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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Tuesday 24 January 2017

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

Justice

The Secretary of State was asked—

Transgender Prisoners

1. **Carolyn Harris** (Swansea East) (Lab): What support and resources the Government are providing to transgender prisoners. [908338]

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): The House will be aware of the tragic death of Jenny Swift at Doncaster prison on 30 December. My sympathies are with her family. As with all deaths in custody, there will be an inquest and an independent investigation by the prisons and probation ombudsman. We are firmly committed to ensuring that transgender offenders are treated fairly, lawfully and decently, with their rights and safety respected.

Carolyn Harris: I cautiously welcome the new guidance regarding the management of transgender prisoners, and I am sure we are all keen to see all transgender people treated with respect and dignity. However, can the Minister assure the House that the new guidance applies to transgender people held in immigration and detention centres, as well as to those housed in the general prison system?

Dr Lee: I thank the hon. Lady for her question. The new guidelines to staff were issued on 9 November, following a review of the management and care of transgender offenders. The review involved independent oversight, including from the Prison Reform Trust. To put the issue into perspective, we have 70 people in this position in the estate at the moment, which broadly reflects the incidence in the population. Specifically on the question the hon. Lady asks, if she writes to me, I will reply.

Ben Howlett (Bath) (Con): The National Offender Management Service guidance is very welcome, but will the Minister outline whether it applies to non-binary people who are in prisons, because this issue is not just about those who define themselves as men or women but about non-binary people as well?

Dr Lee: I thank my hon. Friend for that question. Again, to put the issue into perspective, we currently have four people who are in that position in the estate. The new guidelines state that all transgender prisoners “must be allowed to express the gender with which they identify”, irrespective of prison location.

Daniel Zeichner (Cambridge) (Lab): Will the Minister confirm that that means there is no longer a requirement for a gender recognition certificate? Will he also tell us how confident he is that these guidelines are being applied across the whole estate and when he expects to do an assessment of their impact?

Dr Lee: The underlying principle is that people are cared for and managed in the gender with which they identify, rather than that being based solely on their legally recognised gender. As I said earlier, the guidelines came about through interaction with various independent organisations, and staff are being trained in this area. I think some perspective is required here: we have a prison system that is traditionally male-female, and we are dealing with relatively small numbers, but, yes, I am keeping an eye on this issue. In particular, with regard to recent tragic events, I am also looking individually at each case.

Prisoner Rehabilitation

2. **Jeremy Quin** (Horsham) (Con): What steps the Government are taking to improve prisoner rehabilitation. [908339]

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): The Prison and Courts Reform Bill will for the first time set out in legislation that the reform of offenders, as well as the punishment of offenders, is a key purpose of prison. We need to make sure the whole system is focused on getting prisoners the education they need, and getting them off drugs and into jobs, so that we can reduce the £15 billion cost of reoffending.

Jeremy Quin: I commend my right hon. Friend for the work she is doing in making prison governors more accountable. Will she set out the standards she is laying down so that prison improvements, and indeed offender outcomes, can be properly measured?

Elizabeth Truss: My hon. Friend is absolutely right that we need standards so that we can hold prison governors to account on what they are achieving. We are going to start introducing those standards from April 2017. They will include measures such as prison safety, progress made in English and maths, progress on getting offenders into employment and measuring the time out of cell in prisons.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Secretary of State will know that good rehabilitation depends on at least two things: a good probation service providing aftercare when people leave prison, and good partnerships with the business community and employers, who will give people appropriate employment to steer them on their way. We have had some good experience at Reading and other jails. Will the Secretary of State back that kind of partnership?

Elizabeth Truss: The hon. Gentleman is absolutely right. We know that when somebody gets into work on leaving prison, they are much less likely to reoffend. We are going to launch an employment strategy later this year to encourage more employers like Timpsons, which already does a fantastic job, to participate. We also want to get the third sector involved in that rehabilitation

programme. We will also announce reforms to the probation system, and one key focus will be on how the probation service gets people into employment.

Andrew Selous (South West Bedfordshire) (Con): Has there been progress on getting accurate job vacancy data from the Department for Work and Pensions in the areas to which prisoners will be released, to focus work preparation in prisons as effectively as possible?

Elizabeth Truss: We are working with the Department for Work and Pensions to get the data and make sure that they are much more linked up. By giving governors more power we will enable them to work with local employers in making sure that jobs are available. We are training people in prison and getting them into apprenticeships so that they can continue those apprenticeships and that work when they leave prison.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): What steps are the Government taking to ensure that mental health problems are picked up as part of the rehabilitation process, not just to reduce suicide rates in prisons but to ensure that services are streamlined on release?

Elizabeth Truss: The hon. Lady is absolutely right that mental health is a major issue. We are giving governors more power over the commissioning of mental health services in prison. I also want to see better diagnosis of mental health issues earlier in the criminal justice system, when people appear in court and when they are on community sentences.

Dr Tania Mathias (Twickenham) (Con): Will the Secretary of State set a high standard for employment projects in prisons along the lines of the experience in Padua? I am sure that she is aware of Pasticceria Giotto, an outstanding and exporting bakery business.

Elizabeth Truss: I thank my hon. Friend for her comments. Catering and bakery is a big area in which we do a lot of training already. We are working with organisations like Costa Coffee to get people into employment. We also have the Bad Boys Bakery at Brixton, which produces some excellent cakes.

Mr Speaker: There is no reason to doubt it; the Secretary of State seems remarkably well informed about these important matters.

Derek Twigg (Halton) (Lab): Getting ex-prisoners into employment is clearly very important, as the Secretary of State has said. What assessment has her Department made of the number of prisoners who leave prison and get into employment and stay in it for more than six months?

Elizabeth Truss: The hon. Gentleman is absolutely right to talk about the longevity of such employment. We are designing the measures on which prison governors and probation services will be held to account on the basis of getting people into sustainable employment. That is very important.

Fixed-term Recalls

3. **Philip Davies** (Shipley) (Con): What recent assessment she has made of the effectiveness of fixed-term recalls.
[908340]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): An offender who is assessed as presenting a high risk of serious harm will receive a standard recall. Thereafter, they will be re-released before the end of their sentence only if the risk they pose is reduced and they can be safely managed in the community. In cases that are not high risk, however, a fixed-term recall is often a more appropriate response.

Philip Davies: It is bad enough that prisoners are automatically released halfway through the sentence, whether or not they still pose a risk to the public, but when someone released on licence from prison then reoffends, surely the least the public can expect is that the criminals concerned are sent back to prison to serve the remainder of their prison sentence in full. Instead, a huge number of these people are simply recalled to prison for just 28 days on a fixed-term recall, sometimes on multiple occasions. How does the Minister justify this fraud on the British public?

Mr Gyimah: As I said, where a high risk is posed, the prisoner will not be re-released before the end of their sentence. Offenders on licence who are charged with a further offence and assessed as presenting a high risk of serious harm receive a standard recall. If they are convicted of a further offence, they get a fresh sentence.

Tom Elliott (Fermanagh and South Tyrone) (UUP): In a recent case in Northern Ireland, someone charged with a serious terrorist offence in connection with the murder of prison officer David Black absconded when he was on bail, and the police did not report that to the courts for over five weeks. Is the Minister aware of that, and has he had any discussions with the Minister of Justice in Northern Ireland to take this matter forward?

Mr Speaker: That is only tangentially related to the question on the Order Paper, and I think that is a generous statement, but the Minister is a dextrous fellow, so let us hear from him.

Mr Gyimah: The straightforward answer is that I am not aware of that particular case and I am willing to take it up with the hon. Gentleman.

Christina Rees (Neath) (Lab/Co-op): Some in the justice system have raised fears that recall is used too readily by community rehabilitation companies because they are disincentivised from investing time in those they consider will not be able to complete their community sentence. What assessment has the Minister made of the use of recall by community rehabilitation companies?

Mr Gyimah: The hon. Lady makes a good point about the process whereby community rehabilitation companies have to justify the grounds for recall to officials in the National Offender Management Service before going ahead. Where officials do not find grounds for recall, they will then challenge the community rehabilitation companies. It is important to recognise

that sometimes recalling an offender who is in breach of their licence allows the offender manager to put in place the appropriate mechanisms to manage them in the community.

Prison Staff

4. **Sir Edward Leigh** (Gainsborough) (Con): What steps the Government is taking to support prison staff in maintaining order. [908341]

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): We are recruiting an extra 2,500 prison officers and rolling out new body-worn cameras. We are also empowering governors and providing extra funding to enhance the physical security of the prison estate.

Sir Edward Leigh: To be fair to the Government, I appreciate that prison violence has been a problem for decades. I remember being a PPS 28 years ago when the Home Secretary was coping with a prison riot. But was it really wise to cut the number of prison officers by a quarter in the last six years, given these problems?

Elizabeth Truss: I should be delighted to have a conversation with my hon. Friend about his experience looking at these issues. He is absolutely right that they have been a problem for a number of years, and it will take time to build up the front line and recruit those 2,500 additional officers. We have recently faced new challenges, with psychoactive substances, drones and mobile phones. We are taking action to deal with those, but it is vital that we have the staff on the front line who can both reform offenders and keep our prisons safe.

Mr David Hanson (Delyn) (Lab): Six major incidents in eight weeks is unprecedented in the 25 years I have been in this House. Following on from her reply to the hon. Member for Gainsborough (Sir Edward Leigh), will the Secretary of State confirm that the figures to September meant a loss in that last year of 417 prison officers? When she says that she has to recruit 2,500 officers, does she not mean that in the next 12 months she will have to recruit 4,000 to make up those 2,500, and does she intend to do that?

Elizabeth Truss: The right hon. Gentleman is absolutely right. We need to recruit 4,000 officers over the next year. I announced initially that we were recruiting officers for 10 of the most challenging prisons. We have already made job offers to almost all those 400 people, so we are making good progress. We have recently launched a graduate scheme, Unlocked. Within 24 hours of announcing that scheme, we had expressions of interest from more than 1,000 candidates, so there are people interested in joining the Prison Service. It is challenging to recruit that number of officers, but we are absolutely determined to do so. It is what we need to do to turn our prisons around and make them places of safety and reform.¹

Sir Simon Burns (Chelmsford) (Con): Does my right hon. Friend accept that the greatest support that we can give to prison officers is to make sure that they have the correct levels of staffing in their prisons? Is she aware that there have been significant problems, highlighted by recent reports, in Chelmsford prison, which have been attributed to the understaffing of the prison? May

I ask her what is being done to get the levels of staff to the correct ones, and would she agree to the prisons Minister having a meeting with me to discuss that?

Elizabeth Truss: My right hon. Friend is absolutely right. We need to recruit staff at Chelmsford, in addition to other prisons. I know that my hon. Friend the prisons Minister will meet my right hon. Friend soon. I am keen to visit Chelmsford myself to meet my right hon. Friend and see the situation on the front line.

Greg Mulholland (Leeds North West) (LD): As well as issues with understaffing and morale, we still have some old prisons that are not suitable for the kind of rehabilitation that we need, and that cause security issues. Can the Government update us on what is happening to deal with that fundamental infrastructure problem?

Elizabeth Truss: The hon. Gentleman is absolutely right. It is harder to reform offenders and create the safe environments that we want in old prisons that are not fit for purpose. That is why we are building additional prison places. We have £1.3 billion allocated. We will open HMP Berwyn in Wales shortly, which will have additional places. We are committed to this, and I will announce more about our prison build programme in due course.

Mr David Burrowes (Enfield, Southgate) (Con): What has been the effect of the decisions in 2011, which were confirmed in 2016, to reduce the daily accommodation fabric checks to barely a weekly check? How has that helped to achieve the desired outcome, as stated at the time, of maintaining order and reducing self-harm?

Elizabeth Truss: My hon. Friend raises an important issue. We need cells that are fit for purpose and usable. One of the things that my hon. Friend the prisons Minister has been focusing on in his regular meetings is making sure that our contractors get cells back to use and fit for purpose.

Yasmin Qureshi (Bolton South East) (Lab): Some prisons, including Her Majesty's Prison Birmingham, use prisoner violence reduction representatives—prisoners who are paid to monitor other inmates—to discourage disorder. Stakeholders we have spoken to suggest that some are ensuring compliance by themselves meting out violence to troublesome inmates. What assessment has the Justice Secretary made of their use?

Elizabeth Truss: The hon. Lady refers to violence reduction programmes. I have seen them in place in a number of prisons, where they can be very effective. Peer to peer support can often turn prisoners around, but it needs to be carefully managed and monitored. My expectation is that it is the role of the governor of the prison to make sure proper systems are in place.

Yasmin Qureshi: In December, during her statement to the House on the riot at Her Majesty's Prison Birmingham, the Justice Secretary suggested that as many as 13 Tornado teams were deployed to the prison. Such events deprive other prisons of officer numbers.

Is she confident that she has the resources to deal with disturbances of this kind, and when will Sarah Payne's investigation into what happened be concluded?

Elizabeth Truss: We are increasing the number of Tornado staff to make sure that we can deal with any incidents that arise across our prison estate, particularly while we are building up the strength of our frontline. Those officers do a fantastic job, and they did a fantastic job in resolving the incident at HMP Birmingham. I can tell the hon. Lady that the investigation into the incident at HMP Birmingham, which is being led by Sarah Payne, will report back in February.

Drug Addiction

5. **Amanda Solloway** (Derby North) (Con): What steps the Government are taking to (a) treat drug addiction in prison and (b) provide education and skills training to prisoners formerly addicted to drugs to help them to find work on release. [908342]

9. **Luke Hall** (Thornbury and Yate) (Con): What steps the Government are taking to (a) treat drug addiction in prison and (b) provide education and skills training to prisoners formerly addicted to drugs to help them to find work on release. [908347]

12. **Sir David Amess** (Southend West) (Con): What steps the Government are taking to (a) treat drug addiction in prison and (b) provide education and skills training to prisoners formerly addicted to drugs to help them to find work on release. [908350]

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): Our prison safety and reform White Paper affirms the Government's commitment fundamentally to reassess our wider approach to tackling the supply of and the demand for drugs in prisons. It also gives governors greater power over services in their prisons, devolving control over education and increasing influence over healthcare provision, including drug testing and rehabilitation.

Amanda Solloway: I have visited many prisons in my role as rapporteur on mental health for the Joint Committee on Human Rights, and one of the most consistent and challenging problems is not only treating drug addiction but preventing new psychoactive substances from entering the prison system. Will the Minister update me on the Department's plans to prevent NPS abuse in prisons?

Dr Lee: Prisons have a range of searching tools available. We have trained 300 dogs to detect psychoactive substances, and we have introduced laws to prosecute those who smuggle and supply drugs.

Luke Hall: Will my hon. Friend explain what impact legal highs are having inside prisons, and what steps are the Government taking to crack down on this very serious problem?

Dr Lee: The use of legal highs is undeniably changing behaviour patterns among prisoners. Last night's "Panorama" illustrated the impact of new psychoactive substances. We have developed an innovative testing

programme under the current mandatory drug testing regime, and we continue to work with health partners to reduce demand.

Sir David Amess: In the light of the increasing pressures on the prison population, does my hon. Friend see any merit in the Howard League for Penal Reform's suggestions about increasing the use of community orders—they certainly work well in Southend—and in its approach to helping offenders with drug problems?

Dr Lee: We want community orders to be effective so that further crimes are not committed. This includes better mental health interventions and drugs and alcohol desistance interventions. I am fully aware of the fact that if we can get to grips with the mental health challenges and the substance misuse challenges, crime will go down.

Jim Shannon (Strangford) (DUP): If the Minister is to address the issue of drug addiction, he will have to address the issue of drugs being smuggled into prison. One method of doing that would be the introduction of new scanning machines similar to those at airports. Has the Minister given any consideration to doing that in prisons, thereby stopping drugs being smuggled by people into prison?

Dr Lee: Yes, consideration has been given to that. There is a particular difficulty with new psychoactive substances, because the way in which they are smuggled in—for example, by the impregnation of letters or paper—means that it is difficult to stop them via scanning. The hon. Gentleman should be assured that we are desperate to get a grip on the smuggling and supply of drugs into prisons because of the adverse impact that they are having.

Mr Speaker: The hon. Member for Vale of Clwyd (Dr Davies) has an identical question, Question 19. It was not grouped with this question, but the position is clear: if he does stand I will call him, and if he doesn't I won't. He does. Get in there man!

19. [908358] **Dr James Davies** (Vale of Clwyd) (Con): Does my hon. Friend agree that, if we are to reduce reoffending, it is vital to get prisoners off drugs and give them the skills they will need to find work in their local community on release?

Dr Lee: My hon. Friend, who has the same profession as me, fully understands the importance of the proper treatment of substance misuse. Having successfully got off the drug, part of that is finding purpose in life, and employment is key to that.

Prison Staff: Recruitment

6. **Simon Hoare** (North Dorset) (Con): What steps the Government are taking to recruit more prison staff. [908343]

17. **Mary Robinson** (Cheadle) (Con): What steps the Government are taking to recruit more prison staff. [908355]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): We are investing significant financial resources totalling about £100 million to recruit 2,500 additional prison officers. We are investing £4 million in our marketing campaign and effort. In addition to our national recruitment campaign, there are local recruitment schemes in 30 jails where it is hardest to recruit.

Simon Hoare: I am grateful to my hon. Friend for his reply. I urge him, as he begins the recruitment process, to give due consideration to recruiting in rural areas, such as north Dorset, where house prices are high, rural public transport is scarce and unemployment levels are very low. That makes the governor's job at a prison such as Guys Marsh in my constituency even harder.

Mr Gyimah: I am aware that my hon. Friend takes a keen interest in Guys Marsh, his local prison. I assure him that Guys Marsh has been made a priority prison, which means that the governor is getting extra resource, in addition to our national campaign effort, to recruit the staff he needs.

Mary Robinson: Many of my constituents work in the Prison Service and I was contacted recently by one constituent who has worked in it for more than 23 years. He was concerned about the morale among his fellow officers and cited recent riots. What assurances can the Minister give me that those who serve on the frontline are able to work safely and with the appropriate staffing numbers?

Mr Gyimah: My hon. Friend is absolutely right: prison officers are some of our finest and bravest public servants, and we want them to be able to work in safe conditions. That is why we are tackling the scourge of drones, drugs and phones in our prisons, and recruiting more staff so that they can work in a safe environment.

Richard Arkless (Dumfries and Galloway) (SNP): Given the enormous turnover of staff on the prison estate and the reality that the Government will need to employ about 4,000 extra staff to reach their net figure of 2,500, what is the Minister doing to incentivise existing prison staff to stay and not walk out?

Mr Gyimah: The reality is that, in 75% of our prisons, recruitment is not a challenge. However, there is a challenge in some prisons, particularly in London and the south-east. In those places, we are offering market supplements of about £4,000 to attract new people. For those who are already in the system, we are in discussions about professionalising the Prison Service more to give them a better status and more pride in their jobs.

Richard Burgon (Leeds East) (Lab): The chief executive officer of the National Offender Management Service, Michael Spurr, told MPs that there is a need to recruit 8,000 more prison officers to achieve the increase of 2,500, as we have heard again today, yet existing prison officers have rejected the latest NOMS pay offer. When Michael Spurr met the Prison Officers Association this week, did the Secretary of State join him, and did she make the necessary commitments to make increased staffing in the Prison Service a reality?

Mr Gyimah: The Secretary of State and I met the POA last week. We had a very constructive discussion about continuing talks and, more widely, about workforce reform, professionalising prison officers' jobs and raising their status.

Leaving the EU: Justice

7. **Scott Mann (North Cornwall) (Con):** What assessment she has made of the implications for the justice system of the UK leaving the EU. [908344]

10. **Steven Paterson (Stirling) (SNP):** What assessment she has made of the implications for her Department's policies of the UK leaving the EU. [908348]

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): We are determined to use the opportunities presented by our exit from the EU to build a truly global Britain. Our world-leading legal services contribute £25 billion per annum to the UK economy. My Department is leading the work on future co-operation with the EU on civil, commercial and family law, and, together with the Home Office, on criminal justice.

Scott Mann: I welcome the Prime Minister's confirmation that we will be ceasing membership of the single market and thus ending the control of the European Court over this country. Does my right hon. Friend look forward to the day when the British courts are no longer undermined by European judges sitting in Luxembourg?

Elizabeth Truss: My hon. Friend is absolutely right. The UK has fantastic, independent and incorruptible judges, and we will be leaving the jurisdiction of the European Court of Justice, meaning that final decisions will be down to British judges.

Steven Paterson: As with all things Brexit, we are facing a period of uncertainty around the recognition and enforcement of citizens' rights associated with EU membership. What plans do the Government have to recognise the rights of parties in pending cases before the Court of Justice at the time of our departure from the EU?

Elizabeth Truss: Such issues will be resolved in due course, and there will be a statement later today from my right hon. Friend the Brexit Secretary.

Victoria Prentis (Banbury) (Con): What can my right hon. Friend do to reassure the legal profession that contracts where the choice of law is English or Welsh law will continue to be enforceable across Europe, even after we have left the EU?

Elizabeth Truss: My hon. Friend is absolutely right. This is a vital issue for our fantastic legal services profession—four of the top 10 international law firms are headed in the UK. I said this week at a joint meeting with the Lord Chief Justice and members of the legal profession that mutual enforcement of judgments will be a key part of our Brexit negotiations.

Joanna Cherry (Edinburgh South West) (SNP): Civil and criminal justice are devolved to the Scottish Parliament. Does the Secretary of State for Justice agree with the conclusions of the first report of the Exiting the European Union Committee that the great repeal Bill must be

dealt with in a way consistent with the existing devolution settlement, and does she accept, therefore, that the legislative consent of the Scottish Parliament to the great repeal Bill will be required?

Elizabeth Truss: I look forward to meeting the hon. and learned Lady to discuss the issues of the devolved Parliament. The Prime Minister has been clear that she wants to strike a bespoke Brexit deal that works for the whole UK.

Joanna Cherry: Because civil and criminal justice are devolved, the triggering of article 50 will have major implications for the rights and freedoms of people in Scotland. Does the Secretary of State accept, therefore, that the Sewel convention will be engaged, and does she agree with the Supreme Court's judgment this morning that the Sewel convention has an important role in facilitating harmonious relationships between the UK Parliament and the devolved legislature?

Elizabeth Truss: As I said, the Prime Minister and the Secretary of State for Exiting the EU are working closely with the Scottish Government, and the Government have been clear that they will respect the decision of the Court this morning.

Probation Service

8. **Kate Hollern** (Blackburn) (Lab): What recent assessment she has made of the effect of the volume of probation officer caseloads on the effectiveness of the probation service. [908345]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): We are currently conducting a comprehensive review of the probation system so that it reduces reoffending, cuts crime and prevents future victims. A wide range of factors impacts on the effectiveness of probation services, including not only caseloads but the nature of supervision and rehabilitative support.

Kate Hollern: In October, a joint report by the prisons and probations inspectorates found that

“high workloads meant that there was no time to think about cases in prison”

and that

“workload for resettlement workers meant that they spent very little time working with individual prisoners”.

Is not that evidence that the Government's mistaken privatisation of the probation service is failing prisoners, failing to prevent reoffending and therefore failing to protect the wider community?

Mr Gyimah: Our ambition for the probation system review, due out at the beginning of April, is clear. We want a simple probation system with clear outcome measures, such as getting offenders into employment and housing. Outcomes, rather than inputs, are the best way to judge our probation service across the board.

Mr Speaker: I call Danny Kinahan.

Danny Kinahan (South Antrim) (UUP): That was on a previous question, Mr Speaker.

Mr Speaker: Oh, never mind. We will bear the hon. Gentleman in mind for subsequent questions.

Courts System

11. **Matt Warman** (Boston and Skegness) (Con): What progress the Government have made on modernising the courts system. [908349]

The Minister for Courts and Justice (Sir Oliver Heald): The Government's reforms will modernise the courts and tribunals system and improve the experience of everyone who comes into contact with it, particularly victims and witnesses, but we need to make sure that the provision of legal support is also updated to reflect the new way the justice system will work. We will work closely with the legal sector, victims and witnesses and others to review across the board the types of support needed in a modernised justice system and produce a Green Paper in the spring of 2018.

Matt Warman: Technology can mean that courthouses that were little used and have closed can still allow constituents to get access to justice. Can the Minister confirm that Skegness courthouse is going to receive the kind of technology solution that will allow my constituents still to get access to justice, and that that will not come at a cost to the local police?

Sir Oliver Heald: We are working with local interested parties to establish a video link facility for Skegness. That will allow victims and witnesses to give evidence without travelling to Boston.

Danny Kinahan (South Antrim) (UUP): Yesterday, the British-Irish Parliamentary Association heard how well the Garda and the Police Service of Northern Ireland are working together. When we leave the EU, however, it looks as if we will become associate members of Europol, and the Schengen information system is another item that we need to keep together. Will the Minister ensure that we are in either the same place or a better place?

Mr Speaker: I think that the hon. Gentleman also meant to refer to the modernisation of the courts system—purely an error of omission from the hon. Gentleman.

Danny Kinahan: I would like to see the modernisation of the courts system.

Sir Oliver Heald: Excellent. I would be happy to discuss the issue with the hon. Gentleman or indeed to pass his remarks to the Secretary of State for Exiting the EU to make him aware of the hon. Gentleman's concerns.

23. [908362] **Richard Graham** (Gloucester) (Con): Over the last couple of years, three magistrates courts have been closed in Gloucestershire, the probation service has been divided and the Crown court in Gloucester and the magistrates court in Cheltenham continue to leak, while disabled access to both is poor. The Minister has been sympathetic to those issues. Can he confirm

today that action will be taken on the physical condition of the courts and that an assessment will be made of the rehabilitation company's work?

Sir Oliver Heald: Yes. I had a very useful meeting with my hon. Friend, and I can certainly confirm both the points he makes. I am particularly keen to get that skylight fixed for him. I am working hard on that.

Rob Marris (Wolverhampton South West) (Lab): In his reply to the question from the hon. Member for Boston and Skegness (Matt Warman), the Minister referred to modernising the tribunal system. Does he agree that part of that modernisation should be getting rid of employment tribunal fees, the introduction of which has led to a cut in the number of employment tribunal cases by two thirds and a cut of more than 80% in sex discrimination cases? Can the Minister announce today that those fees will indeed be abolished as part of access to justice and modernising the system?

Sir Oliver Heald: As the hon. Gentleman knows, we have been reviewing employment tribunal fees, and I can say that the publication of that review is imminent. Having said that, there is a difference of opinion across the Chamber on this matter. We think it right that individuals should contribute to the costs of the tribunals. It is also worth bearing in mind that ACAS has increased its workload in employment cases from about 23,000 cases a year—the number it used to conciliate—to 92,000 cases now. The result has been a very large increase in the number of cases that do not then proceed to the tribunal.

21. [908360] **Rehman Chishti** (Gillingham and Rainham) (Con): Does the Minister agree that, if the UK is to remain at the forefront of legal services worldwide and if the sector is to continue as an engine for jobs and growth, it is vital that our courts system is modern, flexible and fit for the 21st century?

Sir Oliver Heald: I do agree. We have the best legal system in the world, but we also need to have the most modern one. Getting as many things out of court that do not need to be there, applying the full force of judge and courtroom for the most difficult and complex issues, stripping away unnecessary hearings, redundant paper forms and duplication are all important. I can report that, while two hearings ago, there was a saving of a Shard-load of paper as a result of these reports, that has now gone up to three Shard-loads, so we have saved a pile of paper as high as the Burj Khalifa, the largest building in the world.

Mr Speaker: What a well-informed fellow the right hon. and learned Gentleman is.

Christina Rees (Neath) (Lab/Co-op): The new chairman of the Bar Council, Andrew Langdon QC, has warned people not to rely too heavily on the delivery of justice online. Yesterday the President of the Family Division, Sir James Munby, complained that facilities in his courts were a disgrace,

“prone to the link”

—the video link—

“failing and with desperately poor sound and picture quality”.

His own court, Court 33, has no such facilities and no video links. Does the Minister understand that some cases are not suitable for video links, and is he prepared to properly resource the ones that are?

Sir Oliver Heald: It is important for the courts to have the facilities that they need, which is the reason for our modernisation programme. As for the concern expressed about open justice, everything will work on the basis that people are able to see what is happening in a virtual hearing, so there will not be any secret justice.

Rehabilitation

13. **Bob Blackman** (Harrow East) (Con): What steps the Government are taking to prepare offenders for life outside prison. [908351]

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): It is vital for us to reduce the £15 billion cost of reoffending, and all the misery that it causes in our society. We must therefore ensure that offenders enter employment when they leave prison, and as a result of our new standards governors will be held to account for that.

Bob Blackman: My private Member's Bill, which is intended to reduce homelessness, will return to the House on Friday. One of its key provisions is a duty for the Prison Service to help people who are leaving prison to find stable homes. What measures can my right hon. Friend take to ensure that prison governors use the four two-hour workshops to prepare prisoners for a life outside prison?

Elizabeth Truss: My hon. Friend is absolutely right. Finding suitable housing, like getting a job, is very important to reducing reoffending. We will therefore measure housing rates as well as employment rates, and prison governors will be held accountable for how well they do in helping offenders to obtain housing.

Mr Speaker: Let us hear the voice of Bolton West on this matter. Chris Green.

16. [908354] **Chris Green** (Bolton West) (Con): It is commonly understood that once people have been in prison they have paid their debts to society, and contributing to society, especially through work, is a key part of rehabilitation. Does my right hon. Friend agree that the declaration of a criminal record at the very beginning of a job application creates an unnecessary barrier to work?

Elizabeth Truss: I entirely agree that it is important for us to help people to find work. I support the Ban the Box initiative, and we are exploring options for its promotion. Later this year we will publish our employment strategy. We want to encourage more employers like Halfords, Greggs and DHL, which already work with ex-offenders, to become involved. Once they have jobs, ex-offenders often prove to be loyal and effective employees.

Human Rights Act 1998

14. **Angela Crawley** (Lanark and Hamilton East) (SNP): What recent progress she has made on the Government's plans to replace the Human Rights Act 1998. [908352]

The Minister for Courts and Justice (Sir Oliver Heald): We are committed to reforming our domestic human rights framework, and we will return to our proposals once we know the arrangements for our exit from the European Union.

Angela Crawley: In September, the Secretary of State said that she was expecting to meet the Scottish Justice Minister to discuss the repeal of the Human Rights Act in Scotland. How does she plan to guarantee that the proposed British Bill of Rights will not compromise the autonomy of the Scottish legal system?

Sir Oliver Heald: The Secretary of State has offered some dates, and I hope it will be possible for the meeting to take place. There will be some time for that now, because, as I have said, we will return to our proposals once we know the arrangements for exit from the EU.

Mr David Nuttall (Bury North) (Con): It is of course right that our manifesto commitment to replace the Human Rights Act remains on the Government's agenda, but does my right hon. and learned Friend agree that leaving the European Union and freeing the United Kingdom from the bonds of the charter of fundamental rights must be their top priority?

Sir Oliver Heald: I do agree with that. I think it important for us to sort out the EU side of matters, and the exit from the EU, before we return to that subject.

20. [908359] **Carol Monaghan (Glasgow North West) (SNP):** In Scotland there is strong cross-party support for the European convention on human rights and the Human Rights Act, both in Parliament and throughout civil society. Does the Minister agree that any attempt to repeal existing rights will be likely to provoke a constitutional crisis?

Sir Oliver Heald: I do not accept that the sort of changes we are proposing to consider once the situation is known about our exit from the EU would be a crisis-making combination. This country has always had a proud respect for human rights; it long predates the Human Rights Act, and I think we can all agree on that.

Foreign National Offenders

15. **Mr Philip Hollobone (Kettering) (Con):** How many foreign national offenders are in prison; and what steps she is taking to return those people to prison in their own countries. [908353]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): As of 30 September 2016 there were 6,688 foreign national offenders serving a custodial sentence in our prisons. A further 2,374 foreign nationals are being held in prison on remand or in immigration detention centres. We are committed to increasing the number of foreign national offenders removed from our prisons, whether they are removed under the prisoner transfer agreement or the early removal scheme. In 2015-16, 5,810 FNOs were removed from prisons and

immigration removal centres; that is the highest number since records began, and since 2010 33,000 have been removed.

Mr Hollobone: Poland has one of the biggest national groups of foreign national offenders in our prisons. Poland's derogation from the compulsory EU prisoner transfer directive was due to expire in December 2016. Are we now in a position to send these Polish prisoners back to prison in their own country?

Mr Gyimah: All eligible Polish nationals have been identified and deportation orders sought. We have referred cases to the Polish courts, and transfers will take place once Polish legal procedures have been completed.

Diana Johnson (Kingston upon Hull North) (Lab): Does the Minister think the number of prisoner transfers will go up or down after we leave the EU?

Mr Gyimah: We have already been in touch with the Department for Exiting the European Union on prisoner transfer agreements, but, as I said in my opening answer, that is one way of removing prisoners from this country. The early removal scheme is another way, and we have been successful at removing a lot of prisoners through that scheme.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): Has the Ministry of Justice made an assessment of how many British offenders are held in foreign prisons?

Mr Gyimah: There is a number available, but I do not have it to hand. I am willing to provide it, if the hon. Lady wants to follow up.

Mr Speaker: Put the details in the Library; it will be helpful to us all.

Employment Tribunals

22. **Paul Blomfield (Sheffield Central) (Lab):** When she plans to publish her Department's review of the introduction of employment tribunal fees. [908361]

The Minister for Courts and Justice (Sir Oliver Heald): Imminently.

Paul Blomfield: The Prime Minister claims she wants to protect workers' rights. Is not the Government's fear in publishing this report that it is going to demonstrate that the introduction of fees has negated that process? The Minister earlier said that publication is "imminent"; his predecessor said last July it was "soon". Can he define the terms and give us a date?

Sir Oliver Heald: The hon. Gentleman will not have long to wait; it is genuinely imminent—but it has taken longer than we had hoped.

Topical Questions

T1. [908328] **Deidre Brock (Edinburgh North and Leith) (SNP):** If she will make a statement on her departmental responsibilities.

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): Today the Supreme Court issued its judgment on article 50. The 11 justices of the Supreme Court heard evidence over four days in December before handing down their judgment. Our independent judiciary is the cornerstone of the rule of law and is vital to our constitution and freedoms. The reputation of our judiciary is unrivalled the world over, and our Supreme Court justices are people of integrity and impartiality. While we might not always agree with judgments, it is a fundamental part of any thriving democracy that legal process is followed. The Government have been clear that they will respect the decision of the court.

Deidre Brock: The Secretary of State has been gallivanting with City of London law firms of late, most recently on Thursday in Fleet Street, promising to put English law at the forefront of the attempts to create global Britain. Does she think that English law is superior to Scots law? What efforts is she making to promote the international interests of law firms from across the UK, and will firms not in the City of London get the same consideration as the firms in that one square mile?

Elizabeth Truss: I want to promote both English and Scots law internationally; I think they are both huge assets to our country, and a very important part of commerce and business and the trust people have in our system. When I meet the Scottish Justice Minister, I will be delighted to meet some law firms up in Scotland.

T2. [908329] **Dr Tania Mathias** (Twickenham) (Con): I welcome the Government's commitment to creating the status of guardian for the property and affairs of a missing person. This is much wanted and much needed by the affected families. Will the Minister tell us when this legislation will be brought before the House?

The Minister for Courts and Justice (Sir Oliver Heald): We welcome the Bill from my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) on this subject, because we are determined to provide help to the families left behind when a person goes missing. It is our policy to introduce legislation, but we also now look forward to responding to my hon. Friend's Bill on Second Reading.

Richard Burgon (Leeds East) (Lab): There are two things that are dangerous for our democracy: attempting to ignore the outcome of the referendum, and standing by while the independence of Britain's judiciary comes under attack. In the light of that, I welcome the progress that the Secretary of State has made today, under pressure, in speaking up for the independence of our judiciary, but that has not deterred the continuation of the attacks. Will she now, once and for all, condemn the attacks on our judiciary?

Elizabeth Truss: I am delighted to hear that the Labour party wants to support the will of the British people. That is a welcome development. As I have said, I am intensely proud of our independent judiciary—it is a core part of our democracy—but I am also proud to live in a country that has a free press.

T3. [908330] **Mr Laurence Robertson** (Tewkesbury) (Con): Will consideration be given to whether the courts give both parents fair access to their children? There is a perception that, on occasions, fathers do not get the fair access that they deserve.

Sir Oliver Heald: My hon. Friend and I have discussed this matter informally. The welfare of the child is always paramount in court decisions, but he will remember that parental involvement provisions were inserted into the Children and Families Act 2014. The courts are now required to presume that a parent's involvement in the child's life will further that child's welfare unless the contrary can be shown.

T5. [908332] **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): All Members will have been appalled by the recent findings of the inquest into the tragic death of Dean Saunders in Chelmsford prison. This was a man in a mental health crisis who should never have been sent to prison, and he was failed by everyone who should have been there to protect him. According to the charity Inquest, he is one of the 113 prisoners who took their life last year. When will the Secretary of State provide a full and frank response to the question of why Dean died?

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): My condolences go to Dean Saunders' family. This is a dreadful case. I have seen the details of it, and I am seeking the details of all those cases to see whether there is a pattern in why they are happening. I hope to come forward later in the year with suggestions for policy change relating to mental health assessments in prisons.

T4. [908331] **Andrew Bridgen** (North West Leicestershire) (Con): Figures released last month show that women are twice as likely as men to be prosecuted and seven times more likely than men to face the maximum £1,000 fine for non-payment of the TV licence fee. Additionally, figures show that in 2015 the number of women jailed for offences relating to this matter doubled. Will my hon. Friend explain to the House why women seem to fall foul of the TV tax so disproportionately?

Dr Lee: Of course, sentencing in individual cases is a matter for the courts. However, the Government are concerned that women—and, indeed, men—should not be sent to custody if they do not need to be there. Revised guidance on sentencing for non-payment of the TV licence fee was issued today by the Sentencing Council. The guidelines set out possible factors that could reduce the seriousness of TV licence evasion, including circumstances in which the culprit is experiencing significant financial hardship.

T6. [908333] **Helen Hayes** (Dulwich and West Norwood) (Lab): The proposed closure of Camberwell magistrates court would require my constituents—whether victims, witnesses or defendants—to make unacceptably long bus journeys to Croydon and Wimbledon to attend court. What assessment has the Secretary of State made of the implications of the proposed closure for access to justice for my constituents?

Sir Oliver Heald: I thank the hon. Lady for her response to the consultation, which has now closed. We will, of course, announce our decision in due course. As was made clear in the consultation, there is excess capacity in London magistrates courts. Camberwell Green has significant outstanding maintenance, totalling more than £1 million. The consultation is about ensuring modern and efficient courts and improved court arrangements for everyone.

T7. [908334] **Bob Blackman** (Harrow East) (Con): Assisting victims of crime is clearly at the centre of the Government's attempts to modernise the court system. What steps can my right hon. Friend take to ensure that victims of sexual crime are assisted and that their rights are preserved in the court system?

Elizabeth Truss: My hon. Friend makes an important point. We are seeing a record number of people prosecuted for sexual crimes, but I make it clear that victims and witnesses should be able to come forward. We are having more pre-trial cross examinations so that people do not have the difficulty of appearing in court. I recently held a summit with victims' organisations about what more we can do to protect vulnerable victims.

Ms Margaret Ritchie (South Down) (SDLP): Does the Secretary of State recognise that, in relation to the Human Rights Act, the Good Friday agreement requires the European convention on human rights to be directly enforceable in Northern Ireland?

Sir Oliver Heald: As the hon. Lady knows, it is important that all matters to do with devolved arrangements are fully considered in that context and, in the light of my announcement today, there will be more time for that.

T8. [908335] **Maria Caulfield** (Lewes) (Con): Will the Minister outline the support that has been provided to Lewes prison since it went into special measures at the end of last year? Is there any update on the progress that is being made in tackling some of the key issues that put the prison into special measures in the first place?

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): HMP Lewes went into special measures on 12 December, and a bespoke package of support is being developed for the newly appointed governor, who took up his post on 9 January. I would be happy to meet my hon. Friend to discuss the support in detail.

Liz McInnes (Heywood and Middleton) (Lab): The consultation on driving offences and penalties related to causing death or serious injury closes on 1 February. When does the Minister expect the report on the outcome of the consultation to be available?

Mr Gyimah: I understand that we have received thousands of responses to that consultation, and obviously we will be analysing the results. Once we are in a position to do so, we will bring further proposals to this House.

T9. [908336] **Jeremy Quin** (Horsham) (Con): What is the Department doing to recruit high-quality graduates to forge their career in the Prison Service?

Elizabeth Truss: We have launched the Unlocked programme, which is like Teach First but for prisons, to encourage the brightest and best graduates. We have had a huge response, with more than 1,000 expressions of interest within 24 hours. I look forward to them joining our fantastic Prison Service.

Mr David Hanson (Delyn) (Lab): It is two years this month since the Government signed the prisoner transfer agreement with Nigeria. Will the Minister tell me how many prisoners have been removed to Nigeria since that agreement?

Mr Gyimah: Again, I am happy to provide that information and put it in the Library.

T10. [908337] **Maggie Throup** (Erewash) (Con): Following last week's announcement by the Prime Minister that Britain intends to leave the jurisdiction of the European Court of Justice once we leave the EU, will my right hon. Friend outline what preparations her Department is making to ready the UK court system to assume the roles and responsibilities previously carried out by the European Court?

Elizabeth Truss: Once we leave the European Union, British judges will once again be the final decision makers in our courts. I am sure that our world-renowned judiciary will rise to the challenge, and I am working very closely with them on arrangements.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): The Government have signalled their intention to remain a member of Europol after we leave the European Union. Is there a similar resolve to continue membership of Eurojust?

Elizabeth Truss: I am working with the Home Secretary on arrangements for criminal justice after leaving the European Union, as well as with my right hon. Friend the Secretary of State for Exiting the European Union.

Michael Fabricant (Lichfield) (Con): The Justice Secretary has already said that four of the 10 biggest legal firms are based in the United Kingdom. What steps is she now taking, given the similarity between English law and the law in New York state, Australia and New Zealand, to promote opportunities for British law firms after we leave the European Union?

Elizabeth Truss: Last week, I hosted a meeting with the Lord Chief Justice and leading legal firms to talk about mutual recognition and enforcement of contracts. In the spring, we will hold a global Britain legal services summit to promote the fantastic capabilities we have in the law.

Mims Davies (Eastleigh) (Con): When people leave prison, we need to ensure that those addicted to drugs or alcohol have the best start away from their dependency so that their loved ones can be protected from that harm. Does the Minister agree that former prisoners with a substance addiction, who might come back coercively to control their families to get to that substance, can be managed better?

Dr Lee: I think it extremely important that ex-offenders receive appropriate substance misuse treatment in the community, and I am looking at that extremely closely.

Several hon. Members *rose*—

Mr Speaker: Ah, a Crabb or a Berry? I think we will have the Crabb.

Stephen Crabb (Preseli Pembrokeshire) (Con): Ministers will be aware of the disturbing incident that took place recently at Haverfordwest magistrates court, where a defendant, while in the dock, was able to use a sharp object to carry out a serious act of violence against themselves. Will the Secretary of State please commit to looking into what went wrong with the security

arrangements at the court? No one should be in a position to do harm to themselves or others in any courtroom in England and Wales.

Sir Oliver Heald: My right hon. Friend makes an important point about an extremely concerning incident. I have been briefed already, but I have asked for a further report from Her Majesty's Courts Service on exactly what happened and what measures are necessary to ensure that such an incident does not happen again.

Mr Speaker: Let's have a Berry.

Jake Berry (Rossendale and Darwen) (Con): When I met Lancashire police federation representatives last Friday, they said that they believe the sentencing guidelines dealing with an assault on a police officer to be adequate, but that in some cases they are not properly enforced by the courts. What will the Secretary of State do to ensure that an attack on a police officer is always considered an aggravating factor, because an attack on the law enforcers is an attack on society itself?

Elizabeth Truss: I thank my hon. Friend for his comment, and he is absolutely right about attacks on police officers—and also on prison officers. We have strengthened the law in those areas and I have regular discussions with the Sentencing Council.

Nusrat Ghani (Wealden) (Con): The use of psychoactive substances, especially Spice, was highlighted in a Home Affairs Committee report last year. Will the Secretary of State tell me what links can be highlighted between the rise in psychoactive substances and levels of violence in prisons?

Elizabeth Truss: My hon. Friend is absolutely right that psychoactive substances have had a serious effect in our prisons: the prisons and probation ombudsman described them as a “game changer”, which is why we have now rolled out testing to deal with those substances. We have extra sniffer dogs to deal with them as well, and we are making progress.

Tom Pursglove (Corby) (Con): Recognising the consequences of crimes for victims must be at the forefront of offenders' minds as they leave prison, so what steps are Ministers and the probation service taking to ensure that that is the case?

Elizabeth Truss: My hon. Friend is absolutely right: victims have to be at the centre of the justice system. That is what our court reforms will help to deliver. Restorative justice programmes, led by our police and crime commissioners, can help to bring a sense of justice to victims.

Article 50

12.33 pm

The Secretary of State for Exiting the European Union (Mr David Davis): With permission, Mr Speaker, I will now make a statement on the Government's response to today's judgment by the Supreme Court.

This Government are determined to deliver on the decision taken by the people of the UK in the referendum granted to them by this House to leave the EU, so we will move swiftly to do just that. I can announce today that we will shortly introduce legislation allowing the Government to move ahead with invoking article 50, which starts the formal process of withdrawing from the EU.

We received the lengthy 96-page judgment just a few hours ago, and Government lawyers are assessing it carefully, but this will be a straightforward Bill. It is not about whether or not the UK should leave the EU. That decision has already been made by the people of the UK. We will work with colleagues in both Houses to ensure that this Bill is passed in good time for us to invoke article 50 by the end of March this year, as my right hon. Friend the Prime Minister has set out. That timetable has already been supported by this House.

Let me go through the issues step by step. The Government's priority following the European Union referendum has been to respect the outcome and to ensure it is delivered in the interests of the whole country. This House voted by six to one to put the decision in the hands of voters, and that Bill passed in the other place unopposed. So there can be no going back: the point of no return was passed on 23 June last year. The Government have always been clear that we must leave by following the process set out in article 50 of the treaty on European Union. People want and expect us to get on with implementing the decision that was made.

Let me now turn specifically to the process for invoking article 50 and the issues that arise from today's Supreme Court judgment. The Government's view, which we argued in both the High Court and subsequently the Supreme Court, was that it was constitutionally proper and lawful for the Government to begin to give effect to the decision of the people by the use of prerogative powers to invoke article 50. Today, the Supreme Court has agreed with the High Court's judgment that the prerogative power alone is insufficient to give notice under article 50, and that legislation is required to provide the necessary authorisation for this step.

In addition, the Supreme Court considered the roles of the devolved legislatures in the process of triggering article 50. On this, the Supreme Court ruled—and I quote from the summary:

"Relations with the EU and other foreign affairs matters are reserved to UK Government and parliament, not to the devolved institutions."

The summary goes on to say:

"The devolved legislatures do not have a veto on the UK's decision to withdraw from the EU."

I will come back to our collaboration with the devolved Administrations later in this statement.

The Government have been giving careful thought to the steps that we would need to take in the event of the Supreme Court upholding the High Court's view. First,

let me be clear that we believe in and value the independence of our judiciary, the foundation on which the rule of law is built. So, of course, it goes without saying that we will respect the judgment. Secondly, as I have already made clear, the judgment does not change the fact that the UK will be leaving the European Union, and it is our job to deliver on the instruction that the people of the UK have given us.

Thirdly, we will within days introduce legislation to give the Government the legal power to trigger article 50 and begin the formal process of withdrawal. It will be separate from the great repeal Bill that will be introduced later this year to repeal the European Communities Act 1972. It will be the most straightforward Bill possible to give effect to the decision of the people and respect the Supreme Court's judgment. The purpose of the Bill is simply to give the Government the power to invoke article 50 and begin the process of leaving the European Union. That is what the British people voted for, and it is what they would expect. Parliament will rightly scrutinise and debate this Bill, but I trust that no one will seek to make it a vehicle for attempts to thwart the will of the people or to frustrate or delay the process of our exit from the European Union.

Fourthly, our timetable for invoking article 50 by the end of March still stands. That timetable has given valuable certainty to citizens and businesses in the UK and across Europe. It is understood by our European partners, and provides a framework for planning the negotiation ahead. This House itself backed the timetable by a majority of 373 in December, so we look forward to working closely with colleagues in Parliament to ensure that the legislation on article 50 is passed in good time to allow us to invoke it by the end of March, as planned.

The Government's fifth and final principle for responding to this judgment is to continue to ensure that we deliver an exit that is in the best interests of the whole of the United Kingdom. The Supreme Court has ruled clearly in the Government's favour on the roles of the devolved legislatures in invoking article 50. But while that provides welcome clarity, it in no way diminishes our commitment to work closely with the people and Administrations of Wales, Scotland and Northern Ireland as we move forward with our withdrawal from the European Union.

Let me conclude with a word on what today's judgment means for the UK and the nature of our democracy. I know that this case, on an issue of such importance that arouses strong views on all sides, has not been without controversy, but the Court was asked a question, a proper, thorough and independent process was gone through, and it has given its answer in law. We are a law-abiding nation; indeed, the UK is known the world over for the strength and independence of its judicial system. We will build on this and our many other strengths as we leave the European Union. We will once again be a fully independent, sovereign country, free to make our own decisions.

The Prime Minister has already set out a comprehensive plan, including our core negotiating objectives. She has been clear that we want a new, positive and constructive partnership for the UK and the EU—a partnership that will be good for the UK and for the rest of Europe.

Today, we are taking the necessary step to respect the Supreme Court's decision by announcing a Bill. It will be up to this Parliament to respect the decision that it

entrusted to the people of the United Kingdom—a decision that the people took on 23 June. I commend this statement to the House.

12.39 pm

Keir Starmer (Holborn and St Pancras) (Lab): I thank the Secretary of State for early sight of his statement. This is a good day for parliamentary sovereignty, as the Supreme Court has ruled that we shall have a say in this House on article 50. Given the issues that are involved, that is quite right and the Prime Minister was wrong to have attempted to sideline Parliament in this process. This Bill is to be introduced only because the Prime Minister has been ordered to do so. I hope that, in the aftermath, there will not be the attacks on our judges that there were when the High Court gave its ruling. It is the duty of all of us to defend them if there are such attacks, and to do so quickly. I hope that the Secretary of State will join me in that endeavour.

The question now moves on to the proper role of Parliament. The Supreme Court said nothing about the particular form of legislation. On issues as important as this, it would be wrong for the Government to try to minimise the role of Parliament, or to seek to avoid amendments. I ask the Secretary of State to confirm that he will not take that approach.

This is a question of substance, not of process. Last week, the Prime Minister committed herself to swapping the known benefits of single market membership and the customs union for the hoped-for benefits of a free trade agreement, with a fall-back position of breaking our economic model. That is high risk, and there are big gaps, inconsistencies and unanswered questions in her approach.

If the Prime Minister fails in her endeavour, the cost will be borne by families and working people and communities throughout the UK. The stakes are high, and the role of this House in holding the Prime Minister and the Government to account throughout the process is crucial.

Labour accepts and respects the referendum result, and will not frustrate the process, but we will be seeking to lay amendments to ensure proper scrutiny and accountability throughout the process. That starts with a White Paper or plan—a speech is not a White Paper or plan. We need something on which to hold the Government to account throughout the process. We cannot have a speech as the only basis for accountability for two years or more. That is the first step. There needs to be a reporting-back procedure and a meaningful vote at the end of the exercise. The Government should welcome such scrutiny, and not try to resist it, because the end result will be better if scrutinised than it would otherwise be. I hope that the Secretary of State will confirm that he will not seek to minimise scrutiny and accountability.

I will leave it to others to talk about the devolved Administrations, but whatever the Court ruled it is important that those interests are taken properly into account.

I end with this: what a waste of time and money. The High Court decision was 82 days ago. The Prime Minister could have accepted then the need to introduce a Bill, and we could have debated the issues. I would like the Secretary of State to lay out what the cost to the taxpayer has been of this appeal.

Mr Davis: Let me say this to the hon. and learned Gentleman: the Prime Minister was not aiming to sideline democracy—[*Interruption.*]

Mr Speaker: Order. The right hon. Gentleman should resume his seat. The House is in an understandably excited and excitable state. What I want to say to colleagues is that they do not need to look into the crystal ball when they can read the book. Members should know by now that I always want to facilitate the fullest possible questioning and scrutiny, and it is right that that should happen, but it is also right that, when the Secretary of State is responding to questions, he is given a fair and courteous hearing.

Mr Davis: The Prime Minister was aiming to carry out the will of the people—all 17.4 million of them—in the national interest. That was what she was doing. Let me pick up on the point that the hon. and learned Gentleman quite properly raised: the issue of our judges. I think that I mentioned at length three times in my statement that this is a nation of the rule of law, a nation to which the independence of the judiciary is important, and a nation that is watched by other countries as an example for themselves. Of all the people he could criticise, I do not think that I am at the front on this issue.

Similarly, on the parliamentary process, there has been an interesting litany through this whole process over the past six or seven months. Every time I get up, I say that I will give the House as much information as possible subject to not undermining the national interest or our negotiating position. That is what we have done and that is what we will continue to do—not just through this Bill, but through the great repeal Bill, subsequent primary and secondary legislation, and the final vote at the end, which we have promised.

The hon. and learned Gentleman mentioned membership of the single market, putting to one side of course that that membership means giving up control of borders, laws and rules, on all of which the Labour party is singularly incapable of even making a decision let alone coming up with a policy. He also talked about a plan. Last week, the Prime Minister gave a 6,500-word, closely argued speech that has been recognised across the country and around Europe as the epitome of clarity with clear objectives, aims and ambitions for this country, so I do not take that point at all.

