

Monday
23 January 2017

Volume 620
No. 96



HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY
DEBATES

(HANSARD)

Monday 23 January 2017

HER MAJESTY'S GOVERNMENT

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OFFICIAL REPORT

IN THE SECOND SESSION OF THE FIFTY-SIXTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2015]

SIXTY-FIFTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES

VOLUME 620

TENTH VOLUME OF SESSION 2016-2017

House of Commons

Monday 23 January 2017

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

NEW WRITS

Ordered,

That Mr Speaker do issue his Warrant to the Clerk of the Crown to make out a New Writ for the electing of a Member to serve in this present Parliament for the County Constituency of Copeland in the room of Jamieson Ronald Reed, who since his election for the said County Constituency has been appointed to the Office of Steward and Bailiff of Her Majesty's Manor of Northstead in the County of York.—(*Mr Nicholas Brown.*)

Ordered,

That Mr Speaker do issue his Warrant to the Clerk of the Crown to make out a New Writ for the electing of a Member to serve in this present Parliament for the Borough Constituency of Stoke-on-Trent Central in the room of Tristram Julian William Hunt, who since his election for the said Borough Constituency has been appointed to the Office of Steward and Bailiff of Her Majesty's Three Chiltern Hundreds of Stoke, Desborough and Burnham in the County of Buckingham.—(*Mr Nicholas Brown.*)

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Immigration Rules

1. **Tommy Sheppard** (Edinburgh East) (SNP): If she will make an assessment of the potential merits of applying different immigration rules to Scotland and other constituent parts of the UK. [908278]

10. **John Nicolson** (East Dunbartonshire) (SNP): If she will make an assessment of the potential merits of applying different immigration rules to Scotland and other constituent parts of the UK. [908287]

11. **Stephen Gethins** (North East Fife) (SNP): If she will make an assessment of the potential merits of applying different immigration rules to Scotland and other constituent parts of the UK. [908288]

The Secretary of State for the Home Department (Amber Rudd): Immigration remains a reserved matter and we will consider the needs of the UK as a whole. Applying different immigration rules to different parts of the UK would complicate the immigration system, harming its integrity, and cause difficulties for employers who need the flexibility to deploy their staff across the UK.

Tommy Sheppard: That is a very disappointing response, infused with arrogance and complacency. Many large countries, such as Canada and Australia, have regional variations in their immigration and visa policies in order to take account of diverse and complicated local economic circumstances. Is it not foolhardy for the Government at this very early stage to rule out the prospect of doing that in the regions and nations of the United Kingdom?

Amber Rudd: I am sure that the hon. Gentleman shares my view that any policy changes should be informed by the facts and by assessments, which is why we consulted the Migration Advisory Committee to look at regional issues, and it was unequivocal in its conclusions. I urge him to look at its report.

John Nicolson: Does the Secretary of State not understand that Scotland needs more immigrants? Given that, why does she not give us the power to choose our own targets, for our own needs, for our own country?

Amber Rudd: The hon. Gentleman must surely share my view that Scotland has sufficient powers; it has its own powers to do many things—perhaps to improve its

education system and its health system. Immigrants will come to a place where they see an improving education system and an improving health system. Perhaps the Scottish National party should spend a little more time applying itself to those important issues, rather than constitutional ones.

Stephen Gethins: During the EU referendum campaign, we were told that Scotland should have control over immigration. We have already been told that leaving the EU is meant to be clear in what it means, so why is it that the Home Secretary can keep commitments that will cost us jobs but not one that might create some jobs?

Amber Rudd: I am afraid I do not share the hon. Gentleman's views about the outcome of the referendum. The fact is we have an immigration policy that works for the whole of the United Kingdom, and that is the one we will continue to support. As I said to the hon. Member for East Dunbartonshire (John Nicolson), I urge the SNP to apply itself to making Scotland an attractive place for immigrants to go to.

Stephen Crabb (Preseli Pembrokeshire) (Con): Does my right hon. Friend agree that, while it is right that we seek to take account of different labour market concerns and demographic pressures in all parts of the United Kingdom, any separate immigration regime for Scotland—or Wales, for that matter—would undermine the coherence of the United Kingdom and risk creating softer, alternative entry points for the rest of the UK?

Amber Rudd: Of course my right hon. Friend puts it so well. Any immigration policy will take into account needs driven by industry and by our skills, but it will not be regionally based, because the fact is that people like to be able to move around, and it is right that they should be able to do so.

Jake Berry (Rossendale and Darwen) (Con): During the Commonwealth games in Glasgow in 2014, steps were taken at the border to ensure that Commonwealth citizens visiting the UK could easily transit our borders. Will the Home Secretary look at such measures for all borders in the UK, especially as we look to the Commonwealth as a new, strong trading partner?

Amber Rudd: I share my hon. Friend's view about how important the Commonwealth is to the UK, and I will certainly keep his suggestion under consideration.

Charlie Elphicke (Dover) (Con): May I urge the Home Secretary to make sure there is consistency of border security and immigration policies across the United Kingdom? In that connection, will she tell the House what conversations have been had with Eurostar and Border Force to put an end to the Lille loophole, which seems to have been going on for six years? Does she agree that we cannot have a situation where profits are put before protection?

Amber Rudd: I thank my hon. Friend for raising that serious matter. We are taking forward actions immediately, this week, to ensure these things do not happen. We will be having conversations with Eurostar and Border Force to ensure certainty going forward.

Joanna Cherry (Edinburgh South West) (SNP): May I remind the Home Secretary that it was the right hon. Member for Surrey Heath (Michael Gove) who said during the EU referendum campaign that migration should be devolved to Scotland? A starting point might be to allow EU nationals residing in Scotland to stay. Last week, the Select Committee on Exiting the European Union heard evidence from witnesses representing EU nationals living in the UK and witnesses representing British citizens living elsewhere in the European Union. Every single one of them said that it is their desire for the British Government to make a unilateral declaration of the continued rights of EU citizens in the UK. Will the Home Secretary now persuade the Prime Minister to do that?

Amber Rudd: I remind the hon. and learned Lady that nothing has changed: we are still in the European Union, and those citizens still have the same rights. In terms of their ongoing rights, the Prime Minister was very clear last week when she made her speech: she said it was going to be an early priority to give them the security they seek. I would urge all colleagues here to reassure their constituents that that is our intention, and we need to make sure that it is reciprocal for UK citizens as well.

Dr Rupa Huq (Ealing Central and Acton) (Lab): Across Scotland, in common with other Europhile parts of the UK, there has been a huge upsurge in applications for indefinite right to remain from people such as Mrs Fabiola Power, who is Spanish by birth, but who got married and has been resident in Acton for decades. These people are dismayed that they have been rejected because they cannot prove that they have five years' continuous service with the same employer or that they have paid into private health insurance. Will the Home Secretary revisit these rigid requirements, which penalise EU nationals such as Mrs Power, who have been homemakers, students, on short-term contracts or self-employed, and end this bureaucratic nightmare?

Amber Rudd: There is no penalising of people such as the lady the hon. Lady referred to. We continue to value the important contribution that EU nationals make to this country, and I urge the hon. Lady to follow the advice I previously set out, which is to reassure constituents such as the one she referred to that, in fact, we are doing our best to ensure that their future will be secure, and the Prime Minister says it will be an early priority to do so.

Police Funding

2. **Will Quince** (Colchester) (Con): What steps she is taking to ensure that police funding is fairly distributed. [908279]

5. **Nigel Mills** (Amber Valley) (Con): What steps she is taking to ensure that police funding is fairly distributed. [908282]

The Minister for Policing and the Fire Service (Brandon Lewis): The Government remain committed to reforming the current police funding arrangements to ensure a fairer, more up-to-date and transparent formula.

We are currently undertaking a period of detailed engagement with the policing sector and relevant experts, including academics. Any new formula, of course, will be subject to public consultation.

Will Quince: The current formula for allocating funding to our police forces uses data that are 14 years old. Does the Minister agree that it is time to update that formula?

Brandon Lewis: My hon. Friend makes a very good point, on which I know he has lobbied on behalf of his authority. I have spoken to the police and crime commissioner for Essex as well. It is true that the data are very much out of date. That is why it was in our manifesto to deliver a fairer funding formula review. That is what we are doing, and we will deliver on it.

Nigel Mills: The Minister will know that Derbyshire's police force is also disadvantaged by the current formula. When can it expect to have the fair level of funding that it deserves?

Brandon Lewis: Derbyshire will get an increase in funding this year. I appreciate, having spoken to my hon. Friend and other colleagues who have spoken to me on behalf of Derbyshire, that there is a feeling that the formula is not currently fairly weighted with regard to a number of areas across the country. That is why it is important that we go through this process methodically. I am not going to give a timescale now. The sector and experts are working with us on this, and I am confident that we will get to the right position to have a clear, fair and transparent formula in good time.

Mr David Hanson (Delyn) (Lab): Does the Minister accept that the current proposed funding settlement for police forces is below the level of inflation? That means that the cost is going to fall on local taxpayers, with a 3.8% rise in my area of north Wales. Is that not just a transfer from central Government to local government?

Brandon Lewis: The Government have put in a flat cash funding protection for police funding during this spending review period, and that is a good thing to do. This situation partly results from the fact that we inherited such an awful economic legacy from the previous Labour Government, who spent money that the country simply did not have. We have to make sure that this country works to live within its means—that is an appropriate and sensible thing to do. I suggest that the right hon. Gentleman and Labour Members should look at doing that in order to have a sensible funding formula in future.

Keith Vaz (Leicester East) (Lab): We owe a debt of gratitude to the office of the police and crime commissioner for Devon and Cornwall for having discovered the mistake that led to the pausing of the review, but that was 15 months ago, and there really is no excuse for such a delay. I appreciate that the Minister inherited this problem, but can we please have a timetable so that local police forces and PCCs can know when they can get their funding?

Brandon Lewis: I am as keen as the right hon. Gentleman clearly is to see the new funding formula review work completed so that we can get into place a fair and transparent formula, but it is important that we do this correctly and work with the sector. I thank everybody

across the sector, including PCCs and chief constables from whom I have had feedback individually and in the wider groups, and whom I meet regularly. They are very happy with the process we are following and the timescale we are working to. I do not intend to rush anything; I want to make sure that we get this right.

Mr Philip Hollobone (Kettering) (Con): Northamptonshire police are leading the way in combining the delivery of their frontline services together with the local fire brigade. Will the Minister ensure that forces that are undertaking such radical new initiatives to improve local efficiency are rewarded through the new funding formula?

Brandon Lewis: My hon. Friend highlights a really important point. Following the Policing and Crime Bill, emergency services will have the opportunity—in fact, a duty—to collaborate. Bringing together police and fire services provides huge opportunities for rewards in terms of savings by working together more collaboratively to deliver for the frontline. He is right that Northamptonshire has been a leading light in this over the past few years.

Joanna Cherry (Edinburgh South West) (SNP): The Scottish Police Authority is the only territorial police authority in the United Kingdom that is unable to recover the VAT it pays. That has cost the Scottish public purse £75 million since 2013, and it has consequences for investment and resourcing. The First Minister and the Finance Secretary raised that with the Chancellor earlier this month. What discussions has the Minister had with the Chancellor about this very important issue?

Brandon Lewis: In terms of the work we are doing around police funding, I have regular conversations with the Chief Secretary and the Treasury more generally. I am happy to feed back to the hon. and learned Lady more detail on this issue once we have had our next round of conversations.

Lyn Brown (West Ham) (Lab): Whichever way you cut it, the cake is just too small. More than 20,000 police officers have been cut since 2010, and now we know from the Office for National Statistics that crime is twice as high as the Government say. When will the Minister recognise that the combination of high crime and low police numbers leaves the public at risk?

Brandon Lewis: I would respectfully say to the hon. Lady, who I know would want to be giving a very clear and transparent set of figures, that what she has said is not accurate at all. The reality is that the ONS has, for the very first time, included cyber-crime and fraud in its figures. It has recorded those figures for the first time, so it is not true to say that the figures have doubled. I am just sad that Labour, when in government, never gave these kinds of figures and had that kind of thing done, which is the right thing to do. I would also congratulate people for recording more crime more generally—[*Interruption.*]

Mr Speaker: Order. The hon. Member for West Ham (Lyn Brown) does not have to provide us with a passable imitation of Bruce Forsyth. There is no requirement for that. She has asked her question with her usual pugnacity, and should now await the reply.

Brandon Lewis: Thank you, Mr Speaker. People can look for themselves at those ONS figures and see the reality. It is also clear, and I am proud of the fact, that I am part of a Government who have overseen a fall in overall crime since 2010.

Martin Vickers (Cleethorpes) (Con): The resort area of Cleethorpes has suffered from a spate of vandalism and antisocial behaviour in recent weeks. Will the Minister assure me that adequate resources will be provided to Humberside police and other forces to deal with that sort of antisocial behaviour?

Brandon Lewis: My hon. Friend raises an important point about making sure that there is local accountability through the police and crime commissioners and that they look at where the crime is in their area and where they want to focus their resources, working with excellent chief constables around the country. Of course, we also have the fair funding formula, and agreement on its principles across the sector will contribute towards making it even fairer in the future.

Leveson Inquiry

3. **Julie Elliott** (Sunderland Central) (Lab): What discussions she has had with Cabinet colleagues on when to commence the second part of the Leveson inquiry. [908280]

The Minister for Security (Mr Ben Wallace): Ministers recently sought views through a public consultation on whether proceeding with part 2 of the Leveson inquiry was appropriate, proportionate and in the public interest. The consultation allowed all interested parties to make clear their views and will help to inform the decision to be made jointly by the Home Secretary and Culture Secretary. Sir Brian Leveson will also be consulted formally before any decision is taken.

Julie Elliott: I thank the Minister for that response, which bore no relation to my question. More than 30 police and public officials have gone to prison as a result of the Leveson inquiry. How can it be appropriate to even consider cancelling Leveson 2, which would look at the question of police corruption and the role of politicians in it?

Mr Wallace: I thank the hon. Lady, whose question bore no relation to my answer. Let me be absolutely clear: the reason we are having a consultation on Leveson is to make sure that we get this right. Of course, if journalists or anybody else have broken the law, we take that incredibly seriously. That is why I am sure the hon. Lady will be pleased to hear that all eight of Sir Brian Leveson's recommendations covering police and press are well under way to being implemented. The consultation was completed on 10 January and, after a pending court case, the Government will, of course, make their position clear.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The entire House knows that the Leveson inquiry was always meant to have two parts, but the Government seem poised to break a promise, hiding behind a completely gratuitous inquiry. The whole House knows about cases such as those of Milly Dowler and the totally innocent

Christopher Jeffries in Bristol, whose photo was plastered all over the tabloids as a murder suspect, as a consequence of collusion between the police and the media. Why cannot the Minister see that it would be nothing less than a betrayal of the victims of phone hacking, such as Milly Dowler and Christopher Jeffries, if this Government block the second half of Leveson?

Mr Wallace: The hon. Lady will know that the consultation finished on 10 January and there were 140,000 responses to it. I do not know about her, but it takes time to go through them. The Government also have to deal with a current court case, which makes it much harder for us to respond to the consultation until that hearing is complete. Once it is complete, I assure her that we will be happy to meet her and discuss further the Leveson recommendations.

Vulnerable Syrian Families

4. **Helen Whately** (Faversham and Mid Kent) (Con): What progress the Government have made on placing vulnerable Syrian families in the UK. [908281]

The Minister for Security (Mr Ben Wallace): The resettlement programme is on track to deliver the commitment to resettle 20,000 vulnerable Syrians during this Parliament. Between the start of October 2015 and the end of September 2016, 4,162 people have been resettled under the Syrian vulnerable persons resettlement scheme across 175 different local authorities.

Helen Whately: My constituents have been deeply moved by the refugee crisis and have asked me what they can do to help. I welcome the launch last year of the community sponsorship scheme. Will my hon. Friend update the House on the scheme's progress and what more he is doing to harness the generosity of the British people?

Mr Wallace: The community sponsorship scheme was launched on 19 July 2016. The scheme embodies the commitment that the Prime Minister made when she was Home Secretary to allow individuals, charities, faith groups, churches and businesses to support refugees. My hon. Friend's constituents are, indeed, part of that generous giving, because they want to help some very vulnerable people. A "help refugees in the UK" webpage has been developed to make it easier for any member of the public to support refugees in the UK, and to allow local authorities to focus support on the goods and services that refugees need.

19. [908296] **Rob Marris** (Wolverhampton South West) (Lab): Those from Syria and elsewhere who are granted refugee status can apply for immediate family members to join them here. Since the Home Office stopped funding DNA tests for such relatives, refusals from many countries have shot up. By what date will the Home Office review on this matter have been completed and published?

Mr Wallace: The hon. Gentleman makes some valid points. I will come back to him with the exact details of the timescale, and I will help to inform him about refugees from further afield than just Syria on that scheme.

James Berry (Kingston and Surbiton) (Con): Will the Minister congratulate councils such as Kingston Council that have come forward to host vulnerable Syrian refugees, and also the families who have done so? Will he explain that it is still the case that refugees require individual housing, rather than joining a family in an existing house, for very good reasons? Lots of these people are victims of the most terrible atrocities.

Mr Wallace: My hon. Friend makes an important point. It is important, if this scheme is to work, that people do come forward. Many local authorities and, indeed, the Scottish Government have been incredibly generous in offering support and holding out the hand of friendship. We do need more, and we need more community groups to come through. I warn hon. Members that when charities and the third sector come forward, we do the correct due diligence to enable us to ensure that very vulnerable people are given exactly the support that they need, to make sure that the scheme is sustainable.

Fire and Rescue Response Times

7. **Paula Sherriff** (Dewsbury) (Lab): What assessment she has made of trends in fire and rescue response times. [908284]

The Minister for Policing and the Fire Service (Brandon Lewis): We published the latest statistics on average response times to fires in England on 19 January, and they show that response times continue to increase gradually. There were reductions in some areas, such as house fires and commercial buildings fires. Fortunately, because of the good work done by the fire and rescue service, fires and fire-related fatalities have been on a downward trend for a number of years, reaching historically low levels recently.

Paula Sherriff: I thank the Minister for his response, but continued cuts are having a profound impact on firefighter and public safety. Response times have increased, there are unsafe numbers of staff on appliances and those appliances are having to travel further afield, which means that they are reaching more serious fires. Does the Minister agree that these cuts have gone far too far?

Brandon Lewis: The hon. Lady mentioned house fires. There has been a reduction in the response times to fires in homes and, indeed, in buildings more generally. In terms of the finance issue that she raised, there has been an increase of 154% in fire service reserves over the last few years. In the fire service in her constituency, the reserve has increased from just over £7 million to some £29 million, all of which is money that can be used to find those efficiencies and provide those frontline services.

Greg Mulholland (Leeds North West) (LD): Fire-related deaths have gone up by 15% in England and 14% in Scotland over the last year. That is clearly unacceptable, and it must surely send a signal that the cuts have gone too far. Will the Minister look at the funding and at reorganisations, which are taking fire crews further away from the areas that they need to service?

Brandon Lewis: As I said in response to the previous question, the response to house fires and building fires has improved in the last year. It is important that we all bear in mind that any death as a result of fire is

unacceptable. We all want there to be no deaths whatsoever, which is why the work done by fire authorities, and the health and safety work in our homes and on products over the years, which has improved safety, is important. We must always stay vigilant, which is why people should have, and test, smoke alarms. I say to all fire authorities that they must be sure to find those efficiency savings, so that they can make sure that the money is in the frontline to deliver for people every day.

Carolyn Harris (Swansea East) (Lab): According to the Home Office's own figures published last Thursday, deaths from house fires are up by 18% on previous years and response times are slower. Fire crews are being deprived of resources and fire service jobs are being lost. Will the Minister now accept that the current round of cuts is putting the public at risk and demoralising hard-working, dedicated fire officers?

Brandon Lewis: As I said earlier, we need to be very clear about the actual figures. The reality is that there has been a 52% reduction in the total number of reported fires over the last few years. Fire-related fatalities are down 22%, while response times to house fires and building fires are also slightly down and improved. We need to be vigilant on this, but we also need to be clear about the facts.

Online Child Sexual Exploitation

8. **Michelle Donelan** (Chippenham) (Con): What steps the Government and UK law enforcement agencies are taking to tackle online child sexual exploitation domestically and internationally. [908285]

The Minister for Security (Mr Ben Wallace): The Government's response includes law enforcement agencies taking action against online offenders, developing new capabilities to find and safeguard victims, and working with the internet industry to remove illegal images. We have led the global response to online child sexual exploitation through the WePROTECT Global Alliance, working with countries, companies and civil society organisations to develop a co-ordinated response.

Michelle Donelan: The latest Government statistics show that in 2015, over 500 children in Wiltshire were victims of online abuse and became the subject of a child protection plan. What impact is the child abuse image database having in helping to catch those who perpetrate this vile crime in Wiltshire?

Mr Wallace: The database makes it much easier for our National Crime Agency and our other assets to tackle the threat posed by paedophiles online. We are determined that the powers given to us in the Investigatory Powers Act 2016 will add to that to make sure that we catch these people. Child sexual abuse is horrific, and carries on on the internet across the country. I urge hon. Members to recommend to their constituents that a process to contribute to keeping their own children safe is to take time out to look at the Thinkuknow campaign on the National Crime Agency website, because all parents—as I do—have a role in making sure that their children know what is safe online.

Fiona Mactaggart (Slough) (Lab): But actually, do not children need to be educated about how to help themselves stay safe online? If we had compulsory sex and relationships education, would not every school be able to make sure that every child knew how to be safe online?

Mr Wallace: May I ask the right hon. Lady to go on to the website of the National Crime Agency and look at the Thinkuknow campaign? The online tutorial is tailor-made for children and is broken down by age, so my young children have an appropriate curriculum to look at; it makes a real difference. There is even a tutorial for her, so that she may follow it and understand how she can be safe online and make sure children are as well.

Mr James Gray (North Wiltshire) (Con): I was concerned to hear from my colleague, my hon. Friend the Member for Chippenham (Michelle Donelan), that there are 500 cases in Wiltshire. Does the Minister agree that the Wiltshire constabulary might be better spending the £1 million and deploying the 18 full-time officers currently looking into possibly bogus allegations against Sir Edward Heath, on looking into those 500 cases?

Mr Wallace: My hon. Friend will know that priorities for the police are set by the police; it is not for Ministers to interfere with the decisions they make. It is of course very important that we investigate all allegations of sexual abuse without fear or favour, and that we get to the bottom of it and put away those people who are causing such harm.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister is being far too glib. All the research shows that the best intermediary for teaching children is someone they trust in a school—that is the truth—and online work is not actually very effective. Is it not the truth that bullying and exploitation are rampant, and is it not about time that we stopped making excuses and took on the Googles and the people who allow this to be transmitted?

Mr Wallace: The hon. Gentleman misses the point: we are taking on the Googles and the big internet companies, but he should spend time in schools. In the primary schools that my children attend, they are given classes on how to stay safe online. This is not done in a silo, with just a website; it is a combination of the website with teachers and parents—everyone has a role—and that is being delivered. Our challenge in the world of the internet is to keep pace with the huge numbers of referrals that we get every month of international paedophiles who abuse the internet to exploit our children and take advantage of the latest technology, and to ensure that our law enforcement agencies constantly go the extra mile to catch them.

Several hon. Members *rose*—

Mr Speaker: Order. I gently remind the hon. Member for Banbury (Victoria Prentis), who nodded sagely at me to denote her interest in this matter, that on the whole it is prudent to stand, as the Speaker has many qualities but is not psychic.

23. [908301] **Victoria Prentis** (Banbury) (Con): I apologise, Mr Speaker. I thought my question had been grouped with this one, but I was clearly quite wrong.

We have had a dreadful local case in which an international paedophile ring, such as those the Minister mentioned, infiltrated a chatroom aimed at nine-year-olds, with really dreadful consequences for those children. Will the Minister tell us what investment the Government are making to help the police and other law enforcement agencies deal with and stamp out this sort of abuse?

Mr Wallace: The National Crime Agency's child exploitation and online protection command received an extra £10 million this year, and in November 2015 the NCA joined up with GCHQ in a joint operations cell to ensure that we tackle some of the most complicated crimes online. Those two things are just part of the whole process, and I would be happy to brief my hon. Friend further on the whole spectrum of efforts that we take against paedophiles and online abuse. The key is that we can all contribute to that online safety—teachers, parents, law enforcement agencies and community leaders—to ensure that we are aware of how paedophiles operate, and can shut them down and put them away.

Domestic Abuse

9. **Ben Howlett** (Bath) (Con): What steps she is taking to ensure that all forms of domestic abuse are recognised and investigated. [908286]

17. **Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): What steps she is taking to ensure that all forms of domestic abuse are recognised and investigated. [908294]

The Secretary of State for the Home Department (Amber Rudd): The Government are absolutely committed to tackling all forms of domestic abuse. This morning I chaired the domestic abuse national oversight group, which oversees the delivery of important recommendations from Her Majesty's inspectorate of constabulary. Victims who experience extreme psychological and emotional abuse can now bring their perpetrators to justice. The College of Policing has updated its guidance, and every police force now has a domestic abuse action plan.

Ben Howlett: I thank my right hon. Friend for her response; that is welcome news. In Bath, a charity called VOICES provides support to those who are victims or survivors of domestic violence, helping them to recover and thrive. What is she doing to ensure that, where there is violence against women and girls both at home and abroad, they can get similar support?

Amber Rudd: I welcome the work of VOICES in helping women and girls. We are a global leader in tackling violence against women and girls both at home and overseas. Since 2010 we have invested £184 million, and we have nearly doubled our violence against women and girls campaigns overseas from 64 programmes in 2012 to 127 in 2016. We have hosted various important international conferences, such as the global call to action on protecting women and girls in emergencies, the global summit to end sexual violence in conflict, and the groundbreaking Girl Summit.

Oliver Colvile: May I add my thanks to my right hon. Friend for her answer?

Operation Encompass, which helps fight domestic violence through the school system, began in my constituency. Will my right hon. Friend join me in praising the retired sergeant David Carney-Haworth, who set up Operation Encompass, and will she ensure that it is spread to as many police forces across the country as possible?

Amber Rudd: I am of course delighted to join my hon. Friend in congratulating David Carney-Haworth on his work. My hon. Friend has brought to our attention a really good example of local practice, and it is local practice, local initiative and local momentum that will really help the women and girls we want to reach.

Julie Cooper (Burnley) (Lab): Will the Minister update the House on the violence against women and girls strategy, with particular reference to the promised £80 million of additional funding? How can that funding be accessed, and what are the criteria?

Amber Rudd: Yes, I am happy to update the hon. Lady on that. Some £40 million of that money is apportioned by the Department for Communities and Local Government, particularly for accommodation. We have access to most of the rest of it, and I particularly draw her attention to the £15 million that a combination of commissioners and local organisations are bidding for. She may like to access that money to support her constituents.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): The SNP Scottish Government are strongly committed to ending gender-based violence, including through our proposed all-encompassing criminal offence of domestic abuse. They have also urged the ratification at the earliest opportunity of the Istanbul convention on ending violence against women and girls. Will the Secretary of State commit to a timetable for the Preventing and Combating Violence Against Women and Domestic Violence (Ratification of Convention) Bill—the private Member's Bill promoted by my hon. Friend the Member for Banff and Buchan (Dr Whiteford)—and for that long-awaited ratification?

Amber Rudd: I am always delighted to work with the Scottish Government on this important subject. I know that they have put aside £20 million to work on the topic, and I welcome that initiative. If the hon. Gentleman would like to see me or one of my colleagues, we can discuss his proposal.

Nusrat Ghani (Wealden) (Con): Any victim of domestic violence should receive equal support and respect, regardless of their heritage and faith. Does my right hon. Friend share my concern about the reports that the Crown Prosecution Service is dropping so-called honour cases for fear of offending Asian communities?

Amber Rudd: I share my hon. Friend's commitment to ensuring that so-called honour-based violence is not neglected. The Government will not shy away from tackling any type of violence against women and girls, and I am certainly happy to work with her on this important matter.

Police and Fire Services

12. **Amanda Milling (Cannock Chase) (Con):** What progress her Department has made on enabling closer working between the police and fire services. [908289]

The Minister for Policing and the Fire Service (Brandon Lewis): The Policing and Crime Bill, which has now completed its Lords stages, introduces a new duty to collaborate between the emergency services and enables police and crime commissioners to take on the governance of fire and rescue services. Thanks to my hon. Friend's excellent efforts, it will also allow police and crime commissioners to become police, fire and crime commissioners. My officials continue to work with key stakeholder groups, and I know that a number of PCCs are looking at this model.

Amanda Milling: I thank the Minister for his response and the fact that we will be changing the name of police and crime commissioners. Where there is a strong case for police and crime commissioners to take responsibility for the fire and rescue service, such as in Staffordshire, what will be the process and timeframe for implementing this very important change?

Brandon Lewis: I know that the police and crime commissioner for Staffordshire is keen to move forward with this. Following Royal Assent, it will be for a police and crime commissioner to put forward a business case outlining a proposal. If it has local agreement, as I hope it will, it can move forward; if it does not, the proposal will be assessed by an independent group under a process to be agreed with the Local Government Association to make sure it is clear and transparent. I hope that by the end of this year we will see the first areas coming forward with police, fire and crime commissioners.

Michael Fabricant (Lichfield) (Con): In Staffordshire, Matthew Ellis, the police and crime commissioner, has identified £10 million of savings if only the two can co-operate, as I am sure will be the case—and, incidentally, welcomed by firefighters throughout Staffordshire, as I am sure is the case in other parts of the UK. What does my right hon. Friend think the timetable will be for such mergers?

Brandon Lewis: My hon. Friend makes a good point and highlights the considerable efficiency savings that could be found through collaboration and which could allow extra money to go back into the frontline for both police and fire. On the timeframe, it will be down to the speed with which the police and crime commissioner can present a business case. If there is local agreement, I would hope to see the first police, fire and crime commissioners coming forward a matter of months after Royal Assent.

Forced Marriage

13. **Mike Freer (Finchley and Golders Green) (Con):** What steps the Government are taking to ensure that people subjected to forced marriage are encouraged to report that crime to the police. [908290]

The Parliamentary Under-Secretary of State for the Home Department (Sarah Newton): I am grateful to my hon. Friend for raising such an important matter. We made forced marriage a criminal offence in 2014 to

better protect victims and send a clear message that this abhorrent practice will not be tolerated in the UK. We want to see more victims having the confidence to come forward to report this often hidden crime, and that is why we are introducing lifelong anonymity for victims through the Policing and Crime Bill.

Mike Freer: I am glad that this country is leading the way on tackling violence against women and girls, but does the Minister agree that we need to keep up the pressure to eradicate child marriage, as it is a particularly pernicious form of violence?

Sarah Newton: I do indeed. The UK is a world leader in the fight to stamp out forced marriage, and I am clear that to end these crimes in the UK we must end them overseas, too. That is why we are pursuing an ambitious programme of work at an international level, including with the Department for International Development, through its £36 million programme to end child, early and forced marriage.

International Students

14. **Christina Rees** (Neath) (Lab/Co-op): What representations she has received on the economic value to the UK of international students studying at universities. [908291]

The Minister for Immigration (Mr Robert Goodwill): The Government recognise that international students make an important contribution during their time here and help to make our education system one of the best in the world. We are in regular contact with the sector, and there is no limit on the number of genuine international students who can come here to study in the UK.

Christina Rees: International students bring academic and cultural benefits to our universities, contribute billions of pounds to the economy, support the creation of tens of thousands of jobs and enable these institutions to innovate, build links with businesses and invest even more in every student in every region and country of the UK. Will the Minister assure the House that the Government have no plans to reduce the number of international students coming to every UK university, and tell us what steps they will take to increase numbers?

Mr Goodwill: I agree with the hon. Lady absolutely. As I mentioned, there is no limit on the number of students who can come here. Since 2010, we have seen a 17% increase in the number of university applications from outside the EU, while the Russell Group has seen an amazing 47% increase.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The whole House knows that it is vital to maintain our global reputation as an open and fair place to study, but in mid-December last year the Home Office lost a major test case against international students. The Home Office claimed that the students had made bogus claims about English language skills. What were the total legal costs in this test case against Sharif Majumder? How many other cases were initiated and had to be dropped? What estimate has been made of the potential liability

arising from students who were deported on the basis of evidence-free claims, but might now have a right to sue for wrongful deportation?

Mr Goodwill: I am slightly surprised that the hon. Lady has the brass neck to refer to bogus students in bogus colleges. We had to take away the sponsorship licence from 920 colleges that were recruiting students to take bogus courses. I will certainly get back to her in writing if I can provide some of the information she asked for specifically on that legal case.

Widows of Police Officers

15. **Richard Graham** (Gloucester) (Con): Whether she is taking steps to ensure that widows of police officers are not financially disadvantaged by remarrying. [908292]

The Minister for Policing and the Fire Service (Brandon Lewis): In January 2016, this Government changed legislation to the benefit of widows, widowers and civil partners of police officers in England and Wales who have died on duty. As a result, those survivors who qualified for a survivor pension will now continue to receive their survivors' benefits for life, regardless of remarriage.

Richard Graham: I welcome the changes made after the police widows campaign, which I supported, but of course they apply only to widows who remarry or cohabit after April 2015, whereas elsewhere in the UK, police widows' pensions have been reinstated regardless of the date of their remarriage. Does my right hon. Friend agree that police widows should be treated the same, regardless of where police officers served in the United Kingdom? Will he agree to meet me and other colleagues to discuss this further?

Brandon Lewis: I know that my hon. Friend has campaigned hard on this issue, and I would be happy to meet him and others to discuss it. He will be aware that the clear position taken by successive Governments is that changes should not apply retrospectively. As I say, I would be happy to meet my hon. Friend and colleagues to discuss the issue further.

Migration

16. **Mr Laurence Robertson** (Tewkesbury) (Con): How many foreign students from (a) EU and (b) non-EU countries were included as part of the net migration figures in the last 12 months for which figures are available. [908293]

The Minister for Immigration (Mr Robert Goodwill): Long-term migration statistics are produced by the independent Office for National Statistics. The most recent figures estimate that in the year ending June 2016, 113,000 non-EU nationals came to the UK to study; in that same year, 45,000 non-EU nationals who were former students left. For EU nationals, the corresponding figures are 34,000 and 18,000 respectively.

Mr Robertson: I thank the Minister for that detailed response. I accept that students are classified as immigrants internationally, but when the immigration figures are

published, would it not be a good idea to state how many of the people in the figures are students bringing money to this country?

Mr Goodwill: I can confirm to my hon. Friend that these statistics are produced and presented by the ONS, and that figures for students are clearly identified separately within those statistics.

Mr Speaker: On this immigration-related matter, I would call the hon. Member for Linlithgow and East Falkirk (Martyn Day) if he were standing, but if he does not stand, I will not.

21. [908298] **Martyn Day** (Linlithgow and East Falkirk) (SNP): This Government's immigration policies are separating rather than uniting families because of the ridiculous financial thresholds and restrictive rules on evidence of financial support. When will these rules be changed to support the real needs of family units?

Mr Goodwill: It is certainly very important for family reunification, particularly for spouses, that rules are in place to ensure that these people are not a burden on the taxpayer. Indeed, the levels set are such that if there were a separate figure for Scotland, it would be higher, given that average incomes in Scotland are higher than those in the UK overall.

Topical Questions

T1. [908318] **Craig Whittaker** (Calder Valley) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Amber Rudd): We are determined to protect children and vulnerable people. That is why today the Government have tabled an important amendment to the Digital Economy Bill. The amendment will give the police the power to go to the courts to compel phone companies to shut down phone lines being used by county lines gangs to sell illegal drugs. These gangs use children and vulnerable people to move drugs and money to and from the urban area. Once caught up in county lines, people are at risk of extreme violence, trafficking and exploitation by those behind this despicable crime. Closing the phone lines will seriously disrupt this criminality and the exploitation that is an integral part of county lines drug dealing.

Craig Whittaker: During a recent delegation as part of the all-party parliamentary group against antisemitism, it became clear that international parliamentary colleagues are concerned about the rise of hate crime, and in particular anti-Semitism from the left in UK universities. Does my right hon. Friend agree with me, and indeed with Baroness Royall when she said that Labour does not take anti-Semitism seriously, as seen by the inaction against members of Oxford University who were accused of anti-Semitism, and that this has, of course, a wider impact on hate crime in general?

Amber Rudd: I thank my hon. Friend for raising this important matter, particularly during Holocaust Memorial Week. As he will know, the Government published a hate crime action plan to drive forward action to tackle all forms of hate crime, and to enable Departments across the Government to work with police and

communities. However, I completely agree with him that all organisations, including universities and political parties, have an obligation to stamp out anti-Semitism wherever it is encountered.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): Recent revelations from the Public Law Project indicate that country guidance in Eritrea was altered to suggest diminished risks of human rights abuses when there was no evidence to support that, solely in order to lower the number of refugees allowed entry. In a significant case in the upper immigration tribunal last October, it was found that the new Home Office guidance on Eritrea was not credible. We know that the guidance has since been withdrawn, but was the then Home Secretary involved in the issuing of that wholly misleading guidance, and can the present Home Secretary say how many refugees may have been wrongly denied entry and how many of them were children?

Amber Rudd: The hon. Lady has raised an important part of our immigration policy, whose purpose is to ensure that we keep all countries to which we are returning people under review. Quite rightly, Home Office staff will visit appropriate countries—and, indeed, they visited Eritrea in 2014—to make their country assessments. I am confident that Home Office processes are delivered in the correct way, but the hon. Lady can rest assured that we will always keep the position under review.

T2. [908319] **Edward Argar** (Charnwood) (Con): Although the current police funding formula has not been fully applied to Leicestershire police, meaning a loss of £5.6 million annually even under that unfair funding formula, Chief Constable Simon Cole and his excellent team of officers have continued to drive down crime locally, but can my right hon. Friend reassure me, and them, that they and Leicestershire will secure a fair funding deal very soon?

The Minister for Policing and the Fire Service (Brandon Lewis): My hon. Friend has made a good point about the excellent work that is being done by Chief Constable Simon Cole and his team in Leicestershire. We are working to ensure that we achieve a fair, transparent review funding formula, and that all the chief constables and the police and crime commissioners feed into it. I assure my hon. Friend that we will deliver that work as quickly as we can.

T6. [908323] **John Mann** (Bassetlaw) (Lab): Waffle, Mr Speaker—waffle is all that we get in answer to questions about dealing with hate crime on Facebook and Twitter and on the internet. If Germany can fine these companies half a million pounds every time they fail to take down hate speech posts within 24 hours, why can we not also take practical action to hold them to account for their failure to deal with hate speech?

The Parliamentary Under-Secretary of State for the Home Department (Sarah Newton): The hon. Gentleman has made a very important point. Hate crime has no place whatsoever in our society. It destroys communities and people's lives, and we are taking every possible action against it. We have the strongest legislative framework in the world, and that includes working with internet providers. I can absolutely assure the hon. Gentleman

that we have agreements with internet providers, and that when hate crime is identified, they will take the horrendous stuff down.

T3. [908320] **Antoinette Sandbach** (Eddisbury) (Con): Cheshire constabulary is currently rolling out Operation Shield, which allows people to mark their valuables with a unique DNA liquid to prove their ownership of stolen items in the event of their recovery. What is the Department doing to support similar crime-fighting initiatives?

Brandon Lewis: My hon. Friend has highlighted a very good example of the use of modern technology to fight crime. I congratulate Cheshire police on their forward-thinking work. We are supporting such work through the police transformation fund when innovative ideas come from the police themselves to ensure that crime-fighting is efficient as well as effective in the future.

T8. [908325] **Nick Smith** (Blaenau Gwent) (Lab): Off-road bikers are vandalising the mountains above Blaenau Gwent. These troublemakers churn up the land, worry animals and intimidate local people.

Rob Marris (Wolverhampton South West) (Lab): That's the Tories. [*Laughter.*]

Nick Smith: Them too, sometimes.

Off-road bikers often go where the police cannot. Will the Home Office look into the possibility of resources, agreement and licensing to enable drones to be used to help us to tackle the problem?

Brandon Lewis: I recognise the challenges involved in dealing with those who use bridle paths and footpaths inappropriately and ruin them for the majority of other people. The hon. Gentleman is absolutely right, and both he and the police deserve credit for wanting to crack down on such practices. The use of drones is another good example of modern technology. Police forces and fire brigades are sharing them, and I would encourage the hon. Gentleman's local police force to consider doing the same. It might be possible to make a bid through the police transformation fund.

T4. [908321] **Nigel Mills** (Amber Valley) (Con): In the light of recent terrorist threats across the globe, will my hon. Friend the Minister update the House on what steps the Government are taking to ensure that we are not vulnerable to similar attacks?

The Minister for Security (Mr Ben Wallace): My hon. Friend is right to highlight the fact that counter-terrorism is always ongoing. In 2015, under the strategic defence and security review we committed to updating the CONTEST review, the strategy to deal with counter-terrorism both here and abroad, and I can inform my hon. Friend that that update will be published soon. In addition, the Government have committed to increasing by 30% in real terms funding to counter-terrorism in the lifetime of this Parliament.

T9. [908326] **Naz Shah** (Bradford West) (Lab): In 2016 Bradford university, which is in my constituency, was listed by *The Times* among the top 200 most international universities, but has seen its international student numbers fall by nearly 45% since 2010. As my

hon. Friend the Member for Neath (Christina Rees) has outlined, the benefit that international students bring to cities such as Bradford cannot be overstated. What will the Minister do to reverse this trend and ensure that one of our greatest assets can continue to attract students?

Amber Rudd: I share the hon. Lady's view about the importance of overseas students, particularly perhaps at the University of Bradford. Some universities have seen an increase, some have seen a decrease; we have seen more students coming over from China, fewer from India. This is the market on the move, and I urge the hon. Lady perhaps to work with her university and to come back to us with any suggestions she might have to try to improve the outcome for it.

T5. [908322] **Derek Thomas** (St Ives) (Con): We in this place have referred before now to the good work of the police officers, men and women, and police community support officers in the St Ives constituency. It is only right that they receive their fair share of the money in the policing budget. What measures is the Department taking to ensure that Devon and Cornwall police receive a fair funding settlement?

Brandon Lewis: I thank my hon. Friend for his question, and it was useful to meet him and colleagues last week. I also want to thank his police and crime commissioner, as well as his chief constable, for feeding into the work we are doing to ensure that the new police funding formula is fair and transparent and has input from forces right across this country.

Chris Bryant (Rhondda) (Lab): Violence against doctors, nurses, paramedics and other health workers has been on the rise in England and Wales over the last few years. Scotland has a specific criminal offence for such violence; is it not time that we had the same in England and Wales?

Brandon Lewis: The hon. Gentleman raises an important point, and it links in very closely with the work we are doing around making sure that offences against police officers are dealt with in the strongest possible terms. The punishments are there, but we must make sure that the Sentencing Council has these things working correctly, and we are working with colleagues at the Ministry of Justice to look at this issue at the moment.

T7. [908324] **Rebecca Pow** (Taunton Deane) (Con): I was pleased recently to attend the "little litter pickers" celebration organised by the innovative Halcon One Team in Taunton Deane. The litter pickers are just one aspect of this commendable One Team community partnership, bringing together the police, social workers, teachers and local residents to tackle serious deprivation, with real results in tackling crime and antisocial behaviour. Does the Minister agree that the Halcon One Team can act as a model across the country, and will she join me in commending all the team's hard work, especially that of Sergeant Andy Murphy?

Sarah Newton: I am absolutely delighted to commend the work of this multi-agency Halcon One Team, which operates in my hon. Friend's constituency. It is, indeed, a marvellous example of where the police and local agencies work together in their communities with vulnerable

people, tackling environmental issues and providing young people with a constructive alternative, to avoid them being dragged into a life of crime and antisocial behaviour.

Joan Ryan (Enfield North) (Lab): In the light of Holocaust Memorial Day this week, will the Minister join me in paying tribute to the Holocaust Memorial Day Trust and the Holocaust Educational Trust, which remind us of the worst example we have ever witnessed of where anti-Semitism can lead? In the light of the publication of the Community Security Trust 2016 anti-Semitic incident report next week, and bearing in mind the fact that last year saw the third highest annual level of anti-Semitic hate incidents in the UK, what are the Government doing to combat rising levels of anti-Semitism?

Amber Rudd: I thank the right hon. Lady for giving me this opportunity to join her in thanking the Holocaust Memorial Day Trust and the Holocaust Educational Trust for the extraordinary work that they do in reminding us all of what took place. I am one of the MPs—I am sure that there are many here—who took the opportunity to visit, and I will always remember the impact of that. I work closely with the Community Security Trust, and I made the hate crime action plan my priority. We will continue to work with the trust to ensure that we do what we can to stop any form of anti-Semitism.

