purse. If we are to stick with the current funding model, we will only ever be able to increase spending on the NHS significantly if we have a strong and growing economy. I do not want to get bogged down in the broader questions about our NHS, however, because the specific issue this morning is the future of Pennine Acute Hospitals NHS Trust.

The CQC report identified major problems with the leadership of the organisation. Like the hon. Member for Blackley and Broughton, I have every confidence that Sir David Dalton and his new team will bring a fresh approach and outlook to the trust. The one worry I have is that we are perhaps expecting too much of that gentleman. He is clearly a very talented man, but we are

all limited by the fact, no matter what our particular talents may be, that there are only 24 hours in the day. I have heard anecdotal stories that he is pulled from pillar to post because he has so many demands on his time. That is understandable; it is not in any way a criticism. It is just a fact of life that he is being asked to do an awful lot. I wish him every success in the world. I hope he can deliver, and I am confident that he will but, if I have one concern, it is that he is perhaps being asked to do too much. I understand that he is focusing on trying to have a more decentralised approach to management to bring management closer to those the trust seeks to manage, and I hope that that will improve matters.

My second point is the issue of maternity services. The removal of children’s services and the closure of the maternity department and the special care baby unit at Fairfield occupied much of my time for years when I first moved to the Bury North constituency. Almost everyone thought that the services at Fairfield were excellent. At the time, my constituents and I were told that things would be even better—even safer—if services were closed at Fairfield and moved to North Manchester and Bolton hospitals. I made it clear that I had doubts about that, as did my constituents. I do not want to quote again from the CQC report, but I want to put on the record this particular quote from it:

“We found poor leadership and oversight in a number of services, notably maternity services, urgent care (particularly at North Manchester Hospital) the HDU at Royal Oldham hospital and in services for children and young people.

In all of these services leaders had not led and managed required service improvements robustly or effectively.”

My constituents could be forgiven for saying, “We told you so.” They can understandably feel vindicated on the stance they took. Incidentally, I understand from a councillor who serves on the Pennine acute scrutiny committee that it was told that the trust was liaising with Newcastle hospitals to learn best practice for maternity services. However, some little time later, when the scrutiny committee asked how that was going and followed up on that idea, it was told, “Sorry, it never went ahead. We are not proceeding with that now.” That little anecdote perhaps gives some idea as to why the CQC discovered problems.

In conclusion, I will make a quick third point. I believe that what Pennine acute would benefit from most in the months and years ahead is a period of stability. It seems to me that part of the problem at Pennine is the constant chopping and changing of leadership. No sooner does one team settle in than they move on and someone else takes over. The difficulty is the resultant lack of accountability. When things go wrong, it can always be blamed on someone else, whether that is to do with a lack of funding or decisions made by a previous management. My constituents and I need to see an end to the changes; we need to see some continuity. My constituents want Pennine acute to be a success. Other NHS trusts are successful, so there is no reason why, with the right leadership in place, Pennine acute cannot be as successful.

10.9 am

Liz McInnes (Heywood and Middleton) (Lab): It is a pleasure to serve under your chairmanship, Mr Streeter. I am an ex-employee of Pennine acute. I worked for Pennine acute and its predecessor trust from 1987 for

27 years before I was elected to this place. I come to this debate very much from the Pennine acute staff point of view and our experiences of working there.

We have always worked against a background of change. Ever since I started work in the NHS, I cannot remember a time when there was not a new scheme coming up. It was always couched in the same language and everything was going to be different under the latest proposals. That has been my experience of working for the NHS in a 33-year career. There was always a new scheme on the horizon that promised the earth. We would try to give it a go and work with the new system, but systems were never given time to bed in. Just as we were getting used to a different way of working, a new system would come along promising the earth and everything was going to be wonderful under the new system. We all wondered what was so wrong with the old system that we had been told would be so good and solve all our problems. That, in a nutshell, is my experience as a member of staff working in the NHS.

Listening to the views of my hon. Friend the Member for Blackley and Broughton (Graham Stringer) and the hon. Member for Bury North (Mr Nuttall) was very interesting. They have been MPs in the area for a long time. My hon. Friend the Member for Blackley and Broughton said that Pennine acute was formed from four trusts that were jealous of each other, but I feel that is a misinterpretation. He was partially right in quoting Bill Egerton: the trust was formed because North Manchester general was worried about being swallowed up by Central Manchester. That was a fear shared by the staff as well, because none of the four hospitals that form the Pennine Acute Hospitals NHS Trust are teaching hospitals. There was a real concern among the staff that North Manchester general, a local hospital, might be swallowed up by teaching hospitals in central Manchester and disappear. Patients were also concerned that their local hospital would disappear. The trust treats a disadvantaged area, as has already been highlighted. The fact that life expectancy is low in that region is more to do with the quality of life rather than the standard of hospital care there.

Pennine acute was formed in 2002 from a merger of four existing trusts that I think merged to support each other. It was very much a banding together of four non-teaching hospitals that wanted to work together and make a success of Pennine acute. Obviously, any change is difficult, and the merger was a major change, but when Pennine was formed there was a real spirit to make it work. It was one of the biggest trusts in the country with 10,000 staff.

Graham Stringer: I am glad my hon. Friend agrees with me about the reason for the formation. Does she recall that within three years of the formation of the trust the consultants and the unions had an unprecedented vote of no confidence in the management? All the different hospital sites believed they were going to be closed at the expense of another site. Within three years the formation was not working.

Liz McInnes: I was coming to that point because my hon. Friend referred to the chief executive leaving. I inferred from his speech that that was as a result of a debate my hon. Friend had held in Parliament, but the chief executive left because the doctors had a vote of no

confidence. The trade unions similarly expressed concern about the way in which the trust was being managed, but, as I recall, the trade unions did not have a vote of no confidence. Unless my memory is not serving me well, I do not recall the trade unions voting on that. I was heavily involved in the trade unions and I have no recollection of our having a vote of no confidence. That came purely from the doctors, who were concerned about the direction the trust was going in. It was as a result of that vote that Chris Appleby resigned from the trust. I was heavily involved in trade union activities as I was a workplace rep for Unite the union while I worked at the trust.

I want to highlight the issues involved in constant reorganisation and relocation. With the single hospital service proposal and with Healthier Together, we have two proposals running concurrently now, both of which seem to have different aims with different groups of hospitals working together. Healthier Together relies on the four Pennine acute hospitals working together and the single hospital service review, commissioned last year, proposes that North Manchester general should now work with Central Manchester and South Manchester. To add to the background of the constant confusion of reorganisations, we now have two different schemes that do not seek the same outcomes. I am sure everybody can understand how confusing and worrying such uncertainty is for the staff.

During the formation of Pennine acute, as a union rep I dealt with many staff who struggled with suddenly being told that their job was moving to another site and that they would be expected to relocate. Very little attention seemed to be paid to staff's caring responsibilities. I dealt with several staff with disabilities, who had real issues about suddenly being told their job at North Manchester general no longer existed and that they were now expected to get themselves to Oldham at the same time in the morning, even though they had an extra six or seven miles to travel. There were real issues in dealing with staff and relocation in a sensitive manner. Such issues lead to uncertainty for staff and also make Pennine acute look an unattractive place to work.

In the meeting that we had with staff, they were very concerned about the maternity report that had been reported in the *Manchester Evening News* and the detrimental effect that it would have on staff who wanted to work there. At the meeting we heard from a representative from the Royal College of Midwives that a scheme had been put in place for improvements. The scheme is ongoing and midwives are now being recruited. There was an anomaly with the grade on which midwives were employed. They were being employed one band lower than they should have been, but that has been remedied. So there is an improvement plan in place and we need to be careful about extrapolating from dreadful incidents and saying that the whole of the trust is failing. I caution against that.

I have spoken about Healthier Together and the single hospital service running simultaneously, but seemingly both requiring different outcomes. The staff at Pennine are concerned about the single hospital service and the proposal that Central Manchester, South Manchester and Pennine acute should begin working together. Unfortunately, a lot of staff have been through it all before. They have been through the assurances that their jobs will be safe and that they will not have to

[Liz McInnes]

move, but they have seen those promises eroded over time. Many are concerned about the prospect of having to journey right across central Manchester to go to work at Wythenshawe. That will be a lot of commuting for staff and they are very concerned about the proposal. The single hospital service review makes a virtue of staff being transferable—that is quoted in the document—and yet, at the moment, staff are being assured that they will not have to move.

On maternity care, the hon. Member for Bury North said that it is not a funding issue, but the appalling report on maternity services highlighted the lack of funding. In the past, there was a proposal to improve maternity services, called “Making It Better.” That was based on an annual birth rate of 3,500. The trust is now dealing with 10,000 births per year on the amount of funding that was settled on 3,500 births, so the funding issue obviously needs to be addressed.

The building stock at North Manchester is a real issue, as my hon. Friend the Member for Blackley and Broughton already mentioned. In my understanding, it was never a workhouse and has always been a hospital, but it was built to serve the workhouse that was built next door. The state of the building stock was always the reason that Pennine acute could not get foundation trust status.

10.21 am

Jim McMahon (Oldham West and Royton) (Lab): It is a pleasure to serve under your chairmanship, Mr Streeter, and I congratulate my hon. Friend the Member for Blackley and Broughton (Graham Stringer) on securing this important debate. This subject has been the source of much stress for members of the community and staff who live in the area.

My approach is usually to be supportive of local institutions, particularly because my first proper job was as an apprentice at North Manchester general hospital, or Crumpsall as we call it locally. It is where I was born. The Royal Oldham hospital is where my eldest son and my partner were born; Fairfield is where my youngest son was born. We are very much part of the community infrastructure, so naturally I feel protective of it—it is like a family—and that is right and proper, but it does not mean that we defend the indefensible. Things have taken place that have affected people’s lives. Deaths that could have been avoided have occurred. Family members who have tried to get answers have been frustrated and have been met with a culture of closing down and restricting information. Usually, people just want to get answers to help the grieving process and to find out what has taken place.

I very much share the view of my hon. Friend the Member for Heywood and Middleton (Liz McInnes) on the Healthier Together programme, which runs on one stream, and a separate desire, with different drivers, to take the North Manchester hospital away from the Pennine trust. There are different forces at play in the background. The clinician approach, Healthier Together, is about making sure the infrastructure in place meets the demands of the community. Then there is a power game at play, which is about taking North Manchester hospital out and making an enlarged Manchester trust

that covers the city boundaries. I am yet to be convinced that that is being done with patients in mind, rather than other things—although, of course, I want to be convinced, because those patients are my constituents, my family members and my friends too, so it is important.

When I speak to staff, I see an organisation where people are working hard, trying to make a difference—people who came into public service because they wanted to be good public servants—but who feel that they are waiting for the next criticism. They are waiting to be named and shamed in the local paper; they are waiting for the next inspection to take place that says they are not doing what they need to do. The vast majority of the 9,000 staff are doing a good job. They came into public service in the NHS because they wanted to be good public servants and we need to bear that in mind—we owe most of those people a debt of gratitude. People have been let down, but lives have also been saved—there are people who would not be here today if not for the work that the hospitals have done and babies who have been born into the world who perhaps would not be here if not for the people who work in that place—but there is no doubt that there are issues of culture, leadership and resources.

The culture needs to be more open and transparent. It needs to be more of a learning trust that is open about when mistakes are made and learns from them, rather than being defensive and withholding information, which is my experience from supporting constituents.

Leadership needs to be visible and proactive. It needs to give people a sense that the future is better than the past. If all people see is a constant cycle of criticism, downgrading and talking down, that will not create the conditions to improve the hospital, which is not good for anybody. I welcome the appointment of Sir David Dalton, who has a good track record, but building the capacity and support in the organisation to make sure that it can improve in the way that it needs to goes beyond him. There is a body of staff—our constituents, our family members and our friends—who really want to see that place turned round, but capacity and resources are really important.

I am not saying that all of the issues in the trust are about money, because they run far deeper than that, but resources are important. There is a reason why the trust has an over-reliance on agency staff, why it struggles to recruit and retain high-quality clinicians and staff and why it is not able to get the surety that it needs in the longer term—it is resourcing, and it is also the estate.

A transformation plan has been submitted to Government—we know that there will be a plan in place to improve leadership and culture, but in places, the estate, particularly at the Royal Oldham hospital, is not fit for purpose. Some of it dates back to its opening in 1870 as a workhouse hospital. There have been improvements since then, but in some places the estate, as a place to manage and organise, is just not fit for purpose. It requires cash investment and I plead with the Minister to make sure that money is made available to ensure that the hospital can be all it can be.

My final plea, which chimes with the points made by my hon. Friend the Member for Heywood and Middleton, is that we all have a duty to be part of the solution to turn the trust round and to make sure that each of the hospitals performs to the best of its ability. We will not do that if all we do is focus on the past. The past is

important for context, and in order to get answers for people who have had bad treatment and need those answers, but it is not a foundation for positive progress, which is what the hospitals need. We need to work across parties on this issue—it is beyond party politics—to make sure that resourcing is right and the proper challenge and leadership is in place. That is an open offer, from my point of view, and from that of other Members here today, and I hope it is taken up.

10.27 am

Simon Danczuk (Rochdale) (Ind): It is a pleasure to serve under your chairmanship, Mr Streeter. I thank my hon. Friend the Member for Blackley and Broughton (Graham Stringer) for securing this very important debate. In many respects it is overdue, but it is also timely, not least because of the recent *Manchester Evening News* exposé of the trust, and particularly of the maternity units. I put on record the excellent journalism that Jennifer Williams carried out at the *Manchester Evening News*, which shone a light on the issue and held power to account. That is what journalism should be about.

We have all seen the crisis in the national health service and the suffering that has been caused, the lack of funding and the cuts to social care, but as colleagues have pointed out, this debate is not about funding. It is about leadership, or a lack of leadership, within the trust, which has gone on for quite some time. As others have said, it is about not the leadership of Sir David Dalton, who has just taken up some responsibilities for the trust, but the poor leadership of people such as Gillian Fairfield and indeed John Saxby, her predecessor. They failed to lead the organisation effectively and properly.

We have all read the reports of diverted ambulance services, chronic understaffing and serious incidents going unreported, but as colleagues have pointed out, as MPs, we have also seen behind the headlines. With people coming into our surgeries, we see on a regular basis the real upset and worry that is caused by the failure within the trust.

Last year, I was contacted by Mr Hall, the brother of my constituent Mrs Doreen Malone, who passed away on 22 July. Doreen had diabetes and suffered from kidney disease, and as a result was completely dependent on the local health service. When she fell ill on 20 July, the care she received from Royal Oldham hospital A&E and the North West Ambulance Service was quite simply appalling. I was told by Doreen's brother that her ambulance was diverted and collected her only after a two or three-hour delay. I was also told that she waited for four hours in A&E, and that she returned home just before midnight without having been seen. Pennine acute's own assessment acknowledges that

"it was approximately three hours between her arrival and a doctor being available."

That is

"a longer time than expected for a patient with a priority 3 triage."

Normally, such cases should be seen within one hour.

Doreen was frustrated with waiting, and had eaten only a sandwich in the space of 12 hours, which is obviously highly problematic for a diabetic. She called her brother to let him know that she was going to visit the infirmary in the morning, and she went home

without having been seen. The following day, three police cars, a fire engine and a passenger ambulance turned up at Doreen's house, because she had been found to be in a critical condition. An ambulance was called at 11 o'clock. Once again, Doreen was left waiting. At 12.15 pm, the ambulance eventually arrived, and she was taken to Fairfield hospital, where she sadly died the following day. Pennine acute attributed the delays to the high number of patients arriving at accident and emergency. This was not during the winter crisis; it was the middle of July. It is no surprise that none of what Pennine acute had to say was of any comfort to Doreen's family. That tragedy could have been avoided, not least because lessons should have been learned much earlier.

I would appreciate it if the Minister could outline what steps are being taken to hold failing senior managers at Pennine acute to account. What assurances can he give that such people are not able to get jobs elsewhere in the national health service?

10.31 am

Justin Madders (Ellesmere Port and Neston) (Lab): It is a pleasure to serve under your chairmanship, Mr Streeter. I congratulate my hon. Friend the Member for Blackley and Broughton (Graham Stringer) on securing this extremely important debate and on the knowledgeable way in which he introduced the subject. He set out the history of the concerns, which stretch back as far as the establishment of the trust. He made a powerful case about the need to give the people we represent in north Manchester the excellent health service they deserve.

My hon. Friend made the key point, which we should all reflect on, that life expectancy in that part of the world is much lower than in other parts of the country. We all want to see that improve. He said, and I agree, that there is a delicate balance between getting to the bottom of what has gone wrong and creating a credible plan for the trust's future. I agree that the vast majority of clinicians at Pennine acute are highly committed and professional. He told us that he led a debate on the subject a decade ago. I have read extracts of the *Hansard* report of that debate, and many of the points that he raised then have been raised again today. We should all reflect on that. It is a completely unacceptable situation.

The hon. Member for Bury North (Mr Nuttall) said that the problems at Pennine acute are not all down to money, and that some of them date back to a time when the NHS was receiving record levels of investment, but I think that some of the staffing shortfalls are finance-driven—the Care Quality Commission report refers to the financial pressures. I agree that leadership is very much an issue, and that a period of stability is required.

My hon. Friend the Member for Heywood and Middleton (Liz McInnes) also spoke about having a period of stability, with great knowledge and experience from her long history of working in the NHS. She said with great eloquence that there seems to be a constant rollercoaster of change. She also pointed out that the trust is undergoing two initiatives, which seem to be pulling it and the staff in slightly different directions. She highlighted very well the anxiety that the staff feel about their future, and said that we need a period of stability. She also highlighted the maternity services' funding issues, and said that they are dealing with about three times as many births as they receive funding for. If correct, that is an unsustainable situation.

[Justin Madders]

My hon. Friend the Member for Oldham West and Royton (Jim McMahon) also has significant connections with the trust. He described it as a family, but he was right to say that that should not mean that we cannot ask difficult questions about what has gone on. He conveyed how demoralising it is for the staff who work there. He said that leadership is a key issue, as did the hon. Member for Rochdale (Simon Danczuk), who also said it is about capacity and resources. I think we all agree that leadership was lacking in the past, but most Members who spoke were positive about the new leadership.

I, too, pay tribute to everyone working at Pennine Acute Hospitals NHS Trust. As Members said, it is not an easy time for them. It is not an easy time for anyone working in the NHS, let alone for those who work in a trust that has been the subject of such negative coverage. We should be mindful of the fact that the crisis currently engulfing the whole of the NHS would be so much worse if it were not for the good will of the staff who go above and beyond the call of duty every day. As my hon. Friend the Member for Oldham West and Royton said, we should be extremely grateful for the contribution they make. I recognise how difficult it must be to work in a trust such as Pennine acute. As he said, it has sadly been in the headlines all too often for the wrong reasons. It is worth pointing out that the most recent CQC report into the trust rated the leadership inadequate, but rated the care good. Although we are deeply concerned about the reports about the trust, we recognise that the vast majority of staff are extremely dedicated and caring.

No one can read the CQC report or the other reviews that have been published without feeling deeply uncomfortable about what has gone on at Pennine acute. The report should be a wake-up call for the wider health service. It talks about low morale, severe staff shortages and, worryingly, a feeling among staff that until recently the culture focused on financial matters and operational delivery, rather than quality. We hear such concerns across the whole of the health service. I am not for a minute suggesting that the most concerning incidents at Pennine acute will be repeated, but we should recognise that the pressures that we hear about in Pennine acute can be found in many other trusts up and down the country. The history of this matter should act as a warning to us that such problems cannot be ignored and will not be resolved without effective interventions and leadership.

The CQC report made it clear that the issues it outlined are not new. To paraphrase it, they appear to be part of the culture at Pennine acute. As my hon. Friend the Member for Blackley and Broughton said, there is a strong resemblance between the CQC report and a 2005 report by Sir George Alberti, which was very critical of the trust. The only real difference between those reports is that the severity of the criticism has grown. During that decade, there was inaction, patients and staff were let down, and there was a lack of leadership. Although there are concerns about a number of services, the most serious issues appear to be with maternity services, where the CQC said it found

“a poor culture with deeply entrenched attitudes where some staff accepted sub optimal care as the norm...and specific needs were not appropriately considered or met.”

As we have said several times already, this is about leadership. Although it is not right to point a finger at individuals on this occasion, it seems that there have been repeated failures over many years and at many levels, and a failure to drive the changes needed to improve outcomes for patients. I was particularly concerned by the statement that not all reportable incidents were reported on the system because

“there was often no managerial response or feedback.”

The CQC report also says:

“Incidents and risks were not escalated in a timely way or at times not escalated at all; consequently they did not gain robust executive scrutiny or the required response from managers and the senior team.”

Although the report says that only some departments failed to respond correctly, it is deeply troubling that it happened at all. We can see why some of those incidents happened: there was a culture in which reports were not acted upon.

There were other warnings. Between 2010 and 2015, the trust paid the highest number of compensation claims of any trust within the NHS Litigation Authority. As my hon. Friend the Member for Blackley and Broughton said, in one year the compensation totalled £58 million. Compensation levels in maternity claims obviously tend to be extremely high, but no one could claim that those figures did not require further investigation and more action. However, only after the CQC inspection of February 2016 was decisive action taken.

In July last year the *Manchester Evening News* learned from a whistleblower that an internal review had been carried out into maternity services at North Manchester general and Royal Oldham hospitals. Unfortunately, the newspaper's requests for a copy of the review were repeatedly sidestepped, until eventually, in August, the trust stated that the review did not exist. It was handed over only after further requests to the trust and the intervention of the Information Commissioner. What does denial of the report's existence say about the trust's defensiveness, secrecy and unwillingness to learn from mistakes?

As we have heard from Members today, the report painted a deeply concerning picture of a chronically understaffed service unable to provide patients with the level of care that they deserve. We have heard of incidents such as a mother dying of a catastrophic haemorrhage after her symptoms were attributed to mental illness; a baby who died because staff failed to identify the mother's rare blood type; and a patient who was left with a colostomy because her condition was missed three times.

My hon. Friend the Member for Blackley and Broughton read out the most distressing of those reports, which was the case of a premature baby. It is incredibly difficult for us to comprehend just how distressing that must have been. I agree with him that that incident was inhuman. We cannot undo that terrible event, but we can do our best to prevent it from being repeated and to ask the pertinent question of why the warning signs, which occurred over a number of years, did not bring about more effective change. Only after the CQC got involved did change begin.