On scrutiny more generally, we have now had, I think, five statements, 10 debates, and some 30 different Select Committee inquiries. I hardly think that all that in six months represents an absence of scrutiny of a central Government policy. The hon. and learned Gentleman does not often surprise me, but for the ex-Director of Public Prosecutions to say that taking a matter to the Supreme Court is a waste of time strikes me as quite extraordinary. I have made this point several times over the past few months: once the process has started, a reason for taking it the full distance is to get the most authoritative and clearest possible guidance on a major part of our constitution. Yet again, the hon. and learned Gentleman has not advanced the knowledge of the House very much, but I look forward to the contributions of other Members.

Mr Kenneth Clarke (Rushcliffe) (Con): Has my right hon. Friend had the opportunity to note that my recently published memoirs are cited with approval in paragraph 195 of the judgment? Does he share my surprise that that is a minority dissenting judgment?

More seriously, does my right hon. Friend accept that parliamentary sovereignty has always meant that Governments of the day pursue broad policy objectives in the national interest and quite willingly submit them to the judgment of the House, through both debates and votes, and that they proceed with broad policy objectives only when they have the support of a majority in the House of Commons? Will he give me the Government's assurance that the Bill will be drafted on the basis that it improves opportunities for Parliament to give or withhold its consent to major policy objectives and that the Government will pursue that approach in future years? Having one vote right at the end of the process, when the House will be told that it either takes the deal that the Government have or goes into the alternative chaos of having no agreements with the EU or anybody else, is not a good substitute for the normal tradition of Parliament consenting to the policy aims of the Government of the day.

Mr Davis: My right hon. and learned Friend and I have been skirmishing over this issue for, I think, some 30 years, always with good humour, and I hope to respond to him in the same vein today. He repeated on television earlier today that characterisation of what the Government are proposing, so let us look at it. As I said, we have already had 10 debates and vast numbers of other arguments, but this is what is going to happen: first, we will have a Bill to authorise the triggering of article 50; then we will have a great repeal Bill whereby we go through the entire corpus of European law as it applies to the United Kingdom, which I should think will go on for a considerable amount of time; and then we will have primary legislation on major policy changes and secondary legislation, all put before both Houses. There will not be just one vote. At the end of the process, we will have the vote that eventually decides whether or not the House supports the policy we propose. Let me make it plain: that policy will be aimed solely at advancing the interest of the United Kingdom—getting the best possible negotiated outcome that we can achieve, having taken on board the informing debate of this House of Commons throughout the entire two years running up to it.

Stephen Gethins (North East Fife) (SNP): First, I welcome the judgment and anything that strengthens parliamentary scrutiny of this process. There was a time, back in the dim and distant past, when the Secretary of State was a great champion of parliamentary scrutiny, so I am sure that, deep down inside, he welcomes the judgment as well.

I wonder why the Government fear parliamentary scrutiny. Is it because they might be found out? Is it because we will find out that the emperor in these circumstances has no clothes? They talk of democracy, but I gently remind the Secretary of State that in Scotland at the general election, the Conservatives got their worst result since 1865. They have one MP.

We are told today that this is a political decision, and as a political decision on the role of the devolved Administrations I hope that this Parliament and this

Government will continue not to legislate on areas that are the responsibility of the Scottish Parliament without its consent. Today's judgment said that this process should enhance devolution. If that is the case, will the Secretary of State tell us today that no powers will be returned from the Scottish Parliament to Westminster during the course of this process, and will he seek consent from the Scottish Parliament before legislating in areas over which it has responsibility?

Mr Davis: Again, I am surprised. I would have thought that, of all people, the Scottish National party attached great importance to the results of elections to the Scottish Parliament, in which last time the Scottish Conservative party came second under the estimable Ruth Davidson.

To the main point of the hon. Gentleman's question, I want to make two responses. First, the process we have gone through with all the devolved Administrations—the joint ministerial process—has been going on for some months now, and at the very last monthly meeting we had a presentation from Mike Russell, the Scottish Government Minister, on the Scottish Government's proposals. We disagreed with some and agreed with some absolutely—for example on the protection of employment law—and some we will debate in the coming weeks and months, most particularly on the point the hon. Gentleman raised: the question of devolution and devolved powers.

The hon. Gentleman knows that I am a devolutionist. I can say to him firmly that no powers existing in the devolved Administrations will come back, but there will be powers coming from the European Union and we will have to decide where they most properly land, whether that is Westminster, Holyrood or wherever. The real issue there is the practical interests of all the nations of the United Kingdom—for example, preserving the single market of the United Kingdom and the United Kingdom's ability to do international deals. There is a series of matters that are just as important to the ordinary Scot as they are to the ordinary English, Welsh or Northern Irish citizen, and that is what we will protect.

Mr Iain Duncan Smith (Chingford and Woodford Green) (Con): The very fact that this was a split judgment shows that our right hon. Friend the Prime Minister was absolutely right to take the case all the way to get a full decision. I ask the Secretary of State to resist our right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) and not to overcomplicate this matter. After all, the question is: should the Government trigger article 50? I urge the Secretary of State, when he brings the Bill to Parliament, to keep it short, to keep it simple and, most of all, to keep it swift?

Mr Davis: Well, we will certainly keep it straightforward. My right hon. Friend is right: this was—is—a unique circumstance in many ways. It is unique in terms of the importance to the United Kingdom, but also unique in the fact that it is carrying out the will of 17.5 million people who voted directly—something that has never happened before in our history—so it was important to take the matter to the Supreme Court to get the full judgment. I give him this undertaking: I will do everything in my power to make sure that the measure goes through

swiftly, and that while it is properly scrutinised, it is a simple and straightforward Bill that delivers the triggering of article 50 by 31 March.

Hilary Benn (Leeds Central) (Lab): Having argued in court that Parliament should not decide on the triggering of article 50 and lost, will the Secretary of State accept the unanimous recommendation of the Select Committee on Exiting the European Union—and in the process agree with himself before he got his present job—and now publish a White Paper on the Government's objectives so that they can be considered alongside the legislation that he has just announced? If the Government do not do so, they will be showing a lack of respect for this House of Commons.

Mr Davis: I do not often disagree with myself, but let me say this to the right hon. Gentleman: the speech given last week by the Prime Minister was the clearest exposition of a negotiating strategy that I have heard in modern times. It laid out clearly what we judge the national interest to be and how we intend to protect it, what we want to do, and what we hope does not happen and how we will avoid that. I do not see that this Government have avoided answering any question, whether from his Committee or from Opposition Front Benchers. The only questions that we have been unable to answer are those that it would be to the disadvantage of the country to answer, because that would undermine our negotiating strategy.

Let me give the right hon. Gentleman one example. A couple of weeks ago, my opponent, as it were, the hon. and learned Member for Holborn and St Pancras (Keir Starmer), said on Channel 4, "What we want to know is whether the Government will pay for access to the single market and how much they'll pay." If anything would undermine the negotiating position, that would. It is precisely that sort of thing that we are going to avoid. We will continue to give information to the House. I gave the Brexit Committee an undertaking that we will give at least as much information as will go to the European Parliament—indeed more, I think. We will continue to keep the House informed throughout the entire process, which is not going to be over in a few weeks—it will last two years—and the House will be as well informed as it has been on any matter of such importance.

Sir William Cash (Stone) (Con): The Supreme Court this morning ruled that the form of the Bill is "entirely a matter for Parliament."

The judgment also indicated that the issues before the Supreme Court have nothing to do with the

"political...merits of the decision to withdraw, the timetable and terms of so doing, or...any future relationship between the UK and the EU."

Will my right hon. Friend confirm that, in relation to any potential amendments, the Bill itself will be short and tightly drawn to give effect exclusively to the Supreme Court decision?

Mr Davis: The short answer is yes. My hon. Friend cites paragraph 122 of the decision and the Court's commentary. The purpose of the Bill is to meet the requirements of the Supreme Court to deliver the instruction from the nation at large and to do so in

the national interest. That entails a straightforward, easily comprehensible Bill so that the country at large can see what Parliament is doing and what decision it is visiting on the Government.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): I agree with the Secretary of State that Parliament must respect the result of the referendum, but I hope that he agrees that the Government do not have a blank cheque from either Parliament or the public on what kind of Brexit they now pursue. He says that there will be votes in the process. Given that the Government have said they are ruling out being in the customs union, the common external tariff and the common commercial policy, and that, as he knows, there are strongly held views on different sides about the impact that that will have on our manufacturing industry, which will be crucial to our future, can the right hon. Gentleman say when he will give Parliament a vote on that decision?

Mr Davis: I would say a couple of things to the right hon. Lady. First, we are asked on the one hand to tell the House what our plan is, and then we are told, "Oh, but we don't like that, so we want a debate or a White Paper"—[*Interruption.*] No, it is fine; I perfectly understand the argument. The simple truth is that there will be any number of votes—too many to count—in the next two years across a whole range of issues. For example, I can see the sort of issue she is raising coming up in the great repeal Bill, in subsequent primary legislation, and perhaps even in subsequent major secondary legislation as well. I am quite sure there will be a number of votes on that subject in the next two years.

John Redwood (Wokingham) (Con): If someone votes against sending the article 50 letter, are they not voting against restoring the very parliamentary sovereignty that they call in aid? Do not the British people want a proper Parliament, rather than a puppet Parliament answering to Brussels, and does that not require sending the letter soon?

Mr Davis: What it requires is leaving the European Union, and that is what we are going to do.

Kate Hoey (Vauxhall) (Lab): Does the Secretary of State accept my view that the public want us to get on with this and actually carry out what they voted for? Does he also accept that while they will not look lightly on amendments that are tabled, particularly by parties that actually want another referendum, to delay things unnecessarily, they do perhaps want amendments that clarify the situation and make us all more aware of the Government's intentions?

Mr Davis: The hon. Lady, as ever, goes right to the heart of the matter. The public will not view well attempts to thwart, delay or confuse this process. They will view well attempts to elucidate what is going on, to promote the national interest, to help the negotiating position and so on, and that is entirely what the Government are going to do.

Anna Soubry (Broxtowe) (Con): There is a genuine desire, I believe, for people to come together, to support the Government, to build a consensus and to get the

[*Anna Soubry*]

best deal possible. The reality is that we have abandoned the single market and the free movement of people without any debate in this place, never mind a vote.

Mr Bernard Jenkin (Harwich and North Essex) (Con): We had a referendum.

Anna Soubry: Well, there was one question on the paper: leave or remain. We are leaving the European Union—that is accepted.

I take my right hon. Friend the Secretary of State as a man of his word. When I voted for the two-part motion in December, I did not agree with triggering article 50 at the end of March, but I voted for the motion in the spirit that we would have a plan—I would like a White Paper—that we could debate. That would bring us together. What does my right hon. Friend have to lose by having a debate on a White Paper?

Mr Davis: Let me say this to my right hon. Friend, who passionately holds a well-formed view on these matters. First, in terms of bringing people together, a large part of the Prime Minister's speech was aimed at creating a sense of this country that everybody can get behind, ranging from the protection of employment rights through to our role in the world, all of which is very important. Secondly, the Prime Minister laid out an incredibly clear future and a future approach for us, so I think that she did everything one could ask of a Prime Minister to deliver on our undertakings.

My right hon. Friend the Member for Broxtowe (*Anna Soubry*) talks about things that were not on the ballot paper. What was on the ballot paper was leaving the European Union. I am afraid that it is very difficult to see how we can leave the European Union and still stay inside the single market, with all the commitments that go with that. What we have come up with—I hope to persuade her that this is a very worthwhile aim—is the idea of a comprehensive free trade agreement and a comprehensive customs agreement that will deliver the exact same benefits as we have, but also enable my right hon. Friend the Secretary of State for International Trade to go and form trade deals with the rest of the world, which is the real upside of leaving the European Union.

Mr Pat McFadden (Wolverhampton South East) (Lab): Last week in her speech, the Prime Minister said:

“the Government will put the final deal that is agreed between the UK and the EU to a vote in both Houses of Parliament, before it comes into force.”

The article 50 negotiation is not the final deal—the final deal is the future trading agreement between the UK and the EU—so can the Secretary of State confirm that Parliament will get a vote on both the article 50 agreement and, as the Prime Minister said, the final deal? What will happen if Parliament says no to the terms of either of those agreements?

Mr Davis: The answer to the right hon. Gentleman's overall question is yes—we are standing by both those votes and we will continue to do so. But I reiterate again that the point is that they will not be the only votes; there will be a large number of other votes in between.

Labour Members can ignore it till the cows come home, but the simple truth is that they are going to have many, many, many votes on many different policy areas after extensive debate on primary legislation. So the answer is that Parliament will have a great influence on this process, and it will have the final say. That is democracy in action.

Mr Owen Paterson (North Shropshire) (Con): Further to that last reply, my right hon. Friend has given us admirable clarity on article 50 and the timetable. Could he give us a little more information on his current thoughts about the timetable for the great repeal Bill?

Mr Davis: That Bill will be in the Queen's Speech, it will be presented to the House very soon thereafter and I expect it to be debated extensively. I think that it will be the centrepiece and the start of a major debate about the nature of this country and the future, so it is important to get it in front of the House very early.

Caroline Lucas (Brighton, Pavilion) (Green): The final vote offered by the Government on the negotiated package will not be meaningful unless they also guarantee that, if there is a vote against the withdrawal treaty, we will have an option to continue talks with the EU for a better deal, rather than simply falling out with no deal at all. Can the Secretary of State guarantee that we will have that vote in time for such further discussion to happen?

Mr Davis: That is of a piece with those arguments that say that we want to have a second referendum so that we can revisit this. What it does is to give a prize to somebody who is trying to put up the worst possible negotiation for us. There are plenty of members of the European Union that want to force us into changing our mind and going back inside, and we do not want to do anything that allows or encourages that to happen. The hon. Lady is not right to say that the vote is meaningless; for a start, the Select Committee and the Opposition both asked for it. In addition, it will be—I repeat this again—the last of many, many, many votes and debates on major legislation.

Dr Julian Lewis (New Forest East) (Con): Hard Brexit means saying that one is going to leave the European Union and actually doing it. Soft Brexit means saying that one is going to leave the European Union and remaining in all but name. Which course do the Government intend to follow?

Mr Davis: In his younger days, my right hon. Friend was an expert in Soviet propaganda. I am afraid that I view “hard Brexit” and “soft Brexit” as terms of propaganda.

Emma Reynolds (Wolverhampton North East) (Lab): Can the Secretary of State guarantee that this House will have the ability to scrutinise and vote on the agreement between the UK and the EU27 at the same time as that agreement is put before the European Parliament?

Mr Davis: I repeat again that the House will have that opportunity over and over and over again, on a whole series of primary legislation and secondary legislation and, finally, with the vote itself. I have not given a great

deal of thought to how the timing of that will coincide with the European Parliament, but I will do so and write to the hon. Lady.

Mr Dominic Grieve (Beaconsfield) (Con): My right hon. Friend will be aware that in the course of the court case the Government laid great stress on the irrevocability, in their opinion, of article 50. In those circumstances, I am sure he can understand that the problem facing the House is that in triggering article 50, that irrevocability has to be matched against the excellent words of my right hon. Friend the Prime Minister in setting out a plan that envisages a future relationship with the European Union from outside of it. Will he therefore keep in mind that the debate on article 50 is likely to be greatly facilitated if the ideas expressed by the Prime Minister are put into a White Paper, or similar document, to which reference can be made in the triggering of article 50, without fettering the Government's discretion in their negotiations thereafter, because ultimately, as he may agree, this comes down to an issue of trust? If the Government can build that trust, they will greatly facilitate their task, and, if I may say so, those such as myself who wish to help them in what they are trying to achieve.

Mr Davis: My right hon. and learned Friend—my old friend—tempts me down a certain route, but I will answer him in these terms. In the case, the argument put by the Government did not depend on the irrevocability or otherwise of the legal issue in front of us; it depended on the fact that we view the irrevocable moment as being 23 June last year, and that it is not in the gift of the Government to change their mind, so we have already passed the point of no return. In terms of information, I have said over and over again that I will provide what information I can, and as much information as I can, without undermining our negotiating position, and I will continue to do so throughout the article 50 process and beyond.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): We all know that negotiations are two-way processes, and we accept that our European partners may not be able to agree on anything until the German and French elections are out of the way. In the meantime, however, there is a logic to why article 50 should be triggered by the end of March. It has to do with a two-year process, so that by the time of the next European elections we will have completed the process. It is important to remind not just colleagues in this House but probably colleagues in the other House that there is a logic to an end of March date.

Mr Davis: The right hon. Lady, as ever, gets to the point of the matter. There are many reasons for triggering by the end of March. There are the rather obvious ones: the public want us to get on with it, and that includes remainers as well as leavers in terms of the original vote. There are practical reasons of business uncertainty: the longer we spin this out, the more difficult it is for businesses and workers in terms of their own futures. She is also right that it fits very neatly, as a sort of sweet spot, into delivering an outcome that is in our interests within the European timetable. The House should understand that there are roughly 15 elections between now and the end of the process, and then there is the

European parliamentary election, which, if we get too close to it, could compromise the vote at the end. There is a whole series of reasons why the end of March is incredibly important. It is not an arbitrary date—it is designed to uphold the strength of the negotiations, so she is right on the nail.

Alistair Burt (North East Bedfordshire) (Con): As one who campaigned to remain in the European Union, I welcome the decision of the Court today, which gives me the opportunity to say that I accept the result of the referendum and I will vote for the Bill triggering article 50. Let me also say, at the risk of repetition, that it would help still further the authority of the House, and the authority with which the Prime Minister goes into the negotiations, if the Secretary of State took on board the unanimous view of the Select Committee, and the view expressed by its Chairman and others, that the way in which the Prime Minister set out the plan, with her clarity of expression, is only enhanced, and that the work of the House, which is endorsed by the Supreme Court judgment, is equally enhanced by the publication of a White Paper, with the opportunity to debate and cover a number of things that the Bill cannot itself cover.

Mr Davis: I thank my right hon. Friend for the tone of his very good question. The issue here is not information. I have said over and over again that I will provide as much information as is consistent with the House's previous motions on this, while not undermining our negotiating position, and that is what we will do. We will provide as much information as possible, but people should bear in mind that the article 50 Bill is going to be presented quite quickly to the House, so we do not have a great deal of time either.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Today's Supreme Court ruling is a victory for transparency and openness, but a half-hour speech by the Prime Minister outside this House, with a couple of questions for the media, is no substitute for parliamentary scrutiny. Will the Secretary of State please take on board the views of Members in all parts of this House and bring forward a White Paper, which will unite this House in order to forge a way forward?

Mr Davis: I have been at this Dispatch Box, on statements alone, five times in the past five months, and I am at great risk of boring the House. I will just repeat to the hon. Lady what I have said already: we will deliver the maximum possible information and the maximum possible debate.

Nicky Morgan (Loughborough) (Con): This House should be grateful to both the Supreme Court and the High Court for asserting parliamentary sovereignty and allowing us to have a say on the article 50 process. I agree with my right hon. Friend the Member for North East Bedfordshire (Alistair Burt), who has said that he will vote in favour of article 50—I will too. In the spirit of the question by my right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith), who called for a swift passage of the Bill—I agree with him—does the Secretary of State agree that when the House voted for the motion in December, it was not just

[*Nicky Morgan*]

in relation to the 31 March deadline but in relation to the publication of a plan? I suggest to him that the passage of the Bill will be swifter if a White Paper is published and debates happen on that, too, and the article 50 process is separate.

Mr Davis: I hear what my right hon. Friend says. I am becoming very boring in reiterating the same point—that we will provide as much information as we possibly can, subject to not undermining our position.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): In 2014 in Scotland, we were told we were a powerhouse Parliament and an equal Parliament in the UK. We know from this morning that we are not the equal of Wallonia and Belgium, and we will not be consulted on Brexit. With the turbo-charged cowardice of the leader of the Labour party, it is clear that Scotland will now be taken out against our will. As the UK Government pursue Brexit, Scotland must take the opportunity of an independence referendum. Meantime, as the Scottish Parliament is not being consulted, will at least the views of Scottish Members of Parliament in this House be taken into account and respected?

Mr Davis: My answer to the hon. Gentleman—another old friend—is, “Of course.” I have spent a very great deal of time speaking directly to the Scottish Government, and the Welsh Government and the Northern Irish Executive too. I consider it incredibly important that in this process we protect the interests of the people he represents—the people of Scotland—in this negotiation.

Crispin Blunt (Reigate) (Con): I welcome the Secretary of State’s commitment to giving as much information as he can to the House and its Committees. Given that, could he explain why the Government are not providing any evidence to the Foreign Affairs Committee’s inquiry into the practical consequences of leaving the European Union after two years with no agreement in place—an outcome that is a distinct possibility, and one over which the Government cannot command the outcome? Surely it would be best for the country and for every single company in the land that will be affected by this to understand the consequences as clearly as possible, so that they can plan for it.

Mr Davis: As I said, we will provide as much information as we can. However, this is a question of a negotiation, and we do not know where the end game will be. Even the rather stark example that my hon. Friend cites might have different aspects. He is presumably talking about the trade aspect, but there is also, for example, justice and home affairs. There are so many different things to assess that it would be, frankly, nothing more than an exercise in guesswork at this stage.

Ms Angela Eagle (Wallasey) (Lab): Today the Government have been humiliated in the Supreme Court. They have been taught a lesson about the real meaning of parliamentary sovereignty and taking back control. Will the Secretary of State now accept this verdict in the spirit, as well as the letter, of the ruling and finally concede that this House needs votes along the way, not simply debates without votes, and proper parliamentary

scrutiny so that together, working across this House, we can bring the country to the best possible deal in the interests of all our areas up and down this country?

Mr Davis: I will say two things. First, I really recommend that the hon. Lady reads the judgment, rather than trying to interpret it or put her own blush on it: read the detail of it. It is a very good judgment and a very sound judgment, as I said in my opening statement. As for giving continual votes and continuous information, I have been saying that all day today.

Sir Edward Leigh (Gainsborough) (Con): The Bill should be brief and the outcome simple; that is a point of principle. Is the Secretary of State aware that if the Opposition parties combine to constrain the Government’s negotiating hand—for instance by insisting on staying in the single market, which would mean effectively remaining in the EU—many of us believe that we should have an immediate general election and put the matter to the people? That might concentrate the minds of those in the Labour party.

Mr Davis: My hon. Friend is asking me a question that is way above my pay grade, to say the least, and the person whose pay grade it is has left. The point I would make to my hon. Friend is this. I would hope that every Member of this House saw it as their duty to their constituents to deliver the best outcome. That is precisely what the Government’s strategy is—to deliver the best outcome for Britain in this negotiation.

Sammy Wilson (East Antrim) (DUP): I am pleased that the case that was presented to hand a veto to the Northern Ireland Assembly—a blatant attempt to overturn the result of the referendum—has failed. Could the Secretary of State tell us, now that the Northern Ireland Assembly has been collapsed by Sinn Féin, what arrangements there will be to have the issues that concern Northern Ireland raised prior to negotiations and during negotiations?

Mr Davis: With respect to the hon. Gentleman’s first point, it is notable that while there was an 8:3 judgment on the rest of the issue, the Court was unanimous on not allowing the Northern Ireland Executive a veto. In terms of maintaining, not so much a relationship but an understanding of the issues that relate to Northern Ireland, last week when we had a Joint Ministerial Committee I wrote to the Northern Ireland Executive to ask them to continue to send Ministers to represent the interests of Northern Ireland. Although the First Minister and Deputy First Minister disappear, as it were, in the interim, Ministers stay in post, just as in any other Administration. Last week, they did turn up, and I will continue to extend an invitation to that end. If that does not work, we will find some other bilateral way to proceed. The hon. Gentleman must take it as read: I view it as near the top of my priorities, if not actually my top priority, to preserve the situation in Northern Ireland, to preserve the border in its current state without hardening it, and to preserve the interests of the Northern Irish people.

Mr Peter Bone (Wellingborough) (Con): No Bill that goes through parliamentary scrutiny does not become, as a result, a better Act of Parliament. Could the

Secretary of State announce when we will get a business statement, so that we know the timetable for the proposed Bill? I hope that we will have a day for Second Reading. I urge him to say that ample time will be given to the Committee stage, so that the House can properly scrutinise the Bill before it goes to the Lords.

Mr Davis: On my hon. Friend's last point, that would certainly be my intention. On the first point, there will be a business statement on Thursday anyway. Bear in mind that we are talking about a 96-page judgment. The point, as I have said before, of going right to the Supreme Court was to ensure that we got an authoritative, detailed final judgment on what we need to do and how we need to do it, and we need to study it carefully. That will take a little bit of time, but not very much, and we will come back to the House as soon as possible thereafter. It is entirely possible that Thursday's business statement may cover that.

Alison McGovern (Wirral South) (Lab): The Secretary of State keeps talking about certainty, but given the Prime Minister's statement specifically on the customs union, my constituents working in the manufacturing supply chain have nothing but uncertainty about their jobs. So what exactly is wrong with the suggestion made by the right hon. and learned Member for Rushcliffe (Mr Clarke) that the Government bring forward their policy on Brexit for a vote in this House?

Mr Davis: The hon. Lady talks about certainty. A two-year negotiation is going to take place, and there is nothing we can or should do to collapse that. That means that there is a limit to the extent to which we can introduce certainty. By the way, I had not mentioned it until then in this discussion. There will be debate after debate. On article 50, there will be debate on the policy. On the great repeal Bill, there will be debate on the policy. In several subsequent pieces of primary legislation, there will be debate on the policy. There will be no shortage of debate or votes.

Sir Desmond Swayne (New Forest West) (Con): Any obligation placed on the Government's negotiating position during the passage of the Bill may subsequently be subject to judicial review, with consequent delay. I hope that my right hon. Friend will judge the intentions that have been announced to amend the Bill in that light.

Mr Davis: As my right hon. Friend knows, I view everybody with great charity and generosity, and I will continue to do so.

Helen Goodman (Bishop Auckland) (Lab): Further to the question asked by the hon. Member for Wellingborough (Mr Bone), when the Labour Government legislated for the Lisbon treaty, Parliament had 25 days, including 11 days in Committee of the whole House, to debate it. There are 66 days before 31 March. How many days is the Secretary of State planning to give us?

Mr Davis: I will say two things. First, was it not the Lisbon treaty on which Labour promised a referendum, which we never got? Selling a false bill of goods is not a very good example to Parliaments around the world. This is article 50. This is the triggering process only

—nothing more than the triggering process. There will be vast quantities of legislation—much more than on the Lisbon treaty—between now and the conclusion.

Mr Jacob Rees-Mogg (North East Somerset) (Con): Has my right hon. Friend noticed that those who now wail parliamentary sovereignty mean the yoke of Brussels; when they say scrutiny, they mean delay; and when they say respect, they mean condescension? Does he agree with me that the British people have voted and we must legislate?

Mr Davis: As ever, my hon. Friend speaks for England.

Tom Brake (Carshalton and Wallington) (LD): We are all trying to get the best deal for our constituents. That is why the Liberal Democrats will seek to amend the article 50 Bill to give people their first say on the terms of the UK's future relationship with the European Union, and on Government plans to crash out of the single market and the customs union, inflicting huge damage on families and businesses up and down the country. Why do the Government not take this opportunity to boost their democratic credentials and simply agree to such a popular vote?

Mr Davis: I would ask the right hon. Gentleman to exercise his brain on this matter. The consequence of putting a second referendum at the end of the negotiation is to invite every single member of the European Union who does not want us to leave to propose the worst possible deal, in the hope that we will change our mind. We are not going to do that.

Mr Steve Baker (Wycombe) (Con): Today we uphold the rule of law by respecting the Supreme Court judgment. Does my right hon. Friend agree that both Houses of Parliament must now respect the result of the referendum by swiftly passing into law this necessary Act?

Mr Davis: My hon. Friend is as right as ever.

Chris Leslie (Nottingham East) (Lab/Co-op): The Secretary of State can see the phenomenal interest in the House in this issue, and he should not be afraid of scrutiny. My hon. Friend the Member for Bishop Auckland (Helen Goodman) asked how many days he would commit to proper scrutiny on the Floor of the House of all the issues surrounding article 50. Can he accept that this Bill is more important than the Bills on the Lisbon treaty and the Maastricht treaty, and that any attempt to curtail the opportunities for this House to scrutinise the issues would betray the Government's fear of proper debate?

Mr Davis: Let me say two things to the hon. Gentleman. I do not think that I have ever run away from scrutiny. I have spent more time at the Dispatch Box than any other Secretary of State in the last five months. In terms of what he says about the importance of the Bill, of course it is important, and indeed I want as much time as we can possibly get for it to be discussed; but that is a matter, as I said, for the usual channels to discuss.

Many people who see the Bill as incredibly important—perhaps more than it really is—are seeing it as some sort of point of no return. The point of no return was passed on 23 June last year. This is simply carrying out

[*Mr David Davis*]

the instructions of the British people. We will do so under the full scrutiny of Parliament and under the authorisation of Parliament, and we will give time for that; but do not conflate that with the whole process of the negotiation. It will take much, much more time than was given to Lisbon, because that number of pieces of primary legislation will take more time.

Mrs Anne Main (St Albans) (Con): The right hon. Member for Carshalton and Wallington (Tom Brake) talked about our democracy—in fact, he is the only representative of his political party in the Chamber—but would it be very undemocratic, in my right hon. Friend’s opinion, for him to go down to the House of Lords and encourage 120 unelected Members of the House of Lords to play ping-pong and mess about with the Bill? We must deliver what the British people have asked for.

Mr Davis: I think the British public will be looking at both Houses and expecting them to do their democratic duty properly, which means not to thwart the Bill or delay it unnecessarily, but to undertake a proper process of scrutiny and then to deliver on the will of the people.

Lady Hermon (North Down) (Ind): The Supreme Court has ruled very clearly today that the devolved legislatures do not have legislative competence and capacity in relation to the United Kingdom leaving the European Union. Therefore, it must follow logically that the procedure called EVEL, but known by its long title as English votes for English laws, should not be applicable when we come to the great repeal Bill. EVEL as a procedure is deeply divisive in this House, and it is demeaning to Members who represent Wales, Scotland and Northern Ireland. Given that the Secretary of State has said—and I believe him—that every effort will be made by this Government to hold together the United Kingdom, it would be helpful if the Brexit Secretary clearly ruled out the use of EVEL on the great repeal Bill?

Mr Davis: I cannot off the top of my head think of a circumstance in which EVEL would apply, but it might do so. The point I would make to the hon. Lady is that that rests on a ruling by the Speaker, not by a Secretary of State.

Mr Jonathan Djanogly (Huntingdon) (Con): Will triggering article 50 be adequate to release us from other related treaty obligations under the 1972 Act, such as our membership of the European economic area?

Mr Davis: That is a debatable matter of law. I think that that is the accurate answer. Subsequent matters may arise after the triggering of article 50, but if so we will come back to the House.

Chris Bryant (Rhondda) (Lab): There is no reason why the Government should not get their Bill through all the proper stages in this House and in the other House by the end of March. When the business managers come knocking and say, “We should condense the processes and have several different stages on the same day”, may I urge the “old” Member who flourished for 20 years on the Back Benches to return and fight hard for this House, saying, “We will do the process properly”?

Mr Davis: I will thank the hon. Gentleman not to refer to me as the “old Member”. I will of course ensure that there is proper scrutiny.

Mr Speaker: I do not think the right hon. Gentleman has another birthday until December—I think his birthday is 23 December—so he has a long time to wait: nothing to worry about.

Victoria Atkins (Louth and Horncastle) (Con): Today, British judges in the highest court in the land decided a point of historic constitutional importance that is unprecedented in law. It was right to seek the judgment of the Supreme Court to enable it to “discover” the law, as we lawyers euphemistically call it. Crucially, the Supreme Court recognised the limits of its constitutional powers when it left the form of that legislation to this Parliament. Is this not our constitution thriving in action, and does it not bode well for the future?

Mr Davis: My hon. Friend is exactly right. Her question goes to the point that I have made previously at the Dispatch Box which is that that is why we took the case all the way to the Supreme Court. By the way, it was not just about the role of the House of Commons on article 50; it was also, of course, about the role of the devolved Administrations, which had in any event to go to the Supreme Court.

Mr David Winnick (Walsall North) (Lab): Is the Secretary of State aware that many of us warmly congratulate the judges in the Supreme Court and the High Court on upholding parliamentary sovereignty, which the Government to a large extent tried to bypass in triggering article 50? The judges are not the enemies of the people but the defenders of parliamentary democracy.

Mr Davis: If the hon. Gentleman goes back through this old Member’s extensive experience, I do not think he will find that I have ever referred to the judges as the enemies of the people—just the converse. It is occasionally embarrassing to me that I sometimes use them.

Mr Dominic Raab (Esher and Walton) (Con): I welcome the statement by the Secretary of State. I also welcome paragraph 122 of the Supreme Court ruling, which narrows the scope of the rather opaque High Court ruling and allows us to pass a short, sharp Bill to trigger article 50. Does he agree that it is the responsibility of every democrat in both Houses to give effect to the will of the British people by passing the Bill without delay?

Mr Davis: I agree with my hon. Friend. For my part, I will endeavour to make the Bill as straightforward and as comprehensible as possible. I say that not just for speed, but because the public will be watching us. The public will want to know what we are voting on and to be able to understand it, so nothing will be opaque. We will aim to present a straightforward, simple Bill that we will take through as fast as is consistent with proper scrutiny.

Hannah Bardell (Livingston) (SNP): Paragraph 151 of the Supreme Court ruling says:

“The Sewel Convention has an important role in facilitating harmonious relationships between the UK Parliament and the devolved legislatures.”

What will the Secretary of State do to ensure that there is a harmonious relationship? Does he agree with the ruling, and will he produce a White Paper, as the SNP has proposed, and actually write something down, which he did not do ahead of the EU referendum?

Mr Davis: If I remember correctly, that section ends with the phrase, “nobody has a veto”—no devolved Administration has a veto. In terms of involving and looking after or trying to help assist the interests of the devolved Administrations and the people they represent, we have a whole process in place with the Joint Ministerial Committee, which does nothing but consider these matters. It considers the interests of the nations of the United Kingdom to ensure that none of their special interests, none of their special political situations and none of their special economic situations is harmed in any way.

Mr Christopher Chope (Christchurch) (Con): There have been a couple of references to paragraph 122 of the Supreme Court judgment. It says:

“There is no equivalence between the constitutional importance of a statute...and its length or complexity.”

It adds:

“A notice under article 50...could...be very short”.

Does my right hon. Friend agree that that is a very important message for Opposition Members?

Mr Davis: I take my hon. Friend’s point, and I will seek incisive brevity.

Liz Kendall (Leicester West) (Lab): The Prime Minister said that

“no deal...is better than a bad deal”,

but ending up on World Trade Organisation rules could be the worst possible deal, hitting businesses and families hard. May I press the Secretary of State: will there be a vote in this House at the end of the trade negotiations—not just the article 50 process, but the trade negotiations—so that Parliament can decide what is in Britain’s national economic interest?

Mr Davis: I will correct the hon. Lady slightly: there will not be a simple trade negotiation. The European Union pretty much always insists that nothing is agreed until everything is agreed, so justice and home affairs, security matters and a whole series of other issues will be tied into it. But, yes, there will be a vote at the end of it. We have already agreed to that.

Mrs Sheryll Murray (South East Cornwall) (Con): There has been a lot of talk by some Opposition Members of second referendums on article 50. Will my right hon. Friend reassure my constituents, the majority of whom voted to leave, that he will categorically rule out any second referendum?

Mr Davis: Yes is the answer. I am afraid I take the view that to suggest that somehow the British people did not know what they were doing the first time so must have a chance to get the answer right is, bluntly, patronising, undemocratic and improper. Rightly, that view is held by one of the smallest parties in this House. The answer is that I will not under any circumstances support a second referendum.

Hywel Williams (Arfon) (PC): The Welsh Labour Government and Plaid Cymru, as the official Opposition, have come together in good faith to establish our Brexit aims, which were published yesterday as a White Paper. Why will the Secretary of State not do likewise?

Mr Davis: I spoke to Carwyn Jones about that yesterday. I have not had a chance to read it in detail, but I know the headlines. He took me through them, and it struck me as a very constructive submission to the process. We will debate it at the next Joint Ministerial Committee.

William Wragg (Hazel Grove) (Con): Mr Speaker, “joy shall be in heaven over one sinner that repenteth”.

Does my right hon. Friend share my delight that those who were previously happy for sovereignty to be dispatched to Brussels now believe in the sovereignty of the United Kingdom Parliament?

Mr Davis: I warn my hon. Friend to be wary of biblical quotations. The last one I used was,

“Get thee behind me, Satan”,

and it rode with me for several weeks thereafter. However, he is right that this is a massive exercise in democracy, and we will make it so.

Paul Flynn (Newport West) (Lab): The Supreme Court’s judgment is welcome in that it establishes that the will of this House is sovereign and superior to the royal prerogative, but it is unwelcome in that it seeks to take back from Wales, Scotland and Northern Ireland powers that had been devolved to them. Will the Secretary of State promise that the special needs of Wales, which will be hit more severely by withdrawal from the single market than England, will be considered and that we will have not just a red, white and blue Brexit, but a red, white and green Brexit that meets the will and the needs of Wales?

Mr Davis: I will say two things. First, I think that the hon. Gentleman misreads the judgment. It does not talk about taking back powers back from the devolved Administrations at all, as far as I can see. As I said to the hon. Member for Arfon (Hywel Williams), the interests of the people of Wales, as far as the Welsh Government view them, have been put into a paper that has been submitted to the Joint Ministerial Committee and will be debated at the next meeting of its European negotiating arm.

Mr Shailesh Vara (North West Cambridgeshire) (Con): The Supreme Court judgment was decisive in its position on the devolved Assemblies. Given that, does my right hon. Friend agree that now is the time for the stateswomen and statesmen of the devolved Assemblies to respect the decision of the Supreme Court and work constructively with the Government for the greater good of the United Kingdom, of which they are very much a part?

Mr Davis: I could not have put it better myself.

Gloria De Piero (Ashfield) (Lab): I will vote to trigger article 50, but I also have a duty to scrutinise the Government’s deal to ensure that it does not make my constituents poorer. As taxpayers, my constituents have a right to know how much the appeal to the Supreme Court cost them. Will the Secretary of State tell us?

Mr Davis: On the latter point, I do not have that number in my mind, but I can—[HON. MEMBERS: “Oh!”] Well, I don’t. I have been studying the judgment today. I will provide the hon. Lady with that number as soon as I can. That will happen quickly. I am quite sure that the Supreme Court judgment will have been expensive on one level, because lawyers are expensive, as the Labour spokesman would tell us. I am sure that he is a much more expensive lawyer—that is the greatest compliment I can pay him.

To make a more fundamental point, when we are dealing with something as important as this—I do not think anybody in the House questions the importance of the constitutional decision that has been made today—it is incredibly important that it is done on solid ground, with proper authority and in a way that the Government can interpret properly to deliver the right outcome. I have made that point across this Dispatch Box more than once. Frankly, it will therefore be worth whatever we have paid for it.

Mr Philip Hollobone (Kettering) (Con): I commend my right hon. Friend for being the right man in the right place at the right time. Sixty-one per cent of the people of Kettering voted to leave the European Union. They will take comfort that there is nothing in today’s judgment that will delay the process, and they will like the fact that their Member of Parliament will obey their instructions and vote to trigger article 50. I commend it to all other Members to do the same.

Mr Davis: I thank my hon. Friend for that. All I can say is that I am surprised it was only 61% in his constituency.

Mark Durkan (Foyle) (SDLP): The judgment’s terms tell us that we should not rely on mere political convention for legal adherence or political confirmation on key matters. That being so, Sewel will be meaningless in the context of the great repeal Bill. Does the Secretary of State recognise that the key constitutional precept of the Good Friday agreement—the principle of consent and the democratic potential for a united Ireland—will have to be explicitly included in any new UK-EU treaty in order to fully reflect the principle that those issues are a matter for the people of Ireland, without external impediment, and to properly reflect the terms of today’s Supreme Court judgment?

Mr Davis: I will not reiterate the facts of the Supreme Court judgment on the Northern Irish aspect. The hon. Gentleman can read those much more authoritatively in the judgment. I have said to him before in this House and reiterate to him again that there is more than one guarantee in this matter. The British Government are determined to preserve the peace settlement and all that underpins it; the Irish Government are determined to underpin it; and so is the Commission. I will say something nice about the Commission in this regard. When I spoke to Michel Barnier, my opposite number, he reminded me that he was involved in the original peace process. All the parties to this matter therefore have a vested interest in delivering what the hon. Gentleman wants.

Stephen Hammond (Wimbledon) (Con): You will recall last week, Mr Speaker, my right hon. Friend extolling the fact that he liked to please his boss. He also said

earlier what a wonderful speech she made last week. I say to him that he could unify the whole of this side of the House by publishing a White Paper based on that excellent speech. I am sure that that would make him even more popular with our boss.

Mr Davis: I thought I was really rather restrained, given that the Prime Minister was sitting here today. I could have been thoroughly oleaginous, but I was not prompted by my right hon. Friend the Member for Broxtowe (Anna Soubry) this time, who gave me the line about Her Majesty.

Anna Soubry: I nearly said that.

Mr Davis: Yes, absolutely. I will not rehearse all the arguments again, but I will provide whatever information I can and as much information as I can, as promptly as I can, bearing in mind that the process is likely to start next week.

Owen Smith (Pontypridd) (Lab): I agree with the Secretary of State that the Prime Minister was very clear in her speech last week that we are leaving the single market and likely the customs union. Before the referendum, his Government said that that would cost the British people £66 billion or roughly half the cost of the NHS per year. Do the Government stand by that estimate or is there a different estimate today? If so, will he tell us what it is?

Mr Davis: I will say two things. First, Andy Haldane, the deputy governor of the Bank of England, has talked about a Michael Fish moment for economic forecasters. The hon. Gentleman might deliberate on that the next time he wants to ask a question like this. Secondly, economic models and forecasts are only as good as the assumptions that go into them. The point that the Prime Minister made last week was not just that we would not be a member of the single market, but that we would seek the freest and most barrier-free access in the interests of the people of Wales and others. That is what we will seek, but the negotiation is not complete yet. That is our aim and if we succeed, it will be hugely valuable for the people of Wales.

Mims Davies (Eastleigh) (Con): The EU referendum saw a 72% turnout and a clear vote to leave the European Union, showing the strongly held will of the British people. Does my right hon. Friend agree that the Liberal Democrats’ call for a second referendum—one Liberal Democrat Member was here today, but he is not here now—shows that they do not care about the public’s view unless they get their way?

Mr Davis: Looking across the Chamber, I am tempted to ask, “What Liberal Democrats?”. As my hon. Friend said, there was only one of them here, which shows just how seriously they take this incredibly important issue. I think the public at large will take the view that the Liberal Democrats are trying to use this matter for their own political purposes, not for the national interest.

Heidi Alexander (Lewisham East) (Lab): There have understandably been a lot of questions today about process, but there is an emerging Brexit reality in the

country for which this Government are responsible. A thousand jobs are going from London to Paris with HSBC, and Toyota, Lloyd's of London, UBS and Nissan are all reviewing their operations. Exactly how many jobs are the Government prepared to lose to other European countries while we negotiate our exit from the EU?

Mr Davis: I could stand here for 10 minutes naming companies, such as Apple, Google, Microsoft and McDonald's, that have decided to be here. We have pretty much the highest employment and lowest unemployment rates for some considerable time, completely contrary to the pessimistic predictions of many people after the Brexit result. If we want a demonstration of how wrong the establishment of Britain got this, we need only look at those numbers.

David Rutley (Macclesfield) (Con): Exiting the EU is uncharted territory, and there will naturally be uncertainties and challenges along the way, so what steps are the Government taking to communicate with British businesses in order to build confidence and foster economic growth in the months ahead?

Mr Davis: I can send my hon. Friend the details, but the number of meetings is beyond counting; we have had meetings with manufacturing, aviation, tourism, finance and banking, insurance and so on. Not just my Ministers but Ministers across Government are talking to their own client industries, as it were, to ensure they know what their concerns are, what the opportunities are and what policy measures we have to take to maximise the opportunities and mitigate any concerns. It took a few months, but people are beginning to see the opportunities, rather than the concerns, which represents an incredibly important change in mood in our country.

Mike Gapes (Ilford South) (Lab/Co-op): The Secretary of State has twice said that the point of no return was on 23 June, and he has ruled out a White Paper and a vote on the plan. Does he agree that neither the words "customs union" nor "single market" were on the ballot paper? If the House decides, at some point after article 50 has been triggered, that it does not wish to proceed with the process, would we leave automatically or is it reversible?

Mr Davis: First, I have listened to people talking about what was not on the ballot paper. It is rather like saying, "You said you were going to sell the car, but you didn't say you were going to sell me the engine and tyres as well." These elements—the common external tariff barrier, the common commercial policy, the role of the European Court of Justice, and so on—are components of the EU, which the public voted to leave. Secondly, the hon. Gentleman misquotes me. I have said that there will be any number of votes and debates in the coming two years, many of them about the issues he talks about.

Robert Jenrick (Newark) (Con): I fully support the words from all quarters in support of our judges, who are the best, most inscrutable and highest-quality I have seen anywhere in the world, but does my right hon. Friend agree that those warm words need to be matched by action from all Members? In particular, just as the Government accept the verdict, should not Members

accept the words of the Supreme Court that a small Bill can have the same power as a larger one, and should not those from some of the devolved parts of the UK accept the verdict, too? On the cost, does he agree that, if he is publishing the cost of the Government's action, we should ask the devolved Assemblies, particularly that in Scotland, to publish how much taxpayers' money they spent joining the action?

Mr Davis: As I said on the costs, I will provide the numbers; there is no problem with doing that. I would make the point, however, that we did not bring the case, of which the cost is a direct outcome. I am not one of those—*[Interruption.]* Animal noises from the Opposition notwithstanding, I am not one of those who criticise the people who brought the case; I think they brought a very important constitutional case, which is why I said, whatever it cost, it was worth doing. Let no one say to the Government, however, "Why did you appeal the case?". We did so because a massively important constitutional issue was at stake, and my hon. Friend is right that we should all take it very seriously, take it as the status of our law today and obey it accordingly.

Pete Wishart (Perth and North Perthshire) (SNP): Scotland is supposed to have the most powerful devolved Parliament in the world, and the Scotland Acts tell us now that it is permanent and that the Sewel convention is embedded in law, but we now know, of course, that the Scotland Acts are barely worth the vellum they are written on. The Secretary of State says he is listening to Scotland—that is great, he has said it several times today—but when will he act? If he does not accept the very reasonable proposals we put to him, the Scottish people will quickly ask what the point is of our being here at all.

Mr Davis: If I remember correctly, the Supreme Court said of the Sewel convention that it was not for the judges to decide. I listened last week as the Scottish Government Minister presented at great length the arguments in their paper. As I said earlier to one of the hon. Gentleman's colleagues, there are bits we disagree with and bits we absolutely agree with—for me, the most obvious one is the protection of employment law, which I take very seriously and on which we are absolutely in the same place. I and others on the Joint Ministerial Committee discussed with the Minister the issue of devolution, and the clear point was that no existing devolved powers were to be retracted. Of course, that is not going to happen, but we also have to think, in rational terms and in the interests of the Scottish people and citizens of the UK more widely, about where the best place is to make decisions. In most cases, I would prefer to devolve powers, but in some circumstances that is not practical. We have to do what is right for the people, not what suits our political interest.

Richard Drax (South Dorset) (Con): I am confident that every Member will vote to trigger article 50—for which of us would dare thwart the will of the people? Does my right hon. Friend share my concern, though, about the implications of the case for a Government's decision to go to war, for example? Could that now be challenged by a member of the public?

Mr Davis: No, I do not think my hon. Friend is right. It is a 96-page judgment, so we have to go through the detail, but the major part of the case was confined to two aspects—the implications specifically for the European Communities Act and for those treaties that have an effect on the domestic legal rights of citizens—and I do not think that the decision to go to war falls within either. He raises more broadly, however, an important point. We are in an era when the exact reach of the royal prerogative has to be established and understood. Once we are in complete command of our own future, we will have to know what the Government can and cannot do, what we have to do in conjunction with Parliament and where we have to go back for authorisation. That is one reason we are taking our time to read the judgment.

Diana Johnson (Kingston upon Hull North) (Lab): The Secretary of State has mentioned a few times that this is a massive exercise in democracy. I put it to him that a useful tool in a participatory democracy is issuing White Papers. I do not understand why he has set his face against doing that, given that we are about to make the most important decision for many generations and trigger article 50.

Mr Davis: The Chairman of the Select Committee, who is not here, said his Committee wanted a plan as quickly as possible—before the middle of February; I said it would be difficult to turn out a full White Paper before then. One of the virtues of delivering the plan via a prime ministerial speech of some length was that we could do it quickly, we could make it very clear and everybody could understand it. It also got coverage around the world in a way that no other medium could have. People remind me—and sometimes tease me, of course—of my history as an activist for parliamentary rights. The important point is that we are here only because we represent our constituents' interests.

I have tried—I keep reiterating this phrase—to provide as much information as possible. Let us take the plan with respect to what was asked for by Labour Front-Bench Members and the Select Committee. They asked, “What are we going to do about the single market?” and hopefully that is now plain. They asked, “What are we going to do about the customs union?”, and hopefully that is now plain. They asked, “What are we going to do about justice and home affairs?”, and hopefully that is now plain. They asked, “What role is seen for Britain in the world?”, and hopefully that is now plain, too. Of course, what we cannot do is say what the outcome of the negotiation will be. We cannot give that level of certainty, but we can certainly give a level of certainty, as we have and as we will, as to what the aims and strategic objectives are. We have done that.

Ben Howlett (Bath) (Con): I, too, welcome today's judgment by the Supreme Court, and I would like to lend my support to the Supreme Court judges. I hope that we do not see any repeat in tomorrow's newspapers of the bile that was directed towards the High Court judges last year. Although I welcome the Prime Minister's speech last week, which focused on a comprehensive free trade agreement, I have received thousands of emails and correspondence from my constituents all wanting to have their say on this issue. After all, 70% of them voted to remain inside the European Union. Does my right hon. Friend therefore agree—as other colleagues

have said, and without wishing to make him repeat himself—that the best way to do this and to ensure that my constituents' views are heard is via the use of a White Paper?

Mr Davis: I am afraid that my hon. Friend has failed in not making me repeat myself. Plainly, the House has determined that I would fail miserably in “Just a Minute”, or whatever the quiz is called where people are not allowed to repeat themselves. I reiterate that it is the facts that matter and the plan that matters and answering Parliament's questions that matters. We have done all those things. We will continue. I will continue to provide whatever information I can without compromising our negotiating position—I will do that.

Danny Kinahan (South Antrim) (UUP): I thank the Secretary of State for his answer to the hon. Member for East Antrim (Sammy Wilson), when he said that he had written to the Northern Ireland Executive. Does he recognise that the Northern Ireland Executive have collapsed after just eight months and may not have the confidence of the people of Northern Ireland? They had no joint plan. Will the Secretary of State ensure that he writes to all parties and includes everyone, so that we get something that will tell all of us where we are going? We accept the result. We need a quick resolution, but we must all be included. Will he do that?

Mr Davis: The hon. Gentleman raises an interesting point. Before I answer directly, let me say that I have, of course, sought to get the parties in the Executive to continue to send a Minister to the Joint Ministerial Committee, but that is only one mechanism; there are others. I think that the Prime Minister will be speaking to the Taoiseach next week, so the Irish Government interest will be represented. I will, of course, talk to others more directly. I went to Northern Ireland early on in my time in this job. I am inclined to say yes to the hon. Gentleman—I will write to him—but let me consider the issue carefully, so that I do not land myself in some problem. The reason I say that and the reason I am being cautious is that an election is now under way, and I have to be wary of the British Government appearing to meddle in any aspect of the election. Let me, therefore, pause and think about that. I will do what I judge to be in the best interests of Northern Ireland. The hon. Gentleman must take that as my promise.

Several hon. Members *rose*—

Mr Speaker: Order. After faster progress for a while, the pace has slowed terribly in the last few minutes. What is required is a pithy question of the kind in which a Queen's Counsel should specialise. Let us hear about the contents of the textbook pithily. I call Lucy Frazer.

Lucy Frazer (South East Cambridgeshire) (Con): The Supreme Court, at the beginning of its judgment, on its very first page, said in terms that it wanted to emphasise that the case had absolutely nothing to do with the terms of withdrawal, the arrangements for withdrawal or the details as to any future relationship with Europe. In those circumstances, does the Secretary of State agree that all that the Supreme Court decided was that, before pulling the trigger, there needs to be authorisation

by Act of Parliament? Under the terms of the judgment at least, there is no obligation to set out the details of any deal.

Mr Davis: I agree.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): Today's judgment states that, notwithstanding new legislative constraints,

“withdrawal from the EU will enhance the devolved competence”.

I asked the Secretary of State this same question just last week and was dismayed to find that he was able to provide only his presumptions. Can he now provide concrete examples of which types of powers will be devolved to the devolved Administrations, following our exit from the European Union?

Mr Davis: I rather suspect that the hon. Lady misquotes me from last week. What I said, or what I should have said, was that some elements of the powers coming back from the European Union will go to the devolved Administrations, that some will stay in the centre, but for a number we are going to have to debate the matter and decide. That will happen in the first instance in the Joint Ministerial Committee and then at Cabinet.

Several hon. Members *rose*—

Mr Speaker: Single sentence questions, please, with the abandonment of any preamble that colleagues might have in mind.

Matt Warman (Boston and Skegness) (Con): Although the Secretary of State should take seriously amendments proposed to the forthcoming Bill in good faith, I invite him to give short shrift to those who seek to use amendments to derail or delay a vital process.