T10. [908327] **Heidi Allen** (South Cambridgeshire) (Con): More than 30,000 unaccompanied child refugees arrived in Greece and Italy last year. Building on the good work that we did in Calais, can the Minister give me an update on when we expect the first children to come from Greece and Italy under the Dubs criteria and whether he has a sense yet of how many there might be?

The Minister for Immigration (Mr Robert Goodwill): In 2016, we transferred more than 900 unaccompanied asylum-seeking children to the UK from Europe, including more than 750 from France as part of the UK's support for the Calais camp clearance. Following consultation with local authorities, I remind the House that the Government will transfer "a specified number" of children, in accordance with section 67 of the Immigration Act 2016, who reasonably meet the intention and spirit of the provision. This will include more than 200 children already transferred from France. We will announce in due course the basis on which the remaining places will be filled, including from Greece and Italy, and the final number.

Stephen Pound (Ealing North) (Lab): This afternoon we have been talking about police funding in the abstract, but there is also a human cost to policing. This weekend in the Crumlin Road area of north Belfast, a police officer was shot and badly wounded. Will the Home Secretary please pass on to Chief Constable George Hamilton the unqualified support of the whole House for the work of the Police Service of Northern Ireland, and our deepest sympathy to the friends and family of the police officer who was shot this weekend, who has not been named?

Amber Rudd: I thank the hon. Gentleman for this opportunity to do exactly that. We are very lucky to have the good work, bravery and courage of the PSNI, and I will, on his behalf and that of the whole House, pass on those good wishes and thanks.

Hywel Williams (Arfon) (PC): The French dispersal centre, which took unaccompanied children from Calais, is set to close on 10 February. What steps is the Secretary of State taking to ensure that the cases of all children who might have a right of entry to the UK are considered before then?

Amber Rudd: I thank the hon. Gentleman for his question. I spoke to my new French counterpart just this morning about the actions that we are taking together to ensure that the correct assessment of the children who would like to come to the UK continues. A substantial number of centres are still open, and we still have a number of staff out there. We will be reducing our work there, as the Calais camp has largely dispersed, but we will continue to have an interest and ensure that we work closely with the French to stop a new camp coming up.

Hannah Bardell (Livingston) (SNP): My constituent Eann McInnes has twice tried to get his family to visit Scotland from Morocco while they sort out their visa arrangements, but twice the Home Office has frustrated the process, stating:

"The right to a family life could be enjoyed in Morocco, and does not necessarily have to be in the UK".

However, my constituent has a genetic disorder that can be treated only in the UK. Will the Minister commit to looking into this case again, and will he meet me to work out how the family can be reunited so that they can live together?

Mr Goodwill: I would be more than happy to meet the hon. Lady to discuss that specific case and to see what can be done.

John Woodcock (Barrow and Furness) (Lab/Co-op): Is the Minister for Policing and the Fire Service aware of the stark warning that was given to his predecessor by the chief constable of Cumbria, Jerry Graham, about the failure of the previous funding formula to take into account

"the cost premium for the sparsity, rurality and geographical isolation of Cumbria"?

Will the Minister meet all Cumbria's MPs to discuss this important issue before his new proposals come out?

Brandon Lewis: I am very aware of the changes and, despite the encouragement of some of the hon. Gentleman's colleagues, I think it is important that we do this work methodically rather than rushing into it. I have been liaising with Cumbria's chief constable, and I will be talking to him and the police and crime commissioner. Indeed, I am happy to take input from any source to ensure that we have a clear and transparent process.

Several hon. Members *rose*—

Mr Speaker: Order. I am sorry, but we must move on.

Mr Jacob Rees-Mogg (North East Somerset) (Con): Mr Speaker, as the matters we are about to discuss are of the utmost confidentiality and may give succour to Her Majesty's enemies, I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163), and negatived.

Trident: Test Firing

3.34 pm

Mr Kevan Jones (North Durham) (Lab) (*Urgent Question*): To ask the Secretary of State for Defence if he will make a statement on the test firing of a Trident nuclear missile in June 2016.

The Secretary of State for Defence (Sir Michael Fallon): In June last year, the Royal Navy conducted a demonstration and shakedown operation designed to certify HMS Vengeance and her crew prior to their return to operations. It included a routine unarmed Trident missile test launch. Contrary to reports in the weekend press, HMS Vengeance and her crew were successfully tested and certified as ready to rejoin the operational cycle.

We do not comment on the detail of submarine operations, but I can assure the House that the safety of the crew and public is paramount during any test firing and is never compromised. Prior to conducting a Trident test fire, the UK strictly adheres to all relevant treaty obligations, notifying relevant nations and interested parties. Here, the Chair of the Defence Committee, the Opposition Defence spokesperson, and the Chair of the Public Accounts Committee were informed in advance. I can assure the House that the capability and effectiveness of the UK's independent nuclear deterrent is not in doubt. The Government have absolute confidence in our deterrent and in the Royal Navy crews who protect us and our NATO allies every hour of every day.

Mr Jones: I thank the Secretary of State for his answer. He will know that I am a strong believer in this country's independent nuclear deterrent. Major inroads have been made in recent decades in public transparency on nuclear issues, on which is important to maintain a consensus and support for our nuclear deterrent. That has included openness and publicity about test launches in Florida.

The Secretary of State will have seen claims in the press at the weekend that in the latest test the missile veered towards the United States. Will he confirm whether that was the case? Will he tell the House when he was first informed that there was a problem with the test and when his Department informed the then Prime Minister, David Cameron? Was it the Secretary of State or the then Prime Minister who decided to shelve the Department's customary practice of publicising test launches and ordered a news blackout?

What discussions has the Secretary of State had with the present Prime Minister about the test, and why news of it was not relayed to Parliament before the debate on the Successor submarine programme last July?

Finally, I pay tribute to the members of our armed forces who for the past 48 years have maintained Operation Relentless and the UK's continuous at-sea deterrent.

Sir Michael Fallon: I appreciate that the hon. Gentleman not only takes a close interest in defence but has borne responsibility for the defence of our country and supports the deterrent. However, I must disagree with his call for greater transparency. There are few things that we cannot discuss openly in Parliament, but the security of our nuclear deterrent is certainly one of them. It has never been Government practice to give Parliament details of

demonstration and shakedown operations. There have been previous examples where some publicity has been decided on a case-by-case basis and informed by the circumstances at the time and by national security considerations.

Sir Nicholas Soames (Mid Sussex) (Con): Does my right hon. Friend agree that there is absolutely no evidence of systemic failure anywhere in this system? Will he confirm that he, like me when I was Minister for the Armed Forces, has total confidence in our Trident defences as being both deadly and reliable?

Sir Michael Fallon: I can certainly confirm that. I repeat to the House that HMS Vengeance was successfully certified and passed the test that was set, and therefore rejoined the operational cycle and is part of that operational cycle today.

Nia Griffith (Llanelli) (Lab): I am grateful to the Secretary of State for his answers; I am just sorry that it has taken allegations in a Sunday paper and an urgent question to bring him to Parliament this afternoon. Let me be clear: we are not asking him to disclose any sensitive or inappropriate detail. All we want is clarity and transparency, because yesterday the Prime Minister refused four times on live television to say when she became aware of the details of this missile test.

Today, No. 10 admitted that the Prime Minister was told about this incident as soon as she took office, yet when she came to this House on 18 July 2016 to call on Members to back the renewal of Britain's nuclear submarines she did not say a word—not a single word. This is just not good enough. The British public deserve the facts on a matter as important as Britain's nuclear deterrent, and they deserve to hear those facts from their Prime Minister, not in allegations sprawled across a Sunday paper.

May I ask the Secretary of State a simple question? Why was this information deliberately kept from Parliament and the British public? Who made the decision to keep this incident quiet? Was it his Department, or was it No. 10? While respecting the limits of what he can disclose, can he at least set out what investigation his Department has carried out into what happened in June? What assurances can he give that there will be no future cover-ups on important matters such as this?

At the heart of this issue is a worrying lack of transparency and a Prime Minister who has chosen to cover up a serious incident, rather than coming clean with the British public. This House and, more importantly, the British public deserve better.

Sir Michael Fallon: Let me just be very, very clear: neither I nor the Prime Minister are going to give operational details of our submarine operations or of the systems and sub-systems that are tested through a demonstration and shakedown operation.

The hon. Member for Llanelli (Nia Griffith) asked me very specifically about the Prime Minister's knowledge. Let me again be clear: the Prime Minister has ultimate responsibility for our nuclear deterrent. She is kept informed of how the nuclear deterrent is maintained, including the successful return of HMS Vengeance to the operational cycle.

Dr Julian Lewis (New Forest East) (Con): Is the Secretary of State telling us that nothing went wrong on this particular launch? While accepting that the nuclear deterrent needs to be shrouded in secrecy, it also needs to deter. Once stories get out there that a missile may have failed, is it not better to be quite frank about it, especially if it has no strategic significance, as, in this case, it probably has none?

Sir Craig Oliver vehemently denies that he or any other member of David Cameron's media team ever knew about the aborted Trident test, so will the Secretary of State tell us when Mr Cameron was told about it and when he himself was told about it? Will he accept an invitation to attend the Defence Committee tomorrow morning—in closed session for some questions, if need be—to resolve any outstanding issues?

Sir Michael Fallon: As I have said, I am not going to discuss publicly on the Floor of the House the details of the demonstration and shakedown operation. All I can do is repeat that HMS Vengeance has successfully been certified again to rejoin the operational cycle. I think I have already answered on the responsibility of the Prime Minister and made it very clear that the previous Prime Minister and this Prime Minister were, of course, informed about the maintenance of the nuclear deterrent, the outcome of the test and the successful return of HMS Vengeance to the operational cycle.

Brendan O'Hara (Argyll and Bute) (SNP): The basic rule of deterrence is that it has to be both credible and capable. After yesterday's sensational revelations, it is safe to assume that Trident is neither. Given that one of the UK's nuclear missiles veered off towards the United States, it is an insult to our intelligence to try to claim, as the Government have, that Trident's capability and effectiveness are unquestionable.

An equally serious matter that arises is the deliberate withholding of information from the House ahead of the crucial Commons vote on renewal last July. It is absolutely outrageous that the House had to rely on a leak to a Sunday newspaper to find out about this incident and the subsequent cover-up. When did the Secretary of State first find out about this missile failure? Was it he who informed the new Prime Minister about the failure? Who took the decision not to inform Parliament of the incident?

Sir Michael Fallon: The hon. Gentleman is, of course, opposed to the Trident deterrent that has kept this country safe for so many years. First, let me caution him against believing everything he has read in the weekend press. Secondly, let me repeat that the Government are in no doubt about the capability and effectiveness of our deterrent and would not have asked this House to endorse the principle of the deterrent and our plans to build four new submarines if there had been any question about its capability and effectiveness.

Sir Julian Brazier (Canterbury) (Con): Does my right hon. Friend agree that secrecy and transparency are simply incompatible, and that it is right that every British Government—as well as, indeed, every Government of our nuclear allies, the Americans and the French—have always put secrecy first in this area?

Sir Michael Fallon: I agree with my hon. Friend. As I said to the House earlier, there are very few issues that cannot be discussed openly in the House, but the security of the nuclear deterrent is clearly a prime example of something that cannot be discussed in detail.

Tom Brake (Carshalton and Wallington) (LD): Will the Secretary of State confirm that, whether through the notice to airmen system or other warning systems, our enemies would have been aware of the failure of the test? Does he agree that for Members of this House to be able to debate effectively the merits of Trident or its like-for-like replacement, we need timely and security-appropriate information, and that we did not get that in this case?

Sir Michael Fallon: On the first point, the right hon. Gentleman may be aware that, under our international treaty obligations notice of any test firing has to be given to other countries and interested parties. In the case of the June test firing, that was done. I do not agree with his latter point. The Government would not have put the motion to the House last July had we had any doubt about the continuing capability and effectiveness of the deterrent.

Bob Stewart (Beckenham) (Con): I remind the House that the Russians not only contemplate using nuclear weapons but practise their employment on their exercises. Is it not crucial, therefore, that we retain our own independent nuclear deterrent, to ensure that our potential enemies, such as Russia, are deterred and think twice before they even contemplate using such weapons of mass destruction?

Sir Michael Fallon: I am grateful to my hon. Friend. That indeed was the proposition put before the new Parliament last July and endorsed by 472 Members of this House against a vote of only 117—the latter number included, of course, the Leader of the Opposition.

John Woodcock (Barrow and Furness) (Lab/Co-op): Have the Government instigated a leak inquiry to find out the source for *The Sunday Times*? If not, do they intend to do so?

Sir Michael Fallon: As I said to the House earlier, I am not confirming the speculation in the weekend press, and I caution Members against believing everything they have read in the weekend press.

Jack Lopresti (Filton and Bradley Stoke) (Con): Have the Ministry of Defence and our US partners shared information about the test firing and subsequent evaluation, because it is important to reassure our service people and the public about the validity of the nuclear deterrent?

Sir Michael Fallon: I understand why my hon. Friend asks that question, but I am afraid that I have to say to him that it takes us into the detail of the operation of the nuclear deterrent and I am not going there.

Caroline Lucas (Brighton, Pavilion) (Green): Following on from that, the Government continually refer to Trident as the UK's independent nuclear deterrent, yet the missile involved in the malfunction was designed, manufactured and owned by the US, with a US guidance

[Caroline Lucas]

system and leasing arrangements. It is not an operational issue to tell us whether the Secretary of State has known that the malfunction last year was reported at the time to the US President, nor whether the new President has been briefed about it, and nor who decided to cover it up—the UK Government or the US.

Sir Michael Fallon: Let me be very clear about this: our Trident nuclear deterrent is completely operationally independent of the United States. In our country, only the Prime Minister can authorise the firing of these weapons, even if they are employed as part of an overall NATO response.

Mr Keith Simpson (Broadland) (Con): May I congratulate my right hon. Friend on the approach he has taken on this issue? The whole area of our independent nuclear deterrent is of crucial importance, and the arguments he has made very strongly about not being as open as he might perhaps at times like to be on the operational side is absolutely correct.

Sir Michael Fallon: I am grateful to my right hon. Friend. Earlier Governments in different situations—indeed, in more benevolent times—might have taken different decisions about how much information they were prepared to reveal about demonstration and operations. These are not, of course, such benevolent times, and the decision we took was not to release any information about the testing of all the systems and sub-systems involved in the return to the operational cycle of HMS Vengeance.

Mr John Spellar (Warley) (Lab): There is no doubt about why the hon. Member for North East Somerset (Mr Rees-Mogg) wanted this to be held in private. It was not to keep our secrets from the Russians, but to save the embarrassment of Ministers and the Prime Minister. In Talleyrand's words:

“It's worse than a crime, it's a mistake.”

Mr Speaker: Order. I have known the right hon. Gentleman long enough to know of his naturally pugnacious and combative spirit, but that must not elide into impugning the integrity of another hon. Member. He has had his bit of fun, but he must now wash out his mouth, withdraw those words and put a question, for which the nation will be grateful.

Mr Spellar: I certainly withdraw any implication that the hon. Member for North East Somerset (Mr Rees-Mogg) was worried about embarrassment to the Minister.

Will the Minister confirm that in Lord Hennessy's book “The Silent Deep” there is a full description of a previous firing? How is it an operational matter or a security threat merely to ask when the Minister and Prime Minister were made aware of the problem and why they decided to keep it quiet?

Sir Michael Fallon: On the first point, I have already made it clear that, of course, earlier Governments in different circumstances took different decisions not to share details with Parliament, but to release information publicly about the completion of tests. We have to take our decision in the light of the circumstances that prevail at the time and the national security considerations.

On the right hon. Gentleman's second question, I have made it very clear that both I and the Prime Minister are of course informed of nuclear matters at all times and in particular of the successful return of HMS Vengeance to the operational cycle.

Mr James Gray (North Wiltshire) (Con): I very much welcome the Secretary of State's tone and approach so far. These things should always be secret, in my view, but will he go further and speculate on why, when last year's debate was on the renewal of the Vanguard-class submarines and had nothing whatsoever to do with Trident missiles, there is any suggestion that the Prime Minister should have announced this failure?

Sir Michael Fallon: As I have said, the Government would not have brought the motion before the House last July had there been any doubt about the safety, capability or effectiveness of the Trident missile system. However, my hon. Friend is right to remind the House that the vote, and the huge majority it secured, was of course on the principle of our deterrent and the Government's plan to renew our four submarines.

Mike Gapes (Ilford South) (Lab/Co-op): The essence of deterrence is uncertainty—about when, whether or if missiles will be fired. Can I take it that the purpose of the Secretary of State's statement today is that he wishes to add to the uncertainty and therefore increase deterrence?

Sir Michael Fallon: To take the hon. Gentleman's question seriously, he of course is right that one of the principles of deterrence is to leave one's adversaries uncertain about the circumstances in which one would employ it. I have simply made it clear to the House today that the outcome of the tests was a successful return by HMS Vengeance to the operational cycle, but I am not prepared to go into further operational detail about the tests themselves.

Sir Gerald Howarth (Aldershot) (Con): I welcome the Government's approach and thank my right hon. Friend for his reassurance about the effectiveness of the Trident system. Will he confirm that there have been 160 successful firings of the missile? Surely that should reassure the British people rather more than the prospect of the Leader of the Opposition having his finger on the button.

Sir Michael Fallon: My hon. Friend is right to draw the House's attention to the previous testing regime. The House might want to know that the demonstration and shakedown operation is critical at intervals for demonstrating the effectiveness of the deterrent. It comprises a comprehensive series of system and sub-system tests, as I have said, and it provides a period of intensive training for the submarine's crew. It evaluates the complex weapons system involved in Trident, including the performance of the crew, and it concludes each time with an unarmed missile firing. HMS Vengeance successfully concluded that shakedown operation.

Vernon Coaker (Gedling) (Lab): I am a supporter of the deterrent, but does the Secretary of State not understand that a leak to a Sunday newspaper, followed by, frankly, Government stonewalling, does not enhance support for the deterrent, but undermines it?

Sir Michael Fallon: I understand why the hon. Gentleman, who is a supporter of the deterrent, says that, but the security of our deterrent is absolutely paramount at a time like this. Whether he likes it or not, I am not going to respond to speculation about the tests that occurred last June or give details of the particular operations of HMS Vengeance during that test.

Dr Andrew Murrison (South West Wiltshire) (Con): Does my right hon. Friend agree that the continuous at-sea nuclear deterrent has kept us free from aggression day in, day out since 1968, and that we owe a huge debt of gratitude to the men and women who operate it?

Sir Michael Fallon: I wholeheartedly endorse what my hon. Friend says, and I hope that that at least would be common ground. The nuclear deterrent has played its part in keeping this country safe through a series of continuous at-sea patrols seven days a week, 52 weeks a year. I join him in paying tribute to the crews of all four of our nuclear submarines.

Ruth Smeeth (Stoke-on-Trent North) (Lab): There is now a question about the effectiveness of our nuclear deterrent—[*Interruption.*] There is in terms of what is in the papers. That in itself undermines our national security. We need to send a clear message that our deterrent is still able to do its job. I urge the Secretary of State to accept the invitation of the Chair of the Defence Committee and appear before it to reassure us and the House that our deterrent is fit for purpose.

Sir Michael Fallon: Let me reassure the hon. Lady, who follows these matters extremely closely and is on the Defence Committee, that there is absolutely no doubt about the effectiveness of our deterrent. Again, had the Government any doubts about the continuing capability or effectiveness of the deterrent, we would not have brought the motion before the House last July.

Tom Tugendhat (Tonbridge and Malling) (Con): Would my right hon. Friend agree not only that the Prime Minister was absolutely right not to discuss this issue on national television but that a 98% success rate in testing for a weapons system is phenomenal? Once it has been tested, all boats that go out are fully operational and 100% capable, and that is something for which we should pay huge tribute to Her Majesty's Royal Navy and the sailors who serve on those boats.

Sir Michael Fallon: My hon. Friend is right to draw attention to the importance of these tests and to hint at the complexity of them and of the systems and sub-systems that are involved in maintaining the Trident deterrent. It is to the credit of the crew of HMS Vengeance that they were able to complete these tests last June, and they now take their place again in the operational cycle.

Ann Clwyd (Cynon Valley) (Lab): Since the Minister is not prepared to confirm very much at all, can I ask him to confirm whether each test of a Trident missile costs at least £17 million?

Sir Michael Fallon: No, I am not able to confirm that either.

Richard Drax (South Dorset) (Con): It is regrettable that the phrase “cover-up” has been used, when this issue concerns our national security. Does my right hon. Friend agree that if things go wrong, the last thing we should do is give succour to the enemy by telling them that that is the case?

Sir Michael Fallon: I agree with my hon. Friend. It is important that we maintain the secrecy of our deterrent, and it is important for our adversaries to understand that we attach paramount importance to making sure the operational details of the deterrent are as closely guarded as possible.

Douglas Chapman (Dunfermline and West Fife) (SNP): I look forward to meeting the Secretary of State tomorrow at the Defence Committee, if he is available.

Does the right hon. Gentleman agree that credibility lies at the very heart of this urgent question? Will there be an official inquiry into the malfunction and the overall credibility of how the UK would deliver its weapons of mass destruction? Will there be a further inquiry into why the Prime Minister could not answer a question on four separate occasions on “The Andrew Marr Show” yesterday? Our nation really does deserve better, as do our serving personnel.

Sir Michael Fallon: On the first point, I am pondering the invitation that I have received to answer questions again tomorrow as fully as I have been answering them today. I will give that further thought. The Prime Minister, of course, did answer questions yesterday; she did not give the answer that the hon. Gentleman may have wanted, but she did answer that question. I want, again, to be clear with the House that the Prime Minister, who retains the ultimate responsibility—and an awesome one at that—for our deterrent, is kept informed as to how that deterrent is maintained, and was informed, of course, as her predecessor was, of the successful return of HMS Vengeance to the operational cycle.

Crispin Blunt (Reigate) (Con): As these missiles get older, there are bound to be increasing maintenance programme costs, as well as costs from emerging and as yet unforeseen threats to the system. What is the United Kingdom's exposure to these costs of maintaining and protecting the Trident missile system this side of 2060?

Sir Michael Fallon: My hon. Friend draws attention to the relative age of the Trident system, which he has had some doubts about in the past, and he probably continues to do so today. That, of course, is one reason why these tests are conducted every four or five years to make sure that our submarines are able to fire the Trident missile when they return from long periods of maintenance. Perhaps my hon. Friend would allow me to write to him on the very specific question of cost.

Paul Flynn (Newport West) (Lab): As an accident is the most likely cause of the nuclear catastrophe that we all fear, either because of misunderstandings between the nations, human error or technical failure, now that President Trump has his impulsive finger on the nuclear button, should not our prime cause be to persuade him not to encourage South Korea, Japan and other small nations to acquire nuclear weapons, thus magnifying the risk of war by accident?

Sir Michael Fallon *rose*—

Mr Speaker: Especially in relation to Trident testing.

Sir Michael Fallon: I will do my best, Mr Speaker, but it might be quite hard. I hope you will join me in congratulating President Trump on his inauguration. Let me say how much our Prime Minister looks forward to meeting him later this week and discussing the importance of our NATO alliance to both our countries, and the importance of the nuclear deterrent within that NATO alliance.

Mr Speaker: What the Secretary of State said has real merit, but I was more inclined to congratulate the hon. Member for Newport West (Paul Flynn) on the ingenuity of his question.

Several hon. Members *rose*—

Mr Speaker: Ah yes—young Gove.

Michael Gove (Surrey Heath) (Con): Thank you very much, Mr Speaker.

Does my right hon. Friend agree that investment in our continuous at-sea nuclear deterrent has not only bought us peace since 1968 and the protection of western Europe, but is congruent with our position as a permanent five member of the UN Security Council; and is it not the case that the unilateralists on the Opposition Benches who are complaining today are in the position of eunuchs complaining about the cost of Viagra?

Sir Michael Fallon: I agree with all three of my right hon. Friend's propositions.

Mr Speaker: I am sure it went down very well at the Oxford Union.

Greg Mulholland (Leeds North West) (LD): The Prime Minister was asked nothing that compromised security; she was asked what she knew, and her refusal to answer that four times is an embarrassment not just to the Government but to the United Kingdom. Does the Secretary of State not understand that at a time when the Government are making cuts in virtually all areas, not dealing with this misfiring will make people believe that the huge price tag of Trident is not worth it, and that needs to be addressed?

Sir Michael Fallon: We had this debate last July, when this House decided by an overwhelming majority to re-endorse the principle of the deterrent and to commit to our plan to build the four new Dreadnought submarines. I have made the Prime Minister's position extremely clear. She has the responsibility for the nuclear deterrent and she is kept informed as to how that deterrent is maintained, including the successful return of HMS Vengeance to the operational cycle.

Richard Benyon (Newbury) (Con): Like many of my constituents, I live in the shadow of a nuclear weapons facility, and I want to be certain that these weapons, at every stage of their development, are tested to the utmost, even to the point of failure. Will my right hon. Friend confirm that those tests should be secret, and that their not being secret gives aid to only one group of people—that is, those who mean us harm?

Sir Michael Fallon: I agree with my hon. Friend on the vital importance of keeping this work secret. Let me also pay tribute to the secret work that is done by his constituents working at Aldermaston, and indeed Burghfield alongside it, as part of the essential importance of verifying the deterrent.

Carol Monaghan (Glasgow North West) (SNP): Having been in Florida for the 2009 DASO—demonstration and shakedown operation—firing, I know that this is not the first time there has been a media blackout to suit a particular Government's agenda. That firing was of course carried out by my own husband. The MOD press statement says that the crew and boat were successfully tested, but what about the missile? How could the nuclear deterrent be certified for operational use when the system has catastrophically failed?

Sir Michael Fallon: The hon. Lady, who I know has family connections in this area, must not believe everything she read in the newspapers yesterday. I am not going into particular operational details except to confirm that HMS Vengeance successfully concluded her demonstration and shakedown operation.

James Cleverly (Braintree) (Con): There is a huge difference between subjects that are of interest to the public and things that are in the public interest. Does my right hon. Friend agree that while operations relating to intelligence, counter-terrorism, special forces and, indeed, nuclear submarines are of massive interest to the public, it is not in the public or national interest to discuss them openly in this or any other place?

Sir Michael Fallon: I completely agree with my hon. Friend.

Mary Creagh (Wakefield) (Lab): The Secretary of State has advised us not to believe everything we read in the Sunday newspapers, but should we believe the Whitehouse official who, while we have been debating, has confirmed to CNN that the missile did auto-self-destruct off the coast of Florida? If that is the case, why are the British Parliament and the British public the last to know about it?

Sir Michael Fallon: As I have said, we do not in this House—and nor did any previous Government—give operational details of the demonstration and shakedown operation of one of our submarines conducting a test with one of our Trident missiles.

Mrs Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): Does the Secretary of State agree that the most important conclusion from this particular missile test is that our excellent submariners on HMS Vengeance proved that they can deal with unexpected technical challenges with a ballistic missile system known to be the most reliable in the world, and that that should be of enormous reassurance to the British people?

Sir Michael Fallon: I congratulate the crew on completing their test and returning, as I have said, to the operational cycle of the submarines that discharge this duty on our behalf, but I say again that I am not going into operational details.

Mr Dennis Skinner (Bolsover) (Lab): How can this be an independent nuclear deterrent if Donald Trump, the President of the United States of America—a man who is as thick as two short planks—is given the information, but nobody on the Opposition Benches is allowed to see it?

Sir Michael Fallon: The hon. Gentleman knows very well that the nuclear deterrent that has served us so well is independent, because its operational control rests with our Prime Minister, not with the President of the United States.

Rebecca Pow (Taunton Deane) (Con): Will my right hon. Friend confirm that the full debate that we had in this place six months ago, on 18 July, which was endorsed by 472 right hon. and hon. Members, was on the principle of our deterrent and replacing the Vanguard-class boats, not on a routine test?

Sir Michael Fallon: I can confirm that. It was an overwhelming majority and that has allowed us to proceed with the construction of the Dreadnought submarines. I had the honour to cut steel on the first of those four submarines in October 2016. I repeat that had the Government any doubt at that time of the safety capability or effectiveness of our nuclear deterrent, they would not have brought the motion before the House.

Stuart Blair Donaldson (West Aberdeenshire and Kincardine) (SNP): Will the Secretary of State tell us what further Trident missile tests are planned, and will he keep the House updated on the outcome of future tests?

Sir Michael Fallon: These particular demonstration and shakedown operations take place when each of our submarines emerges from a period of long-term maintenance, so they tend to take place every four or five years. It follows from that that there is not likely to be another one in the immediate future, but, as on this occasion, we will, of course, keep interested parties informed. We wrote to the Chair of the Defence Committee, the shadow Defence spokesman and the Chair of the Public Accounts Committee.

Mr Jonathan Djanogly (Huntingdon) (Con): In certain theatres of war, such as Ukraine, Russia has been testing and refining its electronic and cyber-warfare techniques. Although I am not blaming Russia for this incident, will the opportunity now be taken to review the system's protections against possible electronic counter-measures?

Sir Michael Fallon: Yes. I was in Ukraine last week and we discussed this, among other matters. Of course, we are taking very good care to ensure that our deterrent is properly protected against any new technologies that our adversaries might get hold of.

Mr David Winnick (Walsall North) (Lab): Does not the Secretary of State realise that just because the Trident programme was approved by the House as a whole, that does not mean that thereafter there should be total silence from either Members of Parliament or the media? As far as the failed test is concerned, is it not

ironic that if the information had been given at the time and there had been no cover-up, there would be far less publicity, and far less of a row, than there is now? The Government should learn from that.

Sir Michael Fallon: I do not accept that. Previous Governments that the hon. Gentleman supported have not given operational details of previous demonstration and shakedown operations, which comprise the major tests of the systems and sub-systems that we have been dealing with today.

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I commend my right hon. Friend for his reticence about getting drawn into this, and may I also commend the Prime Minister for her reticence, which was entirely appropriate given the subject at issue? Is it not rather ironic to hear right hon. and hon. Members complaining about the possible lack of credibility of the deterrent when some of them do not actually believe in the doctrine of deterrence at all? It would be unwise of the Russians or any other potential adversary to suggest that they could take the risk of invading this or that country on the basis that we might have a misfire of one of our missiles.

Sir Michael Fallon: Again, I agree with my hon. Friend. We should not forget that there were many in that particular debate who took the opposite view—the view that we no longer need the deterrent. I am particularly pleased that the overwhelming majority of Members of this House, on both sides of this House, voted in favour of renewing the deterrent that has kept us safe for so long.

Kirsten Oswald (East Renfrewshire) (SNP): We now know, despite her refusal to answer on “The Andrew Marr Show”, that the Prime Minister did know about this. May I ask the Secretary of State what specific discussions took place with the Prime Minister about whether to disclose this malfunction to Parliament, when these discussions took place, and how it was determined that the information should not be shared? Does the Secretary of State realise how woefully inadequate his responses today have been, both to this House and to the watching public?

Sir Michael Fallon: It might well be that the hon. Lady and members of the watching public would like to know further operational details of our nuclear deterrent, but I am not going to assist them. On her specific point about the Prime Minister, this Prime Minister, like her predecessor, is kept informed about how the nuclear deterrent is maintained, and she was fully aware of the successful return of HMS Vengeance to the four-boat operational cycle.

Michael Fabricant (Lichfield) (Con): Has my right hon. Friend followed the argument made by some Opposition Members that perhaps we would have voted differently had this information been given to us back in July? May I tell my right hon. Friend that that is not the case? We would not have been influenced by the result of one out of many tests. Indeed, is there any Conservative Member who would have voted differently had this information come out? No.

Sir Michael Fallon: As my hon. Friend knows, I have not confirmed any information today. I have been rather careful to try not to confirm any particular information today, except to warn the House repeatedly not to believe everything that was in yesterday's newspapers. Again, he is right to remind us that the vote in July was on the principle of the deterrent and our plans to replace the current Vanguard boats with the four new Dreadnought submarines.

Hywel Williams (Arfon) (PC): When we voted in July last year on funding Trident, unfortunately the official Opposition were split. Properly informed scrutiny of such decisions is vital to the effective and accountable operation of the Secretary of State's Department, so is he satisfied with the level of scrutiny from the official Opposition on this matter?

Sir Michael Fallon: I have been disappointed for some time by the scrutiny of the official Opposition, but perhaps my fifth Defence shadow will improve on the record of her four predecessors—I am sure that she will.

There is clearly a balance to be struck. Parliament is, rightly, keen to know details of the expenditure involved in replacing the four submarines, and that was a big part of the debate. We will make sure that the Defence Committee and the Public Accounts Committee are kept fully informed as the boat replacement programme continues.

Mrs Sheryll Murray (South East Cornwall) (Con): The House will know of my special interest in the Royal Navy, which many of my constituents share. After more than 160 successful Trident missile tests, is it not ridiculous for some people to claim that this system does not work?

Sir Michael Fallon: Let me reassure my hon. Friend, who takes a close interest in these matters, that the Trident system certainly does work. We are in absolutely no doubt about its capability and effectiveness.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): It will come as no surprise to the Secretary of State that those of us who live within the blast zone of Faslane do not share his confidence. If he has absolute confidence in the capabilities of HMS Vengeance and of the system, what steps is his Department taking to rectify the errors in the aborted launch itself?

Sir Michael Fallon: As I have already said, HMS Vengeance completed its demonstration and shakedown operation successfully, otherwise it would not have been able to rejoin the four-boat operational cycle.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): Will my right hon. Friend confirm that while Devonport dockyard in my constituency was responsible for refitting and refuelling HMS Vengeance, the dockyard is not responsible for the missiles and weaponry, as some ill-informed people might think?

Sir Michael Fallon: Yes, I can confirm that.

Alan Brown (Kilmarnock and Loudoun) (SNP): So far today in this mother of all Parliaments, we have had the Secretary of State at the Dispatch Box telling us that he does not believe in greater transparency and his Back Benchers agreeing with him. If this test was so successful,

why did the Prime Minister not just give such an answer yesterday? Does he not understand that his just standing there and telling us that everything is okay—that everything will be okay for the rest of the duration of Trident—is not good enough, and that that is why I have constituents demanding an inquiry?

Sir Michael Fallon: The hon. Gentleman and I disagree. I do not believe in greater transparency in this House when it comes to our nuclear deterrent.

James Morris (Halesowen and Rowley Regis) (Con): With a resurgent Russia and an unstable world, does the Secretary of State agree that nothing that we have heard in today's exchanges undermines the clear rationale for the renewal of our continuous at-sea nuclear deterrent to secure the long-term security of our country?

Sir Michael Fallon: The security and effectiveness of the deterrent are of course underlined by the testing and shakedown programme, in which boats come out of their long-term refit and are tested again to see whether they are fit and ready to rejoin the operational cycle, which is what HMS Vengeance has now done.

Kevin Brennan (Cardiff West) (Lab): Does not the Secretary of State's characteristic "Name, rank and serial number—don't tell him, Pike" approach actually make no sense at all given that, following the reports we have had, our American counterparts in Congress will certainly be given full details of what happened in the test? Does not his stonewalling do nothing to strengthen our security and everything to undermine the credibility of this House?

Sir Michael Fallon: This is our deterrent carried by our submarine. The secrecy that we—I think rightly—put around it is in our national interest.

Robert Jenrick (Newark) (Con): Does my right hon. Friend agree that ever since Clement Attlee sought our first nuclear deterrent without a debate in Parliament, and even without a debate within the Labour party, successive responsible Governments have always treated these issues with the utmost discretion, and that we must not allow the present tortured relationship between the Labour party and the nuclear deterrent to change that?

Sir Michael Fallon: I do agree. Previous Governments have been very careful to maintain the secrecy of the deterrent; I think it is important that we keep to that.

Steven Paterson (Stirling) (SNP): Have there been any other missile test failures of this type that the Government have chosen not to share with the House of Commons, and am I better off asking that question or watching a White House briefing if I want to get that kind of information?

Sir Michael Fallon: I am not confirming particular details of the operation and testing of the various systems and sub-systems involved. All I can do is remind the hon. Gentleman that, overall, the demonstration and shakedown operation was concluded successfully, allowing HMS Vengeance to take its part in the four-boat operational cycle.

Nusrat Ghani (Wealden) (Con): To clear up any confusion, will the Secretary of State share with us whether there has been any change in the Government's approach to informing the House of the demonstration and shakedown operation?

Sir Michael Fallon: No, there has not. Previous Governments have not given details of previous demonstration and shakedown operations to Parliament.

Toby Perkins (Chesterfield) (Lab): The replacement of the Trident submarine system enjoys the support of not only the majority of Members of Parliament but, so polls tell us, the majority of people in every one of the four nations of the United Kingdom. Does the Secretary of State recognise that the way in which information is coming out—more has been revealed by the US Defence Department than in this Parliament in the past hour—massively undermines confidence in the system, which we need all the public to have?

Sir Michael Fallon: No, I do not agree, and I do not think that members of the public agree either. I think they understand that the effectiveness of the deterrent depends on the secrecy that is needed about the detail of its operation.

Oliver Dowden (Hertsmere) (Con): Does my right hon. Friend agree that the continuing effectiveness of the system depends upon its routine testing? That testing is not a secret—in fact, the Opposition spokesperson was informed in advance. What would damage national security would be to give a running commentary on the success or otherwise of those tests.

Sir Michael Fallon: I agree with my hon. Friend. Senior Members were informed of the forthcoming demonstration and shakedown operation. As I have described, the operation involves a series of complex tests of all the systems and sub-systems involved. That operation was concluded successfully.

Neil Gray (Airdrie and Shotts) (SNP): What the Secretary of State has been saying today is that members of the public in this country have no right to know about a nuclear missile misfiring, but the people and the elected politicians of America do. How does he believe that that brings about any trust in the system?

Sir Michael Fallon: It is our deterrent, carrying our missile, and it is for us to decide its level of security. That is why I am not going into particular operational details. Again, I caution the hon. Gentleman against believing everything that he has read in the weekend newspapers.

Henry Smith (Crawley) (Con): May I have an assurance from my right hon. Friend that if there is an investigation into the successful certification of HMS Vengeance last year, that information will remain classified for the sake of British national security?

Sir Michael Fallon: It will remain not simply classified but top secret, as any information regarding our nuclear deterrent properly should.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The Prime Minister is ultimately responsible for our deterrent, but yet again she is not here to account to Parliament or to reassure the public and our allies.

The Secretary of State has now been asked eight times who knew what when. On what date was the Prime Minister told, on what date was the former Prime Minister told, and on what date was the Secretary of State told? I am not asking for operational details; I am asking for dates.

Sir Michael Fallon: The hon. Member for North Durham (Mr Jones) addressed the question to me, which is why I am here answering it.

I have made it very clear that both Prime Ministers, who separately had ultimate responsibility for the nuclear deterrent, were kept fully informed as to how that deterrent is maintained. Both were made aware of the successful return of HMS Vengeance to the operational cycle.

Julian Knight (Solihull) (Con): Does my right hon. Friend agree with Steve Aiken, an experienced former submarine commander, who told a goading BBC this morning that this makes absolutely no difference to the case for renewal, and that the Government are correct in not commenting on matters that could prejudice our national defence, certainly on live television?

Sir Michael Fallon: I completely agree with that.

Richard Arkless (Dumfries and Galloway) (SNP): Given that, as the Secretary of State has admitted, the Russians had to be informed in advance of the testing, and given that they clearly would have had the capability to monitor the test, is he seriously trying to tell us that our enemies and allies can know what happened, but this democratically elected Chamber must be kept in the dark?

Sir Michael Fallon: Under our international treaty obligations, notice of a future test firing is given to other nuclear powers, including in this instance to France and, as the hon. Gentleman says, Russia, but operational details are obviously not disclosed.

James Heappey (Wells) (Con): Without reference to any particular test and the necessary security that must surround each test, will my right hon. Friend confirm that the very point of the testing process is not only to certify the crews of Her Majesty's submarines, but to allow Lockheed Martin to maximise the reliability and lethality of the weapons system?

Sir Michael Fallon: Yes, in essence, that is right. The system is tested to ensure that each of its complex parts and the various systems involved are fully understood and that the crew of the submarine concerned is ready to operate it. As I have said several times now, that operation was successfully concluded.

Chris Bryant (Rhondda) (Lab): Many Opposition Members share the Defence Secretary's commitment to the deterrent and, for that matter, his concern about national security, but the logic of what he is saying is that there was a security breach, and it happened this

[Chris Bryant]

weekend, as American officials are now briefing CNN and British officials are secretly briefing *The Guardian* and *The Sunday Times*. Surely, according to his own logic, there must now be a full investigation.

Sir Michael Fallon: We certainly deplore the leakage of any information about the nuclear deterrent, but it is not for me to comment on what might be said by the United States Administration. This is our submarine and our deterrent, and it is our responsibility to apply to it the very highest security classification.

Jake Berry (Rossendale and Darwen) (Con): Will my right hon. Friend confirm that no Government have ever routinely reported on operational matters relating to our nuclear deterrent, because to do so would be not only irresponsible but dangerous?

Sir Michael Fallon: My hon. Friend is absolutely correct.

Patrick Grady (Glasgow North) (SNP): The Secretary of State says that decisions on media publicity are taken on a case-by-case basis. Was the decision not to publicise this test taken before or after the test? Was any footage taken and were any journalists present in case a decision had been made to publicise it?

Sir Michael Fallon: The decision on what publicity to give to any particular test—these tests take place every four or five years—is taken by the Government of the day in the light of the circumstances of each test and the national security considerations applying at the time. Of course those matters influenced the decision taken last June.

Mr Philip Hollobone (Kettering) (Con): Since we have to notify other nuclear powers every time a missile test takes place, the number will not be unknown to them, so can the Secretary of State confirm to the House that there have been 160 tests of the Trident missile system? If he can, will that not give our constituents full confidence that the system provides us with the deterrent that we need?

Sir Michael Fallon: I think that my hon. Friend is broadly correct about the number, but if I am wrong, I hope that he will allow me to write to him with the correct figure. The Government have every confidence in the Trident deterrent system. As I have said, we would not have brought the motion before the House if we had had any doubt about it.

Deidre Brock (Edinburgh North and Leith) (SNP): Despite the Secretary of State's refusal to clarify, it is commonly understood that the missile went the wrong way. I am no expert, but that strikes me as a major flaw; friendly fire with a nuclear weapon is not exactly what he might be looking for. Will he at least tell us whether the new Trident missiles will have better guidance systems?

Sir Michael Fallon: I am not able to confirm the speculation in which the hon. Lady is indulging regarding the route of the missile that was fired.

Robert Courts (Witney) (Con): Does the Secretary of State agree that much as there is no doubt about the valour of the men and women of the Royal Navy who keep us safe, we must equally use discretion when talking about the weapons systems that they use to keep us safe?

Sir Michael Fallon: Absolutely. We owe it to the crews on whom a lifetime obligation of secrecy is placed that we do not break the security classification of the information surrounding the deterrent, nor treat that information in any frivolous way.

Tommy Sheppard (Edinburgh East) (SNP): The Secretary of State has been quizzed for more than an hour, and I have not heard any Member asking for any operational details that might compromise national security. We simply want to know whether this test was successful or not. His refusal to answer that question when his counterpart across the Atlantic is answering it surely gives credence to the concerns that it was not successful and that, as well as not being a deterrent, this system simply might not work.

Sir Michael Fallon: When the hon. Gentleman reads the account of today's proceedings, I think he will see that I have been asked for all kinds of operational details. Let me repeat to him that the demonstration and shakedown operation, of which this was one of a number of tests, was concluded satisfactorily.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): Many residents of my Clydeside constituency, some of whom live within 13 miles of the base at Faslane, are extremely angry about this Government's complete lack of transparency on this crucial matter. Can the Secretary of State assure us that any significant problem arising from any future test firing will be reported to this House at his earliest convenience, or will we have to wait for *The Sunday Times* to confirm it?

Sir Michael Fallon: I think that those who work on our behalf at Faslane are very much aware of the importance of the secrecy with which they naturally have to concur. I think they understand that obligation. Even though the hon. Gentleman does not, I think they, too, support the importance of the deterrent.

Mr Kevan Jones: On a point of order, Mr Speaker.

Mr Speaker: I shall take this point of order from the originator of the urgent question if it relates exclusively to the matters that have just been under discussion, and if it is an attempt not to continue the exchanges, but to provide some new information with which the hon. Gentleman thinks the House should be favoured.

Mr Jones: Thank you, Mr Speaker.

It has become apparent during these proceedings that US officials are now briefing more detail than has been provided by the Secretary of State today. He has hidden behind secrecy for the demonstration and shakedown, even though his own Department authorised a book by Peter Hennessy last year that gave a full description of what happens. The Chair of the Select Committee very generously suggested that the Secretary of State could come before his Committee. How can Parliament hold

the Department to account on this issue if it will not even take up the generous offer that the right hon. Member for New Forest East (Dr Lewis) has already made?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. I say simply that the Secretary of State will have heard the right hon. Member for New Forest East (Dr Lewis), the Chair of the Select Committee, who is extremely diligent, extraordinarily intelligent and persistent—and I have known him a damn sight longer than the Secretary of State has known him. How the Secretary of State wants to deal with the right hon. Member for New Forest East is entirely a matter for him and his judgment, exercising it to the best of his ability. We will leave it there for now.