It is also deeply concerning that only the diligence of a single journalist at the *Manchester Evening News* pushed the issue of the internal review into maternity services. When the Minister responds, will he agree that

steps should be taken to unearth the full extent of what happened at the trust, so that we may learn the right lessons for the future?

Members who have spoken in the debate have recognised that the leadership of Sir David Dalton since April has been received positively. The CQC has recognised the improvements made since his appointment. As the hon. Member for Bury North said, even an individual of Sir David's ability, however, cannot be expected to lead two trusts, as large as they are, as well as carrying out his other responsibilities. I will welcome any comments the Minister might have about the long-term leadership at the trust.

The CCG has, I understand, been able to invest an extra £9 million, but the Government have not allocated any additional funds to the trust, as would usually be the case with a turnaround effort of that nature. The Secretary of State acknowledged that improving Pennine acute would be "incredibly difficult", but suggested that it was possible after citing the example of the Frimley Health Foundation Trust. According to the *Health Service Journal*, however, Frimley Health will receive £90 million in revenue support, as well as £130 million of capital funding. Is the Minister therefore satisfied that the trust has the resources not only to maintain services in an incredibly challenging climate, but to drive through the improvements that are clearly needed?

Over the years, many opportunities to turn the trust around have been missed. I hope that the Minister will be able to satisfy us that this is a turning point and that we will not be back here in 10 years' time with another set of patients and staff who have been let down badly.

10.43 am

The Minister of State, Department of Health (Mr Philip Dunne): It is a pleasure, Mr Streeter, to serve under your chairmanship in such a well-attended debate. I congratulate the hon. Member for Blackley and Broughton (Graham Stringer) on securing the debate and on encouraging so many of his neighbours, who clearly have an interest in healthcare in the area served by the Pennine trust, to attend and to make such powerful contributions. Everyone has spoken from the heart and with true sensitivity.

As the hon. Gentleman said at the start of the debate, it is difficult to strike the right balance between drawing attention to trusts' obvious failings, which need to be brought into the public domain and dealt with, and not seeking to lay blame on individuals. We all recognise that the individuals who work in the trust, as we heard so powerfully from the hon. Member for Heywood and Middleton (Liz McInnes), who worked at the trust for many years, give of their best and wish to provide the best possible care for their patients. Often the systems and structures around the individuals can inhibit that good intent.

I applaud the hon. Member for Blackley and Broughton for highlighting some dreadful examples of very poor care in the trust over many years, but especially those that came to light last year. As he well knows, the problems at Pennine go back many years. The trust is 16 years old, as other Members have said. Within three years of its creation, consultants at the trust had passed a vote of no confidence in its then management, as the hon. Member for Heywood and Middleton reminded us.

The hon. Member for Ellesmere Port and Neston (Justin Madders) pointed out that, in the days before the CQC, Sir George Alberti was asked to report on what was happening. Much of last year's CQC report, however, echoes the findings of the 2005 Alberti report, as the hon. Gentleman said in his constructive contribution. We must try therefore not only to learn the lessons, but to implement them; they clearly have not been in the past few years. I will touch on some key findings of the CQC report before I develop my remarks on what we are doing to respond to the findings and shortcomings.

The CQC report was based on an inspection in February and March last year, which rated the Pennine Acute Hospitals NHS Trust overall as inadequate. In particular, the trust was rated inadequate for safety and leadership. As the hon. Gentleman pointed out, however, it was rated good for care, which is a visible tribute to the quality of care provided by the dedicated staff in the main.

The report found other problems: shortages in nursing, midwifery and medical staff, which have been touched on by other hon. Members; a lack of understanding of key risks at departmental, divisional or board level; problems in services, including in A&E, maternity, and children's and critical care; key risks were not recognised, escalated or mitigated effectively; and there was inconsistent performance reporting and concern about the quality of data to support performance reporting.

In addition, the CQC identified low morale in a number of services, in particular maternity, and described a poor culture with deeply entrenched attitudes. Regrettably, some staff accepted suboptimal care as the norm, and patients' individual and specific needs were neither appropriately considered nor met.

Those were the CQC findings. In contrast to what has happened following previous problems and subsequent actions, the new CQC regime is introducing beneficial change—which I hope is recognised by the hon. Member for Heywood and Middleton—and improvement. An inadequate rating by the CQC would normally result in the trust being put into special measures, but in this case a different remedy is being used to turn the trust around and, in particular, to address the obvious challenge of leadership, which almost every contributor to the debate has identified as an historical failing at the trust.

In April last year, the management team of the neighbouring Salford Royal, led by Sir David Dalton and Jim Potter, took over the chief executive and chair roles at Pennine acute on an interim basis. That team is in the process of guiding a management contract for the long term to continue providing the strong leadership needed to drive the improvements that we all recognise. The new management team at the Pennine trust got to work immediately. In July last year, the Salford team completed a diagnostic assessment of the issues facing Pennine and developed a short and long-term improvement programme based on patient safety, governance, workforce, leadership and operational performance.

Debbie Abrahams: Given the Pennine trust's current position and the staff shortfalls that the Minister has also mentioned, what additional funding support can he offer Pennine acute?

Mr Dunne: I will not be drawn too far down that route at this point, because I would like to develop my overall response. This is not all about funding, as many

[*Mr Dunne*]

hon. Members have said. Staff shortages are not necessarily driven by funding either; they are often driven by a trust's difficulties making it an unattractive place to work. I do not have in my head the number of applicants for vacancies, or the number of vacancies, but I will tell the hon. Lady in a moment how many staff have joined the trust—what increase there has been—under its new leadership.

Debbie Abrahams *rose*—

Mr Dunne: I am afraid, unless the hon. Lady can give me some figures on vacancies that will help my understanding—

Debbie Abrahams: Maintained vacancies have caused significant pressure on, for example, middle-grade clinicians in the A&E department. Vacancies have been maintained to try to save money, and that has been a real issue.

Mr Dunne: I am grateful to the hon. Lady for her intervention. I will come on to staff issues in a few moments.

As several hon. Members have said, local political leaders have broadly welcomed Sir David Dalton's appointment as the chief executive of the Salford Royal trust, which is one of the finest trusts in the country and was one of the first to be rated outstanding by the CQC. He is listening to staff and, where appropriate, deploying Salford's systems and experience to help to support staff in Bury, Rochdale, Oldham and North Manchester to deliver the high standards of service that we all want. I welcome the support that has been expressed for Sir David's efforts by everyone who has spoken in this debate, in particular the hon. Member for Blackley and Broughton.

Sir David believes that all the evidence shows that staff are best placed to know what needs to be improved in their ward or department. He has introduced a system—tried and tested in Salford—that involves staff and supports them to test their ideas for improvement. Ideas that are shown to work will be replicated across the whole hospital. That approach turns on its head the idea that people in senior management positions always know what is best for patients on a ward, and instead recognises that frontline staff have expertise in spades and supports them. It will help to develop the culture change that was called for in particular by the hon. Member for Oldham West and Royton (Jim McMahon), who rightly identified that as a fundamental problem in the Pennine acute trust.

As my hon. Friend the Member for Bury North (Mr Nuttall) called for, Sir David Dalton at the beginning of this month introduced new site-based leadership teams in each of the four hospitals. For the first time since the creation of the trust 15 years ago, each hospital site and place-based team will consist of a medical director, a nursing director and a managing director, each dedicated to the daily oversight of that hospital. Together, they will manage the services of a care organisation. That site-based arrangement will give leadership teams a clearer focus and enable them to offer staff better support and engagement and take operational decisions for each site. Those leaders will

also have the benefit of being in post on site to strengthen local relationships and promote joint working with other partners in the health economy, including local authorities and commissioners.

The hon. Member for Blackley and Broughton and my hon. Friend the Member for Bury North highlighted poor maternity care. The newly appointed director for women's and children's services led an internal review of maternity services under the new management arrangements. That review dug deeper and revealed even more than the CQC was able to. Some of the instances of poor care that were revealed are truly shocking, and I express my sincere regret to everyone affected by those tragic incidents, some of which the hon. Member for Blackley and Broughton highlighted. As an immediate result of those reviews, an improvement plan and a new management team for maternity services have been put in place at North Manchester general hospital. Central Manchester University Hospitals NHS Foundation Trust maternity staff are working alongside Pennine staff to develop a clinical leadership and staffing support programme.

The hon. Member for Oldham East and Saddleworth (Debbie Abrahams) asked about staffing. I am advised that between March 2016, when the new management team came into place, and December 2016, the number of people employed on a full-time or part-time basis by the trust increased by more than 300. I think that is 300 more full-time equivalents. That includes seven doctors, 133 registered nurses and 58 midwives and is a net addition to the trust.

The A&E departments remain under pressure, not least given the winter pressures that have been common across the NHS in the past couple of weeks. That is particularly true at North Manchester, but that department has been stabilised and measures have been put in place to support staff, including direct GP and primary care input into the A&E department from Manchester GPs. Those GPs are supporting the department seven days a week and seeing around 30 patients a day, taking pressure off the service and ensuring that patients see the right professionals and receive the right care. Similarly, the local NHS in Oldham is piloting embedding enhanced primary care support in the A&E and urgent care system. Two GPs a day work between 11 am and 11 pm to support that system.

Measures have also been taken to stabilise children's services; there has been a temporary reduction in beds at the Royal Oldham and North Manchester hospitals to reflect the workload that staff, given their current numbers, can deal with safely. Those measures are having an impact on turning around the performance of the hospitals in the trust. Additionally—the hon. Member for Ellesmere Port and Neston asked about funding—extra financial support of £9.2 million was secured in year to enable the trust to put in place immediate and short-term measures to stabilise services.

The hon. Members for Blackley and Broughton and for Oldham West and Royton asked about avoidable deaths and the culture of silence when problems arose. The new management have been determined to change that culture. Since April 2016, the trust has investigated and closed down 489 serious incident cases, and the average investigation time has been reduced from 156 days

to 90 days. Considerable progress has been made on changing the culture of how problems and complaints are dealt with.

Hon. Members talked about the future and expressed concern, particularly from a staff perspective, about yet another change happening. As all Members are aware, NHS England is in the midst of implementing sustainability and transformation proposals and turning those into plans for 44 areas across the country. Greater Manchester's five-year plan, "Taking charge of our Health and Social Care", predates the request for STPs, but NHS England has agreed that that plan meets the STP requirements and they are now effectively one and the same thing. There is, therefore, a real opportunity for healthcare in Manchester, with devolution of control to the council and opportunities for the local authority to work with the NHS to improve services for all the people of Manchester, to become a model for the rest of the country.

The NHS in Manchester has been looking at how acute services can best be organised to deliver benefits, including operational financial efficiency, for quality of care, patient experience and the workforce. As has been said, the proposal is to create a single acute provider for Manchester, with the Wythenshawe hospital and the North Manchester general hospital joining the Central Manchester foundation trust. That is an ambitious proposal, and the organisational change it requires is complex, but we believe that the potential benefits are considerable and offer a real chance for care to be standardised across the city. I know that hon. Members will be concerned about what that means for the Pennine trust. If that proposal proceeds, services at North Manchester general hospital will be combined with those at the other hospitals in Manchester, but the intention is for the remaining hospitals in the Pennine acute trust to continue to work with Salford Royal in a new relationship, which is under active consideration.

Hon. Members mentioned resources for estates. Like any trust, the Pennine acute trust needs better-quality, flexible and fit-for-purpose buildings. I have little time in which to outline what is happening but, as some hon. Members will be aware, construction has begun of a brand new, purpose-built 24-bed community intermediate care unit on the grounds of North Manchester hospital. That unit will cost £5 billion and will take 12 months to build. The Royal Oldham hospital, which includes the old workhouse, is being developed into a high acuity centre to serve the population of north-east Manchester.

Motion lapsed (Standing Order No. 10(6)).

School Funding Formula and Northern Schools

11 am

Mr Gary Streeter (in the Chair): Colleagues, we move on to our next debate, which is also about an important matter: the school funding formula, which the Government have introduced and we are all very excited about.

John Pugh (Southport) (LD): I beg to move,

That this House has considered the school funding formula and Northern schools.

It is a pleasure to serve under your chairmanship, Mr Streeter—it is a first for me. The circumstances of the debate are strange in so far as I originally put in for a one-hour or 90-minute debate, knowing that many parliamentary colleagues were exercised about this topic. I did not win the lottery for an Adjournment debate, but a half-hour slot became available and Mr Speaker offered it to me, so I thought I would go ahead and try to condense this important subject into half an hour. However, I do apologise, Mr Streeter, because you could have had a range of eloquent speakers addressing the subject but unfortunately you will have to listen simply to me droning on. I am sure this will be the first of many such debates for the Minister, because the national funding formula will be contentious in many places, not only in the north, and I dare say he will have an opportunity to rehearse some well-tryed Department for Education lines in defence of it.

The Government set themselves a laudable task: to close the north-south gap in educational attainment. I am a little sceptical about the gap because "the north" is often seen from London as an undifferentiated mass. I was brought up on BBC weather forecasts in which the presenters went into great detail about the weather on the south coast and in London, and then they would glibly say, "but in the north it will be" and use that blanket label for the entire area anywhere north of Watford. The tendency is to see the north as a homogenous culture, possibly peopled by men in flat caps with whippets and living with constant drizzle. However, I looked further into what the Government meant by the educational gap—I had to address what the evidence showed—and, if we control for factors such as income and deprivation and exclude pockets of genuine excellence, we see that outcomes for northern secondary schools are inferior to those found in London and the south-east. Primary schools show less evidence of a northern problem.

I am not sure whether the difference we see would be so stark if we excluded those areas that have benefited from schemes such as the London challenge, which has been a successful concentration of money and resources. I met recently with Anne Longfield, the Children's Commissioner, whom the Government charged with testing some of the assumptions underlying the project. The principal one seems to be the belief that if we have an educational problem, it is capable of an educational fix. The commission has suggested that other things could be taken into account: for example, parents in the north could be a bit pushier.

In a report for the previous Chancellor, Sir Nick Weller, who works for an academy chain, suggested unsurprisingly that the north could do better with more academy chains—and, incidentally, better teaching.

[John Pugh]

Proponents of grammar schools have not been slow to suggest that what we need in the north is more grammar schools. The Minister will be aware of the study done by ResPublica in Knowsley, which suggested that grammar schools might be a panacea. However, to my certain knowledge, Knowsley has had grammar schools since 1544—I was once a pupil at Prescott grammar school.

The harsh reality is that, in order to change aspiration in the north, we need to do more than change school structures, because the reality that dawns on adolescents in the north is that opportunities are more limited compared with those they might face in the south, regardless of the education they receive. That is why so many young people gravitate to the south, particularly after their degrees; why there are more start-ups in the south; why the south is a magnet; and why the south has critical mass. Young people's aspirations are simply less when there is less around them to aspire to—it is a chicken and egg dilemma. If we factor in limited parental optimism based on a degree of experience in the north and the limited opportunities available to those who are industrious but not especially talented, is it surprising that the optimism of childhood dwindles as schooling progresses and aspiration and attainment falls? I suggest that correcting that is beyond the scope of the school system alone; it involves regeneration of the whole community to which the child belongs.

That said, we all recognise that education plays a key part in regeneration. It is worth funding, and it is worth funding properly. I am far from believing that good funding is a sufficient condition of educational progress. Were that so, many schemes in the past would have worked far better than they have done. If we think about the money spent over the years in places such as Knowsley to provoke better educational outcomes, we would expect far superior outcomes to those we got. I do, though, note that, according to the Institute for Public Policy Research, £900 less is spent per primary school pupil in the north and at secondary schools that figure goes up to £1,300. That could go part of the way to explaining the significant difference in outcome. However, it is probably fairer to regard good funding as a necessary rather than a sufficient condition. In that respect, the Government's revision of the school funding formula leaves a little to be desired. Indeed, its effects in some places will probably be catastrophic.

I recognise that no one will oppose a national school formula in principle because it sounds fair on paper, given that we have the effective nationalisation of school funding anyway through the dedicated schools grant. The current situation looks unfair and anomalous partly because of national decisions, but also because of the history of local decisions. We must look at that and see where that has led us.

When local education authorities were important—I do not suggest that they are not important at the moment—some bravely took decisions to sustain or increase budgets while others, less concerned about education, cut school funding to appease ratepayers and council tax payers. A feature of the new system is that that degree of discretion has simply gone, and councils charged with regeneration have lost all real leverage over the educational system. That is regretted by councils now, and clearly it will be also be regretted

later on by city region cabinets and by Mayors as they get their hands on the levers of power, because they will want to prompt regeneration but they will lack some of the active levers that would enable them to do that.

I was a council leader in Sefton borough, and during tough years in the 1990s and so on we put money into school funding, sometimes at the cost of other services, because we regarded that as a high priority, and schools were therefore well funded—in fact, they were so well funded that sometimes the council dealt with its financial problems by borrowing from the schools' balances. However, that was something we could do locally; it was a way in which we could emphasise our commitment to education in the area.

However a new formula is dealt with, it will obviously not please everyone. There will be winners and losers; but the background to the present situation is somewhat unpromising. The cost pressures on schools, such as national insurance, pension increases and school-based inflation, significantly outweigh the projected funding settlement for the sector. The Minister knows—and I think that we will all get to know—that the National Audit Office has vividly set that out. Its report will be investigated in greater detail at a hearing of the Public Accounts Committee, probably next week. To give the House a flavour of it, the NAO concludes that despite modest real-terms increases, the cost pressures on schools and increases in pupil numbers will result in a real-terms reduction of something like 8%. That is the NAO's figure, not mine or that of a think tank or political party.

Liz McInnes (Heywood and Middleton) (Lab): I am grateful to the hon. Gentleman for bringing this important debate to the Chamber. It is not just the NAO's figure. I have had letters from headteachers of schools in my constituency who say they appear to be facing an 8% cut in real terms, and that that will lead to schools either going into deficit or having to make devastating cuts, having already made many efficiency savings.

John Pugh: Yes; they are mandated to make further efficiency savings.

Interestingly, on page 14 of the document, the NAO states that schools

“have not experienced this level of reduction in spending power since the mid 1990s.”

It may be pure coincidence, Mr Streeter, that there was a Conservative majority Government in the mid-1990s, but I draw your attention to that. Impacts will be worse on secondary schools; the NAO said that the number spending above income has increased from 33% to 59%. Not only has the number gone up but the size of the deficits that are being handled has gone up. If we add to that the disappearance of the education services grant, the fact that—as the hon. Member for Heywood and Middleton (Liz McInnes) mentioned—schools are expected to find £3 billion of efficiency savings, and the cost of implementing endless Government initiatives, we have what most of us would describe as a perfect storm, and an absence of financial sustainability.

What is most interesting in the NAO report is what schools appear to be doing to respond to the looming crisis that they can see all too clearly, as the hon. Member for Heywood and Middleton suggested. According to the NAO, they are, generally, increasing class sizes,

adjusting teacher contact time, reducing supply cover, replacing experienced staff with less qualified temporary staff, and hiring more bureaucrats to manage the finances as heads become not school leaders but accountants. An odd feature of the situation is that schools are spending less in percentage terms on teaching staff than they were. They are shoring up balances to cope with anticipated deficits and potential redundancies. If they are really unlucky, they must also deal with increasing PFI payments, which are the endowment of a Labour Government.

None of that is conducive, most of us would agree, to educational progress. Some areas of the north are already in fairly dire straits. Cumbria is one example. The NAO report was complete before the Government's new national funding formula went out to consultation, but it has already altered people's take on the consequences of the new national formula. The realisation is dawning that the formula is not universally good news and that it will do little to offset a particularly bleak outlook.

We must accept that the redistribution of diminishing resources will always have a predictable outcome. In the north the consequences are severe—certainly in the mid to long term. After inner London, the north-west of England benefits least from the general distribution away from London. However, within that regional profile there are significant losers—for no obviously good reason. The worst affected include Manchester, Kirklees, Wigan, Cheshire, Liverpool and Sefton, whether or not we make allowances for floors and ceilings or the 1.5%. Those areas are key components of the northern powerhouse.

When we drill down to the consequences for particular schools, the position is even more frightening. Christ the King school in Sefton in my constituency—the school that my children went to—is scheduled to lose £426,000, or £441 per pupil. Greenbank high school is scheduled to lose £527,000, or £558 per pupil. Down the road in Sefton Central, Formby high school and Range high school are scheduled to lose similar amounts.

I find it ironic that the situation I am now lamenting as an MP is one that I sought assiduously to forfend and prevent as a council leader. Had we in Sefton not, on a cross-party basis, sought to protect the education budget over many years and given schools both enormous financial independence and active support, the shock and the comedown of the national formula would not have been so severe. Paradoxically, a great strength of Sefton has been its tight network of primary schools. A perverse consequence of that is that, under the new formula, handing children on to secondary schools with good prior attainment de facto damages the budgetary position of the secondary schools, and their ability to sustain progress. That is the particular way in which the formula is rejigged. I think the Minister will understand the point I am endeavouring to make.

I hope that the Minister is taking account of what I am saying. I want to put it in a constructive fashion and put my sentiments across in a helpful rather than a wholly negative way. However, the Department for Education is not famous for its listening skills. I speak to many people to whom the Minister and the Department also speak, and I do not hear a constant refrain about the Department being particularly good in that area. At times it has shown an active contempt for those who have brought it messages it did not want to hear, but it is

not malicious—I give it credit for that. It wants to help. It offers financial health checks and warnings from school commissioners. It even makes videos to be helpful, because it is genuinely ambitious for schools and genuinely keen on across-the-board improvements in the north.

However, I can see from my analysis no obvious reason why schooling in the north would change for the better in the present circumstances. Many of the ingredients for improvement that were seen in the London challenge are missing. The London challenge had sufficient predictable funding, although unfortunately that will go under the new formula, I think, and there will be rather less funding. Another thing it had going for it was collaboration, but the school system is now more fragmented than ever, with schools that are financially and academically weaker fearing takeover. The London challenge had clear, effective leadership, but heads are now stressing over finances and personnel management rather than the main issue, and local authorities are withering away.

The demise of the local authority has acute effects. Its statutory functions are barely affordable at the moment, given the pressure on council budgets, but following the phasing out of the ESG, its other strategic functions will be dependent on funding from schools that cannot afford to meet their own costs, let alone to pay back and hire local authority services. Ironically, back-office services, which are growing in individual schools, are one area in which schools can get good money from a local authority, from collaboration through the sharing of services. We need only look at the increased problem that primary academies are having with meeting back-office costs to realise that.