Mr Davis: I will.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The Secretary of State has already attempted to sideline Parliament by appealing this case and by refusing to publish a White Paper, so can he be very clear: will the Bill be drafted in such terms as to allow not just amendments, but substantive amendments? Yes or no?

Mr Davis: I have been here for 30 years. If the hon. Gentleman knows how to draft a Bill that withstands any amendments, I would like to hear about it.

Nadhim Zahawi (Stratford-on-Avon) (Con): In any negotiation, it is worth thinking about the other side. Lord Hill, who knows a thing or two about Europe, came to give evidence to our Select Committee on the best strategy for negotiation. He said that it is now to come together because the decision has been made; otherwise, we would be sending mixed messages to our interlocutors. Does the Secretary of State agree?

Mr Davis: Yes, and I would hope that, once we get through the article 50 process, we will see a rather more collegiate attitude from all parts of the political spectrum. It is, after all, our national interest that is engaged.

Peter Kyle (Hove) (Lab): A moment ago, the Secretary of State reminded us that our job is to do what is in the best interest of our constituents. The city I represent has 8.5 million visitors each year, has two universities and has an economy that includes the head offices of EDF and Amex. If I do not believe that, between now and March, the guarantees offered by this Government will protect everything that is great about my city, surely the right hon. Gentleman would agree with me that I cannot support this timescale.

Mr Davis: I am not about to protect the hon. Gentleman from his constituents, I am afraid. My comment to him is this: we are in a negotiation. If he can point out to me a negotiation that had guarantees before it started, I would be interested to hear about it.

Kevin Foster (Torbay) (Con): I am sure that the Secretary of State will agree that it is strange that many seem to be unaware that legislative changes will be needed on a range of issues as we leave and not just on the point about article 50. Does he agree distinctly that, if people try to use tricks of procedure in this House or anywhere else to try to frustrate article 50, they will fuel the scepticism that pushed people to vote leave?

Mr Davis: That is true, and I think Members' constituents would notice, too.

Neil Gray (Airdrie and Shotts) (SNP) *rose*—

Mr Speaker: Somebody who has been waiting a long time must have been able to work out how to put the question in a short sentence. I call Neil Gray. Let us hear it.

Neil Gray: Thank you, Mr Speaker. Given that a legislative consent motion is now apparently a political decision and there is no impediment to the Government bringing one forward, will the Secretary of State advise us whether the Government had a legislative consent contingency in place before the Supreme Court ruling and why on earth he would rule out bringing one forward now?

Mr Davis: Because I have said that no component part of the United Kingdom has a veto. If the hon. Gentleman had been listening, he would know that I have said that dozens of times in this House.

Mr David Nuttall (Bury North) (Con): Can my right hon. Friend reassure my Bury North constituents, a majority of whom voted to leave, that he will allow nothing to get in the way of ensuring that the Bill that he has announced will be passed as quickly as possible?

Mr Davis: Yes.

Ian Blackford (Ross, Skye and Lochaber) (SNP): The Secretary of State said in his statement that the Government are determined to deliver on a decision taken by the people of the United Kingdom but Scotland, of course, the country that we on the SNP Benches represent, voted to remain within the United Kingdom and the Scottish Government have been empowered by the Parliament to make sure that we remain within the single market. Why is the Secretary of State acting

[*Ian Blackford*]

against the best interests of the Scottish people? Will he not understand that, if he refuses to accept our will, our only option—

Mr Speaker: Order. Too long. Too loud. We do not want to hear it. Enough.

Mr Davis: First, I do not necessarily think that the interests of the Scottish National party are the same as those of the Scottish people. Secondly, as I remember, the Scottish nation voted to stay inside the United Kingdom—the United Kingdom that voted to leave the European Union.

Chris Green (Bolton West) (Con): The World Trade Organisation has done a fantastic amount of work to reduce trade barriers around the world, and it is the basis of our trading relationship with the United States of America, where we have a trade surplus. Does my right hon. Friend agree with me that this provides a great foundation for a trade deal with the EU, and that it is now for the EU to do something better than that?

Mr Davis: I agree.

Susan Elan Jones (Clwyd South) (Lab): The Secretary of State has spoken a great deal about listening to the devolved nations, but will he listen to what they have to say about the importance of unfettered access to the single market?

Mr Davis: We already have. That was the point that the Prime Minister was making when she said that we wanted barrier-free, most facilitated trade with the EU.

Martin Vickers (Cleethorpes) (Con): Can my right hon. Friend assure the 70% of my constituents who voted for Brexit that he has a contingency plan to ensure that, if the upper House were to attempt to thwart or delay the Bill, we would meet the March deadline?

Mr Davis: From what I remember of my hon. Friend's constituency, there are enough Members of the upper House in it for him to be able to tell them himself.

Alan Brown (Kilmarnock and Loudoun) (SNP): The Secretary of State talks about not thwarting the will of the people. Will he finally recognise that 62% of people in Scotland voted to stay? The Scottish Government are not asking for a veto; they are asking for a compromise that would allow Scotland to maintain membership of the single market. When will the Secretary of State work with them to achieve that?

Mr Davis: As I have said to several of the hon. Gentleman's colleagues, we work in the Joint Ministerial Committee, we work bilaterally, and we seek to protect the interests of the whole United Kingdom, not least Scotland.

Steve McCabe (Birmingham, Selly Oak) (Lab): I do not want to frustrate the process, but is the Secretary of State saying that the referendum result is the only factor that should govern the article 50 vote? Is that not tantamount to signing a blank cheque and setting aside the views of our constituents?

Mr Davis: When a question begins “I do not want to frustrate the process, but”, it tells us something in its own right.

The Government are seeking authorisation to trigger the start of the negotiation, which is what the British people voted for last year. End of story. That is not the only issue, but it is the most important issue.

Ronnie Cowan (Inverclyde) (SNP): This judgment rode roughshod through the Sewel convention. Can the Secretary of State assure me that he will seek meaningful discussions with the Scottish Government which will respect and reflect the desire of the Scottish electorate to remain in the EU?

Mr Davis: I think that the Scottish Government's case was represented in the Supreme Court. Unlike the hon. Gentleman, I do not pick and choose which bits I like or do not like; I go along with the Supreme Court, because it is the highest court in our land and we have to obey it.

Lilian Greenwood (Nottingham South) (Lab): The country voted to leave the EU, but my constituents did not vote for a cut in their living standards. There are genuine and serious concerns about the impact on our economy, manufacturing, higher education and research if the UK leaves the EU without a deal and falls back under World Trade Organisation rules. What assessment has the Secretary of State made of the risks of leaving with no deal in place, and will he publish that assessment so that it can be subjected to proper scrutiny?

Mr Davis: There were a great many forecasts of how terrible things would be if the people voted for Brexit. They were all undilutedly wrong: every single one was wrong. Our strategic aim is to secure a comprehensive free trade agreement, not to fail to do so, and that is what will protect the hon. Lady's constituents if she is willing to pay attention to it.

Ms Margaret Ritchie (South Down) (SDLP): The Secretary of State has said that he wants to preserve the interests of the people of Northern Ireland, and that he understands the peace settlement. We are currently engaged in an election process, which will be quickly followed by negotiations of which Brexit will form an important part. In discussions with the Taoiseach and with the Irish Government, will the Secretary of State ensure that special status for Northern Ireland is considered thoroughly in those negotiations?

Mr Davis: A whole series of special circumstances apply. When I first visited Northern Ireland after taking up my present post, what came up were matters such as the importance of the border and the single energy market, and we will continue to pay attention to those matters. If the hon. Lady will forgive me, I am going to be very careful about answering questions because of the ongoing election process, but I think she should take it as read that we take this issue very seriously indeed.

Peter Grant (Glenrothes) (SNP): The Secretary of State for Scotland, who is no longer in the Chamber, told the House on at least five occasions that the Sewel convention had been placed on a statutory footing by

the Scotland Act. Today the Supreme Court said that that was not the case. Which of those contradictory judgments currently holds the confidence of Her Majesty's Government?

Mr Davis: It was not a contradictory judgment. This is a reserved matter.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): Surely the ruling confirms that “Brexit means Brexit” has been totally inadequate as any sort of explanation to Parliament or its people. The devil is often in the detail, particularly the Tory detail, and surely that detail ought to be provided in the form of a White Paper.

Mr Davis: Obviously the hon. Lady is not the first person to ask for a White Paper, but hers was perhaps one of the more partisan requests. The strategic aims are very clear: they are designed to protect the interests of the people whom she represents.

Patrick Grady (Glasgow North) (SNP): I noted that the judgment was issued during the Court's Hilary term. I hope that someone will explain to the Trump Administration exactly what that means.

Can the Secretary of State tell us why it is right for unelected peers to have a greater say in the article 50 process than elected Members of the devolved institutions?

Mr Davis: I am trying to think what the significance of Hilary term is, except in the context of the Chairman of the Exiting the European Union Committee. I am afraid that I did not hear half the hon. Gentleman's question, so I shall have to write to him. [HON. MEMBERS: “It was about the Lords.”] I could not hear that either. I will answer later.

Kirsty Blackman (Aberdeen North) (SNP): There are rules in place which ensure that Parliament can scrutinise legislation as it passes through the House. Will the Secretary of State commit himself to ensuring that those rules remain in place, and that there will be two clear weekends between the Bill's First and Second Readings?

Mr Davis: That is a matter for the usual channels, not for me.

Steven Paterson (Stirling) (SNP): The Scottish Government have published the details of their proposals for maximising an ongoing relationship with the European Union. Does the Secretary of State recognise that refusing to publish a White Paper is tantamount to political cowardice?

Mr Davis: I really do not think so. I have never been accused of cowardice before, so I am not quite sure how to respond to the question, but the answer is no.

Tommy Sheppard (Edinburgh East) (SNP): I am becoming increasingly concerned about the way in which supporters of the Government's view are trying to delegitimise the opinions of others by suggesting that their intention is to thwart the decision to leave the European Union. May I ask the Secretary of State to confirm, having read the statement of the Scottish Government's position, that no part of that document suggests that Scotland, or indeed any other part of the United Kingdom, should do anything other than leave the European Union?

Mr Davis: After receiving that document I was very careful not to criticise it publicly, because I wanted to have that debate. I was chairing the Joint Ministerial Committee, so I did not want to, as it were, colour my chairing of it.

As I have said before, the document falls into three categories. There are bits which I did not think would work, there are bits that are subject to debate—especially those relating to devolution issues—and there are bits where we are absolutely on the same page, on matters such as employment law. However, elements of this paper will run into problems not just with the United Kingdom Government, but with other members of the European Union. It was criticised by the Spanish Europe Minister, and it was criticised implicitly by senior Norwegians on the European Free Trade Association front. I do not think that it can be held up as the ideal model for a perfect outcome.

Mr Speaker: I am grateful to the Secretary of State, to the Opposition spokespersons, and to all 84 Back Benchers who took part in this important series of exchanges.

Point of Order

2.18 pm

Dr Julian Lewis (New Forest East) (Con): On a point of order, Mr Speaker. Yesterday I told the House in good faith:

“Sir Craig Oliver vehemently denies that he or any other member of David Cameron’s media team ever knew about the aborted Trident test”.—[*Official Report*, 23 January 2017; Vol. 620, c. 25.]

Sir Craig had said that to my parliamentary office staff, in terms bordering on rudeness. However, when invited to appear before the Defence Committee today, he told the Clerk that he did not wish to attend, saying that he had left No. 10 to work for the remain campaign before the test firing took place. Is there some way in which I can correct the record and assure the House that we held a most interesting session today on the subject of the Trident test firing in June, in the regrettable absence of the Secretary of State for Defence and, indeed, Sir Craig Oliver himself?

Mr Speaker: The right hon. Gentleman has borne stoically and with fortitude the absence of the named individual. It would certainly have been a gruelling experience to appear in front of the Committee chaired by the right hon. Gentleman. I think the answer to his question as to whether there is some orderly way in which he can put the record straight is: there is, he’s found it, job done.

Industrial Action (Protection of Critical National Services)

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

2.20 pm

Chris Philp (Croydon South) (Con): I beg to move,

That leave be given to bring in a bill to regulate industrial action by those providing certain critical national services; to define critical national services to include railways, operators providing buses, trams and underground railways, the National Health Service and fire and ambulance services; to require those taking industrial action in relation to critical national services to demonstrate that the matter in dispute is such that the adverse effects on the provision of service to the public caused by the action is proportionate and reasonable; to provide for the High Court in England and Wales and the Court of Session in Scotland to adjudicate on proportionality and reasonableness of action and to determine a minimal required level of service to the public to be provided in the case of such action taking place; and for connected purposes.

Trade unions have a long history of campaigning for workers’ rights, stretching back to the 19th century. Trade unions ushered in an era of regulated working hours, holiday pay, sick pay, maternity pay, health and safety at work and decent wages. I applaud those achievements, fought for by trade unions and made law by past Parliaments. I respect what trade unions have achieved in the past 150 years, and I understand that the right to strike is inseparable from the struggles that led to these victories that have helped to civilise our country. But we must also recognise that strikes have a profound effect on the wider public, especially where those strikes occur on critical national services. It is time to consider again the impact that strikes have on the wider public, and to protect the public as well as uphold the right to strike.

A few weeks ago, I received a heart-rending message from a constituent, Jenny Lehane. She said that tears were streaming down her face as she wrote about the effect of the recent Southern railway strikes on her family. She wrote that she had to get her six-year-old son to walk to a bus stop at 5.30 in the morning when the trains were not running so that she could get to work and her son could get to school. She said those responsible should

“hang their heads in shame”,

and she attached a photo of her son trudging disconsolately down a cold, dark street wrapped in his blanket.

That is the human impact of nearly 40 days of strike action that the RMT and ASLEF have taken in the past few months, most recently only yesterday, to say nothing of the unofficial strike action and work-to-rule that have been taking place on non-strike days. The operator, Southern rail, must shoulder a great deal of blame. I am not here to defend it; in fact, I think it should lose the franchise. But there is no question that the strike action has made a bad service unusable in the last six months.

In this case, I do not believe that the unions have a substantial complaint. No one is losing their job. No one is getting a pay cut. Every single train currently scheduled to run with two members of staff will continue to be scheduled to run with two members of staff. The dispute centres simply on who opens and closes the doors, and whether the train can still run if the conductor does not turn up for work. The rail regulator says that

there is no safety issue, contrary to the union position. In fact, millions of trains have run perfectly safely since 1984, including 1.5 million trains in the last five years, without a single fatality. All of London underground runs with driver-operated doors perfectly safely, as does most of continental Europe. The RMT is disputing these issues simply to retain its ability to shut down the rail network in the course of future strike action by its conductors.

It is on this flimsy pretext that 400 conductors are preventing 300,000 people from getting to work or getting home to see their loved ones. Sue Gaitskell had to quit her job as a sales manager. My constituent Lee Fenton was fired from his job working for a local council. Emma Green had to quit her job as a commercial lawyer. Many people are having to consider moving home. It is just not acceptable that the rights of these people are not being adequately protected.

I am afraid to say that there are signs that this kind of industrial action—hugely disruptive to the public, but based on a flimsy pretext—is spreading. Merseyrail and Great Northern are apparently next in the union's sights, and two weeks ago London ground to a halt due to an RMT strike on the underground over changes that were in fact introduced some time ago.

I am pleased that the Mayor of London, Sadiq Khan, to his great credit condemned the RMT underground strike without reservation, but it is very disappointing that the Leader of the Opposition did not follow the Mayor's example. Far from following the Mayor of London's fine example, he said that, instead of siding with the public, he would in fact join the picket line. [HON. MEMBERS: "Shame."] Indeed.

The president of the RMT, a man called Sean Hoyle, did not even bother to disguise his motives. He was recently filmed speaking to a group of trade unionists, saying that the strikes had the objective of "bringing down the Government"; those are his words, not mine. Mr Hoyle is entitled to his political views, but he is not entitled to use the power he has as the president of a major trade union to inflict misery on hundreds of thousands of people simply in furtherance of his nakedly political objectives.

We now need further legislation to recognise the public's right to get to work, to see loved ones or to receive medical treatment, as well as respecting the unions' right to strike, which I fully accept. We in Parliament should not stand by and allow strike action to cause people to lose their own jobs.

This Bill goes further than previous legislation and proposes that strikes on critical national services, such as the railways, tubes, buses and NHS, should be "proportionate and reasonable" in the view of a High Court judge in order to be lawful. The judge would weigh up the complaint of the striking workers against the impact on the wider public in deciding what is "proportionate and reasonable", and where strikes were allowed the judge would specify a level of basic service that would be available during any strike. The law in Canada, Spain and Italy already works in a similar way, guaranteeing a basic level of service.

A poll published in yesterday's *Evening Standard* found that 55% of Londoners support these proposals, and public support for them is growing daily. Many other Members support these proposals, too. In a similar vein, my hon. Friend the Member for Bexhill and Battle

(Huw Merriman), who is in his place, is introducing his own ten-minute rule Bill on 4 February to stipulate that strikes based on the pretext of safety concerns cannot proceed unless the relevant regulator agrees that there is a safety issue.

I do not for one moment dispute the right to strike, but the public also have a right to get to work and not be forced out of their own jobs by union action. A fair balance is needed between the two, and I am afraid to say that current legislation does not provide it.

If there is a Division, in order to support this motion today Members do not need to agree with the precise details of the Bill. For example, Members may think that there are better methods of arbitrating between the rights of the unions and the rights of the public than through a High Court judge; some have suggested to me in the last few days that Parliament itself might be an alternative. But if the House supports this motion, we are sending a simple message that the public have rights as well as trade unions, and that it is Parliament's duty to protect the public as well.

This Bill is about balance and fairness, and I commend it to the House.

2.29 pm

Kevin Brennan (Cardiff West) (Lab): I rise to oppose the motion moved by the hon. Member for Croydon South (Chris Philp). I do so because the proposed Bill is disproportionate and unnecessary, and an attack on a fundamental British liberty—the right to withdraw labour in a legal trade dispute with an employer.

It is not as though we have not already experienced a full-frontal attack on the rights of workers who are in dispute with their employer under this Government. I draw the attention of the House to yesterday's Order Paper, which I am sure hon. Members have read. Page 34 gives details of "Remaining Orders and Notices", and states:

"Business in this section has not yet been scheduled for a specific date. It has therefore been set down formally to be taken in the Chamber today but is not expected to be taken today."

What could this business be? Point No. 3 on the Order Paper is a motion on trade unions in the name of "Secretary Greg Clark", dealing with political funds. Point No. 4 is also a motion on trade unions from the Secretary of State, dealing with the draft Important Public Services (Transport) Regulations 2017. Point No. 5 is a motion on trade unions dealing with the draft Important Public Services (Fire) Regulations 2017. Point No. 6 is—you've got it—a motion on trade unions dealing with the draft Important Public Services (Border Security) Regulations 2017. Point No. 7 is a motion on trade unions dealing with the draft Important Public Services (Education) Regulations 2017, and point No. 8 is a motion on trade unions dealing with the draft Important Public Services (Health) Regulations 2017.

The Bill proposed by the hon. Member for Croydon South would restrict the rights of people in the workplace further, even before the Government have brought into force their latest full-frontal attack on workers. We all know that if the Bill were allowed to proceed, it would simply be the thin end of the wedge of even more anti-trade union legislation from the Conservatives, because this is what they do when they are in power—dogs bark, birds fly and Tories attack workers' rights.

[Kevin Brennan]

In the press, as he did in his speech, the hon. Gentleman framed his Bill specifically as a response to the Southern rail dispute, but of course it goes much further, as it covers transport in general, the national health service, and fire and ambulance services. This is not just about one industrial dispute, whatever its rights and wrongs. The Bill is about further restricting the long-fought-for right of workers in a free society to withhold their labour.

The hon. Gentleman talks about disproportionate industrial action, but it is important to bear in mind what the proportions really are. There were 106 strikes in 2015—the last year for which we have figures—which is an eighth of the number of strikes that took place in 1985. That equates to a loss of 0.003% of all working days in 2015, when 81,000 workers went on strike. That is the lowest level since records began in 1893.

Let us look at the type of so-called disproportionate action that occurs in the industries that the hon. Gentleman highlighted. One of the most widely covered strikes this year was that of British Airways workers, who have taken a total of five days' action to protest against their poverty-level pay. For those workers, that action was a real hardship and sacrifice. On average, mixed fleet cabin crew—the category was introduced deliberately to create a second-class group of workers at the company—earn £16,000 a year including allowances. Willie Walsh, the boss of the parent company, pocketed £6.5 million. That is the very definition of “disproportionate”.

Industrial action is already highly regulated, especially in the light of the execrable Trade Union Act 2016, the regulations under which I mentioned earlier and are yet to be brought into force. Through that Act, the Government created specific strike thresholds for important public services—50% of the union membership must vote, and 40% of those entitled to vote must be in favour of industrial action for a strike to be legal—but even that is not good enough for the hon. Gentleman. His Bill would put the decision about whether workers can withdraw their labour into the hands of High Court judges. Ironically, that is one group of workers whose pensions the Government are unable to touch. In the light of today's events, I would have thought that Conservative Members might be more wary about handing over decisions to judges, but that is another matter.

The proposal is also insidious because it comes from the same party that is picking the pension pockets of nuclear workers in places such as Sellafield. The Government's latest raid on the pensions of nuclear workers will adversely affect communities such as Copeland, where a large number of nuclear workers live. At the time of privatisation, promises were made to ensure the protection of their pensions. During the Committee stage of the Bill that became the Enterprise Act 2016, I tabled amendments that would have ensured that workers in that sector were exempt from the public sector redundancy cap. The Government refused to support those amendments, and the Nuclear Decommissioning Authority has now announced its intention to save the Treasury a reported £660 million from those workers, despite the promises that were made when the industry was privatised. It will not escape the attention of the workers of Sellafield—and, indeed, the voters of Copeland—that the Conservatives are not only seeking to make it

more difficult for people to take action in specified industries, but robbing those people of their promised pensions.

Where was the hon. Gentleman's concern for ending industrial disputes when the Government promised to bankroll Southern in this dispute using taxpayers' money? The Government have inserted clauses into franchise agreements setting out that any losses accrued by the rail company in the event of industrial action can be compensated by the Government using taxpayers' funds, which removes any incentive for the company to come to the table.

Where was the hon. Gentleman's concern for consumer access to our critical national services when the Prime Minister dismissed the humanitarian crisis in our hospitals as “overblown”? The real problem facing our national health service is not a handful of days of doctors' strikes, but this Government's policy of systemic and constant underfunding, understaffing and overworking. Where was his concern for consumer access to our critical national services when we saw train fares rise again in the new year? Labour protested against the price hikes, but there was no ten-minute rule Bill from the hon. Gentleman about people's right to a reasonable fare when traveling to work.

There is another way to deal with industrial relations. The Labour Government in Wales recently introduced their own trade union Bill. They are a Government who understand that workers are not an “enemy within” to be isolated and vilified, and that workers themselves are consumers who contribute to the economy and are members of the community. That is the approach that the hon. Gentleman should be advocating. This Bill is an attack on working people by a party that is bankrolling employer intransigence with public money in the very industry that he has been talking about, and I hope that the House will reject it.

Question put (Standing Order No. 23).

The House divided: Ayes 127, Noes 206.

Division No. 128]

[2.37 pm

AYES

Afriyie, Adam	Cash, Sir William
Aldous, Peter	Caulfield, Maria
Allan, Lucy	Chishti, Rehman
Allen, Heidi	Cleverly, James
Amess, Sir David	Clifton-Brown, Geoffrey
Ansell, Caroline	Collins, Damian
Baron, Mr John	Courts, Robert
Bellingham, Sir Henry	Crabb, rh Stephen
Benyon, Richard	Davies, Byron
Beresford, Sir Paul	Davies, Chris
Berry, Jake	Davies, Glyn
Bingham, Andrew	Davies, Dr James
Blackman, Bob	Davies, Philip
Blunt, Crispin	Donaldson, rh Sir Jeffrey M.
Bone, Mr Peter	Dowden, Oliver
Borwick, Victoria	Duddridge, James
Bottomley, Sir Peter	Duncan Smith, rh Mr Iain
Brady, Mr Graham	Elliott, Tom
Brazier, Sir Julian	Elphicke, Charlie
Bridgen, Andrew	Foster, Kevin
Bruce, Fiona	Freeman, George
Burns, rh Sir Simon	Fuller, Richard
Burrowes, Mr David	Fysh, Marcus
Carmichael, Neil	Ghani, Nusrat
Cartlidge, James	Graham, Richard

Grant, Mrs Helen
 Gray, Mr James
 Green, Chris
 Hall, Luke
 Hammond, Stephen
 Heapey, James
 Herbert, rh Nick
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel
 Jenkin, Mr Bernard
 Johnson, Gareth
 Kawczynski, Daniel
 Kinahan, Danny
 Knight, Julian
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Lewis, rh Dr Julian
 Lopresti, Jack
 Loughton, Tim
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 McCartney, Karl
 Menzies, Mark
 Mercer, Johnny
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Mills, Nigel
 Morris, Anne Marie
 Murrison, Dr Andrew
 Nuttall, Mr David
 Offord, Dr Matthew
 Paterson, rh Mr Owen

Penrose, John
 Philp, Chris
 Prisk, Mr Mark
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Rosindell, Andrew
 Sandbach, Antoinette
 Selous, Andrew
 Shannon, Jim
 Smith, Royston
 Soames, rh Sir Nicholas
 Spelman, rh Dame Caroline
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Thomas, Derek
 Throup, Maggie
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrrie, rh Mr Andrew
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Walker, Mr Charles
 Warburton, David
 Warman, Matt
 Whittingdale, rh Mr John
 Wiggin, Bill
 Wilson, Sammy
 Wollaston, Dr Sarah
 Zahawi, Nadhim

Tellers for the Ayes:
Huw Merriman and
Mr Steve Baker

NOES

Abbott, Ms Diane
 Abrahams, Debbie
 Alexander, Heidi
 Ali, Rushanara
 Allin-Khan, Dr Rosena
 Arkless, Richard
 Ashworth, Jonathan
 Bardell, Hannah
 Berger, Luciana
 Betts, Mr Clive
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Brabin, Tracy
 Bradshaw, rh Mr Ben
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burgon, Richard
 Butler, Dawn

Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Clwyd, rh Ann
 Coaker, Vernon
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Cowan, Ronnie
 Coyle, Neil
 Creagh, Mary
 Creasy, Stella
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 David, Wayne
 Day, Martyn
 De Piero, Gloria
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Doughty, Stephen
 Dowd, Peter
 Durkan, Mark

Eagle, Ms Angela
 Eagle, Maria
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Fellows, Marion
 Ferrier, Margaret
 Fitzpatrick, Jim
 Ffello, Robert
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Furniss, Gill
 Gapes, Mike
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glindon, Mary
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Greenwood, Lillian
 Greenwood, Margaret
 Griffith, Nia
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh Mr David
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hillier, Meg
 Hodge, rh Dame Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kerevan, George
 Kerr, Calum
 Kinnock, Stephen
 Kyle, Peter
 Lamb, rh Norman
 Law, Chris
 Lewell-Buck, Mrs Emma
 Lucas, Caroline
 Lucas, Ian C.
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mann, John
 Marris, Rob
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, rh John
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McMahon, Jim
 Mearns, Ian
 Monaghan, Carol
 Monaghan, Dr Paul
 Morden, Jessica
 Mulholland, Greg
 Mullin, Roger
 Nandy, Lisa
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Olney, Sarah
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Owen, Albert
 Paterson, Steven
 Pennycook, Matthew
 Phillips, Jess
 Poulter, Dr Daniel
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reynolds, Emma
 Ritchie, Ms Margaret
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Ryan, rh Joan
 Saville Roberts, Liz
 Shah, Naz
 Sheppard, Tommy
 Sherriff, Paula
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Nick
 Smith, Owen
 Spellar, rh Mr John
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle
 Timms, rh Stephen
 Turley, Anna
 Twigg, Derek
 Twigg, Stephen
 Umunna, Mr Chuka
 Vaz, Valerie
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan

Whitford, Dr Philippa
Williams, Mr Mark
Wilson, Corri
Winnick, Mr David
Wright, Mr Iain

Zeichner, Daniel

Tellers for the Noes:
Vicky Foxcroft and
Jeff Smith

Question accordingly negated.

WALES BILL (MONEY)

Queen's recommendation signified.

Resolved,

That, for the purposes of any Act resulting from the Wales Bill, it is expedient to authorise any increase attributable to the Act in the sums payable under the Government of Wales Act 2006 out of the National Loans Fund.—(*Alun Cairns.*)

WALES BILL (PROGRAMME) (NO. 3)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Wales Bill for the purpose of supplementing the Orders of 14 June 2016 (Wales Bill (Programme)) and 12 September 2016 (Wales Bill (Programme) (No. 2)):

Consideration of Lords Amendments

(1) Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion three hours after their commencement at today's sitting.

(2) The proceedings shall be taken in the following order: Lords Amendments Nos. 9, 44, 10, 28 to 32, 46, 137, 1 to 8, 11 to 27, 33 to 43, 45, 47 to 136 and 138 to 177.

Subsequent stages

(3) Any further Message from the Lords may be considered forthwith without any Question being put.

(4) The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—(*Alun Cairns.*)

Question agreed to.

Wales Bill

Consideration of Lords amendments

Madam Deputy Speaker (Mrs Eleanor Laing): The National Assembly for Wales passed a legislative consent motion on 17 January, copies of which are available with the Bill documents online and in the Vote Office. I must draw the House's attention to the fact that financial privilege is engaged by Lords amendment 9. If it is agreed to, Mr Speaker will cause the customary entry waiving Commons financial privilege to be entered in the *Journal*.

After Clause 17

LENDING FOR CAPITAL EXPENDITURE

2.50 pm

The Secretary of State for Wales (Alun Cairns): I beg to move, That this House agrees with Lords amendment 9.

Madam Deputy Speaker: With this it will be convenient to discuss Lords amendment 44.

Alun Cairns: I am pleased to open the debate on the amendments made to the Wales Bill in the other place. Given the number of Members who wish to speak in this relatively short debate, I shall aim to keep my comments relatively brief.

First, I place on record my gratitude to the peers who contributed to the scrutiny of the Bill during its passage through the House of Lords. It would be dangerous to try to name them all for fear of forgetting some, but a number who regularly attended briefing sessions and gave feedback throughout the process helped to get this important Bill through the other place without any Government defeats. I thank in particular Lord Bourne of Aberystwyth for steering the Bill so ably through the other House on behalf of the Government, supported by Baroness Mobarik as Whip for the Bill.

I also take the opportunity to place on record my thanks to a number of right hon. and hon. Members of this House. My right hon. Friend the Member for Chesham and Amersham (Mrs Gillan) started the process when she established the Silk commission in 2011. My right hon. Friend the Member for Clwyd West (Mr Jones) expertly guided through Parliament the Wales Act 2014, which implemented the Silk commission's fiscal recommendations. I pay particular tribute to my right hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb). In his time as Secretary of State he took a number of bold decisions, most notably the establishment of the cross-party St David's day process, which put in place the framework of the Bill. That was a bold move, as I have suggested—one that sought to bring all parties together to make a constitutional agreement that would bring both Houses together, understanding the politics of both sides of this House and of the other place.

My right hon. Friend was unstinting in his belief in the importance of the Bill and subjected himself to immense scrutiny with respect to its contents. I pay tribute to his work in setting the framework that has allowed my hon. Friend the Under-Secretary of State for Wales and I to take it through the Chamber.

It is also appropriate to pay tribute to Members on the other side of the House who played an important part in the scrutiny of the Bill, especially the former shadow Welsh Secretary, the hon. Member for Newport West (Paul Flynn), and his predecessor, the hon. Member for Llanelli (Nia Griffith), who was involved in the work, negotiations and discussions throughout the process, as well as the current Opposition Front-Bench team.

I wanted amendments 9 and 44 to be spoken to separately, to give right hon. and hon. Members the opportunity to consider the fiscal framework agreed between the UK Government and the Welsh Government. The amendments are directly linked to that agreement.

The agreement reached between the UK Government and the Welsh Government is an historic agreement that is fair for Wales and fair to the rest of the UK. During scrutiny of the Bill last summer, this House approved the removal of the requirement for there to be a referendum before Welsh rates of income tax were implemented, and the fiscal framework paves the way for the devolution of those historic tax powers from April 2019.

The block grant adjustment mechanisms that will take account of the devolution of stamp duty land tax and landfill tax are also part of that agreement, ensuring that the replacements for those taxes in Wales, which the Welsh Government are already legislating for, come on stream in April 2018.

Nick Thomas-Symonds (Torfaen) (Lab): While the Secretary of State is talking about the fiscal framework, may I welcome the lifting of the cap on borrowing for capital expenditure to £1 billion? That is not quite the £2 billion that Front-Bench colleagues in the other place asked for, but I welcome it as a step forward. Does the Secretary of State agree that that measure will give the opportunity to continue investment in infrastructure in Wales, both digital and physical, and can also contribute to increased productivity?

Alun Cairns: I am grateful to the hon. Gentleman for the scrutiny he provided at previous stages, and for his comments just now. I will come to the numbers later, but I hope he recognises that there was a mature discussion between two institutions, and he is absolutely right that this measure paves the way for the Welsh Government to use their new borrowing powers to legislate for and finance things that really matter to the Welsh people.

The agreement ensures that, when tax powers are devolved, the Welsh Government will have fair funding for the long term, taking into account Welsh tax capacity and treating population change consistently across tax and spending. In doing so, we are delivering on the independent Holtham commission's ambition of a long-term fair funding settlement and agreement for Wales.

Indeed, I spoke to Professor Holtham only last week, and he is clear that this is a "very fair settlement" and that there is now no case to argue that Wales is underfunded. The Government previously stated that Wales receives a fair settlement. This cements that in place and enhances the settlement.

Paul Flynn (Newport West) (Lab): Does not the Secretary of State agree that the fiscal framework is already out of date because it is pre-Brexit and we now know that Wales will suffer severely if we come out of

the single market? Is it not true that the Bill is just another stepping-stone on the way to a new Bill, which we will get when the terms of Brexit are declared?

Alun Cairns: The hon. Gentleman is well aware that we have a positive dialogue with the Welsh Government on the nature and framework of the process and the ultimate outcomes of exiting the EU. I was happy to receive yesterday from the Welsh Government a paper outlining their proposals, and we will of course give it close consideration. It will be subject to a future Joint Ministerial Committee for the European negotiations.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): No doubt, then, the Secretary of State would disagree with the hon. Member for Brecon and Radnorshire (Chris Davies), who said yesterday in an interview with me on ITV Wales that Wales should simply get in line with the Brexit process and just kowtow to the Prime Minister's agenda?

Alun Cairns: I did not hear my hon. Friend's comments, but should there be any attempt to frustrate the process of exiting the EU by the Welsh Government, the Welsh population would not expect or want it. After all, Wales voted to leave the EU, and it is only right and proper that we act on that instruction and direction, which came from the public in Wales. I would hope that the Welsh Government continue to engage positively in the way that they have.

Owen Smith (Pontypridd) (Lab): Given the respect that the Secretary of State says there is between the institution of the National Assembly and the Government here at Westminster, should he not be disappointed that the Supreme Court has not ruled today that there should be a formal consultation with Wales via the National Assembly?

Alun Cairns: We have maintained that the views of the Welsh Government are important, but the views of other stakeholders in Wales are also relevant to the discussion. The Welsh Government will rightly form their view, and the UK Government will come to a conclusion that serves all parts of the United Kingdom, including other stakeholders in Wales, as part of the process. The legal action that the Welsh Government took was a matter for them. We have had the judgment, and we need to respect and act on it.

I shall return to the fiscal framework and the funding settlement for Wales. I have already mentioned Professor Gerry Holtham, but it is appropriate that we pay particular tribute to him for the work that he did. We should also pay tribute to my right hon. Friend the Chief Secretary for the part he played in the negotiations, and to the way the Welsh Government and Mark Drakeford, the Cabinet Secretary for Finance and Local Government, went about the negotiations with my right hon. Friend, whereby two mature institutions discussed serious matters that will have long-term positive consequences for Wales.

3 pm

Building on the existing funding floor, the Welsh Government will continue to have a fair level of funding for the long term, taking into account Welsh tax capacity and treating population change consistently. For the

first time, we have agreed to add a need-based factor of 115% into the Barnett formula, as Holtham recommended. We are embedding the funding floor that we announced in December 2015 into the mechanisms that decide how Wales is funded. The significance of this measure should not be understated: the Labour party called for it from Cardiff Bay for many years while it was in power in this place, but it has taken a Conservative Government to introduce that needs-based factor and deliver on Wales's needs. I hope that the shadow Secretary of State, the hon. Member for Cardiff Central (Jo Stevens), will recognise the significance of bringing the needs-based factor into the Barnett formula.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): Does not the Secretary of State share my concern that the needs-based factor will be based on sums ascertained in 2009-10, which will be effectively 10 years old when it comes into effect? There should be a review before it starts.

Alun Cairns: I am grateful to the hon. Lady for her intervention, and for the scrutiny and interest she has rightly given the Bill, but I hope she recognises the significance of the fiscal framework. The needs-based factor to which she refers is 115%, and the current level is well above that. It will fall to 115% over time, recognising the fair settlement that Wales gets because of its needs. It is significant that that needs-based factor is being introduced into the Wales settlement for the first time. It is something for which the hon. Lady and her party have been calling for some time, but it took a Conservative Government to deliver it.

Stephen Crabb (Preseli Pembrokeshire) (Con): My right hon. Friend has done a fantastic job of steering the Bill through its Commons stages. The hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) says that the figures are out of date, but when I sat down with Professor Holtham to think about how to scope out a fair funding floor for Wales, he was absolutely clear that there was no reason to think that just because of the passage of time the figures that he had in mind were somehow incorrect. The level that has been set by the Treasury is exactly right for Wales's needs at this time.

Alun Cairns: My right hon. Friend played an important role in ensuring that we have the needs-based factor by framing the debate in such a way as to make possible a successful conclusion. Ultimately, the Welsh Government would understandably have rejected the Bill unless it was associated with an appropriate and fair funding settlement. I hope that Opposition Members will recognise the significance of the settlement, because it really does matter to the long-term funding of public services in Wales.

Stephen Doughty: Does the Secretary of State accept that, as the First Minister set out yesterday in the White Paper published with the support of Plaid Cymru and the Liberal Democrats, there is a difference between the Barnett funding formula and funding arrangements of the sort that we currently have under the common agricultural policy and the structural funds? As things are moving on very rapidly, will he make a commitment that Wales will not be left a penny worse off as a result of leaving the European Union?

Alun Cairns: The hon. Gentleman tempts me to go down a route for which no decisions have been taken. We are keen to engage and discuss those matters and, as

we have already said, we are keen to engage with the Welsh Government and the other devolved Administrations on future funding arrangements. I hope that the hon. Gentleman will recognise the fairness of the way we have approached the Barnett settlement and the fiscal framework, and that that will give him confidence that, as we hope, we will achieve a fair settlement for Wales and all parts of the United Kingdom as we exit the European Union.

Susan Elan Jones (Clwyd South) (Lab): Will the Secretary of State give way?

Alun Cairns: I would like to make a little progress, but I will happily give way later if time permits.

We have agreed a fair way for the block grant to be adjusted to take account of tax devolution and the devolution of a portion of income tax, and a transitional multiplier of 105% in the Barnett formula that will give the Welsh Government additional money, over and above current levels, whenever we increase spending in a devolved area. That 105% demonstrates the even longer-term transition to getting down to the floor of 115%. We are doubling the Welsh Government's capital borrowing limit, so that they will be able to borrow up to £1 billion—as the hon. Member for Torfaen (Nick Thomas-Symonds) pointed out a moment ago—to invest in infrastructure throughout Wales.

Lords amendment 9 puts the new capital borrowing limit in place now, so that it will be available as soon as the Welsh Government start to raise revenues through the taxes we are devolving. Lords amendment 44 ensures that Lords amendment 9 comes into force two months after Royal Assent, thereby putting the new borrowing limit into place well in advance of the devolution of tax powers. As the hon. Member for Torfaen rightly highlighted, that will allow the Welsh Government to get on with things that matter, and to legislate and use the new financial capacity that the Bill will grant. Taken with the Wales Bill, the agreement paves the way to making the Welsh Assembly a more powerful, accountable and mature institution, with greater powers and responsibilities to grow and support the Welsh economy.

The fiscal framework agreement resolves once and for all the perceived issues of underfunding that have overshadowed political debate in Wales for so long. It provides the Welsh Government with a powerful new borrowing limit to deliver much-needed infrastructure investment, and it ensures that the devolved Government in Wales can become truly accountable to the electorate by raising around a quarter of the money that they spend. Gone are the days when poor levels of public service in Wales could be blamed on perceived underfunding. For too long, funding was used as an excuse for poor outcomes, but not any longer. If they want big government, the Welsh Government could even raise taxes to pay for it. Or, if they want to reduce income tax levels, they could look to drive out inefficiencies and allow Wales to be seen in a new entrepreneurial light. I urge the House to agree to the Lords amendments.

Jo Stevens (Cardiff Central) (Lab): In the spirit in which the Bill has so far developed, we will this afternoon see something of a rarity in my life: I will, on occasions, agree with the Government and some of the measures they are taking. Before the Secretary of State gets too

excited about that, though, it has to be put on record that the Bill has had a chequered history. It started out very badly—so badly that the Government had to take it away and start all over again. The second attempt was better, and we have now reached a point at which although it is still far from ideal, there has been considerable movement by the Government as a result of pressure from the Opposition and in the other place.

I put on record my thanks to my predecessors, my hon. Friends the Members for Llanelli (Nia Griffith) and for Newport West (Paul Flynn), and their Front-Bench teams, for their work during the Bill's passage. I particularly thank my colleague Baroness Morgan of Ely and our team in the other place for the sterling efforts they made to secure numerous improvements to the Bill through debate and discussions with the Government, who took a largely constructive approach to concessions. We therefore support the Bill in its current, improved form, and will not attempt to frustrate its passage.

I shall not detain the House longer than necessary on matters on which there is agreement, but I wish to make substantial points on the Opposition amendments at the tail end of the selection list, on which I may wish to test the will of the House. We are hopeful that we can make good progress and reach those amendments.

Given the importance of the consequences of Lords amendments 9 and 44, it is right to put something on the record about them. They will raise the Welsh Government's overall capital borrowing ability to £1 billion, and from April 2019 the annual capital borrowing limit will rise to £150 million—15% of the overall figure. As the Secretary of State pointed out, all that stems from the fiscal framework agreed by the Government here in Westminster and the Welsh Assembly Government. It is welcome news; I congratulate the Welsh Government. Like the Secretary of State, I particularly congratulate the Cabinet Secretary for Finance and Local Government, Mark Drakeford, for working so hard to seal this important deal with the UK Government. I also pay tribute to the Government for moving on this issue.

The increase in borrowing ability is so important because the austerity that successive Conservative Chancellors have imposed on Wales has had severe consequences for the Welsh Government's ability to invest, particularly in infrastructure. As has been pointed out, with the loss of European funding that Wales will experience once we leave the EU, the ability of the Welsh Government to invest in infrastructure becomes even more critical. Therefore, moves to enhance the Welsh Government's ability to invest in and develop infrastructure for the future are of course welcome. It is all about investing in Wales and boosting our economy, and this measure will go a significant way towards doing that.

Sensible infrastructure investment led by the Welsh Government will help improve productivity rates in Wales and increase the gross value added of Wales. However, as Members will hear me say several times today, the Government plans do not go far enough. In the other place, my Front-Bench colleague, Baroness Morgan, tabled an amendment to raise the borrowing cap to £2 billion based on the Holtham recommendations. We accept £1 billion as a step forward, but it is clearly not enough to properly meet the demands of the Welsh economy. Before the Minister responds to that point, I caution the Government against viewing the cap as a

target. The point is to see the flexibility and dynamism provided by the higher limit, rather than to look at only how much is borrowed.

Many successful businesses do not use 100% of their borrowing facility, but leverage their borrowing to a sensible percentage of the facility based on the economic context in which they are operating. The higher £2 billion that was sought would not necessarily have been used, but would have allowed greater flexibility and freedom for the Welsh Government to invest in a greater number and a greater scale of critical schemes and infrastructure projects.

I make these points to the Minister to put them on record and to push his conversations with the Treasury ahead of the forthcoming Budget, but, as I have said, we do welcome the step forward that Lords amendments 9 and 44 provide and we will not vote against them.

Paul Flynn: May I say that it is a matter of some pleasure to see this Bill going through the House? It started off, as my hon. Friend the Member for Cardiff Central (Jo Stevens) said, as a dreadful and ugly Bill. This is not the slap of firm Government, but the timid, limp wrist cringe of a weak, uncertain Government, who do not know in what direction they are going. None the less, the result is generally beneficial, and a step forward—a stuttering step forward and not one of which we can feel greatly proud. We also know that we will have to come back to it because the world has changed after Brexit.

I accept that there has been some improvement in this Bill. I am talking about the £1 billion in the amendment, but it should have been £2 billion. The Welsh Assembly has a very good record of investing in infrastructure and other projects, but we do need more investments in the future. The purchase of Cardiff airport was a great success.

Craig Williams (Cardiff North) (Con): Much has been made of this £1 billion cap, but, as the hon. Gentleman knows, the M4 relief road, which is on his doorstep, has been talked about a lot. Access to borrowing has been available to the Welsh Government to crack on with scheme, but they have done nothing. The £1 billion is a sensible amount. Will he comment on the broader use of these powers?

Paul Flynn: The hon. Gentleman well knows why the delays have taken place on that scheme. Obstacles are in the way of the scheme going through the system of appeals and the public inquiry, but, certainly, there is unlimited enthusiasm. It is nice to see him sitting there among half an acre of empty green leather seats today. I noticed that, on a previous reading of this Bill, one party took great advantage, taking a video swipe that showed the Opposition Benches empty, apart from the three Members of Plaid Cymru. The visual image was that the Member who was speaking—a Plaid Cymru Member—was someone who habitually empties these Benches as people stampede to the Tea Rooms whenever he speaks. People should not lie by using these misleading pictures of the House.

What we have before us is an unprecedented challenge to Wales. We must understand what leaving the single market will do for Wales, for Welsh industry, for Welsh farming and for the health service. It will hit us much

[Paul Flynn]

harder in Wales than in England, and we must make allowances for that. However, we are not doing anything of the kind.

The hon. Member for Cardiff North (Craig Williams) talked about roads, and we do have a great problem there. I am talking about the highway robbery of the Severn Bridge tolls. We have had 52 years of double taxation of local people, and that is set to continue. Perhaps the Welsh Assembly could look into that infrastructure project. It is an outrage that people are paying twice for the tolls: we pay our share of the national road scheme in Wales and the west of England, and we pay over again for the tolls.

3.15 pm

It was accepted by this House, under the Severn Bridges Act 1992, that those charges should be in place for a certain period. That period will come to an end later this year or early next year, when the Severn bridges have the same status as every other piece of motorway in the rest of the United Kingdom, and should be treated as such. The cost of maintenance should be borne by national funding. That is an unquestionable argument in favour of the abolition of the tolls.

There is a similar argument for the abolition of the tolls on the Cleddau Bridge, though their genesis was rather different. We cannot allow this psychological barrier to Wales to continue to exist. We want to give the impression of complete accessibility as that will be beneficial to those living on both sides of the River Severn. I hope the Government will look at this again.

When we look at these Bills that come up year after year, we see a growing acceptance by the people of Wales of the idea of devolution. I am glad to see the absence of that band of Conservative MPs who tried to vote against a clause very similar to this one on Third Reading.

This Bill will give the Welsh Assembly greater dignity and status as a real Parliament. From that point of view, we welcome it, but what we have seen today in this Chamber is that grudging nature of devolution. Today's Supreme Court decision is saying that this Parliament will rule on powers that have already been devolved to Wales, Northern Ireland and Scotland. It should have no right to do that. It is reversing devolution in today's judgment. Unfortunately, this sad Bill will not take account of Brexit or today's decision by the Supreme Court.

Stephen Crabb: I had not planned to say much this afternoon, but I thought that I would take the opportunity to contribute. First, let me put on the record my thanks to the Secretary of State and congratulate him on the fantastic way he has steered this Bill through its Commons stages and on the way he has handled very sensitive discussions with the Welsh Government, peers and the Opposition parties to bring it to fruition.

I also wish to put on record my thanks to Lord Bourne and to Baroness Randerson, who has not been mentioned this afternoon. Baroness Randerson was a Minister in the Wales Office when I was Secretary of State, and she was a fantastic rock of wisdom and support on matters relating to devolution. The amendments before

us really give effect to the fiscal framework agreement, and represent the culmination of all those original aims that we set out for this next stage of devolution.

I remember sitting down with the then Prime Minister David Cameron two and a half years ago in the lead-up to the Scottish referendum—we all felt that it was a moment of unique constitutional history—and saying, “Well, where does this leave Wales? Do we need to do something further on Welsh devolution?” We had already had the Silk reports. To be honest, they were on the shelf. My feeling was that it was not good enough to leave Welsh devolution in limbo. Yes, there was a bit of pressure coming from some of the opposition parties in the Welsh Government to give effect to Silk 2, but there was no overwhelming pressure. Conceivably, we could have resisted that pressure, but I thought that moving on to the next stage of Welsh devolution was the right thing to do.

I am immensely grateful to my right hon. Friend the Secretary of State and to Baroness Randerson who were with me at the time in the Wales Office. We really talked about the matter to see what we should do. Comments have already been made this afternoon about how the Bill has changed, but it has followed an entirely appropriate and correct process, including a draft Bill, a consultation, the taking of advice and guidance, and amendments. The tone throughout has been one of listening. However, the original objectives have not changed. We wanted to create a stronger, clearer devolution settlement for Wales to end the constant arguing that resulted in the UK Government and the Welsh Government trotting off to the Supreme Court to debate which Administration are responsible for which policies—it was absolutely ridiculous. We also want to create a fairer devolution settlement, which is where the financial aspect comes in.

Mr Mark Williams (Ceredigion) (LD): I pay tribute to the right hon. Gentleman for what he has done. My colleague Jenny Randerson greatly enjoyed working with him. He has pushed this agenda forward. One test that he employed at the time was to see whether the settlement would stand the test of time and whether a chapter would be closed—would Wales get used to its new constitutional settlement and would we not have to return to devolution in future? Has that test been met?

Stephen Crabb: To be absolutely honest, I do not think that this represents the end of the book on Welsh devolution, but we need a prolonged period in which the Welsh Government learn to deploy their powers and use their competencies in a way that benefits the people of Wales. We were talking about the M4 upgrade earlier; an early deal that I did when I was Secretary of State for Wales involved making new money available to the Welsh Government to crack on with it. The project had been talked about for years. I remember taking a question on it during Welsh questions and William Hague leant across to me and said that people were talking about it 20 years ago when he was Secretary of State for Wales. We are still waiting for any substantial action despite the money being available. That is the challenge that risks corroding public support for devolution in Wales—the sense that the Welsh Government, despite their additional powers, seem unable to crack on and take big, bold decisions to improve the lives of people in Wales.

Returning to my previous point, the Bill meets the core objectives that we set out. The reserved powers model and additional powers for the Assembly and for the Welsh Government create a stronger devolution framework. Amendment 9 will create a clearer and fairer settlement as a result of the fiscal framework and the funding floor for the Welsh Government's new borrowing powers. I remember being told two and a half years ago that the four things that we wanted to achieve had no chance of success. I was told that the Treasury would not agree to them, that the Welsh Government would not agree to take tax-raising powers— income tax powers—and that my own Back Benchers would not agree. However, all the parties worked together to sketch things out while respecting each other's differences. Plaid Cymru has long-standing aspirations and ambitions for Welsh devolution that, frankly, no Wales Bill has met, but the tone was constructive and that has laid a good foundation and has provided smooth passage for a reasonably good Bill. It is not the end of the story, but I hope that it is the end of an interesting chapter for Welsh devolution.

Liz Saville Roberts: I am sure that the House will join me in wishing the best to my hon. Friend the Member for Carmarthen East and Dinefwr (Jonathan Edwards), who is expecting the imminent arrival of the latest member of his family. [HON. MEMBERS: "Hear, hear."] I sympathise with all MPs who have to balance family life and parliamentary duty.

I, of course, welcome to an extent the fact that a fiscal framework is on the verge of being in place, giving the Welsh Government a degree of financial accountability that is intrinsic for any functioning democratic Parliament. Judgment is still very much out, however, on whether it can really deliver the economic accountability and levers for growth that are required in this tumultuous time. I therefore want to start with a few brief comments about the framework's ambition, or lack thereof. I then want to ask the Minister a specific question about how the framework will operate before finally discussing the capital expenditure limit outlined in amendment 9.

Despite finally having this fiscal framework in place, we still lag behind every other devolved Administration in terms of powers and responsibilities. Earlier today—like most days—we were embroiled in the Brexit conundrum and all its unravelling economic implications, but the Government's insistence on a patchwork approach to devolution means that Wales will not have the real levers for growth that it needs at this most difficult of economic times. If the Conservative party wants to talk about the real opportunities that a single market and customs union exit brings for Wales, it should be looking at the fiscal levers for growth, including VAT, the most important tax for Wales, and how it could be devolved. I hope the Minister will indicate that he plans to review the framework in the light of recent developments to ensure that Wales has such fiscal levers.

I briefly want to touch on a technical point that my party colleague, Adam Price AM, has already raised with the Welsh Government's Cabinet Finance Secretary. The much trumpeted relative need provision of the fiscal framework—the 115% rule, which is referred to as the Holtham floor—was based on a set of criteria that determined Wales's relative need in 2009-10. There seem to be no plans to conduct a review of that relative need when the floor is set to be implemented approximately

three years from now, meaning that those relative needs will be based on figures that are 10 years out of date. This was discussed briefly in earlier interventions, but the 115% rule surely cannot be set in stone for all time, so I ask the Minister to propose a review to investigate that.