Industrial Strategy Consultation

4.38 pm

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): This is a hugely important moment for the United Kingdom—a moment when we must prepare a new strategy to earn a prosperous living in the years ahead. Leaving the European Union allows, and requires, Britain to make long-term decisions about our economic future. We will, of course, be ambitious in the upcoming negotiations and will secure the best possible access for firms to trade with, and operate in, the European market. While the terms of trade with other economies is important, so is the competitiveness of our own economy. That is why the Government are committed to a modern industrial strategy, whose objective is to improve living standards and economic growth by increasing productivity and driving growth across the whole country. Today's Green Paper is part of an open dialogue to develop that strategy as the enduring foundation of an economy that works for everyone.

We start from a position of considerable strength. We are the fifth biggest economy in the world, despite having the 22nd highest population. We have achieved higher levels of employment than ever before in our history—in fact, 2.7 million more than in 2010. We have businesses, research institutions and cultural achievements at the very forefront of global excellence. For all those reasons, we attract investment and talented individuals from around the world, but there are challenges that Britain must face up to, now and in the years ahead.

The first challenge is to build on those strengths and extend excellence into the future. British excellence in key technologies, professions, research disciplines and institutions provides us with crucial competitive advantages, but we cannot take them for granted. If other countries invest more in research and development and we do not, we cannot expect to keep, let alone extend, our technological lead in key sectors, or the world-beating performance of our universities. The same goes for our record as Europe's leading destination for inward investment, or our position as a centre of international finance.

Our competitors are not standing still. They are upgrading infrastructure networks and reforming systems of governance, and therefore we too must strive for improvement. In industrial sectors, from automotive and aerospace to financial and professional services and the creative industries, the UK has a global reputation, but the competition for new investment is fierce and unending. The conditions that have allowed UK investment destinations to succeed include the availability of supportive research programmes, relevant skills in local labour markets, and capable supply chains. If our success is to continue, those foundations must be maintained and strengthened.

The second challenge is to ensure that every place meets its potential by working to close the gap between our best-performing companies, industries, places and people and those that are less productive. For all the global excellence of the UK's best companies, industries and places, we have too many that lie too far behind the leaders. That is why, on average, workers in France, Germany and the United States produce about as much in four days as UK workers do in five. It is also why,

[Greg Clark]

despite having the most prosperous local economy in northern Europe—in central London—we also have 12 of the 20 poorest among our closest neighbours. We must address those long “tails” of underperformance if we are to build a strong economy and ensure sustainable growth in living standards. To do so will provide a huge opportunity for the whole nation to benefit from improved productivity—that is to say, earning power—in all parts of the country.

The third challenge is to make the UK one of the most competitive places in the world to start or grow a business. A fatal flaw of 1970s-style industrial strategies was their dominant focus on existing industries and the companies within them—and then mostly the biggest firms. Too often, they became strategies of incumbency. It is worth noting that many of the most important companies in the world today did not even exist 25 years ago. Unlike those past strategies, our industrial strategy must be about creating the right conditions for new and growing enterprise to thrive, not about protecting the position of incumbents.

In order to meet those challenges, we have identified 10 pillars around which the strategy is structured: that is, 10 areas of action to drive growth right across the economy and in every part of the country. They are to invest in science, research and innovation; to develop our skills further; to upgrade our infrastructure; to support businesses and help them to start and grow; to improve public procurement; to encourage trade and investment; to deliver affordable energy and clean growth; to cultivate world-leading sectors; to drive growth across all parts of the country; and to create the right institutions to bring together sectors and places.

In all those areas, the Government are making strategic decisions to keep British business on the front foot. For instance, we have given the go-ahead for major upgrades to our infrastructure, such as Hinkley Point C, Heathrow and High Speed 2, and, in the autumn statement, for the biggest increase in research and development spending since 1979.

In conjunction with today’s Green Paper, we are launching a range of further measures. They include: a new approach to enabling existing and emerging sectors to grow through sector deals, with reviews taking place regarding life sciences, ultra-low emission vehicles, industrial digitalisation, nuclear and the creative industries; deciding on the priority challenges and technologies for the new Industrial Strategy Challenge Fund; and an overhaul of technical education, including £170 million of capital funding to set up new institutes of technology to deliver education in science, technology, engineering and mathematical subjects.

In a world containing uncertainty, public policy should aim to be a countervailing force for stability, not an additional source of unpredictability. So our aim is to establish an industrial strategy for the long-term—to provide a policy framework against which major public and private sector investment decisions can be made with confidence. It is therefore vital that the full development of our industrial strategy should take place with—and not just for—British enterprise. The full involvement of innovators, investors, job creators, workers and consumers in England, Scotland, Wales and Northern Ireland is the only basis on which we can produce an enduring

programme of action. That is why this is a Green Paper—a set of proposals for discussion and consideration, and an invitation to all to contribute collaboratively to their development. I commend this statement to the House.

4.46 pm

Clive Lewis (Norwich South) (Lab): I thank the Secretary of State for advance sight of his statement, on this occasion.

Today would be a momentous day if it was indeed the day that the Conservative party finally broke free from the free-market fundamentalism that has dogged it, and the country, for decades. Will the Secretary of State tell us whether the “new, active” role for the state means that the Government are abandoning the approach of the last Prime Minister and Chancellor—and of the Secretary of State’s own predecessor, who even banned the term “industrial strategy” from the previous Department? If so, I will make it clear at the outset that we welcome that, alongside the good intentions set out in today’s Green Paper. The question is whether the details will live up to them.

For example, action on skills will be widely welcomed, given the challenges presented by automation and the pace of technological challenge and change, but this Government have already cut adult education by over £1 billion. Can the Secretary of State explain how £170 million of one-off capital spending can even begin to close the skills gap?

Nor will the Government themselves be equipped to support an industrial strategy if the Secretary of State’s predecessor’s cuts are implemented. Can he confirm that the Department for Business, Innovation and Skills 2020 project has now been thrown in the bin, along with the rest of his predecessor’s legacy?

The Secretary of State rightly sets the goal of developing a competitive edge in the industries of the future, but how does he reconcile this with his Government’s plan to privatise the UK Green Investment Bank? If the Secretary of State is serious about tackling our productivity crisis, will he go beyond piecemeal offers and finally bring investment in R and D and infrastructure into line with the OECD average? Will the Secretary of State promise a fundamental rethink of business rates, which many businesses say would help them much more than any other single measure? Does the Secretary of State agree that a successful industrial strategy must include partnership and co-operation with the workforce? Yet the Green Paper does not mention trade unions once; surely now is the time to promise that the toxic Trade Union Act 2016 will be repealed.

Steel is a critical sector for our future economy, but it is mentioned only once in the Green Paper. Will the Secretary of State commit to implementing the recommendations on procurement and supply chains contained in the all-party group on steel and metal related industries report out today?

We cannot limit our focus to high-tech manufacturing. An industrial strategy that narrows its focus to a few chosen sectors will let down the majority of businesses in this country and the people they employ. So can the Secretary of State tell us what this industrial strategy will do for small and medium-sized enterprises, which are huge employers, and for financial services, which are

our main exporters, as well as for foundation industries, or for the retail outlets that shape our high streets up and down the country?

Finally, there is a glaring inconsistency between the noble aims of this Green Paper and the threats made by the Prime Minister to turn Britain into an offshore tax haven if she fails in her Brexit negotiations. Until now, the industrial strategy has seemingly consisted of one deal, made in secret, with Nissan. If the Nissan deal did not last six months, how can businesses be confident of the other commitments in this Green Paper?

It is often said, correctly, that an industrial strategy is a long-term project and that, if it is to work, it must outlast particular Governments. With this in mind, I can pledge our support for its broad aims from this side of the Chamber, but I feel compelled to ask whether the Secretary of State can count on the same support from his own side. When we previously debated the industrial strategy here, one of his own hon. Friends said that they had two problems with it: one was “industrial”, the other was “strategy”. I hope that he faces down such attitudes, because now is not the time for half measures. The BBC reported this morning that the Government wished to be in the driving seat but not have two hands on the wheel. I know that Conservative Members do not much like safety legislation, but that is not an approach I would recommend, especially if the Government keep making U-turns. If the Secretary of State finds himself isolated in the coming months, my party will be happy to help. We, too, are ambitious for a proper industrial strategy, but it will succeed only if the means match the ends.

Greg Clark: It is true that an industrial strategy wants to help all parts of the United Kingdom, and I look forward to engagement with colleagues from all parts of the House who wish to represent the views of their constituents. I am relieved that the hon. Gentleman has given his grudging support for this statement, given that the last time he appeared at the Dispatch Box, he said:

“Is it simply a case of ‘public good, private bad’? That is what we think on the Opposition Benches”.—[*Official Report*, 11 January 2017; Vol. 619, c. 319.]

That would send a disastrous signal to investors in this country, and I am pleased to be on the other side of that argument.

The hon. Gentleman asked a number of questions. Our commitment to transforming technical education has been widely welcomed by the business community up and down the country today. Also, it is highly unusual for a Green Paper to commit any funds. This is about the consultation on the direction, and the fact that the Chancellor has announced £170 million for new institutes of technology is a great step forward. The hon. Gentleman asked about increasing the level of research and development. He might have missed what I said about the Chancellor having committed to the biggest increase in research and development since 1979. I recall that the period since then has included several years of a Labour Government, so by implication this is a bigger increase than any that took place during Labour’s 13 years in office. He also asked about business rates. We are legislating this very afternoon to introduce 100% retention of business rates by local councils so that the interests of local businesses and councils can be aligned.

The hon. Gentleman asked about the workforce. I was clear in my statement that the consultation would involve employees as well, and I am looking forward to a roundtable with the TUC and its member organisations. On steel, he will see in the Green Paper an approach to sector deals. I have already met the chief executives of the steel companies and I am about to meet representatives of the trade unions again. I look forward to that being one of the deals that is being put forward.

The hon. Gentleman asked about involving small businesses. The chairman of the Federation of Small Businesses has said today:

“FSB has appreciated being part of the discussions with the business secretary...to help shape the Industrial Strategy.”

He said that the proposals

“fit well with the UK small business community.”

As far as the hon. Gentleman’s position on the fiscal arithmetic goes, he should reflect on the fact that the first foundation of any credible industrial strategy is confidence in the public finances, which were left in such a disastrous state during the time that Labour was in government. The hon. Gentleman made a point about unanimity of purpose. We are having a consultation on the industrial strategy, but I understand from reports in recent days that he is having a consultation with himself about whether he can support his own party’s position on triggering article 50. We will be looking forward to the responses to our consultation from all parts of the House as we form a strategy for the years ahead.

Mr George Osborne (Tatton) (Con): I congratulate my right hon. Friend on the intelligent approach set out in the Green Paper, building on what has been achieved over the past six years but taking it much further in skills, science and, in particular, the northern powerhouse.

The university sector is a jewel in the British economy’s crown. The Higher Education and Research Bill will open up the sector to new entrants, just as it was opened up in the 19th and 20th centuries through the arrival of London University and the red-brick universities. The Bill now faces significant opposition in the House of Lords from people who represent the existing players in the sector. Will my right hon. Friend reassure me that he will see off that opposition?

Greg Clark: My right hon. Friend will see in the approach we are setting out a vigorous continuation of many of the measures, such as the northern powerhouse, that he championed in his time in government that are making such a big difference in the north and other parts of the country. I can confirm that with the Minister for Universities, Science, Research and Innovation, my hon. Friend the Member for Orpington (Joseph Johnson), and colleagues in the House of Lords we will drive the reforms that have proved so successful in the past when expanding the institutions that contribute to our excellence in higher education. The standard and standing of higher education in this country have never been higher, which is a reflection of the soundness of the policies that have been pursued in recent years.

Callum McCaig (Aberdeen South) (SNP): I give this proposal a cautious welcome. It is honest in some ways in its reflection of the state of the economy. In many ways it is brutally honest about some problems, including regional disparity and productivity. Likewise, it recognises some successes, such as the automotive and aviation

[*Callum McCaig*]

sectors and, on page 90, Aberdeen as an oil and gas hub. The problems are not new, so how will the Secretary of State ensure that the same mistakes are not repeated? How will he ensure that existing industries are not sacrificed in the quest to support new ones?

Will the right hon. Gentleman confirm that the allocation of new research and development money will be in addition to anything that would have come from the European Union and that he will provide long-term commitments to match EU funding? How much of that R and D spend will be outwith London and south-east England? Imagine how much worse regional disparities would have been without EU structural funds. Will he commit to long-term replacements for those funds?

On renewables and carbon capture and storage, the right hon. Gentleman will be unsurprised that I am a little disappointed by the lack of ambition in an industry that will be worth hundreds of billions, if not trillions, of dollars in the near future. Will he consider a sectoral deal for renewables? If so, will he work with the Scottish Government on how that could be done in Scotland? Access to finance is identified as a problem, and I share the concerns about the Green Investment Bank. It is short-sighted to sell it off when this key sector needs access to funding and when the bank is the perfect vehicle for that.

How will the consultation process work with the devolved Governments? However good this industrial strategy may be, we must accept that the biggest threat to the economies of both Scotland and the UK is lack of access to the single market and to skilled people that comes through our EU membership. Will the right hon. Gentleman seriously consider the Scottish Government's plan that would see Scotland maintain its membership of the European single market?

Greg Clark: I thank the hon. Gentleman for his thoughtful remarks. I am impressed that he has reached page 90 already, which shows his diligence. He says that we are brutally honest, but if we are to look forward and have an industrial strategy that reflects the challenges we face, we need to be clear-eyed. On technical education levels and the imbalances, some areas are prosperous and some can catch up, so it is right to be ambitious in that.

The research and development money that the Chancellor announced in the autumn statement is separate from whatever might be decided on the European funds. It was independently granted and is available to universities and research institutions. The consultation on how that money is spent is part of the consultation on this exercise, and the money is for research and development. One of the points we make is that we have often been excellent at producing brilliant new ideas but less successful at commercialising them. Pushing further on how we translate good ideas into practice is an important feature of addressing that.

The hon. Gentleman mentions renewables, which of course are important in Scotland. The emissions reduction plan, which is currently being prepared, will particularly address that but, on the green economy, a chapter of the Green Paper has a big commitment to doing what we can to make sure that we obtain industrial advantage from the investments we are making in green technology.

Finally, the hon. Gentleman says that the biggest threat to the economy is the exit from the European Union. The United Kingdom has been very successful in recent years, and I would say that the biggest threat to that is if the successful alliance of our nations in the United Kingdom were broken up by the independence of Scotland.

Claire Perry (Devizes) (Con): There is so much to welcome in this very thoughtful report, and I congratulate my right hon. Friend and his team on delivering it. Will he say a little more about how the Government's unprecedented investment in infrastructure will deliver export growth? I am sure he will not be surprised, but he may be disappointed, to know that our export potential, particularly from our rail industry, is far outstripped by that of our neighbours in continental Europe. We are spending a lot of money. How can we turn that money into exports and jobs?

Greg Clark: From her experience in the Department for Transport, my hon. Friend knows how important it is to make connections between places—it is an important means of underpinning growth. She will be aware that, through the national infrastructure fund, funding will rise by 60% from this year to 2022, which is a huge investment, and an appropriate one to make sure that the quality of our infrastructure keeps pace with the investments that our competitors are making.

Mr Iain Wright (Hartlepool) (Lab): I warmly welcome and support the Government's endorsement of a long-term, interventionist industrial strategy. I hope the strategy will play an active role in ensuring that workers are upskilled and receive higher wages and that British firms can scale up and become more enterprising, more competitive and more productive.

What is different this time from previous iterations of industrial strategy, including industrial strategies for which he was a Cabinet Minister? What will be the short-term, medium-term and long-term metrics by which the success or failure of this industrial strategy will be evaluated?

Greg Clark: I am grateful to the hon. Gentleman for his welcome. He says that it is an interventionist strategy, and it is true that the Government should be engaged with the economy to make sure that we have the right conditions for success, but I also point out that openness for competition to have its full run in our economy is vital to our success. As Chairman of the Business, Energy and Industrial Strategy Committee, he will reflect that point. I look forward to the Select Committee's inquiry on the strategy.

The hon. Gentleman asks how the strategy is different from its predecessors, and I would suggest two ways in particular. First, as he will have observed, many of the themes that I have discussed are not about investing in particular companies or subsidising particular businesses but are cross-cutting. The themes are horizontal in that they look at skills right across the economy, infrastructure—looking at the importance of place and the differences between places—science and research. These are cross-economy measures, which is a different approach from those taken in the past.

Secondly, a lot of efforts in previous industrial policy were correctly about innovation, but they concentrated just on new discoveries and new inventions. That is

important—as I have made clear, we need to extend our excellence into the future—but there is a big opportunity to make differences for the companies that follow and in the regions that are not competing at the top level. If we can really increase productivity there, we can make a big difference to the whole economy. That has not been the focus of previous industrial strategies.

Sir Nicholas Soames (Mid Sussex) (Con): May I congratulate my right hon. Friend on a bold and ambitious statement and give him a unique, once-in-a-lifetime chance to get his new training plans for technical colleges off to a tremendous start? In Haywards Heath in my constituency there is a sixth-form college that was bankrupted by Labour's ferocious education cuts and by corporate governance that would have done credit to Al Capone. It will shortly be empty, and would be a perfect starting place for one of his excellent new colleges.

Greg Clark: I am grateful to my right hon. Friend for that early pitch. He highlights the important point that we should have throughout the country a better and more reliable ability to provide technical education to those who can benefit from it. Many jobs are available in West Sussex but are not accessible for people who do not have the right skills. Our plan will help to solve that.

Lucy Powell (Manchester Central) (Lab/Co-op): I welcome the Government finally accepting that we have a skills challenge in this country, particularly with the long tail of under-achievement. How does the Secretary of State square that with the huge cuts faced by further and adult education over the past six and a half years of his Government? Why is there not more emphasis on what can be done to close the productivity gap by investing in childcare and getting more women back to work, which is not even mentioned in his report?

Greg Clark: I shall say two things to the hon. Lady. First, as I said to the hon. Member for Norwich South (Clive Lewis), the Conservative-led Government's task in restoring sanity to the public finances was absolutely foundational to a successful industrial strategy. Secondly, she will be aware that this Government have been particularly innovative in extending childcare to many people who previously were not able to access it. That is an important foundation on which we build.

Michael Gove (Surrey Heath) (Con): Does my right hon. Friend agree that many of the highly impressive propositions on technical education in the Green Paper owe their origin to the work undertaken by our hon. Friend the Member for Grantham and Stamford (Nick Boles) when he drew up the skills plan that was laid before the House in July? Does he further agree that the success of specialist maths schools at King's College London and the University of Exeter is an example that other universities should follow if they hope to hang on to their current high level of tuition fees?

Greg Clark: I endorse very warmly the due acknowledgement that my right hon. Friend makes to our hon. Friend the Member for Grantham and Stamford (Nick Boles), who made a massive contribution. In fact, I texted him yesterday to flag up the fact that many of the proposals in the Green Paper owe their origin to him. We wish him well in his recovery.

I commend very warmly the examples of the maths schools mentioned by my right hon. Friend. To expand maths schools throughout the country so that people with a real flair for maths can be pushed further and be equipped to go even higher in their ambitions is a fantastic thing. Whether in Exeter or London, that is a good template for others to follow.

Vernon Coaker (Gedling) (Lab): My hon. Friend the Member for Manchester Central (Lucy Powell) pointed out that one of the things that have held back industrial strategies in this country for decades has been the skills gap. There is mention in the Green Paper of an overhaul of technical and vocational education; what this country needs is a cultural change—a shift to valuing technical, vocational and skills education as highly as academic education. Until that changes, the Secretary of State will not achieve what he wants, however much we all want him to.

Greg Clark: I agree with the hon. Gentleman's analysis. I hope he will join us in making that change and approach this matter with a spirit of optimism and determination to make the change that the country needs.

Amanda Solloway (Derby North) (Con): I welcome this common-sense statement. Does my right hon. Friend agree that the pillars will provide the ideal opportunity to enable regions to use their assets to the best effect for a more balanced UK economy, and to further grow the midlands engine for growth?

Greg Clark: I do agree with my hon. Friend. We are one of the most centralised countries in the world, but it is patently the case that our levels of prosperity are not uniformly high. We should learn from other countries and from what has worked well when we have devolved powers and given people who know what will make a difference locally a better ability to take those decisions.

Lilian Greenwood (Nottingham South) (Lab): The Minister is right to make upgrading infrastructure a pillar of his industrial strategy, and I welcome the investment in HS2, but how can he claim to be providing greater certainty and a clear long-term direction when the east midlands' top transport priority—electrification of the midland main line—has been paused, unpaused, delayed by four years and now dropped altogether? Does he not understand—this follows up on the previous question—that this uncertainty damages our economy, damages the east midlands rail industry and harms the region's potential to grow exports?

Greg Clark: I expected the hon. Lady to welcome the commitment to upgrading infrastructure across the country. This is a Green Paper that is proposing priorities for the years ahead, and I had hoped that she would welcome that and the fact that the Chancellor has provided a 60% increase in infrastructure investment, which will benefit the east midlands and other parts of the country.

Sir Oliver Letwin (West Dorset) (Con): I strongly welcome this Green Paper, particularly three elements of it: Mark Walport's battery review; the special sector deal for new ultra-low emission vehicles; and the considerable efforts to create a hub for autonomous vehicles. Does my right hon. Friend agree that those

[*Sir Oliver Letwin*]

three together should give the UK the opportunity to become one of the world's leading producers of the electric and autonomous vehicles that we will all be driving 20 or 30 years from now?

Greg Clark: I do agree with my right hon. Friend. An industrial strategy offers us the opportunity to align policies that reinforce each other. We have some of the world's best researchers in energy storage, and one of the world's most effective, efficient and innovative automotive sectors. We are one of the leaders in renewable energy through offshore wind. If we bring them together, one will reinforce the other to give us this chance to be a world leader in a set of technologies that, under any reasonable estimate, seems likely to be taken up around the world in the future.

Stephen Timms (East Ham) (Lab): The last thing we need is 10% tariffs imposed on autonomous vehicles. The Secretary of State is right to make the point that we have been the leading destination in Europe for overseas investment, but much of that was from companies outside Europe wanting to gain access to the single market, which the Prime Minister has now told us we are going to leave. Does he believe that the UK can remain Europe's leading destination for inward investment outside the single market?

Greg Clark: Yes, I do. I said at the beginning of my statement that, as a Government and, hopefully, a country that believe in free trade, we want to have the best possible access to the single market. We continue to be a very attractive destination, but we want to be even more attractive, which is why we have set out our commitment to upgrading science and research, building better technical skills, and improving our infrastructure. Those are investments and policies that will enhance the reputation and attractiveness of the British economy.

John Redwood (Wokingham) (Con): When reviewing procurement, will the Government ensure that, under this new strategy, we will find all those areas where British companies can supply goods better and cheaper and give them the contracts? At the moment, we are importing large quantities of military vehicles, building materials, steel for submarines and medical equipment, all of which we could make competitively here if we had an intelligent Government customer.

Greg Clark: My right hon. Friend is right. He will see that there are various proposals on procurement that I hope will have his support. One in particular opens up Government procurement to smaller and medium-sized enterprises, which, too often, have found that the bureaucracy associated with procurement regimes has kept them off the list. That is something that we can reform.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): The Green Paper rightly identifies the crucial role that better connectivity to regional airports could play in growing economies and highlights the vital importance of the Emirates route from Newcastle airport, which has significantly increased exports from the north-east. What discussions is the Secretary of State having

with Treasury colleagues about the impact on airports such as Newcastle of devolving air passenger duty to the Scottish Government?

Greg Clark: In the context of a Green Paper on industrial strategy, I will await the representations from the hon. Lady, but I am pleased that she acknowledges the emphasis that we have placed on connections to every region of the country—not just by road and rail, but through airports—and the importance of establishing links to other nations with which we can have good trading relationships.

Sir Alan Haselhurst (Saffron Walden) (Con): How much priority does my right hon. Friend give to the establishment of a digital railway? Will he encourage Network Rail in its plans to bring this technology to the Great Eastern main line, and hopefully to the West Anglia main line as well, because then the new trains that are on order could be equipped to take advantage of this in advance, rather than retrospectively at greater expense?

Greg Clark: My right hon. Friend is absolutely right. That is one of the proposals in the Green Paper that I hope will have his support through the consultation.

Fiona Mactaggart (Slough) (Lab): The Green Paper rightly focuses on productivity, but there is one area of infrastructure where Britain lags enormously behind all our competitors: the cost of childcare. Childcare costs more in Britain than it does in every other OECD country apart from Switzerland—it takes up over 40% of the average wage—yet it is hardly mentioned in the Green Paper. That is the way to liberate the talent of women. What is he going to do about it?

Greg Clark: The Green Paper invites comments and proposals, so I look forward to seeing the right hon. Lady's response to it. As I said earlier, the Government have taken very seriously the importance of childcare in allowing women and men to return to work in good jobs, and we have made great progress. I will be interested to read her response to the consultation.

Chris White (Warwick and Leamington) (Con): I welcomed the opportunity to join the Secretary of State on Friday for his visit to the Warwick Manufacturing Group, an institution that represents many important elements of this industrial strategy. Does he agree that the midlands can play a leading role in the development of such a strategy, as it is home to world-class research, advanced manufacturing and a skilled workforce?

Greg Clark: I agree with my hon. Friend. One of the things that I found striking when visiting the National Automotive Innovation Centre, a fantastic centre that is being built, is the fact that as well as having research and development facilities that will be available to large companies and small challenger firms, there is on the same site a school that will take in 1,000 apprentices a year to equip them with the skills the motor industry across the west midlands can benefit from. That is a very good example of how research and development can tie in with the agenda of driving improved standards of technical skills.

Mr Alistair Carmichael (Orkney and Shetland) (LD): If the Secretary of State is serious about building an industrial strategy that works for the whole country, and that encourages and maximises the opportunity for research and innovation, there must be space in it for the development of marine renewable energy—wave and tidal power. World-leading work on that is being done in my constituency at the European Marine Energy Centre. Will he visit and see for himself the way in which our island communities can help to build the strategy that he says he wants to create?

Greg Clark: I would be delighted to visit the right hon. Gentleman's constituency—it is quite a time commitment, but I am sure it would be worth it. He will see when he reads the Green Paper that there are a number of sources of support for innovation. Obviously, in a competitive way, the research and development funding is available for scientists and researchers to bid for. There is also a chapter on the green economy that makes suggestions on how we can ensure that we get industrial advantage as well as keeping costs low for renewables. Both routes might be applicable for wave and tidal technologies.

Amanda Milling (Cannock Chase) (Con): I have been calling for ambitious, bold and visionary redevelopment plans for the Rugeley B power station site to attract businesses that will create highly skilled jobs, so I welcome my right hon. Friend's statement and the Green Paper. Does he agree that the new, modern industrial strategy will provide the framework and conditions to help deliver this vision for Rugeley?

Greg Clark: I am grateful to my hon. Friend for her question. I remember visiting that site with her, and it has great potential not just to be a home for the start-up businesses that are very important in our economy, but as a place where technical skills can be imparted to the next generation of her constituents so that they can have good, well-paid and satisfying jobs.

Julie Elliott (Sunderland Central) (Lab): I welcome some of the things in the Green Paper on the future of industry and our strategy moving forward, but to tackle those things, we have to secure what industry we have now. On Friday, Carlos Ghosn, the chief executive officer of Nissan, said he was going to revisit the competitiveness of the plant in Sunderland. What is the Minister's view on that and on securing the jobs that already exist in Sunderland?

Greg Clark: The decision to back Sunderland and to build the two new models here was a significant moment for the hon. Lady's constituents and for the country. It is true that all investors, whether domestic or international, constantly look to make sure that they are competitive, and what every page of the Green Paper does is show our determination to make sure that this economy is competitive now and into the future and to take the actions that will make it so.

Richard Fuller (Bedford) (Con): I welcome this wide-ranging discussion of Government policies at this time, even if the broad buffet of good things outlined will unleash a torrent of insatiable demands, not least from the Davos business leaders jetting back with their

Government advisers to barge their way to the table. Will my right hon. Friend therefore assure me that his agenda will be set by entrepreneurs? Will he be honest about the fact that, for every sector that is favoured, other sectors of the economy will be shunned? Will he assure me that he understands that there are no magic levers in his Department saying "raise productivity" or "improve skills"? Those things eluded his predecessors, and they will likely elude him.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. What I would say to everybody is that we still have a lot of people standing, and we still have a lot of business. In order to get everybody in, can we have brevity, both in questions and answers?

Greg Clark: My hon. Friend is right. The essence of our strategy has to be to support the ability of people to compete and to make life difficult for the incumbents. There are no cosy clubs for the incumbents, and the test of our support in sectors is whether it helps new businesses to emerge. That is extremely important.

Hannah Bardell (Livingston) (SNP): The Federation of Small Businesses reported last year that significant numbers of women are starting small businesses and enterprises. Is the Secretary of State not therefore surprised, as I am sure the rest of the House is, that there is no mention of women in this industrial strategy, no mention of inclusion and very little mention of diversity? Will he undertake to review that?

Greg Clark: Throughout this document, we want to close the gaps that mean that we do not achieve our full performance, and that is absolutely the case when it comes to the position of women at the highest levels in science, for example, and in research. As the Minister in the Department, I have been successful in the past in driving the appointments under my gift to increase the proportion of women at the top level. However, the hon. Lady is absolutely right that, when there is under-representation of people of talent, the whole economy suffers, and that should be corrected.

Stephen Crabb (Preseli Pembrokeshire) (Con): I strongly welcome today's statement and the consultation paper. When we visit large innovative manufacturers such as JCB, Toyota and Airbus, they all speak about the importance of the relationship with their local further education colleges. Does my right hon. Friend agree that one of the objectives of the strategy should be to replicate examples of excellence and to drive up standards in the FE sector so that even more workers and employers share in a picture of world-class skills education?

Greg Clark: My right hon. Friend is absolutely right. One of the proposals on which we are consulting is to have much better connections between local employers and further education to make sure that the skills that are being provided are those that can be taken up immediately in these industries.

Albert Owen (Ynys Môn) (Lab): I very much welcome the statement by the Secretary of State and his indication that he will work across the country, including with the

[Albert Owen]

devolved Administrations. On skills and low carbon, he and I both want to see a successful lower-carbon energy sector; in particular, he mentions nuclear. One of the concerns that nuclear workers have is that their conditions are being undermined by this Government. Will he agree to work with me and meet me to discuss this issue, because we need those skills bases to build on for the future?

Greg Clark: I am grateful for the hon. Gentleman's welcome. I should mention that I did not say to the hon. Member for Aberdeen South (Callum McCaig) that as part of our proposals we will work very closely with the devolved Administrations in all parts of the United Kingdom, and I look forward to doing so. I am always happy to meet the hon. Member for Ynys Môn (Albert Owen).

Neil Carmichael (Stroud) (Con): I take great pleasure in welcoming the character and ambition of this industrial strategy, which is exactly the right direction of travel. I also salute the focus on technical skills. Does the Secretary of State agree that it is very important to create the right pathway through our schools system to these institutions so that we encourage young people to consider from the very start the STEM subjects—science, technology, engineering and maths—on which he has focused, because that is a combination that will lead to high wages and high skills?

Greg Clark: The Chair of the Education Committee is absolutely right. I hope that he and his Committee might make a contribution to the consultation to help us as we establish precisely that pathway, which starts in school but goes beyond people's commencement of work, because people often need to retrain and take on new skills during their working life.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I welcome the desire to transform technical education—something of a recurring theme ever since the days of Prince Albert. In trying to help the Secretary of State to make it a success this time, may I ask him to pay greater attention to the 14 to 19-year-olds at university technical colleges like the one at Aston University? Could I persuade him to give the training levy to the newly elected regional mayors, who can then make strategic training decisions that are appropriate to the regions they represent?

Greg Clark: The right hon. Lady makes two important points. First, as others in the past have recognised, it is vital to recognise the importance of technical education and to improve it, and that is certainly our intention. On the particular proposal that she mentions, if she would care to discuss it with me, we could feed it into the consultation.

Sir Desmond Swayne (New Forest West) (Con): Where does the crucial role of free markets sit in this strategy?

Greg Clark: It runs through every page of the strategy.

Paul Flynn (Newport West) (Lab): Newport has suffered grievously from the neglect of steel, but it is now having a mini-revival with the reopening of the site. Steel does not travel well or cheaply. Does the Secretary of State

agree that if a new prosperity for manufacturing industry is to be created, it must be constructed on foundations of steel?

Greg Clark: Steel is a very important sector, and it needs to compete in the world in which we find ourselves. The discussions that I have been having with the steel industry are based around a strategy that it is pulling together to make British steel competitive in the years ahead.

Bill Wiggin (North Herefordshire) (Con): The New Model in Technology and Engineering, or Hereford University as it should properly be known, has received tremendous support from the Secretary of State's Department, but will the £170 million that he has promised in this statement be too late for Herefordshire, as we only have until 28 January to apply for new funding?

Greg Clark: My hon. Friend is right to point out the prescience of his friends and neighbours in Herefordshire in making their proposal. This is a very good example of precisely the sort of reform that we need, and I think that its prospects are pretty bright.

Gloria De Piero (Ashfield) (Lab): We heard no mention of former coalfield communities such as Ashfield that still mourn the loss of well-paid jobs in the pits. I understand that this is a Green Paper, but what new jobs or tangible differences does the Business Secretary hope to see in communities such as mine, and by when?

Greg Clark: There is very much a reference to communities such as those that the hon. Lady mentions. When I talk about parts of the country that have fallen behind the best performing places in terms of productivity, they are the areas and towns that we have in mind—that is essential. It seems to me that one of the foundations for future prosperity is to ensure that the level of skills is higher than it has been for the industries that are expanding. It is particularly in areas such as hers that that transformation can have the greatest effect.

Graham Evans (Weaver Vale) (Con): I was delighted earlier today to welcome the Prime Minister and, indeed, the Secretary of State to the marvellous Sci-Tech Daresbury in Weaver Vale to unveil the Government's industrial strategy for the UK. Does my right hon. Friend agree that the £556 million boost for the northern powerhouse, alongside the £4.7 billion fund for science, technology and innovation, will help to create high-skill, high-wage jobs, helping to close the north-south divide?

Greg Clark: I was delighted to be back in Daresbury, which I have visited several times with my hon. Friend.

Christian Matheson (City of Chester) (Lab): I was born there.

Greg Clark: Clearly lots of good things happen in Daresbury—[*Interruption.*] Some better than others, it is pointed out—that is a little mean.

My hon. Friend the Member for Weaver Vale (Graham Evans) mentions two things. The first is the devolution through the local growth fund, which is making a big difference across the country by putting more funds in

the hands of people with the knowledge of what is needed locally to make a difference. The second, of course, is the big investment in research and development, of which impressive facilities such as that in Daresbury will make good use.

Chris Bryant (Rhondda) (Lab): Mobile technology is a very important part of modern infrastructure, but may I urge the Secretary of State to be cautious when he looks at Ofcom's figures? I suspect that many of us in the Chamber have looked at its maps that say, "Yes! Universal coverage with 3G and 4G—no problems at all," only to find that the situation on the ground is phenomenally difficult. According to Ofcom, Porth—and this building, for that matter—have perfect access to all four mobile signals, but that is not true, is it?

Greg Clark: The hon. Gentleman makes an important point. When we talk about infrastructure, digital infrastructure, whether it is mobile or broadband, is very important. For businesses that depend on it, it is about dependability and reliability, not theoretical availability. That is very important, so it forms part of our approach.

Dr Andrew Murrison (South West Wiltshire) (Con): The Secretary of State rightly pointed out that 1970s' industrial strategy was flawed by the fact that it almost exclusively focused on big industry. Will he ensure that his industrial strategy does not repeat that mistake by focusing exclusively on large, mature economies at the expense of medium-sized, emerging economies? Together, they represent the future.

Greg Clark: My hon. Friend is absolutely right. That is one of the reasons why much of the proposals are cross-cutting, rather than about particular firms. It is also why there is a particular emphasis on helping small businesses to grow and new businesses to be set up.

Nic Dakin (Scunthorpe) (Lab): Steel is a key product for all the infrastructure projects that the Secretary of State mentioned, including Hinkley C, Heathrow and High Speed 2, so I welcome his statement that there is likely to be a sector deal for steel. What does the steel industry need to do to make sure that it achieves that deal?

Greg Clark: The steel industry is already embarking on a consideration of how it can plan out its future. I have encouraged it to do that—although it needed no encouragement, because it is keen to do so—and I look forward to seeing the fruits of that during the weeks ahead.

Antoinette Sandbach (Eddisbury) (Con): I welcome the recognition that rural broadband is particularly important for increased GDP growth. Will the Secretary of State make a commitment that no small rural business will be left behind when it comes to digital connectivity?

Greg Clark: My hon. Friend makes an excellent point. We want to help everywhere to achieve its potential. We know that the prosperity of many rural areas is held back if they do not have good digital connectivity, so that is one of the ambitions that we set out in the Green Paper.

Stephen Kinnock (Aberavon) (Lab): Given the vital nature of steel as a foundation industry, it is pretty astonishing that it gets only one passing mention on about page 100 of this Green Paper. May I commend to the Secretary of State the report "Steel 2020", which was produced by the all-party group on steel and metal-related industries? May I ask him to read it and perhaps come to a future meeting of the all-party group so that he can explain why steel has not been given a sector deal in the Green Paper, and why it seems to have been airbrushed out of the strategy so far?

Greg Clark: I am afraid that the hon. Gentleman talks nonsense. I have had very cordial and successful meetings with the steel industry, and it is excited about the prospects of working strategically for its future. I have had the pleasure of attending meetings of the all-party group in the past, and I look forward to doing so again.

Andrew Selous (South West Bedfordshire) (Con): Last Tuesday, the Chancellor described the roll-out of ultra-low emission vehicles as "disappointing". We have 87,000, and the Government want 1.6 million by 2020. Will the Green Paper lay out a reliable road map to enable us to hit that target, as it is also a key part of improving our air quality?

Greg Clark: My hon. Friend is right that there are significant opportunities in the roll-out of electric vehicles, not just in the transport sphere but in our energy systems. An electric vehicle is, among other things, a unit for storing electricity. Combining and making connections between these sectors is good for consumers, industry and the resilience of the country.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): As the Secretary of State knows, the automotive industry is a major contributor to the greatness of the industrial heartland in the north-east, yet the Prime Minister's indication that there will be a hard Brexit has made many businesses across the country and in the north-east nervous, including Nissan in my constituency. Will the Secretary of State ensure that the consultation fully addresses those concerns, and supports the success of—and, hopefully, with regard to electric vehicles and batteries, the future expansion of—this vital industry?

Greg Clark: The hon. Lady is right to emphasise the importance of being at the cutting edge of research and development in the automotive sector. That is one of the reasons why many car companies find Britain an attractive place to base, which is important. When it comes to the discussions about Brexit, we are clear—the Prime Minister has been clear—that we want to have a free trading relationship with our friends and neighbours in Europe, and that is the way in which we will approach the negotiations.

Mark Menzies (Fylde) (Con): As you are only too well aware, Mr Deputy Speaker, the north-west of England is very much the hub of the nuclear sector in the UK. Can the Secretary of State shed some light on what thinking he has given to ensuring that people in the

[Mark Menzies]

north-west of England are the prime beneficiaries of the new supply chain that will be emerging in the nuclear sector?

Greg Clark: My hon. Friend is absolutely right that there are huge opportunities through the development of new nuclear, which will require the training of a new generation of nuclear engineers and technicians. It is important that that is in place. There are also opportunities, not just in this country but around the world, to use our expertise in decommissioning to earn income for the UK and to create good jobs. There are big opportunities in the sector with regard to skills and the expansion of industries.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): The Prime Minister's strategy lacks concrete proposals for Wales. Considering our £5 billion of trade and good net surplus with the EU, Wales is set to suffer most from the pursuit of a brutal Brexit. Does the Minister accept that doing nothing to counter the loss of EU convergence funding will serve only to exacerbate the already significant geographical wealth and earnings inequalities that characterise the British state?

Greg Clark: I urge the hon. Lady to read the Green Paper, in which she will see an absolutely crystal-clear commitment to making sure that all parts of the United Kingdom are able to share prosperity. That is good for those places and good for the UK as a whole.

Oliver Dowden (Hertsmere) (Con): I welcome the Green Paper's recognition of the vital role of the creative industries, the one sector that grew throughout the whole of the last recession. Will the Secretary of State reassure me that that extends to the TV and film industry? The recent hit Netflix series "The Crown", which was filmed in my constituency, is a wonderful example of how jobs, investment and exports can be generated by the sector. Does he agree that that requires not only the right skills, but the requisite supply of commercial space, particularly in the south-east?

Greg Clark: I agree with my hon. Friend. The creative industries, together, have some claim to be Britain's most successful sector in recent years—they have been growing very strongly. Sir Peter Bazalgette has agreed to work with the industries to look at what they need to build on that success in the future and to continue to create the great jobs they have produced. I look forward to that work.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): I warmly welcome the Government's new industrial strategy Green Paper, although it implicitly admits that the past six and a half years without an industrial strategy have been wasted. Having said that, the Materials Processing Institute has made a bid to be a metals catapult, and there is no mention of carbon capture and storage. Those issues are critical to the ability of any energy-intensive industries to go forward. Of real concern is certain BEIS civil servants' views of virgin steelmaking capacity, and certain advice going to Ministers in relation to importing steel, rather than relying primarily on British-made steel, whether that is from Scunthorpe or Port Talbot. Will the Secretary of State please get up at the Dispatch Box and rule that out?

Greg Clark: I do not recognise the issue that the hon. Gentleman mentions, but if he speaks to me later, I will be able to find out more about it. I am grateful for his welcome to our approach. I argue strongly that it builds on some of the successes we have enjoyed in recent years, not least by devolving powers and funds to local areas and looking to create institutions that can conduct research and development that now has a worldwide reputation. However, we cannot be complacent; we need to continue that and build on it in the future.

David Rutley (Macclesfield) (Con): I congratulate my right hon. Friend on his impressive industrial strategy, which works hand in glove with the Government's Brexit plans to strengthen business confidence further. The new strategy also underpins the Government's commitment to the life sciences. With that in mind, will my right hon. Friend accept an invitation to come to Macclesfield to see AstraZeneca's site—the largest pharmaceutical site in the UK—to find out more about its exciting growth plans for the future?

Greg Clark: I will, indeed. Talking about the life sciences in the north-west touches on one of the themes of the Green Paper, which is the interaction between sectors and places, and how we can build institutions that can encourage smaller businesses to benefit from the presence of a range of other businesses in that sector. We have further work to do, and my hon. Friend will be expert adviser on it.

Neil Gray (Airdrie and Shotts) (SNP): A Green Paper should set out the Government's ambitions in a particular policy area, and the central focus of an industrial strategy should be on jobs. I asked the Secretary of State on 13 December 2016 about the disability employment gap and how the industrial strategy could help to support the Government's ambition to halve that gap by 2020. Will he explain why the words "disability" and "disabled" do not feature in the Green Paper?

Greg Clark: The Green Paper does mention the fact that we will set out further measures on employment policies. I have agreed with the hon. Gentleman in the past that, just as I said in relation to the question from the hon. Member for Livingston (Hannah Bardell), when people's contribution is not adequately made use of, it is a loss and an injustice for not just the individuals concerned, but the whole of the country and the economy.

Justin Tomlinson (North Swindon) (Con): This is a very welcome and ambitious Green Paper. In Swindon, we have embraced development to attract new businesses and jobs, but to be able to reach our full potential, we need to unlock additional land and infrastructure funding quickly. How can that process be speeded up?

Greg Clark: I am keen that we should be agile and fleet of foot. It is important that land and premises are available, not least for businesses that are expanding, or those that are being founded or located for the first time. My right hon. Friend the Communities Secretary has that very much in mind as part of his reforms to the planning system.

Kelvin Hopkins (Luton North) (Lab): UK manufacturing and exports are benefiting greatly from the more sensible and appropriate parity of sterling, but much more needs to be done to rebuild Britain's industrial strength.

Will the Secretary of State therefore give serious consideration to re-establishing the National Economic Development Council to provide a forum for employers, trade unions and Government to consult and advise on how British industry may be promoted for the future?

Greg Clark: I am interested in the hon. Gentleman's proposal. I had not thought of reviving a body that I think was associated with a different type of industrial strategy. The council was about the big employers sitting down with Government. As some of my hon. Friends have pointed out, the approach that we want to take is more about creating conditions in which insurgents, new businesses and challengers to existing businesses have a central place. I am not sure that his suggestion would be the right approach, but I would be interested in hearing from him about it.