I have not come here simply to present the Minister with problems to which there are no obvious solutions. The solution is to recognise that we have a problem and to engage in a debate with headteachers, who have no particular political axe to grind but are now looking at a worrying landscape. That headteachers in the north are looking at that worrying landscape should give us no confidence that any attempt, by commissioners or whomever, to raise educational standards in the north and to deal with long-standing problems will be properly and sustainably addressed. With that plea and that degree of pessimism, I will sit down.

11.20 am

The Minister for School Standards (Mr Nick Gibb): It is a pleasure to serve under your chairmanship as always, Mr Streeter. I start by congratulating the hon. Member for Southport (John Pugh) on securing this important debate. He is right—this is one of a number of debates we will undoubtedly have as we consider the second stage of the consultation on our national funding formula. We will debate funding in Devon tomorrow, and I am looking forward to that debate as I much as I have looked forward to this one. This is part of a process of consultation on the second phase, in the same way as we consulted on the first.

The Government are committed to improving educational outcomes in the north, and reforming the funding system is essential to underpinning that ambition. Although I represent a southern constituency, I spent many years of my childhood living in Leeds and Wakefield in the 1970s, and I do not recognise some of the hon. Gentleman's comments on the opportunities available for people in the north. The hon. Gentleman spoke of

[Mr Nick Gibb]

cost pressures on schools in general, and in the north in particular. Through our careful management of the economy, we have been able to protect the core schools budget in real terms, which means that schools are receiving more funding than ever before for children's education—more than £40 billion.

We of course recognise the cost pressures facing schools, and we will therefore continue to provide advice and support to help schools use their funding in cost-effective ways and improve the way in which they buy goods and services, so that they get the best possible value for their pupils. We have published a wide range of tools and support on gov.uk, including support for schools to review their level of efficiency, to investigate expenditure levels of similar schools and to take action to improve efficiency in practice. We are also launching a schools buying strategy that will support schools to save more than £1 billion a year by 2019-20 on non-staff expenditure. It will help all schools to improve how they buy goods and services, allowing them to invest more in high-quality education for their pupils.

As well as helping schools make the best use of their resources, we urgently need to reform the unfair system that currently distributes funding across the country. The Government are committed to creating a country that works for everyone no matter where they live, whether in the north or south, in a city or the countryside. Whatever their background, ability or need, children should have access to an excellent education. We want all children to reach their full potential and to succeed in adult life. We know that the current schools and high needs funding system does not support that aspiration—it is unfair, untransparent and out of date. Similar schools and local areas receive different levels of funding with little or no justification.

For example, secondary schools in Darlington receive an additional £40 for each pupil with low prior attainment—pupils who did not reach the expected standard at primary school—but secondary schools in Richmond upon Thames receive £3,229 for such pupils, which is a difference of more than £3,000. We do not only see such differences by comparing the two ends of the country; sometimes it can be a matter of a few miles down the road. For example, a 13-year-old pupil from a deprived background for whom English is an additional language would attract £5,150 to their school if they lived in Redcar and Cleveland; next door in Stockton-on-Tees, that same pupil would attract £8,242 to their school, which is an addition of more than £3,000.

The huge differences in funding that similar areas receive to educate similar pupils are clearly not sustainable. Underfunded schools do not have access to the same opportunities to do the best for their children. It is harder for them to attract the best teachers and to afford the right support, which is why introducing fair funding was a key manifesto commitment for the Government. We need to introduce fair funding so that the same child with the same needs will attract the same funding, regardless of where they happen to live. That is the only way that parents can be sure that there is level playing field.

We launched the first stage of the consultation on reforming the schools and high needs funding systems in March 2016. That consultation set out our principles

of reform and our proposals for the design of the schools and high needs funding system. I am grateful to the more than 6,000 teachers, headteachers, governors, local authority representatives and others who took the time to respond to that consultation, and I am pleased that our proposals received wide support.

In the light of that, we are now consulting on the detailed proposals for the design of the schools and high needs funding formula. We have also published illustrative allocations data, so that every school and local authority can see the impact of the proposals. The second stage of the consultation will run until 22 March, and we are keen to hear from as many schools, governors, local authorities and parents as possible. I welcome this debate as a valuable addition to that consultation.

Our proposed formula would result in more than 10,000 schools throughout the country—54% of all schools—gaining funding, with a quarter of all schools gaining more than 5.5%. Those that are due to see gains will see them quickly, with increases of up to 3% in per-pupil funding in 2018-19, and up to a further 2.5% in 2019. Our formula will target money towards pupils who face entrenched barriers to their success, particularly those who are deprived and those who live in areas of deprivation but who are not necessarily eligible for free school meals—those whose families are just about managing. We are putting more money towards supporting pupils who have fallen behind their peers, in both primary and secondary school, to ensure that they get the support that they need to catch up.

Our proposed national funding formula will see gains for schools right across the north. In the north-east, schools will see an average 1% increase, while schools in Yorkshire and the Humber will see a 1.5% average increase. I acknowledge that the outcome will be more mixed in the north-west, but schools there will also be small gainers on average under our proposals. I recognise that our proposals would result in budget reductions for schools in the constituency of the hon. Member for Southport, but I nevertheless believe that our proposed formula strikes the correct balance between the core schools budget, which every pupil attracts, and the extra funding needed to target those with additional needs.

John Pugh: I probably made my point quite imperfectly. Can the Minister assure me that if a secondary school—those are the worst-affected schools in this respect—is in an area in which primary schools have made good progress, and the children who are handed on to them are therefore attaining the expected level and do not enter the secondary school with poor prior attainment, that secondary school will not lose out simply because it has good feeder schools? That scenario would discourage the kind of collaboration between secondary schools and feeder primary schools that the Minister wants to see, because it would almost be in the vested interest of the secondary schools to have incompetent feeder primary schools—from a financial point of view, if not an academic one.

Mr Gibb: I do not accept that argument. It is important to ensure that schools—primary or secondary—are well funded for pupils who start school academically behind their peers. I do not believe that any professional I have ever met would deliberately not collaborate with another

school to improve pupils' attainment simply to attract an element of the funding formula. Of course, the biggest element of it depends on deprivation, whether measured by receipt of free school meals or by children in one of the lower IDACI—income deprivation affecting children index—bands. That is important to ensure that children from those areas are properly supported.

The hon. Gentleman managed to mention Manchester, Kirklees, Liverpool and Sefton. However, he forgot to mention areas that will receive an increase in funding under the proposed funding formula, including 1.7% in Durham and Gateshead; more than 2% in Newcastle; nearly 3% in south Tyneside; nearly 2% in Sunderland; 3.4% in Blackpool; 4.3% in Bury; 4.9% in Knowsley; and 4.3% in Leeds. Schools in northern urban areas will continue to be highly funded; even areas that will see a small reduction under the proposed national funding formula will still be some of the highest-funded in the country, including Manchester and Liverpool, which the hon. Gentleman mentioned. That is right, as those areas have higher levels of socioeconomic deprivation and children with additional needs. Matching funding to need will see schools in those areas funded higher than those elsewhere in the country. A secondary school pupil with significant additional needs could attract more than £10,000 to their school through the proposed national funding formula and the pupil premium.

While introducing these significant reforms to the funding system, we are also delivering stability. We have listened to those who have highlighted the risks of major budget changes.

Motion lapsed (Standing Order No. 10(6)).

11.30 am

Sitting suspended.

Leaving the EU: Infrastructure in Wales

[ROBERT FLELLO *in the Chair*]

2.30 pm

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): I beg to move,

That this House has considered the effect of the UK leaving the EU on infrastructure in Wales.

It is a pleasure to serve under your chairmanship for the first time, Mr Ffello. It is also a pleasure to see so many colleagues from across Wales here today and, of course, the Minister, with whom we have debated these issues on many occasions. I am sure that he will enjoy listening to the contributions today.

We have heard the Prime Minister's speech this morning. It is a great pity to me that she chose to make the speech outside, to the media and ambassadors, and not to this House. As I just said in the Chamber, that would not have happened under Churchill or Thatcher, but this lady does not seem to be for turning up to this place when it comes to this issue.

I have read what the Prime Minister and the Secretary of State for Exiting the European Union had to say today. The Prime Minister did talk about the devolved Administrations and nations, which of course is to be welcomed. The Secretary of State has just said:

“We will aim to strengthen the Union between our four nations. We will continue to engage”—

whatever that means—

“with the devolved Administrations, and we will ensure that as powers are returned from Brussels to the UK, the right powers come to Westminster and the right powers are passed to Edinburgh, Cardiff and Belfast.”

I note that there was no clarity on devolved administrations in London and other places across the UK, but we are here to talk about Wales.

The Secretary of State listed the 12 principles of the plan. We are told that those are the totality of the plan promised to Parliament; he just confirmed that to me. There will be no White Paper. There will be no further plan. This is it: 12 principles. Among those, I do not see anything about regional funding or funding for infrastructure. There are some vague commitments on boosting science and innovation and making our exit smooth and orderly. However, when it comes to the fundamentals that affect the viability of the Welsh economy—the infrastructure we have to drive jobs and to allow business and trade, and all these things we are told will happen—we have absolutely nothing.

Kevin Brennan (Cardiff West) (Lab): I am grateful to my hon. Friend and neighbour for giving way. Does he agree that, if Wales is to understand what the Prime Minister's statement means in relation to Welsh infrastructure, a White Paper really must be published, so that we can debate it and there can be a wider public debate on the implications of the model she has put forward today?

Stephen Doughty: I absolutely agree. That is pretty fundamental when it comes to relationships with the devolved Administrations and legislatures. It is all very well to say “engage” in this vague way, but what does

[*Stephen Doughty*]

that mean? Is it simply window dressing? Are we in the devolved Administrations just to accept whatever the UK Government come up with, without any question or scrutiny? That is even harder to do without a White Paper.

There was much in it I disagreed with and contested, but the Scottish Government before their independence referendum published a very detailed White Paper. We simply do not have that. We are told that these 12 principles and this speech today are all we have before we enter one of the most fundamental changes to impact Wales and this country for generations to come.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The hon. Gentleman mentioned the Scottish Government. They produced a Brexit White Paper. The Welsh Government are about to publish their own Brexit White Paper. Is it not bizarre that the one Government responsible for delivering Brexit are not going to publish their own White Paper?

Stephen Doughty: We do not always agree on everything, but I absolutely agree with the hon. Gentleman on that—particularly when we see very different visions emerging from members of the Cabinet as to what a post-Brexit UK and Wales might look like. We heard the Chancellor of the Exchequer suggest in Germany that the UK is going to have a race to the bottom and be a completely deregulated tax haven on the fringes of Europe. That is not what I believe the people of Wales voted for. They voted for a strong economy with strong rights. They might have had different views on immigration or the democratic deficit there has been in parts of the EU, but they did not vote for a race to the bottom or for us turning into some sort of Gibraltar or one of our overseas territories on the fringes of Europe.

Leaving the EU will have a significant impact on the funding and development of infrastructure in Wales. We all know of examples in our constituencies of where European funding has delivered results, whether that is in community facilities in Butetown in my constituency, road infrastructure or science and innovation in our universities. We have no clear answers as to what will happen to that infrastructure support for Wales post-2020 and what will replace it. Businesses and investors need certainty about the infrastructure and environment that will support their long-term decisions, so it is vital that we have greater clarity. We need clarity in particular on issues such as loans made by the European Investment Bank, which I will come on to, and the specific assessment criteria that will be used to guarantee funding for projects signed after the autumn statement but while we remain a member of the EU.

I am sure that many hon. Members will mention individual projects. I will give some examples. EU funding in recent years has supported many infrastructure projects—for example, through £40 million towards Swansea University's new Bay campus; nearly £4 million towards the development of the Wales coastal path; £9 million towards Rhyl harbour; and the dualling of the A465, the "heads of the valleys road". Many prospective infrastructure projects are yet to be properly finalised, such as the Swansea Bay city deal, the North Wales growth deal, the tidal lagoons and the South Wales

metro, which I raised in a previous debate and is of great concern to my constituents in Cardiff South and Penarth. Of course, the uncertainty around those projects has not only been caused by the referendum result; there are other factors at play, but that is a crucial part of whether those projects go forward.

Nick Thomas-Symonds (Torfaen) (Lab): It is a pleasure to serve under your chairmanship, Mr Ffello. My hon. Friend talks about specific projects. I particularly have in mind the £106 million that is earmarked from the European regional development fund for phase 2 of the South Wales metro. Does he agree that, for projects such as that, it is all about certainty, and that it is in the hands of the UK Government to provide that certainty?

Stephen Doughty: I absolutely agree. It is about not only certainty of the funding for projects but managing the growth of rapidly growing areas in south Wales. In my own city of Cardiff in particular, we need to know that we are going to have the transport infrastructure to cope with the anticipated demand. The South Wales metro is crucial to that.

Chris Elmore (Ogmore) (Lab/Co-op): I have two brief points. One is about a specific project. My hon. Friend will be aware that, in Sarn in my constituency, significant transport investment brought a McArthurGlen designer outlet, ensuring that jobs and services were created. We can see real examples of where transport infrastructure works. In terms of planning and Government giving some reassurance, this situation places local authorities and the Welsh Government in extreme difficulty. Does he agree that it is all good and well the Welsh Government putting in processes for local development plans around highway infrastructure investment but, if we do not know what the funding is beyond 2019, it is virtually impossible for local government in Wales to deliver large-scale transport infrastructure projects?

Stephen Doughty: My hon. Friend makes an important point. It is about long-term certainty for not only businesses but residents and local authorities. He mentioned McArthurGlen, which I am sure many of us have used. Many people do not know that the transport infrastructure and hub there were supported by European funding, which made a huge difference to access to the lower part of his constituency and, indeed, to the M4 corridor.

Paul Flynn (Newport West) (Lab): Could we add to the comprehensive list of threatened infrastructure projects in Wales the Dŵr Uisce scheme—those are the Welsh and Irish words for water—between Ireland and Wales, which is very exciting? It uses water technology in a very effective, environmentally clean way. That will be in a special category, because if Brexit goes ahead, half of the scheme will be in the EU and half of it will be outside it. Does my hon. Friend foresee the chaos and the serious threat to that valuable scheme that would result?

Stephen Doughty: Indeed. It is about the detail of these types of project. I was not aware of that particular one, but it is a very good example. Many of us in Wales have personal family connections to Ireland. We certainly have connections in our constituencies. More importantly,

there are crucial connections between our economies, services and infrastructure; my hon. Friend makes a valid point.

The EU's structural funds over the past 30 years have been vital in supporting regional development and the growth of the Welsh economy. They have supported people into work and training, youth employment, research and innovation, business competitiveness, renewable energy and energy efficiency, connectivity and urban development. The central aim of the current structural funds programmes is to create an environment that will support economic growth and jobs. Obviously, there are huge implications if we are not part of that.

Under the current round of structural funds, which runs from 2014 to 2020, Wales has been allocated almost £2 billion, with £1.6 billion going to west Wales and the valleys and more than £325 million going to east Wales. In total, along with match funding, the current round of structural funds is expected to support total investment in Wales of approximately £3 billion. Indeed, research undertaken by Cardiff University's Wales Governance Centre prior to the referendum concluded that the £658 million of EU funding for Wales from the common agricultural policy and the European structural funds made Wales a net beneficiary of EU funding. In 2014, the estimated net benefit from the EU for Wales was around £245 million. That is equal to about 0.4% of Welsh GDP—it equates to around £79 per head—in 2014.

I talked about the history of these investments. That is the third time that west Wales and the valleys have qualified for the highest level of structural fund support, which is available to regions in the EU that qualify with GDP per head that is less than 75% of the EU average. I have long supported that principle and am yet to be clear, in any way, what the UK Government's plan is for replacing those structural funds to reduce some of the inequalities that are built into some of our post-industrial economies in particular and rural areas. The spending has been aimed at supporting projects intended to transform the prospects of the most marginalised and vulnerable, to lead to increases in productivity and growth and to invest in the future of our young people in Wales.

Following the vote to leave the European Union, investment in infrastructure in Wales has already experienced some setbacks, with postponements of some asset sales and a downsizing of some projects, according to ratings agency Standard & Poor's. In a broader note to clients in September, Standard & Poor's stated that the biggest risks for infrastructure companies could be a likely reduction in capital investment—both domestic and foreign direct investment.

I want to mention the South Wales metro again. It would be useful to know whether the Minister can add any clarity on this. The metro is crucial to my own constituency and the First Minister, Carwyn Jones, has described it as “a catalyst for transforming” the Welsh economy. He made that clear when he met the Commission in December to seek assurances that it will continue to support the project and that it will not be affected by the Brexit negotiations.

Jessica Morden (Newport East) (Lab): The metro is absolutely crucial for connectivity and economic development in my constituency, too. Does my hon. Friend agree that it would be particularly helpful today

if the Minister could be crystal clear that any shortfall is guaranteed by the UK Government, including beyond 2020?

Stephen Doughty: Absolutely. We need that sort of clarity, which is clearly absent from the so-called plan that has been put before us today by the Prime Minister and the Brexit Secretary. I emphasise that the metro is far more than just a transport scheme—it is a vehicle for transforming the economic and social prospects of many of our communities. It will deliver jobs and connectivity as well as those faster journey times and more frequent services that we all want to see.

It is also of note that, in addition to the funds I have mentioned, at present both public and private organisations in Wales can bid directly to the European Commission for funding from other programmes such as the Connecting Europe Facility and Horizon 2020, which supports many of our academic research projects. Those can also provide funding for infrastructure projects. The House of Commons Library suggested that it is difficult to quantify the funding from each of the direct funding programmes but, to give an idea of the scale, the CEF fund is worth €30.4 billion in total over the period 2014 to 2020. That covers areas such as transport, energy, and telecoms. CEF projects currently funded in Wales include the South Wales railway electrification studies that were conducted around the electrification programme. The Welsh Government and Welsh ports are also in discussions—here, again, are the links with Ireland—with the Irish Government and Irish ports on access to the “motorways of the sea” funding, which can be used to invest in crucial port infrastructure and hinterland connections to ports.

The Horizon 2020 programme has awarded €40 million of grants to organisations in Wales, as of 23 February 2016, and the predecessor to Horizon 2020—the seventh framework programme—allocated €145 million to organisations in Wales. We absolutely need that certainty. I have spoken to many academics locally who are deeply concerned about their ability to participate in these cross-European infrastructure projects based in the academic sector. The issue is not just what that valuable research and co-operation can engender in terms of knowledge and understanding of crucial issues, but the link to products and the frontline economy. Many businesses in my community, particularly in some of the business parks, have strong links with the high tech and biotech industries that have developed around universities such as Cardiff University.

I mentioned the European Investment Bank. I hope that the Minister can provide some clarity about what Wales's relationship could be post-2020. The European Investment Bank is a significant source of finance for UK infrastructure projects. In 2015 the lending to the UK amounted to €7.7 billion, of which two thirds was provided for infrastructure. Programmes in Wales included €340 million for Welsh Water to make improvements to water supply and wastewater collection, and €174 million for Wales & West Utilities to upgrade and expand gas distribution networks. This funding is integral not only to those high-profile road junctions and road projects and things such as the South Wales metro, but to the utilities that ensure the functioning of our communities.

Carolyn Harris (Swansea East) (Lab): It is a pleasure to serve under your chairmanship, Mr Fflewelle. After last week's review from Charles Hendry on tidal lagoons, I

[Carolyn Harris]

was very proud that he noted the enthusiasm and confidence that the city has had in the tidal bay project. That enthusiasm overflows into the city bay region. In these uncertain times, is now not the time for the Government to commit the important resources in order to take forward these exciting plans, which could see Wales develop as a world-renowned “first” in so many of the fields in respect of tidal power?

Stephen Doughty: My hon. Friend makes a powerful point. She knows that I have long supported the principle of tidal power coming from the Severn estuary. There have been concerns about some of the projects proposed, but I am interested in and support the proposals for tidal lagoons—obviously each needs to be judged on its own merits—and particularly the Swansea one. So much work has gone into that and it is crucial that we now provide certainty on delivery and funding to enable it to go ahead.

Briefly, the chief of the EIB, Werner Hoyer, stated in October:

“Even if we find a way to continue lending in the UK, I am absolutely sure that the enormous volumes we have achieved over the last couple of years cannot be maintained”.

What clarity can the Minister offer on that issue in particular?

In his conference speech, the Chancellor of the Exchequer announced that beyond the autumn statement the Treasury would offer a guarantee to bidders whose projects

“meet UK priorities and value for money criteria”.

It is absolutely crucial that the Government outline what to

“meet UK priorities and value for money”

mean and whether that will cover projects currently funded by the EU. I hope that we will have some clarification on that, too. With today’s announcement of a hard Brexit package, in an attempt to appease certain elements in the Prime Minister’s party—as I said earlier, her Chancellor appears intent on pursuing some sort of trade war or commercial war with our European partners—it has become clearer and clearer that those who may suffer will be the ordinary people, the ordinary businesses and the ordinary working people the length and breadth of Wales.

Kevin Brennan: I am grateful, again, to my hon. Friend for giving way. He makes some important points about new infrastructure. Are there not also serious implications for existing infrastructure, including our industrial base—for example, the Ford motor plant in Bridgend—if we are seriously saying that we are not interested in staying in the single market? Should the Minister not be telling us how he is going to ensure that plants such as Ford’s have a future in relation to the integrated way in which motor cars are made across Europe?

Stephen Doughty: Absolutely. The same could apply to the steel industry. Companies such as Celsa, in my own constituency, that are part of a European operation have plants in many places.

Mark Tami (Alyn and Deeside) (Lab): Before my hon. Friend moves off this point—Airbus is probably the best example. If a wing is not finished, the workers will follow the wing, whether to Bremen or France, to make sure that that is done. Are we really saying that they will have to fill out forms, do all sorts of things and wait God knows how many weeks for that to happen? The problem is that we live in a very uncertain climate at the moment.

Stephen Doughty: I absolutely agree. Airbus is always an excellent example and is a crucial player in the Welsh economy, not only in the manufacturing of the wings and aircraft components, but in its defence and space business, which is in the constituency of my hon. Friend the Member for Newport West (Paul Flynn) but employs many people from my own constituency. Let us not forget that this is about not just the infrastructure funding that has come from outside, from European funds, but the infrastructure funding decisions that major companies make themselves and whether those will be put at risk when companies are not sure about the future.