Alun Cairns: I am happy to clarify that the fiscal framework agreement, which is supported by the Welsh Government, includes opportunities for periodic reviews.

Liz Saville Roberts: I welcome those comments about periodic reviews as opposed to using 10-year-old statistics. I also have some concerns about the framework's dispute resolution mechanism, but there may not be the time to discuss them here. We may be able to resolve that problem in future discussions.

I want to finish by emphasising the fact that both Governments lack ambition. In the Lords, Plaid Cymru called for a £2 billion capital expenditure limit, which was supported by Labour. However, under pressure from the devo-sceptic Tory party, we can see in amendment 9 that we are left with a capital expenditure limit of exactly half that. Although I am pleased that a fiscal framework is finally in place, I cannot avoid the observation that Wales is once again being short-changed through a lack of vision and ambition.

Glyn Davies (Montgomeryshire) (Con): Thank you, Madam Deputy Speaker, for calling me to speak in a debate that is hugely important to me. As someone who served as a Member of the National Assembly for Wales for eight years before my six years here, almost all of my political life has been dogged—if I can use that word—by Wales Bills of one sort or another. I do not know whether I will still be a Member of this Parliament when the next round comes but, as my right hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb) said, I am sure that there will be one.

It is a great honour to debate a particularly important Wales Bill, which makes devolution much more stable than it has been since it was first established in 1999. I could speak about a host of matters and on some of them there would be disagreement across the Floor of the House, but two principles are hugely important to me. The first relates to the fiscal issues, which I will come to, but I believe also that moving to a reserved powers model is of fundamental importance. There will be disagreements about what should be reserved to the Westminster Parliament, but, generally speaking, moving to a reserved powers mode will be a big step forward. People—including me—have been calling for it since 1999, and we should not forget that in the discussions about finance.

This debate is about financial issues, one of which relates to borrowing powers. I greatly support the measure, which gives the Welsh Government new and important borrowing powers. Other Members have suggested that the ceiling is not high enough, but I have heard Mark Drakeford, the responsible Minister in Cardiff, say that the Welsh Government will probably not borrow the £1 billion allowed in the first instance. I believe that the borrowing power will make a significant difference to the way the Welsh Government can operate.

3.30 pm

There has also been some debate about the 115% rule. Throughout my time in politics in Wales, we have heard people—usually Opposition Members—calling for a level

of spending in Wales that is the equivalent of spending in Britain, and that 115% is it. In fact, the UK Government are investing rather more than that, so the 115% is less than is being spent now. There has never been sufficient appreciation of the scale of the current Government's funding for Wales. Complaining all the time gives the wrong impression. What has been called for since I became a Member of the Assembly in 1999 has been delivered, and I think we should recognise that.

The devolution of income tax is particularly important to me. I have long believed that it is crucial if devolution is to move forward. For any Welsh Government to be accountable to the people, they have to be fiscally and financially accountable. The form of that accountability has to be one that the voting public recognise, and income tax is that form. If income tax is devolved, there will be a debate at every election about the appropriate level of income tax. People will vote looking at both sides of the ledger—what the Government intend to spend and what they intend to raise. Until now, all we have had is a spending plan. When I was a spokesman for my party on financial issues in the Assembly, I would not refer to the annual budget as a budget, which caused a bit of controversy; I would refer to it only as a spending plan. We have to have both sides, and that is where we are moving to with the devolution of income tax.

I am hugely proud to support this very good Bill. Of course, it is not the end of the story—who knows what will be down the road in the next Parliament and thereafter? But it is a good Bill that takes us to a much more stable place and gives the Welsh Government much more accountability. The Bill not only delivers a clear position within a unified United Kingdom but gives the Welsh Government a degree of influence and power to deliver the sort of devolution that we, the people who live in Wales, want.

Lords amendment 9 agreed to, with Commons financial privilege waived.

Lords amendment 44 agreed to.

Clause 21

TRANSFERRED MINISTERIAL FUNCTIONS

The Parliamentary Under-Secretary of State for Wales (Guto Bebb): I beg to move, That this House agrees with Lords amendment 10.

Madam Deputy Speaker (Mrs Eleanor Laing): With this it will be convenient to discuss Lords amendments 28 to 32, 46 and 137.

Guto Bebb: The amendments deliver a comprehensive and lasting devolution settlement for Wales on water and sewerage. As right hon. and hon. Members know, water is of great symbolic importance as well as practical significance in Wales. Throughout the Bill's passage, few issues have evoked more passion and debate. There is no question but that there cannot be a clear and lasting devolution settlement for Wales without resolving the issue of water devolution. The Government have therefore been determined to grasp the nettle and resolve the matter once and for all.

I was therefore delighted last autumn, when we were able to announce that we would replace the Secretary of State's powers to intervene on water with a statutory agreement between the UK Government and the Welsh

Government—in other words, a water protocol between the two Governments. Replacing the intervention powers with a formal protocol represents a clear break with the past, and is another landmark in the history of Welsh devolution.

The existing intervention powers were put in place in the Government of Wales Act 2006, when the Labour party was in government. Since then, they have taken on almost totemic status, despite having never been used. Their removal is another important change—alongside many others in the Bill—that marks the coming of age of devolved government in Wales. Amendments 30 to 32 give effect to this historic change.

Amendment 30 sets out the statutory requirements for the protocol that will be agreed between the two Governments, and we are absolutely clear that the protocol will have teeth. Both Governments will be subject to a duty to act in accordance with the new agreement, and once it is in place, both will need to agree any changes to it. The agreement will also need to include a process that both Governments sign up to for resolving any disagreements. The new arrangements will need to be negotiated, and that may take some time, but the Bill, as amended in the House of Lords, ensures that the Secretary of State's water intervention powers can be repealed once an agreement is formally entered into.

Amendment 31 is also a crucial part of this package, as it imposes a duty on UK and Welsh Ministers to have regard to consumers on either side of the border when exercising functions relating to water resources, water supply or water quality.

The removal of these intervention powers ensured we were able to conclude our consideration of the wider devolution issues relating to water and sewerage, including the questions of whether powers over water and sewerage should be aligned with the England and Wales border and whether the sewerage intervention powers that were in clause 46 of the Bill when it left this House could be removed.

Amendment 30 removed the sewerage intervention powers from the Bill, and a great deal of work has gone into the question of whether the devolution boundary should be aligned with the geographical boundary of Wales.

Nick Thomas-Symonds: I welcome the giving up of the intervention power, but does the Minister remain concerned, as I do, that there will be no direct line of accountability between Ofwat and Welsh Ministers?

Guto Bebb: I dispute the view that there will be no direct line of accountability between Welsh Ministers and Ofwat. There will be an opportunity to consult and work through the Secretary of State. The protocol that is being put in place will also address that issue in more detail in due course. However, hon. Members should welcome the fact that we are moving in that direction on the mature basis of a protocol between the two Governments.

Ian C. Lucas (Wrexham) (Lab): Will the Minister clarify the position on the Competition and Markets Authority? Its regulatory role is very relevant to water. Will it be accountable to the Welsh Government and the Assembly?

Guto Bebb: It is important to highlight that the Bill is not devolving competition power; it is being reserved. Therefore, the Welsh Government—and this place, obviously—will have the ability to ensure that the views of electors in Wales on this important issue are taken into account.

Of course, the Silk report recognised that water and sewerage devolution is complex and that further work was needed to consider the practical implications of implementing the commission's recommendations. Immediately after the St David's day agreement, the Government set up the joint Governments' programme board with the Welsh Government to look at these issues and to report on the likely effects implementing the recommendations would have on the efficient delivery of water and sewerage services, on consumers and on the water undertakers themselves.

After considering the conclusions of that work, the Government brought forward amendment 28, which provides for new schedule 7A to the 2006 Act, which is inserted by schedule 1 to this Bill, to be amended to devolve water and sewerage policy as it relates to Wales. While, on paper, this simplifies the devolution arrangements, it will involve the unpicking of a considerable number of provisions in primary and secondary legislation to align respective ministerial powers and duties with the England and Wales border.

Amendment 29 provides an order-making power limited to making changes to previously transferred functions and to functions directly conferred by primary legislation relating to water and sewerage, so that we will be able to make the various associated changes through secondary legislation once the Bill has been enacted.

The amendments in this group provide a significant package of water devolution to Wales. They deliver a stable, mature and effective devolution settlement by aligning powers over water and sewerage with the national border and replacing the Secretary of State's intervention powers relating to water with an intergovernmental protocol. These new arrangements are in the best interests of water consumers on both sides of the border. I urge the House to accept these Lords amendments.

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): The devolution of water and sewerage matters to the Welsh Government is welcome—and, if we are honest, somewhat overdue. The tragedy of Tryweryn will never be forgotten, but the amendments in this group should, I hope, be another step forward in ensuring that something like it will never happen again. More broadly, while some cross-border aspects of water regulation will remain, we are pleased that the Secretary of State has given up his ability to intervene on this issue. Like my hon. Friend the Member for Cardiff Central (Jo Stevens), I find myself in the somewhat strange place of thanking the Government for their movement on this issue, albeit after some prodding both here and in the other place.

However, also like my hon. Friend, I still believe that these amendments do not go far enough. While they correct some problems, there remain discrepancies. As my hon. Friend the Member for Torfaen (Nick Thomas-Symonds) said, there is the issue of Ofwat's accountability to the Welsh Government. When Ofwat is discharging its functions in Wales, surely it ought to be accountable in some way to the National Assembly for Wales and Welsh Ministers. As it stands, Welsh Ministers regulate

water and sewerage operators in Wales, but with the Secretary of State being able to exercise his function of giving a general direction to Ofwat without any legally mandated consultation with Welsh Ministers. To be clear, we would argue that only Welsh Ministers should be able to provide directions in connection with matters relating to water and sewerage operators in Wales, or where licensed activities are carried out using the supply system of water or sewerage operators in Wales. Does that not seem a very reasonable and straightforward request? Surely it is not a step beyond imagining for the Minister that the regulator for a sector should be mandated to consult and speak to the politicians dealing with the implementation of that sector.

As my hon. Friend the Member for Wrexham (Ian C. Lucas) may well detail, it is not sufficient to believe that regulation from London will always work in the interests of communities in Wales. I will let him expand on that point and the ramifications of these amendments for the campaign he is fighting in his community. I pay tribute to him for his work in raising the issue, and assure the House that we support him on it.

Echoing my hon. Friend the Member for Cardiff Central, despite the gaps in these amendments and the problems we have with them, we will not vote against them. However, I would like the Minister to provide a substantive response to the points I have raised, to give us an assurance that the issue of Ofwat and the Welsh Government could be looked at, perhaps through some mechanism outside the Bill, and to keep the House informed of his progress on that.

Ian C. Lucas: I, too, welcome this Bill. As a firm believer in the adage that there are no coincidences in politics, I would go so far as to say that its existence is having an impact before it hits the statute book, because just as these amendments were being proposed in the Lords, the news came to my constituency and that of my hon. Friend—my very good friend—the Member for Clwyd South (Susan Elan Jones) that our local water company, Dee Valley Water, was the subject of a takeover bid from Severn Trent Water. I suspect that the takeover bid is not unconnected to the existence of the clauses that will give more powers and a greater role to Wales, the Assembly for Wales and the Welsh Government. I suspect that, with the transfer of regulation and accountability from the UK Government to the Welsh Government, it will be much more difficult to advance the present policy course as the Severn Trent bid is being made.

3.45 pm

I cannot say too much about that bid, because it will be in court tomorrow; it is, of course, the most important court case that is taking place this week. What I will say is that I am a great believer in local accountability and local services. We have in Wrexham a great water company, Dee Valley Water, which employs more than 300 people. The workforce, to my knowledge, are united in their wish for the Severn Trent bid to be rejected. Because water is a monopoly, the role of regulators—there are and will continue to be two regulators involved in the process, namely Ofwat and the Competition and Markets Authority—is crucial. The regulators have let me down, as a Member of Parliament and a local customer, and they have let down the workforce and the community. The Government have also let the community down by

standing aside while a very good, efficient local business is taken over by a much larger business in what I regard as a predatory way. The workforce are very worried about their future.

I do not want to be part of a customer base that pays into a pot to pay the chief executive of Severn Trent Water a salary of £2.4 million per annum. I think that is completely out of touch with the people I represent, and I do not think it is an appropriate course. I do not agree either with our having one water company fewer as a result of the proposed takeover. That means that we will have less competition and fewer benchmarks against which to measure water companies on price and quality. I am disappointed that the Competition and Markets Authority and Ofwat have not got involved and that they have not referred the matter to a stage 2 inquiry so that it can be looked into in more detail.

The Government have let down local people in Wrexham and Chester, where Dee Valley Water supplies water, and the regulators have let the people down. The proposals in the Bill are very welcome indeed, but I wish that they had been introduced a year ago. If they had been, the people of the community that I represent would have been listened to by a Government who had influence and authority and who would have exerted influence to prevent the predatory takeover of our local business, which is serving our community well and being let down badly by the proposal.

Liz Saville Roberts: I rise to speak to the second group of amendments, led by amendment 10. My noble Friend Lord Wigley originally welcomed the Government's announcement that they would devolve power over water, and in Committee he eloquently outlined how an historic wrong could be righted. He set out in great depth how the drowning of Welsh valleys has motivated his politics and the emotions of so many people in Wales, and how 50 years ago in Capel Celyn the compulsory eviction of families from their homes and land meant the destruction of whole communities. Llyn Celyn and Afon Tryweryn are in my constituency.

The high-handed way in which Westminster treated the people of Tryweryn still has repercussions in this place, as well as in communities across Wales. Amendment 30, in which the so-called water protocol is outlined, embodies the entrenched Tory resistance to addressing this injustice in any meaningful terms. What format the so-called protocol may take has never been fleshed out. In this Bill, we do not have a protocol or a draft protocol, and for that matter we do not have an outline of a draft protocol or a protocol by which to arrive at a protocol. However, despite that lack of clarity, the Government are willing to include clauses watering down this already thin provision.

Lords amendment 31 explicitly charges Welsh Ministers with the interest of English consumers when it comes to any changes to our water supply. It is important to note that the amendment specifically references English consumers. We are not concerned with communities or individuals even, but consumers matter and Wales's natural resources are still not ours to dispose of to our best advantage. That is because the Government are prioritising the primacy of competition over the interests of Wales. The amendment refers us to the Water Industry Act 1991 to define consumers, but that Act was based on promoting competition. Does this mean that the

protocol will be based on the Thatcherite dogma that the wellbeing of the consumer—in this case, the water consumer—is tied up with the tenets of free market competition?

Guto Bebb *rose*—

Liz Saville Roberts: I thank the Minister for explaining this earlier, but perhaps he will explain it further.

Guto Bebb: The contents of the protocol and whether it includes a Thatcherite dogma are surely a matter for the Welsh Government to agree with Westminster, so there will be no Thatcherite dogma unless the Welsh Government agree to it.

Liz Saville Roberts: The Minister explained earlier that competition is a reserved matter. In this case, that prompts the question, what does such a dogma have to do with the reserved powers model for Wales, in relation to this most emotive of all subjects? My party and many people in Wales feel cheated. When the Minister played the card of water devolution, we were led to believe that this would be a real game changer, but I am afraid it is no more than smoke and mirrors.

We considered pushing Lords amendment 30 to a vote, but we will spare the Chamber such an exercise, given that we might only manage to tweak the wording of something we have already opposed. I want the record to reflect, however, that my hon. Friends and I will not be taken in by empty words dressed up as substance from the Government. This remains a cynical political sleight of hand—endeavouring to gain capital from an historical event of deep emotional significance in Wales.

Susan Elan Jones: As much as two words can ever encapsulate a feeling or a sense, the two words “Cofiwch Dryweryn”—“Remember Tryweryn”—probably do so. I hope that we will not look back at this year and think of another four words, “Cofiwch Dwr Dyffryn Dyfrdwy”—“Remember Dee Valley Water”—as encapsulating the spirit of our age.

My hon. Friend the Member for Wrexham (Ian C. Lucas) spoke very powerfully about a difficulty in our part of north-east Wales that threatens the livelihoods of many people working for the local water company. In a sense, it is a David and Goliath battle, but there is real fear that David may not win on this occasion. David is in the courts tomorrow, so we cannot speak about many of the intricacies of the situation. We can say, however, that one of the UK's smallest water companies—indeed, it may be the smallest, but I need to check that—which has the fourth lowest bills of any water company in the United Kingdom, is in court against its Goliath on issues involving the votes of shareholders.

In north-east Wales, we have seen what used to be called the unacceptable face of capitalism, with a nasty, large predator coming in and trying to take over a local company quite against the will of the local workforce and the local consumers. That, I fear, is a cause of great regret. I will not repeat what my hon. Friend said about the issues concerning us—the role of the Competition and Markets Authority, and its lack of linkage in terms of devolution to the Welsh Assembly, and that of Ofwat—but he made some very serious and important points

about the future of water in our area. I know that great symbolism attaches to Tryweryn, and rightly so. The chair of the action committee of Tryweryn, T. W. Jones, was also a resident of my constituency. T. W., as he was known, fought valiantly for that campaign.

I urge this House and Ministers, as we approach the welcome devolution of water, to think carefully about what is happening with Dee Valley Water and to look carefully at aspects of company law. Surely this cannot be right, given the views of local people, shareholders and the employees of the company. If local ownership matters to us, surely a predatory takeover is in nobody's interests, other than the large predator itself. I urge the Minister to give thought to the points that my hon. Friend and I have made. I welcome the proposals that devolve water to the Welsh Government. I agree that it is totemic and symbolic, but most of all, I want something that works, especially for people in north-east Wales.

Mr Mark Williams: I will say a few words about clause 46 and Lords amendment 30 on the water protocol.

Every time I travel south in my constituency, I go past a famous piece of graffiti that says “Cofiwch Dryweryn” on the outskirts of the village of Llanrhytud. Intermittently, that acceptable bit of graffiti has been vandalised by others. No sooner has it been vandalised than it is restored to glory, as it should be. As the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) and the Government have acknowledged, such issues need to be dealt with sensitively and history does not always dim those sensitivities.

In that spirit, I reflect on the long gestation of the water protocol. It was recommended by Sir Paul Silk in February 2015. I remember being my party's representative, alongside the predecessor of the hon. Member for Dwyfor Meirionnydd, Elfyn Llwyd, in the Wales Office when we went through the Silk recommendations and came across the devolution of water and sewerage responsibilities. It was altogether easier to dispense with sewerage than water. The officials were charged with looking at this issue because it was complex, not least because the responsibilities of water companies had to be assigned across national boundaries.

I am pleased that the Government—my party in association with the Conservative party—acknowledged in the St David's day agreement that there should be a water protocol. On paper at least, the protocol makes eminent sense, although it would be a lot easier for us to pass judgment on it if we had a draft or, indeed, any assessment of the criteria under which it will work. Their lordships made the point that more detail would have been helpful, and so too would a timescale. We are dependent on the Bill being passed, and then the protocol will swing into action. I look to the Minister to give us some indication of the timescale.

Concerns were raised in the other place, right up to the end of proceedings. I will summarise them, and again I look to the Minister to assure me that these matters will be dealt with. Their lordships were looking for a clear statement that the National Assembly has total legislative control over the creation of reservoirs in Wales and for the Assembly to have legislative control over all matters relating to water in all of Wales, coterminous with Wales's border. Is the Minister satisfied that those questions will be adequately addressed by the protocol once it is enacted?

4 pm

On a pedantic point, the first line of new clause 46, as introduced by Lords amendment 30, states that Welsh Ministers and the Secretary of State “may” make a protocol. Should that not read “shall” make a protocol? If the protocol does not emerge, or if there are difficulties or delays in agreeing one, it would not serve the people of Wales well. I welcome the attempts made so far, but there remain unanswered questions, and I look forward to hearing from the Minister.

Lords amendment 10 agreed to.

Lords amendments 28 to 32, 46 and 137 agreed to.

Clause 1

PERMANENCE OF THE NATIONAL ASSEMBLY FOR WALES AND WELSH GOVERNMENT

Alun Cairns: I beg to move, That this House agrees with Lords amendment 1.

Madam Deputy Speaker (Natascha Engel): With this it will be convenient to discuss the following:

Lords amendments 2 to 8, 11 to 27 and 33 to 35.

Lords amendment 36 and amendments (a) and (b) thereto.

Lords amendments 37 to 43, 45, 47 to 136 and 138 to 177.

Alun Cairns: As I stated earlier, we have engaged constructively with peers, the Welsh Government, the Assembly commission, colleagues on both sides of the House and a range of other interested parties on the issues raised, and we have made changes to improve the Bill where there is a good case to do so. The Bill today is a better one as a result. The large number of amendments in the group is testimony to the fact that the Government have been open to improving the new devolution settlement where possible. I do not intend to discuss each amendment in detail, but I will draw some of them to the House's attention.

We have amended the Bill to deal with concerns about how universities are treated in the new reserve powers model. During the Bill's passage through the other place, concerns were raised by the higher education sector that defining universities as “Wales public authorities” might suggest that they should be classified more widely as “public authorities”. This was not our intention. Amendments 3, 4 and 115 resolve this issue by renaming “Wales public authorities” as “Devolved Welsh authorities”. This responds to calls from universities and Universities Wales. We have also ensured that the Open University will be defined as an authority that carries out a mix of devolved and reserved functions, reflecting its status as a UK-wide institution. This will allow the Assembly to legislate to confer functions on the Open University in devolved areas without requiring the consent of a UK Minister. We have also expanded the list of devolved Welsh authorities in response to concerns raised by the Welsh Government and others.

The Government have introduced several amendments relating to tribunals that resulted from extensive discussions with the Welsh Government, the Ministry of Justice and the senior judiciary and which are intended to

[*Alun Cairns*]

improve the management of the workload of devolved tribunals and to maximise flexibility in the deployment of judicial resources in Welsh tribunals. The amendments tabled in the other place will create a statutory office of president of Welsh tribunals to oversee the work of the devolved Welsh tribunals. New schedule 5 provides for a two-stage process for the appointment of a person to this new statutory role. The new clauses will also allow for the deployment of judges between Welsh tribunals and reserve tribunals in England and Wales so that they might share expertise in a way that cannot happen under current legislation. These are important amendments that are the product of constructive work with the Welsh Government, the Ministry of Justice and others.

The Government's key aim in introducing the new reserved powers model is to deliver clarity on the boundary between the Assembly's competence and the competence of this Parliament, particularly in the light of the Supreme Court judgment on the Agricultural Wages Board settlement. Many amendments therefore either alter or remove altogether reservations contained in new schedule 7A to the Government of Wales Act 2006.

The Government have tabled a number of amendments to deal with the planning system and the law that governs the construction of buildings, responding to concerns raised by the Welsh Government. Amendment 71 devolves competence for planning in relation to railways, making it consistent with the position in Scotland. We have also brought forward amendments that replace the full reservation of compulsory purchase with one that covers only compensation. This was again in response to discussions between the UK Government and the Welsh Government.

As for amendments to schedule 1 more widely, we have demonstrated our willingness to devolve significant further powers to the Assembly where a clear rationale can be made for doing so. Amendment 80 removes the reservation relating to teachers' pay and conditions. This was something that I was keen to devolve from the outset, but I recognised concerns that were expressed by colleagues on all sides of the House as well as by the teachers' unions. Following constructive engagement with the First Minister and discussions between officials, we are pleased that we both came to the same conclusion—that education is a devolved matter and that it makes more sense for the Assembly and Welsh Ministers to decide the pay and conditions of teachers in Wales, particularly in the light of the greater divergence between the education models that exist in England and the education model that exists in Wales. It is sensible to devolve teachers' terms and conditions.

Amendment 72 devolves the community infrastructure levy in Wales. That was a priority for the Welsh Government, and has been for a number of years. We have listened to the case that they made and we are again delivering on a demand made by them. We were happy to respond positively and constructively to these calls.

Finally, amendments 36 and 52 devolve legislative and Executive competence to the Assembly and Welsh Ministers to regulate the number of high-stake gaming machines, authorised by new betting premises licences in Wales. This is an issue in which the hon. Member for Swansea East (Carolyn Harris) showed particular interest

and passion during the earlier stages of the Bill's scrutiny. The Silk commission made no recommendation on the devolution of betting, gaming and lotteries, but we agreed as part of constructive dialogue with the St David's day process to consider non-fiscal recommendations made by the Smith commission that it would be appropriate to take forward in Wales.

Nick Thomas-Symonds: I, too, place on record my congratulations to my hon. Friend the Member for Swansea East (Carolyn Harris) on the success of her campaign on this issue. Does the Secretary of State agree that when statistics show that an average of £3,000 a day is being staked on these machines, it is very important to devolve these powers and for the regulations to be implemented?

Alun Cairns: I will come on to that specific point, because a review is being conducted by the Department for Culture, Media and Sport which will address the specific issues that the hon. Gentleman raises. For the moment, I shall stick to explaining the rationale behind the amendments on fixed odds betting terminals.

One proposal was for the powers to be devolved to stop the proliferation of these so-called fixed odds betting terminals. We concluded that these powers should be devolved in Wales, as they are in Scotland, coming out of the Smith commission. Amendments 36 and 52 therefore ensure that the Bill mirrors the provisions in the Scotland Act 2016 in respect of high-stakes gaming machines. The amendments apply to sub-category B2 gaming machines, and would provide the Welsh Government with a means to address public concerns in Wales regarding the proliferation of these machines. These machines were regulated by the Gambling Act 2005, which was introduced when the Labour party was in power.

The Opposition amendments would go much further than what is already devolved in the Scotland Act by extending this provision to all existing gaming machines with a stake of more than £2, and by devolving powers over existing licences. We did not believe that that was appropriate. As I mentioned a moment ago, the Government have already announced a review into the issue because we recognised the flaws in the 2005 Act. As a result, we are carrying out a thorough process to examine all aspects of gaming machine regulation, including the categorisation, maximum stakes and prizes, location and number of machines, and the impact that they have on players and the communities in relation to, for instance, problem gambling and crime. All those factors are potentially relevant and interrelated. The powers that we have agreed to devolve are intended to enable the Welsh Government and the Assembly to take action to prevent the proliferation of fixed odds betting terminals.

The review that we have announced is the appropriate mechanism for consideration of all those issues in a far more holistic way. I urge Opposition Members not to press their amendments to a vote, but if they pursue them, I shall do my best to respond to some of the issues that concern them. I urge Members to support the Lords amendments.

Susan Elan Jones: I support Labour's amendment (a) to Lords amendment 36, which would reduce the relevant stake for fixed odds betting terminals to £2. I welcome

the review that is being carried out by the Department for Culture, Media and Sport, and I also welcome the move to devolve this power to the Welsh Assembly. My reason for doing so is very much in line with all the work that has been done by my hon. Friend the Member for Swansea East (Carolyn Harris), but I fear that we could find ourselves in a ridiculous position. All of us—apart from certain advocates for the betting industry—know that what is happening with fixed odds betting terminals is deeply concerning. Figures as high as about £1.7 billion have been quoted as the profits made on these horrible machines, which cause so much devastation in our communities. We all agree that something must be done fairly urgently, but I fear that the House of Commons could collectively vote to put in place a stake of below £10 but then, if we pass the Lords amendment as it stands, the stake could be reduced only to a minimum of £10 in Wales. That does not seem right to me.

Let me put it another way. Collectively, the House could vote for a maximum stake of £2 in England and Wales, but once the matter is devolved to Wales, the Welsh Government would be limited to £10 and then the House of Commons could not go for a lower stake here, simply because the Government would tell us that that this was a case of English votes for English laws and we would be banned from lowering the stake.

All we are asking for is something very pragmatic—something that would give us the right to decide the level of the stake and benefit communities. Let us make no bones about it: these machines, and what is happening in the gambling industry, are hitting our poorest communities the hardest. We see the impacts of it in our industrial villages and in our towns. Let us say once and for all to the harder elements of the gaming industry, some of whom I am sure will be e-mailing us all later, that the nonsense of what is happening with FOBTs must come to an end. Let us say, “Do not think you can intimidate us, or those in the communities who are fed up with the hold that you have on them.”

It is time for us to act firmly. It is time for us to give the Welsh Government full devolution in this regard. It is time for us to lower the stake even further, if possible. It is time for the Welsh Government to have the power to do that, and, hopefully, this place will as well.

Jo Stevens: As the Secretary of State has pointed out, there are a lot of amendments in the group, many of which are welcome and deal with important issues. Given the limited time that is available, however, I shall focus on Lords amendment 36 and our amendments to it.

We welcome the Government’s Lords amendment, as we did when it was moved in the other place, but, as has already been said, we want it to go further. Today gives us the opportunity to achieve that. Our main point of contention with the amendment is that it limits the powers that are being devolved to the Welsh Assembly to regulate fixed odds betting terminals. That ability to regulate will apply only to machines licensed after the Bill becomes law that have a stake of £10 and above.

The Campaign for Fairer Gambling has been campaigning on this issue for some time. It has been an invaluable source of help in our work on the amendments, so I want to put on record my thanks to it. I also thank the all-party group on fixed odds betting terminals, which is so ably chaired by my hon. Friend the Member

for Swansea East (Carolyn Harris). It has just completed its inquiry into the machines and is due to publish its report very shortly.

4.15 pm

Both groups are clear, as we are, that the £10 threshold set by Lords amendment 36 is still too high. FOBTs are the only machines on the high street with stakes of £2 and above; all other machines in pubs, arcades and bingo halls are capped at £2 and under. Amendment (a) to the Lords amendment would allow devolved regulation of machines with stakes of £2 or above, rather than £10. Only fixed odds betting terminals would be covered by the amendment, so any fears that the Welsh Assembly would be overstepping agreed devolution limits on gambling would be unfounded.

In a similar spirit, amendment (b) to the Lords amendment would ensure that the Assembly had the power to regulate all current and future licensed FOBTs from the point that the Bill becomes law. That is important because there are an estimated 1,500 terminals in Wales, and according to the latest figures, which cover 2015, £50 million was staked and lost on them during that period.

The financial and social problems and harm that these machines cause in communities across Wales is well known. Having the ability to regulate those terminals already in place would ensure that the Welsh Assembly did not have its hands tied when seeking to deal with this issue.

Chris Elmore (Ogmore) (Lab/Co-op): The Secretary of State mentioned how the Government are devolving teachers’ pay to the Welsh Government because education is devolved. FOBTs are now being devolved, but not full regulation, which simply means that we will be coming back with another Wales Bill to introduce the necessary regulations. Does my hon. Friend agree that if the Government concede this point, it would simply mean we would have the measures in place now and would not need to return to this point in future Wales Bills?

Jo Stevens: My hon. Friend is absolutely right. The Government have the opportunity to accept that we could lead the way in Wales. The Secretary of State has already pointed out that he is aware of the social and economic problems that these machines cause, and despite the Department for Culture, Media and Sport’s review, the Bill represents an opportunity. We know what the problem is, and we know we could deal with it right now.

The Secretary of State says that the Government’s intention is simply to match the powers given to Scotland, but the devolution arrangements for Wales, England and Scotland are already different—they are not in alignment—so there is no reason why the Government could not accept our amendments today and agree to the lowering of the stake and that all current and future machines should be covered. Anything less than that would be a bureaucratic nightmare for the Assembly and only half a solution to an already accepted problem. It is unacceptable for the Government to refuse to give the Welsh Assembly the full powers that it needs to deal with this problem simply because Scotland does not yet have them.

There has been a 50% increase in betting shops in Welsh town centres since 2004, but that overall statistic masks the true story. The Campaign for Fairer Gambling

[Jo Stevens]

shared with me some research from Geofutures showing what many Labour MPs already know: there are four times as many betting shops in areas of high unemployment than in areas of low unemployment. The machines are deliberately placed so that people who are least able to cope with the drain on their finances that problem gambling can cause are subjected to the highest exposure to those machines most likely to cause it.

These terminals allow players to stake up to £100 every 20 seconds, which is why, although only 3% to 4% of the UK population use FOBTs, those players account for 66% of all UK gaming machine losses. Already massively profitable bookmaking companies benefit even more from the losses on those terminals, to the tune of £1.7 billion just in the last year across the UK.

It is not only Opposition Members who think that this is a problem. Polling carried out by 2CV for the campaign showed that 82% of betting shop customers perceived the use of fixed odds betting terminals as an addictive activity, with 32% of those borrowing cash to feed their habit. It also showed that 72% had witnessed violent behaviour emanating from players using the machines. Other research has backed this up, consistently showing that fixed odds betting terminals are one of the most addictive and problematic forms of gambling. One study published in a journal from the Cambridge Health Alliance, a Harvard Medical School teaching hospital, found that the terminals had a fourfold correlation with problem gambling, which is higher than any other gambling product available in the UK.

The machines are already causing real and lasting damage to some gamblers and they exacerbate problem gambling more than any other form of betting. If the UK Government will not tackle this issue now, they need to give the Welsh Assembly the power to do that in Wales. The power to regulate existing machines is crucial to tackle the harm that they are causing in many communities across Wales, and our amendments would help to ensure that all such machines were regulated. I urge the Minister to follow his own logic, to be innovative and to accept our amendments. If he does not do so, I am ready to test the will of the House, certainly on amendment (a).

Carolyn Harris (Swansea East) (Lab): I welcome the consideration that colleagues in the other place have given to this matter. I declare an interest as chair of the all-party group on fixed odds betting terminals, which are affectionately known as FOBTs. As many colleagues know, I have campaigned on this issue for more than a year. Sometimes I feel that it has taken over my life. There are 35,000 FOBTs located in high street bookmakers up and down the UK. These high-stakes, casino-style games are in low-supervision environments and are easily accessible to those who are most vulnerable to gambling-related harm. In Wales, there is a growing problem with FOBTs in local communities. According to the latest statistics, more than £50 million was lost on FOBTs in Wales in 2015.

The Lords amendment is welcome, but it does not go far enough. Powers should be devolved to the Welsh Assembly to allow local authorities to deal with existing clusters of betting shops in deprived areas. The most effective way to do that would be to reduce the maximum

stake payable on a FOBT to £2, but the power to achieve that is not included in the Bill. There are growing calls for a reduction in the maximum stake, with more than 93 local councils across the UK, led by Newham Council, having now petitioned the Government to reduce the stake to £2.

The all-party group has concluded its inquiry into the machines. We found beyond reasonable doubt that the maximum stake on a FOBT should be reduced to £2 on a precautionary basis, in line with the objectives of the Gambling Commission. The full findings of the report are due to be published shortly, and we have been encouraged by the willingness of Ministers at the Department for Culture, Media and Sport to work with us on this issue. I very much hope that they will respond positively by reducing the stake and properly regulating FOBTs. I eagerly await the result of the current stakes and prizes review.

These machines are directly linked to problem gambling, with four out of five FOBT gamblers exhibiting problem gambling behaviour at stakes in excess of £13 a spin, compared with one in five when stakes of £2 and under are involved. FOBTs cause significant economic and social problems. In particular, they lead to increased incidence of money laundering in bookmakers, as the gambling activity is largely unsupervised and it is therefore relatively easy for fraudsters to use it as a way to clean their money. They are also leading to more problems as players take out payday loans to sustain their FOBT usage. Increasing crime levels have also been reported, with betting shops now accounting for 97% of all police call-outs to gambling venues. Up to September 2014, there was also a 20% increase in police call-outs to betting shops. There has been a clustering of betting shops on Britain's high streets, with a 43% increase in the number located in towns and city centres. This is destroying the health and vibrancy of our high streets.

The most effective way to limit the harm of such machines is to reduce the stakes, which are currently set at up to £100. A substantially lower stake would bring FOBTs into line with machines in other low-supervision environments such as adult gaming centres and bingo halls. The Gambling Commission itself says that if stakes were being set now, it would strongly advise against £100 stakes on a precautionary basis. A lower stake of £2 is the level that the previous Government said would bring adequate public protection. I encourage the Government to support amendment (a) to the Lords amendments, to devolve powers to Wales and to allow local communities to tackle the problems caused by FOBTs. Such a proactive move not only would recognise the danger of these addictive machines and establish good practice to protect our communities from it, but would be a positive step towards ensuring that we, as a society, take our moral responsibility seriously.

Hywel Williams (Arfon) (PC): The third group of Lords amendments is wide-ranging and covers a variety of subjects. Some of those subjects are more welcome than others, and I regret to say that some resulted in my party voting down the Bill in the National Assembly. I will not address each amendment, as time is limited, but I will focus on key amendments that are salient to my colleagues' decision making in the Assembly.

Under scrutiny, the Government have conceded on certain issues, for which I commend them. Those include areas where Plaid Cymru has pressed the Government

in both places, resulting in Government amendments—that work should be noted. Lords amendment 73, for instance, devolves compulsory purchase, which was mentioned earlier. A previously silent subject, the National Assembly will now, without question, have the power to legislate to enable important infrastructure projects to go ahead. However, those are only small concessions that skirt around more substantive policy areas that could really make a difference.

Lords amendment 38, for instance, adds a new clause creating a statutory office for the president of Welsh tribunals; Welsh tribunals are already devolved. Although that is a welcome move on a practical level, it does little to satisfy those of us, including the Welsh Government, who have been calling for a separate legal jurisdiction to ensure a truly lasting devolution settlement. Without a strong and definitive legal jurisdiction of our own, surmounting the challenges that we all face in unpicking European law in the great repeal Bill will be even more difficult.

I would go so far as to say that the whole Wales Bill has been overtaken by Brexit. Leading constitutional lawyers and academics, and even the leader of the Welsh Tories, agree that the constitutional future of the British state is in flux. There are many possibilities and opportunities for both those, such as ourselves, who champion devolution and those who are sceptical about devolution. Famously, devolution is a process not an event, and we should be clear about the dangers of substantial rollbacks.

That brings me to the main focus of my speech, a series of Government amendments—all variations on Lords amendment 3—that will give Wales public authorities a different name, that of “devolved Welsh authorities.” The wording clarifies what constitutes a devolved public authority. Although, in isolation, the amendment is not a concern, it alludes to a more worrying aspect of the Bill, in which there are substantial rollbacks.

Throughout the scrutiny of the Bill, we have tabled amendments following concerns expressed to us by the Welsh Language Commissioner regarding the Bill’s potential effect on the National Assembly’s power to legislate on matters pertaining to the Welsh language. The effect of schedule 2 is that when the National Assembly wishes to legislate for the Welsh language, it will require the consent of the relevant UK Minister. Under the current settlement, ministerial consent is required only when legislating to impose Welsh language functions on Ministers of the Crown.

Ministers in both Houses have confirmed that if a future Welsh language measure were to be proposed, it would no longer be applicable to many more reserved authorities, such as Her Majesty’s Revenue and Customs and the Crown Prosecution Service. Consent would be required to add to the list of devolved public authorities, which are contained in the Lords amendments before the House today. The Minister’s words offered no reassurance, or indeed any justification, as to why the Bill should include such a regressive step.

4.30 pm

The National Assembly for Wales research service has produced a briefing paper confirming our fears, outlining the fact that under the Bill there will be a loss of legislative power relating to the Welsh Language (Wales) Measure 2011. In the other place, Lord Bourne

agreed that that would in fact be true. He justified the Government’s position by stating that amendments we had tabled to rectify that rollback would,

“cut across one of the underlying core principles of the Bill: the Assembly should not be able to impose burdens on non-devolved bodies without agreement...To add a specific exception to the consent process for the Welsh language would undermine that principle.”—[*Official Report, House of Lords*, 10 January 2017; Vol. 777, c. 1935.]

So there we have it—an admission by the Government that the Bill does indeed take powers away from the National Assembly; any exemption for the Welsh language would undermine UK sovereignty.

Earlier I mentioned the dangers of a reverse devolution agenda post-Brexit, but it seems as though that is the reality we are already facing today. Unfortunately, that is not the only example of significant rollbacks in the Bill; the ancillary measures in it have been the subject of damning criticism during scrutiny. As to any Assembly Acts deemed ancillary to any of the reservations, of which there are in excess of 200, the UK Government would be entitled to overrule the Assembly.

The Plaid Cymru group in the Assembly last week voted—rightly, I think—against the legislative consent motion for the simple reason that powers are being clawed back. The existing legislative powers of the Assembly were endorsed by a measure of 2:1 in the 2011 referendum, and the powers implicit in that vote are now being retracted. Some of the legislation enacted by the Assembly since that referendum was made under powers that will no longer be available to it when the Bill becomes law. We tabled amendments at several stages of the Bill’s consideration to delete the word “normally”, so that there would be no doubt as to whether the Government would grant an Assembly LCM following today’s historic Supreme Court ruling. We will continue to take that stance, and my colleagues in the Assembly are drafting an LCM as we speak.

To finish, I quote no less a personage than the leader of the Welsh Tories. In a radio interview on 17 January, Mr Andrew R.T. Davies said:

“This won’t be the last Wales Bill. Brexit will require devolution changes to realign those responsibilities.”

I can assure the House that my party will do everything in its power to reverse the rollbacks to ensure that Welsh interests are taken seriously during Brexit and to build a truly lasting devolution settlement for Wales.

Alun Cairns: With the leave of the House, Madam Deputy Speaker, I would like to respond to the points that have been made. I thank all those Members who have made contributions today, and throughout the Bill’s passage through the House and the other place.

I am disappointed that the Opposition want to divide the House on the proposals we introduced in the other place on fixed odds betting terminals. Those proposals responded positively to calls that were made by colleagues on both sides of the House and by the Welsh Government. The Silk commission made no recommendations in that area, but having considered the Smith commission recommendations for Scotland we believe it is right to put the Assembly on the same footing as the Scottish Parliament and allow it to legislate on the proliferation of fixed odds betting terminals in Wales.

Albert Owen (Ynys Môn) (Lab): The Secretary of State asserts that only Members on this side of the House oppose the proposals, but Conservative Members

[Albert Owen]

of the Welsh Assembly oppose what the Government are proposing and have supported my hon. Friend the Member for Swansea East (Carolyn Harris), including Darren Millar from north Wales. Has the Secretary of State consulted his Assembly Members on this point?

Alun Cairns: The hon. Gentleman makes a relevant point. We take the issue of problem gambling seriously. As I mentioned, we are committed to looking at all aspects of gaming machine regulations as part of a wide-ranging review of gambling. The regulation of fixed odds betting terminals is covered by the Gambling Act 2005, and we recognise that flaws exist in the current regulatory arrangements. They were introduced by the Labour party and it is time that they were reviewed. That is what my right hon. Friend the Secretary of State for Culture, Media and Sport is doing. We will act when that work has been completed, so I hope hon. Members will vote against the Opposition amendments and in support of the Lords amendments tabled by the Government.

The hon. Member for Newport West (Paul Flynn) suggested that the Bill showed a half-hearted approach to devolution. In the positive spirit in which the Bill has progressed through both Houses, I remind him that legislative competence orders were in place when we came into power in 2010 and started this process. A conferred model was in place then; the Bill introduces a reserved model. We have in place a needs-based funding settlement—something that has been called for for decades—and we are devolving significant tax powers. We have removed the water intervention powers and extended the Welsh Government's powers in a significant range of areas, such as energy, fracking, elections and running their own affairs. A host of positive steps have been taken.

We all know that Members in the other place rightly pay close scrutiny to matters of constitutional importance in Bills such as this. Despite being in a minority in the other place, the Government were not defeated on the Bill, so I hope that Members from both sides of the House, and all Opposition Members, will recognise the significance of the Bill and, once and for all, welcome it because of the positive steps it takes in bringing about a devolution settlement that will last for a long time to come.

Lords amendment 1 agreed to.

Lords amendments 2 to 8, 11 to 27 and 33 to 35 agreed to.

After Clause 48

GAMING MACHINES ON LICENSED BETTING PREMISES

Amendment (a) proposed to Lords amendment 36.—
(*Jo Stevens.*)

Question put, That the amendment be made.

The House divided: Ayes 170, Noes 281.

Division No. 129]

[4.37 pm

AYES

Abbott, Ms Diane	Ali, Rushanara
Abrahams, Debbie	Allin-Khan, Dr Rosena
Alexander, Heidi	Ashworth, Jonathan

Austin, Ian	Hodge, rh Dame Margaret
Barron, rh Sir Kevin	Hodgson, Mrs Sharon
Berger, Luciana	Hollern, Kate
Betts, Mr Clive	Hopkins, Kelvin
Blackman-Woods, Dr Roberta	Huq, Dr Rupa
Blomfield, Paul	Hussain, Imran
Bottomley, Sir Peter	Jarvis, Dan
Brabin, Tracy	Jones, Gerald
Bradshaw, rh Mr Ben	Jones, Graham
Brake, rh Tom	Jones, Helen
Brown, Lyn	Jones, Susan Elan
Brown, rh Mr Nicholas	Kane, Mike
Bryant, Chris	Keeley, Barbara
Buck, Ms Karen	Kyle, Peter
Burgon, Richard	Lamb, rh Norman
Butler, Dawn	Lavery, Ian
Cadbury, Ruth	Lewell-Buck, Mrs Emma
Campbell, rh Mr Alan	Long Bailey, Rebecca
Campbell, Mr Gregory	Lucas, Caroline
Champion, Sarah	Lucas, Ian C.
Chapman, Jenny	Madders, Justin
Clwyd, rh Ann	Mahmood, Mr Khalid
Coaker, Vernon	Mann, John
Cooper, Rosie	Marsden, Gordon
Cooper, rh Yvette	Maskell, Rachael
Coyle, Neil	Matheson, Christian
Creagh, Mary	McCabe, Steve
Creasy, Stella	McDonagh, Siobhain
Cryer, John	McDonald, Andy
Cummins, Judith	McDonnell, rh John
Cunningham, Alex	McFadden, rh Mr Pat
Cunningham, Mr Jim	McGinn, Conor
Dakin, Nic	McGovern, Alison
Danczuk, Simon	McInnes, Liz
David, Wayne	McKinnell, Catherine
De Piero, Gloria	McMahon, Jim
Debonnaire, Thangam	Mearns, Ian
Doughty, Stephen	Miliband, rh Edward
Dowd, Jim	Morden, Jessica
Dowd, Peter	Nandy, Lisa
Durkan, Mark	Onn, Melanie
Eagle, Ms Angela	Onwurah, Chi
Eagle, Maria	Osamor, Kate
Efford, Clive	Owen, Albert
Elliott, Julie	Phillips, Jess
Ellman, Mrs Louise	Phillipson, Bridget
Elmore, Chris	Pound, Stephen
Fitzpatrick, Jim	Powell, Lucy
Flelo, Robert	Pugh, John
Fletcher, Colleen	Qureshi, Yasmin
Flint, rh Caroline	Rayner, Angela
Flynn, Paul	Reed, Mr Steve
Fovargue, Yvonne	Rees, Christina
Furniss, Gill	Reynolds, Emma
Gapes, Mike	Ritchie, Ms Margaret
Gardiner, Barry	Robinson, Gavin
Glass, Pat	Robinson, Mr Geoffrey
Glindon, Mary	Rotheram, Steve
Goodman, Helen	Ryan, rh Joan
Greenwood, Lillian	Saville Roberts, Liz
Greenwood, Margaret	Shannon, Jim
Griffith, Nia	Sheerman, Mr Barry
Haigh, Louise	Sherriff, Paula
Hamilton, Fabian	Skinner, Mr Dennis
Hanson, rh Mr David	Slaughter, Andy
Harman, rh Ms Harriet	Smeeth, Ruth
Harris, Carolyn	Smith, rh Mr Andrew
Hayes, Helen	Smith, Nick
Healey, rh John	Smith, Owen
Hendrick, Mr Mark	Smyth, Karin
Hepburn, Mr Stephen	Spellar, rh Mr John
Hillier, Meg	Starmer, Keir

Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thornberry, Emily
 Turley, Anna
 Twigg, Derek
 Twigg, Stephen
 Umunna, Mr Chuka

Vaz, Valerie
 West, Catherine
 Whitehead, Dr Alan
 Williams, Hywel
 Williams, Mr Mark
 Winnick, Mr David
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Vicky Foxcroft and
Jeff Smith

NOES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Sir Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Blackwood, Nicola
 Blunt, Crispin
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, rh Karen
 Brady, Mr Graham
 Brazier, Sir Julian
 Bridgen, Andrew
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, rh Alun
 Carmichael, Neil
 Cartledge, James
 Caulfield, Maria
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron

Davies, Chris
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Davis, rh Mr David
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Elliott, Tom
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Glen, John
 Goodwill, Mr Robert
 Gove, rh Michael
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Gummer, rh Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matt
 Harper, rh Mr Mark

Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kinahan, Danny
 Kirby, Simon
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leslie, Charlotte
 Letwin, rh Sir Oliver
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Karl
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne

Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Newton, Sarah
 Nokes, Caroline
 Nuttall, Mr David
 Offord, Dr Matthew
 Paisley, Ian
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew

Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris

Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:

Steve Brine and
 Andrew Griffiths

Question accordingly negatived.

Lords amendment 36 agreed to.

Lords amendments 37 to 43, 45, 47 to 136, and 138 to 177 agreed to.

Charter for Budget Responsibility

4.51 pm

The Chancellor of the Exchequer (Mr Philip Hammond):
 I beg to move,

That the Charter for Budget Responsibility: autumn 2016 update, which was laid before this House on 17 January, be approved.

This debate is not about the technicalities of fiscal policy. It is about our commitment to budget responsibility and delivering it in a way that is appropriate to our current circumstances. It is about supporting our economy through the uncertainty following the Brexit vote and preparing it to take full advantage of the new opportunities ahead. It is about securing Britain's economic future, supporting working families and ensuring that our children are not burdened with debts that our generation chooses not to pay.

When my predecessor came into office in 2010, he inherited the highest budget deficit in post-war history, with Government borrowing £1 of every £4 that they spent. Debt had almost doubled since 2005-06, unemployment was at 8% and the UK's percentage increase in national debt between 2007 and 2010 was the biggest in the G7. The 2008 recession showed us the price that is paid for seven years of irresponsible fiscal policy, and it demonstrated once again that it is always the poorest in our country who suffer the most when the economy crashes and unemployment rises.

We remain resolute in our determination to return the public finances to balance, to get debt falling and to pay our way in the world, but we have to do so in a way that protects our economy and our living standards in challenging times. At the same time, we must maintain our focus on the long-term challenge of productivity—a challenge we must rise to if we are to seize the opportunities that lie ahead for Britain.

In proposing this charter, I build on the work of my right hon. Friend the Member for Tatton (Mr Osborne). His plans, actioned by the hard work of millions of people up and down the United Kingdom, have turned our economy around. The employment rate is at a record high, unemployment is at an 11-year low and income inequality is at its lowest level in 30 years. The OECD and the International Monetary Fund expect the UK to have been the fastest growing economy in the G7 in 2016. The economic plan that has delivered jobs and growth also reduced the deficit from 10.1% to 4% of GDP last year, so that, in 2015-16, we borrowed £1 for every £10 we spent. These are significant achievements, but we have further to go.

In the medium term, we are well placed to take advantage of the opportunities that leaving the European Union presents. But at the time of the autumn statement, the Office for Budget Responsibility judged that, in the near term, uncertainty about our new trading relationship with the EU, coupled with the impact of higher inflation driven by the depreciation of the pound, is likely to reduce the rate of economic growth relative to its previous expectations.

George Kerevan (East Lothian) (SNP): The Chancellor makes an interesting case about the strength of the economy. Does he not associate some of the growth in the economy with the fact that the Government borrowed and invested in the economy? Borrowing is therefore not necessarily a bad thing in itself.

Mr Hammond: I think my track record—of one fiscal event—answers the hon. Gentleman’s question. Clearly, I made the decision in November to borrow a discretionary £23 billion to invest in areas specifically focused on raising productivity in the UK economy. So, of course, the answer to the question “Can borrowing to invest ever be sensible?” is yes—if the circumstances are right, if it is a judicious amount of borrowing and if it is precisely targeted to achieve a purpose.

Jeremy Quin (Horsham) (Con): This point is related to the one raised by the hon. Member for East Lothian (George Kerevan). Does the Chancellor believe that the charter gives him enough flexibility to address any economic issues that may come through over this Parliament?

Mr Hammond: As I shall explain in a moment, one purpose of the charter and the new fiscal rules is to allow sufficient flexibility to deal with any unexpected, unforecast shocks during a period of more-than-usual uncertainty in the economy.

The OBR’s judgment at autumn statement implied £84 billion of additional borrowing over the forecast horizon, although I should say that the OBR acknowledges a higher-than-usual degree of uncertainty in that forecast. So, at autumn statement, I had to make a judgment: I could have looked for further savings to maintain the trajectory of consolidation my predecessor set out, but I judged that that would not have been the responsible way to support the economy in present circumstances. So, at the autumn statement, I set out our new plan, which offered fiscal headroom, if needed, to deal with unforeseen, unforecast economic shocks, and scope to invest to raise productivity and so to lift real wages and living standards.

Let me set out the principles that inform the fiscal rules I have placed before the House today. First, the public finances should be returned to balance at the earliest date that is compatible with the prudent management of the economy. I judge, in current circumstances, that that will be in the next Parliament, after our EU exit is complete. In the interim, I have committed to reducing the structural deficit to below 2% of GDP by the end of this Parliament. Targeting a structural deficit means that I can let the public finances respond to any unforeseen short-term fluctuations in the economy through the operation of the so-called automatic stabilisers. The OBR forecast at autumn statement 2016 that I will meet this rule two years early. This leaves some headroom—about £27 billion—for a discretionary response to any further shocks, should such a response be necessary.

Secondly, I have committed to getting debt falling by the end of this Parliament. This will be the first time since the start of the century that debt has fallen. Again, the OBR forecasts that debt will begin falling two years before our rule requires.