Mr Philip Hollobone (Kettering) (Con): Small and medium-sized enterprises are the bedrock of local economic endeavour in Northamptonshire, and light industry, small-scale manufacturing and engineering firms are the backbone of the local economy. How can the Secretary of State best demonstrate to my constituents that his new industrial strategy is relevant to them?

Greg Clark: In a number of ways, I think. My experience of such businesses is that sometimes what constrains their ability to fulfil growing order books is a lack of skilled staff whom they can employ. The big focus on technical skills, and on improving the standard of technical education by working closely with employers, will make a big difference, especially to small and medium-sized business that cannot operate large training institutes themselves.

George Kerevan (East Lothian) (SNP): How does the Secretary of State reconcile his commitment to innovation and insurgency with the wholesale pillage of the cream of British high-technology firms through foreign takeover, not least the current takeover by Mastercard of VocaLink and the prospective sale by the Government themselves of the Green Investment Bank to Macquarie?

Greg Clark: I regard it as a badge of pride that this country is open to overseas investment, from which we have benefited hugely. When I was with my hon. Friend the Member for Warwick and Leamington (Chris White) in the west midlands on Friday, we met the chief executive of Jaguar Land Rover, which is owned by an Indian company and has been a force for great good in the area. I want to be open to overseas investment.

John Glen (Salisbury) (Con): I warmly welcome the rigour of the analysis underlying the Green Paper. When the Secretary of State considers the future of the aerospace growth partnership, will he think about what happens across Government, particularly at Boscombe Down with the long-term relationship between the Ministry of Defence and QinetiQ, and look for opportunities to grow such areas of real expertise?

Greg Clark: The aerospace growth partnership has been a success, and we are committing not only to continuing that now very successful institution, but to learning lessons for how other sectors might create similar institutions themselves.

Jim McMahon (Oldham West and Royton) (Lab): I absolutely support the need for an industrial strategy, so I welcome the Green Paper on that basis, but the proof of the pudding will be in investment and whether the money is there to support the proposals. May I invite the Secretary of State to Oldham College in my constituency so that he can hear from the principal and the governing body about how the lack of funding in schools is undermining the efforts that are pointed out in the industrial strategy?

Greg Clark: I hope that the hon. Gentleman will take the opportunity, through a consultation that seeks to establish as much common ground as possible on our priorities for the future, to work with colleges and employers to ensure that the reforms that are needed are put in place so that we can equip his and all our constituents with the skills that they will need to get good jobs in the future.

Kit Malthouse (North West Hampshire) (Con): I applaud the Secretary of State for putting life sciences front and centre of his industrial strategy and point out that the industry's largest customer is the national health service. Will he therefore confirm that, as part of his review of procurement, the NHS's inflexible and unimaginative procurement processes will fall within the scope of the review, not least in relation to drugs, devices, therapies and diagnostics?

Greg Clark: It is evident that this is a whole-Government Green Paper; not just my Department but all Departments are joined in it, and the Health Secretary is an enthusiastic participant and will want to be part of those conversations—advised, I am sure, by the expertise that my hon. Friend brings to the subject.

Alan Brown (Kilmarnock and Loudoun) (SNP): When the Secretary of State met the four Ayrshire MPs to discuss the Ayrshire growth deal, we had a very positive and encouraging discussion, and we welcomed that. He suggested that the growth deal aligned with the Green Paper, and having now seen the 10 action points, I agree. Will he confirm that he still believes that the Ayrshire growth deal aligns with the industrial strategy? If so, will he also commit to working with his Treasury colleagues to secure some money for it?

Greg Clark: I strongly believe in the city deals and growth deals, and I thought the presentation from the hon. Gentleman and his colleagues showed a very good ambition, bringing together the industrial strengths and opportunities of their area, so I wish it every success. These deals need to be negotiated, but he will know that in Scotland we have a good record of making progress on city and growth deals.

Jo Churchill (Bury St Edmunds) (Con): I welcome the statement. As the Secretary of State knows, the east of England enjoys an excellent ecosystem for life sciences. Does he agree that the strategy provides industry and business, particularly the life sciences sector, with the opportunity to bring their ideas to the door in order to truly drive their sectors and upskill our workforce? Also, may I invite him to Bury St Edmunds, which sits beautifully next to Cambridge and has both an enterprise zone and West Suffolk College, which would make an excellent institute for technology?

Greg Clark: That is an enticing invitation—it would be very nice to visit Bury St Edmunds—but I am in danger of filling my diary for the year. My hon. Friend's points resonate with the themes of the Green Paper, which is about ensuring that we have the right institutions and skills to support the businesses of the future. The strategy will be business-led. It is not about the Government directing business; it is an invitation to business, employers and consumers to respond by saying what they need from it, rather than the Government simply saying, "This is how it's going to be".

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): The Secretary of State briefly alluded to the importance of migration policy for the industrial strategy, productivity and innovation, so will he consult on taking over responsibility for certain parts of migration policy, seeing as the Home Office is making a mess of it? Even better, given his warm words on the importance of devolution, will he consult on devolving immigration policy so that the nations and regions can use local knowledge to determine the local skills needs?

Greg Clark: My responsibilities are broad enough and keeping me busy without my taking my right hon. Friend the Home Secretary's job. That said, the hon. Gentleman's question gives me the opportunity to re-emphasise that the strategy is a whole-Government approach, and of course it is important that the brightest and the best can continue to be employed here and to make the contribution they do to the whole UK economy.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): There is obviously much to be welcomed in the strategy, but may I express my particular support for the importance being placed on science investment and developing skills? To that end, will my right hon. Friend, first, seize the moment and make the case across Government for increasing spending on science and technology to 3% of GDP, which many of our competitor nations have done and which the Science and Technology Committee, which I chair, has called for? Secondly, will he please publish the digital strategy as a matter of urgency?

Greg Clark: I am grateful to the Chairman of the Select Committee for pushing us in that direction. He will see in the Green Paper that we are clear sighted about the need to invest in science and research, and this is not just Government investment; we want to create the conditions in which the private sector can invest in research and development. On the digital strategy, that is very much part of the programme that this industrial strategy is leading, and he will not have long to wait before he sees it.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): I welcome the Green Paper, and the Secretary of State is right to try to position us for the jobs and sectors of the future, but what does he propose to do in the here and now? Many of my constituents working at Doosan Babcock and Chivas Brothers face redundancy. What can he do for them?

Greg Clark: The House of course knows of the situation at Doosan Babcock. Whenever any business makes redundancies, or redundancies are threatened,

that is a worrying time for the employees. We are active, through Jobcentre Plus and our other agencies, in making sure that whatever opportunities are available, whether new jobs or training, are offered. In that respect, we generally have a good record, including in the hon. Gentleman's constituency, and the Green Paper takes up that approach. It acknowledges that businesses will close from time to time, but that the most important thing is that we equip those workers with the right skills to get good jobs in the future.

Rishi Sunak (Richmond (Yorks)) (Con): I welcome the Government's commitment to skills. Does my right hon. Friend agree that creating a UCAS-style system for apprenticeships could realise the Government's ambition by giving technical education greater parity of esteem with universities, making it easier for young people to find local vacancies and increasing the number of SMEs offering apprenticeships?

Greg Clark: I am grateful to my hon. Friend for his words and for his contribution, which, as he will see when he reads it, features prominently in the Green Paper. It is an excellent idea, and I hope he will promote its success in the years ahead.

Christian Matheson (City of Chester) (Lab) *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Last but certainly not least from the Opposition, I call the voice of Chester, Mr Chris Matheson.

Christian Matheson: I would hope not least, Mr Deputy Speaker.

The Science, Engineering and Manufacturing Technologies Alliance has calculated that there is an annual shortfall of 50,000 skilled engineers and that this will aggregate to about 800,000 by 2020. How does the Secretary of State plan to close that gap? While he is at the Dispatch Box, will he take the opportunity to scotch the recent press reports and confirm that all the steel in HS2 will be made at UK plants, including Shotton, where many of my constituents work?

Greg Clark: On the first point, it is clear that our investment in and focus on technical education goes precisely to meet the challenge that the hon. Gentleman identifies—around the gap between the needs of employers and the skills available in the workforce. On procurement for HS2, he will know that we have changed the guidelines to enable the contribution from British steel to be viewed on a fairer basis, but obviously that is part of a process that HS2 will need to go through to procure the product.

Robert Jenrick (Newark) (Con): Given the failed industrial policies of the post-war period—unforgivable sums of taxpayers' money were wasted trying to prop up and pick winners—I am reassured to hear the Secretary of State say that his approach will be a much broader and more intelligent one. With that in mind and with a view to horizontal reforms, where do tax simplification and deregulation—arguably two of the greatest supply-side reforms that helped to lift the British economy out of the doldrums in the 1980s—fit into his strategy?

Greg Clark: They are both important. The third of the three challenges I mentioned at the beginning of my statement was to make and keep the UK as one of the best places in the world to found or grow a business, and both of the policies my hon. Friend mentions are crucial to that. This country has succeeded in creating and hosting new businesses in recent years partly because we in the Conservative party have had that very much in mind.

James Heappey (Wells) (Con): I congratulate the Secretary of State and his team on the Green Paper and welcome the recognition that the digitisation of our energy system and the inclusion of storage and demand-management technologies will improve productivity as keenly as any other infrastructure improvement. Does he agree that the UK could and should be the world leader in clean tech, and does he share my view that the south-west would be an ideal focal point for the UK's growth in that sector?

Greg Clark: I certainly agree with the first proposition; we have an opportunity there. On the second, I would say that my hon. Friend is commendably vigorous in his promotion of the south-west, which will have a very big role to play. So, too, will other parts of the country: Cumbria, for example, with its strong nuclear cluster; and the east coast with its expertise in marine engineering and supplying offshore wind. All parts of the UK can benefit from our leadership in clean growth.

Helen Whately (Faversham and Mid Kent) (Con): I welcome the industrial strategy paper, especially its focus on science and skills, its building on local strengths and its addressing of institutional gaps. As my right hon. Friend knows, Kent has strength in life sciences, but a conspicuous institutional gap in its lack of a medical school—an institution from which life science innovations frequently emerge. I mention to my right hon. Friend that I am hopeful that this industrial strategy might be a vehicle for Kent to seek support for a medical school, and I would be grateful to him for any encouragement he might offer.

Greg Clark: I am grateful to my hon. Friend for her words. She will know that in life sciences, one proposal is to review what the sector needs to be able to support the small and medium-sized businesses in it, so that proposal might be something to be taken up.

Mr Alan Mak (Havant) (Con): I congratulate my right hon. Friend on the statement and on the Green Paper. As he develops the industrial strategy, will he continue to support Britain's leadership role in the fourth industrial revolution, and the new jobs, innovations and companies that are driving forward our growth? Will he encourage them to contribute to the Green Paper consultation, which I warmly welcome?

Greg Clark: I am grateful to my hon. Friend for all the work he has done to make sure that this country does not cede to others the energy and initiative to take advantage of what is termed the fourth industrial revolution. The pamphlet that he recently wrote is full of good ideas, and I hope that my hon. Friend and his colleagues who wrote the pamphlet will respond to the consultation.

Tom Pursglove (Corby) (Con): I commend the Secretary of State's statement, and I commend to him the report of the all-party parliamentary group on steel and metal-related industries, which has been published today. I hope that it will be useful as part of the ongoing discussions within government. The Government have made great strides forward in public sector procurement, so will my right hon. Friend make sure as part of this work that we do everything we can to transfer some of those principles into private sector procurement, too?

Greg Clark: My hon. Friend makes a very good point. I will certainly bear in mind what he said and will read closely the APPG report that he mentions.

Matt Warman (Boston and Skegness) (Con): Any industrial or digital strategy must rely on transformative investment in broadband infrastructure. Can the Secretary of State reassure us that this is a strategy that will address not only the problems of the last 10 years, but those of the next 20 and 30 years, so we can plan for a world web with an internet of things and the fourth industrial revolution, which my hon. Friend the Member for Havant (Mr Mak) mentioned a few moments ago?

Greg Clark: My hon. Friend makes an excellent point. Our strategy must, of course, be forward looking and must be able to create the conditions in which investors and firms can make commitments now that are going to lead to our prosperity in the future. My hon. Friend's frame of reference is absolutely right.

Maggie Throup (Erewash) (Con): I warmly welcome the Green Paper on the modern industrial strategy, but will my right hon. Friend reassure my constituents in Ilkeston and Long Eaton that traditional industries such as lace-making and upholstery, which contribute so much to our local economy, will not get left behind?

Greg Clark: I am interested to hear this observation from my hon. Friend. We are talking about a consultation. It is important to participate in the new industries, so that through our research and development and scientific expertise we can take our place in that respect, but of course a lot of our existing industries make an important contribution to our economy and to employment, and we want to make sure that they can prosper, too.

Marcus Fysh (Yeovil) (Con): I welcome these proposals and note that in all 10 of the areas of focus, the Yeovil area and its aerospace cluster present outstanding and crucial opportunities to optimise our potential. Will my right hon. Friend visit my constituency and help me to promote a local centre of excellence, an institute of technology, to build local skills and actively to encourage inward investment from the likes of Boeing, so that in partnership with great local companies such as Leonardo, we can deliver the skills and jobs of the future and maintain our strategic abilities in helicopters?

Greg Clark: In my tour of the country—from Orkney to Somerset, it now seems—I will be delighted to look at the aerospace cluster in Yeovil. Companies reinforce each other by their presence, and as we know from experience across the world, when we have several companies all in the same sector, it is a source of resilience to local economies.

Steve Double (St Austell and Newquay) (Con) *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Last, but certainly not least, I call Steve Double.

Steve Double: Thank you, Mr Deputy Speaker. I know you have been saving the best for last.

Many references have been made to mobile technologies and electric vehicles as growth areas for the future. They both rely heavily on batteries. Will the Secretary of State therefore join me in welcoming last week's news that large deposits of lithium have been found in Cornwall? This creates a great opportunity to build on our mining heritage in Cornwall and develop new industries around the extraction of lithium. Will my right hon. Friend confirm that this industrial strategy is designed precisely to support industries such as this one?

Greg Clark: I am interested to hear this—I had not picked up that news—from my hon. Friend. It is certainly true that the technological developments in energy storage, including batteries, provide a big opportunity. If Cornwall has an opportunity to contribute some of the raw materials for that, I am sure that this will be excellent news for the county.

Local Government Finance Bill

Second Reading

6.6 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): I beg to move, That the Bill be now read a Second time.

This Government have made no secret of their ambition to build a growing, international economy that works for everyone. A global Britain, however, needs local foundations. It is not enough to have world-leading, FTSE 100 exporters; we need thriving high streets, strong independent retailers and local economies that match the exceptional growth that UK plc has experienced since 2010.

The people best placed to lead that drive for growth are, of course, our local councillors. They know their communities better than anyone; they know which strengths to build on and which challenges to address; and they hold many of the levers required to deliver change. Yet in my many meetings with councillors and council leaders, I am often told that local authorities lack meaningful incentives to grow their local economies. They tell me that the system is over-centralised, that residents see no connection between the level of local taxation and the level of services they receive and that the proceeds of local growth disappear into national coffers, forcing councils to go cap in hand to Whitehall asking for funding. That is not good enough. Local authorities, local businesses and local communities deserve a better deal, and this Bill will provide it.

The Bill delivers far-sighted, long overdue changes that radically reform the way we fund local government. It ends the main central Government grant altogether, and instead allows local authorities to retain locally raised taxes. It encourages local growth and it supports local businesses.

John Redwood (Wokingham) (Con): Does the Minister agree that a council such as mine that actively promotes growth incurs huge bills for new roads, new schools, new surgeries and new other public facilities, which are not adequately reflected in the amount of money we are allowed to retain from the taxes we raise locally or in the support we get from the central Government?

Mr Jones: I absolutely understand that local government has been complaining for far too long that the incentive to create growth is not there, particularly because of things such as the levy, which was implemented in respect of the 50% business rate retention scheme. As my right hon. Friend will know, that levy is being scrapped by the Bill.

This is not a Bill that increases spending and puts a greater strain on local taxpayers. Rather, it offers a focused package of reform that will encourage and support local growth, while we continue to live within our means. I will start with the commitment made in October 2015 that by the end of the current Parliament local government would retain 100% of locally raised taxes. In implementing our reforms, we will move local authorities away from dependency on central Government grant and towards greater self-sufficiency. Let me take this opportunity to record my gratitude for the substantial contributions made by many in local government, and in businesses, to the development of the reforms. The Bill is a major milestone in the process, and establishes

the legislative framework for the reformed system. It reflects the significant input that we have received to date, and our collaborative approach will continue as we determine the detail of the implementation of the new system.

A key part of the new system will be the introduction of stronger incentives for local authorities to increase their business rate income. That will build on the current system of 50% business rate retention. Under the reforms, which we aim to implement in 2019-20, local government will retain about an additional £12.5 billion in revenue. To ensure that the reforms are fiscally neutral, authorities' grant will be replaced by locally raised taxes for existing responsibilities, or they will be given new responsibilities. Those matters will be subject to separate discussions, and will not be dealt with in the Bill. However, the Secretary of State announced last week that the devolution of attendance allowance funding was no longer being considered as part of the business rate reforms, and I am happy to confirm that today.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): In the consultation paper that they published last year, the Government, suggested that attendance allowance might be passed down to local government—I am glad that that is not happening—and that the £3 billion public health grant, and the better care fund that is so crucial to local authorities that face a social care funding crisis, would be axed as part of the fiscal quid pro quo applying to business rates devolution. Is that still the Minister's intention?

Mr Jones: As the hon. Gentleman will know, the Bill does not deal with the principle of what additional matters will or will not be devolved to local government. Social care funding is an extremely important issue. It is this Government who have given local authorities the opportunity to spend up to an additional £900 million on social care in the next two years, on top of the additional package of £3.5 billion to which we have given councils access. In total, we have given them access to an additional £7.6 billion in the spending review period, which is dedicated solely to adult social care.

Steve McCabe (Birmingham, Selly Oak) (Lab): Does the Minister accept that the Bill will significantly increase the rates demand on hospitals at a time when the health service is extremely hard pressed? For example, the rates demand on Queen Elizabeth hospital in Birmingham will rise to £7 million. If the Minister is willing to look at discretionary relief on public toilets, is he willing to look again at discretionary relief for hospitals?

Mr Jones: I am sure that, having perused the Bill, the hon. Gentleman will know that NHS hospitals do not feature in the increase to which he referred. I think he was referring to the 2017 business rate revaluation. That exercise has been undertaken by the Valuation Office Agency, which is independent of the Government. The Government have provided a package of transitional relief amounting to £3.6 billion, and NHS hospitals will be subject to the same transitional relief as other ratepayers whose business rate bill will increase as a result of the revaluation. As many Members will know, the revaluation was not designed to raise more or less business rate overall. It is a fiscally neutral exercise, which means that

some business rate bills have increased and others have decreased as a result of the independent valuations made by the independent agency.

The Bill does not determine funding levels for individual councils. We continue to work with people throughout local government to deliver the fair funding review, which takes a wholesale look at councils' relative needs and resources. We remain committed to implementing a new funding formula in time for the implementation of 100% business rates retention in 2019-20.

James Heapey (Wells) (Con): Does the Minister agree that, although the devolution of business rates is extremely welcome, the funding gap between predominantly urban and predominantly rural authorities is already too wide? Does he agree that the review must ensure that that gap closes as soon as possible, and certainly does not widen?

Mr Jones: That, indeed, is why a rural services delivery grant was inserted into last year's local government finance settlement, with its four-year deal. As my hon. Friend knows, this is not part of the Bill, but we are undertaking a fair funding review because local authorities in many parts of the country have apparently pointed out that the last proper needs assessment took place about 10 years ago, and that in many areas the demographic has changed completely in the intervening period. We are considering carefully how resources should be distributed across the system.

Bob Blackman (Harrow East) (Con): My hon. Friend and I have recently shared many a happy hour debating homelessness reduction, but another issue now concerns me. Most local authorities have warmly welcomed the four-year funding settlement, but it is feared that the adjustments made to, for example, the new homes bonus have adjusted those figures. What consideration is my hon. Friend giving to adjustments to the overall four-year settlement to take account of the changes that the Department has made, which render some of these four-year settlements rather strange in comparison?

Mr Jones: As my hon. Friend says, we have spent many a happy hour debating the Homelessness Reduction Bill, which will return to the House for its Report stage on Friday. As one who is extremely savvy about these matters, as well as being a member of the Communities and Local Government Committee, he will know that the issue to which he has referred does not necessarily feature in this Bill, but does feature in the local government finance settlement, on which we have recently undertaken a consultation. We shall be responding to that consultation, and to points made by Members and local authorities throughout the country about the new homes bonus, one of which my hon. Friend has just managed to put on the record.

Richard Drax (South Dorset) (Con): May I pick up on the point about the rural share? The 50% local share of additional business rates that are to be raised is fine in mainly urban areas, because there are more brownfield sites and areas to encourage businesses, but in seats like mine that are surrounded by every environmental designation from here to God knows where it is going to be far harder to raise this additional money, which of course local authorities desperately need.

Mr Jones: That is a valid point, and, like in the current system, going forward there will be redistribution; it will be one of the core principles within the system, because in setting up the system we must make sure there are not areas that fundamentally lose out just because they do not start from the same position as other areas in the amount of business rates collected. A number of hon. Friends have asked about rural areas and the fact that many of them are very dependent on very small businesses, many of which will be exempted from business rates completely by this Government's £6.7 billion package on business rate relief. I can reassure my hon. Friend and other Members that the effect of the 2017 revaluation will be mitigated for local authorities, because the system will be reset to make sure areas do not lose out. Indeed, that will also be the case prior to the new 100% business rates retention system getting under way.

Mr Clive Betts (Sheffield South East) (Lab): On the issue of redistribution, we currently have the needs assessment, and indeed the Government are going to conduct another review of needs before they start the new 100% business rates retention system. The House has information each year on the needs assessment within the local government financial settlement and, indeed, votes upon it. I understand, however, that in future we are not going to have that system; instead, we are going to have something called the principles of allocation statement, which is made and set for the rest of the period over which the system runs. The principles of allocation statement will not come to this House for approval, however. Why is the House being circumvented in this decision-making process?

Mr Jones: The hon. Gentleman is Chairman of the Select Committee and has a great deal of knowledge and commands a great deal of respect in the House on local government matters, but I say to him that we are now in a very different world from the one we were in only a few years ago, when local government collected the whole of the business rate incentive and gave it to the Government. In that sense, 80% of the spending of local government was distributed from central Government on the basis of the principles the hon. Gentleman mentions. Now we are moving to a system where by the end of this decade 100% of money within local government will be raised locally, and therefore Government will not year on year be redistributing the funding, which has been the case hitherto. The other point I would make, which has been well-recognised by local authorities in the last year on the basis that 97% of local authorities have signed up to a four-year deal, is that local authorities have asked for certainty of funding, which this system certainly will provide for them.

Dr Sarah Wollaston (Totnes) (Con) *rose—*

Mr Betts *rose—*

Mr Jones: I will give way to my hon. Friend the Member for Totnes (Dr Wollaston) first, and then I will come back to the hon. Gentleman.

Dr Wollaston: I thank the Minister for giving way. He will know that the better care fund is an important redistribution mechanism, given the variable amounts that councils will be able to raise through the precept,

which the Institute for Fiscal Studies estimates will raise £700 million over the next three years. Can the Minister give any encouragement on whether the better care fund will reflect the serious concerns around the problems with social care?

Mr Jones: I think my hon. Friend is referring to what we term the improved better care fund, which will go directly to local authorities. That funding has been brought forward as part of the spending review 2015. She will probably know that that funding effectively was obtained by changing the way in which the new homes bonus operates, and sharpening the incentive in relation to the way in which that system operates. As such, therefore, that additional money is not freed up quickly enough to do what she says. Although this year £105 million comes into the system, next year it will be £800 million and the year after that—the last year of the Parliament—it will be £1.5 billion. Alongside that, in this financial year we have also put an additional £240 million into the social care system as a dedicated social care grant, which again has been realised from additional savings made through the new homes bonus.

Mr Betts: I thank the hon. Gentleman for giving way a second time. I entirely accept his explanation in relation to the year-on-year arrangements, because there will not be a change every year in needs assessment as there currently is; that will be fixed for the period of a longer settlement. What is essential, however, is that right at the beginning of this new system, when the new needs assessment has been done and an allocation is agreed in the first principles of allocation statement, that comes back to this House so that we can take a view on it.

Mr Jones: As I said earlier, the hon. Gentleman commands a significant amount of respect in this House in regard to these matters, and, while he does not always realise it, there are Government Members who listen to the suggestions and concerns he raises, but I reiterate to him that we are moving into a different world, and that is why we have chosen to implement the system laid out in the Bill.

Mr Jim Cunningham (Coventry South) (Lab): Given that the Minister is shifting the emphasis in terms of resources on to local government, how much does central Government expect to save as a result of this exercise?

Mr Jones: This situation is fiscally neutral. We expect the current expenditure of local government to be realised from the current local taxes that are raised locally, and there will be an additional £12.5 billion of spending that will also go to local authorities. As I said earlier, this Bill does not look at these items of expenditure—that is a separate principle—but we will certainly be looking to devolve additional responsibilities to local government, in discussion with local government and organisations such as the Local Government Association, which we expect to be fiscally neutral.

Mr Cunningham: The hon. Gentleman, whom I have a lot of respect for, must know that it is not really fiscally neutral, because central Government are saving money as a result of shifting the resources on to local government through the abolition of grants and so forth. Equally, he is asking local government to raise

certain sums of money themselves, and we will surely reach a point where local government cannot sustain that. The important point is that central Government must be saving money—not necessarily his Department, but somewhere in the Treasury.

Mr Jones: As I said to the hon. Gentleman, an additional £12.5 billion will be going to local authorities. That will be on a fiscally neutral basis. I also point out that the whole principle on which this system is built is such that it will give local authorities the incentive to widen their business rates base and raise additional funding for providing local services as a result.

Several hon. Members *rose*—

Mr Jones: I will give way to another person who is well versed in local government—and the city of Coventry.

Kevin Foster (Torbay) (Con): The Minister will remember the time when we shared neighbouring councils. Does he agree that the biggest savings for the Treasury will be created by freeing and incentivising local authorities to create jobs and drive developments forward? This will allow local authorities to get people off benefits, into work and paying taxes. That will be the biggest financial benefit for the Government.

Mr Jones: As is often the case, my hon. Friend has hit the nail on the head. This is about raising local taxes that can be spent locally, but it is also about driving growth. The biggest win—and one of the most satisfying things for any of us in this House—is to see people moving into employment who were not previously working. What comes from this Bill will be a real driver for local growth.

Marcus Fysh (Yeovil) (Con): Has the Minister looked at the Laffer curve? It is used in economics to indicate the position on the income tax collection spectrum of the optimum place to collect as much revenue as possible. We hear a lot about what this revenue can do for local government, but there is a limit on what businesses can bear, and some of the businesses in my towns are really struggling with business rates. What help can he give to local authorities to incentivise them to optimise business growth in order to optimise the collection of these taxes and the results for business at the same time?

Mr Jones *rose*—

Madam Deputy Speaker (Natascha Engel): Order. Before I call the Minister again, I must point out that interventions are getting very long. Although we have plenty of time, it would be good if we could keep them a bit tighter. This would allow more people to take part in the debate. I call Marcus Fysh. [*Laughter.*]

Mr Marcus Jones: Thank you, Madam Deputy Speaker. Jones is a very popular name, although Marcus is perhaps less so. It is good to have a fellow Marcus in the House, and I am delighted by the point that he has raised. I do indeed recall the Laffer curve, albeit many years ago during my days of A-level economics. The Bill will set out a framework for local authorities to reduce the multiplier on the business rate and therefore reduce the tax rate. As he implied, that might well lead to businesses being attracted to a particular area, thereby creating additional revenue there.

Local authorities have made it clear that they want more stability and, as I mentioned to the Chairman of the Select Committee, they do not get that from the current system of annual discussions on local government funding. Councils have told us that they want longer-term arrangements, and 97% of English councils have signed up to our multi-year deal. The Bill will deliver that much-needed stability and certainty, amending the current local government finance settlement process and the related approach to the setting of council tax referendum principles. We will continue to protect local authorities from the impact of sudden reductions in income, and the Bill will provide a framework that will help councils to manage risk and ensure that they have better protection from the impact of successful appeals, so that they can focus on delivering the services that their residents and businesses need.

Kevin Hollinrake (Thirsk and Malton) (Con): My hon. Friend talks about protecting local authorities from changes. I welcome his commitment to a fairer funding formula, but is he aware that nine of the 10 authorities with the highest spending power in the country are in London, yet nine of the 10 lowest council tax authorities are also in London? Does he agree that a fairer funding formula needs to take into account the cost drivers behind need in local areas and to be for local people, rather than simply taking into account what has gone before? Rather than being about regression, this needs to be about need and the cost of delivering the services.

Mr Jones: My hon. Friend is certainly correct in saying that we need to take a significant look at how funding is provided across the system of local government. As I have pointed out on a recurring basis, the principles for the fair funding formula do not feature in the Bill, but they are an important consideration and we are certainly taking the issues that he has raised into account in the work that we are doing alongside the Bill. We are taking soundings from local government.

The Bill also includes a range of measures to cut business rates for small businesses and local amenities so that local communities can thrive. We will take a power, following the commitment in the Budget last year, for the Treasury to set the indexation rate for the business rate multiplier. This will allow us to change the multiplier from the current rate of RPI to the significantly lower CPI measure. We will change the rural rate relief to ensure that small businesses in rural areas receive the same level of business rate reliefs as those in urban areas. This is not only fairer; it will also make a real difference to many employers across the country.

We will provide a new relief for five years for the installation of new optical fibre, fulfilling an announcement made in last year's autumn statement. To make central Government more responsive to changing business circumstances, the Bill streamlines the administrative process of including premises on the central rating list. We will also be introducing charitable and unoccupied property relief for premises on the central list, bringing them into line with those on local lists. Much to the amusement of hon. Members when the subject came up in Communities and Local Government questions last week, we are also providing a new discretionary relief for public toilets. Councils will be able to maintain these important facilities without having to spend quite so

[Mr Marcus Jones]

many pennies. This Government are committed to providing the right conditions for growth. A key function of the Bill is to provide local government with strengthened incentives for growing their business rates income and encouraging local businesses to set up and grow.

Mr George Howarth (Knowsley) (Lab): I wonder whether the Minister could clarify something for me. On the question of telecommunications infrastructure, the Bill states that the provisions will apply where

“the hereditament is wholly or mainly used for the purposes of facilitating the transmission of communications by any means involving the use of electrical or electromagnetic energy”.

My reading of that is that it confirms that the rate relief would be for the actual infrastructure used in telecommunications and that, for example, Virgin Media, which has a property in Kirkby in my constituency, would not be eligible for the rate relief under that provision. I hope I am wrong about that. Can the Minister advise me?

Mr Jones: I think that the right hon. Gentleman might be conflating the central list, and the hereditament or infrastructure, with the business rate relief, which is designed to incentivise providers to lay further networks of fibre-optic cables in the ground so that people can benefit from superfast fibre broadband across the country.

Under the current system, central Government put a levy on local growth. We have listened when councils have told us that this tax on success—this penalty for doing well—is a huge disincentive for local authorities. The Bill scraps the central Government levy for good. This means that local authorities will keep 100% of growth in business rate income between reset periods. That will be a real incentive to grow their local economies, and a great way to keep the proceeds of growth in their communities. We will also allow local authorities that set up pooling arrangements to designate specific areas where they want to boost growth. They will have the potential to keep all the growth and not lose it to the periodic reset and redistribution process.

Justin Tomlinson (North Swindon) (Con): To unlock growth through the provision of considerable incentives, we need councillors with direct, relevant business experience. What more can be done to encourage busy businesspeople to put themselves forward for office?

Mr Jones: My hon. Friend, who is an entrepreneur, is absolutely right. This Bill and the measures being brought forward will attract entrepreneurial people to the role of councillor. Unlike in the past, when local business rates were collected locally and sent back to Government and then distributed across the country, the change will give local authorities a real incentive to be entrepreneurial and to attract the people that he and many of us want to see in local government.

Going even further, the Bill will provide real flexibility to local authorities. Councils can already provide business rates relief for parts of their area or particular sectors. As a result of the Bill, for the first time since the establishment of the business rate system, councils will be able to reduce the national business rate multiplier for their whole authority, helping them attract business and investment to their area. We are also supporting investment where it is needed to boost growth through

infrastructure investment. The Bill will enable mayoral combined authorities and the Greater London Authority to raise a small supplement on business rates in full consultation with businesses to enable them to realise their areas' growth ambitions. To recognise property owners' wish to support the regeneration of their areas, the Bill will allow the establishment of new arrangements for property owner business improvement districts, that will enable property owner BIDs to be established across the country whether or not a business rates supplement is in force in that area, allowing a levy to be raised on those with a property interest.

Running a business is more than a full-time job. The working day does not end when the “Closed” sign goes up. There are huge and growing demands on anyone running a business of any size, and such entrepreneurs deserve to have the Government standing firmly behind them, not getting in their way. We will therefore take a power to make the business rate system more convenient, ensuring that every business can access e-billing, and we will provide guidance to ensure that bills look the same everywhere. If a business has premises in Rochdale and in Richmond, it should not have to wrestle with two completely different sets of paperwork. Finally, the Bill includes a paving measure that will help us to meet our commitment of offering joined-up access to tax bills, including business rates, by 2022. The measure will give Her Majesty's Revenue and Customs the ability to carry out early design work and engagement to develop proposals for how that can be delivered.

For too long local government has been too dependent on the whims and largesse of Whitehall and Westminster. Now is the time to change that forever. Now is the time to help local leaders focus on growth. Now is the time to reduce the burden on local businesses. The Bill provides the framework to do all of that and more. It will realise once-in-a-generation reform that will revolutionise local government funding. I am delighted to commend the Bill to the House.

6.43 pm

Mr Gareth Thomas (Harrow West) (Lab/Co-op): The people of England should have more power to shape their own destiny without having to wait for the say-so of Ministers. However, the Bill is just one part of a mix of new law, funding reviews and detailed regulations, and only when all are publicly available will we know whether Ministers have merely devolved responsibility for more badly funded local services, or if serious opportunities for local initiatives are genuinely being created.

The Conservative party has too often had a hostile attitude in practice to the idea of local people being given the power to govern themselves properly. Opposition Members well remember the attacks of the late Margaret Thatcher on local councils, the introduction of the poll tax, the abolition of London local government and the nationalisation of business rates. Notwithstanding recent deals on extending local powers in some areas, local council services have been one of the hardest hit areas of Government funding in every Budget since 2010.

James Heapey: While we are reminiscing, does the shadow Minister remember that the Labour party made harsh cuts to rural councils during its time in office, which was the cause of many of the problems with the imbalance of funding that we now face?

Mr Thomas: I do not remember that. Under the previous Labour Government, I remember rural local councils being well funded and able to invest in local services, unlike the position that they face at the moment.

Devolving more financial power to local areas so that public services can be properly funded, with new business activity encouraged and vital infrastructure investment given the go-ahead, is an ambition that we would support, but the detailed implementation of the measures that the Bill paves the way for could make the difficult funding situation facing local government even worse, exacerbate the social care crisis and leave council tax payers having to foot even more of the bill for local services. If the measures are badly introduced, regional inequality could deepen and divisions between areas with a large business community and those with more entrenched barriers to growth might increase. We support the principle of 100% business rate retention, but such a policy needs to be accompanied by a redistribution formula that addresses the divide between those councils that have sizable business rates income and those that do not. It must ensure that no area of England is left behind or worse off than it is now.

John Redwood: Has the shadow Minister given any thought to what incentives might work in some Labour council areas where the business rate level is low and there does not seem to be any industrial or jobs growth?

Mr Thomas: I have given that some thought. If the right hon. Gentleman is successful in getting on to the Bill Committee, I hope that we can debate such questions a bit more.

The Bill does not answer the many questions that local councils have about how business rate retention will work in practice. In particular, there is no clarity about what additional responsibilities councils will be allocated in return for 100% business rates retention.

The Government's record on local government will give few people confidence that they are capable of addressing such concerns. Over the past seven years, this Government and their predecessor have taken an axe to local government spending. The people of England have been left paying more council tax for worse local public services. Last month's local government settlement only brought more of the same: Ministers forcing councils to put up council tax and make more cuts to local services.

Mr Marcus Jones: What the hon. Gentleman is saying is interesting because council tax is 9% lower in real terms than it was in 2010. Does he accept that council tax doubled when Labour was in government? That is not a record to be proud of.

Mr Thomas: Figures from the House of Commons Library suggest that there will be a 25% increase in council tax over the lifetime of this Parliament as a result of the Government's measures. Local authority funding from central Government has been cut by around 40%.

Mr Jones: Even with the adult social care precept, which many councils have welcomed, council tax will still be lower in real terms in 2020 than it was when the Labour party left government in 2010.

Mr Thomas: I admire the Minister's wishful thinking in coming up with that fact. I gently suggest that he looks at his Department's spending record on local council services. This year, councils will spend some £10 billion less than they spent in 2010-11. By 2020, according to the Local Government Association, councils will face a £5.8 billion gap just to fund statutory services. Since 2010, powers have been passed to councils without the necessary funding to go with them, so it is hardly surprising that sceptics wonder whether the Government are really interested in meaningful devolution, or just in devolving responsibility for cuts.

Every local authority has a list of lost services. The doors have shut on libraries, day centres and museums. Leisure centres, swimming pools and playing grounds have closed. Rural bus services, fire safety checks and youth services have been reduced, abandoned or shut. Legal advice services have been axed and women's refuges have been lost. Investment in parks and street cleaning has been limited. All those services are treasured by local communities and represent vital lifelines for vulnerable residents.

Kevin Foster: It is interesting to hear the shadow Minister's list. Can he remind me exactly how much extra funding the then shadow Chancellor, Ed Balls, promised as part of Labour's plans for government in 2015?

Mr Thomas: If the hon. Gentleman looks at our manifesto, he will see that we committed to devolving £30 billion of additional spending from Whitehall to local government.

The Government like to pretend that it is simply ineffective management that stops councils providing key basic services, and that those local councils that are not making cuts to such services are managing their resources effectively. The former Prime Minister David Cameron, perhaps inadvertently, exposed the delusion best when he wrote to the Conservative leader of Oxfordshire County Council in 2015:

"I was disappointed at the long list of suggestions...to make significant cuts to frontline services—from elderly day centres, to libraries, to museums. This is in addition to the unwelcome and counter-productive proposals to close children's centres across the county. I would have hoped that Oxfordshire would instead be...making back-office savings and protecting the frontline."

That lack of understanding of the consequences of his own Government's actions received the response it rightly deserved from the council leader, who wrote back to explain that some 2,800 council employees had already lost their jobs, that the remainder had experienced pay freezes or below-inflation pay increases for a number of years, and that assets had been sold off to fund revenue costs.

Bob Blackman: Will the shadow Minister help the House by clarifying one Labour party policy? There is currently a cap on the amount by which local authorities can raise their council tax. If councils wish to raise it further, they have to call a local referendum. Does he support that cap, and does he agree that there should be a referendum if local authorities wish to raise their council tax further so that we can get the democratic view of local people?

Mr Thomas: I will address the hon. Gentleman's interesting question in the context of Surrey County Council's announcement last week that it will hold a

[Mr Gareth Thomas]

referendum on a 15% increase in council tax. I wonder how he or Ministers in the Chamber will be advising people who live in Surrey, including the Chancellor of the Exchequer, to vote in that referendum.

Perhaps one can sympathise with Surrey county councillors after not a single penny of new money was put into local government to help to tackle the social care crisis. Few people in local government think that the Secretary of State's statement last month on local government finance will stabilise the care market, enable the recruitment of extra frontline care workers, ease the pressure on NHS hospitals, or ensure that all families with loved ones who need help will see them getting the level of care they actually need.

One reason why Surrey's decision is so striking is because it has been able to increase spending on adult social care by more than 34% since 2010-11. Some councils have had to decrease spending on adult social care by almost the same proportion over the same period. In fact, only two out of the 152 social care-providing local authorities have been able to increase their spending on social care by more than Surrey, so if Surrey says that it cannot cope with the demand for social care, where can?

Although even Oxfordshire and Surrey have been unable to protect frontline services, the impact of local government cuts has been disproportionately felt across the country. The Bill offers no guarantee that the situation will get any better. The poorer an area, the greater its needs and the more it relies on public services, which are often funded by the revenue support grant, yet this Government's cuts have hit the poorest areas the hardest.

The Institute for Fiscal Studies has stated that those councils

"among the tenth which are most grant-reliant have had to cut their spending on services by 33% on average, compared to 9% for those...councils among the tenth which are least grant-reliant."

We cannot even call that a postcode lottery. It is true that postcodes matter, but it is not luck or chance that determines the quality or quantity of local services; it is the actions of this Government and their decisions taken in Whitehall. That is the context in which we must consider this paving Bill today.

Before any Government Member again tries to advance the idea that local councils are set to get a significant stream of new funds from keeping 100% of business rates, Ministers have always made it clear that what they give, with great fanfare, with the one hand today, they will take away on another day—probably when fewer people are looking—with the other. The Bill will apparently be fiscally neutral.

Steve McCabe: Birmingham City Council is a perfect example of giving with the one hand and taking with the other. It has been pretty brutally treated by this Government. Birmingham gets £5.6 million from the new adult social care fund, but it is losing £5.6 million as a direct result of the changes to the new homes bonus.

Mr Thomas: My hon. Friend makes a good point. Many local authorities throughout the country have seen services such as housing similarly disadvantaged by the Secretary of State's decision.

There is no detail of what extra responsibilities will be passed to councils, or which of the additional grants that councils currently receive for their responsibilities will be taken away. Even though councils' statutory responsibilities are not being properly funded now, Ministers expect councils to take on even more while losing further funding.

As I have indicated, I welcome the Secretary of State's confirmation that he will not go ahead with his predecessor's plan to get councils to handle attendance allowance but, as I made clear in my intervention on the Minister, this merely raises the question of what will happen to other specialist funding. The House will have heard the Minister refusing to rule out the end of the better care fund, which I hope the hon. Member for Totnes (Dr Wollaston) clocked, or the end of the £3 billion public health grant. Members representing rural areas would be right to worry about the future of the rural services delivery grant, which is also flagged up for possible axing in the Government's consultation document.

The Minister has again promised that no local authority will lose out. Does that mean that local authorities will not lose out in year one because there might be some transitional help, or does it mean that every council will be better off and able to meet its statutory responsibilities in full throughout the next Parliament? I welcome Ministers' intention to pilot their policy approach in five areas, and it is crucial that there is a fair system of top-ups and tariffs for redistributing resources between authorities.

Ministers have indicated that the system will be similar to the one that they introduced under the 50% business rate retention scheme in 2013-14, but that is not wholly reassuring. The Institute for Fiscal Studies has considered what would have happened between 2013-14 and now if 100% of business rates had been retained instead. It found that 16 councils would have seen their funding increase by 20% or more, whereas just one council has seen such a significant increase under the 50% retention scheme. Conversely, 122 councils would have seen their funding fall, with 12 losing more than 2% of their funding. No council has lost that much under the 50% scheme. To have a fair funding system under a 100% business rate retention scheme, the system of top-ups and tariffs must be amended, so why have Ministers introduced the Bill without publishing the responses to their consultation on the detailed implementation of that measure, which closed last July, and without even a date for the publication of their fair funding review?

The Bill raises more questions than it answers. For example, how will Ministers handle the business rates income of a local authority that benefits from a major national Government decision, such as to expand Heathrow or to build a high-speed rail terminus in its authority area? The business rates of Hillingdon Council, which neighbours my council, have always benefited from Heathrow. Westminster City Council similarly benefits considerably from business rates income that arises because of its fortunate proximity to major national assets. In such cases, how will some of the inevitable growth in business rates income, which will have little, if anything, to do with council policy, be redistributed to help authorities that do not benefit from such big advantages? Ironically, although Hillingdon Council has opposed the expansion of Heathrow, it stands to benefit significantly from business rates growth while doing nothing at all to help to generate it.

We also want to explore what would happen if a major business closed or moved away through no fault of the local authority concerned. The sudden loss of a major source of business rates income would have huge implications for the future of local services, but the safety net that Ministers are proposing looks less than generous, especially when we do not know how frequently the needs of each local authority will be reassessed and the top-ups and tariffs system will be reset.

The decision to allow only mayoral combined authorities to introduce an infrastructure supplement appears petty and vindictive. If a community needs infrastructure urgently, local English leaders should not have to jump through extra hoops to put together funding just because they are not a mayor.