Mrs Madeleine Moon (Bridgend) (Lab): It is also about giving Welsh workers confidence. Taking up the point made by my hon. Friend the Member for Cardiff West (Kevin Brennan) about Ford, there is great anxiety in the plant about the future and security of their jobs. These are highly skilled and highly paid jobs. If workers do not know that they can be assured of long-term employment, they are not going to invest and spend, and we need that to keep the Welsh economy turning.

Stephen Doughty: My hon. Friend makes a crucial point. I am delighted that the top focus of the First Minister, Carwyn Jones, and the Cabinet Secretary for Economy and Infrastructure, Ken Skates, and others, has been on ensuring that the Welsh Government have continued to provide certainty where they can, whether that is to industry, infrastructure or building projects. Clearly, we need to keep investing—whether that is in schools and hospitals, as is happening in my constituency, in supporting businesses or in the work being done to support the steel industry—and that can help to provide confidence. However, without clarity on these very large sums of money and on the UK Government’s intentions in that regard, we can only go so far in terms of what Wales is able to do.

I hope that the Minister can give us clarity today. We need guarantees that funding will continue for Welsh infrastructure following any deal to leave the European Union. Wales voted to leave the EU—although not in my constituency—but it did not vote to see investment in Wales cut by a UK Government, and we need those assurances urgently.

Things may work out for us in the long term. Undoubtedly our country, Wales—and this country, Britain—have a history of coming together in difficult circumstances and of finding a way forward for our people when they are faced with difficult challenges. However, the plan may turn out to be reckless, with huge consequences for our economy, jobs and the unity of our country. The Prime Minister should have been here today to account for the plan. I am glad that the Minister is here, and I hope to hear answers to the questions that I and other colleagues raise today.

2.51 pm

Paul Flynn (Newport West) (Lab): I am delighted to be called to speak so early in the debate, Mr Ffello.

We listened to the dribble of nothing from the Prime Minister in one of her typical speeches, which are heroically adjectival but ultimately vacuous, and her love of soundbites and meaningless phrases is clear. She talked about having a red, white and blue Brexit, but in Wales we want a red, white and green Brexit. We want one that is tailor-made for Wales, because our situation is unique in almost every way in the British Isles.

We are talking about infrastructure today. Gerald Holtham—a very accurate observer of these matters—has pointed out that although the amounts of money we get from Europe are not a huge percentage of Welsh GDP, they are 20% of our infrastructure funding. A huge amount of money is being provided for all the schemes that my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty) listed in introducing the debate. In my intervention I mentioned the Dŵr Uisce scheme, which is a unique example; it does not affect England in the same way. That exciting project is being run by Trinity College Dublin and Bangor University. It has cutting-edge technology, using small turbines in an ecologically sound way to produce energy. The scheme could have marvellous repercussions and pay huge dividends in future, but it will be in a very strange position, because half the scheme will be outside the European Union and half will be inside it. That is one of many complications that will arise from the hell of Brexit that we are facing.

Remember the reason why Brexit is happening and why the Prime Minister made that speech today: it is all about solving internal problems in the Conservative party. That explains how we got into it and how we are now proceeding. At the moment, the Conservative party is a pressure cooker likely to explode in three directions—there are the hard Brexiteers, the soft Brexiteers and the anti-Brexiteers—and all that we have heard today from the Prime Minister is an attempt to soothe future problems with a honeycomb of sweet words that ultimately mean little.

The Chancellor of the Exchequer has talked about bumps in the road, but I fear that there will be a giant sinkhole in the road into which the economy could slip in freefall. Very dangerous years could be ahead of us economically. There was talk today of us turning into some kind of banana republic on the world stage, and not being one of the great economies. Standards are going to fall down to the bottom. They will not be brought up to the top, and we will not continue down the stable path that we were on in the past. Brexit is a great gamble, and it is right to look at it from a Welsh point of view.

Important issues in Wales come up again and again, as they did when the Select Committee on Welsh Affairs went out of Parliament to meet the people, having asked for their response. I took part in two such events. Someone who came to Aberystwyth said that he worked for a company that was about to expand in Ceredigion. However, post-Brexit, the company has taken the decision to expand in Ireland. Someone else came to the meeting in Prestatyn to talk about the tidal scheme off Anglesey. That interesting scheme uses tidal flow and is very different from what is happening in Swansea. We know

that hydropower and tidal power are Wales's North sea oil. They are a huge resource and their prospects for the future are marvellous, because of the nature of the tidal flows that go around our coast. A huge cliff of water moves around the coasts of Wales, providing great pulses of electricity throughout the 24-hour cycle. All the calculations are based on using tidal power alone, and they have not taken into account the ideal solution, which would be combining tidal power with pumped storage schemes such as the Dinorwig power station. That would make tidal power entirely demand-responsive. The pulses of electricity that arrive in the early hours of the morning could be used to pump the water up the hills, and then the value of the electricity could be multiplied threefold or fourfold by pumping it down when electricity is in high demand. That will be the future of clean, renewable electricity for Wales.

Another issue that comes up at all these sessions, because farmers are a very well-organised group, is farming in Wales, which is again unique in the British Isles. We have a cultural imperative for supporting the farming industry, because it is the last redoubt of Welsh language and culture. It is at its finest and purest in the farming communities and has gone, sadly, from the anthracite coal areas where it used to be. If we want to invest in the culture in Wales and in our precious, unique heritage, we have to invest in it as a cultural treasure that we all feel is of immense value.

However, the main reason for supporting the farming industry is what it does in Wales as a resource and a source of occupations. It is very different from England. If we are going to have our red, white and green solution, we need an entirely new policy on farming.

Chris Davies (Brecon and Radnorshire) (Con): As usual we have heard the platitudes—the Brexit-denial language—that we are used to from the hon. Gentleman, but to get back to the subject of the debate, does he not agree that many parts of Wales have not benefited from European funding? In fact, the European funding source has been very unfair to certain parts of Wales, and a new post-Brexit scheme may be much fairer for the whole of Wales.

Paul Flynn: The hon. Gentleman has not said which parts of Wales he has in mind, but it was noticeable that the parts of Wales that had the greatest amount of infrastructure investment were the least enthusiastic, sadly, for staying in the European Union. If we are looking for a policy, it must be a new one. If Brexit goes ahead, we must take advantage of it to get a Welsh solution for Welsh problems. Take agriculture, for instance: we do not have farmers getting subsidies of £2.5 million. They do not get £750,000—not that I know of anyway—but the Mormon Church gets that. The royal family get subsidies of £500,000, but in Wales the average subsidy is about £13,000, and we have a preponderance of small farmers.

Let us start again and have a scheme with a cap on it so that we do not give huge subsidies to billionaire and millionaire farmers. We must concentrate subsidies on what are necessary in Wales: the small farmers. We should look at Brexit as an opportunity to have a scheme that is fairer and will help the environment. There should be a strongly environmental imperative in all the subsidies that are given, and we should put a cap

[Paul Flynn]

on them, as we put a cap on other things such as welfare payments. I cannot see why anyone should have a subsidy of £94,000, as one farmer in Wales gets regularly, even though he does not appear to be in need of subsidies. We should look at how income support is paid out. To make the farm industry stand on its own feet and be self-supporting, as happened in 1985 in New Zealand, we have to change the pattern of subsidies, and Brexit is the opportunity to do so.

Many of us bitterly regret what happened in the referendum. During the campaign, I said the victors would be the ones who told the most convincing lies, which turned out to be right. Both sides presented a case that was false. We are certainly not going to get our £350 million for the health service every week, as was written on the side of the red bus, and we did not have the economic collapse that was threatened by the other side. The votes that were taken—a snapshot on one single day—were based very much on public relations spin. The same people who directed the leave campaign are the same people who directed the entirely dishonest alternative vote campaign a few years ago and who ran the campaign about devolution in the north of England. We are handing over the power of decision to the PR specialists and snake oil salesmen, and public opinion is manipulated and persuaded by the PR industry and the tabloid press.

Chris Davies: Without question I respect the hon. Gentleman's years in this House, but do you honestly believe you are helping the Brexit cause by using such language and continuing the route you are now on? Looking at your hon. Friends' faces as you speak, it does not look to me as though you are helping them in this debate, never mind the cause that you are trying to put forward. We are all Brexiteers now and we need to move forward, not backward.

Robert Flello (in the Chair): Order. Before the hon. Gentleman takes his seat, I remind him that “you” refers to the Chair in debates.

Chris Davies: I apologise.

Robert Flello (in the Chair): I think the hon. Gentleman was referring to the hon. Member for Newport West. Mr Flynn, may I suggest we come back to the subject of the debate and not make it too wide-ranging?

Paul Flynn: We face the inevitability of Brexit. The House will almost certainly agree to go ahead with article 50, and perhaps in two years' time, when the breach has to be made, an informed view will be taken of what has resulted from that decision. We are the elected representatives of public opinion in Wales. We were not elected on one day. Many of us have been elected on many days. My first election was in 1973—it is not a single decision that is taken on a single day. We have a duty in this House. When it comes to finally deciding whether we break away, we must remind ourselves that we will then know the economic consequences, and we should remember that second thoughts are always better than first thoughts.

3.4 pm

Mrs Madeleine Moon (Bridgend) (Lab): May I start by saying how inadequate I feel in following my hon. Friend the Member for Newport West (Paul Flynn)? I can assure him that on my face there was the great grin of delighted satisfaction that I always feel when I listen to him speak. There was certainly no grim look on my face; there was a broad grin.

The story of European funding in Wales is a little like the scene in “The Life of Brian” when someone asks “What have the Romans ever done for us?” The answer is nothing—apart from the aqueducts, the education, the clean water, the peace, the stability. What have the Europeans ever done for us? I must thank my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty) for securing this debate. It has been long needed and it is right for our constituents to know what they are about to lose.

I went to the offices of Bridgend County Borough Council and asked what funding had been coming into my constituency. Since about 2000, we have received more than £40 million, which is pretty stunning in its own right, and that was only for education, infrastructure and development programmes. The funding is an absolutely vital resource for Bridgend County Borough Council and its strategic partners, enabling the delivery of major infrastructure developments. We have seen, for example, £3 million to develop three strategic employment sites, allowing small and medium-sized enterprises to develop and grow in Bridgend. Bridgend is slap bang in the middle between Cardiff and Swansea. People do not know what comes out of Bridgend, but the number of niche unique firms in the county borough of Bridgend that provide critical employment to highly qualified individuals is absolutely amazing.

Nearly £3 million from the European regional development fund has been invested in Bridgend town centre, which has been radically changed. It is a different, vibrant economy. My hon. Friend the Member for Ogmore (Chris Elmore) mentioned the junction 36 development, which is critical for both Ogmore and Bridgend. The bottom half of the site is occupied by McArthurGlen, which is in the Ogmore constituency. At the top half of the site is my large Sainsbury's store. In between them are three huge car parks for people who come from my hon. Friends' constituencies to shop in the county borough of Bridgend. It pulls in people from the whole of the south Wales corridor and even from over the bridge. People come into Bridgend for shopping who would not have come if we had not had that development.

Between 2000 and 2013, we had £12 million ERDF funding to deliver work programmes, including further regeneration work in Bridgend town centre, a tourism development with a watersports centre of excellence in Porthcawl, and coastal path, cycle path and footpath developments across the county borough, which are good for tourism and also good for the health and wellbeing of the people of the county borough.

The rural development programme brought in £5.5 million for micro-enterprise hubs at several venues. For the period 2014 to 2020, we are looking for £12 million for further infrastructure schemes in Bridgend town centre and Porthcawl and to develop SME premises across the county borough. There are also £1 million-worth of Welsh Government-led projects funded by the ERDF to undertake rural development for private sector employers.

So European funding has been instrumental in supporting projects to deliver skills, training and employment in my constituency and in that of my hon. Friend the Member for Ogmore. We have had £10 million to support young people at risk of disengaging from education and training. We have had money to support the long-term unemployed and economically inactive back into employment. Those are all key Government projects, yet that money may no longer be there. There has been £3 million for Inspire 2 Work, Bridges into Work 2 and Communities 4 Work. It is vital that the UK Government deliver on the guarantee provided by the Chancellor on 3 October at the Tory party conference. He said:

“The Treasury will offer a guarantee to bidders whose projects meet UK priorities and value for money criteria...that if they secure multi-year EU funding before we exit...we will guarantee those payments after Britain has left the EU.”

Great—but I want to know what happens after that. Can I guarantee that after we leave the European Union there will be, over a 20-year period, another £40 million coming into the Bridgend constituency? Bridgend voters voted to leave, but they did not vote for reduced infrastructure development, worse or fewer jobs, reduced education or employment skills, decreased development capacity or slow tourism growth. Certainly, there will be an impact on Welsh youngsters, who did not have their vote, and that will affect whether they consider coming back to Wales to work or look further afield. We need to keep young people’s skills in Wales, and keep a range of viable employment opportunities for them.

My constituency is between Cardiff University and Swansea University, and many university lecturers go from Bridgend to lecture at those universities. I cannot tell hon. Members how many people have expressed concern to me about the funding of science projects in Wales, and about dramatic changes to the health and wellbeing of the UK.

Finally, my hon. Friend the Member for Cardiff West (Kevin Brennan) spoke about Ford. Can the Minister finally give me an assurance that whatever deal was done for Nissan is coming to Ford? The last thing I need is for the Ford engineers in my constituency to decide that they cannot take a risk, and to move out to other jobs. I need that factory and the jobs to be viable. I need the assurance and I should like it today.

3.12 pm

Nick Thomas-Symonds (Torfaen) (Lab): It is a pleasure to serve under your chairmanship for the first time, Mr Ffello. I congratulate my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty) not only on securing the debate but on his comprehensive and thoughtful setting out of the issues. It is always a pleasure to follow my hon. Friend the Member for Bridgend (Mrs Moon); and I am sure that all Members from south Wales would give testament to the fine shopping at McArthurGlen.

Mrs Moon: And Sainsbury’s.

Nick Thomas-Symonds: Absolutely. It is also a pleasure to follow my hon. Friend the Member for Newport West (Paul Flynn). Whenever my hon. Friend speaks we learn something new; I am sure we are all very grateful

for that. As to the hon. Member for Brecon and Radnorshire (Chris Davies), I am slightly worried about the way he reads facial expressions. He may end up getting his enemies and friends the wrong way round in future.

I totally accept the result of last year’s referendum. The Torfaen local authority area had a 59.8% leave vote, and the Torfaen parliamentary constituency makes up the substantial part of that local authority. It is crucial that the result should be respected; but whether people voted remain or leave, they deserve—in Torfaen and across Wales—a Government determined to deliver economic prosperity and to have a clear, coherent negotiating strategy to that end. Before I entered the House I was, among other things, a barrister and a mediator. I know only too well that no one should reveal the fine detail of their negotiating strategy before they begin; but that is not what the Government are being asked to do. We have heard from the Prime Minister today, but what concerns me is that not once has she given a coherent vision of post-Brexit Britain. As my hon. Friend the Member for Cardiff South and Penarth pointed out, we are left with a nightmare scenario of being an island, almost like a giant tax haven, off the end of the EU, instead of a place where inward investment and the floor of workers’ rights established by the EU will continue post-Brexit. We are also left with the impression that the Prime Minister is far more interested in the internal politics of the Conservative party than in the national interest.

Today’s debate is specifically about infrastructure. Wales has benefited tremendously from EU structural funding. When we talk about infrastructure, we must think about it in different senses. We have, of course, physical infrastructure, which my hon. Friend the Member for Cardiff South and Penarth talked about. I have already mentioned the south Wales metro project, which is one of many on which I hope the Minister will give far firmer guarantees. However, there is also the question of digital infrastructure. I commend the Welsh Government for their aim of every household in Wales having access to superfast broadband, and the great progress that has been made. Clearly, there is more progress to be made. I suggest that digital infrastructure will be vital to Wales’s future. There has been an increase in flexible working and the number of people working from home, and a substantial number of people are self-employed throughout the United Kingdom now; all of them will be reliant on the broadband speed available to them at their business premises and at home. That infrastructure, too, must be funded. The Government must have a coherent vision so that, without the European structural funds coming down the line, such things can be realised.

The Minister and the Secretary of State for Wales can play a crucial part in what happens, but they must be the voices of Wales in the Government, standing up for funding. They cannot become, in the years to come, the Government’s voice in Wales. The referendum has of course gone, and we have to concentrate on how Wales is to have a substantial number of highly skilled jobs, such as those in Bridgend that we heard about, and others mentioned by my hon. Friends. That is the vision of Wales that we must deliver, and I hope that the Government will put aside their internal divisions to take it seriously.

3.17 pm

Christina Rees (Neath) (Lab/Co-op): It is a pleasure to serve under your chairmanship for the first time, Mr Ffello. I commend my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty) for securing this important debate and setting out the issues in his usual elegant style. I associate myself with many of the comments made by my hon. Friend the Member for Bridgend (Mrs Moon). I was a Bridgend councillor before I became an MP, and she was my MP. It is always a pleasure to follow my hon. Friend the Member for Torfaen (Nick Thomas-Symonds).

Infrastructure is important in all parts of the UK, but in Wales, the region most affected by deindustrialisation, which is still reeling from neglect of public spending in the 1980s—a place which has mountains and valleys in abundance—the need for investment in all forms of infrastructure has never been greater. The uncertainties of leaving the European Union remain fraught with danger. Beyond the loss of environmental protections, trade agreements and workers' rights, the impact on the economy is still unknown. However, in Wales the threat to structural funds remains a primary concern, and one that will define the Brexit negotiations and the Government's ability to respond.

A reduction in the amount of funding available for infrastructure projects in Wales, should the UK Government not commit to fully replacing it, will be catastrophic. It is widely accepted that Wales has been a net beneficiary of the European Union, benefiting from billions of pounds of investment. The referendum results across Wales suggest that that message did not permeate communities, but that is astonishing, given the facts that surround the argument. The annual average allocation of EU funding in Wales is €65 per person, compared with €13 across the UK. Wales receives over six times more European structural and investment funding than England. That is not only astounding and depressing, given the qualifying criteria, but concerning given our potential reliance on the funding, and on the UK Government's commitment to underwriting it after we leave the EU. To put things into context, the European regional development fund, the only European structural and investment funding directly concerned with infrastructure, committed €106 million to Wales during the 2014 to 2020 programme, under the theme of network infrastructures in transport and energy.

Allow me to highlight some real-life examples of the difference that those vast figures make to infrastructure projects in Wales. The superfast broadband business exploitation project, which seeks to increase the take-up of fibre and ICT infrastructure by small and medium-sized enterprises, has secured €6.3 million in the regional development fund. The tourism attractor destinations project, which aims to increase employment through investments in prioritised local or regional infrastructure, has received £27.7 million in ERDF investment.

Closer to home, I can speak of three projects that would not have happened without ERDF funding. The Neath Port Talbot integrated transport hub will use upwards of £5 million in European investment to create a transport modal interchange facility to promote public transport across the area. SPECIFIC, an academic and industrial consortium led by Swansea University to address the challenge of low-carbon electricity and heat by enabling buildings to generate, store and release their

own energy, has secured nearly £15 million in ERDF funding and almost certainly would not exist without it. Lastly, the world-class Swansea University bay campus, which I have mentioned, is a multi-partner investment of £450 million, including almost £40 million in European regional development fund money. Those examples do not highlight the value and impact of directly funded European Commission programmes such as the Connecting Europe Facility and Horizon 2020, which are far more difficult to quantify but just as important as those funded via the UK or Welsh Governments; Horizon 2020 alone has awarded grants worth €40 million to organisations in Wales.

Post-Brexit guarantees are worryingly sparse on detail. Although the Chancellor has given a number of promises relating to any lost EU funding, those promises extend only to structural and investment fund projects signed before last year's autumn statement. For projects signed after that, the commitment is far vaguer. In his conference speech last year, the Chancellor suggested that he would offer guarantees to projects that

“meet UK priorities and value for money criteria”,

but he has repeatedly failed to set out what those priorities and criteria will be. Surely the Chancellor of the Exchequer of Her Majesty's Government has a responsibility to instil confidence in Welsh businesses and investments, not undermine it.

Another effect on infrastructure in Wales of the UK leaving the EU will be that the Welsh Government and local authorities have fewer sources from which to seek funding or sustainable loans. The European Investment Bank's lending to the UK in 2015 amounted to €7.7 billion, of which two thirds, or €5.5 billion, went to infrastructure. Those figures are staggering. The thought of losing that funding leaves me cold. The Swansea University bay campus secured not only substantial ERDF funding but an EIB loan to the value of £60 million. That funding is sustainable, vital and irreplaceable.

Finally, I am concerned about a post-Brexit Wales where UK goals and priorities may be different from the EU priorities on which Wales and its Government have established plans and strategies. What will happen to the electrification of the Great Western line, the South Wales metro and the city deals?

Nick Smith (Blaenau Gwent) (Lab): Does my hon. Friend agree that the Government need to confirm that our transport infrastructure investment needs will be secured for the future? Our valley lines have been a great success, but much improvement is still needed, and electrification in particular must be delivered. For that to happen, funding must be guaranteed for phase 2 of the metro system. The project will help jobs in our south-eastern valleys. The Minister must confirm that that will happen.

Christina Rees: I agree completely with my hon. Friend's valuable point. I hope that is confirmed in the near future.

What will happen to the electrification of the great western line, the South Wales metro, the city deals and Swansea Bay tidal lagoon should they not be priorities for the UK Government once we have exited the European Union? The Government's support to date for some of those projects has been questionable, as my hon. Friend the Member for Swansea East (Carolyn Harris) said,

without the pressure of committing to replace any funding lost post-Brexit. They must rise to the challenge and put in place the necessary guarantees to instil confidence in our businesses, universities and investors. They must commit to replacing any funding lost by projects currently in development but not yet signed, and demonstrate to the people of Wales that we have a Government who work for everyone.

3.26 pm

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): It is a pleasure to serve under your chairmanship, Mr Ffello. I congratulate my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty) on securing this debate and on outlining a powerful case. He made the point that it is important that powers returning to the UK are devolved to Wales to help the Welsh Government to drive forward the regeneration of Wales. He also mentioned the current programme of EU funding, which involves some £3 billion in investment across Wales. In 2014 alone, the net benefit to Wales was £245 million, which demonstrates exactly how much benefit Wales gets from the European Union. He was right to point out that we heard vague commitments from the Prime Minister today, but nothing to give certainty on the regeneration infrastructure that Wales needs to continue. He was also right to point out that Wales did not vote for cuts to regeneration infrastructure projects. That is developing from the chaos unfolding before us.