Delaying the return to balance until the next Parliament not only ensures that we have fiscal headroom to respond to shocks, but means that the Government have scope to invest to improve the UK’s productivity. The productivity gap is the biggest challenge facing the UK economy. It has been said many times before, but I am going to say it again: it takes workers in Germany less than four days to produce what we produce in five

days. That means that many British workers work harder—longer hours—for lower pay than their counterparts. This has to change if we are to build an economy that works for everyone.

Michael Fabricant (Lichfield) (Con): My right hon. Friend is absolutely right to point to the productivity gap, but may I gently chide him by letting him know that in this respect the Nissan plant in Sunderland is second only to the plant in Yokohama in Japan—its headquarters? It is, outside Japan, the most profitable and productive engineering plant in the Nissan group.

Mr Hammond: It is always a pleasure to be gently chided by my hon. Friend, who is of course absolutely right. That is the conundrum about Britain’s productivity. We have some of the most fantastically productive companies and businesses—indeed, some of the most productive cities—in the world, but we also have some of the poorest examples of productivity performance. The challenge before us is to work out how to spread across the economy the best practice in productivity that we see in our economy so that all regions, and all corners and sectors of our economy, can share in this productivity performance and thus deliver the higher real wages and living standards that that implies. This is the biggest challenge facing the UK economy, but one that successive Governments have failed to do anything effective about.

Mark Field (Cities of London and Westminster) (Con): I am certainly not in the mode of wanting to chide my right hon. Friend for anything in particular, but it is worth putting the productivity issues into context. It is also the case, as it has been during his time in office, not just as Chancellor but since 2010, that our unemployment rate has been rather lower, and that may have been a factor in the poor productivity that the UK economy has had relative to many of our European partners. This Government—or perhaps more importantly, British businesses—have made keeping employment rates a higher priority than the urgent need for improvements to productivity to which he refers.

Mr Hammond: My right hon. Friend, who represents one of the most productive sub-regions in the entire European Union, is of course right. There is a perfectly respectable economic argument that, as participation in the labour force increases, bringing more marginally productive workers into the labour force, that may have a depressing effect on labour productivity overall. However, the employment participation rates in Germany and in the UK are not all that different. I do not think we can explain a 30% productivity performance gap by differences in levels of participation in the economy. Indeed, there is much debate among economists about the cause of this productivity gap, and the cause of the generally poor productivity performance of developed economies over the past few years.

We chose at autumn statement 2016 to invest an additional £23 billion through a national productivity investment fund, which aims to raise productivity, support job creation, and boost real wages and living standards. Every penny we spend from this fund will be used to boost economic infrastructure, research and development, and housing. It will bring total investment in these areas to £170 billion over the next five years. It means that

[*Mr Philip Hammond*]

gross public investment will be at least 4% of GDP for the rest of this Parliament—that is higher than in any period between 1993 and the great crash.

Stephen Hammond (Wimbledon) (Con): The Chancellor is right to place productivity at the centre of the economic problem, and the productivity fund will undoubtedly be helpful in infrastructure. Another challenge is to get the corporate sector back into investing. The factory of which my hon. Friend the Member for Lichfield (Michael Fabricant) spoke is a new one with new technology. Surely, one of the lessons that we can learn from his experience is that getting corporates to invest will boost productivity, and I wonder what measures the Chancellor is hoping to bring forward in that area.

Mr Hammond: My hon. Friend is absolutely right. Public investment in infrastructure is part of the story, as is public and private investment in skills. Increasing the stock of capital available for each worker to use is also part of improving labour productivity.

We know that business hates uncertainty, and the uncertainty that has been created by the Brexit vote has undoubtedly slowed down business investment decisions. However, the problem of productivity that we are looking at is not a short-term problem in response to the Brexit vote; it is a much longer-term challenge in the UK economy. Large companies in the UK are well capitalised, and their levels of capitalisation are similar to those of comparable businesses elsewhere. I suggest that there is a challenge over the capitalisation of smaller businesses in the UK, and that access to long-term capital in the UK is one of the challenges that we need to address. The Government undertook at autumn statement to conduct a review of the availability of patient, long-term capital for smaller businesses in the UK.

The money that I have just spoken about for public investment through the national productivity investment fund will provide the financial foundations for our industrial strategy, which was launched yesterday and builds on Britain's strengths. Let me be clear that this charter is not consistent with Labour's proposal to borrow at all times for anything that it terms "investment". If any of my hon. Friends are thinking that that sounds horribly familiar, that is probably because it is essentially Gordon Brown's old golden rule, which is the very antithesis of budget responsibility. We all know where that got us: an unsustainable boom in Government spending that took us into the great recession with the largest structural deficit in the G7. Labour's big idea is to repeat the same mistake all over again. That is yet another demonstration that the Opposition are not willing to learn from the past and have no ideas for the future.

What I propose is different. The national productivity investment fund will be targeted at economic infrastructure projects, housing and research and development that will boost national productivity. The National Infrastructure Commission will ensure that our future infrastructure decisions are based on independent, robust analysis. We choose to invest in productivity not just because doing so can transform the growth potential of our economy, but because it contributes to addressing the social challenges that we face. Sustainable living standards, for all parts

of our country and all sectors of our population, depend on our improving our productivity through better skills, opportunities to retrain, better infrastructure and better private investment. That investment is possible only because we are prepared to take tough decisions to maintain control of current spending.

As the OBR made clear last week in its fiscal sustainability report, the end of the Parliament is not the end of the challenge. That report contains some tough messages and some important early warnings. The OBR sets out clearly the significant challenges we will face as our population continues to age over the next half century. Driven by increasing life expectancy, low fertility rates and the retirement of the baby boomer bulge, our dependency ratio will go from 3.5 people of working age supporting each retiree to just 2.2 in 2066. The OBR projects that those demographic trends will lead to increased spending in age-related areas such as health, long-term care and the state pension, but that the same demographic and economic trends mean that revenues will remain broadly stable.

The OBR notes that we are not the only country facing those challenges. It also notes that the long-term figures are highly uncertain and should be seen as illustrative projections rather than precise forecasts. None the less, the potential impact on the public finances is significant.

On the assumption of no policy response—in other words, that the Government do nothing, which I promise hon. Members will not be the case—debt could rise to 234% of GDP by the end of the 50-year projection period, with two thirds of the increase since the 2015 report attributable to healthcare spending. In the rather nearer term, the report also shows that without further policy action we will not hit a surplus in the next Parliament.

That is why at autumn statement 2016 I reiterated that the tax and spending commitments for this Parliament set out in the 2015 spending review will be delivered, and we will meet our manifesto commitments to protect the budgets of priority public services. I also confirmed that the Government will review public spending priorities and other commitments for the next Parliament in the light of the evolving fiscal position at the next spending review. There will be more difficult choices to make before we have completed the job of restoring the public finances to health.

Controlling our welfare bill is a vital element of getting back to balance. At £220 billion, welfare represents a quarter of all Government spending. In the absence of an effective framework, spending on working-age benefits tripled in real terms between 1980 and 2014. By 2014, each person in work in this country was contributing, on average, £3,000 per year to the cost of working-age benefits. Action taken since 2010, including the welfare cap in the previous charter, has stabilised welfare spending, and we will maintain that stability.

The charter before the House introduces a new medium-term welfare cap, which is set to reflect the current forecast of eligible welfare spend, taking into account the policy changes made since the last Budget. The cap will apply to welfare spending in 2021-22, and performance against this cap will be formally assessed by the OBR once—in the year before that, 2020-21. In the interim, progress towards the cap will be monitored by the Government, based on the OBR's forecasts of welfare spending. Shifting from an annual to a medium-term

cap will avoid the Government having to make short-term responses to changes in the welfare forecast, while ensuring that welfare spending remains sustainable over the medium term.

Let me reiterate to the House what I have said previously: the Government will deliver the overall total of welfare savings already identified, but we have no plans to introduce further welfare savings in this Parliament beyond those already announced.

Michael Fabricant: My right hon. Friend is being very generous in giving way. He quite rightly points out that Brexit creates uncertainty, which business does not like, but on the welfare cap and overall welfare spending, can he identify any advantages from Brexit? Tighter controls on certain types of immigration might mean that the forecasts are lower than he anticipates.

Mr Hammond: My hon. Friend is of course right that we will have the ability to set our own immigration controls after leaving the European Union, and there could be an impact at the margin on welfare claims. I think the OBR would say, although this is for them, not for me, that that would probably have quite a marginal effect, as all the data suggest.

This and the previous Government have made significant progress in bringing this country back from the brink of financial collapse and fiscal ruin. The framework provided by our charter for budget responsibility played a major role. My predecessor aspired to eliminate the deficit entirely in this Parliament, but autumn statement 2016 revealed new fiscal pressures and the referendum result has created additional uncertainty in the economy. When the facts change, it is right to change plans. This charter strikes the right balance for our current circumstances. It is a credible plan to restore the public finances to health, with enough flexibility to support the economy in the short term and scope to invest in productivity to boost real wages and living standards in the medium term. It is a charter that will support Brexit, helping us through the short-term uncertainty and preparing us to seize the opportunities that lie beyond it. It is a charter that underpins our vision of an economy that works for everyone, and I commend it to the House.

5.14 pm

John McDonnell (Hayes and Harlington) (Lab): The motion before the House rewrites the rule by which the Government intend to manage their fiscal policy, as the Chancellor has set out. This rewriting is urgently needed because the Government's previous fiscal rule lies in tatters. As we argued when the old rule was introduced in November 2015, it was a political device rather than a sound economic tool.

We argued that the commitment in the previous version of the charter to reach a budget surplus by the end of the decade was unachievable. That became obvious by the Budget of last year, when the previous Chancellor had to stretch budget accountancy to breaking point simply to claim that the economy was still on course to achieve the target. That was well before the referendum. By the summer, the target had to be abandoned entirely. It was dropped because the surplus target was never about sound management. No credible economist could be found to support the surplus target because it had no plausible economic justification. The Treasury Committee rightly concluded that the old surplus rule was not "credible in its current form".

The previous Chancellor made a political choice to impose the surplus target. Therefore, the austerity measures that the target required were not just cruel, but unnecessary. Members will recall that those measures meant that people living with disability were suddenly threatened with the loss of their independence, and those going to work, doing the right thing, looking after their children and just attempting to get by were suddenly faced with serious cuts to their income. The tragedy is that all those sacrifices and all that suffering were in vain.

The record of this Government in office speaks for itself: at the same time as imposing grinding spending cuts, they have added, as of this morning's figures, almost £700 billion to the national debt. That is not just more than the previous Labour Government borrowed; it is more than the borrowing of every post-war Labour Government added together. It is equivalent to £25,600 of extra debt for every household in the country.

Mr Philip Hammond: For clarification, will the right hon. Gentleman confirm that it is still his policy to borrow another £500 billion on top of that?

John McDonnell: That is interesting; I am pleased the Chancellor has raised that point. We have seen £700 billion borrowed over the last seven years as a result of economic failure. The Labour party's policy, based on the recommendations of the CBI and others, is to spend £500 billion on investment over a decade. There would be £200 billion of mainstream direct funding and £100 billion would go to a national investment bank, which would arise from the private sector and elsewhere, on European Investment Bank rates, £250 billion. Such long-term investment in our economy has been recommended. Infrastructure investment is required to tackle the productivity crisis that has been caused by his Government.

Kit Malthouse (North West Hampshire) (Con): I am a little confused and wonder whether the right hon. Gentleman can clarify things. He has just decried the fact that our national debt has increased by £700 billion. Is he saying that he would not have spent that £700 billion? Would he maintain the current deficit and spend £500 billion on top of that? I am not quite sure of his maths.

John McDonnell: We would have invested from the beginning in our infrastructure and skills, so we would have grown the economy and would not have had to borrow £700 billion for failure, rather than for growth success. Because the focus of the Government was on chasing an unachievable surplus target, they did not use the borrowing wisely. The sound policy, as recommended by international organisations such as the International Monetary Fund and the OECD, and by the CBI and the TUC here in Britain, is to put the Government to work in supporting investment. Instead, over nearly seven wasted years, the Government have cut investment to the lowest level in a decade.

Mark Field: The right hon. Gentleman is right that we have borrowed a hell of a lot of money, probably too much, since 2010—£700 billion—but does that not give the lie to the idea that there has been grinding austerity? We have borrowed a huge amount of money and struck a balance in trying to maintain welfare. One of the most insidious forms of investment under the last Labour

[Mark Field]

Administration was the public-private partnership and the private finance initiative, much of which we will be paying off for decades to come—a colossal amount of so-called investment that actually is just adding more to our ongoing debt.

John McDonnell: The right hon. Gentleman will recall my opposition to PFI and its failures, but let me be clear: to borrow for investment, to ensure that people have the skills and resources necessary to tackle the productivity crisis and thereby grow the economy and create the high skills and wages which mean that people can pay their taxes and fund our public services, is creditable; however, what we have seen over the last seven years is borrowing because of the failure of the Government's economic policy.

In the past seven years, the Government have actually cut investment, and the consequences of insufficient investment are painfully clear. Austerity measures and low investment have fed directly into what the Governor of the Bank of England has called a “lost decade” for earnings. Productivity growth has stagnated, as even the Government's own industrial strategy White Paper acknowledged. I share the Chancellor's concerns: every hour worked in Britain now produces a third less than every hour worked in the US, Germany and France. We have been arguing that case at least since I became shadow Chancellor, but we had no acknowledgment of it from the Government until yesterday.

With that record of under-investment, it is no use those on the Government Benches talking about a post-Brexit Britain taking on the world. An economy with low productivity can compete only on the lowest common denominator, and that means, as has happened, slashing wages and salaries and hacking away at social protections, such as the NHS and pensions. This is the grim reality of the Conservative's low-investment, low-productivity, low-wage economy, and it can easily get worse. For some on the Government Benches, an economy shorn of basic protections in the workplace, with rock-bottom wages and social spending provisions stripped to the barest minimum, would be a desirable goal. We have had a glimpse of that future in the Chancellor's own threats to turn Britain into a tax haven. Even to hold out this prospect is to admit that the Government have no better plan than the steady management of decline.

Michael Fabricant: I have been in opposition, so I understand what the right hon. Gentleman is doing, but there has to be a little reality in his speech. We are the fastest-growing economy in the G7. Like him, I have been to France, Germany and Spain. Is he aware of the rates of unemployment in those countries?

John McDonnell: Let us look at what is happening outside in the real world. We welcome the growth in employment, but we have also experienced the biggest fall in wages among OECD countries over the past seven to 10 years—the figure of 10.4% is matched only by Greece. One in five employees in this country were low-paid in 2015. Mark Carney has called this the biggest lost decade for income growth since the 1860s. The number of self-employed people has increased

dramatically, but on average they earn less than 20 years ago. So, yes, I welcome the growth in employment, but I do not welcome the growth in poverty pay, whether for the self-employed or those being exploited on zero-hours contracts.

Michael Fabricant: The right hon. Gentleman will know that the Joseph Rowntree Foundation says that the gap between the rich and the poor has actually reduced since 2010. In addition, when people on zero-hours contracts were polled, more than half said that they wanted the flexibility of those contracts. Yes, people in self-employment often earn less, but it is their decision. I was self-employed when I created my own company, but I chose to do that, rather than earning more in a larger corporation.

John McDonnell: What we now have in our economy is a scandal of bogus self-employment. A lot of the growth in self-employment has happened on that basis, and it includes the most exploitative aspects. The hon. Gentleman mentions inequality, so let us look at some of the figures. If we use an index other than the Gini coefficient, which does not take into account the real outstripping of the super-rich, such as the P90/P10 ratio—this looks at the 10th and 90th percentiles of income distribution—we find that inequality has risen every year over the past five years. Let us look at what has happened out there in individual companies. If we compare the average total pay of FTSE 100 chief executives with that of their employees in 2015, we find a ratio of 129:1; in the mid-1990s, it was no more than 45:1. That shows the grotesque levels of inequality that result from the economy that has been created over the past seven years.

Yesterday's Green Paper seemed to recognise the failure of previous policy, and there has certainly been a change of rhetoric. The Prime Minister has suddenly been won over by the merits of an active industrial policy. The recognition that the six previous years have failed badly is welcome, but nowhere is it clear that the Government recognise the scale of the problem. The weaknesses and inequalities in our economy stem from decades of underinvestment, when decisions about what and where to invest have been taken by too few people at the top and to the benefit of that tiny handful. That leads to an economy in which the Government are planning for more than £5,000 of investment per head in London, compared with just £413 in the north-east of England. It is an economy in which a single London capital project receives more Government backing than the whole of Yorkshire, and in which the £500 million promised yesterday for the north of England is set against £18 billion of cuts from local authority budgets since 2010.

Mark Field *rose*—

John McDonnell: I see that the right hon. Gentleman is ready to jump in again.

Mark Field: The shadow Chancellor will recognise that he should be doing the same as me by defending London's honour to a certain extent. Surely he recognises that if the significant amounts coming into our capital city were not invested here, they would go to another global capital, so it is not a case of money coming to

London rather than another part of the UK. It is also the case that many of the cranes in my constituency—and, indeed, those in his constituency near Heathrow—are engaged in infrastructure projects involving large-scale investment. Such projects are producing huge numbers of construction jobs and are contracting well beyond the capital city. A lot of investment goes on here in London, but it has a benefit well beyond the capital city—

Madam Deputy Speaker (Natascha Engel): Order. I call John McDonnell.

John McDonnell: Don't worry, Madam Deputy Speaker; I was enjoying that.

The reality is that this is Government investment, and those figures are just not acceptable. Investment of £5,000 per head in London compared with £400 in the north-east is an unacceptable level of inequality that has to be challenged. The right hon. Gentleman is usually fair, so I am sure that he would accept that, no matter how much we are both champions for our capital city.

While the shift in rhetoric is welcome, it must be backed up by meaningful action, and that is where the revised charter still falls short. It is good to see the Chancellor taking on board Labour's recommendations and ditching the surplus target. In doing so, he has held out at least the possibility of lifting some of the burden of the austerity measures that have led to crises in health and social care. I deeply regret, however, that he failed to take that option at last year's autumn statement.

His failure to act on both NHS and social care funding has contributed to the worst funding crisis in the NHS for decades and a social care system pushed beyond breaking point.

An image can sometimes capture the plight of a particular situation. A couple of years ago, it was the image a child's body on the shores of the Mediterranean that brought to our attention the plight of people in the refugee crisis. Last year it was that photo of a child in an ambulance, covered in blood and dust after being pulled out of the debris in Aleppo. Two weeks ago, the image that put the NHS crisis into focus for me was that of a child below the age of five, in a hospital corridor, being treated on two plastic chairs that had been pushed together. That is unacceptable in the sixth richest country in the world, and it is the result of a failure to address underfunding in the autumn statement.

I have written to the chair of the Office for Budget Responsibility to ask whether it will look into providing an assessment of healthcare funding against expected need. In the last month, the British Red Cross has described the ongoing situation as a "humanitarian crisis". The Government's response has been to play down the situation, despite the volume of continuing complaints from frontline NHS staff. I strongly believe that this is leading to widespread public distrust of the Government's presentation of funding and support for the NHS and social care. It makes sense to attempt to provide an objective assessment of the real needs of the NHS to help to prevent the real-terms funding cuts that have taken place under this Government. Let me say to the Chancellor again that he can and must take action now to ensure that both health and social care are properly funded in this period of crisis.

I am afraid that the charter represents only the smallest improvement on the previous dire fiscal policy. Unbelievably and, I think, contrary to all advice, it still attempts to keep investment spending within the spending control framework. That has already been criticised by experts from the Institute for Fiscal Studies. Keeping the investment spending cap inside the overall spending cap means that every pound delivered for investment comes at the expense of possible spending on public services. At a time when the capital costs for the Government are close to their lowest in history, that choice makes little sense. As we face Brexit, the challenge for us all is to think boldly about how this country can respond, and the amended rule falls far short of that.

Mr Philip Hammond: What is the right hon. Gentleman's position on public debt? Ours is set to peak at just over 90% of GDP, yet he is setting out a course of action that would cause it to rise indefinitely—it would go on rising forever. Is he comfortable with such a position?

John McDonnell: That is clearly not the case. If the Chancellor had looked carefully at Labour's fiscal credibility rule—[*Interruption*]*—and, indeed, adopted it, he would have seen that what we would actually be doing is reducing debt in the lifetime of a Parliament as a result of ensuring that we invest properly in tackling the productivity gap, in bringing people back to work and in ensuring that they have the highest skills. Those skills will produce the high wages that will make it possible to fund the economy through a tax regime that is fairer than the existing one.*

It simply will not be possible to deliver the scale of support and investment that is needed to rebuild our economy within the strictures of the rules that the Chancellor is proposing. We will get half-measures and rhetorical commitments. What we will not get is a serious commitment to delivering the economic transformation that we now need, because that would require the Government to take on a few too many vested interests. Such a commitment would involve a serious attempt to clamp down on tax avoidance, reversing handouts to giant corporations and the super-rich, and ending—in reality, not just in rhetoric—the colossal imbalance in investment between a few favoured places in the south-east and the rest of the country.

In changing the rule, the Government are admitting their prior failure, but then failing to address its causes seriously. Investment is too low, productivity is too low and wages are too low. Labour's own fiscal credibility rule follows the recommendations of world-leading economists, business organisations and trade unions by keeping day-to-day spending entirely separate from the Government's plans to invest. In contrast, this Government's fiscal rule is excessively tight on Government investment at the same time as being excessively loose on Government control.

The primary reason for introducing a rule is to show that a Government's fiscal plans are consistent and planned well in advance. That allows businesses and investors themselves to plan, and reassures markets that a Government will not attempt to spend excessively. An ideal rule should be the basis of the strict enforcement of borrowing limits—we accept that—but it should also contain the flexibility for Governments to respond when unexpected shocks occur. Getting the balance between

[John McDonnell]

these two points is difficult so, following the best available economic advice, Labour's fiscal credibility rule places the power to determine when we are outside normal times in the hands of the Monetary Policy Committee, which can declare under the terms of the fiscal rule that it is necessary for fiscal policy to adjust in response to an unanticipated shock. The freedom to determine the fiscal stance is a significant power for a Government, so it has to be used responsibly.

Labour does not believe that it is desirable to return to the days when Governments would produce their own economic forecasts and then decide on their own terms where the business cycle was and how much extra fiscal leeway they were allowed. That meant that the Treasury had excessive power to determine fiscal policy, and that in turn meant Governments would have the power to favour short-term quick fixes at the expense of longer-term action to rebuild the economy. A credible fiscal rule should not allow that to happen. It should be bolted into place, compelling a Government to act for the longer-term good.

Labour's fiscal rule does that by handing power to recognise economic shocks over to the MPC, yet the new charter for budget responsibility appears to hand the power to recognise economic shocks straight back to the Treasury. It returns us to the bad old days when short-term Treasury thinking would be allowed to dominate economic policy making. It could mean that once again Conservative Chancellors would be tempted to ease off on or tighten up their spending not because of the economy, but because an election is due. In other words, it largely defeats the purpose of having a fiscal rule in the first place. Instead of breaking with the short-term thinking of the past, it bolts it more firmly into place. How can the rule be taken seriously when it is so obviously open to being undermined? In other words, the revised charter leads us dangerously close to the worst of both worlds. It is excessively tight on Government investment when building a post-Brexit economy should demand Government intervention, yet it is excessively loose on the Government themselves, handing too much power back to the Treasury.

The Chancellor and the Government are squandering an opportunity here. They could have ditched the failed existing fiscal rule and put in place a new fiscal mandate that would grant the space needed to rebuild and transform our economy as we prepare for Brexit. Instead, they have handed more powers back to the Treasury while the Chancellor has insisted on maintaining austerity spending cuts. No part of the Government's new fiscal rule can be supported and we will be voting against the charter as a whole.

5.37 pm

George Kerevan (East Lothian) (SNP): I am somewhat in awe that you are back in your place, Mr Speaker.

The Chancellor was very measured in his defence of the new charter, and his presentation was without the usual gimmicks and flamboyance of his predecessor, and was none the worse for that, but I have read my Sherlock Holmes and it is the dog that did not bark in the night that we have to look out for. It is only 15 months since we last debated a new set of Treasury rules. I am in favour of such rules; rules are put in place

to create stability and sustainability in the national finances, to give confidence to lenders, and to restrain politicians from using the public purse for party advantage. That said, it should be obvious to anyone that if this Conservative Government are bent on rewriting the fiscal rulebook only 15 months after the last time they did so, their motivation and seriousness are open to question.

The Chancellor did not address that serious point. If he keeps changing the rules, even though he stands up and makes a very measured defence of the new set of rules, he has to explain why he keeps changing them if he wants people to have confidence in the next set of rules, and the Chancellor patently failed to do that.

Mr Philip Hammond: Let me explain to the hon. Gentleman. We suffered an exogenous shock that, according to the OBR, implied an extra £84 billion of additional borrowing over the forecast horizon. I would say that when the facts change, we should change our plan.

George Kerevan: That is not what rules are for. The rules should not change when the situation changes; the policy should change. The rules are there to protect our sustainability and the ability of the markets to feel confidence in the Government. Yes, of course Brexit produced an exogenous shock, the full force of which has yet to arrive in the British economy. And, yes, the Chancellor is preparing the ground for when the wave hits the economy, but the point is that that is a policy issue. Why should the rules change? The rules are there to protect sustainability. If they change every time the circumstances change, what is the point of having rules?

Mark Field: But surely the hon. Gentleman must recognise that the proof of the pudding will be in whether there is a sense of confidence drifting away from banks and corporates in relation to that shock. They recognise that Brexit is a major event, and we all recognise that its impact still lies some way ahead, but that impact means that it is quite legitimate not to be bound by rules that pertained 15 months ago in a rather different world from the one that we are going to have to experience in the months and years to come.

George Kerevan: I thank the right hon. Gentleman for illustrating clearly the point that I am trying to make. Conservative Members are saying that rules are a hostage to fortune. They are saying that the rules will change when the circumstances change and when they need to change them to get the result they want. What, therefore, is the point of having rules at all? The right hon. Gentleman confirms the point that the shadow Chancellor and I are putting forward, which is that rules are flexible politically, and that they are therefore not rules.

We can prove this by looking at this Government's borrowing record. Between 2010, when this Government were elected, and 2015, the national debt rose by 50%. The latest forecast from the Office for Budget Responsibility suggests that between 2010 and the end of this Parliament, the national debt will have almost doubled. The Conservative Government cannot continue to blame that on the former Labour Government. This Government have doubled the national debt during their tenure of office. The Chancellor and his predecessor have got

away with that because they keep coming to the House with rules and pretending that they are fiscally responsible, yet they have doubled the national debt.

Mr Philip Hammond: We must remember the size of the deficit that we inherited in 2010. There would have been a way of avoiding doubling the national debt, but it would have involved an even harsher period of consolidation of the public finances. The hon. Gentleman's party and the Opposition voted against every single measure to consolidate. The previous fiscal rules called for a surplus in 2020-21. The hon. Gentleman seems to be advocating a policy response that would squeeze the economy harder in order to meet the old rules in the new circumstances. Is that what he would like?

George Kerevan: I am glad that the Chancellor has now admitted that this Government will have doubled the national debt by the end of this Parliament; so much for their fiscal prudence. I am happy to admit that, yes, actually I was in favour of doubling the national debt. That does not give me a problem. In fact, I think that that is what saved the economy. What I cannot abide is the rank hypocrisy of a Government who keep coming up with rule after rule in order to pretend that they are fiscally prudent—

Mr Speaker: Order. We need to be clear that the hon. Gentleman is not accusing any individual Minister of hypocrisy. That would be completely disorderly—*[Interruption.]* This is not a debating matter. Nor is it something on which I am looking for his interpretation. I am gently saying that if that is what he is saying, he must withdraw it. If he is making a charge at a collective, however, he can just about get away with it under our procedures.

George Kerevan: I am suitably chided, Mr Speaker. I cast no aspersions on the character of any individual on the Government Benches. As a collective, however, they have changed the rules to suit themselves, as the Chancellor has admitted. That is the basic point I am trying to get across. What possible faith can we have in this new set of rules that they will not be changed in another 15 months?

John McDonnell: I do not want to interfere in private banter, but I draw the hon. Gentleman's attention to the fact that, in 2009, the person who is now Chancellor—he was then shadow Chief Secretary to the Treasury—condemned any concept of rules. In the rule that he eventually helped to develop in opposition, and that eventually came into force, there was a welfare cap that has now been completely disregarded. The deficit was meant to be not reduced but eliminated by 2015, with a reduction in debt. The rules seem to have gone out the window very early for this Chancellor.

George Kerevan: I agree with the right hon. Gentleman.

The Chancellor came to the Treasury Committee, and he answered questions clearly and in great detail. He pressed the point he has made today, that the new fiscal rules and the autumn statement were designed to give the Government enough fiscal headroom to meet any unforeseeable circumstances, should economic growth slow as a result of the Brexit decision. I respect that, but

why give himself headroom for a future dangerous event? Why not take action now to forestall that event? In essence, the fiscal charter gives the Chancellor room, if the economy begins to slow in two, three or four years' time, to use a fiscal surplus to invest in the economy and crank up growth. Why not do that now? The new fiscal charter gives the dangerous impression that somehow it will prevent the ill effects of Brexit because the Chancellor can intervene if something goes wrong. Why not use that fiscal headroom now?

The problem, of course, is that the underlying strength of the economy is nowhere near as strong as the Chancellor tried to make out in his introduction. Yes, there is growth but, the underpinnings of that growth over the last year are largely an expansion of consumer spending underpinned by unsecured consumer borrowing.

At the same time, post the Brexit vote, the pound has fallen substantially on international markets, which is stoking up inflation. I cannot imagine a more dangerous situation than for growth to be dependent on unsecured consumer borrowing when inflation is starting to rise.

Jeremy Quin: I share the hon. Gentleman's concern about the growth in inflation, but does he not regard it as in any way contradictory that he may be advocating a massive increase in Government expenditure while warning about the risks of inflation?

George Kerevan: Not if we take into account the fact that if inflation starts to rise, the Bank of England, as the hon. Gentleman knows, has decided to let that inflation flow through the economy. The Bank explains that inflation in terms of the falling pound, and it is going to let inflation rise to about 3%, the top of its current forecast range. The Bank thinks that inflation will then start to decline again, but others, such as the Federation of Small Businesses, think that inflation will go above that core forecast. We could be looking at 5% inflation in two years' time, which would have a crippling effect. *[Interruption.]*

The Chancellor shakes his head. All I am doing is quoting the Federation of Small Businesses, which is not an irresponsible organisation. It thinks that the Bank of England's core forecast—taking us up to 3% against the consumer prices index—will actually be exceeded, which is a strong possibility. If we go beyond 3% inflation and head up to 5%—and remember that the Bank of England said that it will not raise interest rates to combat such a rise in inflation—consumer spending will start to fall.

In reply to the question I was asked by the hon. Member for Horsham (Jeremy Quin), my argument is that if consumer spending tanks, we are in a hard Brexit, foreign investment is falling and firms are reluctant to conduct business investment, the only agency left to plug the gap is the Government. I am pointing out that the Chancellor, rather than waiting for that to happen, beyond which point it would take two or three years for the fiscal policy to kick in, should be doing it now. That is the basic point that I am trying to make.

Michael Fabricant: I am listening to the hon. Gentleman with great interest and I like his debating style—it reminds me of an old professor I had at university—but has he not just contradicted himself? Early on, he said that he does not see the need for any change, although

[*Michael Fabricant*]

we are changing the rules, and then he gave us a nightmare scenario of the future because of Brexit and said we do need change. He has to make up his mind.

George Kerevan: I am very clear. I do not say that the rules should be changed, because I do not like the original rules and I do not like the rules that are being proposed. I do believe in the principle that there should be fiscal rules; there should be a fiscal mandate to restrain a Government. So my primary point, to begin with, was that if we keep changing the rules that mandate does not exist, and this Government only pay lip service to them.

Under my set of rules—I do not have the time tonight to go substantially into them and I will not press the patience of the Speaker—there would be a restraint on current expenditure, although I am more liberal when it comes to capital expenditure, which, provided it is linked to trend growth, can be counter-cyclical. We can go into that another time. It does not matter what the present rules are. The fact that the Government keep changing them is the point at issue, which is why the charter is not worth the paper it is written on—they will change it in a few months anyway. They say that is their general principle.

Let me try to come to some conclusions. Back in 1956, Harold Macmillan gave his one and only Budget speech as Chancellor. What was the ratio of the national debt to GDP? It was 150%—almost double what it is today. I read that speech the other day; I forbear to read it out, but it quoted Macaulay. Macmillan read out half of one of Macaulay's essays—we had quite sophisticated Chancellors in those days, Mr Speaker.

Macmillan went through practically every Administration since the 1600s. In every Administration, somebody got up and complained about the level of the national debt. Macmillan's was an expansionary Budget, let me say, with a debt to GDP ratio of 150%. Macmillan, having worked his way through Macaulay, made the point that when we look back we see the benefits of that borrowing and investment, but when we look forward all we see is the dangers. Macmillan said that the trouble is, that stops us being bold.

I would like this Chancellor to be bold. I would like him to spend more money. I would like him to spend the money before the Brexit recession hits, rather than wait until it happens and then say, "Well, I have some weapons in the armoury to deal with it." Let us deal with the problem before it happens. That is my point.

5.53 pm

Rebecca Long Bailey (Salford and Eccles) (Lab): The credibility of the Government's fiscal plan as outlined in the charter for Budget responsibility has been called into question time and again. Labour opposed the Government's amended charter in 2015 as it epitomised the Government's austerity agenda and refusal to intervene and invest in our nation's future. Today, this Chancellor is seeking Parliament's approval to break with his predecessor's fiscal targets and amend the charter.

Is that good news? Has the Chancellor accepted the policy advice of the IMF, the OECD, the CBI and the TUC that austerity is not a credible economic model and that the Government's role is to support investment?

Well, no, sadly, he has not. The amendments to the rules that we are considering today still commit to the Government's austerity agenda, which has forced misery on the most vulnerable people in Britain. It also fails to allow the investment necessary for future growth and prosperity.

As my right hon. Friend the shadow Chancellor outlined earlier, it is encouraging that the previous surplus target for 2020 has been ditched—the Government now seek to balance the books at some point in the next Parliament—but, crucially, capital and current spending are still lumped together and subject to the framework, so the Government's ability to make large-scale investments is significantly constrained. That is quite the opposite of Labour's fiscal position, which has been outlined today: £250 billion of direct Government investment, with a further £250 billion mobilised, with private sector support, through a national investment bank and a network of regional development banks. The Government's own infrastructure pipeline lists £500 billion-worth of projects—that is the scale of investment deemed necessary by organisations such as the CBI simply to put us on a level footing with other industrial countries around the world.

We know that the rules in the charter simply do not work effectively, and so do the Government, but, rather than put in place a new fiscal rule that would provide the structure needed to rebuild and transform our economy as we prepare for Brexit, the Chancellor has chosen to cut off the oxygen needed to create a fertile environment for business. It is time he realised that we must forge a new economic destiny that ensures that Britain has a prestigious place at the world's table, rather than simply threatening to turn us into a tax haven.

We need to rebuild those communities that have been left behind for far too long. If anything should have woken the Government up, Brexit should. It was those communities up and down Britain that had been starved of investment for decades that were angry, and they were right to be angry. They had endured nearly seven wasted years in which investment had been allocated on almost a lottery basis; an economy in which the Government promised £5,000 of investment per head in London but just £413 per head in the north-east; an economy in which local authorities had lost £18 billion of Government funding in real terms between 2010 and 2015, with the poorest bearing the brunt; an economy in which the Government slashed the budgets of vital services such as social care and then asked local areas to find the money themselves through council tax increases.

But, we are told, it is all part of a bigger plan, so let us assess whether the strategy has actually worked. We were told that, if we pulled together and dealt with the sting of austerity for a while, things would improve. So, is the deficit at zero? Have we slashed the national debt? Well, no. As we have heard today, the Government have, to date, added more than £700 billion to the national debt. We have an economy driven by consumer spending, not trade and exports. Even the Bank of England has voiced concerns about the sustainability of the model going forward, because much of that spending is fuelled by extremely worrying levels of household debt—debt that is incurred by people who simply cannot make ends meet.

We have what the Bank calls a "lost decade" of earnings, with wages having stagnated to the extent that most non-retired families have less money now than

they did before the financial crash, according to the Office for National Statistics. We have heard that productivity growth has stagnated. German workers produce the same in four days as UK workers produce in five—I am pleased that the Chancellor brought that up in his contribution. They had a Government who invested in industry; sadly, we do not.

All that is not the soundtrack of a Government who are jostling to make us one of the world's leading economies post-Brexit. They have carved us out a future based on low investment, low productivity, low wages and skeleton public services. I am a northern MP, as Members can tell by my accent, and I can recall the Conservative Government of the 1980s stripping away industry from northern towns and cities. Our communities suffered immeasurable damage. The Government back then simply allowed our northern towns and cities to enter into a state of managed decline. What we see today in the amended charter is no better than that managed decline, which is why we will not be approving it today.

5.59 pm

The Chief Secretary to the Treasury (Mr David Gauke): What the British people want is a stable and successful economy—one that means jobs, opportunity and a high quality of life. That is what this Government are delivering, and what we will continue to deliver, because, unlike the Opposition parties, we are not ignoring economic realities, but facing up to them. We are not paying lip service to our responsibilities, but shouldering them, and we are not pretending that every problem can be solved by spending more, borrowing more or taxing more. We are restoring our public finances to health and investing sensibly and in a well-targeted way in the future success of this country.

That is how we have turned our economy around. Not only are we forecast to achieve faster growth than any other G7 economy last year, with near record employment and unemployment at its lowest rate in more than a decade, but, at the same time, we have made great progress on getting to grips with the public purse, cutting our deficit from its post-war high of 10.1% in 2010 to 4% last year, and borrowing £1 in every £10 we have spent, not the £1 in every £4 that we saw under the last Labour Government. As my right hon. Friend the Chancellor has pointed out, the recent fiscal sustainability report from the OBR reminds us of the action that we must continue to take to address our deficit.

The fiscal rules that we are looking at today strike the right balance for the challenges and opportunities that we face. They include a credible plan to return our public finances to balance; enough headroom to guard against economic shocks; and scope to invest in improving productivity. The structural deficit must be below 2% of GDP by the end of this Parliament, which sets the right course to ensure that the deficit is eliminated altogether next Parliament, and that debt will be falling by the end of this Parliament. The new medium-term welfare cap is an important component of the plan. A medium-term cap rather than an annual one allows us to ensure that we can control welfare spending without needing to make short-term changes to react to fluctuations in the forecast for spending.

To reiterate: the Government will deliver the overall total of welfare savings already identified, but we have no plans to introduce further welfare savings in this

Parliament beyond those already announced. With welfare accounting for around a quarter of all our spending, the right course of action is not to refuse to consider any kind of control, but to ensure that our expenditure is stable and sustainable. We have already announced all the measures that we will take in this Parliament for savings in this area.

This then is a credible fiscal plan for three reasons: first, because it means tackling the deficit and bringing our public finances into balance, the importance of which continues to be completely overlooked by the Opposition party; secondly, because it sets feasible targets—in fact the OBR forecasts that we will meet our aims for this Parliament two years early—and, thirdly, because it also gives us the space to react to any short-term fluctuations in our economy in this period of adjustment. It also gives us the scope to address the long-term structural changes and invest in our future success. I refer specifically to the additional £23 billion that we will be investing in our national productivity—borrowing to fund improvements for businesses and families alike in our infrastructure, research and development and housing.

The charter enshrines our commitment to fiscal restraint. It reflects our refusal to allow public spending to sky rocket as it did under Labour; our determination not to put ourselves again in such a vulnerable position as Labour did in running up the largest structural deficit of any G7 country ahead of the great recession; our rejection of the reckless economics that the Labour party continues to favour, which is one of blank cheques, unfunded spending commitments and magic money trees. Is it not time that Labour finally started learning from its mistakes and caring about the economic security that the people of this country deserve? It clearly does not have a credible fiscal plan of its own. It clearly does not have much interest in the matter, because not a single Labour Back Bencher even attended this debate until the 67th minute of it. Let me invite them to join us in voting for a plan that is not only in the interests of working people today, but in the interests of their children and grandchildren who follow. I commend this charter to the House.

Question put.

The House divided: Ayes 292, Noes 193.

Division No. 130]

[6.04 pm

AYES

Adams, Nigel	Beresford, Sir Paul
Afriyie, Adam	Berry, Jake
Aldous, Peter	Berry, James
Allan, Lucy	Bingham, Andrew
Allen, Heidi	Blackman, Bob
Amess, Sir David	Blackwood, Nicola
Andrew, Stuart	Blunt, Crispin
Ansell, Caroline	Bone, Mr Peter
Argar, Edward	Borwick, Victoria
Atkins, Victoria	Bottomley, Sir Peter
Bacon, Mr Richard	Bradley, rh Karen
Baker, Mr Steve	Brady, Mr Graham
Baldwin, Harriett	Brazier, Sir Julian
Barclay, Stephen	Bridgen, Andrew
Baron, Mr John	Brine, Steve
Barwell, Gavin	Brokenshire, rh James
Bebb, Guto	Bruce, Fiona
Bellingham, Sir Henry	Buckland, Robert
Benyon, Richard	Burns, Conor

Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, rh Alun
 Campbell, Mr Gregory
 Carmichael, Neil
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Donaldson, rh Sir Jeffrey M.
 Donelan, Michelle
 Dorries, Nadine
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Elliott, Tom
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Glen, John
 Goodwill, Mr Robert
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris

Green, Chris
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Gummer, rh Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hancock, rh Matt
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, rh Boris
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kinahan, Danny
 Kirby, Simon
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Sir Oliver
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Mackinlay, Craig
 Mackintosh, David
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul

McCartney, Karl
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Newton, Sarah
 Nokes, Caroline
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Paisley, Ian
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok

Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Dame Caroline
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Sir Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Wharton, James
 Whately, Helen
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:
Heather Wheeler and
Andrew Griffiths

NOES

Abbott, Ms Diane
 Abrahams, Debbie
 Allin-Khan, Dr Rosena
 Arkless, Richard
 Ashworth, Jonathan
 Bardell, Hannah
 Barron, rh Sir Kevin
 Benn, rh Hilary
 Betts, Mr Clive
 Blackford, Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blomfield, Paul
 Boswell, Philip
 Brabin, Tracy
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, Lyn
 Bryant, Chris
 Buck, Ms Karen
 Burgon, Richard
 Butler, Dawn
 Cadbury, Ruth

Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Clwyd, rh Ann
 Coaker, Vernon
 Cooper, Rosie
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Coyle, Neil
 Creagh, Mary
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunnigham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 David, Wayne
 Day, Martyn
 De Piero, Gloria
 Debonnaire, Thangam
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Dowd, Jim
 Dowd, Peter
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Fellows, Marion
 Ferrier, Margaret
 Fitzpatrick, Jim
 Ffello, Robert
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Furniss, Gill
 Gapes, Mike
 Gethins, Stephen
 Gibson, Patricia
 Glindon, Mary

Grady, Patrick
 Grant, Peter
 Gray, Neil
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hillier, Meg
 Hodge, rh Dame Margaret
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Jones, Gerald
 Jones, Susan Elan
 Kane, Mike
 Keeley, Barbara
 Kerevan, George
 Kerr, Calum
 Kinnoek, Stephen
 Lavery, Ian
 Law, Chris
 Lewell-Buck, Mrs Emma
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mann, John
 Marris, Rob
 Marsden, Gordon
 Maskell, Rachael
 Matheson, Christian

Mc Nally, John
 McCaig, Callum
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, rh John
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McLaughlin, Anne
 McMahan, Jim
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Morden, Jessica
 Mullin, Roger
 Newlands, Gavin
 Nicolson, John
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Owen, Albert
 Paterson, Steven
 Phillips, Jess
 Phillipson, Bridget
 Pound, Stephen
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reynolds, Jonathan
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Robinson, Mr Geoffrey
 Rotheram, Steve
 Ryan, rh Joan
 Saville Roberts, Liz
 Sheppard, Tommy
 Sherriff, Paula

Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Nick
 Smyth, Karin
 Spellar, rh Mr John
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thomson, Michelle
 Thornberry, Emily
 Timms, rh Stephen
 Turley, Anna
 Twigg, Derek
 Twigg, Stephen
 Vaz, rh Keith
 Vaz, Valerie
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Williams, Hywel
 Wilson, Corri
 Winnick, Mr David
 Wishart, Pete
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Noes:
Vicky Foxcroft and
Jeff Smith

Question accordingly agreed to.

Resolved,

That the Charter for Budget Responsibility: autumn 2016 update, which was laid before this House on 17 January, be approved.

Parliamentary Commissioner for Administration and Health Service Commissioner for England (Appointment)

[Relevant document: First Joint Report of the Health and Public Administration and Constitutional Affairs Committees, Appointment of the Parliamentary and Health Service Ombudsman, HC 810.]

6.19 pm

The Parliamentary Secretary, Cabinet Office (Chris Skidmore): I beg to move,

That an humble Address be presented to Her Majesty, praying that Her Majesty will appoint Robert Fredrick Behrens CBE to the offices of Parliamentary Commissioner for Administration and Health Service Commissioner for England.

I wish to record the Government's gratitude to Dame Julie Mellor, who has undertaken the role of ombudsman with great passion and commitment. I also thank her for agreeing to stay in post until her successor has been recruited and is in post. The Government are also grateful to my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) and to the House services for their role in the selection. I am pleased that the process, which has included joint Public Administration and Constitutional Affairs Committee and Health Committee pre-appointment scrutiny, has identified an outstanding candidate. The recommendation contained in the report, which was published last Friday following Mr Behrens's pre-appointment hearing, forms the basis of the Government's motion, which I commend to the House.

6.20 pm

Valerie Vaz (Walsall South) (Lab): I welcome the Minister's comments and fully endorse his sentiments. I add the thanks of Her Majesty's Opposition to the outgoing Parliamentary and Health Service Ombudsman, Dame Julie Mellor. The Minister and I both served as members of the Health Committee, so we know of her hard work. I thank the interview panel, which was chaired by Philippa Helme, Principal Clerk of the Table Office; all the panellists were extremely formidable. I thank the Health Committee and the Public Administration and Constitutional Affairs Committee for their scrutiny at the pre-appointment hearing.

Mr Behrens is an extremely qualified candidate for the role of parliamentary and health service ombudsman, with all the expectations of that role from the public. He has shown that as the independent adjudicator and chief executive of the Office of the Independent Adjudicator for higher education, and, more importantly, in his work on the transformation to democratic rule in South Africa, for which he was personally commended by the late President Nelson Mandela and the now Lord Robin Butler. There was also his transformative work as complaints commissioner to the Bar Standards Board of England and Wales, which delivered a review that led to 52 changes in disciplinary and complaints procedures, including a new process of determination by agreement, and in setting up the widely respected civil service fast stream. Her Majesty's Opposition welcome and endorse the appointment of Mr Rob Behrens CBE and wish him well in his new role.

6.22 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): The Public Administration and Constitutional Affairs Committee, or PACAC, was originally established as

the Public Administration Committee to receive the reports of the Parliamentary and Health Service Ombudsman and to scrutinise its performance. This was in the 1960s, long before the establishment of most of today's departmental Select Committees. Our remit is much wider these days, but PACAC regards our work with the PHSO as one of our most important functions which exemplifies and underpins our purpose as a Committee.

The PHSO exists to receive complaints about maladministration in the public service and in the NHS. "Maladministration" may be an accurate term, but it is not very appealing. However, our role and remit is clear, and our purpose is implied rather than spelled out. Our purpose is to sustain and enhance public confidence in the effectiveness of government, and, working with the PHSO, that is what we have sought to do. We not only receive the PHSO's reports on behalf of Parliament but actively scrutinise each of them, and the public service that the report is addressing, to make sure that the PHSO's recommendations are properly heard and followed through by whichever Department they are addressed to. We have become the accountability mechanism that makes the PHSO's reports and work effective. In the past few months, we have scrutinised PHSO reports such as "Driven to despair: How drivers have been let down by the Driver and Vehicle Licensing Agency", and "Learning from mistakes: An investigation report by the Parliamentary and Health Service Ombudsman into how the NHS failed to properly investigate the death of a three-year old child". Our report on the latter will be published on 31 January. More recently, we published our report on the PHSO report on unsafe discharge from hospital.

Having been involved in the recruitment process, although I did not take part in the pre-appointment hearing, I would like to welcome Rob Behrens as the new Parliamentary and Health Service Ombudsman. From his time as the independent adjudicator for higher education in England and Wales and as a senior adviser to the European Network of Ombudsmen in Higher Education he has gained considerable experience of complaint handling and a detailed understanding of the role of an ombudsman. I am sure that that will enable him to make a success of his new role. I should point out that the Public Administration and Constitutional Affairs Committee and the Health Committee were unanimous in approving his appointment; we held a joint pre-appointment hearing.

I would also like to take this opportunity to pay tribute to Dame Julie Mellor for all that she has done to take forward the work of the PHSO. She has built on the work of her predecessor with vision and commitment, and under her leadership the PHSO is much more engaged with Parliament than ever before. I thank her for staying at the helm of the PHSO while her replacement was appointed. Under her leadership the PHSO has had to face many challenges, not least a cut of more than 24% in its spending between now and 2020. It has been the target of critical public scrutiny—perhaps it is justified; some of it certainly is—which has made the role a challenging one.

The PHSO is in the middle of a five-year reform plan, and it faces further reform if the Public Service Ombudsman Bill, which the Government have published in draft form, comes into effect. The PHSO must improve the quality and speed of its investigations. It must implement

technological change. It must adapt to the way in which people in our society expect a complaints process to work, and it must better retain and engage its staff in order to do so. It must do all that while reducing costs and overheads. The scale of the challenge is significant, but I am confident that Rob Behrens possesses the strong leadership skills, the strategic vision and the judgment, as well as the experience as an ombudsman, to ensure that those challenges are met. PACAC looks forward to working with him as the PHSO continues its work.

6.27 pm

Kelvin Hopkins (Luton North) (Lab): It is a pleasure for me to support everything that has been said so far about Dame Julie Mellor and Rob Behrens. It has been a great pleasure working with Julie Mellor over the years, during her term of office. She is indeed a charming and intelligent person. I think that she has had quite a hard time, because of the pressures of getting the work of the ombudsman right. That work will have to continue, obviously. I am looking forward to the reception for Dame Julie in your rooms shortly, Mr Speaker.

As for Rob Behrens, much has been said about his experience. He has a wealth of valuable and varied experience, and his role in South Africa was quite stunning. As a member of the Public Administration and Constitutional Affairs Committee, I took part in the confirmation hearing and I was immensely impressed with his performance. He is measured, highly intelligent, precise and thoughtful, and he answered every question in that manner. I think he will do an excellent job of carrying on the role of the ombudsman.

I wanted to speak because I thought it was important that we heard from an Opposition Back Bencher as well as the Front-Bench team and the Chair of our Select Committee, who spoke eloquently about what we have done and on behalf of the present and future ombudsmen. Thank you, Mr Speaker, for allowing me to speak. I endorse everything that has been said.

6.29 pm

Dr Andrew Murrison (South West Wiltshire) (Con): I very much welcome Mr Behrens to his important new appointment. The PHSO is a vital backstop for complaints about the national health service. Its function is clearly vital to our constituents, and I am sure that Mr Behrens is seized of the importance of his new duties.

It seems to me, anecdotally, that the service has become more responsive since 2012. A great deal of credit is due to Dame Julie Mellor for improving the service, but it is only right to record that the Patients Association does not necessarily share that opinion, and has rightly highlighted its shortcomings as it sees them. In particular, it has highlighted the perceived lack of responsiveness of the ombudsman service, and the perception that the PHSO is on the side of organisations, rather than of individuals. I have no way of telling whether that is realistic, but it is important for Dame

Julie's successor to understand such criticisms, and I hope he will seek to work closely with organisations such as the Patients Association in the years ahead.

It is also reasonable to point out failings such as the Morecambe Bay catastrophe. The ombudsman did not handle that terribly well in my view and the view of many people who take an interest in these matters. For the future, I very much hope that Mr Behrens will repeat the review process that his predecessor undertook in 2012 to ensure that the office he holds is maximising its effectiveness—that is a worthwhile undertaking—and that he will consider it carefully.

I hope that Ministers will consider the suggestion made by Sir Bruce Keogh that petitioners might complain to the Care Quality Commission at an intermediary stage, thus relieving some of the burden that falls on the PHSO. Over the years, that burden has been responsible for some of the backlog of cases, and the office has recognised that as a major block in the way of its work and the responsiveness that it is able to offer people who complain to it.

In conclusion, I commend Dame Julie for her work during the past four years. In particular, I congratulate her on doing more with less as she has found that her resources have necessarily been curbed.

6.32 pm

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): We want to commend the recruitment process that has led to this appointment. I always think that the best way to measure how effective any process is is to look at the outcome. Any reasonable person looking at the track record of Rob Behrens will recognise that tribute must be paid to all those involved in this process. When we look at his track record in South Africa or Europe, as has been mentioned, and the range of areas in which he has worked, from higher education to the law, and when we look not only at how he has discharged his roles, but at how in so many of them he has conducted studies and produced reports that have been meaningful and influential, we can all wish him well for the future with great confidence.

Question put and agreed to.

Business without Debate

STANDING ORDERS (PLANNING: NATIONAL POLICY STATEMENTS)

Ordered,

That, with immediate effect, the following amendments be made in respect of Standing Orders:

(1) That paragraph (7)(a)(i) of Standing Order No. 145 (Liaison Committee) be amended by inserting, in the appropriate place, "Business, Energy and Industrial Strategy".