Too many big decisions relating to how the business rates regime will work in practice are not yet clear, and too many big decisions will remain with the Secretary of State once the new regime is in place—that much is clear. As my hon. Friend the Member for Sheffield South East (Mr Betts), the Chair of the Select Committee, made it clear, it therefore seems a little drastic to abolish the need for Ministers to be held accountable annually for their performance on local government finance. It appears that they will still be decisive players in deciding which parts of England benefit more from business rates and which less so. The House should be able to hold the Secretary of State to account specifically for his performance on this matter.

Local government in England and the local services that the people of England rely on have been poorly treated by the Conservative party in the years since 2010, and the Bill could make things even worse. We will give the Bill a fair wind tonight and seek to improve it, but if significant change is not forthcoming, we will have to consider afresh our approach to the Government's handling of this issue.

Several hon. Members *rose*—

Madam Deputy Speaker (Natascha Engel): Order. Before I call the first Back-Bench speaker, I should say that 16 Members wish to speak in the debate, so if we keep speeches to around 10 minutes or under, there will be no need for a formal time limit.

7.2 pm

Mr Christopher Chope (Christchurch) (Con): I am sorry that the shadow Minister's glass is half empty. He said that the Bill had the potential to create a much better situation, as I think it has, but also seemed to be emphasising that he thinks things are going to be far worse. I am glad he is at least not going to be voting against the Bill's Second Reading.

My hon. Friend the Minister referred to a once in a generation reform; I can recall my involvement as a Minister during the passage of the Local Government Finance Act 1988, when I took forward the uniform business rate, among other matters. I am delighted that my hon. Friend has retained the principles of the uniform business rate, which was introduced to prevent Labour councils at the time—for example, in Liverpool—from so attacking their own businesses that they drove them out of town and, in so doing, drove the jobs away as well. I am glad we are not going to be allowing councils the freedom to destroy jobs which they had prior to introduction of the 1988 legislation.

I welcome the emphasis on certainty and predictability, in which context I ask my hon. Friend the Minister to set out a bit more clearly how the reforms that he says are going to be brought into effect in 2019, including the new funding formula, are going to interact with the four-year settlement, which, as I understand it, will still be there in 2019-20. For example, we have heard from the Government that councils can increase their adult social care precept by an extra amount in the next financial year and the year after, but in the third of those years, 2019-20, they will not be able to. How are those arrangements going to interact with my hon. Friend's laudable objective of introducing all these reforms in 2019-20?

Clause 4 is very relevant to matters of local government reorganisation. The nine councils in Dorset are meeting this week and next to decide whether they wish to go down the road of a local government reorganisation. Two of those councils, Poole and Bournemouth, seem to be supporting the idea of creating a new unitary authority with Christchurch, in the belief that were the Secretary of State unwise enough to approve such a proposal and the unitary authority was set up, on day one the residents of Christchurch would be paying £200 more in council tax at band D than the people resident in Poole or Bournemouth.

Last week, my hon. Friend the Minister responded to my written question to confirm that it is not possible for an individual principal authority to levy council tax in one part of its area at a level different from that in another. That is an important principle. I hope that my interpretation of clause 4 is correct when I emphasise that were there to be a unitary authority covering Poole, Bournemouth and Christchurch, from day one the people of Poole, Bournemouth and Christchurch would all pay exactly the same level of council tax.

The idea of excessive levels of council tax has often been interpreted as being about excessive levels of increase, but, as the explanatory notes on clause 4 make clear, the clause will allow

“the Secretary of State to make a statement of principles for determining whether council tax is excessive covering a number of years, rather than just one.”

Am I correct in my assumption that were there to be a new unitary authority for Poole, Bournemouth and Christchurch, the Secretary of State could use the powers in clause 4 to say that there should be one set level of council tax for the authority, starting from day one? I ask because later this week, in both Poole and Bournemouth, councillors are going to be invited to support the proposal for a unitary authority in the mistaken belief that they will continue to be subsidised by the residents of Christchurch for 20 years, under an equalisation/harmonisation regime. If they were disabused of that and told that from day one they would be liable for an increase of up to £200, I think minds would be concentrated and there would not be quite so much enthusiasm on the part of councillors in Poole and Bournemouth for what is being proposed, which is hotly contested by councillors not only in Christchurch but in other parts of rural Dorset.

I hope I can get some clear answers to those questions. The essence of the provision in the Bill is that if councils impose excessive levels of council tax on their citizens, there should be the safeguard of a referendum, but what is proposed in the name of local government

[Mr Christopher Chope]

reform in Christchurch, Poole and Bournemouth is that people in Christchurch should be expected to pay extra council tax but will not have the chance of a local referendum to decide whether or not they wish their council to be abolished and absorbed into a new one. If we can have referendums on the levels of council tax, why can we not have referendums on whether a council is to be abolished? It seems that something is rather out of sync.

In responding to this debate, will my hon. Friend the Minister be a little bit clearer about the pooling arrangements? Why are the Government taking the power to introduce mandatory pooling arrangements, and how will they work? Can all nine local authorities in Dorset be regarded as a pool for the purposes of business rate income and distribution? I do not see any problem with that. In fact, it might be quite desirable, but why must it be imposed by the Government, rather than agreed to locally?

My next point came out in the response of the shadow Minister. I am concerned that, as a result of the powers being given in this Bill, some businesses may find they are in a minority in an area and subject to significant extra supplements on their business rates. How will we ensure that a minority of businesses are not oppressed by the majority? In east Dorset, there is a business improvement district centred on a Ferndown industrial estate. When it was set up, there was concern among some businesses that they might end up paying extra for things that were of no use to them. Can my hon. Friend spell out the safeguards that will be in place to ensure that significant increases in supplements or additional business rates are not imposed on hard-pressed businesses?

I turn now to clause 9 on public conveniences. Christchurch Borough Council has been privileged to win the Loo of the Year award on many occasions, and it has a really good selection of public conveniences, as befits its age profile and its reputation as a very important tourist destination. Meanwhile, much to the consternation of the local people in Poole, Poole Borough Council has decided to close half its public conveniences. Some councils are now thinking outside the box and saying, “Why can’t we enter into joint arrangements so that public buildings can be made available for the provision of public conveniences?” [Interruption.] My hon. Friend the Minister is acknowledging that. On reading clause 9, it seems that there will be no relief from council tax or business rates for a building that partially consists of a public lavatory but that offers other facilities as well. It is difficult to speak to clause 9 without puns, but I hope that the gist of my point has come across. Why would we wish artificially to restrict a relief such as this and say that it will be available only on a free-standing, dedicated public lavatory?

Richard Drax: The matter of public conveniences of course raises some humour, but let me make this point. When I attended an Age UK event some years ago, I was told that there are 2 million people in this country who can be no more than 10 minutes away from a loo. If there is not one available, they cannot leave their house. This is a serious issue, and money is needed to provide this vital service.

Mr Chope: I agree with my hon. Friend. One reason why I am a great supporter of small local district councils is that they are accountable to the local town and the local people. It means that those local people can decide whether more money should be spent on public conveniences or on public parks. It is much better to leave those discretions to the local councils, which is why I am so strongly against the imposition of unitary authorities in Dorset.

7.14 pm

Mr Clive Betts (Sheffield South East) (Lab): I rise to support this Bill in principle, although much of the detail, which will determine whether it will be effective in practice, is not in the legislation itself, but will be worked out in due course.

Just in passing, I note that the hon. Member for Christchurch (Mr Chope) gave himself credit for the uniform business rate system. I noticed that he did not give himself credit for the other part of that Act when it came in at the same time.

Mr Chope: I do not resile from my enthusiasm for the community charge as it was introduced, because it delivered a ready reckoner for local people. Our council system would be a lot more accountable if we still had the community charge.

Mr Betts: The hon. Gentleman is the last Member standing who supports that legislation.

Let me refer to the first report this Parliament of the Communities and Local Government Committee, which went into considerable detail about the Government’s proposals on business rates. As we were conducting our inquiry, the Government announced a further consultation, so this was a list of matters for the Government to consider, which I hope they are doing. We had a good deal of evidence about issues that do need consideration and resolution before the system finally comes in. I will not refer to the general issues of local government finance. My concern is that, since 2010, local government has received far more than its fair share of the austerity measures, and that local councils, such as my own northern council in Sheffield, have received more than their fair share of the cuts that local government as a whole has had to endure.

I welcome the devolutionary approach that the coalition Government took and that this Government are now taking, but only as far as it goes. I recognise that devolution cannot simply be about devolving powers and giving councils more control over money that Government give to them, but councils must have more ability to raise that money in the first place. Fiscal devolution is just as important, and the Committee has recognised that. This Bill, in a very small way, goes in that direction, but it still leaves us the most centralised country in western Europe.

I thought the Minister was getting a little bit carried away at the end of his speech when he called the measure “revolutionary”. I cannot really see this as a revolutionary change in local government finance. It leaves us with local authorities having to rely on council tax—I have no problem with that—which raises about 28% of local government finance. It is the only tax in central and

local government that needs a referendum to increase it beyond a given amount, which is determined by the Secretary of State.

I have one little point about this proposed legislation: in future, this House will no longer be able to approve Ministers' decisions on the threshold at which local authorities have to bring in a referendum to have a council tax increase. That is yet another power taken away from this House. I hope that, at some point, Members will have the chance to express a view on that.

On the business rate retention, it is a 100% retention of the growth in business rates—that is what the system means—with no power to determine multipliers, except to reduce them. On the supplement, in very limited cases—for mayoral combined authorities or the Greater London Authority—the business rate can be increased by a very small amount for specific projects. It would be right and more democratic if councils themselves had the ability to determine business rate multipliers at a local level, even if they did it on a joint basis with other councils. That would take us back to the system that operated before the hon. Member for Christchurch had his say and brought in the new legislation.

I do not know why Ministers are so resistant in this regard, because, in the end, if councils cannot determine multipliers, they have very limited ability to raise income from business rates. I accept that they can do it by approving development—the whole purpose of this is to give more incentives to do that—but that is limited control indeed. It still leaves us with a very centralised system.

There are some important details that we must get right. We had an enormous amount of evidence in our inquiry that showed that the appeals system is a major problem for councils. Rather than falling on the central pot, the cost of appeals potentially falls on individual councils. I understand that, collectively, local authorities are holding back about £1.5 billion in reserves to cushion against appeals. When my own local authority in Sheffield gave evidence, it said that 33% of its business rate base was subjected to appeal, which is a very high figure. We need to deal with that uncertainty for local councils.

By far the biggest challenge in this Bill is how we marry the need to give incentives for development, which I entirely accept, with the need to equalise within the system—to recognise those authorities that cannot grow their base as rapidly as others but still have needs that are high and that might grow in future. My concern is that trying to do that with one tax is a bit like trying to play a round of golf with one club. Can we really do competing things—equalise and incentivise—with the same tax, or are we going to keep some form of grant to do the equalisation, which might make the system an awful lot simpler? Equalisation is never simple, but it could become more complicated because it is now being addressed as part of the business rate system. I will leave that with Ministers to think about.

I welcome the fact that Ministers are going to be doing the new needs assessment with the Local Government Association, which I understand will have a working group. The Communities and Local Government Committee will do some research on that as well.

Let me move on to the complications with resetting in the system, which is really important. If we reset too often, we take the incentives away, but if we do not reset

often enough struggling authorities will struggle for longer. Will Ministers look at some form of rolling reset—this is an interesting idea that the Committee heard in our inquiry—so that we do not have a cliff edge where we say, “Right, all the extra business development you have had in the past six years will now be stopped in the system and the whole thing will be reset.” What happens if there is a new development only six months before the reset? Why would any authority want to encourage that development when, if it waited another few months, it would fall into the new period and get the benefit of the business rate for longer? Those are some technical issues that we really need to address.

Will we have a new needs assessment every reset period, or will the needs assessment that is done at the beginning of the system last in perpetuity? If it is the latter, how is the needs assessment going to work with the reset periods? Again, I think that it would be much easier if the needs assessment were done in relation to a separate grant kept within the system. I accept that if we had a separate revenue support grant we would need to devolve even more powers to local government to absorb the money from that grant, but it might be easy to do, and it would be in the spirit of devolution then to devolve even more powers. I ask the Minister to look at our Committee's report in that regard.

I am pleased that tenants allowance has been taken off the agenda. If we are going to devolve powers, can we make them powers that are relevant to business mainly in relation to transport and skills, which were asked for in relation to economic development? Businesses could then understand that, although they could not have an immediate say in linking the money raised from business rates to a particular project, their taxes are, in principle, related to business activities in their area. I also say to Ministers that if we are to have a new system, there are still powers under section 31 for them to give grants.

We cannot consider a whole new system without looking at social care. We have to look at a long-term, revised arrangement for funding social care. One of the real concerns—it came out during our inquiry—is that social care demands are likely to increase faster than income from business rates. If we are relying on income from business rates to fund social care in the long term, there is bound to be a growing disparity. If we build that into the system right at the beginning, the system will never succeed in doing its job. Let us have an independent look at social care, and at whether some other form of funding needs to come in to support it in the long term.

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): The hon. Gentleman makes a good point about social care, because far too often one solution is plucked out of the air as the golden bullet to tackle a real funding crisis, with demand for social care services increasing by at least 5% a year across most local authorities. He is absolutely right that we need a long-term solution. Will he say how that could be incorporated into the Bill?

Mr Betts: I am not sure that we could get that into the Bill, given its long title. The Government have to think about the longer term. If they are going to completely reform the business rate system at the beginning of 2020, and the funding for the responsibilities of local councils, without addressing the fundamental problem

[Mr Betts]

of social care and the demand to which the hon. Gentleman rightly draws attention, with 5% year-on-year growth, they are devising a system that will fail. I do not want it to fail; I want it to succeed. I want us to give more powers and responsibilities to local councils and increase their ability to raise funds, but we need to address this problem and see it in the wider context, even if it cannot be incorporated into the Bill.

I have one final point to make, and it is a very important one. The previous Chancellor announced plans to extend small business rate relief and change the way in which the multiplier for business rates was calculated, from the retail prices index to the consumer prices index. Both those measures reduce the amount of money that local councils get from the business rate. What the Government have said so far, as I understand it, is that they will compensate councils in the current system for those changes, and no doubt they will be reflected in the amount of money taken forward for the new system for which councils will then get new responsibilities. What would happen if a Chancellor were to make some similarly drastic changes to the business rate system? How would local councils be compensated if there were no revenue support grant to do so? I think that Ministers have to address that very important point. Either the Government want to give up their powers to change the business rates system once it is set, or they will bring in changes in future, in which case how will they compensate councils if they remove their grant-making powers altogether? That point is so fundamental that I think Ministers have to address it.

I will end where I began. I support the Bill in principle, because it is a very small step towards more devolution and giving councils more powers and a little more control over the money they raise to spend on the important services they deliver. I cannot agree with the Minister that it is revolutionary, but it is a small step in the right direction. I look forward to seeing more of the detail, but in principle I support the Bill.

7.27 pm

Mark Field (Cities of London and Westminster) (Con): It would be remiss of me not to congratulate the Minister for Housing and Planning, who will respond to the debate, because today is his birthday. What a way to spend a birthday: having to sit around and listen to this debate. Of course, *The Guardian*, in its typically cavalier approach to the facts, suggested that he is only 45 years old.

I commend the Government for their more flexible approach to local government financing, which I think is broadly supported by the two local authorities in my constituency.

It is a pleasure to follow the hon. Member for Sheffield South East (Mr Betts). I share some of his concerns about the way in which local authorities might, if there is a lag in the system, try to game the system by holding back on new developments either being given permission or being built until such a time as they would qualify. I hope that that concern, along with other possible unintended consequences of this measure, will be addressed by the Minister tonight and later in our consideration of the Bill.

The City of London corporation is grateful for the provisions that will compensate councils for losses arising from valuation appeals. That has been a very significant problem for the City, particularly in the aftermath of the commercial property downturn in the late part of the previous decade, for which the corporation had borne the substantial risk under the rates retention scheme, despite the matter being entirely out of its control. Clause 2 addresses that issue, and I believe that it is very welcome. However, I should note that it comes in the form of a discretionary power to be exercised by the Secretary of State. Further information would be appreciated on how precisely that power will be used, and particularly whether full compensation will be provided for appeal losses.

It is also correct at this stage to put on the record the support that the City of London feels for the wider devolution proposals put forward by London Councils and the Greater London Authority, but it seeks to maintain the special arrangements that recognise that the City ought to retain a greater proportion of the business rate since the amount it can raise from council tax is limited by its small residential population—it has only around 7,000 inhabitants.

I am very aware that many colleagues here who are not London Members will feel, as we all probably do, that if we were starting to look at Government finance, we would not start from the position we are in now, which is an accumulation of various bits of legislation that go back many decades. I am not sure that any of us really wants to go through the rigmarole of looking at this issue entirely from first principles or that we would be brave enough to do so—perhaps only my hon. Friend the Member for Christchurch (Mr Chope) would be happy to. However, the difficulty is that if we do not, there will be what many of my rural colleagues will feel are great advantages to London. The truth about London is that it is an extremely expensive place to live, and what seems like relatively generous treatment in council tax terms reflects that high cost of living in many ways.

If I may, I will turn to the western part of my constituency, which is where we are now. Westminster City Council is seeking Government support for its West End partnership investment programme, which might also incorporate parts of the London borough of Camden. The programme aims to maintain private sector investor confidence at a time when businesses are anxious about the imminent impact of a business rate revaluation. The council would be looking for the programme to work alongside the Bill. The programme would consist of transformative works to improve the public realm, infrastructure and environment in the west end of London, such as in the Oxford Street district. That will, in turn, secure direct private sector co-finance and trigger additional investment by landowners and business occupiers.

I accept that my local authority is very unusual. Westminster contributes 3% of UK tax revenues, making the highest single contribution of any borough. It also has the highest business rates collection in the country, at £1.8 billion a year, and that will rise, it is assumed, to about £2 billion in the next financial year. Ratepayers in Westminster also contribute more business rate supplement than those in all 20 outer London boroughs combined, including £1 billion towards Crossrail, with businesses in the Oxford Street area contributing half of that. I appreciate that the capacity of west end businesses to

contribute business rates and other tax revenues for other projects, such as Crossrail 2, is now highly dependent on their confidence in the west end operating environment.

Major improvements to paving, roads, lighting, traffic lay-outs and infrastructure will be required to bring the west end up to the standard expected by the firms located there and the millions of people—both UK and non-UK residents—who visit. Existing local authority and GLA funding mechanisms are simply unable to address all those problems, and I appreciate, as someone who represents two parts of this central, global city, that a mechanism cannot necessarily apply in this case and that there has to be a sense that this state of affairs is exceptional.

The West End partnership programme is resolutely designed to improve the dwell-time of visitors and, of course, their average expenditure, reversing a recently declining trend, compared with other world cities. That will not only improve onward tourism from London to other parts of the UK—that is an important point to make—but increase the number of international business visitors who trade with several global-facing sectors located in central London. Those include, for example, the Soho media cluster just south of Oxford Street east; the Harley Street medical cluster north of Oxford Street west; the knowledge and creative quarter around the northbank, or the Strand and Aldwych area; and, of course, the very significant financial services sector, which is no longer just in the City, with hedge fund land now very much in the Mayfair and St James's area.

As far as London is concerned, it is important to stress that the supply chains and jobs often reach out to the UK regions. It is often said—I am looking at the hon. Member for Erith and Thamesmead (Teresa Pearce), whose constituency is in one of the outer London boroughs—that London gets a very good deal and that we get all the infrastructure development, whether that is the Olympics or Crossrail, but it is important to make the vital point that if a lot of that money did not come to our capital city, it would not come to the UK at all, but go to another global city. It is also the case with so much of the money that is invested that jobs are created, with contractor and construction jobs going beyond the capital. Fellow Members who walk to Victoria station or in the west end can see what is happening with Crossrail, but phenomenal numbers of jobs are going to other parts of the UK. The truth of the matter is that this investment has great benefits beyond London, so we should not look too harshly on what seems like special pleading from the capital city for future development. *[Interruption.]* I can see there is already another division on the Front Bench of the Labour party, given the knowing look from the hon. Member for Erith and Thamesmead. However, that is an important point to make, because the iconic and UK-wide opportunities based on central London will hinge on the outcome of the funding decision for the West End partnership programme.

Many overseas retail brands and retail concepts new to the UK will obviously be trialled in central London and then rolled out nationally. These and similar economic flows between London and the UK regions are often two-way, with London dependent on supply chains in the regions, and the regions highly dependent on London's performance. If the capital city succeeds, there are benefits for the rest of the UK—this is not a zero-sum game. We need to make that point, and I appreciate, as

a London MP, that I need to make it very robustly. However, it would be foolish to cut away London's success, because the rest of our country would also suffer.

Westminster's local authority believes that the programme it has in mind could create £12.3 billion of additional economic output and generate a further £2.5 billion to £3 billion in tax returns to the Exchequer simply by producing additional floor space, increasing revenues over and above existing Government projections for the business rates to be collected in our area. The private sector is prepared to invest in a very joined-up, strategic approach to the development of the west end. That will consist of cash payments from property firms and business occupiers towards public realm and road works packages.

My local authority submitted its strategic case and programme to Her Majesty's Treasury in March 2016, and discussions are ongoing. The core of the programme would currently cost £814 million. Of that, £409 million would be required that cannot otherwise be funded from existing sources available to Westminster City Council, such as cash contributions from the private sector, GLA funding and the community infrastructure levy. The preferred funding option would result in Westminster City Council increasing local retention from 4% to 6.5%, enabling it to borrow sufficient funds to finance the entire programme over a 15-year period.

Let me say one quick word—this will probably unite Members of the House, albeit in different ways—about business rates, which are a looming nightmare for many small businesses in my constituency, and I think that that applies to much of London, but also beyond the capital. I appreciate that the Government have put together a very welcome £3.4 billion relief scheme nationally, which is designed to benefit the capital city more than other regions. None the less, the most recent consultation did not provide some London authorities with sufficient time to work out the extent to which our local businesses will be affected. I make this appeal to Ministers: Westminster City Council would like to see something more akin to the 2010 relief scheme, and it very much supports the suggestion that we break rateable value into three categories to recognise the varying abilities of small, medium and large businesses to pay business rates.

I take this opportunity to wish the Government great success with the Bill. I hope it is the first of many moves towards devolution. It has been rightly pointed out that this country, for historical reasons, has the most centralised tax base of any western European country. That cannot be a healthy state of affairs if we are to have thriving local democracy. The Bill is an important first step forward—the first, as I say, of many.

7.39 pm

Mr Jim Cunningham (Coventry South) (Lab): It is a pleasure to follow the right hon. Member for Cities of London and Westminster (Mark Field). I have known him a long time, and I have listened to him in many debates in the House.

I will go along with the Bill tonight and support my Front Bench, but I have to say I am a bit suspicious. I am sure the Chairman of the Communities and Local Government Committee, my hon. Friend the Member for Sheffield South East (Mr Betts), knows what I mean by that, because, to be perfectly frank, we have been

[Mr Jim Cunningham]

here before with Conservative Governments. I have been in local government, and we could go right back to Lady Thatcher's years. When Governments want change, they always use a carrot. One particular carrot that was used in local government way back in the days of Lady Thatcher was local authorities being told that they would be able to keep their capital receipts. They were able to do so initially, but gradually, on a taper, that was faded out. Let us be careful about Conservative Front Benchers enticing us to go down a road that we may regret, because the strategy, as is quite clear now—the Minister as good as said it himself—is to shift the burden of certain services from central Government to local government. As anybody with any experience of local government knows, there will at some time come a point where central Government will want to cut local government spending. Once again, they will say to local government, “You're spending too much money—you're spendthrifts.” We have been down this road before. Nevertheless, I will cautiously go along with these proposals—subject, obviously, to our being able to amend them further down the road.

Having said that, it would be remiss of me not to talk about the situation in Coventry. Coventry suffers from the same prospect of potential job losses, library closures and reductions in youth services that we have heard about from those on my Front Bench. We could name a whole catalogue of problems. Since 2010, there has been a 40% cut in Government funding to local councils. Ministers speak of tough decisions but force impossible choices on to local authorities instead. The Government have passed the buck, quite frankly, forcing councils to scale back services as demand has increased. The funding gap currently facing local councils is massive. These pressures are especially acute in Coventry. The funding for Coventry City Council has been cut by a massive 45% since 2010—in other words, a £315 cut per person in Coventry. This reduction is expected to rise to 55% by 2020. There is no way to make up the shortfall without either cutting services or raising local taxation—council tax.

The pressures on social care create a massive gap that remains between the resources available and the funding required. Services are overstretched across the country. The precept offered by the Government cannot make up the shortfall: it is a panic measure that offers too little too late and will cement the idea of a postcode lottery where service quality depends on the affluence of residents. These pressures have been highlighted recently by Surrey County Council, which now plans to hold a referendum to increase council tax by 15%. In the early '70s, Coventry council did the same thing, holding a referendum on increases in the local rates, as the system was then. Surrey County Council has cited the pressures on social care and children's services. Both the Chancellor and the Health Secretary have homes in areas covered by this authority. This is a Tory-run council in one of the most affluent areas in the country, so it is an admission of failure in the policies of this Government. If funding is going to be so tight in Surrey, how bad must it be everywhere else? More must be done to integrate health and social care. In their last days, the previous Labour Government wanted to get on board with this Government, then in opposition, to create an amalgamated national care service. That was rejected,

and there were various views about that. With health and social care, a failure to deliver on one means a breakdown in the delivery of both.

The 100% retention of business rates by local councils is of course welcome, because it is right that local authorities can shape their services, but this must not come at the expense of further regional inequality. Poorer regions must not suffer at the expense of richer parts of the country. Safeguards are required to prevent a race to the bottom among councils and to ensure that funding is still allocated according to need. Coventry must not lose out once these changes come into effect. I urge the Government to promise that no area will be worse off because of these changes. I also urge them to provide clarity on how this revenue would be distributed so that there is a level playing field for all authorities. I agree with the Chairman of the Select Committee that the Minister should be held accountable every year. As MPs, we are very often in the situation of knowing what our local authority needs, and we need to be able to put its case in this Chamber, not away from the Chamber, so that Ministers can be accountable.

7.45 pm

David Mackintosh (Northampton South) (Con): I support this Bill. I am pleased that the Government remain committed to devolution and continue to push for greater powers for local authorities so that decisions are made by local people who understand how best to help their local area. I agree that wherever possible more powers should be taken from Whitehall and given to the town hall.

As a former leader of a large district-level local authority, I understand how important it is for local councils and bodies to be provided with greater powers to manage their own finances more effectively. The ability to allow local authorities to retain 100% of business rates revenue is essential if councils are to fulfil the roles that we continue to devolve to them. It is a power that I wish I had been able to use while I was council leader. With councils expected to carry out greater duties on a day-to-day basis and also to address the key local issues, it is essential that they are able to retain this money and spend it where they think it may be necessary.

As I am sure all hon. Members agree, the business rates system is very complex. In its current form, there are very few, if any, incentives for local authorities to stimulate growth or their local economies. That is because they do not see the benefits of doing so, for only 50% of the money is ever retained locally. This new way of working will be a challenge, as we all need to acknowledge. Local authorities will have to adapt drastically to a new way of thinking and undergo a significant culture change for this implementation to be a success. I hope that this Bill will push local authorities towards greater self-sufficiency and further away from dependency on central Government.

Andrew Bingham (High Peak) (Con): Does my hon. Friend agree that this means that a small business will work more in tune with its local authority because it can talk about the business rates, and both sides—the local authority and the business—can get a better understanding of how each other works? It also gives the local authority freedom to play around with business rates to encourage more business. We get a better dialogue, which in rural areas such as mine is really important for employment.

David Mackintosh: I am grateful to my hon. Friend for his intervention, and I agree.

With these changes in place, it will be a lot easier to show businesses and residents where and how local revenue is spent, and the direct impact of local decisions. As a council leader, it was always incredibly frustrating to try to explain the complex funding formula to businesses and to residents, and why our great efforts to regenerate Northampton and improve the local economy did not always result in the increased revenue being available to spend locally.

I am pleased that through the Bill the Government will ensure that local authorities that raise less than their competing areas do not necessarily lose out in their local areas, although this should never be an excuse not to fight for investment. As my fellow members of the Communities and Local Government Committee will remember, we recently held an inquiry into business rates where we noted that while we did not underestimate the significance of these reforms, they could lead to significant divergences in authorities' spending power if not managed correctly. I understand that the Government are still working on the exact mechanism that will be put in place for this, but it is an essential safety net. On the other hand, I hope that councils that do receive a higher income through these proposals are encouraged to reinvest the money further to cultivate business rates revenue growth.

I agree with a point made by the Association of Convenience Stores, which noted that due to the small business rate relief, local authorities will gain little growth in business rates revenue from small businesses, meaning that local authorities are incentivised to focus on encouraging business rate growth from larger companies. Local authorities will naturally be looking to sign off on larger planning developments that will deliver higher business rate yields but which have the potential to undermine local high streets such as my very own award-winning St Giles Street in Northampton. I would be interested to hear how Ministers plan to ensure that 100% business rate retention will incentivise local authorities to encourage the growth of businesses of all sizes, not just larger developments.

This Bill continues the devolution that the Conservative party has been working towards in government. By giving local authorities this power, we are allowing them to focus on their own priorities, and to ensure that they have the facilities available to grow and cultivate their own business environment and that we continue to create a more efficient system of local government that works for everyone.

7.50 pm

Jeff Smith (Manchester, Withington) (Lab): It is a pleasure to follow the hon. Member for Northampton South (David Mackintosh) who, like me, brings experience of local government to the debate.

I do not intend to speak for long, but I want to echo concerns that have been raised about the Bill. Like others, I welcome it in principle. I welcome more flexibility for councils to make spending decisions closer to home. We have certainly argued for that in Manchester for a long time. My fear, however, is that the Bill will do nothing to solve the crisis in local government funding. As such, it is a missed opportunity to support local government properly.

No other part of the public sector has been hit harder by austerity than local government. I was executive member for finance on Manchester City Council during the middle years of the coalition Government, so I experienced at first hand the consequences of unfair cuts to local government spending. They are the result of the Government effectively outsourcing the most difficult decisions to local authorities, thereby putting the blame on local councils rather than taking it themselves. I therefore have a natural suspicion of this Government's intentions when it comes to local government funding. I will not forget the role of the Liberal Democrats, either. They are not represented in the Chamber at the moment, but without their collaboration with the Tories, local government would not be in such a parlous state.

Every year Manchester faces impossible decisions about which services to close as a result of the huge funding cuts imposed on us. Since 2010, the council has had to take out more than £300 million from Manchester's budget year on year. Between 2011-12 and 2019-20, there will have been a £600 per household cut in funding. The city council has had to reduce its staff numbers from 10,400 to 6,400. How are councils supposed to continue to deliver services properly with that level of reduction?

I warned when I was making some of these difficult decisions that their full effect would not be seen for some time. I said that it would take time for cuts to feed through the system, and I think that we are seeing that now. For example, in Manchester since 2010, there has been a reduction of £77 million in spending on adult social care, on top of an £11 million reduction in the public health grant. Is it any wonder that we now have a social care and NHS crisis when councils around the country are having to make cuts of that size? I echo the point made by my hon. Friend the Chair of the Communities and Local Government Committee that we need to look at a new way of funding social care with a root-and-branch consideration of how that might be done in future.

The most important thing to remember is that the Bill does not represent any additional funding for councils in the short term. As the Minister said, it is fiscally neutral. While I welcome some of its measures, and although I support in principle the ability of local authorities to retain business rates, there have to be safeguards for those authorities that are less able to raise such revenue. In that regard, the Bill gives rise to more questions than answers. In fact, it raises more questions than answers about local government funding in general.

There is no clarity at all about the most important issue raised by the Bill: how will the Government handle the need for a redistribution mechanism? How will a fairer funding formula operate? What is the basis for any replacement tariff and top-ups? How do we stop the poorest councils losing out? The Government say that councils will not lose out—they are conducting a fair funding review and a needs assessment—but I hope that the House will forgive my scepticism about the Tories' commitment to fair funding in local government as the poorer cities have consistently lost out over the past six years, particularly compared with the southern shires.

Steve Double (St Austell and Newquay) (Con): I am listening with great interest to the hon. Gentleman. Will he acknowledge that rural counties and councils have

[*Steve Double*]

been underfunded by central Government for many years and that all we are doing is addressing the imbalance that has been in place for a very long time?

Jeff Smith: There is an issue with rural funding that needs to be looked at. We calculate that if Manchester had had a fair and equal share of funding cuts across England—not protection from cuts, but the average cut—we would be £1.5 million a week better off, which would go a long way in local government spending.

I agree with my hon. Friend the Member for Sheffield South East (Mr Betts) that the Government need to approach the abolition of the revenue support grant with caution. Councils have different dependencies on RSG. For example, Westminster would need to retain only 8% of its business rates to replace the grant that it currently receives, whereas Wirral would require 187% of its business rates to retain the same amount as its current grant, and the figure for south Tyneside is 259%. That illustrates the London problem: how do we address the much stronger ability of the capital, particularly the City of London, to raise business rates revenue? In all likelihood, that issue will be exacerbated by the proposed house price indexing, which as I understand it means that London will be able to raise £700 million more while everywhere else might raise less. Unless the Government make clear how they are going to redistribute funds, we will run the risk of poorer areas being left behind, especially those where business and industry have been in long-term decline and finding solutions is genuinely difficult. Manchester has a very well run Labour council and we are doing pretty well, but plenty of other areas around the country are struggling and will genuinely struggle to drive growth in the future.

Forgive me for wanting to see the detail before I am convinced by the Bill. We will need to see much more detail as it passes through the House as too much is unclear. For example, there is no clarity about the role of specialist grant funding. In my experience of the extremely complex world of local government finance, it is very easy for Government to make cuts under the radar via reductions in specialist grants. I have seen that happen in Manchester. It is not unusual for the Government to use such a mechanism to force difficult decisions on local councils.

I will end with some positive points. Giving local authorities the ability to reduce the national business rates multiplier has potential, but there are obvious concerns about a race to the bottom as a consequence. I am pleased that tax powers are being given to the mayoral combined authorities to fund new infrastructure projects and to stimulate growth—that has to be good news. I also welcome the multi-year settlements, which are a much more sensible way of allowing councils to plan for the future. While we welcome some of the Bill's measures in principle, I cannot support it without being given a lot more detail and some sense that the Government know how they are going to address inequality between areas and how they are going to make sure that areas such as Manchester will not lose out in the long term.

7.58 pm

Richard Drax (South Dorset) (Con): It is a pleasure to take part in this debate and to follow the hon. Member for Manchester, Withington (Jeff Smith).

The Bill's timing is unfortunate. Certainly in South Dorset, this shake-up of local government finance is regarded as part of a perfect storm. Everyone's minds appear to be concentrated on the ongoing local authority reorganisation, but in addition we now have the question of funding, and how it will be done fairly and devolved properly. However, I entirely endorse the general thrust, as the Government are heading in the right way. Before I forget, on this great day, may I also wish a happy birthday to the Minister for Housing and Planning? I am sure that he would rather be somewhere else instead of listening to me this evening.

I endorse devolution. Local people should have more power to make local decisions—there is no division across the House on that point—but with devolution comes a responsibility, if I can put it like that, for the Government to ensure that there is fair play, whether it be in the difference between urban and rural, or in the difference between the poorer and wealthier parts of our country. As I said in an intervention, moving to the system that the Government propose for business rates raises the question of whether rural areas and the poorer parts of the country will get the funding that they deserve.

Before I move on to talk about five brief points, let me set out my other concern: as pressures on finance grow, the perception from many councillors in my constituency is that the Government are putting more of the tax-raising powers into councillors' hands, but they are not so keen on that if they do not have the resources to ensure that everything is dished out properly and fairly. I just raise that as a concern, but overall I welcome the path that the Government are taking.

I asked around, as is my duty as an MP, to find out what officers and councillors thought of the Bill. As an MP, I must act without fear or favour, so it is my duty to mention five brief points that have been raised: the new homes bonus; adult social care; the business rates appeal; second homes; and underfunding in general. I will touch briefly on all five, starting with the new homes bonus. The significant funding change set out in February 2016 has seen the reduction of six years' funding to five years in '17-'18 and four years from '18-'19 onwards. Worryingly, the inbuilt so-called deadweight of 0.25% set out in the consultation was suddenly changed to 0.4% in December 2016, nine months after the consultation closed. I ask colleagues' forgiveness for the dryness of my words but, let us face it, this subject is fairly dry and can get rather detailed.

The scheme was designed to reward councils for building new homes, but with the deadweight, there is a risk that the incentive is removed. For example, in Weymouth and Portland, the deadweight is 108 homes, so Weymouth and Portland built 234 homes in 2016-17, but received the new homes bonus for only 126 homes. The incentive has been removed and there are no transitional measures to limit the impact. The calculations are based on band D, which disadvantages councils such as Weymouth and Portland where the average property is band B. Even if the authority sees a substantial growth in the number of homes, it will not benefit from the new homes bonus to the extent that the Government might like. It is predicted that Weymouth and Portland will lose just shy of £1 million in new homes bonus between now and 2020.

The Society of District Council Treasurers has made several points about the Government's plans, saying that they are "severe" and that they

"come so late in the budget planning process that many authorities will have little option at this stage apart from reducing reserves."

The society adds that imposing a baseline of 0.4% is "far more drastic" than the 0.25% mentioned in the consultation. Emerging local plans that include a substantial number of new homes often face fierce opposition—nowhere is that more true than in my seat—but the plans are often made more tempting by the promise of funding from the new homes bonus. However, the reward has now been reduced in cash terms, so resistance to new homes is even greater.

I move on to adult social care, about which I have no doubt that all Members have very serious concerns. I do not like to use the word "crisis" because I think that it describes something considerably more serious than our current situation. In the view of those I have spoken to, business rates retention "does nothing" to address urgent needs. Across the country, the £240 million achieved in savings from the new homes bonus reform is going to social care as a one-off grant. This means that while social care gets one year's resuscitation, councils of course lose out.

Taking funding from district councils in such a way forces them to review discretionary services, such as low-level support for older people and other vulnerable groups. We have talked about public conveniences and the interesting fact—I had no idea about this until I listened to a debate by Age UK—that there are 2 million people who cannot be more than 10 minutes from a public convenience. If they are further away, obviously there is a disaster, so many elderly people do not leave their homes. In effect, we are forcing them to stay in their homes and that cannot be right.

In addition, unitary authorities get all the money and two-tier councils, such as those in parts of South Dorset, have to split their revenue, so the district council loses and the county council gains. Social care is delivered through a grant that favours the northern metropolitan areas and takes away from councils such as ours. South Dorset has an increasing elderly population, which is only going to get bigger, so the pressure on adult social care is only going to increase.

Business rates appeals are increasing, and they are costly. Under the new 50% retention rate rules, local government must pay 40% of appeals and settlements against business rates. This year, a company called Perenco, which runs the Wytch Farm onshore oil platform, won a £5 million appeal, and the Ministry of Defence won two £2.5 million appeals for its two Army camps. Both organisations had appealed against Purbeck District Council. Forty per cent. of £7.5 million is £3 million, payable by Purbeck District Council directly. It tries to keep £1 million a year as a safety net, so that is three years of safety net wiped out.

On second homes, the view is that they put up house prices and reduce the number of local people living in the area. That is, again, of concern across the House. So long as a second home is available to rent for 140 days a year—if it is registered as a holiday let and liable for business rates—it avoids council tax. The system lowers the cost of home ownership for those who least need it—they live tax-free in a second home—instead of being

a tax relief for a small business, as was the intention. Business rates relief on second homes makes very little difference to the district, but a huge difference to the county council and the Chancellor. At least 200 newly registered second homes in Purbeck over the last couple of years will mean a loss of £500,000 a year in revenue. At the moment, Purbeck District Council needs to assess how many homes to build, and it automatically adds 10% simply to counteract the effect of second homes.

Finally, in the view of those I have spoken to, the chronic underfunding of district councils is not addressed by the safety net. It is not addressed by the transition grant payments, which only increase uncertainty for budgets if they are recalculated every two years. It is not addressed by paying £65 million to the upper quartile of "super sparsity" local authorities. Their view is that rural services should be separately funded. Finally, it is not addressed by the top-slicing of the new homes bonus. The new homes bonus should be separately funded as well.

With those points I shall conclude. As I said to the Minister of State—again, a very happy birthday to him—I support the direction of travel, but I am a little bit concerned about much of the detail.

8.8 pm

Mr George Howarth (Knowsley) (Lab): It is a pleasure to follow the hon. Member for South Dorset (Richard Drax), and I am sure his comments will be listened to with great interest by Ministers.

The reform of business rates is, as many others have said, welcome in principle. The Minister made very big claims in his opening speech about the benefits that would follow from it. For example, in response to my hon. Friend the Member for Coventry South (Mr Cunningham) he used the argument that the measure would be fiscally neutral, but we have had no convincing explanation of what the mechanics of making it fiscally neutral will actually be. Indeed, my hon. Friend the Member for Harrow West (Mr Thomas) made similar points, yet so far we do not seem to have had any clear answer to those queries. For me, the two tests are: first, will the Bill enable the resources to get to the areas in greatest need, a point that others have already mentioned; and, secondly, will it be fair to council tax payers, businesses and local authorities?

Before I tackle directly some of the issues and how the Bill will work in relation to them, I need to say a few words about the wider context of local government funding and services. In Knowsley, between 2010 and 2020, the local authority's budget was reduced by a staggering 46%—I repeat, 46%—which equates to £94.7 million in cash terms. In other words, Knowsley has already experienced the biggest cut in Government support, which is largely where those figures come from, of any local authority in the United Kingdom. It is therefore quite right for me to make known our concerns about the problem and try to relate those concerns to the Bill.

Such things do not of course happen without consequences. As the National Audit Office made clear in 2014, all local authorities in England had at that time already experienced a real-terms reduction in funding of 37% since 2010. In itself, that represented a 25% cut in councils' incomes. We cannot sustain such cuts without their

[Mr George Howarth]

having consequences. In 2016, PricewaterhouseCoopers said in a report commissioned by Lancashire County Council that there was

“a significant risk that the cost of statutory services will exceed the financial resources of the Council.”

In other words, it predicted the real possibility that that particular local authority—I suspect this would apply to many others—might not be able to function in a legal and proper manner. Such cuts do have consequences. For example, in Knowsley, between 2015 and 2020, schools on average face a funding cut of £240 per pupil. Despite the Conservative party manifesto commitment to protect such funding, many schools in my constituency will be badly affected.

How does the Bill address those problems? Unfortunately, on the basis of what we have been told, the answer is that we do not know. The Minister talked about focus, but too many of the details are still too fuzzy for us to make a rational assessment of how it will work. We therefore need the measures to be stress-tested.

A briefing note I have received from the Liverpool city region says about the Liverpool city region pilot scheme:

“Despite submitting its formal proposals regarding the scope of Pilot Scheme to the Department for Communities and Local Government in October 2016, the City Region has still had no indication of what the Pilot Scheme will look like, or even when the details of the Pilot Scheme will be provided. This is now severely hampering our ability to plan effectively for the Pilot Scheme’s imminent commencement on 1 April 2017.”

The people who are expected to do the testing that will take place do not even know what the terms of the testing will be, and that, frankly, is a matter of great concern.

I want to move on to the question of additional funding for city regions such as the Liverpool city region. Today, I was at the launch of the campaign of my hon. Friend the Member for Liverpool, Walton (Steve Rotherham) to be the first ever elected city region Mayor, and he made a very good fist of explaining how he wanted to use the funding. However, there is so much uncertainty about how the powers and the resources can be used, particularly in relation to infrastructure resources, that when he comes in, it will be almost impossible to say what measures and resources will be available to carry out some pretty critical infrastructure changes.

I will not say any more, but it seems to me that the two tests I set at the beginning—whether the Bill will get resources to the communities most in need, and will be fair to local government, business and communities—still have not been met, because we do not have enough detail to know how it will work in practice. I appeal to the Minister for Housing and Planning to give a commitment, when he winds up, to start talking to Liverpool city region, the council leaders who at present run the combined authority, the mayor of Liverpool and the candidates for the city region Mayor about how all this will work. At the moment, the complete lack of clarity has left people utterly bewildered, and I am sure the Minister would agree that that is not the position we want local government to be in. I hope that we can have more dialogue. As I said at the beginning, I am not

opposed to the principle of the Bill, but we do need more detail, more clarity and more dialogue, and I do hope we will get that.

8.16 pm

Amanda Milling (Cannock Chase) (Con): It is a great pleasure to follow the right hon. Member for Knowsley (Mr Howarth). I, too, wish the Minister for Housing and Planning a very happy birthday, and I hope he gets some time to enjoy it.

I am very grateful to have the opportunity to speak in this evening’s debate. I want to focus my contribution on part 1 of the Bill, which builds on the reforms of business rates undertaken in the last Parliament by extending business rate retention from 50% to 100%. I welcome these changes as a key part of the devolution of powers and budgets, and a move away from local authorities’ reliance on central Government grants. These reforms will give local authorities greater control, responsibility and accountability. I believe that this is a great way to provide councils with something they find very important—financial certainty.