Hon. Members have made significant points clarifying what risks our exit from the European Union will bring to infrastructure in their constituencies and across Wales. We heard from my hon. Friends the Members for Alyn and Deeside (Mark Tami), for Cardiff West (Kevin Brennan) and for Cardiff South and Penarth about Airbus, Ford, Celsa and many other firms that develop their products across Europe, and the major and problematic impact that a hard Brexit would have on those businesses and many others.

We heard from my hon. Friends the Members for Newport East (Jessica Morden), for Swansea East (Carolyn Harris) and for Blaenau Gwent (Nick Smith) about infrastructure projects such as the metro, electrification of the valley lines and the Swansea Bay tidal lagoon. My hon. Friend the Member for Newport West (Paul Flynn) outlined the unique issues facing Wales from our exit from the EU, and the need for a red, white and green project to develop policies that take account of our unique heritage. We also heard from my hon. Friend the Member for Ogmore (Chris Elmore), who discussed the impact that uncertainty will have on local government's ability to deliver larger-scale projects. My hon. Friend the Member for Torfaen (Nick Thomas-Symonds) stated that, although he respects the result of the referendum, whether we are leave or remain, we need a clear vision. As he pointed out, that is sadly lacking in this Prime Minister, who seems fixated on internal factions within the Tory party.

My hon. Friend the Member for Bridgend (Mrs Moon) highlighted the impact that European funding has had on her constituency, including a total of £40 million within the Bridgend County Borough Council area since 2000 for educational and infrastructure projects. As in many constituencies across Wales, the strategic development sites have supported small and medium-sized enterprises. There have also been town centre enhancements,

which again are common in lots of constituencies across south Wales. My hon. Friend the Member for Neath (Christina Rees) talked about the fact that Wales is affected by deindustrialisation and a lack of investment that dates back to the '80s and '90s. She said that Wales still has a significant need for structural funds and spoke about projects such as the integrated transport hubs, which again are regeneration projects that have happened in constituencies across south Wales.

In our last debate in this Chamber just before Christmas, I asked the Minister a number of questions, which unfortunately he did not answer. I say to him today that I approach this debate with a genuine desire to have a response from the Minister on the record. I expect him to tell me that he has already answered some of my questions, so, with the greatest of respect, I hope that he will have no problem repeating and clarifying that information and putting it on the record today.

I have no desire to use this debate for gamesmanship or to score cheap political points. The impact of the exit from the European Union on our constituencies and on Wales as a whole is far too important for that. But we need answers. Leaving the European Union will have a significant impact on the funding and development of infrastructure across Wales. That is in absolutely no doubt.

Wales has received more than £2 billion of capital investment in social housing, transport, energy, water and education through the European Investment Bank in the past decade. As my hon. Friend the Member for Cardiff South and Penarth outlined, between 2014 and 2020, £1.9 billion of European structural funds will have driven total investment of almost £3 billion across Wales.

The benefits of that European investment have been seen in major projects, such as the Cardiff University Brain Research Imaging Centre, the Menai Science Park, the Swansea University Bay Campus in the Neath-Port Talbot area, and the Deep Green marine energy technology. In my constituency, we have seen the dualling of the A465, the heads of the valleys road, which historically has had a poor safety record and links west Wales, across the top of the south Wales valleys, to the midlands, so it is a key route for business. We have also seen the investment in jobs created in our communities and various funding streams for social programmes to support the most marginalised and vulnerable in our society.

As those facts demonstrate and as we have heard from hon. Members today, Wales has done incredibly well from European funds and support. So there are now serious and vital questions that the Government need to answer about what will happen to infrastructure support for Wales post-2020 and about what will replace EU funding.

Stephen Doughty: My hon. Friend is making a strong speech and summarising many of the key challenges, specifically the challenges about infrastructure funding. However, does he share my worry that there is a wider challenge? In the Chancellor's comments the other day, translated I believe from German, he said that

"we will have to change our model to regain competitiveness. And you can be sure we will do whatever we have to do."

Does my hon. Friend worry that we may be moving away from a programme of investment to reduce inequality

[Stephen Doughty]

and to focus on jobs, to one of a race to the bottom on tax, regulation and all those issues, which would damage the prospects for Welsh workers and businesses?

Gerald Jones: I do indeed; that is a very real concern. My hon. Friend highlights some of the chaos in the Government's thinking on this matter. I hope that we will hear more from the Government in the near future to end the uncertainty and to provide some clarity about exactly what they intend to do.

During the referendum, we were assured by leave campaigners, including a number of senior Tory Ministers, that the UK and Wales would not lose out as a result of our exiting the EU. It is now time for the Government to deliver on the assurances that were given. Businesses and investors need certainty about the infrastructure and environment that will support their long-term decisions, so it is vital that the Government now make it clear how they will offset the negative consequences of EU exit for infrastructure in Wales. I hope that the Minister can give some clarity on what funding streams he envisages will replace EU funding post-2020, and outline his Department's assessment of how much funding there will be.

Furthermore, even before we reach 2020, we need clarity on the guarantee made by the Chancellor, which was mentioned by the Minister and the Secretary of State for Wales in the media. To be fair, the Chancellor has announced that the Treasury will guarantee all multi-year EU business funding agreed before our exit. However, the detail appears to be a little more complex. For what it is worth, the Treasury said that it will

“put in place arrangements for assessing whether to guarantee funding for specific structural and investment fund projects that might be signed after the [2016] Autumn Statement but while we remain a member of the EU. Further details will be provided ahead of the Autumn Statement.”

However, as my hon. Friend the Member for Neath commented, the specific assessment criteria mentioned in the Treasury's statement were not provided ahead of the autumn statement and they have not been formally put on the record or disclosed in specific terms.

The Minister and the Secretary of State for Wales have repeated the claim that all projects before we leave the EU are secure, but can the Minister now say—purely for clarity and to have it on the record—what the assessment criteria will be to guarantee funding for specific projects that are signed between now and when we leave the EU? Can he also be clear exactly what will be used to assess that and which projects, if any, he expects not to pass that assessment?

Can the Minister also pledge today to guarantee loans made by the EIB to projects in Wales before we leave the EU? When my hon. Friend the Member for Cardiff Central (Jo Stevens), who is the shadow Secretary of State for Wales, raised that issue at the last Welsh questions, the Secretary of State for Wales said only:

“Our negotiations with the EIB will run in parallel with our negotiations with the European Commission. The hon. Lady has a responsibility to try to instil confidence in investment in Wales, not to undermine it.”—[*Official Report*, 30 November 2016; Vol. 617, c. 1505.]

To accuse the Opposition of undermining investor confidence in Wales simply by scrutinising the Government

and asking them to reveal to Members, investors and the Welsh public what their plans are is, clearly, remarkable.

Consequently, in a spirit of openness and constructive dialogue on this most crucial of issues, will the Minister tell us whether the Government plan to guarantee loans made by the EIB to projects in Wales before we leave the EU? If not, what assessment has been made of the projects that will not be underwritten, the potential cost of that to the Welsh economy and what jobs may be at risk as a result?

Time is marching on and the longer the uncertainty goes on, the more detriment will be caused to projects, businesses and communities across Wales. I hope that the Minister will provide some answers this afternoon to allay the genuine and growing fears that we now hear almost daily. Will he also take this opportunity specifically to address the issue of the funding received from the European Territorial Cooperation programmes, which provide opportunities for regions in the EU to work together to address common social, economic and environmental challenges? Wales has benefited hugely from that. Examples of other such projects include the Ireland Wales programme, the Atlantic Area programme, the North West Europe programme, Interreg Europe, the European Spatial Planning Observation Network and Interact, which are worth billions of pounds to Wales. Will the Minister clarify what discussions the Government have had about whether the UK, outside the EU, would be eligible for any of those programmes? If it is not eligible and if Wales is no longer able to secure funding through those EU initiatives, what plans do the Government have to replace the funding?

Long-term infrastructure investment in Wales is vital for the future of our economy, jobs, investment and growth. The Government have a responsibility to ensure that we get the best possible deal from Brexit. It is not good enough just to say that we will get the best deal, whatever that means. Our constituents, businesses and investors need details of what funding will be available, what infrastructure projects will go ahead and what criteria other projects will have to meet before they can go ahead.

The Minister needs to get away from the rhetoric of our previous debates and earnestly give some answers today. I hope that he will take this opportunity to provide us with some answers. I hope that he appreciates how important these decisions and this debate is.

3.39 pm

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): It is a pleasure to serve under your chairmanship this afternoon, Mr Ffello. I, too, congratulate the hon. Member for Cardiff South and Penarth (Stephen Doughty) on securing the debate and, indeed, on the fact that today turned out to be an opportune moment to be discussing EU funding and the effect of leaving the European Union on infrastructure investment in Wales.

It is fair to say that there has been a contribution from EU funding into infrastructure investment in Wales. No one who represents any part of Wales would argue that that is not the case, but it is important to place that investment in context, in relation to the south Wales metro, for example, which is a fantastic project that will make a huge difference to south-east Wales and to

which the Wales Office and the UK Government are fully committed. The UK Government's investment in the scheme is £500 million, while that from European funding is £106 million. That £106 million is crucial, but it is important at the outset to clarify one point once again. I regret that, having made this point on numerous occasions, I have to make it again. I must be speaking very improperly if Opposition Members have not understood thus far. The guarantee is in relation to any EU-funded project that is put in place and secured prior to our leaving the European Union.

The decision as to whether a European project in Wales is in accordance with the UK Government's priorities is based, in effect, on whether the Welsh Government are in favour of the project. European-funded projects in Wales are signed off by the Welsh Government. If the south Wales metro scheme is under way and there is a commitment of £106 million of European funding for the project, that £106 million will be underwritten by the Treasury. I hope that that is clear—it is as clear as I can make it. The Welsh Government make decisions regarding EU funding in Wales, and that might have been part of the problem in the past because, I would argue, the money has not been spent as well as it should have, but it is crucial to understand that if the Welsh Government are in favour of a project and it is signed off before we exit the European Union, that guarantee is in place.

Albert Owen (Ynys Môn) (Lab): I apologise, Chair, for not being here for most of the debate. I have been in the Chamber trying to catch the eye of the Speaker on this very issue. The Minister is right that many of the infrastructure schemes are projects initiated by the Welsh Government, but Interreg, which has been important to west Wales and links to Ireland, may now be under different criteria. Will the UK Government, as signatories to the European Union, guarantee those projects in future? With today's announcement of a common travel area, does the Minister envisage special status for west Wales ports?

Guto Bebb: As the announcement was made only today, it would be incorrect of me to respond immediately to the question of special status for west Wales ports. The hon. Gentleman is perfectly right that decisions relating to Interreg funding will remain with the British Government but, on EU structural funds in a Welsh context, I hope that I have offered the clarity that the hon. Member for Cardiff South and Penarth requested.

It is crucial to understand that the investment in the south Wales metro is part and parcel of the electrification of the Great Western main line, because unless that line is electrified the metro system will not work as we envisage. Across the divide in this debate, we should at least recognise that the investment being made in rail infrastructure in Wales, both north and south, is both to be welcomed and crucial.

Stephen Doughty: The point that my hon. Friend the Member for Ynys Môn (Albert Owen) made is absolutely crucial, and it raises a wider question about what the suggestion of engagement, with both the Welsh Government and the Welsh Assembly, means. It is not clear, is it, whether if we did not like parts of the deal—solutions,

for example, regarding the common British-Irish travel area—we could dispute, veto or change them in some way? Or is it a like-it-or-lump-it strategy?

Guto Bebb: I sincerely hope it would not be a like-it-or-lump-it strategy, because that would not be proper engagement. Proper engagement means listening to the arguments being made by the devolved authorities and taking their views into account. It is clear that a decision will have to be made on a UK basis. I suspect that the hon. Gentleman is not arguing that we should have different settlements for different parts of the UK in relation to exiting the European Union.

We entered the European Union as a United Kingdom and I suspect we will leave as a United Kingdom, but it is imperative in that debate that we take on board the arguments being made by the devolved Administrations. It is important to highlight that we, as a Government, have set up Joint Ministerial Committees to ensure that those discussions happen on a Minister-to-Minister basis. I have been part of those discussions, as a representative of the Wales Office. So this is not a case of attempting a Westminster fix that ignores the views of the devolved Administrations; it is a genuine attempt to take on board the concerns of those Administrations, to ensure that we come up with an approach that reflects the complexities of the United Kingdom.

Paul Flynn: Does the Minister seriously believe that the problems post-Brexit in the home countries will be the same as the problems in England? A red, white and blue Brexit is an England-centric one. The problems in Wales and Scotland, and certainly in Northern Ireland, are unique to those countries and we need Brexit solutions that are tailor-made for the four home countries.

Guto Bebb: I am somewhat surprised by the hon. Gentleman's comments, because I do not think he would argue that every single part of England has the same issues. The issues in Cornwall are very different to those in London; indeed, there is a devolved administration in London. Also, we are seeing a devolution process in the north of England and the issues facing the north of England will be very different from those in the midlands. I suspect that the Government have a responsibility to listen to arguments being made by all parts of the country. We are a Government who are listening on this issue.

I go back to the structures that have been put in place. Those structures are working. I have attended meetings with Ministers from Wales, Scotland and Northern Ireland. Unfortunately, such meetings are not currently possible, and that is a regret, but they have been constructive and for a purpose. I can assure hon. Members that views about the priorities are expressed very strongly in all parts of the United Kingdom.

The hon. Member for Cardiff South and Penarth asked whether the engagement is serious, and I argue that it is. Certainly the meetings I have attended have been robust but very worth while.

Nick Smith: Will the Minister give way?

Guto Bebb: I will of course give way to my former colleague on the Public Accounts Committee.

Nick Smith: I acknowledge that the electrification of Paddington to Cardiff is being seen through, and I hope it will be a great success. However, as the Minister knows, that project has cost a lot of money and has seen significant delays which, I think, have led to the delay in the delivery of the Cardiff to Swansea electrification. I think that the Minister will find that hard to deny. What I want from him today is a guarantee that he will ensure that the UK Government will support the Welsh Government to deliver the electrification of the valleys lines so that that is not shunted off into the middle distance and not delivered.

Guto Bebb: The assurance I can give is that my Department and this Government are committed to the south Wales metro scheme, which includes the need to electrify the south Wales valleys lines. The excitement that is felt about that project is not confined to south-east Wales; as a north Walian, I see it as a coherent strategy to revitalise the valleys. Cardiff is a huge success story, with jobs being created, and the south Wales metro scheme will make it so much easier to ensure that people in the valleys can be part of that. Listening to this debate will perhaps make people forget that we have success stories in Wales. I understand and fully support the view that the project is dependent on the electrification of the Great Western main line, but although there have been delays with that work, that does not prevent this investment.

The £500 million coming from Westminster for the south Wales metro scheme is on top of the settlement for the Welsh Government, and it is important to state that the investment we are seeing in infrastructure such as the railways is complemented by a significant increase in the capital funding of the Welsh Government, which has come through as a result of budget announcements, and which I hope all hon. Members welcome.

In addition, there has been significant discussion about and development of the possibility of a city deal for Swansea and the west Wales region, which is imperative, and work is being undertaken on a north Wales growth deal. What is exciting about the development of a city deal in the north Wales context is the constructive engagement between Westminster, the Welsh Government and partners on both sides of the north Wales border. There is an understanding that a growth deal, and infrastructure investment as part of that, is dependent on co-operation between the north-west of England and north Wales, and between the Welsh and UK Governments. I stress again that the relationships that are being developed as a result of the work on the city region deal in Cardiff, the Swansea city region deal and the north Wales growth deal are building confidence between the Welsh and UK Governments.

Albert Owen: At the inception of the north Wales growth deal, it was envisaged that it would include European money, because it was linking England, Wales and the Republic of Ireland. Is the Minister suggesting that there will be a bid to Europe before we exit the European Union? If that is not the case, does he envisage the UK Government working with the Irish Government and the Welsh Government to get that funding?

Guto Bebb: The hon. Gentleman is well aware that the north Wales growth deal, in partnership with the Mersey Dee Alliance and so on, is dependent on a bottom-up approach. The answer to his question is that

if the scheme and a deal are in place in good time to make an application for EU funding, it might be possible, but it depends on the timing. We are not a Government who say, "We know best in Westminster." We are certainly not a Government who think Cardiff knows best. The city deals are based on growth from the bottom up. They are successful, and I hope they are proving their worth. It is a new way of working, and hon. Members should take it on board.

On investment in infrastructure and the co-operation between the Welsh Government and Westminster, the hon. Member for Torfaen (Nick Thomas-Symonds) highlighted an important point about investment in our digital infrastructure. We should at least willing be to concede that more than 11% of the entire funding at the UK level for broadband connectivity was allocated to Wales. I openly congratulate the Welsh Government on match-funding that investment with European funding. We know that great strides have been made on broadband connectivity in Wales, but more should be done. That is why I was absolutely delighted to be involved in a conference in Cardiff last week—it was attended by the Welsh Government Minister—on how we could further improve broadband connectivity and, more important, ensure that we have adequate mobile communications in Wales. We also need to look at how we ensure that those areas of Wales that will perhaps not be reached by broadband connectivity will be able to access broadband via 4G and, in the future, 5G services.

Money is part of that issue, and there is a need for investment, but there is also a need to look again at planning issues, which are the responsibility of the Welsh Government. A very positive outcome of the meeting was that the Welsh Minister highlighted that the Welsh Government would have a meeting this week with stakeholders in Wales to look at whether the planning infrastructure needs to be changed to make it easier to provide mobile infrastructure.

The key point is that there have been changes to the planning infrastructure in England to allow taller masts without the need for planning permission, but the approach taken by the Scottish Government has been very different, and that is perfectly fine. As we have devolved Administrations within the UK, there is nothing wrong with having a response in Wales that looks at Welsh needs, a response in England to the situation in England and a response in Scotland to the Scottish situation. The key point I stress is that co-operation on the issue between Westminster and the Welsh Government is of vital importance for communities in all parts of Wales and for the economic prosperity of Wales.

Mrs Moon: I totally agree with what the Minister is saying about different views from different parts of the devolved Administrations in Wales, but funding for car manufacturers in the UK is a central Government decision and has nothing to do with the Welsh Assembly. Can I have the assurance that, whatever agreement was made with Nissan, there will be a comparable agreement for Ford and that assurances can be given that Brexit will not impact on the capacity of the Ford plant in Bridgend?

Guto Bebb: I assure the hon. Lady that on the third page of my notes of questions to respond to is the question on Ford in Bridgend. It is not just about Ford in Bridgend; we also have Toyota in north Wales, which

is a crucial part of the north-east Welsh economy. I can only repeat what was said to the Cabinet Secretary for Economy and Infrastructure in Wales, Ken Skates, in a meeting that I attended with Lord Price, the Minister of State for International Trade: nothing that was offered to Nissan is not on the table for Ford and Toyota.

I want to correct the hon. Lady, because some of the possible support for Ford and Toyota is a matter for the Welsh Government. Economic development is to a large extent a devolved matter. I fully accept the argument that, although the support might be coming from the Welsh Government, the reassurance has to be at the UK Government-level. I am delighted to say that we were able to say categorically that the deal offered to Nissan is on the table for Ford and Toyota when we were sitting in the office of the Welsh Government Economy Minister. Such businesses are crucial for the hon. Lady's constituency in the same way that they are for north-east Wales, and we would not want to lose them under any future trading arrangements that we have with the European Union. Those commitments have been made and relayed to the Welsh Government.

Responding to the question that the hon. Member for Cardiff South and Penarth asked about engagement, there is nothing better than taking the trade Minister to see the Welsh Government economy Minister and giving those reassurances in person within a week of the decision being made about Nissan. That decision was welcomed by Opposition Members and by Government Members, because it was a vote of confidence in the workforce of the Nissan plant. That vote of confidence should be given for Ford and Toyota, too.

Kevin Brennan: Just to be clear on that point, is the Minister confirming today that the Government have offered absolutely the same deal to Ford as was offered to Nissan?

Guto Bebb: The hon. Gentleman is clearly attempting to distort my words. The assurances given to Nissan are available to Ford and Toyota in the same way. A meeting has been offered. The Welsh Government Economy Minister is aware that that offer has been made. The hon. Member for Bridgend (Mrs Moon) asked for assurances, and I hope I have offered them in as open a manner as I can.

On infrastructure, we have seen significant infrastructure in north Wales with the super-prison in Berwyn. That was another investment into north Wales by the UK Government over and above any settlement with the Welsh Government. The importance of infrastructure investment as a means of boosting the economy is highlighted by the fact that that prison development has resulted in a significant contract being won by a consortium that included Coleg Cambria, which is based in north-east Wales. We should welcome that success story.

I am running out of time so I will try to respond quickly to the specific questions asked by Members. The hon. Member for Swansea East (Carolyn Harris) is looking at me in anticipation of a comment on tidal

lagoons. Those of us who support the concept of tidal lagoons undoubtedly welcome the Hendry report, which was published last Thursday. News broke of Charles Hendry's positive comments while I was at the mobile infrastructure summit in Cardiff Bay. The report was positive, but it was complex, too, and it needs to be looked at in depth. I sincerely hope that the Government will be able to respond in due course from a financial point of view to the issues with the cost of the tidal lagoon and the impact on the taxpayer and the electricity consumer. There is no doubt that the report was positive and needs to be taken seriously within Government. When the report was commissioned, many people said that the issue was being kicked into the long grass, but if they were looking for a negative report, that was not what they received. We are looking at the matter carefully, but there are no doubt issues still to be addressed over the next few months.

On the European Investment Bank, it is difficult to offer guarantees that the loans in question would be supported, but it is worth highlighting that the Chancellor has announced a £23 billion investment into the national productivity investment fund. We are putting in place alternative options for local authorities and stakeholders in Wales to bid into. Life after Brexit will not be the same as it is now, but that reflects that things will be changing.

I need to draw my comments to a conclusion. I apologise to Members if I have not been able to respond to specific points they have made, but I have certainly attempted to do so. The key point is that the decisions on leaving the European Union will be made on the basis of in-depth, proper consultation with partner local authorities throughout England and with the devolved Administrations in Cardiff, Edinburgh and Belfast. The key thing is that we must do the right thing for the people of the United Kingdom, whether they voted to remain or to leave.