(2) That paragraph (2)(a) of Standing Order No. 152H (Planning: national policy statements) be amended by inserting, in the appropriate place, "Business, Energy and Industrial Strategy".—(*Michael Ellis.*)

Stem Cell Transplants

Motion made, and Question proposed, That this House do now adjourn.—(Chris Heaton-Harris.)

6.33 pm

Mark Tami (Alyn and Deeside) (Lab): It is a pleasure to rise at 6.33 pm. When I secured an Adjournment debate several years ago, I expected it to start at 7 o'clock, but I seem to recall that I got up to speak at 11.15 pm. Those were the days when we could debate European documents until any hour.

Mr Deputy Speaker (Mr Lindsay Hoyle): History could well repeat itself.

Mark Tami: I hope that it will not do so tonight, Mr Deputy Speaker.

I declare an interest as co-chair of the all-party group on stem cell transplantation. I am very pleased to see my co-chair, the hon. Member for Enfield, Southgate (Mr Burrows), in the Chamber; I am sure he will make some comments later. May I also put it on record that my oldest son received a life-saving stem cell transplant a number of years ago?

A stem cell transplant offers a last chance of life to people with a blood cancer or blood disorder. It works because stem cells have an incredible ability to replace damaged blood cells. This remarkable treatment has great potential in our healthcare system. There are different types of stem cell transplant. Some involve people taking back their own cells, while others involve cells from a donor, who can be a relative. Tonight I will talk about stem cell transplants that come from a donor.

About 2,000 people in the UK need such a transplant each year. Two thirds of them will not find a matching donor in their family and will therefore require an unrelated donor. In that regard, I pay tribute to Anthony Nolan trust, which provides patients with matching donors from its stem cell donor register. As well as sourcing transplants, it supports patients and, importantly, their families through the transplant journey and advocates on their behalf. Last year, Anthony Nolan helped to find a match for more than 1,200 people with a blood cancer or blood disorder. I know that the House will join me in thanking the selfless stem cell donors who made that possible, and all those who have joined the stem cell donor register and might donate in the future, of whom there are more than 600,000.

Sadly, one in eight people does not receive the life-saving transplant they need because there is no donor available or a donor cannot be found quickly enough. The odds drop dramatically for patients from a black, Asian or ethnic minority background. Anthony Nolan is working hard not only to build but to diversify its stem cell donor register to ensure that it is able to provide people with the best match. After a lot of work, the situation is much better than it was a number of years ago, but it is still shocking that the chance of finding a donor is so much slimmer for people from a BAME background than for white people. I am sure that the Minister will show her support for efforts in that area.

Despite the fact that stem cell transplants are a well-established treatment, the huge financial pressures on the NHS are causing problems for patients. The situation is most serious for those who need a second

stem cell transplant. Sometimes, after having a first transplant, a patient's blood cancer or blood disorder will come back or relapse. That is devastating news in itself. For about 20 patients a year, the clinician will recommend a second stem cell transplant as their best, and often only, chance of life.

It is worth emphasising that this is not some unknown, experimental treatment that people are simply taking a punt on. We know that one in three patients who receives a second stem cell transplant will reach the milestone of five-year survival, and the results for children are even better, as seven in 10 will reach that milestone. We know that the medical profession recommends the treatment, which is routinely available in other parts of the UK, as well as in countries across Europe and the United States. We also know that the treatment used to be available in England before 2013 and that many people are alive today, leading active lives with their families, because they received a second stem cell transplant.

Maria Caulfield (Lewes) (Con): I thank the hon. Gentleman for raising this important issue. In my time as a nurse, I have looked after patients who have had a stem cell transplant. My haematology colleagues would agree with his statement that between 20% and 40% of patients who have a second stem cell transplant can be cured. The treatment is indeed offered in many parts of Europe and in the US, so it is shameful that it is not offered here.

Mark Tami: I totally agree with the hon. Lady. We are talking about a very small number of people but, for them, it is their only chance after they relapse.

Despite everything we know, NHS England confirmed in December 2016 that it would not routinely fund second stem cell transplants. In effect, it decided that these people's lives were not worth the money.

One of those people is Sasha Jones, a 34-year-old mother of two from Greenwich, who, in March 2015, was given the devastating news that she had acute myeloid leukaemia, a type of blood cancer. Over the next few months, she had rounds of chemotherapy and her first stem cell transplant. It was not without its difficulties, but by the beginning of October 2015, she was well enough to go home to her husband, Lloyd, and their two young children, aged just 13 and eight at the time. In August 2016, she was told that the blood cancer had come back, but by this time NHS England had decided that it would not routinely commission second transplants for patients in Sasha's situation, despite such treatment being recommended by her doctor.

Doctors tried to get Sasha a second transplant by going through the individual funding request route, which allows NHS England to fund treatment for patients on an individual basis if they are deemed to be an exceptional case, but what is an exceptional case, how is that decided and, importantly, how long does it take to be considered? It has to be done at a time when the family and patient are dealing with the devastating news that their illness has not been cured but has come back, so they have to cope with that while also going through this process.

Sasha's request was turned down and she has effectively been left with no alternative treatment. She now has two choices: find the money to pay for the second transplant herself; or accept that she might have only

months to live and that her two young children could be left to grow up without their mother. I think it is fair to say that Sasha and her friends and family are desperate. A petition that they started to call for a reversal of NHS England's decision not to fund second stem cell transplants now has more than 165,000 signatures, while a fund that was set up to raise the money that Sasha would need to pay for a second transplant currently stands at £90,000, but that is still not enough. Can hon. Members imagine the enormous pressure on Sasha and her family? In Sasha's own words, she has been "condemned to death". She says:

"In having been denied access to a second stem cell transplant, it has been decided that 'I'm not worthy of a second chance a life; my children do not need a mother, my husband will become a widower'."

It is a scandal that someone like Sasha should find herself in this situation—denied life-saving treatment that other patients have had in the past because NHS England says it is neither affordable nor justifiable.

Jim Shannon (Strangford) (DUP): I apologise for not being here on the dot for the start of the debate. The hon. Gentleman is outlining the case for second transplants. Does he agree with the analysis from Anthony Nolan that shows that the cost of caring for someone who is refused a transplant is upwards of £130,000, while a transplant would cost only £120,000 and might save a life and prevent devastation being caused to a family? Does he agree that there is a financial as well as a moral incentive?

Mark Tami: Yes, I do. This is to do with how we assess the cost of treatment. I fully accept that the up-front cost of the transplant is a lot of money, but if that works the longer-term cost is not so great. However, we seem willing and able to fund drugs that might not cure people or extend their lives by very much, although the cost of them, when added up, might be more than the transplant. It is not right that we are saying to these people, "No, we're not going to fund a second transplant".

Sasha's case is not unique, and there will be many more like hers if we do not change our position. Will the Minister please respond directly regarding Sasha's case and those of others in the same situation? In the months and years ahead, there will be other people in this situation, and their voices need to be heard.

Colleen Fletcher (Coventry North East) (Lab): I declare an interest in that my husband had a successful stem cell transplant in 2014. Does my hon. Friend agree that for patients with blood cancer, the fear of relapse causes great anxiety? Patients speak of a common feeling of dread when they go to collect routine blood results—that certainly resonates with me. Following NHS England's decision, the thousands of patients who have received a first stem cell transplant now have the added fear that if the worst happens and they relapse, the NHS will not provide them with the treatment that would save their lives. I hope my hon. Friend and the Minister will acknowledge that this decision affects not only the 20 desperately ill patients a year who need a second transplant to survive, but the many thousands who live in fear of relapse every day.

Mark Tami: I certainly agree with my hon. Friend. From personal experience, I know that that is always a fear. Every time someone goes for a check-up on their

blood, there is obviously a feeling at the back of their mind, "Let's hope that everything's okay." It is a very rocky road.

I am sure that the whole House will wish Sasha well as she continues her journey. I pay tribute to my hon. Friend the Member for Erith and Thamesmead (Teresa Pearce), who has been working tirelessly to support Sasha and her family at this incredibly difficult time.

The Department of Health must accept responsibility in this case and others. Over the past few weeks, we have been told about the enormous pressures that the NHS is under during this winter crisis, with hospitals on black alert across the country, A&E waiting times being missed and cancer patients having their operations cancelled. Treatments such as second stem cell transplants are being rationed. I accept that the NHS is underfunded—perhaps it always will be, as I accept that it is always possible to spend more money—but we are now reaching a crisis. We really need to start to be honest and address issues such as social care. Until we do that and we are honest with everyone, we will not sort out the funding situation for the NHS. I am not making political points; I just want to say that we need to stand up for patients such as Sasha whose lives—it really is their lives—are at risk.

When NHS England originally announced its decision not to fund second stem cell transplants in July 2016, it caused outrage among patients and their families. More than 6,500 people wrote to their MPs and 18,000 signed a letter to the Secretary of State for Health in a bid to get the decision changed. In addition, 30 leading clinicians wrote to the editor of *The Times* saying:

"NHS England is ignoring the advice of the clinical community, thereby effectively handing most of these patients a death sentence". They were all ignored. As we know, NHS England confirmed its decision in December 2016.

On a positive note, the good news is that there is a chance to make things right. NHS England will look again at what it funds in the spring. I therefore urge the Minister and her Department to intervene to ensure that every patient who needs a second transplant can access one. As I said, we are not talking about huge numbers, but for the small number of people who are affected, this is their only chance.

I do not wish to pre-empt the Minister's remarks, but I suspect that she may highlight that this was a decision taken by NHS England, not the Government. However, the Department of Health is ultimately responsible for the treatment that patients receive, and in the case of second stem cell transplants, access to that treatment has been denied.

I want to make three important points. First, as I have explained, second stem cell transplants are supported by the evidence. The treatment is standard practice in many countries, yet NHS England seems to have ignored that completely. It has also ignored the potential to offset much of the cost of a second stem cell transplant, as was pointed out earlier, owing to the cost of alternative treatments.

In its own impact assessment, NHS England acknowledged that the mortality rate among patients who were given alternative treatments "was extremely high", and that, while the costs of such treatments were always "difficult to quantify" and varied according to patients' circumstances, there was "considerable scope" to offset some of the costs of transplants if the costs incurred over a patient's lifetime were taken into account.

[Mark Tami]

Moreover, a patient who had had a successful transplant was far more likely to return to, or join, the workforce, and pay back some of the costs. It is important to factor that in.

Secondly, NHS England has not been remotely transparent in its decision making. All it has said is that second stem cell transplants are

“not currently affordable and will not be routinely commissioned at this time”.

That tells us nothing about how NHS England reached its decision. Neither the minutes of the Clinical Priorities Advisory Group nor those of the Specialised Services Commissioning Committee are publicly available. The Government agreed with the Public Accounts Committee when it said that NHS England’s decision making in relation to specialised services should be far more transparent. Will the Minister please ensure that the minutes of those two groups are published on NHS England’s website in future?

Thirdly, the way in which NHS England’s decision has been communicated to patients has been shocking. It consists of a single bullet point retrospectively added to the bottom of a press release under the heading “Further information”. Does the Minister agree that that is unacceptable, and that far more needs to be done to ensure that decisions that could cost patients their lives are shared in a sensitive and caring manner, rather than merely being added as some sort of footnote?

With all that in mind, let me now ask the Minister the most important question. Does she accept that her Department must do more to hold NHS England to account, and will she agree to take steps to ensure that every patient who needs a second stem cell transplant has access to one?

I suspect that the Minister may say that, despite NHS England’s decision not to routinely commission second stem cell transplants, patients will be able to access the potentially life-saving treatment that they need by taking the individual funding request route. However, patients and their doctors know that, in reality, the chances of success through that route are very slim indeed. In November 2016, the all-party parliamentary group on stem cell transplantation had the pleasure of meeting Emma Paine. Emma was diagnosed with a blood disorder called severe aplastic anaemia in 2005. After her first transplant she relapsed, and, as with Sasha, her doctors recommended a second stem cell transplant. They tried to organise that via the individual funding request route, which meant that Emma had to prove that she was an exceptional case.

Emma was left waiting in the dark for four months, and her doctors had to fight her corner. During that time she was very unwell with infections, and her consultant decided to gamble and start her chemotherapy in preparation for a second stem cell transplant early, fearing that she would die if it did not start then. Although Emma eventually heard from her doctor the good news that the request had been successful, she did not receive her second stem cell transplant until January 2016, some six months after she had relapsed.

Emma said:

“I always assumed that if there was one treatment that could save my life, I would be offered it without question, and the biggest barrier to having my second transplant would be to find

another donor—not having to fight the NHS to get it funded...I thought, ‘I’m a 28 year old woman, and a panel of people will decide whether I get to live or die’”.

Does the Minister agree that the individual funding request route will never be successful for all the patients who need a second stem cell transplant, and that even for those for whom it is successful, it is an incredibly tortuous route?

I close by urging the Minister, and indeed the whole House, to remember the patients caught up in all this—not just those who are waiting for a second stem cell transplant today, but the countless individuals who will be left without the chance of a second stem cell transplant in future, and therefore will be left without their last hope of a cure. I hope that the Minister will not wash her hands of the problem—I am sure she will not—and will instead fully accept that her Department has to play a key role in this, to make sure that action is taken to ensure that every patient who needs a second stem cell transplant can access one. The lives of people like Sasha and Emma depend on it.

6.55 pm

Mr David Burrowes (Enfield, Southgate) (Con): It is a pleasure to take part in this debate and continue a double act of many years with the hon. Member for Alyn and Deeside (Mark Tami), as well as other hon. Members on both sides of the House who share a deep concern about the great life-saving value that we have spoken about for a number of years in relation to stem cells and stem cell transplantation.

Ten years ago, I had little or no knowledge about the life-saving treatment available through stem cell transplantation. Now, after a private Member’s Bill and years of co-chairing the all-party group and particularly, and more significantly, meeting individuals and families affected by blood cancers and disorders and learning that stem cell transplantation saves lives, I know that it is important that we make the case, particularly in relation to those facing the awful prospect of not receiving a second transplant that could save their life.

We are saying this, but the Government know this. The Government know the great value of stem cell transplantation, not least because they have put their money where all of our mouths have been over a number of years. First, that has happened with the source of this transplantation, in relation to cord blood and stem cells. Since 2010 some £20 million of taxpayers’ money has rightly been invested in improving the provision of stem cells, including umbilical cord blood.

The last debate we had on this issue was held on 15 September 2015, when my hon. Friend the Member for Mid Norfolk (George Freeman), then the Under-Secretary of State for Life Sciences, responded. The debate was about the national stem cell transplantation trials network and many of the Members present today were involved. These were my hon. Friend’s words in that debate:

“stem cell transplantation is a life-saving treatment that plays a key role in the treatment of leukaemia and some other diseases.”—
[*Official Report*, 15 September 2015; Vol. 599, c. 1022.]

That is the basis of our plea to the Minister and NHS England today, as a result of what we have all come to know over the years from real-life examples—some family members are here today. We recognise, and have

been very pleased, that the Government have responded to our urging and have been investing in cord blood collections, and have wanted to ensure they join with us in terms of the ambition for a national stem cell transplantation trials network.

The Minister back in September 2015 also talked about the great partnership work that we have recognised today involving the Anthony Nolan charity and NHS Blood and Transplant, and how the Government had worked very hard in supporting and directly funding a unified registry, and how the trials acceleration programme had provided additional quality research that helped provide the outcomes we are talking about today for transplantation and saving lives.

There has been good progress. There were four new blood and transplant units back in 2015 and, as the hon. Member for Alyn and Deeside has said, there has been a recognition of the shortage particularly in relation to black, Asian and minority ethnic groups—and it was noted in 2015 that, because of the targeted recruitment, there had been an improvement in their life chances, with the rate going up from 40% to 60%. The residue now from the cord blood bank—there were some 12,000 or so samples back in 2015, and that has no doubt increased—has enabled there to be much greater opportunities for providing quicker and easier transplantation. And that is what it is all about. That context is important to the focus of this debate, which is about the prospects for those needing a second transplant. We are talking about the small number of people who relapse, some 16 to 20 a year—

7 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—(Chris Heaton-Harris.)

Mr Burrowes: We are talking about the 16 to 20 people a year for whom the clinical recommendation is that they have a second transplant. NHS England made a decision on this in December 2016. We have talked about percentages for black and minority ethnic groups, and the case has rightly been made that it is a scandal that people from other backgrounds are more able to get a match. It is also a scandal that, for the people who have been told of the awful decision that they will not get a second transplant, it is not a question of their having a 60% or 40% chance, because they will have no chance at all.

Mark Tami: I am sure that, like me, the hon. Gentleman finds it hard to think of any other recurring illness for which people who had relapsed would be told, “I’m sorry, you’ve had your one chance. That’s it.”

Mr Burrowes: The point I am trying to make is that everyone has been on a journey of discovery and understanding in relation to the development of the life-saving potential of stem cell transplants. This is all part of a partnership involving collection, more effective transportation, research and clinical networks. We all recognise that, in this complex world, there is a risk of relapse, so the journey of treatment is a continuing one. Once someone is having treatment, they are part of that journey, and the hon. Gentleman is right to say that they should not simply be cut off and told that they have had their go.

We know of many other patients with a chronic illness who go back to their doctor or to hospital because they have had a relapse. We have to recognise that that happens in this field, where we are getting better quality outcomes. There is still an issue of resistance, however, which needs extra research and clinical expertise. When a clinician says that a transplant is the only option available to that small number of patients, and when we are investing so much in ensuring that there is greater access nationally to treatments for blood disorders and blood cancers, it makes no sense to cut those people off and give them no further opportunity for treatment.

Maria Caulfield: I am listening to my hon. Friend’s powerful argument. I do not know of any other illness in which, if a patient would have a 30% chance of a cure if they had a second transplant but otherwise had no chance, they would be denied that treatment.

Mr Burrowes: Indeed, that 30% chance is taken away from those people. The chance of recovery is even greater for children, but that chance is taken away from them as well. We are getting into the issue of the exceptionality of circumstances here, but children are losing out too. These decisions seem to be made regardless of whether someone has a better chance of a cure. Routine commissioning has gone, but we are also finding that the treatment is being refused even in relation to individual funding requests. I will say more about that in a moment. People need not take our word for this—we are not the experts—because 30 clinicians wrote to *The Times* to make the point that these decisions were effectively passing a death sentence on the individuals involved.

We have heard about the desperate situation facing Sasha, but there are other individuals who will perhaps be able to overcome these obstacles. One who is more fortunate than most is Emily. She was studying when she was first diagnosed with leukaemia at the age of 21. She had a transplant from an unrelated donor in February 2014, but she discovered in December 2015 that she had relapsed, as can often happen. She was told that she would die without a second transplant, so she applied via an individual funding request, which was turned down by NHS England. The situation was the same for Sasha and others. Emily’s consultant felt strongly that she had a good chance of survival and, despite the financial risk, the hospital paid for the transplant itself. She had her second transplant in March 2016. She was very fortunate.

Sadly, because of the decisions that have been made since December, the edict now is that routine commissioning has gone. No risks will be taken by any hospital. Even though crowdfunding initiatives are trying to raise the money for Sasha and others, they will not be in such a fortunate position as Emily, who says:

“I am so grateful I have doctors who will fight my corner and who refused to give up on me. But it shouldn’t be the case that they have to find loopholes and face an uphill struggle to push this lifesaving treatment through. How many others wouldn’t be so lucky?”

Frankly, after the decision in December, hardly anyone will be so lucky now.

I appreciated and recognise that NHS England has difficult choices and decisions to make in prioritising specialist services, and they have to be based on evidence.

[Mr Burrowes]

We are pleading with NHS England to look at the evidence in this particular case. Treatment must be prioritised in cases where the alternative presents significantly lower survival rates.

As the hon. Member for Strangford (Jim Shannon) said, it is an issue of cost. We need to look at the value and cost-effectiveness of such treatment. Second stem cell transplants are well established and are potentially curative treatments, as evidenced by the survival rates. The treatment is recommended by leading clinicians. The alternatives have to be carefully considered but, without such treatments, the mortality rates and the costs can be considerable.

After the original decision was made in July 2016, patients were effectively dependent on making individual funding requests. We have to ask whether that is the way out, whether it is the safety net. Frankly, it is not. Although it says on the tin that people can make the case for there being exceptional circumstances, and we might think it sounds pretty exceptional if, say, someone is facing death and there is no alternative—whether they are a child or an adult—such requests are highly bureaucratic and highly stressful. Sadly, the APPG has seen evidence that people are being pretty much routinely refused.

We are talking about small numbers of people. There is a lack of transparency, and the responses to IFRs do not give full reasons for refusing exceptionality. They appear to be refusals based on policy, rather than discretion based on the available evidence. I implore the Minister to look at the need for transparency on such decisions, which sadly at the moment only add to the anguish and distress of these very vulnerable patients.

For patients with a blood disorder, the fear of relapse is real—relapse is a real and present danger. The decision not to fund second transplants means that, from their first transplant, patients now fear they may relapse and not be able to access a second transplant, which is part of their treatment cycle. The situation is desperate: a death sentence is essentially hanging over them when they should be able to look to a more positive future. We need to be there alongside those patients in the long term, to the end, whatever happens, to ensure that they have the best alternatives.

The impact assessments need to look at the situation properly, and the offsetting of costs must include not only the specific treatment cycle but the overall treatment costs and the cost of not funding this treatment, including the cost of palliative care. In recognising the NHS's degree of independence, I hope the Minister will use her good offices to ensure that it recognises that all steps need to be taken in conducting a full cost-benefit analysis of second transplants so that, when we revisit the decision in the spring, we will not be back in this situation; otherwise, we will be back here again to make the case and to say that it is not acceptable. A full understanding of the benefits of second transplantation is essential, so that those 16 to 20 patients a year can receive what all clinicians say they need. Their lives should not be lost.

7.9 pm

The Parliamentary Under-Secretary of State for Health (Nicola Blackwood): I congratulate the hon. Member for Alyn and Deeside (Mark Tami) on securing this important debate and on his moving contribution. I also

thank his co-chair, my hon. Friend the Member for Enfield, Southgate (Mr Burrowes), for his contribution, which was characteristically informed. I join them in thanking the all-party parliamentary group on stem cell transplantation and the Anthony Nolan trust for all their hard work and advocacy in this field on behalf of patients and their families. I particularly want to thank all those who have allowed their personal stories to be shared in the Chamber tonight. They are a powerful reminder of why we are all here. Their importance cannot be overstated.

As the hon. Gentleman said, stem cell transplants promise a life-saving cure for many patients, but the key is finding a suitable matching donor. While many patients are able to find suitably matched family members, for more than 1,000 patients a year, that is not possible and they have to rely on the generosity of others. I am sure that the whole House will want to join the hon. Gentleman in paying tribute to the more than 800 people in the UK this year who donated their stem cells.

I will go on to speak about improving patient care and the importance of research, as my hon. Friend mentioned, but both my colleagues raised commissioning as a particular concern, so I shall start there.

Over the past few months, there have been particular concerns raised regarding the commissioning by the NHS of second stem cell transplants for patients with relapsed disease. I recently had the chance to visit Anthony Nolan's research labs at the Royal Free, where I was introduced to Emma Paine. Emma is alive today, as the hon. Gentleman said, thanks to a second stem cell transplant. She looks extraordinarily well and she is a powerful advocate for the cause. She spoke to me with extraordinary eloquence about the difficulties of the commissioning process, so I am in no doubt about the importance of the issue.

Decisions regarding prioritising specialised commissioning are always going to be difficult, which is why I believe that they are rightly a clinically led operational matter for NHS England, as the hon. Gentleman anticipated I would say. Knowing that I was coming here tonight, I asked for an update from NHS England. Contrary to some reporting on the issue, NHS England has not withdrawn the provision of second transplants. Second transplants have been, and remain, routinely commissioned for patients where the grafting process has failed, but NHS England has recently reviewed a proposal, alongside all the other priorities that were put forward, to begin routinely commissioning second transplants for patients with relapsed disease, for the first time since it was established in 2013. That would have replaced the current case-by-case provision of those transplants.

To prioritise funding for specialised services, as colleagues will know, NHS England has an established mechanism to evaluate proposals for new areas of investment. This reviews proposals on the basis of their clinical benefit and cost, as colleagues have discussed. The clinical benefit is based on the latest published clinical evidence.

As the hon. Gentleman said, that proposal was not approved. NHS England explained to me that its decision not to recommend routine commissioning of second transplants was based on the associated cost of the treatment, which the hon. Member for Strangford (Jim Shannon) mentioned, and the clinical evidence that suggests that less than one third of patients with relapsed disease survive more than five years after the second

transplant. However, as I think colleagues mentioned, there is also evidence to suggest that, in that area, clinical practice is ahead of published evidence. For that reason, work is ongoing to ensure that the evidence base is updated before the decision is next reviewed.

Prioritisation decisions are kept under review in the light of new evidence and NHS England tells me that proposals for second transplants will be reviewed again later this year. Until the completion of any review, as the hon. Member for Alyn and Deeside said, clinicians can continue to apply for funding for second transplants for relapsed disease where NHS England assesses that the patient is clinically exceptional or has a clinically critical need, although I accept what colleagues have said about how difficult that process can be.

I shall certainly put to my colleague, the Minister of State, Department of Health, the point raised by the hon. Member for Alyn and Deeside about the transparency of decision making and the sensitivity in communicating that decision. I shall ask that my hon. Friend take it up with NHS England.

Mark Tami: Does the Minister accept that, for a whole host of illnesses, we fund, probably rightly so, drugs that may cost vast sums for people for whom the prognosis is that their lives might be extended by weeks, whereas we are now discussing not only extending people's lives for years but potentially enabling them to live a full life over which they could pay back some of the cost of the treatment?

Nicola Blackwood: As a politician, I do not feel I am qualified to make the judgment about the different clinical priorities, which is exactly why that decision is supposed to be made by clinicians. We are, though, hearing that there is a difference between the published evidence that is going forward to the board for decision making and that at the coalface. That is what needs to be rectified before the decision is made. We are working hard to try to ensure that that happens so that patients such as Sasha, Emily and others have the best possible chance.

It is precisely because of the extreme stress and the fear of relapse that the hon. Member for Coventry North East (Colleen Fletcher) identified—the hon. Gentleman agreed with her—that in the meantime we are trying to focus our efforts on improving patient care and driving forward research, so that we can improve the outcomes of first stem cell transplants and explore all possible treatments and therapies for these very hard-to-treat conditions. That is why the Department of Health has not washed its hands of stem cell treatments. We have provided more than £19 million to our delivery partners, NHS Blood and Transplant and Anthony Nolan, since 2010, and a further £2.5 million this year.

Support from the Department is shaped by expert advice from the clinical community and has led to a number of tangible improvements that mean that patients are now significantly more likely to find a matched donor. Better matching of donor and recipient means that the stem cell transplants are much more likely to work the first time, which is a better outcome for the patient anyway. We have also supported the creation of a unified donor registry, which, combined with advances in tissue-typing, means that the time taken to identify a suitable donor has been significantly reduced. As many

colleagues have said, patients in need of a stem cell transplant are often very ill and do not have time to waste, so that progress is very important.

Despite significant improvements in the chances of finding a suitable donor, there remains a global shortage of donors for patients from minority groups, which is unacceptable. That is why we are continuing to support the expansion of the cord stem cell bank. Stem cells from umbilical cords tolerate minor mismatches in tissue type, so are disproportionately used to treat patients from minority groups, for whom finding an exactly matched donor may be impossible. We are trying to combine that with the targeted recruitment of adult donors from under-represented communities. The chances of patients from minority groups continue to improve, but we recognise that there is still more to be done and are working closely with charities and hospitals to try to ensure that that happens.

Recent high-profile donor search campaigns, such as Match4Lara, have done a lot to help to raise awareness of the particular challenges that some patients face in finding a donor. Through that and other campaigns, Anthony Nolan has demonstrated the value of using social media to reach young people in all sections of the community. Overall, it is estimated that investment by the Department and the work of delivery partners such as Anthony Nolan means that, compared with 2010, more than 130 additional lives are being saved each year. We are making progress, but there is no complacency, and we recognise that more needs to be done.

Mr Burrowes: I am the first to congratulate the Government on making that investment, and on that commitment and partnership work. Nevertheless, is there not a mismatch? The investment commitment to collections at source is no doubt meant to ensure that there are outcomes in relation to transplantation. Our issue is that it seems that, at the end of the day, when a patient gets to the second transplant, which is sadly part of the complicated life-cycle for them, we seem to be just pulling the rug from under them.

Nicola Blackwood: My hon. Friend will have heard my answer on that. We are trying to address that as we go through the commissioning process by ensuring that the best possible evidence is there and that it is the most up-to-date clinical evidence, so that, through what has to be a robust prioritisation process, the second stem cell transplantation for relapse has the best possible chance. I also think that it is important that we address the other areas of stem cell transplantation to ensure that patients have the most improved outcomes at, for example, first transplant level, so that the research is available to feed through into that prioritisation process, and also so that patients have the best possible experience going through the process.

Finding a suitable donor is only the start of a long recovery process for patients, as Emma said very clearly to me. The report from the independent Cancer Taskforce, with which hon. Members are familiar, identified a number of ways in which people living with and beyond cancer could and should be better supported. In the case of patients receiving stem cell transplants, NHS England has set out the pathway in its service specifications. It is widely recognised that patients receiving a stem cell transplant often experience severe psychological and

[Nicola Blackwood]

emotional stress. The aggressive nature of the treatment and the need for prolonged hospital stays mean that the psychological impact on patients can be particularly severe.

Transplant centres recognise that the long-term management of these effects is an important aspect of the transplantation process. It is important that we stay by those patients for the long term, as has been mentioned. There is also an urgent need to improve the clinical outcomes of stem cell transplants and to track those outcomes so that we have the evidence to present. The planned impact project is an important aspect in addressing the development of the best possible clinical practice. This network, supported by the charities, Anthony Nolan and Leuka, will complement the existing National Institute for Health Research clinical trials network. It aims to recruit 20% of stem transplantation patients into clinical trials. We believe that it is only through further research supported by clinical trials that the survival rates for these transplants can be improved.

During my recent visit to the Anthony Nolan laboratories, I was particularly impressed to see that they are involved in applying the latest genomics technology to improve the matching of donors and recipients. It is a clear example of how we are directly improving care and access through our research and through the 100,000 Genomes Project.

Mark Tami: I thank the Minister for giving way; she is being very generous. She has touched on a key point there, and it is something that I have raised with her before. We are rightly prepared to spend a large sum of money on treatment to give people the transplant they need. As she says, it is a very difficult process for the patient. Afterwards, there is virtually no support for that patient and for their mental health. They may have a lot of questions and a host of issues—a child, for example, may want to know why it has happened to them and why they look different—yet they really have to search for support. The support should be part and parcel of the whole package, rather than something that is applied as some sort of add-on.

Nicola Blackwood: The hon. Gentleman is absolutely right. It is very important that we look at the whole child as well as the psychological impacts of long-term illness—whether it is a cancer or any other kind of long-term illness. He will know that we are developing a

Green Paper for children's mental health, and I do intend, and hope, to be addressing the ways in which we can look at not only the broad spectrum of children's mental health, but those who have particular challenges that they need to overcome. He has raised the matter with me before. I gave him a commitment that I would follow through on it, and I reassert that commitment tonight.

The way in which we are working on this, which is to build up the research to improve patient care and to ensure that we are allowing the NHS to deliver world-leading therapies based on genetic information, is essential to ensuring that every patient receives the appropriate treatment. That is what colleagues say they want to happen. It also highlights the importance of having the right infrastructure in place throughout the NHS, because if we do not have that, we will not be able to provide the best support.

That is why we announced in September an £816 million investment for biomedical research centres over the next five years. We also specifically support translational research into stem cell transplantation through the stem cell and immunotherapy research unit—one of four NIHR blood and transplant research units, each of which is a partnership between a university and NHSBT. The stem cell unit at University College London is involved in the development of new and potentially transformative forms of treatment involving immunotherapies. Such therapies are perhaps the most exciting and promising area of cancer therapy and may eventually entirely replace the need for stem cell transplantation. I appreciate, however, that those advances cannot come soon enough for the patients mentioned tonight.

As ground-breaking as our research efforts undoubtedly are and as necessary as they are for the long term, we must always remember that research is not an end in itself. Ultimately, we are all working to deliver better, more targeted patient outcomes that offer hope to the thousands of people living with an incurable condition. In doing so, we must ensure that we are helping to improve the lives of those patients and their families while we work to transform NHS care for generations to come. That is what we are working to deliver. I hope that the hon. Member for Alyn and Deeside and my hon. Friend the Member for Enfield, Southgate will work with me as we try to do that.

Question put and agreed to.

7.25 pm

House adjourned.

Westminster Hall

Tuesday 24 January 2017

[MR GEORGE HOWARTH *in the Chair*]

BACKBENCH BUSINESS

Midlands Engine

9.30 am

Chris White (Warwick and Leamington) (Con): I beg to move,

That this House has considered the Midlands Engine.

It is a pleasure to serve under your chairmanship, Mr Howarth. I thank the Backbench Business Committee for granting this debate.

Some 105 Members represent the midlands region. We may not have all of them here this morning, but we are represented by quality if not quantity. The midlands is a major contributor to our national economy. It generates 13% of the UK's gross value added and has enormous potential to be at the forefront of economic growth. The midlands engine initiative is therefore extremely welcome and necessary to develop a long-term strategy that works for business, the region and its people.

As I am sure we all know, the midlands is the biggest economic region in the UK outside London. It has a £210 billion economy and employs 4.6 million people. If we adopt the right approach, it will be well placed to build significantly on that, and that is what I hope to discuss this morning.

We have a rich industrial heritage going back to the industrial revolution; our constituencies are linked by a comprehensive canal structure that dates from the beginning of that time. Today's economy is much more diverse, but our sense of regional identity remains strong and manufacturing continues to be an essential and vibrant sector. It is right for the midlands engine to pay tribute to that history and to use it as a foundation for the prosperity and growth to come.

In formulating the strategy, the first consideration is the extent to which powers should be devolved from the Department for Business, Energy and Industrial Strategy to the midlands engine, our local enterprise partnerships, our local authorities and the West Midlands combined authority, striking a balance between empowering the region and maintaining sufficient oversight of returns on investment.

It is good to see the Minister, who represents a Warwickshire seat, in his place. As I have told him, we could devote time to unitary authorities as part of this discussion, but we will save that debate for another day. Perhaps he will put a date in his diary.

The midlands is already an attractive proposition for business, but to improve the situation further more investment in infrastructure is absolutely essential.

Julian Knight (Solihull) (Con): I congratulate my hon. Friend on securing this important debate; he is a strong champion for our region as well as for his constituency. On infrastructure, I wonder whether he

welcomes the tone of our Prime Minister towards the midlands engine. Although the announcement on infrastructure yesterday was largely to do with northern areas, there is a strategy paper on the way—and, crucially, LEP allocations to go with it.

Chris White: I thank my hon. Friend for that intervention. I hope we will see over the coming weeks a more tangible effort and energy going into the midlands region, with local enterprise partnerships having the necessary funding to do what we require them to do.

Ian Austin (Dudley North) (Lab): It is great that the hon. Gentleman has secured this debate, and I congratulate him on it. The point about infrastructure spending is really important because there is a massive disparity between the amount of spending in the midlands and that in other parts of the country. Transport funding per capita in the west midlands is less than half that of Scotland and 40% of the level in London. In the midlands as a whole, which has 10 million people, we got a mere £1.72 billion spent on transport compared with London, whose population is smaller—it had £3.87 billion. Over a decade, £15 billion less has been spent on transport in the midlands than in other parts of the country.

Chris White: I get the hon. Gentleman's point. I am sure the Minister is listening to see how we can rebalance our regions to make sure essential investment will be forthcoming.

Mr Andrew Mitchell (Sutton Coldfield) (Con): Does my hon. Friend believe that the hon. Member for Dudley North (Ian Austin) should include in his figures all the investment that is going into HS2 in the midlands, particularly in Birmingham?

Chris White: I was coming on to HS2, which I have religiously voted against at every single opportunity. However, even I am beginning to see that it may become a reality. If it does, we must make sure that we take the benefits that HS2 brings, whatever they may be.

Mr Jim Cunningham (Coventry South) (Lab): The hon. Gentleman, like me, is obviously opposed to HS2. The only area of the midlands to benefit will probably be Birmingham and the surrounding area, but Coventry and Warwickshire, where he has a seat, will not necessarily benefit.

More importantly, whatever the negotiations in relation to Brexit are, we need the Minister to reassure us that regional aid will be replaced with another form of aid for the midlands. We do not want to lose out. When I was leader of Coventry City Council, we did not get regional aid; companies such as Nissan went to Sunderland instead, because that area got regional aid. That is a very important point.

Chris White: I thank the hon. Gentleman for his intervention. He says, perhaps unkindly, that Birmingham might be the only place that benefits from HS2, but there has been a suggestion that only London will benefit. He is tempting me into a debate that is perhaps for another day.

Digital infrastructure is also part of our connectivity and a vital component today. That will increasingly be the case in the interests of the local economy. Each region has its own specialisms and needs, which means

[Chris White]

that it is necessary to make tailored decisions that will impact positively on each region. Midlands Connect has an important role in this, representing the transport partnership of the midlands engine with 28 local authorities, Network Rail, Highways England, Government and the business community working together. In addition, developing a skills base to match the demands of an ever-evolving business world is imperative. As such, aligning skills with regional business can be instrumental in boosting our economic growth.

The Government's industrial strategy, which I was delighted to see launched yesterday through a statement in the House, is a policy I have spoken on at length before. I see the midlands engine as an important part of the broad approach. As the strategy develops, regional empowerment must be at its core so that the constituent parts of the UK reach their potential and the whole nation benefits.

As with the industrial strategy, the midlands engine must be underpinned by a focus on individuals and communities feeling a part of the policy. If each community understands how relevant the strategy is, that strategy will seem much closer to individual citizens than something such as a long-term economic plan. Individuals and communities can better understand the role that they can play in an industrial strategy.

Craig Tracey (North Warwickshire) (Con): I congratulate my hon. Friend on securing the debate. He will be pleased that I am steering clear of HS2; my thoughts are broadly in line with his, if not a little stronger.

One of the key industries for my constituents is the motor industry. Does my hon. Friend agree that it is important to support businesses that choose to locate themselves in north Warwickshire, such as Plastic Omnium, Sertec and the smaller businesses that play such a vital part in the supply chain and the local economy?

Chris White: I worked for MG Rover and I know Plastic Omnium and its role in the supply chain. We are very proud to be home to Jaguar Land Rover in Warwickshire, and investing in the supply chain is just as important as investing in and supporting Jaguar Land Rover.

"The Midlands Engine for Growth: prospectus", which was produced in 2015, saw 11 local enterprise partnerships join together to produce a vision for the region. I was particularly heartened to see manufacturing and engineering highlighted as the cornerstone of future success. As the co-chair of the all-party parliamentary group on manufacturing, I recognise how important it is to incentivise UK-based production, whether through new investment or reshoring.

Advanced manufacturing is a notable aspect of the midlands economy and can propel our competitiveness globally. As the prospectus identifies, advanced manufacturing is the bedrock of the region, employing more than 600,000 people and accounting for just less than 20% of the UK's manufacturing output. It was good to visit Jaguar Land Rover with the Secretary of State for Business, Energy and Industrial Strategy on Friday, to see some of the technologies taking place there that will lead not only the region but the country, on a global level.

I welcome the Government's support for the Catapult network. The high-value manufacturing Catapult has generated £15 of benefit to the economy for every £1 of funding. It cannot be said enough that research and development is key to our future success; it acts like a magnet for business and is the core of business and manufacturing. To lose our R and D facilities would be to endanger our manufacturing output, which is just beginning to recover. Other projects include the Energy Research Accelerator, where six world-class universities are working together with the support of £180 million of investment, as well as the energy systems Catapult, which is located in Birmingham.

Energy storage is an issue for the future and the midlands can be a driving force in developing those technologies. If we are serious about electric cars, which are the cars of the future, we need the batteries to power those cars. To be able to produce those batteries where the cars are manufactured—in Warwickshire, in the midlands, at Jaguar Land Rover—we need the power supplies to be able to make that happen.

Mr Mitchell: I congratulate my hon. Friend on securing this important debate. He is making a very good speech. Would he agree that apprenticeships, which have been championed by the Government, have had a real effect on the midlands region? In particular, they have stopped our region from being at the bottom of the employment league table in Britain and have significantly increased the number of new businesses that are starting and growing in the west midlands.

Chris White: I thank my right hon. Friend for that intervention. Apprenticeships are very much part of our future. I was also very fortunate to visit Warwickshire College with the Minister for Apprenticeships on Thursday. It was great to see how those young people are taking a totally different path for their future—one becoming more recognised for the skills that it will deliver—and to see them designing clays for cars and getting right into the process. Any encouragement we can give to make sure that business, schools and colleges are working together to increase the number and deliver on the 3 million apprenticeships that we need by 2020 can only be beneficial to our regional and national economy.

We need to have a thriving environment for innovation and tech. In my constituency, that includes the creative industries—the video games sector cluster is rapidly becoming the second or third-biggest cluster outside London. We need to create a framework in which such sectors can thrive, providing a flow of talent into the industry.

Developing a local identity on a regional level can be a catalyst for success. We have a proud tradition of manufacturing that we must build on, but other sectors can come to the fore and boost the region's international prospects—in particular the creative and digital industries.

I hope that our strong academic base can continue to grow. The midlands is home to 25 universities and 50 further education colleges. Closing the skills gap across a variety of sectors is an integral part of the midlands engine and poses one of the greatest challenges ahead. Technological advances are shifting the needs of industry and we need to embrace the opportunities ahead, such as in Industry 4.0, and pinpoint areas that we need to strengthen, such as encouraging children to

study science, technology, engineering and maths subjects. I note that the midlands engine prospectus highlighted proposals to create a network of regional science parks. I fully support efforts to push the midlands to the forefront of academic research in the UK, complementing our advanced manufacturing and technical skills base.

On a slightly negative point, productivity is a key challenge for the midlands—it is 10% lower than the national average. Improving infrastructure, as well as continued investment in science and research, could have a profound effect on reversing that figure.

In the autumn statement, the Chancellor announced that a midlands engine strategy was to be published, and I understand that more details will be provided in the coming weeks. Yesterday's industrial strategy Green Paper pointed to places making their own unique contribution to driving national economic growth. Much has been made of the northern powerhouse and the regeneration of the north, which is an important goal, but I hope that the midlands engine can develop in parallel, working with other regions wherever prudent. We must continue to attract foreign investment, which will naturally happen as we strengthen our network of business, research and education.

Julian Knight: Part of attracting foreign investment is connectivity through Birmingham Airport. As my hon. Friend is probably well aware, Birmingham Airport is, frankly, a couple of decades behind Manchester in many aspects at the moment, although it does have spare capacity. Would he support my call, and that of the hon. Member for Dudley North (Ian Austin), to devolve air passenger duty so that Birmingham Airport can compete on a level playing field as devolution moves forward?

Ian Austin indicated assent.

Chris White: I thank my hon. Friend for his intervention, which got a "Hear, hear!" from the other side of the Chamber. I suggest that those sorts of powers could be devolved; at the same time, if my hon. Friend could ask Birmingham Airport not to increase the number of flights over my constituency, that would reduce my postbag.

Ian Austin: The important thing about Birmingham Airport, with its 12 million passengers last year, is that it contributes £1 billion a year to the regional economy. With HS2 on the way, expanding capacity at Birmingham would enable it to play a much bigger role as a global hub, increasing the region's connectivity and enabling travellers and businesses to come to the midlands and local businesses to export much more easily.

Chris White: The hon. Gentleman makes a valid point about the connectivity of our transport infrastructure. The airport issue, which could be contentious, deserves time for its own debate. Debates on the midlands engine and everything that will underpin that engine need to happen again and again. Just to discuss the issue this morning and then close the door would not serve any purpose.

Maggie Throup (Erewash) (Con): My hon. Friend has been talking about Birmingham Airport. I would remind everybody that there are two airports in the

midlands—there is East Midlands Airport as well. We need to make sure that there is connectivity across the whole of the midlands, not just the west midlands.

Chris White: That is a salutary reminder that the midlands are made up of both the west and east, and I thank my hon. Friend for that contribution.

Lilian Greenwood (Nottingham South) (Lab): Will the hon. Gentleman give way on that point?

Chris White: I will, although I can imagine what the hon. Lady is going to say.

Lilian Greenwood: I just wish to follow up on the point made by the hon. Member for Erewash (Maggie Throup). East Midlands Airport is, of course, different from Birmingham Airport in that it is the second-largest freight airport in the country, which is hugely important for serving businesses across the whole region. Will the hon. Gentleman acknowledge that point?

Chris White: I thank the hon. Lady for making it simple for me by asking me to acknowledge the point. I most certainly do.

As with the industrial strategy, it is important to provide measures to understand how the midlands engine initiative is succeeding. For example, to what extent do we need to boost foreign direct investment? How many apprenticeships are needed in the region? What is the required level of financial support for science and research? An office for industrial strategy could and should be created and held accountable for the progress made, including our region's economic success.

The Green Paper sets out 10 pillars to boost the nation's economy, from business growth and investment in infrastructure to clean energy and world-class research. The midlands engine touches on all those pillars and will benefit from the strategy. In turn, the region can play an instrumental role in our nation's success.

9.50 am

Lilian Greenwood (Nottingham South) (Lab): It is a pleasure to serve under your chairmanship, Mr Howarth, and I congratulate the hon. Member for Warwick and Leamington (Chris White) on securing the debate. I am sure the Minister will enjoy the opportunity to talk about the Government's industrial strategy, but I am afraid that most attention right now is probably focused on what is happening on the other side of Parliament Square. I will return to the significance of our relationship with the European Union later.

Outside this place, many people still ask what the midlands engine is. The answer is simple: we are the midlands engine—we being the many right hon. and hon. Members who stand up for their midlands constituencies in this place, and the entrepreneurs, innovators and grafters back at home. All of us are working harder than ever, together, to build our collective identity; to develop our competitive offer; to promote the midlands to the world; and to attract people to come to us to invest, to study, to work and to live. The midlands engine is not just a brand, an organisation or a place. It is all of us working together to show that when the midlands succeeds, Britain succeeds.

[Lilian Greenwood]

The assets of the midlands engine will be familiar to everyone, not only up and down the country but throughout the world—Range Rover, Rolls-Royce, JCB, Toyota and Boots are a few of the names that have made the midlands famous. What is great about all those assets is that their industrial evolution is constant as they reinvent themselves and their products to meet the demands of our ever-changing world.

No clearer evidence for midlands resilience and ability for reinvention exists than in my constituency. The site where thousands were once employed to manufacture Raleigh bicycles is now the University of Nottingham's innovation park, where businesses and researchers work together on everything from satellite navigation, aerospace and sustainable energy technologies, to drive-chain engineering and sustainable chemistry. The city centre site where ibuprofen was discovered by Dr Stewart Adams is now one of the UK's largest bioscience incubators, commercialising cutting-edge research. When I came through Nottingham yesterday, I saw that the brand-new BioCity Discovery Building is almost up and finished, showing how the sector is developing and growing.

None of that is new. As the hon. Member for Warwick and Leamington said, the midlands has been an engine for growth for centuries, and will be for centuries to come. The strong midlands DNA is rooted in our industrial heritage, which is reflected in our being the advanced manufacturing heartland of the nation, responsible for almost a quarter of the UK's total manufacturing capability.

Two and a half centuries ago, new canals connected England's major rivers, opening up the interior for the movement of raw materials and trade of finished goods. High Speed 2 can have that same transformative impact, with the potential to unlock huge economic benefits for the midlands and for the UK as a whole. To me, HS2 is a once-in-a-lifetime opportunity for us to transform Britain's infrastructure, linking the cities of the midlands and the north with fast, frequent and reliable services, connecting people and places, businesses and workers, markets and customers, driving up growth and productivity, and expanding the life chances of more than 11 million people in the midlands engine region. HS2 is not about the much mocked 20 minutes off the journey time to London—although who would not want to have even better connections to one of the world's mega-cities? It is about improved capacity and incredible connectivity within the midlands region.

Mr Mitchell: The hon. Lady is absolutely right. HS2 is not about speed; every day 4,000 people stand on trains going into and out of Birmingham.

Lilian Greenwood: The right hon. Gentleman is absolutely right. Phase 1 of HS2 in particular is about vitally needed extra capacity, although for phase 2 connectivity and journey-time savings are important. Cutting the journey time between Nottingham and Birmingham from a dawdling 1 hour and 13 minutes to only 36 minutes will make a real difference to the choices available to workers, businesses and investors. We should not downplay that.

HS2 can and must act as a spur to regeneration and job creation. The West Midlands combined authority's growth strategy aims to add £14 billion to the economy

and to create and support 100,000 jobs. The Curzon investment plan is designed to regenerate that area around the planned HS2 station. In the east midlands, councils, local enterprise partnerships and the East Midlands chamber of commerce are working together to develop ambitious but deliverable proposals for maximising the economic potential of a new HS2 and classic-rail hub station at Toton, not only for that immediate area, important though that is, but for the whole region.

The benefits of HS2 for the region will be fully realised only if they come alongside other transport improvements. I recognise the danger of my sounding like a broken record, but Conservative Cabinet Ministers came to the east midlands before the most recent elections promising to deliver our region's top transport priority—the electrification of the midland main line—only then to pause it, unpausa it, delay it by four years and now give the impression of wanting to scrap it altogether. That is not good enough. The midlands deserves 21st century infrastructure, and the Government must deliver on the promises they made to our region if we are to be ready for the global challenges ahead. I am sure the Minister understands the importance of the midland main line electrification to our region, so I hope he will speak to his Department for Transport colleagues and ask them to think again.

I remain optimistic about what the midlands has to offer and its ability to seize the coming opportunities. However, I cannot fail to sound a note of caution about the UK's future relationship with the EU and the profound risks that that poses to the midlands engine. The midlands is the manufacturing heart of the UK, so the potential loss of tariff-free access to the single market and the potential imposition of customs controls would surely have a chilling effect on those businesses I mentioned. We know that Toyota is considering how it can survive in a post-Brexit UK. Boots tells me that it is deeply concerned about our being outside the European Medicines Agency. Our world-class universities are extremely worried about their ability to maintain their position in global league tables without access to the Horizon 2020 funding, and without the ability to recruit and retain the highest-calibre students and staff from around the world.

In the coming weeks and months, therefore, I will press the Government hard to ensure that they do not put obstacles in the way of the bright future that our region is heading towards.

Mr George Howarth (in the Chair): Order. While we are on the subject, it might be of benefit to those present to know that the Supreme Court has ruled that an Act of Parliament will be necessary to trigger article 50. Whether that changes anything that the hon. Lady wishes to say, I do not know.

Lilian Greenwood: Thank you for that update, Mr Howarth, which I am sure is welcome to everyone who wants to both participate in this debate and follow what is happening outside.

I will not just take the Government to task on their approach to Brexit negotiations—we now know that we will have the opportunity to do that through legislation—but raise concerns about cuts to school funding. Those are hitting my constituency and will make it harder for us to close the skills gap, which is important to the success of the midlands engine.

Whatever the Government throw at us, we will find a way around or over it. Midlanders always do. They are very resourceful, and necessity was ever the mother of invention. When they are done working their way over and through all the obstacles, midlanders can enjoy everything else that our region has to offer, whether that is sport; art or literature; caves, canals or castles; theatre or music; or food or drink. My city of Nottingham alone, which is a city of literature and football—although our ice hockey team needs to expand its trophy cabinet at the moment—has everything from a two-star Michelin restaurant under a flyover to a castle that is not a castle but has been the rebellious heart of the country for centuries. That is just one corner of the midlands engine. No wonder we are what makes the country go.

10.1 am

Amanda Solloway (Derby North) (Con): It is a great pleasure to serve under your stewardship, Mr Howarth. I congratulate my hon. Friend the Member for Warwick and Leamington (Chris White) on securing this important debate.

As I come from Derby North, the success of the midlands engine is incredibly important to me. In 2015, the then Chancellor launched his vision for the midlands engine—this Government's 15-year vision for our region to create an engine for growth in the United Kingdom. Everyone who attended that launch was excited by that plan's potential benefits for the region: the creation of hundreds of thousands more jobs, the opening up of more trade routes around the globe, and overall improvements to the quality of life in the midlands. The plan envisages boosting our regional economy by £34 billion. We can reach that target, but to do so, we must come together and all sectors—public and private—must co-operate.

The midlands engine can be a vehicle to deliver policy to support the vision that we develop for a successful United Kingdom outside the EU. We have a strong offering in the midlands, which can deliver growth that is both balanced—by sector, geography and trade—and sustainable, in that it creates skilled, highly productive roles backed by private sector investment.

What are the opportunities? The midlands engine must focus on elements that give us competitive advantage, central to which is our expertise in key sectors, especially advanced manufacturing. We have a high density of original equipment manufacturers. In and around my constituency alone, we have Toyota, Rolls-Royce and Bombardier, and well-established supply chains that serve them all. Greater competitiveness in those supply chains will boost jobs and attract inward investment, and that is a key area where the policy we set here can have a real impact.

Our location has fantastic connectivity to the north and south. If we capitalise on that, we can be as good at moving things as we are at making them. My hon. Friend the Member for Erewash (Maggie Throup) and the hon. Member for Nottingham South (Lilian Greenwood) mentioned East Midlands Airport, which is the UK's largest pure freight airport. Although east-west connectivity requires improvement, we hope that Midlands Connect's work to inform road and rail infrastructure spending will start to address that. Affordable land is available for development, and our workforce has a

heritage in manufacturing. In recent months, we have also seen companies looking to relocate from the EU to the midlands to be closer to their customers.