I was a local councillor before entering this place, and I know how councils set their budgets and the challenges they face when doing so. Councils plan their budgets many years ahead, which requires a degree of certainty. Having a way of protecting a certain financial position for years ahead is very much in the interest of local government, allowing councils to plan projects and services for years to come. On the whole, local government is very efficient and has for many years shown all of Government how we can do more with less. Many local authorities that deserve to be congratulated on their budget in these difficult times have protected frontline services by sharing services with other councils, investing wisely, developing their local economy and taking many other actions to rise to their financial challenges.

Various aspects of the Bill will give local authorities more control, including the ability to set and reduce the business rate multiplier, creating incentives for them to grow their business rate income. Rightly, these reforms are fiscally neutral, so with the retention of business rates will come additional responsibilities. As a consequence of devolving these powers, there will inevitably be greater accountability. The powers that local authorities will have, and the decisions they will make, will directly influence outcomes for local residents and businesses. I also know that local government relishes new challenges. There are many services that it wants to get involved in for the betterment of local communities, and so that it can bring its passion, its drive for efficiency and—it offers this above all—its direct connection with voters.

However, business rates do not always offer councils certainty, and councils can face the problem of large ratepayers closing their operations. Therefore, although I wholly agree with the Government’s plans to extend business rates retention, I wish to address the issue of protection for local authorities that are faced with significant business rates losses.

Last June, Rugeley B power station ceased operations. It was incredibly disappointing news for the employees and contractors working at the site, and also for the local community, as the power station had become home to a large number of sports clubs and recreational groups. The closure has also hit the local council, Cannock Chase District Council, hard, as it saw it lose £1 million

a year in business rates. Unfortunately, it is my constituents—my local residents, business and charities—that are paying the price for the failure of the Labour-run local authority to plan for that.

Anyone who has worked in business will be familiar with SWOT—strengths, weaknesses, opportunities and threats—analysis. Given the scale of the business rates losses and the impact on the local council's financial stability, the threat of the power station closing should have been at the top of the council's priority list of issues to prepare for. It will have been aware that there was always a risk that a 40-year-old coal-fired power station would close and that it was coming to the end of its life span. It should have had contingency plans in place. The consequence of its not doing that is that the Labour-run council is now having to make cuts to services which will adversely affect my constituents. It should have planned sooner for that eventuality and embarked sooner on further efficiency measures. It would have been in a far better position now, instead of having to default to an argument of blaming the Conservatives for its financial woes, especially given that it is better centrally funded than its three neighbouring Conservative district councils.

That said, the impact of the business rates losses should, hopefully, be a short-term issue. The gap will be filled to some extent with the Mill Green designer outlet village, which is going to be built in Cannock. In conjunction with the redevelopment of the power station site, that should lead to business rate growth for the council in the medium to long term. In fact, I believe that with ambitious, bold and visionary plans, we could create an incredibly bright future for Rugeley based on a new industrial landscape that would serve the local community for decades to come, with highly skilled jobs for future generations. But in the short term we have a shock to manage, and it is my constituents who are now having to deal with the Labour council's failure to balance its books in the short term.

I urge the Minister to consider transitional funding to see the council through the next couple of years, as I, for one, do not want to see any obstacles put in place to the redevelopment of the power station site and the regeneration of Cannock Chase more broadly. Although I believe that the council should and could have done more to mitigate the business rates impact of the power station's closure, the situation raises questions about how we support local authorities and protect them from significant shocks of such a nature, particularly as we move towards 100% business rate retention.

I would like to ask the Minister three questions. First, what measures are being taken to support local authorities and protect them from the impact of power station closures, or for that matter the closure of any business that is a significant business rates contributor? Secondly, what discussions has he had with his counterparts in the Department for Business, Energy and Industrial Strategy on managing such transitions and helping local authorities as we phase out coal-fired power stations? Finally, what support can the Government give local authorities to help the regeneration of large development sites, so that they can attract high-tech businesses, which will in turn create highly skilled jobs?

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Before I call the next hon. Member, may I say that the last two speakers have been very disciplined in taking only eight minutes each? If everybody now restricts themselves to eight minutes each, I will not have to put a time limit on speeches, which will make for a much more pleasant and better flowing debate.

8.25 pm

Melanie Onn (Great Grimsby) (Lab): It is a pleasure to follow the hon. Member for Cannock Chase (Amanda Milling). This is an especially timely debate, because it comes just after the Prime Minister spoke to my local paper, the *Grimsby Telegraph*, about planned funding for North East Lincolnshire Council. When she was asked how the Government's cuts to some of the least well-off areas of the country squared with her promise to help people who are "just about managing", she suggested that North East Lincolnshire was receiving more than enough funding, and that taxpayers in the Yorkshire and Humber region had no reason to complain about their council tax going up.

The fact is that North East Lincolnshire Council has seen its budget cut by some £79 million since 2010—as good as chopped in half. On the ground, that has meant that recycling has been cut to a fortnightly collection, charges for bin collections have had to be introduced and have recently been increased, children's centres have been closed and merged into new hubs, and public toilets are being closed.

On that point, may I ask the Minister to expand on clause 9, which comes under the convenient heading of "Reliefs"? Will that relief come too late if the public toilets have already been shut? I raise that point because it is a significant concern to people not only in Great Grimsby but in my neighbouring constituency of Cleethorpes, which is a big tourist area. If the relief—I am sorry to keep using that appropriate term—comes too late, those facilities will not be there for people from outside the area to come and use. As has been mentioned, organisations such as Age UK and Crohn's and Colitis UK are lobbying hard to ensure that public conveniences are not lost. That is particularly important for parents of disabled children and young children, and for older people.

On a visit to Ormiston South Parade Academy last Friday, I was asked by the schoolchildren whether I could make sure that there were more bins near shops, because they have noticed that litter is starting to pile up. Such things might not make the front pages, but they are noticed and they really matter. Another is the increase in fly-tipping, which is a blight on all our communities. As my hon. Friend the Member for Manchester, Withington (Jeff Smith) said, the cuts have taken their time to have an impact on local communities, but that impact is really starting to be felt across the piece. It is not about Labour councils versus Conservative councils—it is affecting communities across the country.

Perhaps the worst way in which the cuts to councils' budgets have been felt has been in the care sector, and in the knock-on effect that is having on the NHS. Government cuts to my council's budget have caused spending on adult social care in my constituency to fall by 20%. I have given examples in previous debates of how this is forcing people to live in unacceptable conditions. It has also become clear this winter that the Government's

[Melanie Onn]

downgrading of the social care system is having catastrophic effects on our NHS. So-called “bed blocking”—where patients are fit to return home or move to a care home but no places or in-home support are available—is sapping hospital resources and leading to waiting-times targets being missed by considerable distances. It also resulted in the outrageous circumstance at my local hospital of a 95-year-old woman being discharged from accident and emergency at 4 am because no beds were available.

People in north-east Lincolnshire are facing an almost 10% hike in their council tax bills over the next couple of years because of the Government’s policies, and there is no prospect that that will be enough money to fix these endemic problems. The autumn statement showed an increase in business rates income to the Treasury of £2.4 billion in 2017-18, but that remains unallocated. Why do the Secretary of State and the Minister not protect people from a massive rise in council tax bills by investing the money in social care and ending the precept? To Conservative Members who think that I am making a partisan attack on the Government, I would point out that my Conservative neighbour, the hon. Member for Cleethorpes (Martin Vickers), has also gone on the record to call for an end to local authority cuts, saying:

“Many of the things that make our lives that little bit better... are being cut to the bone”.

In the interview I mentioned earlier, the Prime Minister said that cuts to councils such as North East Lincolnshire were necessary to eliminate the deficit, but that goes no way to explaining why the lowest-income areas, which are generally unable to raise enough funds from local business rates, are facing the harshest cuts, while her local authority is one of the three least-suffering councils.

Kevin Hollinrake: The hon. Lady blames the Government for the funding plight in her local authority area, but the spending power of all of north Lincolnshire is £711 per head, whereas in the top-10 local authority areas in London it is £1,171 per head. Is it not the system that is at fault and the way money is distributed, rather than the Government? It is distributed according not to need but to what has happened previously.

Melanie Onn: I do not agree that it is just about the system following what has always been. I think there needs to be a reassessment of need. It is not just about following the previous system: the £79 million of cuts has nothing to do with what happened before; it is a result of decisions made over the past seven years. As my Labour colleagues have said, we are broadly supportive of the principles in the Bill, but none the less my constituents would want me to ask the Government to make sure that my local authority is no worse off in the future than it is now.

8.32 pm

Steve Double (St Austell and Newquay) (Con): It is a pleasure to follow the hon. Member for Great Grimsby (Melanie Onn) and to contribute to this debate. I also wish the Minister a happy birthday—I am sure there is nowhere else he would rather be.

I am delighted that the Government, through the Bill, are continuing their agenda for devolution. The measures in the Bill will revolutionise how finances are raised and bring greater flexibility and accountability to local government. The retention of business rates, for which local councils have been asking over many years, is welcome. The developments in the Bill are particularly welcome in Cornwall, not least because Cornwall is one of the pilot areas for the 100% retention of business rates, which will enable us to be an early adapter and to contribute to fine tuning its roll-out across the country.

That is another sign, following the devolution deal for Cornwall agreed in 2015, that the Government recognise the particular challenges and identity of Cornwall. I am sure that Members across the House will be aware of Cornwall’s dramatic geography: we jut out 90 miles into the Atlantic; our foundations are built on granite; and we are surrounded by fish-bearing seas on three sides, while the River Tamar almost gives us island status. Our geography has contributed to our unique identity and independent attitude, although it also presents many challenges. We have only one neighbouring county—Devon.

Our land is rich in natural resources. Only this week, that was taken further, with the announcement of large lithium deposits, and extraction of this precious metal is now eagerly expected. With the growing global demand for lithium for the production of batteries, this stands to write another chapter in Cornwall’s long history of mining, following on from tin, copper and China clay. We hope to breed a whole new generation of Ross Poldarks—hopefully, a bit more successfully. This change will mean that the local authority will be able to benefit directly from the future growth of this new industry. It will hopefully mean that the local authority will be very supportive of developing this new industry in the near future.

Cornwall’s claim to its own independent identity in culture has been long established, and its desire for greater self-rule has been rekindled in recent times. These days, we Cornish do not march in anger on Westminster as we did in 1497 to protest at the imposition of yet another tax. That attempt did not end too well for the Cornish. No, we have learned, and we now prefer to work more constructively with the Westminster Government, but the desire for greater devolution of powers remains as strong as ever.

I wholeheartedly welcome this Bill as a key move towards devolving more powers. It is an ideal balance between being given the autonomy required to act and being accountable locally without progressing into the unnecessary and expensive bureaucracy of yet another layer of government. I do not believe that we need yet another layer of government in Cornwall, as some would like to see, but I support and I am working towards giving greater powers to the existing bodies in Cornwall. The measures in this Bill will take another step towards making Cornwall Council more responsible and more accountable for Cornwall’s future.

The current review of business rates was long overdue. The delay had led to rates being out of sync with the business community and the constantly changing landscape that businesses face. It left areas that are struggling for whatever reason further disadvantaged, putting additional unwelcome pressures on them. When a high street is blighted with empty shop space, the last thing it needs is

yet more businesses pulling out because of high rates, leaving more shops empty, which can reduce the footfall and further disadvantage those left behind.

With the new measures in the Bill, councils will be able to take a more flexible approach, which has to be welcomed, by being able to adapt the local business rates to suit the needs of their communities and businesses. They can work to attract new businesses where they are needed. This freedom for local authorities to set and vary business rates according to local needs and situations, which will come in 2020, will be a key advantage. It is the local equivalent of Brexit—taking back control for the good of the local community instead of having a one-size-fits-all scenario imposed by a remote authority that all too often does not actually fit in any case.

Alongside that, there are other specific key changes in the Bill, one of which I would like to address in closing. Over recent years, I have campaigned on the importance of public toilets, which are essential in a tourist area such as Cornwall. I have to choose my words carefully here, but a few years ago when I was the cabinet member on Cornwall Council responsible for public toilets, I spent many months touring the 285 public conveniences of Cornwall. I spent far more hours than I would like to admit in some of those toilets.

In recent years, Cornwall Council has been seeking to hand over all its public toilets to town and parish councils and other community organisations. One of the biggest barriers to that is the cost of running the toilets—and a large part of the cost is that they are liable for business rates. It seems crazy to me that public toilets are liable for rates. They are an essential public service and do not make a profit; they are not a business. Thankfully, the Government have recognised this, and from April 2018, local authorities will be able to use their “discretionary relief powers”—“relief” seems to be the appropriate term here—to remove the business rate liabilities for toilets.

My Cornish colleagues and I raised that with the former Prime Minister, David Cameron, back in 2015 when he visited the county. We have been pressing for this change since, and I am delighted to see that the penny has dropped and that the Government are now addressing this issue. That will enable councils throughout the country to drop the lunacy of charging themselves rates to provide something as basic as a toilet, as well as reducing the costs of running toilets for parish councils and other community organisations that may wish to take on that task.

I am pleased to be able to welcome and support the Bill. The measures that it contains represent another significant step in the Government’s vision of, and commitment to, the devolution of appropriate powers and responsibilities to local government.

8.40 pm

Helen Hayes (Dulwich and West Norwood) (Lab): It is a pleasure to follow the hon. Member for St Austell and Newquay (Steve Double), but Members may be relieved to know that I shall not be speaking about public toilets.

I support the principle of business rate retention. However, the test of the Bill must lie in the extent to which it delivers fairness across the country, and on the basis of that test, I have some concerns. My first concern

is about the context of more than six years of profound unfairness to local government in which the Bill is being introduced. Local government has faced swingeing cuts, imposed initially by the coalition Government and continued and intensified by the current Government. During the period between 2012 and 2020, the average cut in spending power per household for deprived council areas will be more than five times higher than that in more affluent local authority areas. By the end of this Parliament, the average cut in those more affluent areas will be £68 per household, while for deprived areas it will be more than £340 per household.

It is one of the profound injustices of the past six years that many council areas in the greatest need—those with the lowest average incomes and the highest levels of deprivation—have faced the harshest cuts. The Government have been weakening the link between need and funding. It is disappointing that we are debating the Bill in the absence of details of the fair funding review, which would enable us to apply a test of fairness to the Bill and debate it properly, in a fully informed manner. There is no necessary connection between rising levels of need for social care, for example, and the ability to raise additional revenue from business rates through economic growth. In fact, in many areas the reverse will be the case, and it will be precisely the areas with the highest levels of need that also face the greatest challenges in terms of economic growth.

My second concern relates to the challenges currently faced by local authorities as a consequence of the cuts that they have experienced. The most acute of those challenges is in social care. A million people across the country who need care are not currently receiving any. Contracts are being handed back to councils because providers cannot make them work, and our NHS is feeling the pressure of a system that all too often does not give people the support that they need, which results in an acute health crisis.

There are pressures on many other local authority services as well. Libraries and children’s centres are being closed, park services are being cut, and those working in children’s services are struggling to keep our most vulnerable children safe. A system that is already under such pressure requires reform that is guaranteed to deliver additional resources to the areas that need it most. I am concerned about the risk that the Bill poses in the absence of the details of a redistribution mechanism.

My final concern, which I raised when the Select Committee discussed the issue, is about the loss of a democratic link between the source of funding and the services that it predominantly funds. A very high proportion of councils’ funds—up to 75% in some areas—are spent on services that protect our most vulnerable residents, but that concern is not typically uppermost in the minds of most businesses. I fear that councils may find themselves in an uncomfortable tension between voting and taxpaying residents and the businesses that will provide most of their revenue. I would welcome an assurance from the Minister that the Government will monitor the issue, and will ensure that funds for key social and community services are not eroded under pressure from a different taxpayer-stakeholder group.

The Government’s track record on fairness for local government funding is appalling. I call on the Government to publish details of the process for redistributing business rates so that we can ensure that the new arrangements

[Helen Hayes]

are fair; to look, in the short term, at the crippling crisis facing social care and other local authority services, and redress the balance; and to ensure, over time, that the services on which our most vulnerable residents rely are not placed at further risk. This reform should be being introduced as part of a package of fiscal devolution reform for local government funding, designed to embed fairness in the system and place control firmly in the hands of local authorities, which know their communities best.

8.45 pm

Kevin Foster (Torbay) (Con): It is a pleasure to follow the hon. Member for Dulwich and West Norwood (Helen Hayes). The only observation I would make is that, as in many other speeches from the Opposition Benches, we heard a list of local authority funding and what happened in the last Parliament between 2010 and 2015, but I am drawn back to my earlier intervention on the shadow Minister. After nearly five years of complaints from the official Opposition about local authority funding, the then shadow Chancellor, now a “Strictly Come Dancing” star, was challenged about how much extra he would be putting in, with the plans until 2017 having been published, and the answer was nothing. It has therefore been interesting to hear some of what we have heard again tonight.

I came to this debate with high hopes, because, having read clause 9, I knew this would certainly not be a bog standard Second Reading debate.

Mr Gareth Thomas: Will the hon. Gentleman give way?

Kevin Foster: I am happy to give way—certainly on that point.

Mr Thomas: I have a copy of our 2015 election manifesto. It makes clear that we would have transferred £30 billion of funding to the city and county regions, so I hope that the hon. Gentleman will withdraw his remark.

Kevin Foster: The shadow Minister talks about transferring funding, but his party would have transferred responsibilities. When in January and February 2015 there was a direct challenge to the former Member for Morley and Outwood—it is interesting that he is the former Member—on how much extra Labour was going to put in, the answer was nothing. While there would have been a transfer, there certainly was not going to be anything extra after five long years of complaints. Perhaps that was also one reason why people did not have much confidence in the Labour party having a real programme for government and duly dealt it the electoral blow that surely had to follow, and that I suspect will soon follow again.

I want to go into the details of the Bill and explain why overall it is welcome. When I became the cabinet member for city development in Coventry—I had some quite constructive dealings with the hon. Member for Coventry South (Mr Cunningham) at that time—as part of the training scheme we were briefed on what was called the Birmingham dilemma. Previously, councillors in Birmingham had chosen to spend money on regenerating the city, but of course to do that they had had to take

money out of the services they were responsible for. While the regeneration had created new jobs and brought new business rates in, they took the blame for the cut in the services that they had had to make to fund it, and they did not get the reward when a significant amount of extra revenue was generated for the national Exchequer. We were briefed on that, and on how we could balance the fact that if we wanted to start regeneration or push forward a project as a local councillor, we did not get any of the reward for doing that financially; we only got the esoteric reward of being able to point to lower unemployment figures in our area or point out that the town centre was looking a bit better following the regeneration scheme. The incentives in terms of day-to-day profit and loss, or, rather, the revenue budget, were just not there. That is why the change to give local authorities more ability to retain the business rates growth they receive and remove that dilemma from local councils is welcome.

It is particularly good that we are now moving to 100% of that growth being retained. Of course in scrutinising this Bill in detail there will need to be some mechanism for when there is a sudden windfall; to be fair, that was touched on by the shadow Minister. Through a stroke of luck, a piece of national infrastructure might be dropped off in a district council area, but that might not necessarily be a sign of taking radical decisions for growth. Likewise, however, if a community is getting a piece of national infrastructure dropped off in its area, it is not unreasonable for it to want to get a direct reward from the business rates concerned.

James Heapey: It is not always the case, of course, when a significant piece of national infrastructure is dropped into a community’s lap that the local authority keeps the business rates. It would be great if a nuclear power station did mean that, but at the moment it does not.

Kevin Foster: I am sure that some of the residents living around Hinkley Point would be very pleased if their district council got those business rates. In some areas where very large developments go ahead, that would probably involve a dividend being declared rather than a council tax being set. However, it is right that our system has balance. Certain circumstances could not possibly be affected by a local authority’s decision—a steel plant closing down, for example—so we would have to look at a situation like that from the other way round. These are the details that we need to go into, but it is absolutely right that local councils should be able to take decisions to innovate and get an actual hard cash reward for doing so, which they can then use to benefit the residents who have been prepared to support them in taking those decisions.

In looking at how we fund local government, I am pleased that we are not considering measures such as a tourist tax, which have been suggested in the past. That would be completely counterproductive in an area such as Torbay. The last thing we need to do is create additional costs for people visiting and staying in the UK, and I am pleased that those kinds of ideas have not come anywhere near the Bill.

There is an issue with social care. We have heard a lot of talk today about this in relation to urban and rural areas, but there is also a real issue in coastal areas. A lot

of coastal authorities in county areas, as well as stand-alone unitaries, can find themselves taking a hit at both ends of the spectrum. For example, my local authority has a ward in which 9% of the people are aged over 85, which presents its own challenges, and at the other end of the spectrum, I have a higher than average number of children in care and one of the highest rates of teenage pregnancy. That can present unique challenges for coastal communities, regardless of whether they are unitary authorities or part of a county or two-tier structure. Perhaps we need to have a debate about how we can reflect those different challenges in relation to funding opportunities.

I also welcome the fact that the infrastructure supplements are being brought forward, particularly for combined authorities. There has been some talk about why these powers have been given instantly to directly elected mayors. I expect it is because they are directly accountable and it is they who take the decision to implement these measures. Again, I think it is right that we should look at that question over a wider area. In many cases, a local urban area that might experience business rate growth could be dependent on infrastructure coming through nearby rural areas. For example, one of the biggest boosts for Torbay's infrastructure—the south Devon link road—is 99% in Teignbridge District Council's area, but the road clearly has a huge benefit for Torbay. In the future, could such development projects be dealt with through this kind of arrangement, rather than having to wait decades for a decision at national level?

Overall, the Bill is welcome. This is its Second Reading, so there is clearly time for far more detailed consideration in Committee and when it returns to the House on Report. From my perspective, and from my experience in local government and seeing what is happening in places such as Torbay, I believe that the Bill sets the framework for a debate about how we can deliver a real incentive to local authorities and a clear reward for those communities that innovate and grow, but without penalising any other community.

8.53 pm

Kevin Hollinrake (Thirsk and Malton) (Con): It is a pleasure to follow my hon. Friend the Member for Torbay (Kevin Foster), who speaks with much knowledge on this subject. The business rates retention provisions in the Bill clearly have huge potential for our local authorities, which will be able to focus on economic growth in their area, and to grow their rates base and therefore their income. However, this is an incentive around growth rather than the whole redistribution of the current local authority funding system. Most of the revenue going into local authorities will be baked in and redistributed according to a formula whose details we do not yet know, but I am heartened to hear from the Minister that the fair funding review is being taken forward. A technical working group from the Local Government Association has now been charged with that responsibility.

The principle has to be that there is a fair funding formula wherever we live. There cannot be a postcode lottery. The previous and current Secretaries of State have been clear that that is a key part of the proposals. The Communities and Local Government Committee looked into the business rates retention policy, and our report considers the concerns and the opportunities.

Overall, we were supportive of the principle of the Bill, but we recommended that an independent body should look at the funding review. I am sure that the LGA has some good people, but it is important that we have a fresh look at this, so it would be good to have someone truly independent who can sit back from where local government is today.

In addition to the Committee's initial witness sessions, we had about an hour and a half in the House of Commons Library with some experts from the Scrutiny Unit during which they tried to explain the current system to us, but we left none the wiser. I understand that 159 measures are currently in use, so the current system and the way in which the measures combine is very complex. With so many measures, one would think that the current system would be fair, but it is absolutely not.

I am grateful to Leicestershire County Council for its detailed work—it is available on its website—on authorities' core spending power. As many will know, core spending power involves all an authority's revenue, taking into account the revenue support grant, council tax, business rates, the new homes bonus—everything. Opposition Members might say that this is a political argument involving the shires against metropolitan areas, but the council's evidence did not suggest that at all. Many mets are not getting a fair deal, but many shire counties, such as the one that I represent, are not getting a fair deal either. The fairest deals seem to be those of many London authorities. Nine out of 10 authorities with the highest spending power are in London, yet nine out of 10 authorities with the lowest council tax are also in London. Over the past five years, a typical council tax bill outside London has increased by £100 whereas the average bill in London has decreased. Something about how overall funding is being allocated under the current system is not quite right.

To put those figures in context, the spending per head of the local authority with the highest spending power—obviously a London authority—is £1,170. That figure falls to £770 in North Yorkshire and to £615 in York. There are many other examples, such as Kirklees, Leeds, Wigan, Bury and Wakefield, of authorities getting a raw deal. One might put that down to certain other factors, such as a correlation with deprivation, income or another demographic, but that is not the case. Areas with high income deprivation, such as Leeds or Kirklees, or with a high proportion of elderly people, such as the East Riding of Yorkshire or Dorset, often have a low amount to spend per head. The system just is not working. The 1988 centralisation of the system, under which money was to be redistributed around local authorities, was supposed to make the system fair by ensuring the equal funding of services on the basis of need, but that clearly has not worked and we have been left with a postcode lottery.

I am not picking on London, because some London local authority areas, including that of the Minister for Housing and Planning, whose birthday it is today, are not particularly well funded, but the pattern persists. To put the situation into context again, Hammersmith and Fulham is not increasing its council tax this year. It is not applying the adult social care precept, but it is providing free home care to residents and has cut the price of meals on wheels. Hardly any of those facilities are now available in my area. It is simply not fair that people in different parts of the country with the same needs are getting different levels of service.

[Kevin Hollinrake]

Of course there is an impact on the provision of other services in my local area of North Yorkshire. Libraries are closing or are being moved over to community libraries. Bus services will no longer be subsidised, so some services will no longer operate. Obviously there is an effect on children's services and, crucially, on adult social care—we have a more elderly population in North Yorkshire.

This is not an easy situation to resolve. Moving from one system to another is a zero-sum game. If the system is to be made fair today, somebody will lose out. We have to move away from a system that is clearly unfair. I understand that the system is as it is because of something called regression. Past inaccuracies and unfairness have been built one on top of one another, and it is difficult to reverse those changes.

Of course more money is coming into the system—£12.5 billion, according to the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Mr Jones). Some extra services will clearly be required for that money, but there is an opportunity to make the system fair. Yes, there will be more services and greater responsibilities, but some areas are getting a better deal today.

Simon Hoare (North Dorset) (Con): Does my hon. Friend agree that, in order to ensure that the problems that he highlights are not replicated in the new system, we need to find an agreed and sensible way of measuring rural deprivation? That is often incredibly hard to measure compared with deprivation in urban areas because of the scarcity and sparsity of the population.

Kevin Hollinrake: My hon. Friend makes a strong point about simplifying the system, which I was about to address. There cannot be 159 different indicators. We know that that does not work. Leicestershire has suggested nine simple indicators, including children's services, adult social care, highways, fire, area costs, sparsity and density. That is a simple formula that people can understand and penetrate, and it would make sure that the allocations cater for the extra responsibilities we are getting through the system. We should use those nine simple cost drivers instead of this regression, which is a model based on something that clearly does not work. We need a progressive move away from that regression towards a simple, standard, penetrable formula based not on where we live, but on a fair system with fair resources and a fair assessment of the cost drivers wherever we live.

9.2 pm

David Warburton (Somerton and Frome) (Con): I join other hon. Members in wishing the Minister for Housing and Planning a happy birthday.

The House has been very patient. I will not hold up our proceedings for long as I am sure the Minister wants to enjoy his birthday for a couple of hours. The House has also been very accommodating, as we are yet to hear a lot of the detail regarding the Bill. As Members on both sides of the House have said, particularly the hon. Member for Sheffield South East (Mr Betts) and my hon. Friend the Member for Christchurch (Mr Chope), there is an awful lot that we still do not really know, but overall the Bill is immensely welcome.

There will be a collective sigh of relief across Somerset and other rural areas about clause 7's extension of rate relief to rural areas, which will go some way towards putting rural areas on a more equal footing with urban areas, although there is still so much to do in many other regards for us to achieve anything like an equal footing. Small businesses in my constituency have raised that inequality with me, as I am sure others have in constituencies across the country, so it is good that we are addressing it.

Business rates appeals have cost some £2.5 billion over the past five years and, like the Local Government Association, I am pleased that the Bill sets out how the Government will pay local authorities for the cost of appeals, which will clearly make a difference. The proviso to that, however, is that that mechanism must be in place before the 100% retention of business rates, because if it is not, surely the local authority would be liable for 100% of the cost of appeals. I do not fully understand that, but no doubt we will hear more about it—I look forward to hearing what the Minister says. The retention of the redistribution mechanism for topping up a local authority's funding if it does not raise enough means that the Bill is extremely good news on business rates as a whole, not only for local authorities but for small businesses.

On the wider funding issues, altering the local government finance settlement so that it becomes multi-year instead of yearly will of course provide local authorities with the opportunity to plan ahead. That will give them certainty and clarity so that they can look ahead like any other business or organisation as we transition to the system in which they retain 100% of local business rates. Again, perhaps we will learn more about the details of the proposal.

In rural Somerset, telecoms infrastructure is an enormous issue. Many small businesses in hamlets and isolated areas are left behind by superfast broadband. It feels like the 10% of businesses that are yet to be connected are all in my constituency, so while the tax break incentive for infrastructure development is enormously welcome, existing infrastructure also needs improvement. We have creaking half-copper wires all over the place, so I look forward to the other elements of the £1 billion connectivity investment that was announced by the Chancellor in the autumn statement.

I have general concerns about the financial priority that is being given to areas that are planning to have a mayor. The devolution plan for Somerset is widely controversial. Under the existing plan, in which Somerset and Devon would come together, having a mayor would not seem to be the right way to proceed. I am not sure what that would mean for financial incentives, so there is work to be done.

Overall, however, the Bill is extremely welcome. It delivers on our commitment to devolve budgets and powers to local government, and it moves local government away from dependency and towards self-sufficiency. As Voltaire and Spider-Man's uncle both said, "With great power comes great responsibility." It is clear that the responsibility that the Bill provides will strengthen both the position and the powers of local government.

9.7 pm

James Heapey (Wells) (Con): I welcome the proposed devolution of business rates, so in that sense I support the Bill enthusiastically. I have no doubt that the retention

of business rates will encourage local councils to be more entrepreneurial and rejuvenate economic development departments in city and county halls. In the long term, I am sure that the new focus on local economic development, and the Government's industrial strategy, with its focus on growth in all parts of the UK, will deliver self-sustaining local authorities that deliver high-quality public services in all parts of the UK. But we are not there yet. In fact, we are nowhere near.

Per capita funding for predominantly rural local authorities is significantly below that for predominantly urban authority areas. Why? Because that is just the way it has always been. There is no rhyme or reason to it; it is simply a legacy of old funding formulae, so rural areas have continued to be at a disadvantage. That is iniquitous, and it needs to be corrected. Instead, under the settlement announced, the gap will widen further. Last year, rural MPs on both sides of the House won a concession for extra money in the rural services delivery grant that effectively ensured that last year's cuts were shared equally between urban and rural areas, but that was just a sticking plaster that did not change the settlement for this year, or the two that follow. However, I remain ever hopeful that, like last year, some additional money can be found to provide some extra rural services delivery grant to ensure that, again, the cuts fall fairly and that rural residents are not left at a disadvantage. I am clear, though, that that will be just another sticking plaster, and that what local authorities need more than anything is certainty—certainty to borrow, invest and budget in the long term so that local public services are on a more stable footing. That means that the current review of local government funding needs to be accelerated, and accelerated urgently.

Furthermore, we should be bold in our ambition for the scale of that review. A review of local government funding is needed that fully recognises the costs of rurality; the costs of an ageing population; the other costs faced by local authorities around the country in both rural areas and urban areas; the costs of communities in which English is predominantly spoken as a second language; and the costs of pockets of high deprivation both in urban and rural areas. All those costs must be understood. We need to put in place a new funding formula for local government that is entirely transparent and entirely fair for all our constituents, whether we represent rural or urban areas.

In Somerset, we are already paying extra on our council tax to protect ourselves from flooding. We will pay extra on our council tax for adult social care. Our cost of living is rising fast, because fuel costs are going up, which impacts on rural areas more than on urban areas. In return, Somerset residents are getting their bins collected less often, the libraries are open less, youth clubs have lost their funding and bus routes are being lost.

Somerset County Council has done a great job running into this headwind, not least because it does so while carrying the enormous debt left by the Liberal Democrats when they were last in charge at county hall. That £20 million a year interest and debt repayment is a very useful reminder of why Somerset is better off under Conservative control. We should be clear that the alchemy of the Conservative administration at county hall in Taunton—just as in other county halls across the country—cannot go on forever. There must be a review that not

only delivers the devolution of business rates, but, in the short and medium terms, ensures that we continue to redistribute money from London and the south-east to the rest of the UK so that local authorities in rural areas, and in the regions of the United Kingdom, can be given a financial settlement that allows them to continue to deliver high-quality local public services with the certainty that is required so that they can borrow, plan and budget for the long term.

I agree with the principle of this Bill. I absolutely agree with the devolution of business rates to local authorities. It is a great idea to give local authorities the opportunity to be more entrepreneurial, to invest in their economic development departments and to reap that return by growing on their patch the number of businesses paying rates, which allows them to do even more by way of public services. Clearly, it is the long-term future, but we should make no mistake: that system will not work immediately on its introduction. What we need in the interim is a full review of local government funding so that our county councils, district councils and councils everywhere else in the UK can operate with some certainty. We do not have to have this year-by-year cut to local public services that annoys our constituents and that means we have such full mailbags.

9.13 pm

Peter Aldous (Waveney) (Con): I apologise for not being here at the start of this debate. I am grateful to you, Madam Deputy Speaker, for allowing me to say a few words. I will not detain those on the Front Benches for very long.

This Bill provides a framework for a major change in the funding of local government, and it provides for the greater retention of business rate revenue by local authorities, and that principle is the right one. Ideally, money raised in an area should remain there, rather than being circulated and perhaps lost as it goes around the country. People and businesses in an area are entitled to expect their money to be spent on local services, with spending decisions made by local councillors to whom they can talk on a day-to-day basis. It is right that we are moving away from a system whereby the man in Whitehall knows—or thinks he knows—best. That is an important move by the Government, but, as is often the case in such circumstances, there are potential pitfalls along the way. I wish briefly to outline three of those pitfalls this evening, and I do so in my capacity as an MP for a county and a coastal area, and as chairman of the all-party parliamentary group for counties.

My first concern is what I will call an unintended consequence. As part of the devolution process, in order to facilitate the new business rate retention process, at present various responsibilities are being transferred from central to local government to ensure fiscal neutrality. I have no problem with that in principle, but there is a danger that in some circumstances there might be unintended consequences. An example that I have come across is in the field of supported housing. Traditionally, developers of supported housing have been able to rely on the fact that their bankers are prepared to fund much needed new schemes in the relative comfort of knowing that they will be underwritten and underpinned by central Government. It is now proposed that in future that should be a function of local government. I regret to say that the feedback I have received from

[Peter Aldous]

many specialist supported housing providers indicates that they are very uneasy about whether the supported housing that we need will actually come forward. Practical steps need to be taken to address this concern—there might be others—if this aspect of the devolution process is to succeed.

My second concern relates to what I will call growth constraints. An underlying premise behind the move to greater business rate retention is that those authorities that promote growth in their area should be rewarded for it. Again, this is right, but the other side of the coin is that authorities that would like to promote economic growth in their area should not be penalised if, for reasons outside their control, they are unable to do so. For example, if much of a local authority area is a national park, it would not be realistic to promote a science park. Moreover, one cannot buck the market, and the success of such business park developments rests on the old adage of location, location, location. If they are not in the right location, there is nothing they can do about it; they cannot move their district, their borough or their county.

My third and principal concern focuses on the requirement for the needs-based review of fair funding to take place at the same time as the move towards full business rate retention. I am aware that that is the Government's intention and that a consultation is due to start next month. It is absolutely vital that we keep to this. If we do not, county areas, such as the constituency I represent, will be placed at an even greater disadvantage than they are at present. The current formula does not take proper account of the demand pressures that county areas and, as my hon. Friend the Member for Torbay (Kevin Foster) said, coastal areas face. There is the adult social care time bomb that we have heard so much about, the obligation to maintain hundreds, if not thousands, of miles of local roads, and the cost of delivering services in sparsely populated, rural areas. The current formula is opaque and, after years of tinkering, no longer fit for purpose, as it is no longer directly linked to need. The needs-based review must be synchronised with the move towards greater business rate retention—they must be joined at the hip. If it is not, a large section of the population will be very unfairly penalised.

In conclusion, I commend the Government for being bold, for their ambition and for their direction of travel. I thus support the Bill, but I urge the Government to remember that the devil is in the detail and to pursue the needs-based review in a timely and fair way. Time really is of the essence in this issue.

9.19 pm

Jim McMahon (Oldham West and Royton) (Lab): May I join many Members on the Government side in wishing my counterpart a very happy birthday? I am sure this does not quite constitute a birthday bash, and for many it is not quite the icing on the cake either, but we wait with bated breath for the Committee stage to really get under the skin of what the Bill means. I hope we will work together then, because I think there is a shared desire to promote devolution, to see more power shift from this place down to our communities, and to really empower local areas to determine what is right for them. But the devil, of course, will be in the detail.

We welcome the move towards devolution, and so will many of our councillors, but genuine devolution means actual power, not just limited decisions being made at a local level within a framework that is tightly defined by a very centralising Government; it means areas having genuine freedoms and genuine power, and working with communities to co-produce the future they want. That is devolution, and power and the ability to effect change are what we all came into politics for. None of us wants things in our areas to be predetermined by a Government—hundreds of miles away in many cases—who do not know the ins and outs of our communities, and who really do not know local circumstances in the way we do.

It is important that we develop a plan that works for the whole country. I think many people in England look at devolution being discussed in Scotland, Wales and Northern Ireland and say, "What about England?" Now, even within England, we are seeing towns, cities and counties being pitched against each other, with large parts of England still completely without any devolution deals. The challenge for the Government is that this is about letting go as much as it is about giving a little away to local areas. It is also about doing that in a meaningful way, and we should have the confidence to give the same powers we are proposing for our mayoral combined authorities to our counties and metropolitan areas. That is real confidence and real letting-go. If the Opposition can help in Committee to table some amendments on that, which will hopefully be received in a positive way, we will, I hope, have a fair settlement for England.

But let us be honest: some of this comes down to cash as well as power. We can have ambition and a desire to make our area the best it can be, but we need funding to make that happen. We need capital to invest in growth. I do not just mean areas doing deals with the Government—providing they have access to the Government, because those that do not will not get that capital funding. I am also talking about having revenue to make sure that the skills providers, the schools system, the health system and the Department for Work and Pensions all work together to make sure we see genuine reform and genuine growth.

A lot of people say, "If you want modernisation, to see where real innovation has taken place and proven itself to be efficient, look to local government." A lot of people in the Department for Work and Pensions, Her Majesty's Revenue and Customs and the Treasury should look at themselves in shame because of the way they have allowed frontline services to be cut to the bone while they themselves have failed to reform from the inside.

I worry that we still see a very narrow base being discussed when we talk about fiscal devolution and local autonomy. Let us be honest: we are still talking about council services being based not on need and on people's genuine need for support and services but on house values in 1991. We have not had the courage to bite the bullet and take forward revaluations. We have not allowed local freedoms to look at exemptions and discounts in the way that areas have asked for through the devolution deals that have taken place.

On top of that, we are still talking about a very narrow business rate base. Many of the areas that have a low tax base for residential properties have the same

issue with their business rate base: lower values and lower demand have an effect on the tax base and on the amount of tax that can be generated. It is a real shame that when we talk about fiscal devolution and autonomy, we are still taking the easy option. We are using property tax because it is easy: we know how to collect it and we know how to generate it. That then creates the pot of money that local government has to use to sink or swim. Well, that is okay for an area that has a strong tax base, but for an area that does not, the alternative to swimming is to sink, and that is not good enough if we believe in fairness and a decent society.

So we will see amendments being tabled in Committee that really reflect the idea of funding based on need. It is not good enough to set one area against another. If there are instances in rural areas that should be taken into account, a fair funding model should accommodate that. Equally, a fair funding formula should take into account areas with high levels of children who need safeguarding support or people who need social care. There should not be the constant imbalance whereby areas fight with each other to get scarce resources to deliver the public services that our communities need.

Kevin Hollinrake: The hon. Gentleman makes a good point about looking at this again as a blank canvas. Does he therefore accept that if that new funding formula meant that a local authority was worse off based on such objective need, he would support legislating on that basis?

Jim McMahon: We have heard from Members on both sides of the House the deep concern that any review will mean that some areas are worse off than others. As I said, that is inevitable with such narrow tax bases, when we are looking at council tax income and business rate income and saying, "That's it." Given that the additional grants to local authorities are now in question, we are always going to be fighting for a scarce resource.

Devolution deals have included requests for retention of air passenger duty and the tourism tax. Okay, not every area might want that, but if we believe in devolution, local areas should be able to have some of these options. The retention of fuel duty or VAT at a local level has not even been discussed. If we want genuine fiscal devolution, we need to be more open to more taxes being raised locally and spent locally, with local people holding to account the people who make those decisions.

It is not local government that needs to change, or even the DCLG team, but the Treasury—it needs to let go. The reason air passenger duty cannot be devolved at the moment is that the Treasury has no idea how much fuel duty is generated at any of our airports, because it is paid by the airline at its head office. The Treasury has no idea how much is generated from fuel duty, because it is not attributed to every petrol station but paid at the refinery, and that does not account for how much is spent at a local level.

Mr George Howarth: My hon. Friend is making a powerful point that many of us tried to make earlier. Does he agree that on top of the fact that no redistributive mechanism is involved in this measure, there has not been sufficient testing of what the outcomes will be for us to be satisfied that it will work to the benefit of all local authorities?

Jim McMahon: That is an absolutely fair point that has been raised by not just me but very credible think-tanks and by the LGA, whose financial review stated that we need a broad review of the tax base to make sure that local authorities have a broad range of taxes and that they are resilient to future change and future shocks.

It is not good enough just to say that councils need to reform.

Mr Jim Cunningham: For very many years now, on and off, we have debated local government. Does my hon. Friend agree that we should have some sort of independent inquiry to have a good look at the needs of local government and how it should properly be funded?

Jim McMahon: I strongly believe, as would many in local government, that local government finance and the powers that are contained within local government should have constitutional protection from the interference of central Government. It cannot be at the whim of the Minister of the day, or even the Prime Minister or the Chancellor, to change the viability and sustainability of public services to such a degree.

We have made some progress with the four-year, multi-year settlement. I am pleased that the majority of local authorities have put in for that, but it was of course based on the projections of doom—on local authorities being told before the efficiency plan was submitted that they had to live within their means, but taking no account of the demand. At one point, the efficiency plans had been submitted, but there was a gap that has not been addressed through the funding settlements that are now being brought in. With the best will in the world, unless central Government bite the bullet and deal with the chronic underfunding of social care, council tax payers will continue to bear the brunt. It is absolutely wrong in a civilised country that people's ability to receive decent social care is based on the tax base of their local authority, based on house values in 1991, and not on their need for that service.

Mr Cunningham: On social care, I met the chief executive of University hospital Coventry a couple of weeks ago. One of the big dilemmas is that people with mental illnesses are turning up at the hospital and looking for treatment when they should be going elsewhere. There is a real difficulty, certainly in the midlands, in looking after the carers in that situation. Does my hon. Friend agree that something should be done about that?

Jim McMahon: I absolutely agree with my hon. Friend, but his point goes beyond adult social care and the acute sector. Over this parliamentary Session, we have been discussing the cuts to community pharmacies and the impact that they are going to have. A lot of Greater Manchester's Healthier Together programme is based on the preventive work of our community pharmacies, but 16 community pharmacies in my own town face closure. That is not part of the health devolution programme to Greater Manchester, but it is being held up as a place that has health devolution. That is because it is very tightly defined and the Government, with the best will in the world, just will not let go, for different reasons.

Members should not just take my word for it. During my years in local government, I had the pleasure of working with some fantastic people. I should be careful

[*Jim McMahan*]

not to overstate this, given that he is one of the mayoral candidates in the race for Greater Manchester, but the Conservative leader of Trafford Council, who is also a vice-chair of the LGA, is very clear that this is not fiscal devolution, but a retention of rates that will be set centrally. If we mean it, we should all learn to let go, trust our local councils and trust local people to hold them to account.

Melanie Onn: I appreciate what my hon. Friend is saying about learning to let go and give power back to local authorities, but what about those that, because of the cuts, are finding it so difficult to operate that they are considering merging? Does he think that that will impact on the future operations of local authorities?

Jim McMahan: My hon. Friend makes a very important point about the burning platform coming down the line towards many local authorities. Local authorities that we support have had to make very short-term decisions and they have a horrible task of trying to meet growing demand, particularly for safeguarding young and vulnerable adults and children and for social care. The principle of devolution has to mean having a national framework with an answer for devolution for every part of England. It should not be about picking areas off one by one and against each other.