Robert Flello (in the Chair): Stephen Doughty, you have about 10 seconds.

3.59 pm

Stephen Doughty: Thank you, Mr Flello. I am conscious of the time. I thank the Minister for his comments. He has provided some helpful clarifications, but what is clear from all the comments today is that there are real-world impacts on jobs and businesses in our communities in all parts of Wales. The suggestion that we have had the totality of the plan we will receive is simply not good enough. We need more clarity. The Minister has provided some today, but not enough in some areas. That is why we need a Government White Paper so that we can all understand the future for Wales in the Brexit process.

Question put and agreed to.

Resolved,

That this House has considered the effect of the UK leaving the EU on infrastructure in Wales.

Murder of UK Nationals Abroad

[STEVE McCABE *in the Chair*]

4 pm

Mr Dominic Raab (Esher and Walton) (Con): I beg to move,

That this House has considered police force support for investigations of murder of UK nationals abroad.

It is a pleasure to speak under your chairmanship, Mr McCabe—I think it is the first time I have spoken under your stewardship. I also thank the Minister for taking the time to respond.

I wish to raise a specific local case as an illustration of the wider plight of British families whose loved ones are murdered overseas. I want to understand what has gone wrong in my local case, which concerns Ollie Gobat, a young businessman murdered in St Lucia, whose parents are my constituents. On their behalf, my aim is to try to secure some sense of justice for a truly distraught family and, in the process, to glean a wider sense of what British policing support other families in this appalling situation can and should reasonably expect in pursuit of the perpetrators of these heinous crimes.

Ollie Gobat was shot and killed, and his body and car set alight, on 25 April 2014. It was a cowardly and heinous crime, and the St Lucia police force immediately confirmed that it was an execution-style murder carried out by organised criminals. Ollie was a much loved family man and a successful real estate executive, working in St Lucia at the time of his murder. The crime has appalled both the St Lucian population and the large expat community living there. That sense of disgust and frustration has been aggravated, over time, by the lack of progress in solving the murder. The dramatic nature of Ollie's murder and the delays and obstacles to bringing those responsible to justice has generated a lot of media interest there and some media reports back home in the UK.

As St Lucia is a relatively small island, there are relatively few organised criminal groups present, active and operating on the island. Yet the St Lucian police force made no early progress in the case, which started to raise serious questions over the force's conduct in the investigation. The Gobat family—UK residents and British nationals—swiftly reached out to the relevant UK authorities for help. Ollie was a British citizen, raised in Surrey. The request for UK support was made with the encouragement and blessing of the St Lucian Prime Minister, with whom the family had and maintain a strong relationship. At the same time, the family engaged the private services of a former UK police detective. That resulted in some clear lines of inquiry, which have yet to be properly followed up. Some relate to UK persons of interest, including at least one individual believed to be on UK soil.

As anticipated, the St Lucian Prime Minister formally contacted the UK Government requesting mutual legal assistance in the case. That request was complicated by various legal and bureaucratic obstacles. I was hugely relieved and grateful that in June 2015, the then Home Secretary accepted the request, pledging full assistance, subject to UK police being able to operate properly and safely.

Following the relevant protocol, Surrey police force was tasked with providing the requisite assistance. I recognise that Ministers and officials worked very hard to secure that authorisation, and I think it is reasonable to say that we all hoped it would mark a turning point in the case. Regrettably, there has been no progress and no proactive engagement or assistance provided by Surrey police. Worse still, the family are now also receiving death threats as a result of their private investigation.

I want to recognize that Surrey police met me and the family in February last year, and in fairness, following that meeting, they have provided some reactive responses to the St Lucian requests for assistance, but it is crystal clear that what is really needed is more proactive support, which the family had reasonably understood would be forthcoming. With that in mind, I understand that the St Lucian Prime Minister Allen Chastanet intends to request, or is in the process of requesting, a further elevation of UK assistance in keeping with the previous assurances provided by the Home Office.

Of course, any assistance needs to take into account St Lucia's background. It is a former British colony, a member of the Commonwealth and an island much loved by hundreds of thousands of British visitors every year. It is public knowledge that St Lucia has a serious policing challenge, which is demonstrated by the commissioning by the Caribbean Community of a report on serious police corruption and extra-judicial killings in St Lucia.

I have gotten to know the Gobat family rather well since June 2014. Today as then, they just want what any family in their position would want: some measure of justice and accountability for their much loved and sorely missed son and brother. Although they recognise the complex nature of the case, they feel completely let down, not just by the lack of progress but by the failure of UK police to deliver the kind of support envisaged after the Home Office approval. I recognise the pressure of an investigation of this nature, and how complicated it must be—it would put a strain on any single force's budget—and we can understand some of what may be holding it back, but surely justice for mourning British families is not entirely dependent on a postcode lottery. Is there no additional centralised support that can be provided in such a highly serious case?

The Gobat family recognise that the perpetrators may never be brought to justice, but that only reinforces their desire, and indeed mine, to see the unstinting pursuit of a proper investigation to get some answers. In their situation, I think we would all want the same. In particular, the family now want to see the level of UK assistance escalated and elevated to a more proactive role and the case moved from Surrey police to the Metropolitan police, which has greater expertise and manpower and might reasonably be expected, given its centralised role in counter-terrorism and organised crime, to take up some of the slack.

I know that there is a limit on the extent to which the Minister will be able to be drawn on the specifics of any operational matters in a pending criminal investigation, but it is entirely reasonable to ask some questions and expect some clearer answers. First, what level of support should the family of a British citizen murdered by an

organised criminal gang abroad reasonably expect, through UK police supplementing or supporting the local criminal investigation overseas?

In the case of Ollie Gobat, having secured agreement for UK police to support the St Lucian investigation in June 2015, the Home Office envisaged that full assistance would follow. Why has that not happened, and what should happen next to make sure the lapsing of time does not render any subsequent investigation meaningless?

Are the Home Office and the Minister satisfied that Surrey police has the capacity and resources to engage properly with the St Lucian investigation, given the expectation of full assistance? How can that vital policing support be transferred to the Metropolitan police, in keeping with the family's wishes, to make sure the required UK support has the expertise and capacity to make a real difference in St Lucia? Finally, what can the Minister say to reassure the family that any further request that comes from the Government of St Lucia with the Prime Minister's blessing will be fully, properly and swiftly actioned?

The Gobat family feel abandoned. They expected concerted and material UK support to the St Lucian investigation, but there has been no real action on the ground. That comes on top of the terrible grief that they continue to endure. That cannot be right. On behalf of them and the other British families who find themselves in similarly tragic circumstances, I would be very grateful if the Minister could answer the questions I have laid out and above all assure us that we will see some serious movement in the UK police involvement in the investigation before it is too late for justice in their very tragic case.

4.10 pm

The Minister for Policing and the Fire Service (Brandon Lewis): It is a pleasure to serve under your chairmanship, Mr McCabe. I congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing this debate and on the concise and clear way in which he outlined the issues relating to the tragic events of 2014. Such issues affect a number of British families in similar situations. I am only too aware of the devastating impact that such cases can have on families and communities. I was recently touched by the death of my constituent Hannah Witheridge, who died alongside David Miller in tragic and awful circumstances in Thailand in 2014, so I have seen the impact that such cases have. The Norfolk police did a fantastic job with the family liaison officers in working with the families and giving support to the community.

I am sure my hon. Friend understands that it would be inappropriate for me to comment on the detail of specific cases. As he said, to do so could prejudice any current or future investigations. However, I recognise the concerns that he raised about the support available to bereaved families, and I hope to respond to those points, even if I use more general terms.

It is always a tragedy when a family member dies. I cannot begin to imagine the heartache that families feel when it happens away from home. I saw that for myself in the tragic case of Hannah in my constituency. It is particularly devastating when there are suspicious circumstances that are hard to get to the bottom of, and when the family believes that they have not been investigated as thoroughly as they could have been.

Our police are among the finest in the world and rightly have an enviable reputation for professionalism, so it is entirely understandable that families want UK police officers to investigate the circumstances of their loved one's death overseas. Although UK police support is provided in a number of cases, including consular support provided by the Foreign and Commonwealth Office and police liaison support, I am sure my hon. Friend appreciates that it is not always possible to provide it due to circumstances that can be outside our and those agencies' control. It is important to recognise that UK police officers can assist in a foreign state's investigation of crimes committed overseas only with the express invitation of the host Government, and for a number of reasons invitations are not always forthcoming. I understand that that must be extremely frustrating for families seeking justice for deceased relatives, but it is simply not possible to support investigations in another country without its permission.

There will also be circumstances when support is requested by a host Government, but it does not meet the expectations of bereaved families or does not go far enough to address their concerns. Again, we are limited by the scope of the request and cannot independently provide investigative assistance unless explicitly asked to do so by the host country.

Requests for support are considered carefully by Home Office Ministers to ensure that any assistance requested is consistent with our international obligations and will not potentially lead to any human rights abuses. It is then for the police, who are operationally independent of the Government, to consider what support they may be able to provide to an investigation overseas. Inevitably, there will be occasions when the police in that locality judge that there is little value that can be added to an investigation, or that support would be impractical. Those are rightly operational decisions for the police to make, and it would be inappropriate for the Government to seek to influence them.

That is not to say that the police do not support overseas investigations. As I said, it would be inappropriate for me to comment on specific cases, but I can confirm that the Home Office frequently authorises support to overseas law enforcement agencies. In each of those cases, a request will have been made by a foreign law enforcement agency. The request will have been authorised by Ministers, and the police will have confirmed that they are in a position to provide assistance.

Mutual legal assistance, which my hon. Friend mentioned, is distinct from law enforcement or police-to-police co-operation. It is a formal method of judicial co-operation between states to obtain assistance in the investigation or prosecution of criminal offences. Such requests are considered carefully by Home Office Ministers, and the UK provides assistance wherever we can. Again, it must be in line with our international obligations.

As such cases are sensitive, family members are often unfortunately but necessarily not aware that support has been requested or is being provided. Although I completely understand that it must be extremely difficult for a family member who is desperate for answers, it is absolutely critical that nothing is done to jeopardise any ongoing investigations, as that may ultimately result in the failed prosecution of any suspects who are identified.

In addition to the support provided to specific investigations, it is also worth mentioning that police officers do excellent work in undertaking to improve the

[Brandon Lewis]

capabilities and professionalism of foreign police services. That can include the routine deployment of officers to carry out training in areas such as leadership, forensics, intelligence and other activities, sharing the best practice that our police have and building relationships to improve policing at home and abroad. By enhancing the capability and capacity of foreign police services to conduct thorough, evidence-based investigations, we increase not only the likelihood of successful prosecutions but compliance with human rights obligations. That in turn can remove some of the barriers to co-operation on individual cases that come up.

My hon. Friend spoke primarily about the particular case of his constituents, but this issue has implications for people more widely. I thank him for securing the debate and for raising the profile of the challenge of being able to work in other countries, which affects both families and the police. I understand that it is an emotive issue for the people involved. I want to take the opportunity to commend the police across the country for the vital role they play in what can often be very challenging circumstances. I assure my hon. Friend that the Government will continue to support requests for assistance where the circumstances allow. I will certainly make sure I keep him and, through him, the family apprised of the situation where we can.

Question put and agreed to.

4.18 pm

Sitting suspended.

Digital Equipment Ltd: Pension Scheme

4.30 pm

Corri Wilson (Ayr, Carrick and Cumnock) (SNP): I beg to move,

That this House has considered Digital Equipment Ltd's pension scheme.

It is a pleasure to serve under your chairmanship, Mr McCabe, and to move this motion on behalf of my constituents. I am grateful to those Members who are here to take part in the debate. I am sure that they share my belief that this is an important topic.

Digital Equipment Ltd started in Massachusetts in the 1950s, in the days when computers were so big that they filled whole rooms. Its story is one of a dramatic rise and fall. From humble beginnings, it became a leading vendor of computer systems, including computers and software. By 1977, when Digital came to Ayr, it had grown into an entrepreneurial computer company boasting \$1.5 billion in annual sales. In the '70s and '80s, computer technology changed rapidly, and Digital was at the forefront of that change. It quickly became a major employer not just in my constituency but across Scotland and the UK. At its peak, it employed around 1,500 people in Ayr.

Unfortunately, the company failed to adapt successfully after the rise of the personal computer eroded its minicomputer market, and it was acquired in June 1998 by Compaq, which merged with Hewlett Packard in 2002. Some parts of Digital were sold to Intel, but the plant in Ayr met its end. From the accounts given to me by my constituents, Digital was considered a good place to work, and it is remembered locally with fondness. It seems that its approach to technology—it was at the forefront of networking computers as peers—was mirrored in its corporate approach, with management structures that treated its people as equals.

The pension scheme was open to all employees and started paying pension from the age of 60 for both men and women. Although pension indexation was not guaranteed and Digital was not legally bound to award increases, the company made it its practice to do so. Staff were reassured that that custom would continue when Compaq acquired Digital in 1998, and Compaq continued to pay discretionary increases to pensioners. That trend was broken only following Hewlett Packard's acquisition in 2002. In October 2006, the assets and liabilities of the Digital plan were transferred to the Digital section of Hewlett Packard's retirement benefits plan, which provides for increases of pre-1997 pension rights at the discretion of the principal employer.

Since 2002, Digital pensioners in the UK have seen only two increases to their pre-1997 pensions, each amounting to 1%. In the past 14 years, the value of those pensions has stagnated. Those pensioners' buying power has diminished and continues to shrink year on year, in contrast with their former colleagues in Europe. Pensioners in Hewlett Packard's European subsidiaries have received regular cost of living increases, because only the UK Government have set an exclusion for pre-1997 contributions. The former staff of Digital in the UK do not feel quite so equal now.

I appreciate that HP is a huge multinational company that operates in around 150 countries and pays its pensioners in full accordance with the law in each of

those countries, and I did not secure this debate to beat it about the head with a stick for not fulfilling its obligations to my constituents. However, I have great sympathy with those Digital employees who trusted their employer and paid into what they saw at the time as a great pension scheme, but have found that it does not support them in their old age and rely on Government support to get by. Many of my constituents paid into their Digital pensions for more than 20 years, and the bulk of their contributions were paid before 1997. Those who have not reached pensionable age do not yet know how little their pensions will be worth to them.

When this issue was first brought to my attention, I wrote to the Pensions Minister on behalf of my constituents to find out how the Government intended to resolve some of the issues with defined-benefit pension schemes such as the Digital scheme. I am grateful to him for his prompt response, in which he stated that

“the Government has no plans to force schemes to pay any increases to the pre-1997 pensions—beyond those that are already required by scheme rules”

and outlined that Government interference would be wrong and liability increases for which an employer had not planned or could not provide could lead to widespread scheme closures and risks. But I have a host of constituents who had planned for their retirement but have found that their pension scheme does not support them.

The Government have made it clear that, if the demands of the Hewlett Packard Pension Association, which has campaigned about this issue, were met, the additional liability on employers would mean that they would need to find extra money, and the Government do not plan to make them do that. I understand their position on that point. However, according to the Office for National Statistics occupational pension schemes survey, in 2015, there were around 5.2 million defined-benefit schemes in payment in the UK with rights accrued before 1997, of which more than 90% paid an increase. Just 8% of schemes like Digital’s used their discretion to deny any cost of living increase to their pensioners. Despite the fact that indexation is not mandatory for rights accrued before 1997, it appears that many schemes voluntarily apply some form of inflation protection to pensions in payment, and many apply limited price indexation retrospectively to service before 1997.

Nicky Morgan (Loughborough) (Con): The hon. Lady is making an excellent case on behalf of her constituents. Does she agree that not only Digital or Hewlett Packard employees but those of other companies are affected? She mentioned that only 10% of defined-benefit pension schemes do not pay indexation. Campaigners are asking not for indexation to be backdated but for this issue to be corrected going forward. Does she also welcome the fact that the Pensions Minister has agreed to meet some of my constituents? I welcome the way that he is engaging with this debate.

Corri Wilson: The right hon. Lady makes a valid point that campaigners are not asking for indexation to be backdated, which would cause considerable difficulties for the companies involved. I will come to that point later.

I empathise with Hewlett Packard and other businesses that inherited defined-benefit schemes through expanding their operations during the boom years. They are all

experiencing a global turnaround and an extremely challenging marketplace. Difficult decisions have to be made, and looking after the former employees of businesses that have long since been subsumed has to be balanced with current business concerns and the welfare of current workforces. Hewlett Packard is breaking no laws, and I understand that it fully appreciates the impact of its decision on its pensioner population and that is taken into account during annual reviews. However, I have greater sympathy for the concerns of the pensioners who have pensions with HP that will be frozen due to not being covered by legislation, and I would like the UK Government to take action to address the problems with defined-benefit schemes.

The Hewlett Packard Pension Association claims that withheld cost of living increases have so far cost pensioners an average of £24,000 compared with their colleagues whose contributions were made post-1997. That has led to severe financial hardship for many of those pensioners and has resulted in them being unable to afford an ordinary living pattern, being on the verge of poverty and requiring Government subsidies in the form of income support benefits.

Sir Peter Bottomley (Worthing West) (Con): I speak because one of my constituents has been in contact with me. I have explained that I cannot stay for the whole debate. Is the hon. Lady essentially saying that it is the older, poorer pensioners who do not get increases, and the younger ones, who earn more, who do?

Corri Wilson: I thank the hon. Gentleman for his intervention. The people who have paid in for the longest are getting the least benefit back from the scheme, although I recognise that pension schemes have changed.

I would like to hear from the Government what options, if any, are open to scheme members. The Pensions Minister has stated that defined-benefit schemes will be looked at early this year and he intends to consider what the Government can do to tweak the environment of those schemes. Is indexation increases for all defined-benefit pension schemes one of the tweaks that he will look at? The change that HPPA is seeking is for the discrimination between pre-1997 and post-1997 contributions to be removed from legislation, and the minimum permissible increases for all defined-benefit pensions in payment in future to be indexed in line with increases in the retail prices index. Will the Government look at that in their forthcoming Green Paper?

The Scottish National party is committed to ensuring dignity in retirement for all pensioners in Scotland, and although many recent debates have focused on reducing the statutory minimum requirements rather than increasing them, it is important that we examine closely what will bring about fairness and sustainability and deliver that dignity. Those are the issues I want to address in opening the debate. I know that other hon. Members wish to participate, so I will draw to a close by appealing to the Minister to take into account the situation that, as we heard earlier, people—not just Digital pensioners—find themselves in.

Pension plans are made over decades. They are long-term investments in our future to ensure that we can survive when we are no longer working and to ensure that we are not a burden on the state or our families. However,

[Corri Wilson]

it appears that plans that seemed sound at the time have turned out to be considerably less appealing 20, 30 or 40 years later. Too often, people pay into pension pots—whether private company pensions or indeed state pensions—all their lives but find that, when they retire, the goalposts have been moved. To paraphrase our national bard, the best laid schemes have indeed gang a-gley. I look to the Government and the forthcoming Green Paper to start addressing some of those issues on behalf of my constituents, and so that future generations can plan for their retirement.

4.40 pm

Dr Philippa Whitford (Central Ayrshire) (SNP): This is a particular issue for Ayrshire. As my hon. Friend the Member for Ayr, Carrick and Cumnock (Corri Wilson) pointed out, a large Digital site there got taken over by Compaq and then by Hewlett Packard. The problem is that this is not like the BHS scenario—it is not that the company has ceased to exist. The company does exist, but it is choosing not to upgrade these people's pensions. As was mentioned, under HP, in 15 years, those people have had a miserly two upgrades of their pre-1997 contributions. The problem with that is that their buying power is almost cut in half—as was mentioned, they have lost £24,000 each.

Currently, the guidance basically says that pensionable contributions after 1997 get the consumer prices index rate or 5%, whichever is lower, and those after 2005 get CPI or 2.5%, whichever is lower. All those people want is to change that bit of wording so that everything before 2005 qualifies for 5% or CPI, with 2.5% for everything after. They are talking about CPI, not even RPI, and, as was mentioned, they are not asking for it to be backdated. Their pensions are withering on the vine and, as they get older, they will continue to wither. As the hon. Member for Worthing West (Sir Peter Bottomley) said, it is indeed the older pensioner who will have a larger chunk of pre-1997 pension and therefore find that it does not give them the return they counted on.

HP is not skint. HP is a big company, making a lot of money. It sells a lot of IT in the UK and it accounts for 25% of public IT contracts. Along with other FTSE 100 companies, it pays much more out in dividends to shareholders than to correct its deficits—five times, it is estimated, what it puts in to cover deficits. Perhaps the Government should be looking at that. We hear that defined-benefit pension schemes are struggling because the companies cannot afford to put the money in. If they would be willing to pay 20% into correcting deficits and 80% to shareholders, that seems to me already a pretty generous solution, rather than leaving the pensioners to struggle.

That brings us back to situations we have debated multiple times in the Chamber, such as Equitable Life, the Women Against State Pension Inequality Campaign and BHS. People at the start of their working lives are investing, whether in state or private pensions, and they do so on trust that, when they reach whatever the retirement age is, they will be able to live in dignity. They have taken the trouble to open a pension. We are now making people enrol. What will happen in 20, 30 or 40 years' time? Will we be discussing auto-enrolment pensions that people were forced into that still do not

give a return? It is our role as legislators to ensure that the goalposts are set and dependable so that people who sign up to pensions know what they will get.

To call for pre-1997 contributions to be treated the same as those between 1997 and 2005, without backdating, is a reasonable request from the pensioners. I call on the Minister to respond.

4.45 pm

Sir Peter Bottomley (Worthing West) (Con): I apologise in advance: I will not be here at the end because I will be in a meeting with Equitable Life, which was just mentioned by the hon. Member for Central Ayrshire (Dr Whitford). May I make one positive suggestion, almost as an intervention, open to those pension funds, trade union funds and insurance companies that hold our money and own Hewlett Packard shares? They should ask HP whether it thinks it is socially responsible to discriminate between the different groups of UK employees it has taken over by acquisition. It seems that it should be asked to say to its shareholders—whether or not at the annual general meeting—whether it thinks the savings it is making are justified and whether it would like to illustrate what the pension arrangements are for their top executives and what those are for those who were in businesses in Ayrshire and other parts of the United Kingdom when it made its decisions. Is it lawfully open to putting the pensioners in the situation suggested by the hon. Members for Ayr, Carrick and Cumnock (Corri Wilson) and for Central Ayrshire? If so, it should do that without delay.