Importantly, our starting position is strong. According to East Midlands Chamber's quarterly economic survey, east midlands businesses ended 2016 performing stronger than they had for six quarters, and businesses are already reporting revised investment plans and new overseas strategies to capitalise on forthcoming opportunities. However, with opportunities come challenges. We must work collectively to sell the midlands as one region, not continue to divide ourselves as representatives of the east or west. We need to ensure that the strengths and attributes of the whole midlands are brought to bear. The strategy also needs to have the private sector at its heart, shaping and informing activity.

Under this Government, the midlands has started to grow faster than the UK average outside London, and that trend must continue. Opening up the midlands to overseas investment, encouraging our small and medium-sized enterprises to export and showcasing the fantastic manufacturing and engineering firms that help drive our economy overseas are all steps we can support to make the vision of the midlands engine a reality, and to open the region to previously untouched markets.

Crucially, we must have an environment underpinning the midlands engine in which local people are educated and trained in skills that match needs.

Nadhim Zahawi (Stratford-on-Avon) (Con): As a west midlander, I completely agree with my hon. Friend that we should speak with one voice as one region. In that way we will do better. On skills, the Government's agenda to deliver 3 million apprenticeships is to be commended. That is probably one of the biggest benefits for our region and manufacturing.

Amanda Solloway: Absolutely. I was going to come to apprenticeships, which are significant in Derby North. We really need to look at having training and skills that match local employers' needs. Our local enterprise partnerships outlined that as a key theme when they were consulted by the Government about plans for the engine. During my time as an MP, I have regularly heard concerns that more needs to be done to tailor skills to play to local strengths and boost our productivity. Brilliant work is being done in Derby to try to tackle that problem. For example, in response to the needs of businesses such as Rolls-Royce and Bombardier, the university in the city recently opened a new science, technology, engineering and maths building. Apprenticeship providers such as 3aaa are building initiatives to link employers, schools and apprenticeship providers to tailor skills. More needs to be done to support such initiatives if the midlands engine is to live up to its full potential.

Sir John Peace, chair of the midlands engine, said yesterday that

"playing to our strengths and enabling new sectors...will deliver the high wage, high skill economy of the future."

We know what our strengths are in the midlands. We now need to ensure that they reach their full potential.

10.7 am

Maggie Throup (Erewash) (Con): It is a great pleasure to serve under your chairmanship, Mr Howarth. I welcome this debate on the midlands engine, which my hon.

[Maggie Throup]

Friend the Member for Warwick and Leamington (Chris White) secured. It is also a great pleasure to follow my hon. Friend the Member for Derby North (Amanda Solloway), who is a fellow east midlands MP.

This year, among other special dates, I am celebrating 30 years of living in the midlands. When I first moved there, I thought I would move on and not stay, but the midlands has offered me so much, both socially and from a work point of view, that I have stayed. I moved from Yorkshire as a result of a promotion. People tend to move further south as they move on in their careers, but the midlands has so much to offer, as we have heard from both west midlands and east midlands MPs, that more people need to hear about what we have in the midlands, and that is what we are doing today.

Mr Mitchell: May I confirm, as everyone will agree, that in moving from Yorkshire to the midlands my hon. Friend has been promoted?

Maggie Throup: I thank my right hon. Friend for that. I do not want to offend anyone from Yorkshire who still lives there, but I am proud to say that I live in the midlands and represent a midlands seat. It is really important that we bang the drums and fight our corner to ensure that we get everything that we need to make the midlands a true engine for growth.

Just yesterday, the Green Paper on our new modern industrial strategy was published. Although I welcome that and its focus on skills and training, it would be remiss of me, as the representative of Erewash, not to stand up for traditional industries as well as new technologies. So many traditional industries are taking on board new technologies, and it is important that we combine those. I am proud to represent a constituency that still makes. Despite being called Nottingham lace, it is made in Ilkeston in Derbyshire—work that one out. It is still made on the traditional looms in historic mill buildings.

I am also proud to represent a constituency that proudly proclaims to those arriving at Long Eaton station that it is a UK centre of excellence for upholstery manufacture. We export sofas and chairs, and the upholstery is sold in some of the UK's top stores; it can also be bought in some cheaper stores. Many seats that people sit on at home or in friends' houses, and in hotels and public buildings, are made in Long Eaton. We must never forget that there are many traditional businesses that boost midlands growth.

Erewash is a place that provides a great example of how traditional and modern industry meet. Anyone driving through the constituency is likely to see storage yards full of concrete pipes and drains. Perhaps that seems strange, but I was delighted when a few weeks ago I officially opened a new "magic manhole" plant at Stanton Bonna, which will help to speed things up, provide consistent quality, and decrease waste. Interestingly, when the pipes leave my constituency we shall probably never see them again, because they go underground. Whether they are for new housing, industrial sites, Crossrail or—fingers crossed—HS2, those reinforced concrete pipes made in Erewash will form a critical part of construction in years to come.

As I have explained, Erewash already plays its part in the midlands engine; but I know it can go further. That is why I welcome the Government's commitment to the area and their ambition to make the midlands a true engine for growth. We have heard about the west midlands, but I want to think about the east midlands. The commitment includes £250 million of investment funds providing access to finance for small and medium-sized enterprises. My constituency has many SMEs rather than huge employers, so that is important for Erewash. There is £60 million for the energy research accelerator, and some of it is going to the University of Nottingham, which is close to my constituency. Also, there is multimillion pound investment to make the most of the HS2 hubs in the west and east midlands; the east midland HS2 hub abuts my constituency. That brings me to the subject of skills, specialist STEM subjects, and engineering in particular.

HS2 and the HS2 hub create economic and employment opportunities for my constituency, but we need to make sure people have the right skills. We should also not forget the residents who will lose their homes and the businesses that will lose their premises to make way for the track, which will come right through my constituency. It is vital that they get timely and appropriate compensation, especially as many of them have lived in their homes for 30 or 40 years; some have lived in them all their lives.

To maximise the potential of HS2, residents need the right skills—including employees of flagship companies, some of which have already been mentioned, such as Rolls-Royce, Bombardier and Toyota. Businesses and the local economy can continue to be successful only if people and goods can get around, as has been mentioned, and if there is the right infrastructure. The road network across and around Erewash is already creaking at the seams. I welcome the benefits from the east midlands HS2 hub and the additional proposals for 2,000 new homes, with light industry, on a brownfield site in Stanton, but we need dramatically to improve the road network, and to bring it into the 21st century. Otherwise the area will become a huge car park, and that will not stimulate growth but stifle it. That is why I am calling for an additional motorway junction on the M1, to help ease current gridlock and keep Erewash moving well into the future.

We need the investment and commitment that the midlands engine brings, but we also need more joined-up thinking; and we need to make sure that no area is left behind. It must not revolve around the big cities—Birmingham in the west midlands, and Nottingham and Derby in the east midlands. Too often I get the feeling that my local enterprise partnership, D2N2, puts Erewash at the bottom of the list. We need to address that. The midlands engine must be maximised, as a strategy and an investment mechanism. We must nurture full collaboration between businesses and universities. It should be used as a vehicle to attract domestic and foreign investment, on top of what the Government have put in, if we are to have long-term, sustained economic growth across the whole of the midlands. We need to make sure that the midlands is a true engine for growth for the whole UK.

10.15 am

Peter Dowd (Bootle) (Lab): I thank the hon. Member for Warwick and Leamington (Chris White) for bringing this issue to our attention so that we can tease out some

important issues. I declare an interest, of sorts. West Bromwich Albion FC beat Everton FC in the FA cup final on 18 May 1968 at Wembley, by scoring three minutes into extra time. It was a traumatic experience for an 11-year-old Evertonian. However, I hold no grudges against the midlands and I deny that I was psychologically scarred by the event, so my comments today should not be taken in that context.

I was pleased that the hon. Member for Warwick and Leamington dealt with a wide range of issues, including academic research, research and development in general, energy storage, matters affecting the creative industries, and the challenge of low productivity. Of course there is also the vexed question of the airport.

My hon. Friend the Member for Nottingham South (Lilian Greenwood) talked about the midlands engine being not a brand but the people, and an engine for growth. I fully concur with her view that when the midlands do well the UK does well. She also made crucial points about HS2 helping to transform Britain's infrastructure, other transport investments in the area, and Brexit concerns. The hon. Member for Derby North (Amanda Solloway) talked about working together and playing to the region's strengths, and of course the hon. Member for Erewash (Maggie Throup) talked about the need to stand up for traditional industries as well as new technologies. In that respect, when I sit on my sofa I will be reminded of her.

As a former leader of a council in the Liverpool city region I have, as the saying goes, been there, to some extent. I am pretty *au fait* with the difficult gestation period that comes with setting up the structures and mechanisms of a city region and the wider region; but it is about time, and long overdue. The dragging hand of Westminster and Whitehall on regional policy is a danger; that approach is well past its sell-by date. In fact, the centralisation from London has clearly left the other regions in a less favourable position than the south-east and London. That is not to say that I have any criticism of those regions. Quite the opposite—good luck to them. But it is time that other regions also got more attention. I think that that point has been raised today several times. The same thing has been true of successive Governments who over the decades have to an extent had a stranglehold on local government, leaving it passive and dependent. However, that is changing, and that failed approach cannot continue.

The "Midlands Engine for Growth" prospectus of 2015 mentions that the offshore wind market is worth up to £100 billion. In fact, as you know, Mr Howarth, in Liverpool bay, off the coast of my constituency, there is a large wind turbine field, which is growing exponentially with investment from, among others, DONG, a majority state-owned Danish company, and, if I remember rightly, some input from the city of Copenhagen. It is a pity that local government and regions in this country are not in a position to do the same. I am very concerned that the Government are ideologically opposed to such ventures even if they would be in the best interests of city regions such as Liverpool working collaboratively with city regions in the midlands, or combined authorities in the midlands. I am afraid there is a danger of there being many words but little action from the Government, with that ideology hidden in the small print.

Conversely, at the same time as the former Business Secretary, the now Secretary of State for Communities and Local Government, talked in the prospectus of

freeing up local government and its partners to compete in the global market, he was interfering in their day-to-day affairs with the Trade Union Act 2016—which sought to micromanage local authority labour relations—with no recognition of any irony at all. Meanwhile, one of his predecessors at the Department for Communities and Local Government wanted to tell local authorities how to run off and on-street car parking arrangements. That state of mind has to be broken out of.

The consequences of the incapacity to deal with devolution in a significant way fall on and negatively affect people in the regions, such as the midlands. I am afraid that this rather petty, Lilliputian and prosaic interference reaffirms that the Government and Whitehall simply cannot let go; it is endemic, and it has to stop. Can anybody imagine the equivalent Secretary of State in Germany, France or Italy having the time or inclination to be bothered with such trivial interferences in the affairs of local government? I raise these issues simply for context. If the dead hand of Westminster continues to stifle innovation, imagination and entrepreneurship in the regions, and in the midlands in particular, because of a pathological inability to let things go, things will not change.

The Government set out their aims for the midlands machine in February 2015, which include raising the long-term growth rate of the midlands to at least that forecast for the whole UK, creating 300,000 extra jobs in the midlands, which is enormously welcome, creating a new skills matching service for local people and increasing the number of skilled apprenticeships, which others have referred to. They also include delivering £5.2 billion of investment in new transport infrastructure in the midlands, to which my hon. Friend the Member for Dudley North (Ian Austin) referred, and backing science and innovation, including by developing an Energy Research Accelerator through local universities. The Government also aim to support new technology in the automotive sector, to support the construction of 30,000 new homes and to make improvements to local education. The Opposition's main concerns are how the Government will meet those targets and whether they are committed to fully funding them, particularly as our economy heads into a difficult period that will be defined by high inflation, a continued weakened pound and potentially flatlining tax receipts.

More specifically, the prospectus indicated that the midlands engine partnership would develop a £180 million fund of funds, utilising the European Union's joint European resources for micro to medium enterprises programme, which combines European regional development funds with matched funding from the European Investment Bank. Will it still? Does the Chancellor's slush fund, as I like to think of it, account for the loss of that money, and will it be put back into the midlands engine? My hon. Friend the Member for Coventry South (Mr Cunningham), who was here earlier, referred to that.

The Government's aim for the midlands economy is to raise its long-term growth rate to at least that forecast for the UK. That target is based on the ability of the midlands to continue to grow at the same rate as between 1997 and 2013. There are a plethora of reasons why that is unlikely and, perhaps, overly-ambitious unless the Government pull their finger out and deal with many of the issues raised by hon. Members here today. As the

[Peter Dowd]

prospectus says, the region's gross value added is currently £222 billion annually, which is about 14.6% of the UK's total economic output, and has grown by 30% in the past decade. With 24% of the 11.5 million population under the age of 20, the midlands clearly has the potential to offer a long-term, sustainable workforce. That has been referred to today in terms of skills. However, although the midlands accounts for 15.7% of all employed people, the average GVA per worker is lower than the national average.

In fact, the midlands has not been able to keep up with the north and the south-east in employment, investment and job creation. A Resolution Foundation report found that, prior to the financial crisis, employment in the west midlands city region stood at 66.7%, which was 3.2% below the city region average. It also found that, while the recovery from that crisis has seen the proportion of people in work nationally rising to record levels, the west midlands is still not back to where it was, with an employment rate of just 64.5%, compared with 71.6% across other city regions. Barring Solihull, each local authority in the west midlands has an employment rate below the average across the UK's other city regions. That is important.

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones) indicated dissent.

Peter Dowd: I am referring to Government statistics; I am happy to send them to the Minister. In the east midlands the situation is worse. I do not want to push on; I think we have to look at this in a constructive and positive fashion. If we are going to do that, the Government need to pull their finger out and get that midlands machine cranked up and going. Members across the Chamber have highlighted and indicated where that could be pushed and sustained. The hon. Member for Warwick and Leamington laid it out fairly clearly, but laying it out and practically putting it into effect are completely different things.

The reality is that the call to take back control that we heard during the referendum debate extends not only to the national level. It is not just about bringing back control—whatever that means—to the United Kingdom, it is about a demand from the regions for the Government to move aside to some degree and let them get on with wealth creation for all people, not just a chosen few. Andrew Bounds from the *Financial Times* made the point that so long as the Government control from the centre and focus so much attention on the south-east and London, the regions will not be able to move on.

The Government need to give the midlands—the home of the industrial revolution—its independence back, with powers to do the job that central Government are not capable of doing. Hon. Members have referred to the entrepreneurs, the businesses, the people who go to work and the families in the midlands and other regions as the people who deliver the wealth. Local people in the midlands are much more capable of doing the business, so to speak, than the Government will ever be. The Government have to free them up to do that. The sooner the Government stop paying lip service to regional devolvement, the better, because the 11.5 million

people in the midlands deserve much better than they are getting from the Government. I exhort the Minister to push on with the midlands engine, not just in words but in practice.

10.28 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): It is a pleasure to serve under your chairmanship, Mr Howarth. I begin by thanking my hon. Friend the Member for Warwick and Leamington (Chris White) for calling this important debate. He brings a wealth of knowledge to the House, not only about the midlands but about manufacturing, from his role in chairing the all-party parliamentary group on manufacturing and from his experience in industry.

I am pleased to have the opportunity to set out the Government's vision for the midlands engine. It has been a generally positive debate about the midlands, its strengths and the potential across the region. I very much like and have a great deal of time for the hon. Member for Bootle (Peter Dowd), but I was slightly disappointed by the tone of his comments. The Government are setting out on a serious path to deliver devolution across the country, and I do not recall the type of devolution happening in the midlands ever happening in any great way, shape or form under the last Labour Government. The mark of what the current Government are achieving is that 447,000 more people are in employment across the midlands now than in 2010, when the hon. Gentleman's party left office.

As a proud midlander myself, I am passionate about the midlands and the role that it plays in our nation's economy. The midlands' success is vital to the UK's economic wellbeing and to creating an economy that works for everyone. As we have heard from hon. Members, the midlands economy is built on a globally significant advanced manufacturing base. Last year, the midlands accounted for 23% of all English goods exports, with products going to more than 100 countries. Our transport manufacturing base includes international brands such as Jaguar Land Rover, Rolls-Royce, Toyota, Bombardier and JCB. In the MIRA innovation technology park, which borders my constituency, the likes of Aston Martin, Bosch, Changan and many other world-renowned companies continue to grow and innovate.

Our science and innovation capabilities speak for themselves. Warwick, Birmingham and Nottingham are all in the world's top 150 universities. Those plus Leicester, Loughborough and Aston are in the UK's top 50 universities. Hon. Members mentioned a number of other universities that are delivering excellence across our area.

That said, there are still challenges. Productivity is a key issue. GVA per capita in the midlands engine area is about 20% below the England average, and there is much more to be done to promote growth across the midlands. Just yesterday, we launched a Green Paper setting out our ambitions for the UK's modern industrial strategy. Our aim is to improve living standards and economic growth by increasing productivity and ensuring that growth is spread across the whole country. This is a consultation, and we are asking people to tell us how we can best achieve our goals. Our industrial strategy will lay the foundations for a more prosperous and more

equal Britain. Our focus is on improving productivity, rewarding hard-working people with higher wages and creating more opportunities for young people. Following the consultation, we intend to publish an industrial strategy White Paper in 2017. That will set out the plan for the long term.

The midlands engine is at the heart of our country and must be central to our approach. A key part of our vision is to spread growth across the UK economy, ensuring that the economy is working for everyone. Local partners have come together and formed a midlands engine partnership, which stretches from the Welsh border on one side of the country to the North sea on the other. The partnership is led by the internationally respected businessman Sir John Peace.

There has been very good progress. Under this Government, the midlands has been growing faster than the UK average, excluding London. Our support for the midlands includes the £392 million that we allocated to local enterprise partnerships in the midlands in the third round of growth deals, announced in the autumn statement. That is in addition to the first two rounds of growth deals, through which the midlands local enterprise partnerships will receive almost £1.5 billion.

The Government will publish a midlands engine strategy shortly. We are working with Departments across Government to set out the priorities for delivering the midlands engine. We will set out our plans to improve connectivity, employment, innovation and investment, which are all very important factors in improving the prosperity of people in the midlands and very important issues that have been raised by hon. Members throughout the debate.

We have of course already published a northern powerhouse strategy. The future of our economy is too important for this to be seen as a race between the northern powerhouse and the midlands engine. We are working with each area on its specific needs to ensure that all of the UK is economically strong.

Many of the Government's existing initiatives are spreading growth and empowering local communities in the midlands. Our devolution deal for the West Midlands combined authority devolves significant powers, such as skills provision and funding. It includes a £1 billion investment fund and a £1.8 billion enterprise zone extension. My right hon. Friend the Chancellor made a commitment in the autumn statement in November that the Government will continue to work towards a second devolution deal with the West Midlands combined authority.

Our local growth fund has supported projects across the midlands. For example, the £20 million north-south rail and Coventry station scheme will improve passenger capacity and secure an increase in train service frequency between Coventry, Bedworth and my constituency of Nuneaton. There has also been support through city deals. In the Leicester and Leicestershire city deal, the advanced technology innovation centre received £2 million to create more space for high-technology jobs and businesses. That supports one of our largest science parks, where major companies include Caterpillar and E.ON.

As hon. Members have been keen to point out, many major routes and railways go through the midlands. Improving connectivity there has real benefits for the rest of our country, as well as significant benefits for local residents and businesses. Better transport connectivity

allows businesses to grow and helps people to get to work. The midlands will be a major beneficiary of HS2 with various stations, but particularly at Toton in the east midlands and at Birmingham, as has been mentioned. The Government have recently committed to funding Midlands Connect to the end of this Parliament and have signalled our intent to see it established as a sub-national transport body. That will enable local partners to develop regional transport proposals for the midlands.

Lilian Greenwood: The Minister talks about the importance of HS2 to the region. That is important not just because of the transport connectivity and capacity improvements it will provide, but because the east midlands is the largest rail cluster in the world, and there is the obvious potential for us to benefit from it industrially. Will he say how, within the industrial strategy, he will ensure that HS2 procurement, including the £2.7 billion for new rolling stock, is used to boost our rail industry in the midlands region?

Mr Jones: The hon. Lady asks a very good question. We have significant capacity in the midlands region in regard to rail infrastructure and the manufacturing base around it. I am sure she has already looked at the Green Paper released yesterday, which contains a section that relates to procurement. I urge her to contribute on the Green Paper. My right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy has made it clear that he is keen to hear from right hon. and hon. Members in relation to development of the Green Paper and the reality of the White Paper. I encourage all colleagues to get involved in that process.

To elaborate on the potential of HS2, there is a lot of debate about speed. I say to hon. Members that speed is important and, if we are delivering a brand-new rail line, why would we not use up-to-date technology? The biggest wins, however, are in developing additional capacity and reliability. My constituency is on the west coast main line. Because there is very little if any capacity left on that line, there are perpetual reliability challenges. The situation should improve once we secure HS2.

Victoria Atkins (Louth and Horncastle) (Con): Does the Minister agree that the benefits of HS2 stretch out not only to the building of railway carriages, but to environmental needs, namely trees? Trees along the HS2 route will be grown in my constituency even though, sadly, HS2 is quite a way away from it. That is an example of HS2 investment having a benefit across the whole of the midlands region.

Mr Jones: My hon. Friend makes an extremely pertinent point. It is often said that only the places that have the hubs will benefit from HS2. It is certainly the case that there will be many related situations that we might not automatically think of—in my hon. Friend's case that means the trees that will be grown in her constituency. As she says, that will have an important economic benefit to her constituency. I am sure there are many other examples we will be able to point to as that project moves forward.

A key component of the midlands engine is trade and investment. The Secretary of State for Communities and Local Government led the inaugural midlands engine trade mission to the US and Canada in September, and Sir John Peace led a second mission, in November, to China. The successes of those missions include

[Mr Marcus Jones]

£1.3 million of business secured, and a further £6.2 million of business expected over the next 12 months. To date, more than 70 companies have benefited from those missions.

Before I conclude, I want to pick up one or two more points, particularly on transport infrastructure. There was a suggestion that there was a significant lack of investment in transport infrastructure across the midlands. I reiterate that £5 billion of capital investment into new transport infrastructure is being made across the midlands. That includes upgrading sections of the M42, M5, M1 and M6 to four-lane smart motorways, and £2.7 billion for new trains on the east coast main line. In addition, a £55 billion investment is going into HS2. As hon. Members know, a significant amount of local funding is also being devolved across the region to our local enterprise partnerships.

We should not underestimate the importance of Birmingham Airport and East Midlands Airport to the midlands region. East Midlands Airport is at the forefront of freight and is the second busiest freight hub in the country. It is probably the biggest dedicated freight hub in the country. Birmingham Airport is now seeing significant passenger growth. As part of the regional growth fund made by the Government during the last Parliament, a significant project was undertaken to extend the runway at Birmingham Airport, including the diversion of the A45. As a subsequent benefit of that longer runway, Birmingham Airport is now able to serve longer-haul markets than it was, because it has that longer runway to support the long-range planes.

To conclude, I thank hon. Members for their thoughtful contributions. I know that all the Members who are here representing midlands seats bring a passion not only for the country, but for the midlands region. Many

of the topics that have been mentioned—connectivity, enterprise, trade and investment—will be covered in our midlands engine strategy, and the midlands engine will have found the points made in this debate extremely helpful in its future work. We will continue to work with the midlands engine to respond to the challenges and opportunities set out in the industrial strategy and to develop its vision for making the midlands an important engine of growth.

10.45 am

Chris White: Once again, I thank you for your chairmanship, Mr Howarth. I am grateful for the Minister's response to the debate, and am also grateful for all the Members who were able to contribute. I agree with the Minister—one thing we share is our passion for the midlands. How we reach a consensus on a direction for the midlands will play a key role in how the strategy develops.

I cannot end this debate without mentioning that, in terms of vibrancy and desirability to live, Warwick district has just come top in the west midlands. That is possibly because we have the skills, we have low unemployment, we have the colleges and we have the great universities on our doorstep. I hope what we have in Warwick district is a microcosm of what we will be able to achieve in the midlands as a whole. I hope that, as the strategy develops into a White Paper, the debate will continue to ensure that we achieve the best we can for our constituents and the region as a whole.

Question put and agreed to.

Resolved,

That this House has considered the Midlands Engine.

10.46 am

Sitting suspended.

UK Helicopter Industry

11 am

Marcus Fysh (Yeovil) (Con): I beg to move,

That this House has considered the UK helicopter industry.

It is a pleasure to serve under your chairmanship, Mr Howarth. The helicopter industry is a strong existing centre of research, innovation and excellence on which we must build, using the tools emerging in the Government's industrial strategy to secure our strategic ability to produce helicopters and other defence aerospace products. My constituency is absolutely central to that industry in the UK.

Yeovil has a long history of involvement; we have been making helicopters for many decades. Many will have heard of the company Westland Helicopters, known as Leonardo now that it is owned by the Italian Government-controlled firm Leonardo. It was initially involved in making fixed-wing aircraft, and has latterly focused more on helicopters. Our area takes great pride in the firm; pretty much everybody in my constituency is connected in some way to someone who has flown a Westland product, had a hand in making one or worked for a Westland supplier at some point in their life. It touches everybody.

It is also worth pointing out that my constituency contains the royal naval air station at Yeovilton, which flies a lot of those machines and has done for many decades. Soldiers and sailors in our armed forces know very well how important helicopters are to their safety on and around the battlefield. I particularly do not want to see a repeat of what happened in the Iraq war when armed serving officers essentially said that they did not have the battlefield helicopter support that they needed, which exposed them to unnecessary casualties from improvised explosive devices.

About 3,000 jobs in Yeovil depend directly on Leonardo, and there are more in the supply chain. It is a multi-billion-pound firm in terms of revenue generated a year, and the biggest Italian inward investment into the UK. It has an iconic set of products, including, over the years, the Westland Wessex, the Sea King, the Lynx, the Merlin and now the Wildcat. In all my dealings with the Italian management, they have shown themselves to be willing to invest more in the industry to support it. I would like our Government to step up and think about how we can make more of that good relationship with Italy.

Jim Shannon (Strangford) (DUP): I thank the hon. Gentleman for securing this important debate. The fact that there are not enough Members here to back it is not an indication of the interest in the subject. Does he agree that it is essential that the skills of our workforce are not wasted? The Minister must fulfil the Government's obligations to source locally rather than outsource, and a clear message must be sent about the possibilities of producing in Britain, the importance of a skilled and expert workforce and opportunities for apprentices in Great Britain, here at home.

Marcus Fysh: I absolutely agree with that sentiment. It is essential that we build on the highly skilled workforces in the UK. There is one in Yeovil, and I know that there are others within the industry in other parts of the UK.

We have a great opportunity to construct a proper modern industrial strategy for turbo-charging skills development and apprenticeships.

Greg Mulholland (Leeds North West) (LD): The hon. Gentleman mentions the industrial strategy, but it makes no direct mention of this hugely important industry and the need for a stand-alone industry that produces helicopters. Will he call for a commitment—it would be great to hear one from the Minister—to a direct reference to that in the refreshed defence industrial strategy when it is announced? Will he also commit to working with everyone in Yeovil and nationally—this is a national issue as well—including Lord Ashdown, who retains a big interest in it?

Marcus Fysh: Yes, absolutely. It is an important national industry, and I want to see it mentioned specifically within the industrial strategy. I have been working hard—I thank the Minister for her engagement with me over many months, since she was appointed, as well as the former Minister—on how we can make the industry a part of the industrial strategy. I welcome the support of everybody across the political spectrum to help the industry go from strength to strength.

The issue is about how we go forward. We have a strong local cluster in the Yeovil area, which at the moment can produce helicopters end to end, making all parts. I would like that to continue. There is a live issue involving the Wildcat airframe jigs, as anyone who has been following it will know. It is a relatively small issue within the overall scheme of the industry, but it is an important signal that we want to be able to manufacture helicopters end to end in the Yeovil area. It would give the community a lot of confidence that we mean business about ensuring that the industry is as strong as possible for the future. The question is how to preserve the industry and take it to the next level.

I believe that joined-up thinking and a clear plan for infrastructure and skills development is essential and should be promoted through the industrial strategy. It is about raising the competitiveness of the whole industry environment in the Yeovil area, and indeed in the south-west. The thing about competitiveness is that it is both an internal and an external matter. From an internal point of view, our local industries should focus, as they are doing, on continuously improving their competitiveness, but it also helps to have external players involved. Yeovil made a fundamental mistake some years ago by not inviting Ford to come and manufacture cars in the town. That would have been good to have as a discipline.

The issue is also about promoting innovation within the industrial strategy. I welcome the Government's strategic partnering arrangement with Leonardo to consider developing its existing platforms as well as how we can make the products of the future, such as unmanned aerial vehicles, and all their potential technology spin-offs, including battery development and so on.

It is also very important to promote inward investment, and since I was elected I have tried to create a step change in the way the town thinks about such investment, and to get it to grab opportunities to diversify its industries. That is because Yeovil very much grew up as a company town. There was a time some years ago when out of 30,000 residents 10,000 were employed at the Westland site. That number has come down over the

[*Marcus Fysh*]

years to about 3,000 now, but Westland remains a very important player locally. Nevertheless, the more that we can try to diversify, the better health the industry will be in.

The UK helicopter industry has very serious competitive strengths, in design and engineering, and in specialties such as the manufacture of blades and gearboxes. In addition, Yeovil works closely with the Ministry of Defence client, and skills behind that work in areas such as certification, software design, materials and acoustic treatments, are available in the local supply chain and are second to none in the world.

There is a strategic imperative for an independent design and production capability to exist in the UK, and that inevitably entails some level of Government involvement as well as early, clear and efficient procurement that will take the whole business ecosystem into account. I welcome the focus on value for money within the MOD, but we also need to think quite holistically about the impact of different procurement decisions.

It is also very important within this context that we attempt to develop indigenous intellectual property. It is much better to develop our own products, because that is how the industry captures higher margins and secures higher living standards for the workforce and the population. Building to print, using other people's designs and simply assembling products, is just not as good a business to be in. Indeed, it is almost a distraction from what the core endeavour of design and engineering should be, which is to create product opportunities and export opportunities. So, we must have early engagement with Her Majesty's armed forces, to ensure that we are developing the capability that they want and need, while also making the platforms flexible for volume production at different levels of capability.

As I said before, there are opportunities to deepen relationships with Italy and the EU, and with US firms. There is a huge opportunity at the moment, for example, in service and support. There is the potential for Leonardo to work closely with Boeing, which I encourage and I would like the Government to try to encourage it too, because that could be a very good foundation for new product development to emerge from the excellent cash-flow opportunities.

There is a role for Government. We have seen some part of that in the strategic partnering arrangement and I would now like to see more joined-up thinking by the MOD, including in procurement, in addition to the support that can be given by both the Department for Business, Energy and Industrial Strategy, and the Department for International Trade. At times civil servants in different areas have not always known what other parts of the Government are doing.

Jim Shannon: I thank the hon. Gentleman for being so gracious in giving way again. Does he agree that there is also a need to have closer relationships between the helicopter manufacturers and those companies that provide the armaments for use on the helicopters, in other words companies such as Bombardier in Belfast? It is very important sometimes that we are in touch with the companies producing the technology as it is developed. Having heard her speeches in the past, I know that the

Minister is well aware of that, but does he also feel that we need that closer co-operation between these armaments companies and the helicopter manufacturers?

Marcus Fysh: I thank the hon. Member for his intervention and, yes, I absolutely agree that the industry needs to take a holistic view, in order to work with the MOD and other clients in the rest of the world, to see how we can optimise these matters.

I call on the Government to support my infrastructure-led industrial strategy plans for the Yeovil area, with broader input from the national work on industrial strategy. I would also like the Government to support the iAero hub, which is a proposal that came out of the county council and the local enterprise partnership. The idea is to network up all the aerospace technology firms in the south-west around a hub in Yeovil, with a dedicated facility in the town for manufacturing innovation. Leonardo wants to acquire land. The county council has committed to putting in some money, but we need more money for the LEP to come up with its piece and, eventually, we will need more money from the EU funding—£10 million—or whatever the successor to that EU funding is.

I would also like the Government to encourage the clustering around the Yeovil area and inward investment, which I mentioned earlier, and to help the companies to focus on transforming themselves into firms that can sell products around the world in volume, to enable them to take advantage of the very high quality products that are being produced in and around Yeovil.

I would also like the Government to support the Yeovil area as a centre of excellence and technological skills development, with an institute of technology as a step change in the local tertiary education offer. There is widespread industry support among the local tech firms for that idea, and I would like to take it forward.

I would also like to make sure that the prosperity agenda is implemented in Yeovil, to ensure that Boeing and Leonardo work together in the town to seize opportunities in service and support, and in their manufacturing supply chain.

I would like us to work more closely and creatively with Italy on mutual defence programmes, and I would love it if the Minister would find time in her busy schedule to visit Italy and meet the management of Leonardo and, potentially, some Italian politicians, to talk about the ways in which we can build on our relationship with Italy after Brexit and do even more to co-operate with Italy than we are doing now.

I would also like us to consider spending substantially more than 2% of our GDP on defence, to increase our defence capabilities with more personnel and more equipment, which will be needed given the enlarged role in global affairs that I see us having in the future. Clearly, in Europe there is a loss of confidence in America's commitment to the NATO alliance. We should lead on that issue, and on ensuring that our friends and allies in Europe are confident that the NATO alliance will continue to matter in the future.

Last but not least, I would also like the Government to help to promote civil use of Yeovil-made Leonardo helicopters, which have an exemplary safety record. That is especially important given the low morale that currently exists among offshore platform workers, due to safety concerns about other fleets of helicopters.

To give the Minister ample time to reply to the debate, I will just summarise by saying that the Yeovil area presents huge opportunities to raise growth and export potential, and to help to drive up local and UK living standards. Its helicopter industry is the core of the UK's strategic ability for the flexible production of crucial battlefield lift capability, and its companies are focused on delivering continuous improvement, innovation and value for money to military and civil clients, and they also make some of the safest and most capable aircraft available. So let us build on this existing centre of excellence and rotor speciality, using all the elements of the Government's industrial strategy to drive growth, skills and innovation throughout the south-west.

11.19 am

The Parliamentary Under-Secretary of State for Defence (Harriett Baldwin): It is a pleasure to serve under your chairmanship, Mr Howarth, this morning. I congratulate my hon. Friend the Member for Yeovil (Marcus Fysh) on securing this timely debate on the UK's helicopter industry. He is absolutely right to raise this issue, which is important for his constituents, particularly given Yeovil's long history of supporting our helicopter industry, which he highlighted. I welcome the opportunity to highlight to the House the work we are doing.

This is an ideal moment both to take stock and affirm that our armed forces are indeed the biggest customer of the UK helicopter industry, and to summarise some of the investment that the Government have made and continue to make in the industry. We have spent considerable sums over recent years investing in our helicopter capabilities for our armed forces, and much of that investment has been focused on Leonardo, with more than £1 billion spent on the development and manufacture of 62 Wildcat helicopters; some £800 million spent on delivering 30 Merlin mark 2 into service; and about £330 million being spent on developing the Merlin mark 4 upgrades across a 25-aircraft fleet. That investment is vital in ensuring that we have the helicopter capability we need for decades to come. The helicopters also need to be kept in tip-top condition and filled with the latest equipment.

On 9 January I was delighted to go to my hon. Friend's constituency of Yeovil to announce a £271 million deal with Leonardo's helicopter division to provide through-life support and training for Wildcat, which is one of the most advanced helicopters in the world. That will not only deliver a key capability for the Royal Navy and Army but will sustain 500 vital skilled jobs in the UK, most of which, as my hon. Friend has pointed out, are in the Yeovil area.

In addition, just last week I announced a £269 million contract with Lockheed Martin for the Crowsnest helicopter-based surveillance system. It will act as the eyes and ears of the Royal Navy's ships, helping to keep our armed forces safe as they deploy around the world. The contract will also secure more than 200 highly skilled UK jobs, about 60 of which, I understand, are in the south-west—no doubt very close to, if not in, the Yeovil constituency. I reassure my hon. Friend that that and other commitments underpin our spending of more than 2% of our GDP on defence and security, which will be maintained for every year of this decade.

The commitments are all part of the Government's 10-year £178 billion plan to provide our armed forces with the battle-winning equipment they need.

Given that Leonardo's helicopter division is based in Yeovil, my hon. Friend is especially interested in the helicopter element of that. Last year, we put in place a 10-year strategic partnering arrangement with Leonardo, building on the many decades of work we have done with the company. That arrangement is key to maintaining and improving cost-effective support for our helicopter fleets.

On my recent visit, I was briefed not only about the thousands of people employed directly by Leonardo's helicopter division in Yeovil, but about the supply chain of companies, which my hon. Friend mentioned. I pay tribute to the 4,300 people who work at the royal naval air station—RNAS—Yeovilton, one of the Navy's two principal airfields. More than one third of the UK's military helicopter fleet is based in, and maintained from, Yeovil. The people working there will continue to support our Merlin and Wildcat helicopters for at least the next two decades. Indeed, the company will also support our current Apache fleet until they are retired. Put simply, it is clear that none of that world-leading capability would be possible without the expert work undertaken every day by the British helicopter industry, particularly by those working in my hon. Friend's constituency.

The industrial strategy Green Paper, which was launched yesterday, has been mentioned. It signals the start of an extensive period of engagement with businesses, local leaders, local enterprise partnerships and other stakeholders right across the country, and offers an "open door" challenge to industry to come up with proposals that will transform and upgrade the sector. The consultation will provide a firm basis on which the Government can deliver a strategy that will drive growth and productivity for decades to come across all parts of the UK and all industries. The Ministry of Defence is fully engaged with the work, recognising as it does that the defence industry provides significant opportunities in many sectors and in all parts of the UK.

For defence in particular, as we outlined in the 2015 strategic defence and security review, we have a national security objective to promote UK prosperity, part of which includes a refresh of our defence industrial policy, which was mentioned by the hon. Member for Leeds North West (Greg Mulholland). That work is well under way, and an industry consultation has just been completed. I will take on board the representations I have received today regarding the opportunities that UK defence and security companies have to compete, grow and develop successfully in a global market. We want to use our defence spending to help the industry sustain vital skills, and to promote prosperity through developing the export potential of new equipment, including helicopters.

The industrial backdrop and each of the themes that have come up in this debate—skills, exports and new technologies—is as applicable to the helicopter industry as it is to any other. Those themes are already enshrined in our strategic partnering arrangement with Leonardo's helicopter division, which was signed in July 2016. I take on board my hon. Friend's invitation to go and

[*Harriett Baldwin*]

mark the anniversary of that signing with our Italian colleagues and friends. We are already very engaged in working with Italy on the Typhoon aircraft as well.

Jim Shannon: In my earlier intervention I mentioned apprenticeships but the Minister has not mentioned them. In the strategy, could we have a confirmation of a commitment to apprenticeships?

Harriett Baldwin: The hon. Gentleman is right to re-emphasise that point. It was a pleasure to meet the apprentices employed in Yeovil by Leonardo's helicopter division when I visited. I think I am right in saying that the armed forces are the biggest provider of apprenticeships. The defence industry partners we work with are also enormous providers, so we have a key role in that regard.

I want, briefly, to touch on exports and on how important they are to our work on helicopters at Leonardo in Yeovil. Leonardo has sold the Wildcat aircraft to South Korea and the Philippines, and continues to sell the Merlin to customers with demanding operational requirements. The contract I saw last week, for example, was for the search and rescue variant currently being manufactured for Norway. Those sales bring valued jobs and prosperity to the local region, and have contributed an average of more than £700 million a year to UK defence exports for the past five years—a truly remarkable sum. We are doing everything we can, building on the specialist skills of Government, our network of defence attachés in embassies around the world and our newly created Department for International Trade, where the Defence and Security Organisation resides. The latter provides specific export support to Leonardo, meeting

regularly with the company and doing whatever it can to use Government resources to create a strategic export plan for the firm, with the aim of maximising civil and defence exports and producing an ongoing impact on UK prosperity.

My hon. Friend mentioned important initiatives such as iAero, which is being driven by leading south-west aerospace partners. Through the aerospace growth partnership, industry and Government have committed £3.9 billion to aerospace research to 2026, including on rotary wing, from which the UK helicopter industry will benefit. We are also co-funding a project with Leonardo to understand the potential of a rotary wing unmanned air system capability, which I had the privilege of witnessing at first hand in Benbecula last October.

My hon. Friend raised the matter of jigs and tooling for Wildcat held at the GKN premises in Yeovil. I can confirm that that is Ministry of Defence equipment but also that we have not yet been given a proposal by the industry about the next steps. We would expect to be able to make a decision by July, however, and I look forward to working with my hon. Friend closely during this time. That decision will take into account not only the specific proposal but the UK's wider interests.

In conclusion, I emphasise how grateful I am that the outstanding skills and expertise of those employed on helicopter-related work in the UK, particularly in the south-west, are helping us to meet our ambitions and our commitment, ensuring that we continue to deliver cutting-edge, battle-winning capability for our armed forces in the UK for years to come.

Question put and agreed to.

11.29 am

Sitting suspended.

UK Decarbonisation and Carbon Capture and Storage

[MR CLIVE BETTS *in the Chair*]

2.30 pm

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): I beg to move,

That this House has considered UK decarbonisation and carbon capture and storage.

It is an honour to serve under your chairmanship, Mr Betts, and to have secured this debate. First, I declare an interest. Prior to coming to this place, I was Shell's contract lead on the carbon capture and storage project at Peterhead. I moved the project from its previous format in Longannet. Further to that, I was on the CCS parliamentary advisory group working under Lord Oxburgh. It reported to the Secretary of State for Business, Energy and Industrial Strategy in September last year with the report, "Lowest Cost Decarbonisation for the UK: The Critical Role of CCS". I therefore have great interest in the subject, and I commend all Members who have come forward to speak in the debate.

It is prudent to consider, at least summarily, the background against which the debate has been brought to the House. Since successfully winning a narrow majority, the Conservative Government have been rapidly drawing back from the previous coalition Government's much-lauded green policies. Tony Juniper described it in his article in *The Guardian* on 24 July 2015 as

"an anti-environment ideology based on the view that ecological goals interfere with the market, increase costs and are against the interests of people."

The cancellation of the ring-fenced £1 billion funding for the carbon capture and storage competition on 25 November 2015 is just one of a succession of cancellations of green policy initiatives and renewable programmes. Those cancellations include scrapping support for onshore wind; axing solar subsidies; removing the guaranteed level of renewables obligation subsidy for biomass; killing the flagship green homes scheme; privatising the green investment bank, which my hon. and learned Friend the Member for Edinburgh South West (Joanna Cherry) will discuss tomorrow; removing incentives to buy greener cars; abandoning the plan for zero-carbon homes; a U-turn to allow fracking on sites of special scientific interest; dropping the green targets; and—this is what triggered the CCS parliamentary advisory group's report and, subsequently, this debate—scrapping the ring-fenced £1 billion of funding for the carbon capture and storage competition in November 2015.

With so much backtracking on green and renewable energy initiatives, the scrapping of that funding may not have been a shock to everyone. I forecasted it, but the industry, which was four years into the £1 billion competition, was shocked. Quite honestly, it virtually wiped out the industry in the UK in one fell swoop. Dr Luke Warren, chief executive of the Carbon Capture & Storage Association, said that the decision was

"just incredible. Only six months ago the government's manifesto committed £1bn of funding for CCS...Moving the goalposts just at the time when a four-year competition is about to conclude is an appalling way to do business."

What does that do for investor confidence? The litany of cancelled, diluted and abandoned renewable and green initiatives, as well as those within the energy industry as

a whole, have virtually destroyed investor confidence in the UK energy sector. The third report of the 2015-16 Session by the Energy and Climate Change Committee, "Investor confidence in the UK energy sector", was published on 23 February 2016. The Committee is chaired by my hon. Friend the Member for Na h-Eileanan an Iar (Mr MacNeil), and the report identified six factors that combined to damage investor confidence in the UK. The fourth was:

"Policy inconsistency and contradictory approaches have sent mixed messages to the investment community".

The report goes on to cite three specific examples, of which the third is

"emphasising the important role of gas while scrapping support for carbon capture and storage."

Earlier in the same month, the same Committee released a report, "Future of carbon capture and storage in the UK", which opened with the warning:

"Meeting the UK's climate change commitments will be challenging if we do not apply carbon capture and storage (CCS) to new gas-fired power stations and to our energy intensive industries."

It goes on to state that alternatives to CCS are likely to cost the UK more in the future to meet legally binding climate change targets as set out in the Climate Change Act 2008. The report went on to criticise the Government's focus on investment in shale gas exploration and quoted the then Secretary of State for Energy and Climate Change as saying:

"In the next 10 years, it's imperative that we get new gas-fired power stations built."

The report concluded that

"the manner in which the carbon capture and storage competition was cancelled, weeks before the final bids were to be submitted and without any prior indication given to the relevant parties, was both disappointing and damaging to the relationship between Government and industry."

There will be positive news for the Government on that later in my speech.

Alex Cunningham (Stockton North) (Lab): I congratulate the hon. Gentleman on securing the debate. The National Audit Office said that CCS is still proving costly. The Treasury pulled the funding away before there was an opportunity to prove whether or not it was going to be too costly. CCS would provide such a major boost to industries such as those on Teesside, which include cement, steel and fertilisers. Does he agree that it is about time the Government re-engage? They are seen as disengaged at the moment.

Philip Boswell: I completely agree with the hon. Gentleman. There are signs that the Government will be considering that. I look to the hon. Member for Waveney (Peter Aldous) and the Minister to confirm that they will consider that in their strategies. The hon. Member for Stockton North (Alex Cunningham) is absolutely right about investment in a key industry. When I was in the project in Peterhead, the technology was basic. We were capturing 90% of the carbon. With advances in technology, we will increase that, and with economies of scale and improved technologies, it will be cheaper. While the report understands the difficult balancing act that the Government face with public expenditure, the delay in bringing forward any plans to implement CCS in the UK while proceeding with fracking means we will not remain on the lowest-cost path to our statutory decarbonisation target.

[Philip Boswell]

What of forward planning? On 26 February 2016 in an interview in *Utility Week*, the chief executive of the Committee on Climate Change, Matthew Bell stated:

“We’ve been very clear that, with the 2050 target in mind, it is much less expensive to meet if we’re able to develop successfully CCS. The government needs to come up with a very credible plan on how it’s going to push forward with CCS.”

Bell says that, without such a plan, that investment in the power sector, at least on the more conventional generation front, could suffer. Gas is being pushed by the Government as the bridging fuel in the transition towards a low-carbon economy, although no new combined-cycle gas turbine power stations have been built in the UK in the past six years.

Acknowledging what is widely expected to happen as coal-fired power stations leave the energy system, Bell said:

“Between now and the early 2030s, gas could have an increasing and significant role”.

He also said:

“However, from some point in the 2030s, if you’re going to hit the 80 per cent gas target and don’t have CCS, then gas has to be virtually off the system... That would imply that during the course of the 2030s gas has to play a declining role – but there is a big ‘if’ there as that depends on CCS.”

2.37 pm

Sitting suspended for a Division in the House.

2.47 pm

On resuming—

Mr Clive Betts (in the Chair): The sitting is resumed and the debate can continue to until 4.10 pm.

Philip Boswell: Thank you, Mr Betts. I will continue with my quotation from Matthew Bell:

“We have a 15 to 20-year time horizon with reasonable certainty for the role of gas, then we have an uncertain period—is that enough for investors to decide to go ahead with their projects? There is a way of clarifying that uncertainty, and that is for the government to be clear on CCS.”

There is a consensus from watchdogs and experts alike. They agree that the Government have the opportunity to get this right. Getting it right, including carbon capture and storage, will be more economical for the UK in achieving our climate change targets, while simultaneously creating CCS as a leading, technologically advanced industry within the UK.

What of the costs of meeting our climate change commitments without CCS? The National Audit Office’s report of 20 January 2017, “Carbon capture and storage: the second competition for government support”, found that carbon capture and storage “formed an important part” of the Department for Business, Energy and Industrial Strategy’s role in reducing carbon dioxide emissions. The report goes on to state:

“Given its potential to decarbonise different sectors, many stakeholders still regard CCS as being critically important to the UK achieving its decarbonisation target. It is currently inconceivable that CCS projects will be developed without government support.” That support would enable investment in CCS, creating a large-scale demonstration of CCS technical and

commercial viability, and leading to further-improved CCS schemes in the UK and the development of CCS as a successful industry. Although the report is constrained by the very specific NAO brief, which was to assess how the Department ran the second competition before its cancellation, it is none the less unequivocal in its support for CCS as the least-cost route to decarbonisation.

What of the most detailed report focused on the determination of whether CCS offers the solution of lowest-cost decarbonisation? I am referring to “Lowest Cost Decarbonisation for the UK: The Critical Role of CCS”, which is cited as Oxburgh 2016, a report from the parliamentary advisory group on carbon capture and storage to the Secretary of State for Business, Energy and Industrial Strategy. The report was requested by the then Secretary of State for Energy and Climate Change, the right hon. Member for Hastings and Rye (Amber Rudd). Its terms of reference were to assess the potential contribution of CCS to cost-effective UK decarbonisation and to recommend accordingly to the Secretary of State by the end of summer 2016.

The report was delivered by Lord Oxburgh and his team in September 2016. The group comprised some of the most qualified and experienced representatives of politics, industry and academia. They did not carry out primary research but instead, given the substantial volume of work already published on the subject, focused on synthesising experience and knowledge into an optimum recommendation. They also considered walking away from CCS as an option.

The report found six core recommendations that are worth repeating in full:

“1. Establish a CCS Delivery Company...A newly formed and initially state-owned company tasked with delivering full-chain CCS for power at strategic hubs around the UK at or below £85/MWh on a baseload CfD equivalent basis. Formed of two linked but separately regulated companies: ‘PowerCo’ to deliver the power stations and ‘T&SCo’ to deliver the transport and storage infrastructure, the CCSDC will need c.£200-300m of funding over the coming 4-5 years.

2. Establish a system of economic regulation for CCS in the UK...The government will establish a system of economic regulation for CCS in the UK which is based on a regulated return approach. This will draw heavily on existing regulatory structures in the energy system and hence include: a CCS Power Contract based on the existing CfD or capacity contract to incentivise CCS for power...

3. Incentivise industrial CCS through Industrial Capture Contracts...The Industrial Capture Contract, will be funded by the UK government and will remunerate industry for capture and storage of their CO₂. It will be a regulated contract which will have a higher price in the early period in order to deliver capital repayment in a timescale consistent with industry horizons...

4. Establish a Heat Transformation Group...The Heat Transformation Group will assess the least cost route to the decarbonisation of heat in the UK (comparing electricity and hydrogen) and complete the work needed to assess the chosen approach in detail. The HTG has a likely funding need of £70-90m.

5. Establish a CCS Certificate System”—

this is completely self-explanatory—

“Government will implement a CCS Certificate System for the certification of captured and stored CO₂.

6. Establish a CCS Obligation System...Government will also implement a CCS Obligation from the late 2020s as a means of giving a long-term trajectory to the fossil fuel and CCS industries. This will put an obligation on fossil fuel suppliers to the UK to sequester a growing percentage of the CO₂ associated with that supply.”

Climate change bodies, politicians and industry alike almost all agree that CCS is the optimum low-cost option for decarbonising the UK, but it is generally accepted that only Government intervention will stimulate it in the UK. I therefore ask the Minister please to consider carefully carbon capture and storage as part of the Government's new, hands-on, interventionist industrial strategy for Britain.

What is the way forward? The way to a greener industrial future and lowest-cost decarbonisation for the UK without doubt includes carbon capture and storage. The proven technology continues to improve and we should not be frightened to embrace the new technologies that continue to spring up around CCS, such as Toshiba's new 25-MW-gross electric turbine, the headline for which reads:

"Toshiba Ships Turbine for World's First Direct-Fired Supercritical Oxy-Combustion CO₂ Power Cycle Demonstration Plant to U.S.". That supercritical CO₂ power-cycle system achieves the same level of generating efficiency as a combined-cycle power plant. It separates and collects CO₂ at high pressure, eliminating the need for separate carbon capture equipment or processes, and secures full CO₂ capture—I repeat: full CO₂ capture—without any increase in the cost of electricity, using supercritical CO₂ as a working fluid to generate low-cost electricity while eliminating emissions of nitrogen oxides and other pollutants. We must embrace such technology or risk falling further behind or completely missing out on a unique opportunity.

Where should we develop the first CCS project? We already have some shovel-ready projects.

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): I congratulate the hon. Gentleman on securing the debate. He is making some good points. Has he considered the impact that leaving the European Union might have on Britain's ability to deliver on its climate change obligations? Previously, we looked towards a European-wide solution at the Paris climate change summit, so what more do we now need to do in Britain to meet those carbon-reduction obligations?

Philip Boswell: The hon. Gentleman makes a good point. Now that we have chosen this path for the country, I hope that Brexiteers and remainers alike will make the best fist of it and work collectively with our European neighbours for the best, but he is right that we should do more in Britain and should focus on that. His point is well made.

Alex Cunningham: Further to the previous intervention, it is all the more important that, post-EU membership, we ensure we get our emissions-trading regime correct to protect the industries I mentioned in my earlier intervention.

Philip Boswell: Again, I agree completely with the hon. Gentleman. Given the coal mining in Europe for power generation and having to deal with climate change, we certainly ought to look at that.

Shortly before the demise of the Department of Energy and Climate Change—it is now the Department for Business, Energy and Industrial Strategy—it commissioned a study from the Energy Technologies Institute to examine where CO₂ clusters and commercially viable storage could be developed around the UK by 2030. The study identified five locations. Only one is deliverable right

now, and I will spend a few moments describing how that so-called Acorn project could grow into a mighty oak tree of carbon capture, transport and storage.

To get a CO₂ takeaway network to operate, we need to gather CO₂ from multiple sources onshore and to transport it to the coast through a pipe and then through an offshore pipe to its carbon storage destination. St Fergus in north-east Scotland is the offshore oil industry equivalent of Clapham Junction. Many of the gathering pipes from the North sea bring oil and gas to landfall at St Fergus, which has a huge amount of pipeline infrastructure and processing equipment available. With the decline of North sea activity in certain fields, some of that equipment is no longer required.