James Heapey *rose*—

Jim McMahan: I will give way in a moment. Devolution also has to have fair funding at its heart. There is a fundamental difference between the Opposition and the Government on fair funding. One view says that fair funding means that everybody gets the same amount, regardless of the local community's need, but we believe that fair funding—[*Interruption.*] I do not judge Government Members on their heckling; I judge them on their actions, the coalition years and the financial settlements, which are still coming through, that show that councils are having their budgets stripped away while demand goes through the roof.

Simon Hoare *rose*—

Steve Double *rose*—

Jim McMahan: I am going to make some progress, because it is the Minister's birthday and he has cake with candles waiting at home. There are also a great deal of unanswered questions that he needs to address at the Dispatch Box.

Mr Betts *rose*—

Jim McMahan: Given my hon. Friend's position as Chair of the Select Committee, it would be rude not to give way to him.

Mr Betts: I thank my hon. Friend for giving way and I am sorry that there are so many disappointed faces on the Government Benches. Oppositions are always better than Governments at arguing in favour of giving more powers and control to local authorities. That has happened over the years. Looking to the future, does he accept that we need to develop a local government system whereby local authorities have greater ability to raise

money themselves and make their own decisions in doing so? We also have to address the issue of equalisation and recognising needs. There has to be an element of central funding, but it would be helpful if local government as a whole had the right to be given control of a specified amount of income tax, rather than have to be reliant on Governments, who can change the system and take away powers and money on a whim.

Jim McMahan: My hon. Friend puts on show his experience with a detailed assessment of the types of variable taxes that local government really needs in order to be sustainable in the long term. We are in the process of looking at local government finance in the longer term, and I make this plea: that we look a bit more broadly than the traditional council tax and business rate base; that we are open-minded about having a more varied range of taxes for local authorities to take; and that, in doing so, we ensure that local authorities are held to account and that they can work together to secure the right distribution method so that funding is genuinely based on need.

James Heapey: Will the hon. Gentleman give way?

Jim McMahan: I need to make progress, because the Minister has already given notice that he wants to address a number of very detailed points that have been made. I think it is fair that we allow him to do that. Members will be sad to hear that not all of us will have the pleasure of sitting on the Bill Committee and going through the Bill in great detail.

As important as incentives are, so, too, is certainty. Yes, we should share the benefits of growth where growth can happen and where local authorities can demonstrate that they have had some role in it, but it is important to make sure that local authorities are not allowed to sink if they cannot do so for whatever reason. We have had some examples of situations in which that could be completely outside the local authority's control. If a very large employer decides to relocate somewhere else in the world, it would be wrong for the local taxpayer to feel the brunt of that in their public services. The safety net is absolutely critical, and so is the detail, which we look forward to seeing, on tariffs and top-ups. My hon. Friend the Member for Dulwich and West Norwood (Helen Hayes) raised the importance of not just having the tariffs and top-ups in place, but making sure that the redistribution method is transparent and has fairness at its heart.

When we talk about certainty and the future of local government, we need to bear in mind that we are not talking about institutions. Councils do not exist for councils' sake; they exist because they provide public services for public need and public demand. We miss a trick if we do not put at the front of our mind the real impact of the cuts on local communities not just in terms of austerity, but in their effect on communities' ability to benefit genuinely from growth and devolution.

My right hon. Friend the Member for Knowsley (Mr Howarth) was very clear about the true impact on his local community of nearly £100 million of cuts to the local council's budget. Let us be honest: there is no way in which we can take that amount of money out of the system and expect there to be no impact on the local area. We heard the same thing from my hon. Friend the

Member for Manchester, Withington (Jeff Smith). He made it clear that Manchester, which is held up as an example of an excellent authority and which is at the forefront of devolution in leading the Greater Manchester devolution deal, has had to make some terrible decisions just to balance its everyday revenue book. That cannot be right.

Looking down the line, we have a serious problem coming our way: a £2.6 billion black hole in adult social care. If we do not deal with that, it will not mean that we have £2.6 billion more to spend, to save or to give away in tax breaks; it will only push demand elsewhere in the system, as we have seen with delayed discharges and queues for A&E. That can be prevented, but only by providing the money up-front to keep people in their homes for longer, putting far more money into preventive services and making sure that we are not spending money unnecessarily—not because people do not need that service, but because they will get a better service by being well for longer at home. That is really important.

We talk about the people who are already in receipt of social care not getting the support they need, but according to Age Concern 1 million people who would have been entitled to social care in 2010 are no longer in receipt of it. We are talking about somebody's mum, dad or grandparent. I hope that when I get to the stage of having to think about my father or mother needing that type of care, we will have got a grip on the system. As mindful as I am of that, I am also mindful of the fact that as a Parliament we have a responsibility for the 1 million people who need social care. They have worked and contributed all their lives, and when they really need that care, it is right that the Government stand up for them.

The situation is bad in Oldham and Greater Manchester, but let us just look at Surrey. I know the Conservative leader of Surrey Council, David Hodge; we worked together on the LGA. He is not a grandstander, and he is not trying to make petty points. He is raising a very real issue about the lack of funding in social care. If Surrey had to raise council tax by 15% just to keep its head above water, just look at the authorities that have had their budgets cut even more than Surrey has. Some are in a terrible situation.

I will leave it at that and allow the Minister to come in. I ask him to work with us. Labour Front Benchers absolutely believe in devolution and in sending power from this place down to our communities, and we will table positive amendments, as well as probing ones. It is not enough for the Government simply to let go a little; they need to learn to let go full stop.

9.40 pm

The Minister for Housing and Planning (Gavin Barwell):

As several hon. Members have kindly mentioned during the debate, today is my 45th birthday. It is not a cause for celebration on my part, but what better way to numb the pain than to attend a debate on local government finance? For nearly 24 of my 45 years, I have been interested in housing and local government policy. In all that time, there has been a very strong call for local government to move away from its dependence on central Government grants.

The Chair of the Select Committee, the hon. Member for Sheffield South East (Mr Betts), for whom I have very great respect, asked whether the Under-Secretary

of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Mr Jones), was justified in saying that this is a revolutionary measure. I think it is: it is a big step change in reducing the reliance of local government in this country on central Government. Will it solve all the problems? No, of course it will not. There will still be arguments about the overall level of resourcing and the distribution among local authorities. However, I remind all Members of the House to read the briefing we have received from the Local Government Association, which says that the central measure in the Bill has long been called for by local councils.

The hon. Member for Harrow West (Mr Thomas), who spoke on behalf of the Opposition, suffered a bit of amnesia on the Labour Government's record in office on devolution. None the less, it was very good to hear that the Opposition Front Bench support the measures in the Bill in principle. He was right to say that the Bill is part of a wider package that is very important in terms of what will be devolved to achieve the fiscal neutrality of its measures, on which the Government are consulting at the moment, as well as the distribution of the funding that will ensure a fair settlement for all local authorities and the issue of providing a safety net in case any authority faces a sudden decline in its income.

I will just make a few points in that regard. The hon. Member for Manchester, Withington (Jeff Smith)—he is not in the same place as he was earlier—asked us to forgive him his scepticism. I certainly do forgive him. I think scepticism of all Governments over the years on these matters has probably been justified. However, we cannot legislate for fair funding. The relative needs of various parts of the country are going to change over time—the Chairman of the Select Committee made that point very powerfully—and we cannot legislate for that, but we are absolutely determined to get this right. At the moment, we have two approaches to taking forward the detail and making sure that we address the concerns that Members on both sides of the House have expressed. We will pilot the arrangements, and two hon. Members—my hon. Friend the Member for St Austell and Newquay (Steve Double) and the right hon. Member for Knowsley (Mr Howarth)—represent areas that are piloting reforms. We also have a very important steering group with the Local Government Association, and it is working with local government to try to get the details right.

Mr George Howarth: Although the pilots are welcome, I made the point earlier that the Liverpool city region—it is one of the pilot areas, as the Minister has said—has had no consultation whatsoever by the Government on how they want to proceed with the pilot. Does he not think that we could do with a bit more detail before we get to the Committee stage so that we can judge what the likely outcomes will be?

Gavin Barwell: The Secretary of State has just told me that he has discussed the pilot with leaders in the city region and my officials have told me that there have been some detailed discussions. It is certainly true that not all of the points have been dealt with yet, but I will happily write to the right hon. Gentleman to provide him with some reassurance.

I will deal with some of the points that colleagues have made. My hon. Friend the Member for Christchurch (Mr Chope) talked about local government reorganisation in Dorset and what the position might be there. I can

[Gavin Barwell]

tell him that it would be possible to set one level of council tax from day one, but in previous reorganisations a period has been allowed for council tax rates to equalise. He asked about the pooling arrangements set out in the Bill. We intend to consult local government about those arrangements, but the reason for the change is that the current arrangements have led to some local authorities being left out of what would have been logical arrangements, and we should not allow that to continue. He also made the point that we are looking to implement these reforms in the last year of the four-year settlement. That is true, and we made that clear at the outset when we set out the settlement.

Mr Chope: Will my hon. Friend give way?

Gavin Barwell: If my hon. Friend will allow me, I will make a bit of progress, because I have a lot of points to respond to.

The Chair of the Communities and Local Government Committee, the hon. Member for Sheffield South East, said that he would like authorities to be given the freedom not just to reduce the multiplier but to increase it. That would certainly be the easy way to raise more income, but Conservative Members believe that the way to raise more income is to grow the local economy, and we are trying to provide incentives for local authorities to do that.

The hon. Gentleman made the crucial point that if resetting were done too often, the incentive for growth would disappear, but if it were not done regularly enough, there would be a danger of authorities falling behind. I can confirm to him that we will look to adjust the needs baseline every time we reset—that is a crucial part of the reforms. We may also need to look at the mix of measures that have been devolved to make the package fiscally neutral, because as he said, demand for services may grow more quickly than the income from the tax base. Those issues will have to be looked at each time.

My right hon. Friend the Member for Cities of London and Westminster (Mark Field) spoke powerfully about the unique constituency that he represents, for which he is such a powerful advocate in the House. He talked about the huge potential for income there, but also the real challenges that his local authorities face.

My hon. Friend the Member for Northampton South (David Mackintosh) made a good point about ensuring that there is an incentive for local authorities to help small businesses, from which they might not get a business rates income. The Government's hope, and I am sure that of his local authority, is that small businesses will grow to become medium-sized and larger businesses, so that the incentive will still be there in the longer term.

My hon. Friend the Member for South Dorset (Richard Drax) made an important point about the appeals system for business rates. At the moment, local government bears a significant part of the risk of appeals. One of the reforms in the Bill that the Local Government Association has welcomed deals with that issue, so that the risk does not sit with individual local authorities. Clearly, with 100% retention that risk would be significantly increased, so we have sought to address the issue that he is concerned about.

My hon. Friend the Member for Cannock Chase (Amanda Milling) raised the issue of the safety net and referred to an example in her constituency that I believe she has raised with Ministers a number of times. At the moment, in the 50% retention system, there is a safety net at 92.5% of assumed income. As part of developing these reforms, the Government will need to give thought to what the arrangement should be under 100% retention. She is absolutely right to flag up the importance of protecting authorities that face a sudden large loss in their income.

Amanda Milling: Given that the intention is to phase out coal-fired power stations between now and 2025, what will the Government do to work with local authorities that will face closures over the coming years?

Gavin Barwell: There are two issues here—making sure that the arrangements that we have in place cater for circumstances in which there is a significant loss in a local authority's business rates income from one financial year to the next, and giving advance warning of the timing of closures so that local authorities have time to prepare appropriately. Perhaps my hon. Friend may wish to have discussions with the Under-Secretary of State, my hon. Friend the Member for Nuneaton, as the proposals go forward.

Mr Jim Cunningham: The Minister mentioned the fact that the Government want to grow local economies through the measures in the Bill. One problem as a local economy expands is the shortage of housing. If the private sector cannot cope, why do the Government not take the shackles off councils and allow them to borrow to build council houses, so that they can take the pressure off mortgages?

Gavin Barwell: The hon. Gentleman tempts me on to my pet subject. If his argument is that we need to build more homes in this country, I absolutely agree with him, and so does the Secretary of State. There will be a White Paper shortly with a package of measures to encourage all sectors to build more homes, but I point him to the announcement that the Chancellor made in the autumn statement of a further £1.4 billion for the building of affordable housing. The commitment of the Secretary of State and myself on that issue is clear.

The hon. Member for Great Grimsby (Melanie Onn) and my hon. Friend the Member for St Austell and Newquay referred to the measures on rate relief for public toilets. Indeed, there was quite a lot of toilet humour during the debate. Because I am not at home for my birthday, my children are watching, so I will keep it clean. I simply point out one thing to the hon. Lady. She asked whether, if public toilets were closed, the relief would still apply—whether they would still be liable for rates. The answer is quite complicated: they might still be rateable—so there is a potential for a charge—but unoccupied properties with a rateable value below £2,000 do not pay business rates, so they might fall below that threshold. If they are above it, the powers in the Bill would be applicable. I hope that that gives her the detail she was looking for.

My hon. Friend the Member for Torbay (Kevin Foster) spoke powerfully about the pressures on coastal communities and made a plea that, as we look at the fair funding review, we make sure that those particular

pressures are taken into account. I know that other hon. Members will share his concern, and I thought he made his points very forcefully.

My hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) spoke incredibly powerfully and showed a real understanding of the detail of local government finance. I have heard it said that when Einstein published his general theory of relativity, for a number of years only two or three people around the world understood it. I think the local government finance system is similar in that regard, but it sounds like my hon. Friend is one of the two or three. He talked about regression—the fact that the formula is not based purely on an assessment of need but takes past spending patterns as a proxy for what is needed—which means that to some degree the political decisions of different authorities have an impact. I think he was arguing that we move away from that, which is absolutely something we can look at as part of the fair funding review.

My hon. Friend the Member for Somerton and Frome (David Warburton) spoke powerfully about the importance of the measures on a rural rate relief. He is a great champion for rural communities, and we are pleased to include this measure; it will ensure that rural small businesses get the same treatment as small businesses in other parts of the country.

My hon. Friend the Member for Wells (James Heapey) spoke powerfully not just for his own constituents but for rural communities across the country in trying to ensure they get a fair deal from the fair funding review. The House considered this issue last year, and I know that he and the Secretary of State feel strongly about it, but we need to get the detail right and ensure that the formula takes account of the needs of all communities, whether inner-city areas, suburban areas such as the one I represent or rural communities, and ensure that they all get a fair deal out of the system for determining finance.

The final Back-Bench speech was from my hon. Friend the Member for Waveney (Peter Aldous). He made several points but one in particular bears repeating: about the importance of implementing the fair funding review at the same time as we extend business rates retention to 100%. It is clearly essential in those circumstances to ensure an equitable distribution of the income that local government as a whole raises through that tax. That was an important point.

The hon. Member for Oldham West and Royton (Jim McMahon), who wound up for the Opposition, made two points that are worth my picking up on briefly. He spoke rightly about making sure that the system prevents those communities from sinking that, for whatever reason, cannot raise additional funding from growth and might therefore find themselves deprived of income, which could become a self-replicating cycle. The Government want to address that in several ways. For one, we want to make sure that we get the system for local government funding right, but it will not have escaped the House's attention that earlier we heard about an industrial strategy from a Government determined that all parts of our country benefit from the economic growth we are delivering. It is again worth looking back at the record of the Labour Government and their failure to do that. We do not intend to repeat that mistake.

The hon. Gentleman made one final point about local government finance. I want to make it absolutely clear to him that nobody on the Government Benches thinks that every single community in the country should have the same level of funding per head. We absolutely recognise that funding should be based on need. Let me give him a statistic: his own local authority has a spending power, per dwelling, of just under £1,900. In the Prime Minister's community, that figure is just over £1,300, so his constituents are getting a spending power that is nearly 50% more to reflect the fact—quite rightly—that there are extra needs in his community. I want to make it absolutely clear on behalf of the Government that we are committed to a fair system that reflects need.

It is probably worth putting on the record some of the other things that the Bill does that have not received the same attention in the debate. The pooling arrangements and the possibility for groups of local authorities essentially to replicate enterprise zone policy is a really important measure. Some mention has been made of the powers in the legislation for the Greater London Authority and for mayoral combined authorities to levy a 2% supplement on business rates, if local business has been consulted, to fund new infrastructure. Again, this tempts me into my role as the Minister for Housing and Planning, but the Secretary of State and I are both convinced that if we want to see not just economic growth, but the housing that we desperately need, putting in place the right infrastructure is absolutely critical.

As constituency MPs, I suspect we have all quite often experienced how the resistance to building new housing in our communities is driven by a perception that over the years new housing has not been accompanied by the necessary infrastructure, so people have found it harder to get an appointment with their GP or to get their children into the local school, and found that their local trains are overcrowded or their roads are more congested. It is vital for the Government to tackle this problem, and make sure that we get infrastructure in place that will not only fuel economic growth, but help to deliver the housing that we so desperately need.

Kevin Foster: I appreciate the explanation that the Minister is giving. When people first hear about the idea of infrastructure, they instantly think of roads and railways. Will my hon. Friend confirm that it will be slightly wider than that, including, for example, a good provision of superfast broadband services?

Gavin Barwell: Absolutely. We want the definition of infrastructure to include looking widely at all the different things that can help to drive economic growth. In the industrial strategy Green Paper published today, getting the right digital infrastructure in place is a key part of trying to ensure that we get the broad-based economic growth that the country needs. Again, we should aim for the best connections not just in core urban areas, but right across the country, so that all communities can benefit from that technology.

James Heapey: Will the Minister give way?

Gavin Barwell: Yes, I shall give way one more time.

James Heapey: I am grateful. Clearly, the challenge in making sure that business rates are being retained and that they are sufficient to fund all local services is to grow the tax base locally. Does the Minister agree that

[James Heapey]

focusing on growth deals that aggressively target those areas where the business rate base is smallest might be a good thing to do over the next two years?

Gavin Barwell: I know that the Secretary of State is really keen to work with communities right across the country to get these growth deals in place. We absolutely recognise that if we want to drive economic growth, the role of local communities—local councils, local businesses and local enterprise partnerships—is critical. The Government giving additional freedoms to help make that work possible can play a huge role.

One other measure that has not been touched on is the provision to change the inflation indicator for business rates from RPI to CPI. As the Association of Convenience Stores says in its submission, this will lower annual rate increases for businesses, providing a reduction in the burden of business rates that businesses are going to experience.

In conclusion, local government is a crucial part of our democracy. Many Members, including myself, but going right up to the Prime Minister, have served as councillors before coming to this House to serve as Members of Parliament. All of us know just how important the work of councillors is to the local communities that we have the privilege to represent. For too long, councils have been forced to rely on us here in Westminster and have lacked the levers and incentives required to drive growth and investment in communities, and those communities have suffered as a result. This Bill presents a historic opportunity to change that forever. A global Britain can only be built on a strong local foundation. This Bill will help to provide that, and I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

LOCAL GOVERNMENT FINANCE BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Local Government Finance Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 21 February 2017.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration and proceedings in Legislative Grand Committee shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and up to and including Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—(Chris Heaton-Harris.)

Question agreed to.

LOCAL GOVERNMENT FINANCE BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Local Government Finance Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of any expenditure incurred by the Secretary of State in consequence of the Act; and

(2) any increase attributable to the Act in the sums payable under any other Act out of money so provided.—(Chris Heaton-Harris.)

Question agreed to.

LOCAL GOVERNMENT FINANCE BILL (WAYS AND MEANS)

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Local Government Finance Bill, it is expedient to authorise—

(1) the payment of sums to the Secretary of State in respect of non-domestic rating, and

(2) the payment of those sums into the Consolidated Fund.—(Chris Heaton-Harris.)

Question agreed to.

DEFERRED DIVISIONS

Motion made, and Question put forthwith (Standing Order No. 41A(3)),

That, at this day's sitting, Standing Order No. 41A (Deferred divisions) shall not apply to the Motion in the name of Secretary Sajid Javid relating to the Local Government Finance Bill Carry-over.—(Chris Heaton-Harris.)

Question agreed to.

Business without Debate

LOCAL GOVERNMENT FINANCE BILL (CARRY-OVER)

Motion made, and Question put forthwith (Standing Order No. 80A(1)(a)),

That if, at the conclusion of this Session of Parliament, proceedings on the Local Government Finance Bill have not been completed, they shall be resumed in the next Session.—(Chris Heaton-Harris.)

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

POLICE

That the draft Police and Criminal Evidence Act 1984 (Codes of Practice) (Revision of Codes C, D and H) Order 2016, which was laid before this House on 22 November 2016, be approved.—(Chris Heaton-Harris.)

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

FINANCIAL SERVICES

That the draft Bank of England and Financial Services (Consequential Amendments) Regulations 2017, which were laid before this House on 2 December 2016, be approved.—(*Chris Heaton-Harris.*)

Question put.

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 25 January (Standing Order No. 41A).

BUSINESS OF THE HOUSE (24 JANUARY)

Ordered,

That at the sitting on Tuesday 24 January, the Speaker shall put the Questions necessary to dispose of proceedings on the Motion in the name of the Prime Minister relating to Parliamentary Commissioner for Administration and Health Service Commissioner for England (Appointment) not later than one hour after their commencement; such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—(*Chris Heaton-Harris.*)

SCOTTISH AFFAIRS

Ordered,

That Dr Dan Poulter be discharged from the Scottish Affairs Committee and Craig Williams be added.—(*Bill Wiggin, on behalf of the Committee of Selection.*)

WOMEN AND EQUALITIES

Ordered,

That Jo Churchill be discharged from the Women and Equalities Committee and Lucy Allan be added.—(*Bill Wiggin, on behalf of the Committee of Selection.*)

Sex and Relationship Education

Motion made, and Question proposed, That this House do now adjourn.—(Chris Heaton-Harris.)

10.2 pm

Mrs Maria Miller (Basingstoke) (Con): Four Members have already told me that they wish to intervene, so I hope that others will bear with me. I think that that will probably be as much as we can contain within the time available.

Children have their first mobile phones when they are nine. Many have smartphones, with unlimited and sometimes unfettered access to the worldwide web and everything it has to offer, so we should perhaps not be surprised that by the time they leave primary school, most children will have seen online pornography and one in five will have had to deal with cyber-bullying. By the time that they finish secondary school, six in 10 will have been asked for a digital nude or sexually explicit image of themselves, usually by a friend. As a result, many will have discovered that private digital images of themselves can be passed on to thousands of people at the touch of a button. Removing such images from the worldwide web is all but impossible, which leads to difficult conversations with family, future employers and friends.

When the Women and Equalities Committee was preparing its report on sexual harassment in schools, we took evidence from children themselves, who told us that sexual harassment had become a normal part of everyday life. Women are called bitches, sluts or slags, and one in three 16 to 18-year-old women say that they have experienced unwanted sexual touching at school. Over the past three years, 5,500 sexual offences have been recorded in UK schools, including 600 rapes. Is abusive behaviour from the online world seeping into the offline world? Perhaps; I do not know.

The facts might look pretty stark to the Members who are present tonight. After hearing them, they might be less surprised to learn of the latest Barnardo's research findings that seven in 10 children believe that they would be safer if they had age-appropriate classes in sex and relationship education at school. More than nine in 10 specifically said that it was important for them to understand the dangers of being online, especially when sharing images.

Fiona Bruce (Congleton) (Con): I understand and share my right hon. Friend's concern about there being improved relationship education in schools, particularly for younger children, but does she agree that many parents would be concerned—I would be extremely concerned—if teaching sex education to primary school children were compulsory?

Mrs Miller: My hon. Friend is right that parents need to have a voice in all this, and I am sure that any consultation carried out by the Government would take that into account. Research published today by Plan International UK shows that eight in 10 adults in this country want sex and relationship education for children at school, but my hon. Friend is right that it has to be age-appropriate. In primary schools, for the most part, we are talking about making sure that children understand what a good and healthy relationship looks like.

Jim Shannon (Strangford) (DUP): I congratulate the right hon. Lady on raising this matter. Further to the point made by the hon. Member for Congleton (Fiona Bruce), it is crucial, as I have said previously, that parents have control and oversight of what happens to their children, especially when that pertains to outside influences. Does the right hon. Lady agree that parents first, as well as the Government, must consider that when thinking about any changes in sex education?

Mrs Miller: The hon. Gentleman is right that parents have a pivotal role, but so do schools, and I was about to come on to that.

Sir Peter Bottomley (Worthing West) (Con) *rose*—

Mrs Miller: I am now, I fear, going to break my rules by allowing my hon. Friend to intervene.

Sir Peter Bottomley: I am grateful to my right hon. Friend for giving way. Many of us did not get much from our parents, and many of us did not pass much on to our children, but the truth is that celibacy is the only thing that we cannot inherit from our parents, and many parents are too embarrassed to talk about these things to their children. Does she agree that it would be a good idea if parents and teachers discussed what children ought to know, and considered whether parents or teachers, or both, should talk to them about it?

Mrs Miller: As always, we hear pearls of wisdom from my hon. Friend, who knows that involving parents in decision making, and in determining ultimately what children really need to understand, at whatever age, is exactly the right way to proceed.

I know the Minister well, so I am sure that she will remind us that some of the best schools already teach children about mutual respect and self-respect, and about what makes a truly loving relationship. They go beyond what is currently compulsory—the mechanics of sex and the biology of reproduction—and tackle relationships and the context of a sexualised online world, because we need to help young people to make better and informed choices in those early years. However, it is surely clear to both me and her that many schools do not take that approach. Why should we sit by and allow children in those schools to lose out?

As I said, research published today by Plan International UK shows that eight in 10 adults think that teaching sex and relationship education should be compulsory in all schools, regardless of their status. We need children to be able to make informed choices. We need them to understand that sexting is illegal, and that it could affect their mental health, leave them open to extortion and perhaps limit their future career choices. We need them to understand that pornography does not reflect reality, and that bullying behaviour online is just as unacceptable as bullying behaviour offline. To be honest, it might be more accurate to call it relationship and sex education, because what children need more than ever is to understand what a healthy relationship really looks like. What they see and experience online is, for the most part, not that.

Dr Tania Mathias (Twickenham) (Con): My right hon. Friend makes excellent points about sexting and unwanted touching, but does she agree that nowadays,

given the insidious nature of early emotional abuse, it is vital that every child in school can understand the signs that it is happening?

Mrs Miller: My hon. Friend, who has a great deal of expertise in this area, is absolutely right. It is important that we give children the right information at the right time—that is what I am calling for.

Many of the reputable operators in the internet and mobile communications world understand the real downsides of their products, especially for children, and they are increasingly trying to fit parental controls to sort this out. However, at the moment those controls are only as good as we parents are, and about 40% of parents use them. Parents are conscious of the problems, but children use the internet for an average of more than 20 hours a week. Parents cannot look over their children's shoulders at every moment and many simply feel out of their depth.

There are reasons for optimism. In a recent debate on the Children and Social Work Bill, Ministers clearly indicated that thinking was under way. The Government have already acted to show that they can work with the online industry. We should all applaud the work that David Cameron did to outlaw child abuse images online. He showed that the internet industry can act when it wants to. We can also welcome the work that the Government are doing to put in place effective age restrictions for online pornography websites.

Caroline Lucas (Brighton, Pavilion) (Green): I congratulate the right hon. Lady on securing this debate and the excellent work that her Committee has done in this area. Does she agree that it is significant that there is now such strong cross-party support for moving in this direction? Five Select Committee Chairs have now said that this is an important issue. Does she also agree that the statutory nature of her proposals is essential, because that will mean that children will get good sex and relationship education and personal, social and health education? We need the teacher training to be done well so that we can get good teaching.

Mrs Miller: The hon. Lady makes an incredibly important point. We need consistency but, as I pointed out earlier, we do not have that at the moment. Placing provisions on a statutory footing would provide such consistency.

The internet has changed everyone's lives. For some, it has normalised sexualised behaviours, which children can find it difficult to respond to. I see the Barnardo's research as a cry for help. Parents have to take overall responsibility, but schools have a pivotal role to play in helping more children to understand what a good relationship is and to make better decisions.

Simon Hoare (North Dorset) (Con): My right hon. Friend makes a cogent and compelling case. When we are discussing schools in this context, will she clarify that we are talking about not only local authority schools, but the growing academy sector? It is important that academies are included in such provisions.

Mrs Miller: I am sure that one of the many challenges for Ministers will be to ensure that every child can have the right sort of support and teaching. I do not underestimate the challenges that that will present, but I agree with the essence of what my hon. Friend says.

We can pretend that what we are talking about today does not affect children, or that parents have all the specialist knowledge that children need. Alternatively, we who are entrusted to shape our communities can do something different and act to clean up the internet, to support parents, and to give children the understanding that they need to make informed choices. Today's debate is supported by leading charities including Barnardo's, the Terrence Higgins Trust, the Children's Society, the National Children's Bureau and Plan International UK, as well as by the guides, the scouts and Liberty. They all want sex and relationship education to be compulsory. At the moment, schools are relying on guidance that was agreed more than a decade ago when the internet was still out of most children's reach. They have failed to adapt to what children need, and it is little wonder that Ofsted recently judged 40% of schools to be inadequate in their teaching of SRE.

Who are we to ignore children calling for change? Children have only one chance of a childhood. We know the damage that is being done by cyber-bullying, sexting and the underage viewing of extreme pornography, and we have an obligation to act. I therefore have a question for the Minister, my friend from Hampshire: how will the Government respond to the seven in 10 children who want change? What are the Government doing, and when will that change happen?

10.13 pm

The Parliamentary Under-Secretary of State for Women and Equalities (Caroline Dinenage): I should like to start by congratulating my right hon. Friend—and, indeed, my real friend—the Member for Basingstoke (Mrs Miller) on securing this really important debate. I share her view on the importance of children and young people having access to effective, factually accurate, age-appropriate sex and relationship education. This is a subject that the Government take very seriously, and we have welcomed the extremely helpful input of many Members across the House and, not least, of my right hon. Friend's Women and Equalities Committee. We also welcome the ongoing scrutiny of the Children and Social Work Bill. The Government are committed to exploring all the options to improve delivery of sex and relationship education and personal social and health education and to ensuring that we address both quality of delivery and accessibility in order to support all children in developing positive, healthy relationships and being able to thrive in modern Britain.

The Government welcomed the Women and Equalities Committee's comprehensive report on "Sexual harassment and sexual violence in schools" that was published in September 2016 and contained several recommendations, including proposals relating to SRE and PSHE. I was honoured to take part in an evidence session as part of that inquiry. I emphasise that we are in full agreement that sexual harassment and sexual violence in schools—no matter what form they take—are absolutely abhorrent and unacceptable and should not be tolerated.

Neil Carmichael (Stroud) (Con): I am grateful for what the Minister is saying. Does she agree that the debate about SRE is intrinsically linked with PSHE? This is about life skills and enabling young people to deal with the challenges they will face later, by having the capacity to understand what they are facing.

Caroline Dinenage: Yes. My hon. Friend is absolutely right. We want to enable young people up and down the country to face the challenges of the modern world. We have given a great deal of consideration to the recommendations that arose from the Women and Equalities Committee's inquiry. In our response, which was published on 9 November 2016, we committed to work with stakeholders, including teachers, parents and pupils, to produce a framework that gives schools sufficient support to produce their own codes of practice, setting out a whole-school approach to inclusion and tolerance while combating bullying, harassment and abuse of any kind.

Despite the usefulness of the Committee's important evidence sessions, we recognise that the scale and scope of the problem are still not yet fully understood. To improve both our understanding and that of schools, we have also committed to build our evidence base—a work programme that is currently being developed by the Government Equalities Office. That sits alongside a commitment to provide best practice examples of effective ways to work with boys and girls to better promote gender equality and respond to incidents of sexual harassment and sexual violence. Additionally, we have put plans in place to set up an advisory group to look at how the issues and recommendations in the Select Committee's report can be best reflected within existing DFE guidance for schools, including "Keeping Children Safe in Education" and our behaviour and bullying guidance.

There is more that we need to do. The Secretary of State has made it absolutely clear that we need to prioritise progress on the quality and availability of SRE and PSHE. In making that progress, we must of course look at the excellent work that many schools already do as the basis for any new support and requirements.

Stella Creasy (Walthamstow) (Lab/Co-op): There is general agreement across the House that this is the right thing to do. Likewise, it has been recognised that with Brexit coming down the track our capacity is limited to pass legislation to ensure that every school does this. New clause 1 of the Children and Social Work Bill would require every school, both maintained schools and academies, to provide age-appropriate, inclusive relationship education—the very education that we all want to see happen. Given that and the time constraints—that Bill is almost on Report—will the Minister commit tonight to back new clause 1 or to come back with something exactly like it on Report? There is no time left to ensure that we make good on our promise to those children.

Caroline Dinenage: My right hon. Friend the Secretary of State has been clear that we will set out plans to move forward as part of that Bill.

The existing legislation requires that sex education be compulsory in all maintained secondary schools. Academies and free schools are also required by their funding agreement to teach a "broad and balanced curriculum", and we encourage them to teach sex and relationship education within that. Many schools choose to cover issues of consent within SRE, and schools are both able and encouraged to draw on guidance and specialist materials from external expert agencies.

Tracy Brabin (Batley and Spen) (Lab): On that point, a Terrence Higgins Trust report found that 75% of young people had not learned about consent and that 95% had not been taught anything about LGBT relationships. Even the UN is calling for SRE in UK schools to be statutory. Does the Minister agree that it is time that the Government respond to that request and make SRE statutory?

Caroline Dinéage: Yes, the Government are looking at it as we speak. We will set out our next plans for inclusion in the Children and Social Work Bill, but we have to get this absolutely right. It needs to be done sensitively, carefully and with cross-party support. This has not been updated for the last 16 years, and my personal opinion is that respect for oneself, respect for others, healthy relationships, consent and all the other things that we really value as part of SRE and PSHE are things that we must also ensure we embody in a whole-school ethos, not just something we teach for half an hour on a Tuesday.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Will the Minister give way?

Caroline Dinéage: In a moment. The existing legislation also means that Ofsted publishes case studies on its website that highlight effective practice in schools, including examples of SRE as taught within PSHE.

Luciana Berger *rose*—

Caroline Dinéage: I will not make the hon. Lady keep standing up and sitting down.

Luciana Berger: I am incredibly grateful to the Minister. I echo the point that the time really is now. We have been discussing the issue in this House since the measure was not included in the Children, Schools and Families Act 2010. Will she confirm on the record this evening that, on Report of the Children and Social Work Bill at the start of February, the Government will either move their own amendment or support new clause 1 to ensure that we have statutory SRE in every single school in our country?

Caroline Dinéage: As I have already said, we are currently considering all the options and are committed to updating the House during the passage of the Children and Social Work Bill. The Minister for Vulnerable Children and Families will definitely be bringing the measure forward as part of the Bill, but the key is getting it right, not rushing it through just to satisfy loud voices on either side of the House.

Sir Peter Bottomley: Just to translate, my right hon. Friend the Member for Basingstoke (Mrs Miller) is talking about compulsory SRE. I would call it comprehensive SRE. Do the Government have any idea of how many young people miss out on effective sex and relationship education? Will the Government try to ensure that the number of young people who are missing out will be reduced to virtually zero within a few years?

Caroline Dinéage: The biology of sex and relationships is compulsory in schools, but we want to see a much broader look at healthy relationships, respect for oneself,

respect for others and issues around consent. Those are all things that we have to look at very carefully as we move forward, which is why we are encouraging schools to use the Ofsted case studies as a resource while they tailor their own programmes to meet the specific needs of their pupils.

In addition, in 2014 the PSHE Association, Brook and the Sex Education Forum produced a supplementary guidance document on sex and relationship education for the 21st century, which provides valuable advice on what are, sadly, the all-too-modern issues that my right hon. Friend the Member for Basingstoke has already mentioned, such as online pornography, sexting and staying safe online. That useful guidance provides teachers with the tools to support pupils on those challenging matters, developing pupils' resilience and ability to manage risk.

As we have heard today, social media and interactive services are hugely popular with children and young people. They can provide fantastic opportunities for them to express creativity, to learn digital skills and to improve their educational attainment but, like all forms of public communication, they come with a level of risk. The Government expect online industries to ensure that they have relevant safeguards and processes in place, including access restrictions for children and young people who use their services.

We have published a guide for parents and carers of children who use social media, including practical tips about the use of safety and privacy features on apps and platforms, as well as conversation prompts to help families begin talking to their kids about online safety. We have also funded the UK Safer Internet Centre to develop new resources for schools, including cyberbullying guidance that helps them to understand, prevent and respond to this issue, as well as an online safety toolkit to help schools to deliver sessions through PSHE on cyberbullying, peer pressure and sexting.

We are also talking directly to young people about healthy relationships. The Government Equalities Office jointly funded a £3.85 million campaign with the Home Office to launch the second phase of the "This is Abuse" campaign, called "Disrespect NoBody," from February to May 2016. The campaign encourages young people to rethink their understanding of abuse in relationships, including issues such as sexting. It also addresses all forms of relationship abuse, including coercive and controlling behaviour, and situations including same-sex relationships. Some of the campaign materials contained gender-neutral messaging, and others depicted male victims of female perpetrators. It was targeted at 12 to 18-year-old boys and girls, with the aim of preventing them from becoming the perpetrators or victims of abuse in relationships.

As I said, we are actively considering calls to update the guidance on SRE, which was issued in 2000. The feedback we have received indicates that the guidance is already clear that young people should be learning what a healthy relationship looks like. However, we do not consider the guidance we produce to be static, and we fully recognise that there will continue to be changes to update it. We are looking at the issue extremely carefully. As I have said, it is essential that we do not rush things. We need to adopt a fresh and responsible approach and listen to a range of views from young people and parents alike.

Lilian Greenwood (Nottingham South) (Lab): The Minister is rightly setting out the useful advice, guidance, toolkits, resources and campaigns that are available, but does she agree that all those things, valuable as they are, are not an alternative to ensuring that every single school in this country provides high-quality SRE to all our children and young people?

Caroline Dinenage: Absolutely. I agree that we need to equip all our young people to face the challenges of the modern world and everything that it throws at them. We know that SRE is an evolving and vital area of education, so we need to ensure that we have guidance that is fit for children growing up in modern Britain.

Our aim is to secure the very best teaching and learning in our schools on these issues, as a matter of

priority, alongside providing the clarity for schools on what should be delivered that I know Members wish to see. We recognise that this is a really important issue, and will continue to explore all effective means to remove sexual harassment and sexual violence from young people's lives. My hon. Friend the Minister for Vulnerable Children and Families has committed to update Parliament further during the passage of the Children and Social Work Bill. I know that he will do his utmost to achieve outcomes that keep young people safe and supported to gain the skills they need to develop healthy and positive relationships.

Question put and agreed to.

10.27 pm

House adjourned.

Westminster Hall

Monday 23 January 2017

[MR PETER BONE *in the Chair*]

Non-recyclable and Non-compostable Packaging

4.30 pm

David Mackintosh (Northampton South) (Con): I beg to move,

That this House has considered e-petition 167596 relating to the banning of non-recyclable and non-compostable packaging.

It is a pleasure to serve under your chairmanship, Mr Bone. The petition's aim is clear. Regardless of the potential challenges posed in achieving it, I am sure we all support its aspiration. The environmental impact of packaging is a significant and growing concern for consumers, Government and retailers. It is not an issue only here in the UK, but I believe that the people of the United Kingdom have an especially keen sense of responsibility towards our environment and the finite resources of the islands we call our home.

The challenges in achieving the aim set out in the petition break down to a number of key areas: innovation in packaging materials to increase recyclability; the incentivising of manufacturers and retailers to use a larger percentage of recyclable and compostable materials; greater uniformity from council to council on the materials that can be recycled; and a general reduction in excess packaging.

Manufacturers and traders have a legitimate need to ensure that their products reach consumers in a satisfactory condition and that perishable goods are adequately protected to prevent them from spoiling. It is important to recognise that protective packaging plays an important part in preventing damage to the goods that people have purchased, which they rightly expect to find in a good condition. None the less, there is agreement among consumers, legislators and industry that the total use of recyclable and compostable materials is a goal that should be pursued.

Personally, I am concerned about the excessive use of packaging. I am sure we have all at times been baffled by the amount of unnecessary packaging that fills up our recycling bins; I will not be the only person here who is frustrated by that as a consumer. Although there has been a general improvement over the years as the public's sensibilities have changed, producers could do much more to limit further the use of packaging materials. Of course, consumers also do not want to see any increase in price, and that is a challenge.

We all, I am sure, actively engage in delivering leaflets in the run-up to local and general elections, which usually fall a few weeks after Easter. I am always struck by how much Easter egg packaging there is in recycling bins, and the situation is similar shortly after Christmas. We have to question seriously the excess packaging used in many products.

The recent introduction of the 5p charge for plastic bags was an example of a Government initiative that has worked well to reduce the use of non-biodegradable

carrier bags in the UK. That was a consumer-facing initiative, however, and it may be that similar initiatives could be introduced to help encourage the same sort of changes in the manufacturing and packaging industries.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Does the hon. Gentleman agree that producer responsibility is at the heart of this issue? The very best suppliers of anything, from fresh vegetables to the most complex white goods, do very well on recyclability and the way they think about the end use of packaging and wrapping. Is it not time that we made producers conform to the highest standards, not the lowest?

David Mackintosh: I agree with the hon. Gentleman. The issue will be driven by consumers, and producers need to take a role, but we as legislators also need to look at the issue and debate it from time to time. I look forward to the Government's response later today.

As the petition states, there is a specific problem with the amount of plastic being used. In some parts, it cannot be recycled. Almost all types of plastic can or should be recycled, but some are less likely to be recycled because of the issues of cost and the local sorting infrastructures in place. An example of that is black plastic, which for technical reasons is generally discarded as landfill. Industry estimates suggest that that amounts to between 26,000 and 60,000 tonnes each year.

Although the packaging and retail industries are already making efforts to modify materials to improve recyclability, significant improvements can clearly be made if retailers are incentivised to use alternative materials. I understand that the packaging industry is developing new materials that will increase the number of options open to manufacturers. I am pleased to note that much of that work is being driven by retailers. The packaging and retail industries are working together to push those innovations forward. Initiatives such as Pledge4Plastics, the "New Plastics Economy" initiative and the industry-led Plastics 2020 Challenge and plastics industry recycling action plan are playing a key part in that. It is encouraging that major brands, including Coca-Cola, Danone, Mars, Unilever and Sainsbury's plc, are leading by example and supporting such initiatives. Government at all levels has a responsibility to encourage progress, not least in these times when local government needs to look for cost savings and efficiencies.

The media also have a role to play. I am pleased that tomorrow, Sky will be launching an initiative right across the corporation known as Sky Ocean Rescue. Tomorrow, it will be showcasing the documentary "A Plastic Tide", which looks at the amount of damage caused by the plastics in our oceans. There are some startling facts. It is estimated that there are 5 trillion pieces of plastic in the world's oceans, with 8 million tonnes of plastic ending up in the ocean every year. The average UK household uses one rubbish truck's worth of single-use plastics each year. Every minute, an equivalent amount is dumped into our oceans. Some 40% of all plastic in Europe is used only once. A plastic bottle is estimated to take 450 years to break down into microscopic pieces. Plastic bottles are the third worst plastic polluter of the ocean. The Ellen MacArthur Foundation calculates that by 2050, the plastic in the world's seas will weigh more than all the fish.

[David Mackintosh]

The Government are clearly committed to an increase in recycling and a reduction in the amount of waste going to landfill. It is positive that targets for plastic packaging are set to increase until 2020 and that the Government are consulting on increasing targets for other materials. Through the Waste and Resources Action Programme, the Government are supporting the sort of material development and usage that I have just mentioned. The guidelines issued in October regarding what can and cannot be accepted for recycling were a helpful step forward.

Mr Sheerman: Does the hon. Gentleman agree that if we were working at the highest level of the best local authority in terms of recycling achievement, we would be in a much happier and more successful place? Has he looked? I own up to this: my constituency of Huddersfield is under Kirkles Council, which has a terrible record on recycling. Many local authorities are poor recyclers. Is it not time we took action against underperforming local authorities?

David Mackintosh: I am grateful to the hon. Gentleman for his intervention. I agree that the difference between levels of recycling under different local authorities across the country is shocking. It makes it hard for people to understand the regimes involved, and it lets off the hook those retailers or producers that say they do not have to conform because some local authorities do not conform.

I know from my experience as the leader of a local authority that councils are committed to increasing recycling and are already under huge pressure to reduce landfill. As the hon. Gentleman said, recycling does vary across the country. Recycling policy is set at local government level, and there are a number of legal and financial obligations that make it central to the policies of all councils. Will the Minister pledge, when she sums up later, to raise the matter with Ministers in the Department for Communities and Local Government so that we can look at the issue right across Government?