Steve McCabe (in the Chair): I will now call the Front Benchers. You will have noticed that we have more time than we might have expected, which means we can allow about 10 minutes—probably no more—for the SNP and Labour Front Benchers and about 20 minutes for the Minister. You are not obliged to take that time, and make sure you leave at least three or four minutes for the mover of the motion to wind up.

4.46 pm

Kirsty Blackman (Aberdeen North) (SNP): Thank you, Mr McCabe. It is a pleasure to serve under your chairmanship.

I commend my hon. Friend the Member for Ayr, Carrick and Cumnock (Corri Wilson) for securing this important debate, and the HP Pension Association for its work and all it has done to highlight the issue, particularly the indexation of pre-1997 defined-benefit schemes. I am here on behalf of my hon. Friend the Member for Ross, Skye and Lochaber (Ian Blackford), our pensions spokesperson, who unfortunately is in the Chamber and unable to attend. Hon. Members will have to forgive me if I do a bit more reading normal.

On defined-benefit and defined-contribution schemes, my hon. Friend the Member for Central Ayrshire (Dr Whitford) covered the issue of trust nicely. If we expect members of the public to be opted into those schemes, they should expect a reasonable return, and they should have trust that their pension scheme will pay out what it said it would. That is particularly true of young people coming into schemes, with the possibility that the state pension may not kick in at 65 or 67 in the future—it may be 70 by the time I get there. We do not know what the state pension age will be at that stage. We

need to ensure that people pay into private pensions, so we need to keep up the level of trust in private pension schemes, which has been eroded in recent years.

The UK Government recognise that it is important that the state pension keeps up with inflation. That is why they have committed to the triple lock, and there has been support for that from throughout the House. However, it is not right that we have that for the state pension, but elsewhere there is effectively, if not an ability to dodge that, then almost a loophole. There is a gap, with a lack of legislation committing organisations to sticking to that, particularly in relation to the pre-1997 situation.

Inflation is important. If a pension scheme is not keeping up with inflation, things are less affordable, so pensioners cannot support their retirement in the ways they expected. It is therefore key that the term “inflation” is used, and that we look at that rather than at a certain defined percentage increase.

On the pre-1997 rights and the estimated 3,500 pensioners in the HP pension scheme, as has been said already, according to the HP Pension Association the buying power of their pensions has diminished by almost 50%. That has cost each pensioner an average of £24,000 in cost of living increases compared with those whose contributions were made post-1997.

The HP Pension Association estimates that the average pension paid to Digital pensioners in 2002 was £6,008 per year. If that had kept up with inflation it would now be £9,070 per year—a difference of £3,000 per annum. That is a significant amount of money that people do not have to spend, and it means that people do not have the retirement that they expected. If Brexit causes a period of rising inflation—the current situation has happened over a period of relatively low inflation—the problem will be compounded even further, and it will be even more difficult for people to survive and have the quality of life they expected from their pensions.

Data from the Office for National Statistics occupational pension schemes survey showed that 5.2 million pensioners were in receipt of pensions with pre-1997 rights, of whom 400,000 were not receiving inflationary increases. Some 40% of those with pre-1997 accrued rights received increases of 2% or more, which was down from 85% a year earlier. There has been a significant change, possibly because companies are seeing that they do not have to pay extra. I therefore think it would be sensible for the Government to consider looking at the issue. I understand that there is going to be a Green Paper, in which I hope the Government will touch on it.

Dr Philippa Whitford: Does my hon. Friend agree that it is also outrageous that Hewlett Packard pays cost of living rises to its pensioners in Europe but not those here? That shows that this is totally related to the loophole in the UK guidance.

Kirsty Blackman: That is a real discrepancy, and it shows that those payments are affordable. Hewlett Packard can afford to pay the increases if it is doing so in other places. The UK Government have a responsibility to consider that and see what changes they can make.

We are all aware of the widely reported challenges that defined-benefit schemes are facing, including from increased life expectancy—companies did not expect to have to pay out such amounts of money for such a long

period of time—and the impact of declining yields, while the increase in many schemes’ deficits has been highlighted in the past. The UK Government and Parliament have discussed changes to the rules that govern those pension schemes and to uplifts, but we do not want a situation in which we are putting the schemes before the people. We need people’s rights to be protected and the schemes to continue to be affordable. It is important that we take the pensioners into account first.

My hon. Friend the Member for Ross, Skye and Lochaber tells me that the Government’s Green Paper will offer an opportunity to examine this issue. He asked me, on behalf of the Scottish National party, to commit to working constructively with the Minister, to see whether we could find an affordable way to offer protection to those with pensions with pre-1997 rights. We are keen to have that constructive conversation, and my hon. Friend, who is our pensions spokesperson, would be keen to go ahead on that basis.

As has been said, in the case of the Digital pensioners we are talking about the difference between pre-1997 and post-1997 contributions. The Government could specifically consider that in their Green Paper. Many recent debates have focused on reducing the statutory minimum contribution requirements, and as I have said, we need to make sure that do not further erode those requirements and that we put pensioners first.

This is the kind of issue that ought to be looked at by a pensions and savings commission. The SNP has called for that before and will continue to do so, because this issue will not go away. Pensions will be ever-increasing in importance, as both inflation and life expectancy increase and as possible future changes to the state pension come through. It is now time for a pensions and savings commission to go ahead. That would benefit not only the pensioners in the Digital scheme but pensioners in all schemes and in no scheme. I appreciate the Minister taking the time to listen to the debate, and I again thank my hon. Friend the Member for Ayr, Carrick and Cumnock for bringing the debate to the House.

4.54 pm

Alex Cunningham (Stockton North) (Lab): It is an extra special pleasure to serve under your chairmanship, Mr McCabe—I prepared a seven-minute speech, you suggested I might get five minutes and I now have 10. That is so unusual in this place.

I congratulate the hon. Member for Ayr, Carrick and Cumnock (Corri Wilson) on bringing this matter to the House for us to debate. I am pleased she has the time to do so, as she is doubtless preparing for a series of suppers over the next couple of weeks to mark the special day set aside for Robert Burns. Had he been alive today, he would, I believe, have been a constituent of hers.

Other hon. Members have explained the background to this issue. The pension plan changed hands from Compaq, which acquired Digital Equipment Ltd, to Hewlett Packard when it acquired Compaq in 2002. Hon. Members have also highlighted the legislation that determines that payments prior to 1997 are not entitled to increases in line with inflation. I welcome all the contributions that have been made.

I confess that, until Wednesday of last week, I was not aware of this particular failure, which has resulted in what appears to be the unfair and inconsistent treatment

[*Alex Cunningham*]

of thousands of pensioners who have a defined-benefit pension with Hewlett Packard. Despite legislation being in place that states that pension providers are under no legal obligation to increase the value of a pension in line with inflation, we are facing a situation, not unlike that facing the Women Against State Pension Inequality campaign, in which people find themselves at a disadvantage simply because they were born in a particular timeframe or had worked prior to particular legislation being introduced.

Through my research, I found that the average pension paid to Digital pensioners in 2002 was £6,008, which would now be worth £9,070 if it had kept in line with inflation—that is 50% more, and would go a long way in anybody's home. As we have heard, when the pension plan was held by Digital Equipment Ltd and then Compaq, both companies made discretionary increases. However, once the plan was acquired by Hewlett Packard, it received only two token 1% rises, with no increases in the past 14 years. That is not good enough. The value of the pensioners' money has decreased, the cost of living has increased and we once again face the crisis of vulnerable people facing increased difficulty and being on the verge of poverty in many cases.

Sir Peter Bottomley: The thought going through my mind is that, when I go back to my office, I find Parliament-supplied equipment made by Hewlett Packard. I also bought my own printers from Hewlett Packard. I am beginning to wonder whether I knew enough to regard it as a reputable firm that I should go on patronising.

Alex Cunningham: I certainly wonder the same thing; I have something to say to the Minister specifically on that—not about my personal choices or the hon. Gentleman's, but about the Government's.

Hewlett Packard can hide behind the law, and has for years, but that does not mean that what it is doing is right. When we—a group of north-east England MPs—meet representatives from Hewlett Packard a week on Monday, I intend to challenge them specifically on the decision. Despite being a large company with a substantial UK turnover, it is clearly shirking its responsibility to ensure that people who worked for a company that it took over receive the same level of support as before. Another parallel between this case and the plight of the WASPI women is that there has been no real opportunity for the people affected to make up for the shortfall in the value of their pension.

How has Hewlett Packard dealt with other pensioners in its group? Much, much better. Pensioners in all of Hewlett Packard's European subsidiaries, except in the UK, have received regular cost of living increases. This is a case not of a business being unable to increase pensions in line with the cost of living, but of a large international corporation using a loophole in UK legislation to give it a window to not fulfil what is a moral duty. I wonder what its problem is with treating its British pensioners the same as others.

As we have heard, Hewlett Packard is not a struggling business that cannot make ends meet. It is actually the Government's largest IT supplier, and makes sales of more than a £1 billion a year to the Government alone. It is a company that, in 2015, had revenues of

\$139 billion—not million—and profits of \$7 billion. The UK Government spent £1.2 billion with the company in 2014-15, which was 25% of Hewlett Packard's British turnover. Its highest-paid UK director received £1.64 million in 2014 and £920,000 in 2015. It would cost that company about half the cash paid to that one UK director to pay a cost of living increase this year—half the cash that one person earned in wages last year.

The pensioners affected served their time working for HP and the companies it took over. They thought they were safe in the knowledge that they had a pension and were doing everything they were supposed to. I believe the Minister should put pressure on Hewlett Packard, as I will a week on Monday, to fulfil its moral responsibility, although not a legal one, to ensure that those workers are treated fairly in retirement.

Are the Government really content with doing more than £1 billion-worth of business a year with a company that has cocked a snook at this group of British pensioners? I hope the Minister will agree that even though companies are not legally required to pay annual cost of living increases in line with inflation for workers who made contributions prior to 1997, it is a scandal that there are thousands of pensioners in this country right now whose pensions' value has dropped significantly, and who are probably now relying on social security benefits to get by.

Dr Philippa Whitford: As the hon. Gentleman has pointed out, this is not a legal failure of Hewlett Packard but a moral one. Does the responsibility not therefore lie in this place to ensure that the law and guidance are very clear? It is our job to protect the pensioners.

Alex Cunningham: I certainly agree with that. Dealing with the situation retrospectively is extremely difficult, and I do not think that is possible, but we have various Green Papers coming through the system in the near future, and I hope the Minister is listening carefully about the problems we have seen. There are so many schemes out there, and we have schemes that are not operating effectively for the people who have paid into them, whether they are turkey sandwich makers or whoever.

As I said, some of the people affected may be relying on state social security. Why is the British taxpayer having to foot that social security bill, while the Government are handing out such lucrative contracts to a company that makes vast profits from them? Clearly we need to ensure that legislation will never again allow a company to shirk its responsibilities, and I would welcome the Minister's view on that. I hope he will also take action to resolve this injustice by sending a direct message to Hewlett Packard that if it can afford to pay cost of living increases to pensioners in other European countries, it can pay the same increase to pensioners in the UK.

5.2 pm

The Parliamentary Under-Secretary of State for Pensions (Richard Harrington): It is a pleasure to serve under your chairmanship, Mr McCabe. I congratulate the hon. Member for Ayr, Carrick and Cumnock (Corri Wilson) on securing this debate and am grateful for everybody's contributions. I quite understand that the hon. Member for Ross, Skye and Lochaber (Ian Blackford), who is the SNP's spokesman on this issue, is probably

on Front-Bench duty in the Chamber at the moment. I always listen to him very carefully, as I did to the hon. Member for Aberdeen North (Kirsty Blackman), who eloquently stood in for him.

This debate is about making retrospective changes to pension legislation. Doing so, we contend, would have significant financial implications for the schemes involved. I read in preparing for this debate the information provided by the HPPA, which has been used by Opposition Members. It is a very well argued paper, but I must say that I picked up one inconsistency in it. The briefing paper says, as indeed Opposition Members who have spoken do, that the effects of making these changes retrospectively would be minimal. As far as I can see, a few schemes would fit into this, but I see no evidence from any of the figures that the effects would be minimal.

I intend to do some further work and would be grateful for further data, to assess what the actual cost would be. I have not seen anything in the information provided. That is not a criticism of the general information at all; these things are just very difficult to work out. Of course, expressions such as “minimal” or “a lot” can mean different things to different people. I am not trying any political tricks or pretending something is the case that is not, but I do not know, for example, what it would cost Hewlett Packard to make this change.

The Government have a broad principle in legislation, which I think is generally fair, of not imposing such retrospective changes, because of uncertainty. There is no doubt that this kind of change—this is not the only one we are lobbied about—will place unexpected and significant costs on employers. We all know that in the defined benefit world, schemes and businesses are at risk at all times because of pensions. It is part of our whole policy, and of the policy of Governments of any political party, to try to bring some stability to defined benefit schemes, which involves considering the interests of employees and pensioners and of the sponsoring employers. However, I accept that Hewlett Packard is a very substantial company—a point made clear by all speakers.

Dr Philippa Whitford: That is one of the points—Hewlett Packard could carry this on its shoulders an awful lot more easily than individual pensioners. Frankly, it is individual pensioners who are facing retrospective changes. They think they are signing up to and investing in a secure retirement, but when they get there, they find that it has disappeared.

Richard Harrington: I fully accept that point. However, what matters to individual pensioners is quite clearly the amount of money that matters to them, but as far as a company is concerned—be it Hewlett Packard, which I accept is very substantial, or a small company—it may be a very significant amount of money. If there were to be legislation, it would have to cover all of them, to be reasonable. No Government could select one company and not another one because it is one of the world’s biggest companies, but I take the hon. Lady’s point.

Normally it is not appropriate or right for Ministers to talk about individual companies’ schemes, so I will try to circumvent that as much as I can. I have listened carefully to what has been said. I listen very carefully to what the hon. Member for Stockton North (Alex Cunningham), Her Majesty’s loyal Opposition spokesman on pensions, says, as indeed I do to the SNP’s spokesperson.

Like the hon. Member for Stockton North, I was not aware of this issue until it was brought to my attention quite recently. I therefore cannot say that I have considered this for weeks or months, but it is important. I will come on to the Green Paper in a moment.

I strongly believe, as I am sure hon. Members in this Parliament or indeed any others do, that employers should stand by their pension promises unless there is very good reason not to and that schemes should have to act within the law. It has been accepted in this debate that the legal position is clear: pensions accrued after 1997 have a level of inflation protection, and pensions accrued pre-1997 have indexation requirements only in relation to certain contracting-out arrangements, but not generally. In fact, the hon. Member for Ayr, Carrick and Cumnock confirmed that the company had broken no law.

The argument seems to be that the company has a moral responsibility, but that it is for Government to change the law if the company will not accept that. My hon. Friend the Member for Worthing West (Sir Peter Bottomley) is not in his place; he explained perfectly well why. As he said, it is very legitimate for institutional shareholders, which may include trade unions or pension funds—everything is very circular in pensions, with them owning a lot of shares in it—to use pressure on Hewlett Packard.

The hon. Member for Stockton North represents the former seat of Harold Macmillan. I just read his biography. I look forward to the day when Harold Macmillan’s successor one nation Conservatives take the constituency back, but the hon. Gentleman is doing an excellent job in the interregnum. He said that the fact that the Government spend significant amounts of money with Hewlett Packard could be used as a point of pressure. I cannot really comment on that. I do not have anything in my office, to the best of knowledge and belief, from Hewlett Packard, but I know that the Government have strict rules about things they can and cannot use as investment criteria.

Alex Cunningham: Harold Macmillan was in fact the last Conservative to represent any part of my constituency, until he was sacked by the people of Stockton. He was a man who believed in playing fair, and that is what we want here: we want Hewlett Packard to play fair. What opportunities does the Minister have to contact the company and say, “Look, you can do it in Europe. Why can’t you do it in the UK as well?”

Richard Harrington: I thank the hon. Gentleman for that intervention and his comments about Harold Macmillan. He asks what pressure the Government can put on Hewlett Packard. In preparing for this debate, I have not received Hewlett Packard’s position. There is no record of any information that I have had. I look forward to receiving a report from the meeting that hon. Members are having with Hewlett Packard. I would be happy for those who attend the meeting to come and discuss it with me as a result. I suspect that the people at the company will say, “Look, we comply with the law,” and in fairness to them, they do. To use a European comparison is really saying, “Well, in Europe they comply with the law.” I am sure that their policy is, “We comply with the law wherever we are in the world.” That is what any company of that magnitude would say.

Dr Philippa Whitford: Is that not, therefore, why this issue should go into the Green Paper and we should consider tightening up that loophole in our law? It is not just Hewlett Packard; it is 3M, Chevron, Unisys—it is other big multinational companies who know that here they do not have to do that for the pre-97. As we heard, 90% of them do, but there is obviously a cohort of companies that are just not bothering so we have to tighten it up.

Richard Harrington: I agree with the hon. Lady that the company's obligation appears to be a moral obligation—that point has been made clearly. The Government's obligation is to pass laws that have to take everybody's views into consideration. As I have learnt, because it has dominated my life since last July, with pensions and defined-benefits schemes, particularly on the private side, there are the interests of employers and the interests of employees and pensioners. As Governments of all political complexions—all three, if we include the coalition—have done, the Government have had to find ways to take consideration in from the others. I will come to the Green Paper a bit later on.

Kirsty Blackman: I fear that we might end up going round in circles about whether or not it would be affordable for lots of companies to do this, without having the data. I appreciate the Minister's commitment to look at obtaining more data about how this might work, or the potential costs, and would appreciate it if he would consider sharing those data once he has gathered them, so that we are all in a position to understand the costs.

Richard Harrington: I think that is very reasonable. As I said, I am not trying to hide any data—nobody is—because I am sure that the HPPA would have included them in its paper, had it known. I suppose that in the end, they can just be estimates because we do not actually know for the moment what companies fit into this category. From speaking to people since I became aware of this issue, I believe it is true that one of Hewlett Packard's predecessors—I cannot remember if it was Digital or Compaq—did increase the pension rates most years to some criteria for inflation, although I do not know exactly what criteria.

As I said, I have not come across any views that Hewlett Packard has broken the law, but I will say that many things that companies do are beyond the law in many ways. They have policies on this and policies on that, and many of them have moral, socially responsible policies in many areas. That is the sort of thing that boards of companies decide. They do not just have to comply with the law—that is the minimum. Obviously everybody, individuals and corporates alike, has to comply with the law. In a way, that is why we are all here in this building.

I want to make progress, although Mr McCabe has kindly allowed ample time for interventions if there are any. We believe that the Government retrospectively changing the legislative requirements on indexation would be inappropriate and would have a significant impact on the schemes of employers involved. The legislation introduced in 1995, by Harold Macmillan's successors in a Conservative Government, was introduced to provide a limited level of inflation protection. The then Government were conscious of this balance between protection against

inflation and the ability of the schemes, and the employers who stand behind them, to afford such protection. Of course, the financial deficits in defined-benefit schemes are very much a topic of conversation in this House and in the press—particularly the trade press—and are something that will be discussed in the Green Paper.

I am not a great believer in providing people with straws to clutch on to. Many politicians across the House do so in politics, and probably the reason for my lack of progress, compared to certain people of my age in all political parties, is that I try to be as candid as possible. I do not want to give a straw to clutch on to, but I do think that hon. Members have to remember that costs of business are also a factor to consider. Hewlett Packard, Compaq and Digital before them have been regarded as good employers; they employ a lot of people in this country and help to generate the prosperity of this country.

I accept the point made by the Opposition spokesman, the hon. Member for Stockton North, that there are people in Hewlett Packard who earn big money—it is all relative—but that is also true about footballers and many other people. It is not the actual position—I know that it makes a good comparison in a speech, but the fact is that the quantum of pension fund commitments that Hewlett Packard took on amount to many, many millions of pounds. The company knew that when it was acquiring the business. I am sure that if it felt that was far too much, it would not have done so. It would have calculated the cost and taken it into account.

I had better make some progress now, Mr McCabe, because time is running out.

Alex Cunningham: Will the Minister give way, very briefly?

Richard Harrington: Certainly.

Alex Cunningham: I accept everything the Minister is saying, but will he, following this debate, write to the company telling it that we have had this debate and ask it to consider its position?

Richard Harrington: I am happy to meet the hon. Gentleman and other hon. Members here after their meeting with the company so that we can formulate some kind of opinion on it. This is not to take away from the standing of this debate, but rather than send a letter as a result of this debate, it would be more appropriate to meet after you have met with the company. I am sorry, I did not mean you, Mr McCabe; I meant the hon. Gentleman. I got carried away, such is the excitement of this issue.

The pensioners with a pre-1997 defined-benefit occupational pension that was contracted out of the additional state pension could be receiving some inflation protection on that pension from the state, because their pension entitlement includes a guaranteed minimum pension, or GMP. I understand from officials that that applies to many of the Digital Equipment pensioners. When the additional state pension was introduced in 1978, employers were allowed to contract their employees out of its provision in return for the employer and employee paying lower national insurance contributions. In order to contract out, the employer had to promise to pay a pension that was at least as good as the

additional state pension that had been given up, in effect guaranteeing a pension payment that was as a minimum equal to the state pension—hence the name.

The state pension, through a complex calculation that I agree is difficult to understand, provides for some indexation of the GMP for those individuals who reached state pension age before April 2016. Those who reach state pension age from 6 April 2016 will benefit from transitional arrangements in the new state pension. The majority of people who were contracted out will do better over their lifetime than under the old arrangements. In short, although the members may not be receiving the full inflation protection as part of their scheme rules, as demanded by their representatives and Members here today, they are likely to receive some mitigation and protection due to GMP arrangements. As I said, my understanding is that that applies to some Digital Equipment pensioners.

I can only repeat that the Government have no plans to impose retrospective changes on pension schemes, but as the hon. Member for Stockton North and other hon. Members have stated, there will be a Green Paper shortly. I said that would happen in the spring; I hope that that will be in spring in the south of England rather than in parts of Scotland, based on my experience of very nice, if rather cold, spring holidays elsewhere. The Green Paper will look at many aspects of defined benefit schemes, including methods of valuation of schemes, index-linking criteria and the consolidation of pension schemes, among others.

I do not want Members to think that we have plans specifically to impose retrospective changes on pension schemes such as the one we are discussing, but many aspects of pension rules will be considered in the Green Paper, and I believe that will include several issues that are relevant to this matter. Obviously I cannot go into more detail because the Green Paper is an official document, but it will look generally at defined benefit schemes. There are a lot of different factors, some of

which are genuine complaints and difficulties on behalf of employers, and some of which are fundamental things about protecting pensioners and prospective pensioners—people working and paying into schemes now. Obvious related examples include the rules of the pension regulator, which, although not relevant today, certainly are relevant to defined benefit schemes.

Today's debate and the preparation work for it—the briefings and other things that I was provided with, including from the House of Commons Library and the Hewlett Packard Pension Association—have led to a lot of thinking on my behalf about this matter, and I thank hon. Members for raising it. I look forward to hearing Hewlett Packard's response and I am very happy to meet with it, after that stage, to discuss the situation.

5.21 pm

Corri Wilson: I thank hon. Members for coming along today and welcome their contributions. I am also pleased that the issue is now on the Minister's radar. If the Government are encouraging people to save for the future, people need to know that the goalposts will not change. As has been mentioned, trust is key. When people enter their retirement years, the last thing they want is to discover that they do not have enough to live on and that their pension is not what they thought it was, with absolutely no time to do anything about it. A contract is a contract and it needs to be transparent. Going forward, including through the Green Paper, I hope that the Government will look at the wider issue of having pension legislation that protects employees and employers.

Question put and agreed to.

Resolved,

That this House has considered Digital Equipment Ltd's pension scheme.

5.22 pm

Sitting adjourned.

Written Statements

Tuesday 17 January 2017

TREASURY

Charter for Budget Responsibility: Autumn 2016 Update

The Chancellor of the Exchequer (Mr Philip Hammond): Today I have laid before Parliament an updated charter for budget responsibility. The updated charter sets out a new fiscal framework, changes to the operation of the welfare cap, and minor amendments to text on the operation of debt management.

The updated charter laid today was published in draft on 23 November 2016. The charter was first published in draft as it includes modified guidance to the Office for Budget Responsibility. Under section 6(4) of the Budget Responsibility and National Audit Act 2011, if the Treasury proposes to modify the guidance to the Office for Budget Responsibility included in the charter, a draft of the modified guidance must be published at least 28 days before the modified charter is laid before Parliament.

Since publishing the charter in draft one operational amendment has been made, requiring the Debt Management Office to produce a debt management report annually rather than as part of the budget report. This change has been made to facilitate the move to a single fiscal event. The change does not modify guidance to the Office for Budget Responsibility.

A debate and vote in the House of Commons on the updated charter has been scheduled for Tuesday 24 January 2017.

[HCWS417]

Office for Budget Responsibility: Fiscal Sustainability Report 2017

The Chief Secretary to the Treasury (Mr David Gauke): The Office for Budget Responsibility (OBR) has today published its sixth fiscal sustainability report (FSR), fulfilling its legal obligation to publish an analysis of the sustainability of the long-term public finances and an assessment of the public sector balance sheet at least once every two years. The report was laid before Parliament earlier today and copies are available in the Vote Office and Printed Paper Office.

The FSR provides us with insight into how long-term economic and demographic trends, including our ageing population, are likely to impact the public finances over the next half century, without mitigating action. These long run projections are based on OBR assumptions of unchanged policy beyond the medium-term horizon. They are therefore not the OBR's predictions of what will happen—but an illustrative projection of what may happen, if the Government did not take action.

In producing these projections the OBR must make stylised assumptions, and as they note, many of these assumptions are subject to a high degree of uncertainty. The results are highly sensitive to these assumptions,

and this is particularly the case over the 50 year horizon in the FSR. For example, the OBR project that debt to GDP by 2066-67 could be between 40% of GDP higher or 101% of GDP lower than the central projection, depending on which assumptions are used to underpin projected growth in healthcare spending.

Their findings must be interpreted in this context. However, the FSR's underlying conclusion is clear: fiscal sustainability will come under increasing pressure from both demographic change and the need to improve efficiency and productivity over the next 50 years. It is important that action continues to be taken to address demographic pressures and improve efficiency, particularly in the health sector.

While the FSR's fundamental message is unchanged from previous reports, changes to the assumptions underpinning this year's projections drive higher projected spending than in previous reports. Higher projected spending, alongside higher initial borrowing and debt, feeds through, in turn, to higher projected borrowing and debt by the end of the projections.

In terms of specifics, the FSR projects that spending on the state pension will rise from 5.0% of GDP in 2021-22 to 7.1% of GDP by 2066-67, putting significant pressure on taxpayers. To ensure that the state pension remains sustainable and fair across generations, the Government are carrying out their first review of state pension age. The Government will consider all the evidence—including an independent report by John Cridland—before formally responding by publishing their review by 7 May 2017.

The FSR also projects that health spending will rise from 6.9% of GDP in 2021-22 to 12.6% of GDP in 2066-67, due to the inclusion of non-demographic cost pressures in the OBR's analysis for the first time. As the OBR note, there is significant uncertainty around this long-term projection, and it does not take into account the impact of any Government action to address projected cost pressures in future Parliaments. We are taking steps over this Parliament to improve the efficiency of the NHS. This includes funding for the NHS's five year forward view plan, which sets out its vision for a sustainable long-term future for the NHS, and its proposals for reforms to help it meet future challenges. Decisions on funding in the longer term will be for future Governments to take.

Overall, the FSR demonstrates that the situation would be far graver without the significant progress made by this Government since 2010. The deficit the Government inherited in 2010 stood at 10% of GDP. We have now brought down the deficit by almost two-thirds of GDP and, by 2021-22, the OBR forecast that borrowing will have fallen to its lowest level in two decades. In 2018-19, the OBR forecast debt to fall as a share of GDP for the first time since 2000-01. The magnitude of the long-term fiscal sustainability challenge faced by the UK is similar to many other advanced economies, according to international institutions. Debt is projected to reach 141% of GDP in the US by 2046, and could reach over 180% of GDP in Germany by 2060. This compares to about 125% of GDP in the UK by 2046-47 and rising to about 200% of GDP by 2060-61 as projected in this year's FSR.

Nonetheless, despite significant progress made to repair the public finances since 2010, today's OBR projections suggest that, without further policy change, debt will

reach over 234% of GDP by 2066-67 and continue on its upwards trajectory thereafter, driven by increased age-related spending.

Clearly, this would not be a responsible course of action. This provides the motivation for the fiscal framework that the Government set out at autumn statement 2016. We must continue to reduce the deficit and get debt falling over the medium term. And we must bring the public finances to balance at the earliest possible date in the next Parliament. The debate and vote on the new fiscal framework will take place next week, enshrining these commitments to fiscal responsibility into law.

As we look towards the next Parliament, ensuring that the public finances remain sustainable will continue to be one of this Government's key priorities. In consideration of this fact, at autumn statement 2016, the Chancellor announced his intention to review public spending priorities and other commitments for the next Parliament in light of the evolving fiscal position at the next spending review. Fiscal discipline today will help us tackle any future economic shocks and reduce the burden of debt on future generations. Increasing life-expectancies and other economic trends will continue to pose challenges for the public finances. In response, we will continue to control public spending and grow the potential of the UK economy, including by targeting increased investment in infrastructure to increase the UK's long run productivity challenge.

The FSR is yet another important example of the credibility and transparency that the independent OBR brings to the public finances, as recognised recently by the IMF's fiscal transparency evaluation.

[HCWS416]

COMMUNITIES AND LOCAL GOVERNMENT

Homelessness Reduction Bill

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): I am today updating the House on a commitment I made at Second Reading of the Homelessness Reduction Bill—the private Members' Bill introduced by my hon. Friend the Member for Harrow East (Bob Blackman)—to fund the costs of the Bill in line with the new burdens doctrine.

I can confirm that the Government will provide £48 million to local government to meet the new burdens costs associated with the Bill over the course of the spending review. It is estimated that offsetting savings to local authorities will mean there are no costs thereafter. This reflects the cost of the Bill in its current form. I will continue to monitor the Bill as it proceeds through the House and will update the new burdens assessment as appropriate once the Bill is in its final form.

Estimated new burdens costs of the Homelessness Reduction Bill

Year	2017-18	2018-19	2019-20
Net cost	£35.4 million*	£12.1 million*	£0

*Rounding means these are summed to £48 million.

The Government have been working with local councils and the Local Government Association to test the methodology behind the estimated costs, as well as the core assumptions within it.

We will continue to work with local councils and the Local Government Association to develop the distribution model for the funding. This will reflect differing need in different authorities.

I also intend to consider the case for making available a small amount of further funding for local authorities in high-pressure areas to manage the transition to the new duties in the Bill.

This would be in addition to the level of funding provided to meet our commitment to fund new burdens.

[HCWS418]

DEFENCE

Phalanx Availability Contract: Contingent Liability

The Parliamentary Under-Secretary of State for Defence (Harriett Baldwin): The Secretary of State for Defence has retrospectively laid before Parliament a Ministry of Defence (MOD) departmental minute describing the contingent liability within the Phalanx close-in weapons system availability contract with Babcock Marine.

The departmental minute describes the contingent liability that the MOD will hold as a result of placing the new Phalanx availability contract, which will provide continuous support to the Navy's operational fleet of ships. The maximum contingent liability against the MOD is therefore £268 million over the two-year life of the contract.

It is usual to allow a period of 14 sitting days prior to accepting a contingent liability, to provide Members of Parliament with an opportunity to raise any questions. I apologise but on this occasion it was not possible to do so.

However, a break in the contract with Babcock Marine would have resulted in potential severe operational impact to the support of Phalanx, particularly those on-board ships deployed on operations and requiring contractor support to repair them. As such, and by exception, I approved the awarding of the new support contract with Babcock Marine from 22 December 2016, to come into effect from 31 December 2016. This ensures that support provided to Phalanx was not interrupted.

In accordance with the procedures established for cases of special urgency, the Department wrote to the Chairs of the Public Accounts Committee and the Defence Committee on 23 December 2016, in advance of incurring this liability, inviting them to respond with any objections. No such objections have been received.

I apologise that the Ministry of Defence did not allow 14 sitting days for Members of Parliament to signify an objection. Contracts of this type do not normally fall within the parliamentary notification requirement, and it only became apparent that this contract was different late in the process. I have asked Ministry of Defence officials to ensure that these exceptions are identified earlier in future.

The Treasury has approved the proposal. If, during the period of 14 parliamentary sitting days beginning on the date on which the minute was laid before Parliament, a Member signifies an objection by giving notice of a parliamentary question or by otherwise raising the matter in Parliament, I undertake to examine the objection and respond to the Member concerned.

[HCWS415]

ENVIRONMENT, FOOD AND RURAL AFFAIRS

International Whaling Commission: 66th Meeting

The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): I was unable to attend last year's meeting of the International Whaling Commission (IWC66) on 24-28 October 2016 in Slovenia but there was a strong UK delegation present.

This meeting marked the 70th anniversary of the international convention for the regulation of whaling and the 30th anniversary of the global moratorium on commercial whaling. I am happy to report that all UK objectives for this meeting were achieved and, as always, the UK worked tirelessly behind the scenes to influence and support crucial decisions intended to improve the conservation and welfare of cetaceans. The UK also ensured its long standing opposition to commercial whaling and whaling under special permit (scientific whaling) was made clear at every appropriate opportunity. As with previous meetings, there was the need for careful negotiation at times but overall the dialogue was constructive despite the fundamental differences in views.

I was pleased that a number of important resolutions were adopted. In particular, IWC adopted a resolution on the need for action to address the alarming decline in the critically endangered Vaquita. In line with the agreed position of EU member states, the UK voted in support of the proposal. This was aligned with the UK's negotiating position and represents a good outcome. The Vaquita, a small cetacean found in Mexico, is under significant pressure from bycatch driven by the illegal trade in the Totoaba. With an estimated population size of only 59 individuals, action is needed now and so I was encouraged that parties were able to put aside their disagreements on whether the scope of the IWC extended to small cetaceans in order to make this important statement.

I was also encouraged to see decisions taken on further modernisation of the organisation through institutional and governance improvements agreed by consensus, and the expansion of research efforts into important threats to cetaceans such as contaminants passed by a vote. These are important steps forward. In line with the agreed position of EU member states, the UK supported both of these proposals. This was aligned with the UK's negotiating position and represents a good outcome.

Reflecting on previous unsuccessful proposals for "small-type coastal whaling", Japan proposed a process for intersessional dialogue to address issues relating to fundamental differences of positions within the IWC.

An informal process to discuss such issues was established. The UK will maintain a careful watching brief on this matter.

I was disappointed that Japan announced its intention to begin a new 12 year programme of whaling under special permit in the North Pacific. In collaboration with other EU member states, the UK will ensure a strong co-ordinated statement is made in response to this announcement. The UK will continue to oppose the issuing of special permits on the basis that there is no justification for lethal scientific research on whales. I was, however, pleased that a resolution was passed that should help strengthen the role of the IWC in considering special permits, albeit not by consensus. In line with the agreed position of EU member states, the UK voted in support of the proposal. This was aligned with the UK's negotiating position and represents a good outcome.

A proposal brought forward by Japan, Cambodia and Ghana to create a fund to strengthen the capacity of Governments of limited means to participate in the IWC did not achieve consensus. Because consensus could not be reached with parties, EU member states were instructed to abstain from the vote. A number of other anti-whaling countries also abstained. The resolution passed which is an acceptable outcome for the UK; although we will keep the development of the fund under close scrutiny to ensure appropriate safeguards and restrictions are in place.

Once again I am pleased to report that the UK, in line with the agreed position of EU member states, voted in favour of establishing a South Atlantic whale sanctuary. Unfortunately the proposal failed to gain the three-quarters majority required for adoption. This will be re-tabled at the next meeting in 2018, which was announced as being hosted by Brazil.

Finally, I was pleased that the UK-led work to progress the consideration of non-hunting threats to cetacean welfare was well received. A number of important recommendations were proposed to allow this important and ground-breaking work to continue. These were agreed by consensus meaning the UK can continue working closely with NGOs and academia to move this to the next stage.

In conclusion, this was a successful meeting and the UK made clear its continued strong opposition to commercial and scientific whaling. We now turn our attention to building for the 2018 meeting in Brazil, and will be working very closely with civil society in order to continue developing and delivering tangible improvements to the conservation and welfare of cetaceans globally.

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. Within IWC, until exit is concluded, the UK will continue to operate as part of the EU. Once we leave the EU, we will regain the ability to speak and vote independently at IWC and will be able to form broader coalitions to promote the conservation of whales and cetaceans.

[HCWS414]

TRANSPORT**High Speed 2, Phase One: Government Response to the Lords Select Committee Report****The Secretary of State for Transport (Chris Grayling):**

I am today publishing the Department's response to the special report from the House of Lords Select Committee for the HS2 Phase One hybrid Bill that was published on 15 December 2017.

The Lords Select Committee was tasked with considering petitions from those specially and directly affected by the Bill and subsequent additional provisions to the Bill. Their first special report concludes the Committee deliberations which began in May 2016. The Lords Select Committee considered 822 petitions lodged against the HS2 Phase One hybrid Bill. Of these, the locus of 278 petitions was successfully challenged. Of the remaining 544 petitions the Select Committee heard 314 petitions in formal session, with the remainder withdrawing, or choosing not to appear before the Select Committee, mainly as a result of successful prior negotiation with HS2 Ltd.

The Select Committee's recent report summarises their hearings and contains modifications to the Bill powers, directions for action by the promoter in a number

specific cases and more general recommendations on what actions the promoter should take on a range of other issues.

In responding to the Select Committee we have confined our response to those areas of the report where the Select Committee has requested the Government take action or where we believe a further clarification would be beneficial.

Alongside the response to the Select Committee report, we are also publishing the Statement of Reasons Command Paper. The Statement of Reasons is required by Parliamentary Standing Order 83A in order to assist the House of Lords during the Third Reading of the HS2 Phase One hybrid Bill. This document summarises the work that has already been done to assess, control and mitigate the environmental impacts of HS2 Phase One, and explains why the Government continue to take the view that the HS2 Phase One project is worthy of Parliament's support.

Copies of the response to the Select Committee can be found on the www.gov.uk website. Copies of the Statement of Reasons will be made available in the Libraries of both Houses.

[HCWS413]

Petition

Tuesday 17 January 2017

OBSERVATIONS

TREASURY

Bank services in Corwen

The petition of residents of Corwen,

Declares that the loss of local branches of national banks is having a dramatic effect on local communities; further that it is leaving towns and villages cut off from local financial services; further that the loss of banking services in Corwen is forcing people to travel to other towns to use their banking services; and further that this is resulting in the reduction of visitors to Corwen and a decline in income for local retail businesses.

The petitioners therefore request that the House of Commons urges the Government to develop a community banking system incorporating local government legislation in order to ensure residents of local villages and towns such as Corwen continue to have access to a bank or financial services.

And the petitioners remain, etc.—[Presented by Susan Elan Jones, *Official Report*, 16 November 2016; Vol. 617, c. 355.]

[P001978]

Observations from the Economic Secretary to the Treasury (Simon Kirby):

The Government thank the hon. Member for Clwyd South (Susan Elan Jones) for her petition on bank branch closures.

The Government are sorry to hear about the disappointment of the residents of Corwen at bank branch closures in their local vicinity. Although we can understand their concerns, decisions on opening and closing agencies are taken by the management team of each bank on a commercial basis. Banking service providers will need to balance customer interests, market competition, and other commercial factors when considering their strategies and the Government do not seek to intervene in these decisions.

However, the Government believe that banks should act in the best interests of their customers and continue to serve the needs of the consumer as well as the wider economy. In March this year, the major high street banks, consumer groups and the Government signed up to an industry-wide agreement to work with customers and communities to minimise the impact of branch closures and put in place alternative banking services. This protocol commits the banks to:

work with local communities to establish the impact of the branch closure, prior to its closure

find suitable alternative provision to suit individual communities

put satisfactory alternative banking services in place before a branch is closed. Options for this will include free to use cash machines, the proximity of alternative branches, and Post Office branches and mobile banking arrangements.

The British Bankers' Association appointed Professor Russel Griggs to carry out an independent "one year on" review of the protocol. The review was published on 10 November and made a number of recommendations to improve how the Protocol operates. The Government welcome the review and are pleased to see the industry commit to further improvements to protect those affected by closures. While the decision to close a branch remains a commercial judgement for banks, the impact on communities must be understood, considered and mitigated where possible.

Corwen residents may find it helpful to know that many bank account providers already have an arrangement with the Post Office to provide access to their bank accounts. The arrangement allows customers to withdraw money, deposit cash and cheques and check balances at all 11,500 Post Office branches in the UK. While the range of services offered by the Post Office may be more limited than that offered in a traditional bank branch, the services provided through the Post Office's extensive network ensures that essential banking facilities remain available in as many communities as possible.

The Government recognise that more can be done to improve the consistency of banking services that are available to customers at Post Office branches. In 2014, the British Bankers' Association and the Post Office began negotiations to agree a standard set of services. The agreed services will be made available to banks' personal and business customers at Post Office counters across the country. The negotiations are ongoing, but the Government consider completion of that work to be a priority.

If other banks in the wider local area have more extensive facilities, residents may wish to consider moving to an alternative bank; if so, they may be interested in using the Current Account Switch Service (CASS). The switch service is free to use, comes with a guarantee to protect customers from financial loss if something goes wrong, and redirects any payments mistakenly sent to the old account, providing further assurance for customers. This means that customers are more able than ever to hold their banks to account by voting with their feet, and that banks are incentivised to work hard to retain their existing customers and attract new ones. There is more information about CASS at: www.currentaccountswitch.co.uk.

ORAL ANSWERS

Tuesday 17 January 2017

	<i>Col. No.</i>		<i>Col. No.</i>
TREASURY	751	TREASURY—continued	
Ayrshire Growth Deal.....	751	Science and Technology: Innovation	753
Banking: Carers	764	Single Market.....	760
Concentrix	766	Small Businesses	751
Household Debt.....	762	Sovereign Debt.....	755
Housing Supply	764	Topical Questions	767
Leaving the EU: UK Economy	756	US Banks: UK Operations.....	762
Oxford to Cambridge Growth Corridor.....	760	Value of the Pound	766

WRITTEN STATEMENTS

Tuesday 17 January 2017

	<i>Col. No.</i>		<i>Col. No.</i>
COMMUNITIES AND LOCAL GOVERNMENT ..	27WS	TRANSPORT	31WS
Homelessness Reduction Bill	27WS	High Speed 2, Phase One: Government Response to the Lords Select Committee Report	31WS
DEFENCE	28WS	TREASURY	25WS
Phalanx Availability Contract: Contingent Liability	28WS	Charter for Budget Responsibility: Autumn 2016 Update	25WS
ENVIRONMENT, FOOD AND RURAL AFFAIRS.	29WS	Office for Budget Responsibility: Fiscal Sustainability Report 2017	25WS
International Whaling Commission: 66th Meeting.....	29WS		

PETITION

Tuesday 17 January 2017

	<i>Col. No.</i>
TREASURY	9P
Bank services in Corwen.....	9P

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**not later than
Tuesday 24 January 2017**

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CONTENTS

Tuesday 17 January 2017

Oral Answers to Questions [Col. 751] [see index inside back page]
Chancellor of the Exchequer

Northern Ireland Assembly Election [Col. 775]
Statement—(James Brokenshire)

New Partnership with the EU [Col. 792]
Statement—(Mr David Davis)

Burial Rights Reform [Col. 824]
*Motion for leave to bring in Bill—(Mr Burrowes)—agreed to
Bill presented, and read the First time*

Opposition Day [18th allotted day]

Leaving the EU: the Rural Economy [Col. 828]
*Motion—(Calum Kerr)—on a Division, negatived
Motion, as amended, agreed to*

DWP Policies and Low-income Households [Col. 873]
*Motion—(Drew Hendry)—on a Division, negatived
Amendment—(Damian Hinds)—on a Division, agreed to
Motion, as amended, agreed to*

Toilet Facilities: People with Disabilities [Col. 908]
Debate on motion for Adjournment

Westminster Hall

Pennine Acute Hospitals NHS Trust [Col. 211WH]
School Funding Formula and Northern Schools [Col. 232WH]
Leaving the EU: Infrastructure in Wales [Col. 240WH]
Murder of UK Nationals Abroad [Col. 266WH]
Digital Equipment Ltd: Pension Scheme [Col. 270WH]
General Debates

Written Statements [Col. 25WS]

Petition [Col. 9P]
Observations

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