Inconsistency in the types of materials that can be recycled by councils is clearly an issue. If that was resolved, it would give greater clarity to the manufacturers and to those local residents who wish to recycle more. When I raised the matter over the weekend on my social media pages with my constituents, I was pleased by the level of support people gave to doing more to recycle and to looking at how we can ban non-compostable and non-recyclable waste in the future. In fact, a Twitter poll that I carried out showed 80% in favour of banning those materials.

The main issue is one of infrastructure and cost. It may be that proper analysis of how individual councils recycle across the whole of the UK would provide valuable information that could help to identify the best and worst performing areas and inform the Government of possible solutions. There has to be a reasonable balance between reducing the use of non-recyclable and non-compostable packaging to an absolute minimum for the benefit of our environment and still allowing manufacturers to adequately package their goods to prevent damage and spoiling, and to keep costs down.

As well as reducing landfill, the petition talks about non-recyclable and non-compostable rubbish that ends up in waterways. As we have already heard, that can include our oceans. As an MP with both the River Nene and the Grand Union canal running through my constituency in Northampton, I often see the awful situation in which waste is dumped into waterways. Keeping them tidy and clearing them up involves huge difficulty and cost.

Scott Mann (North Cornwall) (Con): My hon. Friend is making interesting points. Recycling is one thing, but reuse is the next step. We have seen some great initiatives such as the 5p carrier bag charge, which has meant more people reusing them and fewer bags going into landfill and the sea. Would he welcome a similar scheme for plastic bottles, with consumers encouraged to reuse those in supermarkets?

David Mackintosh: I am grateful to my hon. Friend for his intervention. I know he does a lot of work in this field in his own constituency and he works incredibly hard to raise the issue here in the House. He raises an important point and I am sure the Minister has listened to that. As he said, we saw the impact of the plastic bag charge; the 5p has made a huge difference. Clearly, we should look at other measures and other opportunities moving forward.

When rubbish has been dumped, the blame lies with the people who dumped it into the waterways and other places in the first place. However, different types of packaging would go some way to helping to compost or break it down, and it is right that we look at the issue today. There is agreement across Government, industry and retailers to move towards increasing recyclability, and those elements are already working together to move that forward. I hope we can consider today how that work can be encouraged further, and even accelerated, in a way that prioritises our environment while remaining sensitive to the specific needs of manufacturers and retailers and the challenges faced by local authorities.

The petition was signed by 75,000 people. They care about this issue and want it looked at again to protect our environment—for us, and for future generations. I look forward to the Minister's response and what we can do to make improvements for the future.

4.42 pm

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I was not going to speak, but I am a passionate parliamentarian; if I may say so, Mr Bone, you and I both are pretty passionate in the Chamber. You know that I have been a long-time supporter of recycling, reuse and remanufacture. It is important to get the Opposition on the record as being absolutely positive about what we are discussing today.

I have been an honorary fellow of the Chartered Institution of Wastes Management for some years. I also chair Policy Connect, where we have a very special focus on the reuse of resources. For many years, I chaired a charity called Urban Mines. Everyone who worked for it was an urban miner: what people used to regard as rubbish flowing from our towns and cities was seen as a new resource that could be mined, rather than digging holes in the earth's crust and taking virgin material. I have a long history on this issue.

I am passionate about the misuse of our planet's resources. Not only do we misuse the stuff that we use in packaging, but, as the hon. Member for Northampton South (David Mackintosh) said in an excellent speech, we then pollute our urban and rural environment and kill animals. We kill hedgehogs and badgers and all sorts of rare breeds by our misuse and by casting plastic and metal and all sorts of packaging on to our countryside. Even more importantly—this was brought out beautifully in the hon. Gentleman's speech—we are now polluting our marine environment to such an extent that our grandchildren will probably live to see the end of fish as a regular part of our diet. That is the truth. How dreadful!

Scott Mann *rose*—

Mr Sheerman: I will not take any interventions. I simply wanted to get what I have said on the record, Mr Bone, and to be very well behaved for a change.

4.44 pm

Mark Pawsey (Rugby) (Con): It is a great pleasure to speak under your chairmanship, Mr Bone. I thank my hon. Friend the Member for Northampton South (David Mackintosh) for securing this important and timely debate. I am chairman of the all-party group for the packaging manufacturing industry. I spent 25 years in the industry supplying packaging items, mostly to the food service industry. I agree with some of the points made by my hon. Friend, but I regret to say that a great deal of what is contained in the e-petition is not practical.

On a day when the Secretary of State for Business, Energy and Industrial Strategy is in the main Chamber launching the Government's industrial strategy policy, it is important to remember the importance and magnitude of the packaging industry in the UK. It employs 85,000 people, makes up 3% of all manufacturing that takes place in the UK and achieves sales of £11 billion. It is a highly innovative industry that responds to consumer preferences, and it takes its responsibilities very seriously.

I will mention various bodies and publications, but I want to draw attention to the Industry Council for research on Packaging and the Environment—INCPEN—a research organisation that brings together food manufacturers and packaging companies to ensure that policy on packaging makes a positive contribution to sustainability. Its members include food manufacturers such as Britvic soft drinks and Diageo; food retailers such as Sainsbury's and Tesco; and packaging manufacturers such as LINPAC and DS Smith. I recommend to all of those who are interested the INCPEN publication that explains why products are packaged in the way that they are.

I referred to the packaging industry's innovation, which leads to a discussion about why we need packaging. My hon. Friend the Member for Northampton South drew attention to some of the reasons, but it is important to state at the outset that the demand for packaging arises purely from the demand for the products contained within. Nobody goes to a retailer looking to buy boxes, cartons and cans. What is in the containers is important and generates demand—the packaging is simply a delivery mechanism for food and the other goods.

Packaging has to do a lot of tough tasks. First, it has to protect the contents from hazards, particularly in respect of food items. We have gone from the era when

much food was served in open packs and the traditional grocer cut slices of ham and put them in a paper bag, which could then be taken home and exposed to the atmosphere. Most of the food that we buy these days is sold in sealed packs, which protects the food from whatever hazards may be in the environment. Even if the food falls out of the carrier bag on to the floor, the food is protected from the hazard of contamination.

Importantly, packaging should provide easy access to the product. We have all seen examples of poor packaging that makes it difficult to access the product, but we have gone to an era of peel-back labels so that people can get hold of the products. We also ask our packaging to tell us all about what we are buying. There is a mass of information on the packaging that arises because our food is packaged in the way that it is. When people bought slices of ham in an old-fashioned retailer, they did not know the nature of the product unless they asked the retailer, whereas in the supermarket we can easily and readily see exactly what we are buying. Finally, packaging needs to make the product that we intend to buy attractive at the point of sale so that the consumer will be interested in buying it.

Within that, we ask packaging to minimise the amount of food waste. We have very low levels of food waste as a consequence of the very effective packaging our food is sold in. About 3% of our food is wasted. Some may say that that is 3% too much. Not only might that food otherwise have gone to those in need but, more importantly, the disposal of food waste presents real problems for the environment—if it goes into landfill, it unavoidably generates methane gas. Therefore, it is worth pointing out just how effective a tiny amount of packaging can be in preventing food waste. We waste some 3% of our food, but in economies such as Russia or India, levels of food waste are as high as 40%. Only 1.5 grams of plastic—a tiny amount—wrapped around a cucumber will keep that cucumber fresh for 14 days by preventing moisture loss. The item of packaging therefore performs an incredible task, preventing the need for the cucumber to be disposed of in landfill.

My hon. Friend the Member for Northampton South gave the example of Easter eggs as a product that might sometimes be thought of as over-packaged. That arises, however, because of how we want to give one another chocolate over the Easter period. If we wanted simply to give one another so many grams of chocolate, we could buy a slab of chocolate and hand it over. We do not do that. We choose to buy an Easter egg. That is where consumer choice comes in.

We are asking a huge amount of such packaging. The thin chocolate egg is itself very fragile, so in addition to making the product attractive, the packaging has to prevent the Easter egg from being broken.

Mr Sheerman: The hon. Gentleman is making some good points about good packaging, but many of the people I represent are furious about bad packaging. What does he have to say about innovations in packaging such that we now have those coffee things for a Nespresso which cannot be recycled at all, or coffee cups that are totally unrecyclable—totally unnecessarily, because they could be recyclable, but no one knows what to do with them. What are his packaging friends going to do about that?

Mark Pawsey: The hon. Gentleman could start me off on coffee cups, but I will deal with them later in my remarks. We are talking about consumer choice, and we need an informed consumer. To go back to the Easter egg example, if we wanted only to give people a bit of nice chocolate, we would simply give them a chocolate bar. We do not do that; we choose to give them an Easter egg. In the same way, people choose to buy the Nespresso-type coffee because that is how they like their coffee. We need to find alternative delivery mechanisms that do not give rise to the same level of packaging waste.

David Mackintosh: Does my hon. Friend agree that other countries in Europe give Easter eggs in different ways? It is therefore incumbent not only on the consumer to want that to change, but on producers to look at different ways in which to market eggs.

Mark Pawsey: The packaging industry is doing that. It is highly innovative and the amount of material that goes into the average Easter egg pack has been reduced. The process, which I will talk about later, is called light-weighting: using the least amount of material necessary to keep the products safe.

Frankly, from the packaging manufacturers' point of view, because their material is relatively expensive, there is absolutely no point in over-packaging, and no point in creating too much or in making the plastic or board out of too thick a gauge—that would add cost unnecessarily. I acknowledge, however, that over-packaging exists. There are interesting pictures of internet delivery companies that have delivered something the size and shape of a ruler, but it has been wrapped, put in a box and put in another box before being delivered. There is some crazy over-packaging, but my point is that there is no incentive to over-package because of the cost of the material. Many of the internet delivery companies look hard at their policies to ensure that they do not over-package.

My favourite example of what, on the face of it, looks like over-packaging is orange segments in a plastic container on a supermarket shelf. I remember seeing a photograph of that with a little Post-it note stuck on to say, "Wouldn't it be really nice if nature were able to make some kind of outer skin to make the plastic packaging unnecessary?" I thought that was witty and clever, and it made a point. Another interesting point about that product is that it might be targeted at a consumer without much manual dexterity who would find it difficult to unpeel an orange and for whom it might be much more convenient to buy the pieces of orange in a plastic container. If there were no demand, that product would not be there, but it is a good example of over-packaging.

We often talk about the resource that goes into packaging without thinking much about the resource that goes into manufacturing the product contained in the packaging, and which could therefore be more efficient. INCPEN itself drew attention to the fact that packaging accounts for only 10% of the average energy resource used for food products, although some items are less efficient. Meat, for example, which is probably the least efficient method of food manufacture, could have much better figures. Nevertheless, the packaging element as a proportion of food cost is relatively small.

I hope I have set out some ways in which the industry acknowledges the existing situation and is therefore innovating and effecting change. I will now move on to the content of e-petition No. 167596, which starts with this country's recycling record, although this country actually has a very proud one. In 2000, just a little more than 10% of all household waste was recycled; by 2016 that figure had risen to 43.9%. It is certainly true that between 2015 and 2016 the recycling rate fell away slightly, but a bit of that was because we have done the easy stuff. We have picked the low-hanging fruit, such as Coke cans and plastic milk bottles, which are being recycled, and we now have to deal with much harder things.

An example of a sector in which recovery and recycling are difficult is plastic film. When we buy our microwave meal, we have the moulded plastic container with a film on top. The film represents a relatively low proportion of the waste—about 10%—but it is not as easy to collect. The other problem with laminates, or plastic films, is that they are often contaminated with food. If we clean our waste before putting it out for recycling, it is relatively easy to clean the container—we can easily clean the food residue out of a container of, for example, lasagne, but it is difficult to get the food residue off the film. We will therefore probably find 10% of plastic material very difficult to recycle, although the e-petition assumes that we will manage to get to everything.

The hon. Member for Huddersfield (Mr Sheerman) mentioned paper cups. A multilaminate is difficult for the industry to recycle. It is made up of various levels of different materials—a paper cup is made up of an outer of board with a plastic lining on the inside. When we are recycling, we put paper in this bin and plastic in that bin. Where do we put the paper cup, which has a plastic lining on the inside? One of the challenges for the recycling industry is to separate those two materials before they can be recycled.

The industry takes seriously the low rate of recycling for paper cups. Therefore, in recent months the coffee companies and retailers, the cup manufacturers and the people who make the board have set up the Paper Cup Recovery and Recycling Group. They are doing very good work in bringing that together. In fact, as I am sure the Minister will be interested to hear, one of the pieces of advice I have given them is: "You need to get your house in order. If you don't, and you don't demonstrate that you can do more work to get more cups recycled, lots of people in Parliament will get on their high horses and make life difficult—you will be obliged to do it. So you have got a choice: either do it through voluntary agreement, or be told to do it."

The producers have the responsibility for recycling—that is in legislation—but they are also happy to do it. To pick up on the point made by the hon. Member for Huddersfield, they accept that that is their responsibility.

Gavin Robinson (Belfast East) (DUP): There is obviously a benefit to incentivisation. That used to happen with glass bottles, which people got 10p for returning. Does the hon. Gentleman believe that the coffee companies that sell reusable cups in the hope that people will bring them back and fill them up should similarly incentivise the use of those cups by reducing what they charge? That might encourage people to change their mindset and not discard everything that they are given but retain and reuse things.

Mark Pawsey: In certain instances, that is the right thing to do. For example, where a coffee company serves coffee for consumption on the premises, a reusable cup that is then properly disinfected and washed is entirely the right thing to use, but not many coffee companies are happy to serve their coffee in a cup that has not been cleaned properly. If someone takes a reusable cup around with them, how does the coffee company know that that cup has been cleaned properly? What happens if a consumer, having presented a dirty cup and been provided with coffee by a coffee supplier, falls ill because the cup had not been cleaned properly? One of the great things about disposable packaging is that people use a unique, fresh product every time. It is the most hygienic way to serve coffee. I agree with the hon. Gentleman in respect of a restaurant environment, but I will not carry a cup around with me for takeaway coffee, and if I were to present a cup to a coffee supplier, I would want to be satisfied that it had been properly and thoroughly cleaned.

The e-petition refers to packaging that goes to landfill. We need to understand why goods collected by local authorities that were intended to be recycled sometimes find their way into landfill. That is in part to do with poor communication between local authorities and waste providers. My hon. Friend the Member for Northampton South referred to the variation between local authorities. As waste collection is a devolved matter, we leave it to local authorities to determine the right thing to do in their area. As a Conservative, I am a great believer in devolving power down to the lowest available level. That engages people more effectively, but recycling rates vary as a consequence. In 2014-15, South Oxfordshire had a recycling rate of 67.3%, but the rate in Hammersmith and Fulham was 20.7%. That may reflect the different challenges in rural environments, where people are perhaps more likely to comply, and more gritty urban areas.

When we recycle plastic, it has to go through a sorting system, because there are various grades of plastic, and it then has to be cleaned and disinfected and put into granular form so it can be reused. One problem with the relatively low oil price is that virgin material has been less expensive than recycled material. What incentive has there been for manufacturers to use recycled material? As oil is traded in dollars, the recent fall in the value of the pound may mean that the economics change somewhat, but those economics exist. Why would a manufacturer take the risk of using recycled material, which may contain contaminants, when virgin material is available at a lower price?

The petition also refers to packaging making its way into our waterways. My hon. Friend the Member for North Cornwall (Scott Mann), who is no longer in his place, is concerned about the marine environment. The question that we need to address is: how does that packaging get where it does? Litter is simply packaging that happens—usually after it has been used—to be in the wrong place. It should of course not be in the waterway, at the side of the road, on the footpath or on the football field. How does it get there? It gets there because of human behaviour—because as a mass of people, we do not do the right thing. I did some travelling last summer. I went to Japan, and I was astounded at how clean the city of Tokyo was, despite it having no bins. There is a culture in Japan that if someone consumes something in disposable packaging, they take that packaging

home with them and put it in their household waste. This is a behavioural issue; clearly, we need to effect a change in our behaviour. That really starts at school with getting a message across to our young people.

Lots of innovative projects encourage people to reduce their litter. A social action organisation called Hubbub carried out a five-month experiment to reduce litter in Villiers Street here in London that included different types of bins. Hubbub wanted people to put drinks cartons and cans in the appropriate containers, and one of the innovative ways it got them to do that was by encouraging them to vote. It put two footballers' names on the bins and asked, "Who's the best footballer?" People put their rubbish in one bin or the other, thereby casting a vote for their favourite soccer player. We need more innovation like that. I know of a bin that has been used to encourage young children to put more litter in the bin. It is in the shape of an animal, it has an opening on the front and when packaging is put into its mouth, it burps. The children find that funny, so they are encouraged to use it. We must effect an attitude change. Notwithstanding what the petition says, it is not the packaging industry's fault that packaging often ends up where it should not be. We can all agree that it ends up in the wrong place.

My hon. Friend the Member for North Cornwall mentioned the 5p levy on carrier bags. That has certainly reduced the number of carrier bags in circulation—but that there is no doubt—but Keep Scotland Beautiful recently conducted a survey and found there were more carrier bags littered on the streets than there were before the introduction of the 5p levy. Some people talk about a levy on coffee cups. I am not at all certain that that 5p levy has been particularly effective.

What are the solutions? The first is to ensure that we deal properly with packaging waste and make it easier for people to recycle. But recycling is a good thing only if it delivers a net gain. It concerns me that we often drive material around the country to recycling centres without sufficient regard for the environmental impact of those journeys. The hon. Member for Huddersfield referred to packaging as a resource. It can of course be a source of energy. Household waste is used to generate the heat that enables the cement company based in my constituency to manufacture cement. That strikes me as a much better use of the calorific value of packaging than sending it to landfill.

I have spoken about the challenges of using recyclable material, and I want to address what the petition says about compostable packaging—packaging made from material that might at some point in the future break down. Over the past 10 years, compostable packaging has been used in the food service sector by operators that believe they are doing the right thing, but compostable plastic—if I can use that term—looks exactly the same as PVC material, so how do people know which bin to put the compostable material in? If that material ends up getting into the plastic waste stream and being sent for recycling, it is effectively a contaminant. The reverse also applies: we do not want plastic to find its way into the compost stream. Clearly, there needs to be effective separation in the waste stream. Compostable material can work in closed environments such as schools and colleges, or even festival sites, but ensuring that people put used products into the right container across the board is a real challenge.

[Mark Pawsey]

If composting is to be the solution, we need to understand the process by which the compostable material breaks down. There are those who think that a compostable bag can simply be put on a compost heap or in the compostable waste stream and it will break down in days. That is not the case. It will hang around for some time. The time taken for it to break down depends on the composition of the material and the temperature of the composter in which it is put. Some litter groups are concerned that the attitude of, “This product is compostable and will break down,” will lead to even more litter being thrown from the car window, because of users’ belief that it does not matter as it will break down and return harmlessly to nature. It does not.

The petition refers to “big business” but, as I have said, both small and large packaging companies respond to consumers’ needs and what consumers want. If we want change, we need to get the message across to them. The call for action in the petition is to “ban all non-sustainable packaging”. I do not know what the authors have in mind by that, or how it would be banned. If we do not know what it is, we cannot do that. I have already spoken about the challenges of using compostable materials.

We need to make sure that alternatives are available, and the industry has done a huge amount. I have mentioned light-weighting. There is now significantly less resource in a plastic Coca-Cola bottle made of PET; it has been reduced by 25%. The advantage is that through the weight reduction, Coca-Cola has saved \$180 million over two years through the distribution chain. It has managed to reduce the weight of the glass bottle by 50%. There is no incentive for the manufacturer to put more material in the product than necessary.

The sentiments in the petition are well intentioned, and the industry is striving towards the same things, which everyone wants. I saw on a truck going around Parliament Square this morning the message, “Reduce, reuse and recycle”, and we certainly want more of that. The industry supports it and takes the issues covered by the e-petition extremely seriously.

5.12 pm

Mary Glendon (North Tyneside) (Lab): It is an honour to serve under your chairmanship today, Mr Bone. There may not have been many contributions to the debate, but they have all been relevant and informative. I thank the Petitions Committee for putting the debate forward and the hon. Member for Northampton South (David Mackintosh) for his opening remarks, including his stark comments about the future of the oceans and what our not tackling the issue will mean to future generations. We must agree that my hon. Friend the Member for Huddersfield (Mr Sheerman) is passionate and knowledgeable about every issue on which he speaks. It was good to hear his interventions challenging some of people’s conceptions about recycling. It is good to follow the hon. Member for Rugby (Mark Pawsey), who chairs the all-party group for the packaging manufacturing industry, of which I am a member. He gave us the other side of the coin, and was very positive about why we have packaging.

The petition calls for a ban on the use of all non-recyclable and non-compostable packaging, but the Government, as shown by their response, clearly do not

share that view and argue that it is ultimately for businesses to decide what packaging materials to use. My party takes a different view from the Government’s. We realise that the problem is complex, but believe that the Government could make more direct interventions. When the last Labour Government were in power, recycling rates quadrupled. It is worrying that the latest figures show that, across the UK, household recycling rates fell from 44.9% in 2014 to 44.3% in 2015.

As waste policy is a devolved issue, perhaps the Government could look for lessons from the Labour Administration in Wales, which is the only part of the UK to have met the EU’s 50% recycling target. In 2010, the Welsh Government committed to the principles of a circular economy in their “Towards zero waste” strategy. Since then, recycling rates in Wales have increased dramatically from 44% to almost 56%.

Regulations introduced in 2007 by the Labour Government placed a legal obligation on UK businesses to increase the amount of packaging waste that is recycled and reduce the amount that goes to landfill, but last year those regulations were substantially watered down, as the Government claimed that there was a need to reduce regulatory burdens on producer businesses. The Producer Responsibility Obligations (Packaging Waste) Regulations 2007 and the Packaging (Essential Requirements) Regulations 2003 have been important in ensuring that where businesses make or use packaging, a proportion of it can be recycled and the amount of packaging is not excessive for keeping products safe, hygienic and acceptable to the customer—something that the hon. Member for Rugby spoke about eloquently.

The regulations apply whether items are packaged in the UK or abroad, but there are plenty of examples, particularly in this age of online shopping, where it is clear that they are not adhered to. I am not a great one for shopping online, but in my limited experience of doing so, as well as shopping in stores, I have noticed how much excessive packaging there seems to be, which leads me to agree with Dr Colin Church of the Chartered Institution of Wastes Management, who, in recent comments on the fall in recycling figures, pointed out that perhaps the packaging recovery note compliance scheme is in need of revision.

Experts and organisations agree that the biggest problem discouraging the public from recycling is uncertainty and confusion about what can and cannot be recycled. Indeed, perhaps that is one of the reasons for the popularity of the petition, even if the public do not think its ultimate aim can be achieved. That confusion has already been discussed in the debate. I hope that different local authorities’ inconsistent approaches to what can be recycled will be addressed to some degree through the work done by WRAP, recyclers, waste management companies and local authorities on developing national recycling guidelines. Those were published last autumn. However, as with the plastics industry recycling action plan, which was launched in 2015 with the aim of co-ordinating action across the supply chain to improve recycling rates, it relies on a voluntary approach. It is not clear whether those initiatives will deliver the necessary improvements within the timescales required under the regulations. WRAP will keep the guidelines under review, but it would be helpful if the Minister commented on the progress of those initiatives.

Although 80% of a product's environmental impact is determined by decisions made at the design stage, there is little incentive for businesses to take environmental issues into account at that stage. That must change and a number of proactive steps could be taken to encourage businesses to make more efficient use of resources in designing new products. For example, to help make eco-friendly products more appealing, the Government could set variable rates of VAT based on recycled content.

Much more action is surely needed if the Government and EU target to increase the rate of plastic packaging recycling to 57% by the end of 2017 is to be considered realistic. As has been mentioned, a new global action plan announced by the Ellen MacArthur Foundation was launched at the World Economic Forum last week. It has been endorsed by industry leaders and aims to increase the global reusing and recycling of plastic packaging from 14% today to 70%. That and other initiatives are a welcome step forward. Given the involvement of companies such as Coca-Cola, Unilever, Mars and the People's Postcode Lottery, I sincerely hope that the work done under the global plan will have a great influence in the UK.

The impact of Brexit on much of the work of the Department for Environment, Food and Rural Affairs is still not clear. The most immediate questions relate to the EU's circular economy package, which will include updates to key directives on waste disposal and packaging. Some of the details of those changes are still to be negotiated, and once finalised, will need to be implemented at national level. While the Government have said that existing EU law will be carried over by the great repeal Bill, it is not clear what will happen to EU laws that have been passed but not yet implemented in UK law at the time of our leaving. Will the Minister give a specific answer on whether the circular economy package will be implemented before we leave the EU? Will she tell us how we will enforce those laws outside the current EU framework? Will she also say what additional plans the Government have beyond the circular economy package to bring the UK closer to those ambitious recycling targets?

Embracing the circular economy is something we should all agree on. We need to see more action from Ministers if they are genuine about recycling across the UK and if they take seriously the views of the people of the UK, as expressed in the petition.

5.22 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey): It has been a very interesting debate on the petition, which was created by Teja Hudson and secured more than 74,000 signatures. It was chosen for debate by the Petitions Committee, and was introduced by my hon. Friend the Member for Northampton South (David Mackintosh) with his usual aplomb. My hon. Friend the Member for Rugby (Mark Pawsey) extensively shared his professional experience, which has helped to inform the debate.

Packaging is critical in allowing the sale and distribution of products in a safe, secure and hygienic manner. It allows us to eat a huge range of fresh food at any time of year and to extend the shelf life of products. As we have already heard, a cucumber can now remain edible for 14 days thanks to plastic wrapping. Packaging has

also become key to supporting our lifestyles, in which we enjoy products in a convenient, consumer-friendly and appropriately portioned format. It allows retailers to provide us with a choice of products, and allows us to make choices about what products are right for us based on the information on the packet, through labelling and similar.

As a result of significant change in our lifestyles, and to both our purchasing and consumption preferences, the amount and types of packaging has increased dramatically in modern times, alongside the need for responsible disposal. Technically, most packaging is recyclable. As my hon. Friend the Member for Rugby pointed out, the challenges are more evident for certain products than for others. Nevertheless, the essay question becomes, "Why is it that our recycling rates are not sky high?"

Businesses are encouraged to reduce waste in the first place by using appropriately sized packaging. Our regulations require businesses to ensure that packaging does not exceed what is needed to ensure that products are safe, hygienic and acceptable for both the packed product and the consumer. Those regulations apply to those responsible for the packing or filling of products into packaging, and to those importing packed or filled packaging into the UK from elsewhere.

Christmas presents and Easter eggs have been discussed extensively. While some of the packaging for Easter eggs is clearly for branding purposes, a considerable amount is functional. A hollow chocolate egg is somewhat fragile, and the packaging allows for a product to be presented to the consumer intact. Of course, many brands of egg are available, but the challenges of packaging, for example, a Dairy Milk egg are quite different from the challenges of packaging a Creme Egg, which is solid and has substance inside.

Our regulations already place a legal obligation on UK businesses that make or use packaging to ensure that a proportion of the packaging they place on the market is recovered and recycled. Each activity throughout the packaging supply chain, from the original producer to the packager to the retailers, carries a different proportion of the responsibility to reflect the potential impact that a producer may have. For example, sellers of goods have 48% of the responsibility for recycling packaging, with packers or fillers having 37%. Those regulations create an incentive for companies to use less packaging, and to ensure that their packaging can be recycled at the end of its life, because it reduces their costs of complying with the regulations. In 2014, almost £20 million of revenue from the obligations paid by businesses was used specifically to help plastics recycling. Our targets for plastic packaging recycling are set to increase by 2020, which should provide a further incentive.

Why is our recycling rate not sky high? Consumers need to be able to dispose of waste responsibly, and many do so at home, while on the move and while at work. As we have heard, plastics come in all shapes, sizes and formats. While all councils are required to offer recycling of plastic bottles, several councils inform us that it is not economically worth while for them to collect and recycle some formats, such as yoghurt pots or ready meal trays. They also inform us that local reprocessing infrastructure may be limited; that the type of reprocessing needed could create different environmental impacts that outweigh the resource efficiency benefits;

[*Dr Thérèse Coffey*]

and that there may be a lack of end markets for some types of recycled materials. There is also the problem of contamination, which can make the contents of an entire recycling bin unfit for recycling.

Mark Pawsey: Does my hon. Friend agree that fluctuations in the exchange rate may now provide additional incentives for manufacturers to use recycled material, as it will be proportionately less expensive?

Dr Coffey: I agree with my hon. Friend. However, we both worked in industry for some time, and the idea that a strategy could be changed based on temporary changes in exchange rates is unlikely, owing to the required amount of capital investment. Nevertheless, if there is an opportunity appropriately to design products so that it does not matter whether virgin or recycled materials are used, I am sure companies will take advantage of those short-term measures to do so.

A great deal of work is being done by some local authorities to improve their recycling facilities and collection, and I congratulate those that are doing well, but I challenge the view that recycling in densely packed urban areas is difficult, or that local authorities cannot do more to improve recycling rates. We know that they can, and that many are delivering high levels of recycling and are actively exploring what can be done to extend services, even in challenging circumstances. My hon. Friend the Member for Rugby referred to energy from waste. I caution against some of what he said. In environmental terms, it is generally better to bury plastic than to burn it. The opposite is true of food—it is better to burn it than bury it. We need to be careful about what incentives we push.

I will try to come to some of the shadow Minister's questions—if I do not cover them in my speech, I will ensure I refer to them before the end. I reassure her and my hon. Friend the Member for Northampton South that a lot of work has been done over the past 20 years to improve the recycling, and the recyclability, of packaging. We have largely worked through the Waste and Resources Action Programme—WRAP—for many years to increase the quantity and quality of materials collected for reuse and recycling, including through campaigns like Recycle Now and through implementing the Courtauld commitment.

We continue to work through WRAP to develop and deliver activities to support the use of recycled materials in new products, and to encourage activities to stimulate its demand. Its industry advisory group recently published a framework for greater consistency in recycling. The vision is that, by 2025, packaging will be designed to be recyclable where practical and environmentally beneficial, and will be clearly labelled to indicate whether it can be recycled. Actions from that framework aim to identify opportunities for rationalising packaging, and for more and steady end markets for recyclable packaging, and to help local authorities to recycle a greater variety of materials, particularly plastics.

The hon. Lady referred to what is happening with that programme. WRAP is working with a number of local authorities. My top priority in the Department is air quality and my second is tackling urban recycling. It matters that we try to encourage more of our councils. She referred to Wales, which has taken a regulatory

approach in this regard, but we are not yet persuaded of that. I do not want just to apply a stick to councils, but for all of us—it does not matter which party we represent—using fewer resources in the first place and being able to recover, recycle and reuse them is the right thing for our environment. There are other incentives and we want to encourage not only businesses to play their part, but councils to make the process as easy as possible for householders.

One of the biggest things I have learned since coming to my role is how much our recycling rates are due to organic waste. Much of it is due to garden waste. People do not think that putting their garden clippings out is part of recycling, but that is how it is counted, and it is where we saw a drop last year. Nevertheless, we want to continue encouraging councils to extend the number of products they will recycle by making it as easy as possible.

It is ultimately for businesses to decide what packaging materials they use to supply products to customers, and for customers to make choices on the products they buy. I am delighted to see the recent pledges by a number of multinational businesses to significantly improve the recyclability of their packaging. As has been outlined, more than 40 companies have signed up to a global action plan to rethink and redesign the future of plastics, starting with packaging. The recent report from the Ellen MacArthur Foundation analysed the problem well and will help to galvanise companies into further action on this issue.

I used to work for Mars and I am pleased that it is part of this initiative. The hon. Member for Huddersfield (Mr Sheerman) referred to coffee capsules. The report stressed that they are part of the 30% of packaging that is challenging to tackle. Nevertheless, I hope that Nestlé, which makes some of the finest products in the world, will apply some of the finest brains to make sure that it addresses the issue. Otherwise, we need to increase consumers' awareness that Nespresso capsules, which are marketed by the gorgeous George Clooney—I know he is a married man, Mr Bone—are not recyclable today.

Unilever gave a commitment to ensure that all plastic packaging will be fully reusable, recyclable or compostable by 2025. I commend it on that and I note its commitment to reduce packaging weight by one third by 2020. It has made a commitment to use at least 25% of recyclable plastic content in its packaging by 2025. It would be good to see even more than that.

These commitments and future products will need to be matched with the right recycling infrastructure, the right consumer buying and recycling behaviour, and the right end markets for recycled materials. We will continue to work on our policies to encourage all these things, and to encourage others to do the same. I am pleased that waste is one of the six infrastructure priorities being focused on by the National Infrastructure Commission; I know that senior waste industry figures also welcome that. It will help to inform our longer-term policies but, most importantly, we should all be striving for less waste being produced in the first place.

Most of what I have discussed refers to packaging that can be recycled and I am conscious that the petitioners also referred to compostable packaging and the use of bioplastics. While attractive on the surface, this is a considerably more complex issue. Biodegradable materials

must be properly disposed of if the benefits of such technologies are to be fully realised. If biodegradable packaging is put in the domestic waste bin, it is likely to end up in landfill and break down to release methane, which is obviously not good from a carbon emissions point of view. If biodegradable packaging is mistakenly recycled with other plastics, it has the potential to damage the quality and integrity of the new products made from the recycled plastic—for example, damp-proof courses in houses.

However, biodegradable or compostable plastic that degrades fully without causing harm in the natural environment would clearly be desirable. My colleagues at the Department for Business, Energy and Industrial Strategy are currently seeking input to help to shape a UK bioeconomy strategy, including how standards for new materials, such as bioplastics, could be used to help promote growth and innovation in the bioeconomy.

Reference has been made to litter, which is part of the petition's message, by speakers today. The Government are developing a litter strategy for which my noble friend Lord Gardiner is the responsible Minister. As was indicated in the House last week, my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs is personally interested in the issue of marine litter, and I am sure there will be opportunities during the development of the strategy to address such matters.

Another question raised today was the EU and environmental law. I assure the hon. Member for North Tyneside (Mary Glindon) that our intention is to bring existing EU law into UK law on the day we leave the European Union.

On the circular economy package, as my right hon. Friend the Prime Minister laid out several times, while we are members of the European Union we will negotiate in good faith; I am approaching the negotiations on the eventual outcome for the circular economy in a way consistent with that. On the timing, it is likely that we will still be in the European Union, which will mean that we are required by directive to introduce it into law, but we are approaching the matter in good faith while negotiating quite hard on behalf of the United Kingdom and what we think is achievable and realistic. First, we must agree a definition of "recycling". There are many different views.

On additional plans for recycling targets, I have laid out some of the work by WRAP, but I am conscious that, as I visit more and more councils and discuss air quality regularly, another issue is their approach to achieving their recycling targets.

The hon. Member for Belfast East (Gavin Robinson) referred to the coffee cup incentive. Several retailers offer an incentive for people to use reusable cups. I must be careful not to endorse one company's products, but in my constituency a company, Frugalpac, which I have visited in my capacity as an MP, does well and there may be other sources of coffee cups for retailers. I am pleased that Frugalpac seems to have created technology to make recycling easier.

There are regulations on producer responsibility. We will be looking at that in future.

We have referred to the circular economy negotiations. The Government are absolutely committed to hit the 50% recycling target. When we leave the European Union, I genuinely believe that what the hon. Member for North Tyneside refers to as the circular economy and we call resource efficiency could be a genuinely competitive advantage for UK plc. My hon. Friend the Member for Rugby has referred to that. Some companies are already showing a lead. The best companies are achieving these things because it is good for the company, good for consumers and good for the environment.

We have seen a tremendous transition over the past decade from a throwaway mindset to one that focuses on extracting the value from resources more than ever before, but we must continue with this trend, finding new and innovative ways to extract even more value from our resource assets and protect the quality of our environment. Companies, consumers and the environment will benefit. That is the triple crown for which we all strive.

Mr Peter Bone (in the Chair): I invite David Mackintosh to wind up in the hour and three quarters we have left.

5.38 pm

David Mackintosh: Thank you, Mr Bone. I will be brief. I thank you for chairing this debate and the 75,000 people who signed the petition. We have had a passionate debate, not least because of the hon. Member for Huddersfield (Mr Sheerman). He is no longer in his place, but he is a passionate supporter of trying to change things.

We had knowledgeable input from my hon. Friend the Member for Rugby (Mark Pawsey), who is chair of the all-party group on packaging manufacturing. Although we disagreed on Easter eggs, I was pleased to hear from him—not least about the variation of rates of recycling among local authorities.

The hon. Member for Belfast East (Gavin Robinson) touched on the reuse of coffee cups, which is a valid discussion. I am grateful for the input from the hon. Member for North Tyneside (Mary Glindon), who talked about recycling rates in Wales particularly. I am grateful to the Minister for outlining her approach and continued commitment to developing this theme and the Government's approach to the litter strategy. She outlined her approach to local authorities and their recycling rates, and even managed to mention George Clooney.

I am pleased that we have debated this issue today.

Question put and agreed to.

Resolved,

That this House has considered e-petition 167596 relating to the banning of non-recyclable and non-compostable packaging.

5.39 pm

Sitting adjourned.

Written Statements

Monday 23 January 2017

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

Industrial Strategy Consultation

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): The Government are today publishing a Green Paper: “Building our Industrial Strategy”.

This signals a new and collaborative approach to industrial strategy in the United Kingdom, helping to deliver an economy that works for everyone.

We are working from a position of strength. We have built an open, dynamic and competitive economy since the financial crisis, with a record number of people in work. We have more businesses than ever, industry sectors that are world leading, a strong science and research base, and have seen significant growth.

But there are challenges that the United Kingdom must face up to now and in the years ahead. Specifically we must:

- Build on our strengths and extend excellence into the future;
- Close the gap between the UK’s most productive companies, industries, places and people and the rest; and
- Make the UK one of the most competitive places in the world to start or grow a business.

“Building our Industrial Strategy” sets out our approach to addressing these challenges in order to attain our objective: to improve living standards and economic growth by increasing productivity and driving growth across the whole country.

In order to endure, our strategy should reflect the considerable contribution of a wide group of people and bodies who share our ambitions. That is why this is a Green Paper—a set of proposals for discussion and consideration, and an invitation to others to contribute collaboratively to their development. I have placed copies of the document in the Libraries of the House.

[HCWS429]

COMMUNITIES AND LOCAL GOVERNMENT

Local Growth Fund

The Secretary of State for Communities and Local Government (Sajid Javid): In the last Parliament, £7.3 billion of the Local Growth Fund was awarded to Local

Enterprise Partnerships (LEPs) through the first two rounds of Growth Deals. At Autumn Statement, the Chancellor announced the regional breakdown of a further £1.8 billion of the Local Growth Fund. Today I am pleased to announce the individual awards that LEPs in the Northern Powerhouse will receive.

Table A: Growth Deal 3 Funding Awards for LEPs in the Northern Powerhouse

LEP	Funding Award (£m)
North Eastern	49.74
Cumbria	12.66
Tees Valley	21.81
York, North Yorkshire and East Riding	23.68
Lancashire	69.76
Humber	27.94
Leeds City Region	67.45
Liverpool City Region	71.95
Greater Manchester	130.08
Sheffield City Region	37.83
Cheshire and Warrington	43.28

This flexible funding sits alongside £475 million for Local Transport Majors and £2 billion long-term funding for housing transactions through the Home Building Fund. This was the most competitive round yet, and allocations were made based on a bidding round that took place last year. This honours our manifesto pledge to agree an expanded set of deals to empower the towns, cities and counties across the country to fulfil their potential and create an economy that works for all. The expanded deals will provide LEPs in the Northern Powerhouse with the power and funding to support local businesses, unlock housing where it is most needed and develop vital infrastructure to allow places to thrive. The funding will also be used to create jobs, equip a new generation with the skills they need for the future and attract billions of pounds of private sector investment. This investment is Government stepping up, not stepping back, building on our strengths to boost national productivity and growth.

This adds to the £2.9 billion we have already invested in growth deals in the Northern Powerhouse in previous rounds, providing targeted financial support to locally-determined projects in order to unlock growth.

This is part of Government efforts to build a Northern Powerhouse to help the great cities and towns of the North pool their strengths and take on the world. Step by step we are making the Northern Powerhouse a reality with over a million businesses involved, foreign direct investment up by a quarter and 187,000 jobs created in the past year alone.

We will announce the allocations for LEPs in other regions over the coming weeks.

[HCWS428]

Petitions

Monday 23 January 2017

OBSERVATIONS

EDUCATION

Baverstock Academy

The petition of residents of Birmingham Selly Oak constituency,

Declares that Baverstock Academy should not be closed.

The petitioners therefore request that the House of Commons urges the Government to take action to save Baverstock Academy.

And the petitioners remain, etc.—[Presented by Steve McCabe, *Official Report*, 14 December 2016; Vol. 618, c. 921.]

[P001999]

Observations from the Minister for School Standards (Mr Nick Gibb):

The Baverstock Academy went into Special Measures in September 2014. The Department acted quickly to provide support to the academy's senior leadership team and local governing body, monitoring attainment and progress closely.

When financial irregularities were uncovered in November 2015, the EFA issued the trust with a 'Financial Notice to Improve' (FNtl). The FNtl established that the Trust did not have the capacity to address the educational and financial issues at the school and the trust, on request of the Department, appointed an interim academy board in December 2015.

In June 2016 the LEAP Academy Trust submitted a special resolution to the Department for Education recommending that the Secretary of State terminate the funding agreement for the Baverstock Academy and allow the school to close.

Over the summer holidays and autumn term, officials worked to find a new sponsor for the school in order to allow the academy to continue. A number of high-profile sponsors considered the proposal, but after conducting their due diligence, they confirmed that the educational and financial issues affecting the school were too difficult to guarantee improvement and were therefore unwilling to take the school on.

Ofsted's latest report published on 23 November 2016 confirms that the school remains in Special Measures. The Under-Secretary of State for the school system has considered all options and is now minded to close the Baverstock Academy.

There will now be a period of four weeks where we invite parents and members of staff to submit their views on the closure, ending on 7 February. We invite the petitioners to make their views known to the office of the Regional Schools Commissioner for the West Midlands through this process. All responses will be considered before a final decision is made on the future of the Baverstock Academy.

The Department will ensure that children's education is not disrupted and will work with the LEAP Academy Trust and the local authority to identify alternative places for students where needed.

FOREIGN AND COMMONWEALTH OFFICE

Norfolk Island

The petition of residents of the UK,

Declares that on behalf of residents of Norfolk Island, there is an identified historical, cultural, legal and constitutional relationship which Norfolk Island and the Norfolk Island people have celebrated since 1856 with the United Kingdom and the British people.

The petitioners therefore request that the House of Commons urges Her Majesty's Government to support the people of Norfolk Island to be able to uphold their right of self-determination in accordance with the United Nation's Charter specific to decolonisation and humbly request the same right of self-determination as afforded to the people of the British Overseas territories.

And the petitioners remain, etc.—[Presented by Andrew Rosindell, *Official Report*, 23 November 2016; Vol. 617, c. 1001.]

[P001982]

Observations from the Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alok Sharma):

Norfolk Island has been a Territory of the Commonwealth of Australia since 1914 and its governance is a matter for that country.

TRANSPORT

Road safety in Southampton Itchen

The petition of residents of Southampton Itchen,

Declares that there should be road safety measures introduced at the junction of Spring Road and Station Road in Southampton, after a series of road traffic accidents that have occurred in recent months.

The petitioners therefore request that the House of Commons urges Southampton City Council to review the safety at the Spring Road and Station Road junction and outline what actions it plans to undertake to ensure the safety of road and pedestrian users; and further that the council confirm the timeframe for implementing those changes.

And the petitioners remain, etc.—[Presented by Royston Smith, *Official Report*, 13 December 2016; Vol. 618, c. 762.]

[P001996]

Observations from the Parliamentary Under-Secretary of State for Transport (Andrew Jones):

Local authorities are responsible for road safety on the local road network. Section 39 of The Road Traffic Act 1988 puts a statutory duty on the local authorities to deliver an appropriate road safety education service and for the provision of a safe local road network. This includes road construction, accident investigation and analysis, traffic calming, setting speed limits and

facilities for pedestrians and cyclists. It is up to individual authorities to determine how they meet their “statutory duty”.

Traffic calming can be an effective way to reduce speed and improve road safety. It is for individual highway authorities to decide, in consultation with the local community, whether a particular road needs treatment and if so, the most suitable features to use. There are a wide range of traffic calming measures to choose from, including road humps, rumble devices (strips or areas), narrowings, build outs and chicanes. It would be inappropriate for the Government to intervene as this is a matter for the democratically accountable local authority.

The Department’s advice to highway authorities on the design and effectiveness of traffic calming measures is given in Local Transport Note 1/07: Traffic Calming. This brings together a summary of the research commissioned by DfT and other organisations, to provide advice on the use of traffic calming measures. It covers relevant legislation and the design, effectiveness and installation of measures. It is available from the Department’s website at:

<https://www.gov.uk/government/collections/local-transport-notes>.

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