Specifically, pipelines from St Fergus to the Atlantic and Goldeneye gas fields have now ceased hydrocarbons transport and are in fact scheduled to enter a decommissioning process. Onshore, three facilities service different offshore pipeline networks and produce about 400,000 tonnes per year of carbon dioxide, which at the moment is vented into the atmosphere. The Acorn project aims to capture and store that CO₂. The SAGE—Scottish Area Gas Evacuation—plant is also in St Fergus but, given the time, I will move on to allow other Members the opportunity to speak.

What of the Government's new industrial strategy? My colleague the hon. Member for Waveney will discuss that in more detail, so I will touch on it only lightly. Publication this month of the initial "Building our Industrial Strategy" Green Paper is the first step towards introducing a new, engaged Government-industry relationship, which is to be commended. The paper invites engagement and comment, and is most welcome. I urge the Minister to include CCS in the final strategy, and ask him to give assurances today that CCS will be considered carefully and implemented as one of the many steps into Britain's new industrial future, which looks to both industrial development and a greener, cleaner industrial future for our children and our children's children.

The summary of the key findings of the CCS parliamentary advisory group's report states:

"CCS is essential for lowest cost decarbonisation

1. This report addresses the policy disconnect that arises between the previous Government's cancellation of the...CCS...competition on grounds of cost and the advice it received from a number of independent policy bodies that CCS was an essential technology for least cost decarbonisation of the UK economy to meet international agreements (most recently Paris 2015).

2. The Committee on Climate Change...recently reported the additional costs of inaction on CCS for UK consumers to be £1-2bn per year in the 2020s, rising to £4-5bn per year in the 2040s...The group agrees carbon capture and storage is an essential component in delivering lowest cost decarbonisation across the whole UK economy.

CCS works and can be deployed quickly at scale...Current CCS technology and its supply chain are fit for purpose"—

as I said, CCS works are shovel-ready—

"UK action on CCS now will deliver lowest cost to the consumer. There is no justification for delay. Heavy costs will be imposed on current and future UK consumers by a continued failure to enact an effective CCS policy...Ample, safe and secure CO₂ storage capacity is available offshore in the rocks deep beneath UK territorial waters and this represents the least cost form of storage at the scale required...CO₂ re-use, such as enhanced oil recovery and the production of materials such as building products, already exists and should continue to be encouraged,"

[Philip Boswell]

but it will not be able to deal with the huge volume required to make a difference in meeting our climate change targets. The summary continues:

“The lowest cost CO₂ storage solution for the UK at the scale required will be offshore geological storage in UK territorial waters. There is no reason to delay...

CCS in the power sector has an essential enabling role.

CCS has direct or indirect implications for the decarbonisation of all four of the major fossil fuel consuming sectors of the UK economy—industry, power, transport and heating. They need to be considered together so that synergies of a common infrastructure can be exploited...

With some 200TWh/year of new clean power generation needed in the UK system in the 2020s fossil fuels with CCS will play an important role as a cost competitive and potentially flexible power generation technology.

There is a widespread view that CCS has to be expensive. On the contrary, the high costs revealed by the earlier UK approaches reflected the design of these competitions, rather than the underlying costs of CCS itself.”

The poor design in the second CCS competition

“led to the lack of true competition and the imposition of risks on the private sector that it cannot take at reasonable cost for early full-chain”

development. The summary also states:

“Previous third party analysis by the CCS Cost Reduction Taskforce and for the Committee on Climate Change as well as analysis performed for this report show full-chain CCS costs at c.£85/MWh under the right circumstances. This report concludes that, under the right conditions as set out in this report, even the first CCS projects can compete on price with other forms of clean electricity.

To ensure that least cost CCS is developed when earlier approaches have foundered a CCS Delivery Company...should be established that will initially be government owned but could subsequently be privatised”

if the Government so wish. The summary continues:

“This company will have the responsibility of managing ‘full-chain’ risk and will be responsible for the progressive development of infrastructure focused on industrial hubs to which power stations and other emitters could deliver CO₂ which, for a fee, will be pumped to appropriate storage.

The CCSDC will comprise two companies: ‘PowerCo’ tasked with delivering the anchor power projects at CCS hubs and ‘T&SCo’ tasked with delivering transport and storage infrastructure for all sources of CO₂ at such hubs.”

It is clear that we must think and act more holistically about our energy needs and uses, and the inevitable effects of our behaviour on our planet. I hereby recommend that CCS be included in the Government’s new industrial strategy for the benefit of everyone in the UK now and in the future, as our children and our children’s children will be presented with our bill should we get this wrong again.

Several hon. Members *rose*—

Mr Clive Betts (in the Chair): Order. Five hon. Members wish to speak, and I want to start the Front-Bench wind-up speeches at 3.38 pm. That gives us about 35 minutes—about seven minutes each. Will Members keep to that guideline?

3.2 pm

Peter Aldous (Waveney) (Con): It is a pleasure to serve under your chairmanship, Mr Betts, and I will do my best. I congratulate the hon. Member for Coatbridge,

Chryston and Bellshill (Philip Boswell) on securing this debate, which comes at a particularly opportune time, following the publication yesterday of the Government’s Green Paper, “Building our Industrial Strategy”.

I served with the hon. Gentleman on the group chaired by the noble Lord Oxburgh, which published its report on the future of CCS last September. I commend the noble Lord on the way he chaired the group and for looking at all the evidence, seeking out all views and arriving at what I believe are sound and sensible recommendations that the Government should put into practice as soon as possible. It should be noted that the report has been welcomed globally and the noble Lord has been invited to such countries as Norway, Australia and Canada to talk about it.

The group’s membership was wide-ranging and cross-party, and included independent experts from the fields of industry and research. We heard from a wide range of witnesses who work in research and development, industry, and banking, as well as groups such as the Committee on Climate Change. We set out with no preconceived ideas about what our conclusions might be, mindful that the Government’s cancellation of the CCS competition on cost grounds might mean that CCS was a non-starter. We considered a wide range of evidence and concluded that CCS has a crucial role to play if the UK is to deliver the emissions reductions to which it is committed at the lowest possible cost to consumers and taxpayers.

Alex Cunningham: I am grateful to my fellow co-chair of the all-party parliamentary group on CCS for giving way. CCS could be a game-changer for areas such as Teesside; it could drive investment and improve air quality. The Teesside Collective is showing great leadership on plans in that area. There are also plans for a large gas-fired power station, but those are being frustrated by a complicated planning process. Does the hon. Gentleman agree that the Government need to simplify that process while ensuring that plants are CCS-ready so that we can exploit them properly?

Peter Aldous: I agree that CCS has an important role to play in the regeneration of coastal communities and perhaps areas that have been forgotten over the last few years. That includes the area that the hon. Gentleman represents, many areas in Scotland and the area that I represent.

The report contains six recommendations for how CCS can perform that crucial role. I believe that we reached the right conclusions, for three reasons. First, the UK has made commitments, through the Climate Change Act 2008 and international agreements, to reduce carbon emissions. Those were most recently reconfirmed in Paris in autumn 2015. As a result, we have a duty to put in place measures that will enable us to get on with meeting those targets at the lowest possible cost to the country’s consumers and taxpayers.

It quickly became apparent to the group that we cannot get on with that without CCS. The great advantage of CCS is that it is a highly strategic technology that can deliver emissions reductions across many sectors, including, as we have heard, power generation, energy-intensive industries, heat and transport. It should also be pointed out that CCS has the potential to safely store 15% of current UK CO₂ emissions by 2030 and up to 40% by 2050.

There is a cost associated with inaction on CCS. Last summer, the Committee on Climate Change highlighted that if we take no action on CCS, the cost to UK consumers will be £1 billion to £2 billion per annum in the 2020s, rising to £4 billion to £5 billion per annum in the 2040s.

Dr Poulter: I endorse all my hon. Friend's points. Does the history of renewable energy not show that those who invest early not only reduce their carbon footprint much more rapidly, but save money downstream? It will become much more difficult to invest and much more expensive to the UK taxpayer if we leave this decision for five or 10 years.

Peter Aldous: I agree. There is a compelling case for us to get on with this now.

The second reason why CCS is important is cost. That was why the previous pilots failed. The Oxburgh report established that the high costs revealed by earlier approaches in the UK were attributable to the design of the competitions, not the underlying costs of CCS itself. Analysis by the CCS Reduction Task Force and for the Committee on Climate Change, which was confirmed by Lord Oxburgh's group, showed that CCS can be delivered at approximately £85 per MWh. That is competitive with other large-scale low-carbon energies such as nuclear and offshore wind.

CCS also has what I regard as a unique selling point. Some people might say, "Why us? Why the UK? Let other countries, such as Norway, do the hard legwork to get the technology off the ground. We'll join the party later." Such comments are wrong and misplaced, and out of context with what Britain should be doing in this post-Brexit world. The UK has a unique selling point that means that we must be pioneers in the vanguard of the CCS movement. This USP—what unites me in my Waveney constituency in East Anglia with the hon. Members from Scotland and the north-east—is the North sea, the United Kingdom continental shelf, where we have our own large safe and secure CO₂ storage vessel offshore in the rocks in this country's territorial waters. As a result of the development of the oil and gas industry in the North sea over the past 50 years, the UK has developed an enormous expertise of experience that we can harness to deliver carbon capture and storage.

Yesterday the Government published their Green Paper, "Building our Industrial Strategy". CCS and implementing the recommendations of the Oxburgh report fit well with the Government's ambitions and directions of travel. When I go through the pillars underpinning the industrial strategy, CCS ticks all 10 boxes. If the Government accept the six Oxburgh recommendations, they will invest in science, research and particularly innovation. Investing in CCS goes hand in hand with developing skills, boosting science, technology, engineering and maths skills, and raising school levels and lagging areas. I could go through all 10, but I sense my time is pressing, Mr Betts, so I will cut to the chase—to the final pillar of creating the right institutions to bring together sectors and places.

The strategy states:

"We will consider the best structures to support people, industries and places."

That is a ringing endorsement for the six Oxburgh report recommendations.

On that note, I will conclude. Lord Oxburgh has provided the right framework for an exciting new industry and now is the right time to invest in CCS.

3.11 pm

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): I congratulate the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) on securing this debate. His contribution was really good, technically sound and showed his background in the subject.

First, let me state that carbon capture and storage is an absolutely necessary component of the solution to our energy trilemma. It offers the opportunity to meet our emissions targets, provide energy security and take advantage of the natural resources and high-level skills of our nation. It is necessary because any conceivable energy future will require the burning of fossil fuels.

I encourage anyone who doubts the significant and important role that hydrocarbons will continue to play in meeting the UK's energy needs to read Lord Oxburgh's report. He concludes that to meet our heating needs we must continue to rely on natural gas, produce huge quantities of hydrogen gas or supply heat through electrification, which in turn would require new fossil fuel power stations. Any of those paths will produce large amounts of CO₂ and will therefore require effective carbon capture technology to meet our environmental targets.

The main challenge in developing such essential technology is achieving value for money. As the recent National Audit Office report found, the Government's carbon capture technology competitions did not offer that. I hope, however, that the Government accept that the technology is still necessary to meet our environmental targets and will commit to creating a more cost-effective approach to building the technology in the UK, rather than letting CCS innovation, research and expertise leave the UK and create jobs, investment and opportunities elsewhere—that the Government are willing to take on some of the risks of developing the new industry in order to reap the economic and environmental benefits down the line.

I hope that in designing a new CCS competition, the Minister will take on board the NAO report's findings to improve clarity on the risks carried by projects and on the financing the Government are willing to commit to, as well as draw on the lessons learned through stakeholders. I also hope they will look closely at the work done by the Carbon Capture & Storage Association, which points to circumstances under which CCS technology can offer value for money—namely, the strike price of £85 per MWh recommended by the Lord Oxburgh report—from the start.

I am interested to hear what other options the Minister has considered for implementing CCS, such as the possibility of doing so as part of a business model that relies on utilising indigenous sources of hydrocarbons, such as gasified coal. In short, I hope that the Government continue to explore options for supporting this vital technology. I know there are Members from all parties who would support them in doing so.

Finally, I want to point to areas where carbon capture technology is already proving cost-effective. Carbon capture and utilisation technology captures CO₂ produced

[Tom Blenkinsop]

by manufacturing plants or smaller generators and uses that CO₂ to produce highly marketable green products. A British company, Carbon Clean Solutions, currently leads the world in this technology and, as I am sure the Minister is aware, has recently successfully implemented CCU technology on a commercial basis in Tuticorin, India. Carbon Clean Solutions has successfully managed to take the CO₂ produced by a chemical plant and produced soda ash, which in turn can be used to make glass, paper and a range of other products. The fact that the soda ash produced is green means it can be sold on at a premium to companies attempting to reduce their environmental footprint.

It seems bizarre that such technology, developed by a British company in co-operation with British universities and in part funded by grants from the British Government, has not been helped to take root in Britain. Although I understand that the technology does not operate on nearly the same scale or offer the same environmental impact as larger CCS projects, it also has advantages. For example, the smaller scale of the project means a smaller risk for investors. Indeed, Carbon Clean Solutions believes it requires only a guarantee on initial investment to get started in Britain, and that in turn offers the Government the opportunity to learn lessons in carbon capture technology that can then be fed into the development of larger projects.

Although the nationwide impact of CCU technology may be small, such technology could help our energy-intensive industries to reduce their emissions and give them a competitive edge. Furthermore, much of the infrastructure needed for CCU is already in place in former and current industrial areas such as Teesside. If we were to look at this project in combination with decarbonising our economy by using the gas grid, we would see a multitude of potential options for the existing energy-intensive industries to take hold of and entrench their position and also develop new green industry. That is a particular advantage, given that the NAO report highlights the “lack of supporting infrastructure” as a major barrier to investment in larger CCS projects.

Electrification obviously implies a vast amount of capitalisation—in the trillions—and a lot of capital to begin to even touch the sides of electrifying our transport, but we are the one nation in the world that has a unique gas grid that we could utilise in combination with hydrogen gas and shale gas, and using blends within the gas grid to overcome those obstacles.

Will the Minister meet me and Mr Ani Sharma, the chief executive officer of Carbon Clean Solutions, to discuss the potential of his company’s technology and how the Government can help CCU technology to mirror its commercial success in India closer to home? Carbon capture and utilisation may not have the environmental impact that successful large CCS projects would, but it can act as a stepping stone to achieving those vital CCS projects that are the only way we will be able to move towards a decarbonised energy sector.

3.17 pm

Alan Brown (Kilmarnock and Loudoun) (SNP): It is a pleasure to serve under your chairmanship, Mr Betts. I congratulate my hon. Friend the Member for Coatbridge,

Chryston and Bellshill (Philip Boswell) on securing this debate. The Government U-turns he outlined at the beginning, and current Government policy positions, suggest that they do not know their backside from their elbow. That is demonstrated not only by the shambolic handling of the CCS competition, but right across the energy sector. It is clear that there is not a coherent strategy in place that will deliver long-term decarbonisation targets, let alone a cost-efficient strategy.

The NAO report of the CCS competition lays bare that the Treasury and the then Department of Energy and Climate Change were not working together. It also shows that all Government Departments are always at the mercy of a Chancellor who is ideologically driven to cut costs and taxes and look for short-term hits. Spending more than £100 million on design costs and then cancelling the competition beggars belief. It is also astounding that, in the NAO report on the CCS competition, one of the two designs that had been progressed was not even compliant with competition rules, so a lot of money was spent for a non-compliant design. The Peterhead CCS scheme was compliant, but instead of going on and developing that and protecting jobs in the north-east, the UK Government chose to walk away. Unfortunately, to date they have walked away with nothing to show for our expenditure.

I accept that, at the moment, CCS is not a complete silver bullet. It is a developing technology and there are some possible risks associated with the long-term storage of the carbon dioxide. Equally, there are plants up and running in north America, and in terms of the financial risks, that is something I urge the Government to look at. They have already underwritten the Thames tideway tunnel to the value of nearly £5 billion at today’s prices. They also offered to underwrite £2 billion-worth of bonds for the Hinkley Point C project, not to mention the contract for difference guarantees that have been given for Hinkley, which in an NAO report last year had an upper estimate of nearly £30 billion, which is truly astronomical.

The Treasury, which spiked the CCS proposals, had no qualms about Hinkley, yet while CCS is a developing technology, so is the European pressurised reactor system proposed for Hinkley—its track record so far is that it has not been demonstrated to work, and costs continue to rise. The Hinkley strike price agreed in 2012 is the equivalent of £100 per MWh at 2015 prices, so it is pretty much along the lines of what is being talked about for CCS. The only difference is that Hinkley is a 35-year long-term deal, whereas for other low-carbon technologies we are looking at 15-year CfD prices.

If the Government are serious about decarbonisation and compliance with the fifth carbon budget, they need seriously to consider a number of energy sectors. First, they need to revisit the pulling of the renewables obligation funding, which again disproportionately affected Scotland. At the same time, they should look at the need for island-based turbines to be classed as offshore rather than onshore. They should be reviewing the rush for nuclear reactors and mini-reactors, which are also unproven, and should change the regulations that are prohibiting the development of electricity storage. The National Infrastructure Commission has estimated that lithium ion batteries now cost only 7% of their estimated 1990 cost. Pumped hydro storage is a proven technology,

but Government regulations are limiting its expansion. I suggest reviewing the dash to frack if we are serious about decarbonisation.

It is a fact that investment in renewables is set to drop by 95% between 2017 and 2020 owing to Government policy, so it is no surprise that, in the Ernst & Young index on renewable energy attractiveness, the UK slipped from a ranking of seventh in 2014 to 14th by October 2016. Together with the possible sale of the UK Green Investment Bank to an overseas asset stripper, it is clear that the wrong message is going out to those who might invest in green energy. Even when it comes to tree planting, England achieved only a tenth of Scotland's record in 2016; yet it is the Scottish National party Government who have increased their planting target. As to house building, approximately three in four houses built in Scotland are timber framed; that is closer to being carbon neutral and is more energy efficient. Only 9% of homes built in England in 2015 were timber framed, yet the Government White Paper on housing is unlikely to address that.

In conclusion, the Government must rethink their entire decarbonisation strategy, considering it across a number of Departments. The view of the Committee on Climate Change was that CCS has the potential to almost halve the cost of meeting the 2050 target for carbon dioxide reduction. It could support some remaining indigenous coal extraction in places such as my constituency. However, it also needs to be applied to gas electricity generation, given the role that that will play. In the National Needs Assessment report launched at the end of last year, it was estimated that CCS could reduce CO₂ emissions by 40% by 2015, but there was a stress on the need for Government support. The Chief Secretary to the Treasury attended the launch of the report, so I hope the Government reflect on the findings. It strikes me that the Government have found £8.5 billion for corporation tax cuts, and £5 billion of capital gains tax and inheritance tax giveaways. It is time to plan for our future and give us all a green inheritance to look forward to.

3.23 pm

Sammy Wilson (East Antrim) (DUP): It is a pleasure to serve under your chairmanship, Mr Betts. I congratulate the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) on introducing the debate. I suspect he will quickly find that we are not on the same side, but it is important, especially in the week when the Government have launched their industrial strategy, to have serious debates in the House on current and future energy policy. Of course, no industrial strategy can sit in isolation from a realistic energy strategy.

The first point of contention I want to make is that we seem uncritically to have accepted the mantra that we must decarbonise energy production. I know people say we have the Paris agreement, climate change obligations and so on, but we also need to look behind the mantra to see what the term means and has meant, and how it currently affects households, industry and business in the United Kingdom. The old Department of Energy and Climate Change estimated that to decarbonise the electricity and energy industries effectively by 2040, we needed 40,000 offshore and 20,000 onshore wind turbines and a new fleet of nuclear power stations, and that all coal and gas use would have to be subject to carbon capture and storage. That would happen at enormous cost, and we have already seen the impact on fuel poverty.

According to the Scottish household survey, there was a 25% increase in the number of households in fuel poverty in Scotland between 2011 and 2013. In Northern Ireland, there was an increase of nearly 100%. Why? Fuel bills go up because we have decided we want to produce energy more expensively. That is the first thing we need to realise in the debate. Decarbonisation means significant costs to the economy. Of course, this is at a time when we are talking about becoming more globally competitive, and when China and India, which signed the Paris agreement, tell us that every year they will increase their CO₂ by the amount of our total CO₂ emissions.

Tom Blenkinsop: I understand the hon. Gentleman's frustration, but I see what we are doing as investment. Renewables, whether photovoltaic or wind-generated energy, have the capacity to be used, for example, in the creation of hydrogen gas. There is a future in which we could create gas at zero cost, with surplus renewable electricity for the consumer. In transport network terms, the ability to spread that around the country is vast. I see it as an investment that is expensive at the moment, but whose rewards we will reap if we stick to those commitments.

Sammy Wilson: Of course the people who pay for that expensive investment are the taxpayers, because there is less money for other public services; electricity consumers; and workers who lose jobs in the industries that can no longer compete.

Carol Monaghan (Glasgow North West) (SNP): Will the hon. Gentleman give way?

Sammy Wilson: No. I only have seven minutes and I do not want to rule out my hon. Friend the Member for Strangford (Jim Shannon), or I will get in his bad books.

My second point is on the action required to do what is envisaged. As has been mentioned, part of the infrastructure is in place, and we may well be able to use redundant oil pipelines, but they must be linked to power stations, which must be where the centres of population are. I am fairly sure that we do not want to build power stations where most pipelines come ashore, unless we mean to build a huge infrastructure to distribute the power. Environmentalists have not cottoned on to the point that the plan is like fracking in reverse. Instead of fracking to get gas out of the ground, we will pump gas into the reservoirs, with all the same implications, according to environmentalists, for stability and leakage.

We in Northern Ireland are going through a constitutional crisis because of a botched energy scheme. I do not think that that warranted the outcome, but nevertheless we are living with it. I want to hear from the Minister about four things related to that. First, what will the cost be? Secondly, if there are costs involved, who pays them? Thirdly, what about the incentive structures? It is not lost on anybody that even some producers of traditional energy are now running after all of these green schemes. Why? Because the lucrative incentives increase their profits and fill their coffers—we saw that with the scheme in Northern Ireland. Fourthly, what kind of regulatory framework will be put in place?

The Government are right not to go ahead with the second exercise until they are sure of the answers to those questions. Even more fundamentally, they must ask whether the impact of decarbonising the economy on consumers, workers, industry and investment is worth it.

3.30 pm

Jim Shannon (Strangford) (DUP): It is a pleasure to speak in the debate. I congratulate the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) on raising the issue. I may have a slightly different opinion from my dear friend and colleague, my hon. Friend the Member for East Antrim (Sammy Wilson).

Sammy Wilson: Maybe I should not have given my hon. Friend the time.

Jim Shannon: My hon. Friend may regret it, but it will not diminish our friendship in any way whatever. It is good to have a broad church of opinion within our party.

I will pose some questions because it is important to do so. Environmental issues are of great importance, so it is essential that our strategy is effective. I say to the Minister that I am not sure that we have managed to achieve all we could or should thus far. That is the question many have posed, including the hon. Member for Coatbridge, Chryston and Bellshill during his introduction.

It is opportune that we are having the debate on the back of the industrial strategy Green Paper announced by the Department for Business, Energy and Industrial Strategy yesterday. Many believe that the Department has not achieved value for money for its £100 million spend on the second competition for Government financial support for carbon capture and storage. Other hon. Members have said that there must be an investment to get a return, and that the return will justify the investment.

It is my understanding that CCS is a process to avoid the release of carbon dioxide into the atmosphere, and that it has the potential to help to meet the UK's target for a reduction of CO₂ emissions in both the power and industrial sectors, which is commendable. We have pledged to cut 1991-level emissions by 57% by 2030. While that is a great goal, how will we achieve it? Hon. Members have outlined potential job creation and the opportunities that will come if it is done in the right way. To achieve the goal is most certainly a challenge, given the untried nature of the technology.

Philip Boswell: I point out to the hon. Gentleman that the technology is truly tried and tested. The curious scheme in Northern Ireland aside, I would urge both hon. Members from Northern Ireland, who are my friends, to read the Oxburgh report and contrast the less than £85 per KWh that is achievable under this system with the Hinkley Point strike price of £92.50. Furthermore, the networks already exist. That is the attraction of having an existing infrastructure.

Jim Shannon: I will respond to the hon. Gentleman's intervention during my comments. The future costs for the duration of the CCS project are unknown, and perhaps the figures do not add up on all of the lines.

Two projects that were shortlisted for the CCS process both failed to meet the proposal goals. The work done centrally by the Department in sustaining negotiations for the second competition for the project with its preferred bidders must be noted—a process is in place. The hon. Member for Coatbridge, Chryston and Bellshill has clearly outlined some of the evidence, and I will pose some questions on that. I can clearly say that I support the principle of what we are trying to achieve,

but I wonder whether it can be achieved by that process. There are lessons to be learned, and hopefully valuable commercial knowledge and technical understanding of how to deploy the competition projects will have been gained, as he said. If we have that information, let us see how we can use it to further the project.

There are currently no examples of large-scale CCS projects in the UK, and only 16 operational projects worldwide. BEIS should maximize its expertise for future CCS strategies and put into practice the lessons it has learned—in other words, the evidence should be used for the betterment of delivering such projects. If and when CCS projects are self-sustaining and economically viable, we will see clean electricity from renewable sources, which we wish to see and are committed to trying to achieve. However, the sticking point is in the phrase “if and when”, meaning we could achieve those things “if and when” the Government and BEIS find a happy medium and the in-between. Hon. Members are often tasked with finding a balanced in-between or the correct way forward.

The substantial future benefit of the CCS process is to avoid the release of CO₂, as several hon. Members have indicated. However, it is clear that there are serious problems and critical issues with such projects that we cannot ignore. As I have discussed, there are no large-scale examples of long-term storage projects in the UK, despite a series of UK Government and EU initiatives aimed at incentivising their development. It has been argued that CCS technology is too expensive to be commercially viable for private developers without Government support in the shape of a strike price. Government involvement is critical in taking this forward.

I am aware of the work carried out by the parliamentary advisory group on carbon capture and storage, which found that good design could make CCS affordable. However, I have reservations about the cost of CCS competitions to the taxpayer.

Sammy Wilson: Does my hon. Friend agree that a high strike price will be paid for out of the pockets of every one of his constituents who consumes electricity? That is the big problem with schemes of this nature, for which there is a move away from cheap fossil fuels to dear renewable sources.

Jim Shannon: The Minister will take note of my hon. Friend's comments and am sure will respond later.

We have seen not one but two failed voyages into the unknown of CCS projects, for which we have spent £168 million with no further resolutions and only lessons learned. We do not want this to be like the *Mary Celeste*—setting sail, getting nowhere and disappearing. It is my understanding that the cancelling of the second competition will impact on investors' confidence, who in future may demand better conditions before engaging with the Government again, which will prove detrimental to the cost-effectiveness of future projects.

We do not want this to harm the future and where we are going. I feel strongly that both the Government and BEIS need success guaranteed in both financial and environmental areas before embarking on such voyages in the future, and as such I believe that every consideration must be given to how this particular project will help us to achieve our goals, and indeed whether it can do so.

3.37 pm

Callum McCaig (Aberdeen South) (SNP): It is a pleasure to serve under your chairmanship, Mr Betts. I congratulate my hon. Friend the Member for Coatbridge, Chryston and Bellshill (Philip Boswell) on both securing the debate and leading it in such an informed and passionate way. He set out the key issues around CCS, the history and, more importantly, the way forward.

I will also focus more on the way forward, but it is beholden upon us to look back slightly. The cancellation of the £1 billion competition that would have benefited the White Rose project and the project at Peterhead was deeply regrettable, in respect of both the way it was done—the announcement was snuck out after the autumn statement with little or no forewarning to the companies involved—and, as the National Audit Office report shows, the colossal waste of money.

At the time, I said it was clear that the Government knew the cost of everything but the value of nothing: the cost was £100 million to save £1 billion or £900 million. However, as we have heard multiple sources suggest, delays to the project could cost consumers £1 billion to £2 billion per year in the 2020s, and up to £4 billion to £5 billion per year in the 2040s. Colossal amounts of money could have been saved; if we do not act now, that will be lost through the additional costs that consumers will have to bear.

With the honourable exception of the hon. Member for East Antrim (Sammy Wilson), most of us accept, although not unquestioningly, the requirement to decarbonise our energy system—that is, “energy” in its widest sense. We often focus purely on electricity, but as some hon. Members have mentioned, there are many cross-synergies among the different forms of energy. That is why carbon capture should be considered.

May I place on the record my commendation for the Oxburgh committee report—those who served on the committee and the chair in particular? It is an excellent report and, as we have heard from those who did serve, the work was done in a way that did not prejudge the outcome. The report was an open, honest and thorough analysis of the costs and benefits that CCS could bring, but it also left on the table the option of not progressing. It was produced in September 2016. As far as I am aware, the Government have yet to offer much in the way of a response. I hope that we will hear from the Minister his considerations and those of his Department on the report and how they are seeking to take it forward.

As has been mentioned, there are clear synergies with the Government’s industrial strategy. I am talking about the ability to tie in research and development and have a world-leading technology that we can develop here on these shores. As the hon. Members for Waveney (Peter Aldous) and for Middlesbrough South and East Cleveland (Tom Blenkinsop) mentioned, this technology feeds into the Government’s honest appraisal that they need to do more to boost economic growth outwith this city of London and the surrounding environments.

Carbon capture does that very well. It ties in neatly with existing and former industrial heartlands, as the hon. Member for Middlesbrough South and East Cleveland suggested. It provides the potential for existing industrial producers, which in many cases are venting pure CO₂—that should not be happening in this day and age, but there is

no mechanism for them to cease doing it—to maintain their competitive advantage. That is how we anchor these companies in constituencies such as the hon. Gentleman’s and in places such as Grangemouth in Scotland, where we have strong industrial hubs that can have a very bright future. They can continue to do what they are doing well now, but they can also develop new technologies into the future that the planet as a whole is going to need.

We had a degree of discussion about the clarity that will be required in terms of the process of leaving the EU. There are optimists and pessimists among us, and clarity will indeed be required. The plan of action has previously centred on European co-operation, be it the energy union, the emissions trading scheme or the united approach to the Paris talks. Whether that means that a singular approach by the UK could produce better results will probably depend on whether someone is a “glass half full” or a “glass half empty” sort of guy. I will err on the side of optimism. There is probably a degree more optimism in me following yesterday’s announcement on the industrial strategy that the Government understand and will take this issue seriously.

The key point is that, as the hon. Member for Waveney said, this features across all the key aspects of the industrial strategy and all the areas where we are struggling or perhaps are not doing as much as we can in terms of decarbonisation. We can look at heat, transport or electricity in isolation. We can look in isolation at what we do with energy-intensive industrial producers. Alternatively, we can look at those things in the round. If we look at them in the round and see how we can apply carbon capture to those technologies, we will find a much more affordable and viable way of decarbonising. Finding those synergies, finding the areas of expertise and developing the companies that have the knowledge to do this provides us with a real opportunity.

How do we go about doing that? The Oxburgh report and its various recommendations are the blueprint. The key take-away from that for me was that what we are discussing can be done and can be done affordably. It highlighted some of the failings of the previous approaches in basically outsourcing the risk entirely to those bidding into the competition. Breaking it up and allowing different companies, with different expertise, to join in the process in the area to which they are best suited will allow costs to be reduced, to an extent where we could see a contract for difference price of £85 per MWh, which is competitive with other forms of production.

In some ways, as my hon. Friend the Member for Kilmarnock and Loudoun (Alan Brown) suggested, CCS could be more established and cheaper than what we are pursuing at Hinkley. That shows the urgent requirement for the technology to be included in the Government’s industrial strategy and emissions reduction plan; if we do not do that now, it will, as we have heard, get more expensive.

I have been in many a debate with the hon. Member for East Antrim in which his views on this issue have been expressed. I disagree with him from an ideological point of view, but also from a practical point of view. Yes, there are costs in relation to the infrastructure that will be required to decarbonise our power system, but to suggest that there are not costs from continuing to do what we are doing is simply not correct.

Dr Poulter: Is not there also a case in respect of fuel poverty? Improving insulation and taking other demand-side measures to reduce the demand for electricity is a very good thing in which to invest. It decarbonises, but it also saves people, particularly those on fixed incomes, money on their heating bills.

Callum McCaig: The hon. Gentleman is absolutely correct: the cheapest fuel that we will ever use is the fuel that we do not use at all. Investing in such measures will save money and reduce fuel poverty. The coal-fired power stations to which the hon. Member for East Antrim made reference will be coming off the system anyway. They will have to be replaced, and they will be replaced by something that will not come free. It will be expensive, but it can be expensive in a way that is good for the environment and good for our industrial base, or it can be expensive in terms of its fuel and its production and the cost to the environment.

There are two ways to go about this. We can be at the front of the queue; we can be a leader and we can have first-mover advantage. That protects our business, allows us to export and allows us to save money for our consumers and industrial producers. I hope that the Minister and the Government will take that course and back CCS for the long-term future of the UK and our energy industries.

3.47 pm

Dr Alan Whitehead (Southampton, Test) (Lab): I was going to say that the debate had been characterised by a mighty cross-party alliance in favour of CCS, which I heartily concur with, but obviously there is this afternoon one exception to that. I want briefly to address that exception: the hon. Member for East Antrim (Sammy Wilson).

The issue is basically about the imperative to decarbonise our energy supplies, and it is an unashamed imperative because we know that climate change is real and that, if we do not do anything about it, that will be disastrous overall, for us all. Indeed, we can go back, in terms of alternative costings, to the Stern report. Stern said that doing nothing on climate change would probably consume 5% of our GDP, whereas doing something about it might consume 1% of our GDP. It is a very substantial investment for the future and rather a good bargain overall, in terms of what we might put in and what we might get out.

Of course, the same applies, in the context of the energy sector, to CCS. The question is really how we decarbonise our energy supplies, using different potential scenarios, and what would happen if we did not take CCS into account as far as decarbonising our energy supplies was concerned. It is not that we cannot, but it is about the relative costs of doing that with different technologies. It is not me saying this: it is the Committee on Climate Change in setting out its scenarios for the fifth carbon budget, which, of course, the Government have now adopted as a way forward over the next period.

We have basically adopted a scenario for energy decarbonisation that has at its centre, and as part of that fifth carbon budget, that energy emissions should be below 100 grams of CO₂ per kWh by about 2030. The Committee on Climate Change says that the investments we have at the moment give us an emissions intensity of about 250 grams of CO₂ per kWh. If we

close remaining coal-fired power stations and replace them with gas-fired generation in the short term, that would take emissions marginally further down to 190 grams of CO₂ per kWh.

Of course, if all the existing nuclear power stations were also replaced by gas, and gas met new demand subsequently, emissions intensities would rise to over 300 grams of CO₂ per kWh by 2030. The Committee on Climate Change goes on to say:

“Commercialisation programmes for CCS and offshore wind alongside lowest-cost investments in the 2020s in a mix of new nuclear, onshore wind, solar and offshore wind rather than expanding gas generation would bring emissions intensity down to below 100 gCO₂/kWh.”

That is a very straightforward and exact road map for where we need to go in terms of energy decarbonisation.

Of course, if we did not have CCS in that scenario, we would have to do a lot of different things to replace what CCS would have done by physically taking the carbon dioxide out of the process and putting it into the ground. We would have to do something else to take that carbon dioxide out of the process. That could be a lot of additional energy efficiency or it could be a lot of new, different low-carbon plant.

We come to the question of what the alternative costs might be if we did not have CCS in the process. Indeed, the NAO report on the carbon capture and storage pilots, which hon. Members have mentioned this afternoon, clearly sets out that meeting the 2050 target for decarbonisation of our whole system, without CCS, would

“cost up to £30 billion more in the power sector alone”.

Hon. Members have mentioned what that means in terms of an annual basis, but that is the overall cost. Interestingly, the NAO cites where that particular figure comes from: of course, it came from the Department of Energy and Climate Change in 2015.

We are clear about the ends, but we are not currently clear about the means. That is where the scandalous cancellation of the two pilot projects—which, by the way, had already been included in those Committee on Climate Change estimates I just mentioned, so we are even further back from the starting line than we would otherwise have been—puts us in terms of having, at the moment, the possibility of ends.

We have agreed the fifth carbon budget. The Government are due to produce their low-carbon plan some day soon; I think it was supposed to be last year and then it was supposed to be this spring, but I see from the industrial strategy announcement yesterday that the target is now some time in 2017. I am interested to know from the Minister whether that low-carbon plan is going to be published in the early part of 2017, as I hope. If it is, I would be extremely surprised if it included no mention of the key role CCS will have to play in making that plan a reality. That is the truth of the matter: without CCS, it is very difficult to envisage a lot of the systems that we talk about in terms of low-carbon energy as a whole—not just low-carbon electricity—working very well.

My hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) mentioned, among other things, the possible role that hydrogen might play in the future heat economy. Hydrogen can be made by electrolysis of spare electricity but it is more likely that, during the earlier period, it is going to be

made using existing infrastructure by steam methane reformation. That gives us a potent fuel in terms of sorting out the decarbonisation of our heat structures, and possibly the substantial decarbonisation of our transport structures, but CO₂ is a by-product that needs sequestering in the process, otherwise it is not low-carbon at all.

The essential role that carbon capture and storage will play across the board in our decarbonised, low-carbon energy economy is without question. The question is: what do we do about it? We have heard mention this afternoon of the estimable Oxburgh report, which was essentially commissioned by Government after the closing down of the pilot schemes. Without wishing to repeat some of the details of the Oxburgh report that have been mentioned this afternoon, I would say that the report does not talk about pilots and does not talk about ways of trying to introduce bits of CCS here and there. It talks about a very practical route forward, which is costed and relatively low-cost, for what Government need to do—exactly in line with what we think we are doing at the moment about industrial strategy and how we move that forward—to make carbon capture and storage a part of our energy landscape over the next period.

I commend anybody who has not read that report to look at exactly what it says. That is exactly what it does: it sets out how we move forward over the next period to integrate carbon capture and storage with various measures as part of our processes. I ask the Minister whether the Government intend to respond to the Oxburgh report in the near future. If they do intend to respond, what form is that response likely to take? I hope that when the Government decide to respond, they respond in a very positive way because that is what we need right now. Undoubtedly, we need to decarbonise radically. Undoubtedly, carbon capture and storage has to be a part of that decarbonisation. Setting out a way forward for making carbon capture and storage a reality in our energy firmament is, it seems to me, a very high priority for Government at the moment.

Mr Clive Betts (in the Chair): I thank all hon. Members for being so co-operative with the time available to make sure that we got everyone in and they had a full opportunity to contribute. I now call the Minister.

3.57 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Jesse Norman): It is a delight to serve under your chairmanship, Mr Betts. I absolutely welcome this debate and congratulate the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) on securing it and on his very interesting opening remarks. The hon. Gentleman is a strong proponent of carbon capture and storage—he has professional experience and expertise—and this has been a valuable discussion.

I will make some general statements before responding specifically to the concerns raised. We have not got much time, so I will have to move relatively quickly. As I am sure the House understands, the Government remain very committed to tackling climate change, and remain very committed to the Climate Change Act 2008 and the implications it has and will have for the coming decades. Climate change remains one of the most serious long-term risks to our economic and national security.

As a country, we have made great progress towards our goal. Indications are that UK emissions in 2015 were 38% lower than in 1990, and 4% below those in the year before. It is appropriate to recognise that, as well as to look ahead to the future to the emissions reduction plan, which we will publish in due course. I am happy to respond to the question from the hon. Member for Southampton, Test (Dr Whitehead). My colleague the Minister for Climate Change and Industry mentioned to the Business, Energy and Industrial Strategy Committee that that would be in the first quarter. I can do no better than echo his words.

As a Government, we remain committed to exploring all technologies that can support the process of decarbonisation, including carbon capture and storage. As has been recognised today, CCS has a wide range of potential applications in which it could contribute to the reduction of carbon in our environment. Those include not merely decarbonising heating and transport, but providing a pathway for low-carbon hydrogen and producing negative emissions when biomass is combined with CCS in power generation. CCS offers a wide array of potential strategic benefits. It has been rightly noted that it has the potential to help energy-intensive industries in this country to remain competitive.

I understand some of the concerns that were raised about the cancellation of the project last year. The project was absolutely not without benefits and, as the Committee recognised, there had been investments in front-end engineering and design. It was an ambitious scheme. Everyone in the Chamber believes that the Government should be ambitious in their expectations for climate change improvement and carbon reduction, so I think it is odd to criticise the Government's ambition, when they have sought to be precisely that.

[MR PHILIP HOLLOBONE *in the Chair*]

The Government absolutely believe that CCS has a potential role in long-term decarbonisation, but it must be affordable. It is worth noting that we are not by any means the only country seeking to crack CCS from a cost perspective. Projects have been deployed, particularly in north America. However, the United States, Canada and Norway have all cancelled projects, so we are taking the time to look hard at CCS to see whether we can find a cost-effective pathway.

That does not mean we have not been investing in the meantime. As colleagues know, we have made a range of investments across the piece, including in Carbon Clean Solutions, which the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) mentioned—I would be delighted to meet him when officials can set it up—and in storage appraisal projects in the Northern Irish seas and the Summit Power CCS project at Grangemouth.

The Government continue to be very active. We commission research and provide support for innovation, and we remain engaged and seek to continue working with and learning from others, such as the United States, Canada and Norway. The hon. Member for Coatbridge, Chryston and Bellshill mentioned the Toshiba CCS plant in Texas. Officials have already met the promoters of that scheme and are contemplating visiting it when it is up and running to learn more as part of our overall picture. We remain part of a series of international initiatives designed to understand CCS better, and to learn from and deploy it as effectively as possible.

[*Jesse Norman*]

Therefore, we have not closed the door, by any means. Indeed, Lord Oxburgh was asked to set up and lead his parliamentary advisory group—I very much recognise the contributions made by Members in the Chamber towards it—precisely because we have not closed the door to CCS but are looking to use it, if possible, affordably and effectively. I put on record my thanks to Lord Oxburgh and the group’s members for their work.

On the specific issues raised by colleagues in the debate, I was invited by the hon. Member for Coatbridge, Chryston and Bellshill, who opened in the debate, to consider CCS as part of the industrial strategy. As I hope has been understood, we absolutely are doing that and will continue to do so.

My hon. Friend the Member for Central Suffolk and North Ipswich (Dr Poulter), who is no longer in his place, asked whether we, as a country, would be affected by Brexit in this regard. I point out that, as a country, we are a signatory to the Paris agreement independently of the EU as well as through it, and it is therefore far from clear that Brexit will make a difference.

The hon. Member for Stockton North (Alex Cunningham) is right that we need to get the EU emissions trading system correct. My hon. Friend the Member for Waveney (Peter Aldous), in a very eloquent speech about the offshore potential for the UK continental shelf, said that we must be pioneers in CCS, but I slightly disagree with him on that point. There is an honourable place for us as an early mover, but not necessarily a first mover, in CCS. Such people often reap the benefits in technology and cost without taking a lot of the additional risks. That is a perfectly honourable position for this country to be in.

Hon. Members spoke about the Oxburgh report. I point out to the hon. Member for Aberdeen South (Callum McCaig) that even that report contemplates very substantial capital expenditure of potentially more than £1 billion and perhaps even £2 billion, as well as the CfD. The hon. Member for East Antrim (Sammy Wilson) asked who pays for these things. Well, that would be the cost, and the payment would be borne respectively by taxpayers and bill payers. The incentive structures would have to be determined in future discussion, but there would be a CfD, and the framework regulation is something that Lord Oxburgh properly discussed.

Callum McCaig *rose*—

Jesse Norman: I am sorry, I cannot take interventions because I am really short of time, but I hope I have at least addressed the core point the hon. Gentleman made.

Let us be clear: the Committee on Climate Change seems to be contemplating a contribution on CCS from

this country until 2030. No one can predict the future, so it is not clear that we are behind schedule from its point of view. However, it is very important to recognise that even the Oxburgh report is not just about a CfD, but about a potentially substantial capital cost, which would fall on taxpayers.

My colleague the hon. Member for Strangford (Jim Shannon) raised an issue about cost and effectiveness and was absolutely right. The hon. Member for Middlesbrough South and East Cleveland asked about the NAO report. I absolutely assure him that it has been given—and is being given—a lot of scrutiny within my Department.

Let me quickly wind up my remarks in the time that remains. The Government are actively interested in and engaged with the question of CCS. I very much thank hon. Friends and hon. Members for their wide-ranging contributions to a fascinating debate. This is not an easy issue to crack, but we are focused. The Government will set out our approach in due course and use the opportunity offered by the debate to further inform our thinking.

Mr Philip Hollobone (in the Chair): The debate will finish at 10 minutes past 4. It is my loss that I have missed most of it, but I need not worry, because Philip Boswell is going to sum the whole thing up in the few minutes remaining.

4.6 pm

Philip Boswell: I am delighted to see such excellent and almost comprehensive cross-party support for the inclusion of CCS in the Government’s commendable industrial strategy doctrine. Clearly, we are mostly on the same page, and I am sure the application from the hon. Member for East Antrim (Sammy Wilson) to work for the Trump Administration will be successful.

Although the Minister understands that the cost of developing CCS is an existing issue, I am sure he recognises that the cost of not developing and including it will be greater—that is well articulated in the report. None the less, he has undertaken to keep to climate change commitments, to publish the Government plan in quarter one of 2017, to publish details about decarbonisation across all sectors including CCS, and to consider the Toshiba option, which is to be highly commended. I very much look forward to developments in the near future.

I am delighted to see Lord Oxburgh in attendance and thank all hon. Members for their contributions. Finally, I thank you, Mr Hollobone, and all the staff who enabled the debate to take place.

Question put and agreed to.

Resolved,

That this House has considered UK decarbonisation and carbon capture and storage.

Leaving the EU: Funding for Northern Ireland

4.8 pm

Ms Margaret Ritchie (South Down) (SDLP): I beg to move,

That this House has considered the effect of the UK exiting the EU on EU funding for Northern Ireland.

I am very pleased to have secured this debate, Mr Hollobone. I welcome the fact that the Minister is here to respond on behalf of the Northern Ireland Office and that the shadow spokesperson, the hon. Member for Ealing North (Stephen Pound), is here. This is a momentous day in the history of the European Union; the declaration made—I am very glad to say—by the Supreme Court will enable parliamentary sovereignty to reign on this issue. That shows how important Parliament is in this matter.

I am here today to represent the majority of voters in South Down—67%—who voted to remain within the European Union, and the majority of voters in Northern Ireland—56%—who voted to remain. They do not want to see our local economy sacrificed to appease the anti-EU agendas of those with no connection to or no interest in Northern Ireland. I also rise to correct the glib “it’ll be all right on the night” hand-waving that some Ministers have offered when asked about the plan for Northern Ireland post-Brexit.

I mean no disrespect to the Minister responding to this debate when I say that some other Ministers, particularly from the Treasury, seem to have been so excited by the prospect of leaving the EU that they have neglected to familiarise themselves with the complex realities now facing the island of Ireland as a result of Brexit. I hope that highlighting the unique importance of EU funding to Northern Ireland will sharpen the Government’s thinking about precisely what their negotiating goals for Northern Ireland should be. I believe it to be of particular importance following the failure of Sinn Féin and the Democratic Unionist party to maintain an Executive who can represent Northern Ireland’s needs to the Prime Minister directly.

The European Union has been responsible for billions in investment in Northern Ireland over the past two decades—well in excess of what it would have received from ordinary Barnett formula consequentials. In the spirit of not re-fighting the referendum, I will not inundate those here with statistics on how much money the EU has provided over the years, although there are many. However, in the east border region alone, where my constituency is located, through Interreg VA, the EU is currently sponsoring projects to the value of €43.4 million, including €9.7 million for protected habitats and €15.9 million for a project intended to increase the proportion of small and medium-sized businesses working in cross-border research and reconciliation. In total, Northern Ireland was expected to draw down €3.5 billion in the period 2014 to 2020, including PEACE funding, Interreg funding and agricultural subsidies.

Sammy Wilson (East Antrim) (DUP): I hope that I have not stopped the hon. Lady in mid-flow. Does she accept that, according to all the analyses, by 2020 Northern Ireland would have become a net contributor to the EU and that the Westminster Government have already committed to ensuring that any EU-funded project will be honoured by them?

Ms Ritchie: I do not agree with that contention. The hon. Gentleman should take on board that there was considerable cross-border funding, which is what I was referring to when speaking about PEACE funding and Interreg funding. As the name implies, PEACE funding comes from a special fund established at the European level to assist Northern Ireland with the legacy of the troubles. In fact, if I cast my memory back, the former Member for Foyle, John Hume, along with Dr Paisley and Mr Nicholson, a current MEP for Northern Ireland, came together with Jacques Delors to establish the PEACE funds for Northern Ireland.

Danny Kinahan (South Antrim) (UUP): It is good to hear the hon. Lady raising this debate, but does she agree that a lot of funding from Europe that will stop in 2020 helps us on cross-border issues that bring communities together, whether they involve Donegal working with Londonderry or Newry down on the border? It is absolutely vital to the peace process.

Ms Ritchie: I thank the hon. Gentleman for that helpful intervention. I have mentioned the work of the east border region, of which South Down and its constituency council are part. Like other cross-border bodies, such as the Irish Central Border Area Network, those bodies bring people from north and south to work together effectively according to the issues that unite them rather than those that divide them. EU funding has been vital to that work.

I will make a little progress. I know that the hon. Member for North Antrim (Ian Paisley), who is sitting beside me, is anxious to intervene, but I will let him do so by and by. PEACE funding has helped support 6,000 victims and survivors through the Victims and Survivors Service. It has helped involve 350 schools in integrating education, meaning that 144,000 students and 2,100 teachers have participated in classrooms that mix children from nationalist and Unionist backgrounds. It helps fund work essential to building a truly shared society in Northern Ireland.

As an MP for a primarily rural constituency, I cannot fail to mention the £283 million a year that the EU has provided to our agricultural sector, which the Ulster Farmers Union has described as essential. Within Northern Ireland, EU rural development programmes have allocated €194 million to agri-environment-climate measures and €79 million to support areas facing natural constraints. All that has been put at risk by Brexit and those who supported it.

Ian Paisley (North Antrim)(DUP): Will the hon. Lady confirm for the House that she fully understands that all the largesse being spoken about—I welcome that investment in Northern Ireland—is UK taxpayer money anyway?

Ms Ritchie: I do not necessarily agree. Money is pooled. It is about the pooling of sovereignty and moneys in the European Union, so it involves money from other European Union countries. I caution Members that there is absolutely no guarantee that we will get equivalent funding from the Treasury post-2020. Unfortunately, the Chancellor’s assurance that all EU funding will be guaranteed during the Brexit process is of little reassurance to the people of Northern Ireland.

[*Ms Ritchie*]

First, we must remember that that assurance is merely political and could be reversed with a simple press release from No. 10. Nor would it be the first financial promise broken in the wake of Brexit. We all remember those red buses that said “£350 million for the NHS”, which disappeared like snow off the ditches before the final votes were even tallied. The fundamental issue for Northern Ireland is that the promise to match EU funding is grounded in the premise that we can break away from our important trading partners without hurting our already fragile economy.

Jack Lopresti (Filton and Bradley Stoke) (Con): Does the hon. Lady not also recognise that a fundamental economic issue for Northern Ireland is rebalancing the economy away from the public sector? Brexit provides an opportunity for a more outward-looking export-based economy and will help rebalance it.

Ms Ritchie: Although I agree that we need to rebalance the economy in Northern Ireland, I do not think that it is valid to argue that we should do so by denying our access to 27 European countries’ important export markets, particularly at a time when it is difficult to secure export markets in south-east Asia.

I will not mince words or shy away from predicting the obvious: post-Brexit, the British Government will simply not be able to carry on as if it were business as usual. Despite the promises of the leave campaign, the only certainty that I foresee in the years post-Brexit is more and greater austerity as exporters, importers and employers take the hit of new tariffs and restrictions. The Chancellor indicated as much in a recent interview with the German media in which he made it clear that outside the single market, Britain will have to move away from the European social model to become something entirely different.

Are we really expected to believe that in the new social model that the Government are preparing, Northern Ireland’s structural and infrastructural funding will not be cut further? That is one absurdity too many, and the public in Northern Ireland will never buy it. The only way to protect PEACE and Interreg funding is to retain Northern Ireland’s eligibility for EU funding, whether in the north’s own right or by virtue of our relationship with the Irish Government. Even if funding could be guaranteed, I still want to impress on the Minister the importance of funding coming not only from the Irish or British Governments, but from the EU.

Mark Durkan (Foyle) (SDLP): My hon. Friend is right to emphasise that EU funding for Northern Ireland is significant not only in terms of the quantum but in terms of the priorities and purposes that it is used for, because it has been able to reach parts and sectors that otherwise might not have been supported.

On the north-south issues, does my hon. Friend recognise that the north-south bodies established after the Good Friday agreement by and large discharge and dispense much of European funding, and that post-Brexit they will have to be considered for replacement? That will open up a significant element in the negotiations that are likely after the election.

Ms Ritchie: I thank my hon. Friend for that very helpful and erudite intervention. He is absolutely right, because the Good Friday agreement was high-wired not

only into human rights provisions but into membership and continued membership of the European Union. North-south bodies—I can think of Tourism Ireland, which is a special EU programme body, or Interrail Ireland—could be hollowed out as a result of Brexit, thereby dismantling not only those very bodies but the processes through which funding can be dispersed.

That funding comes directly from the EU. It has brought much wealth, much income and much upgrade to our local community sector and our local infrastructure; indeed, it has been vital in regard to infrastructure. The important point is that everybody works together, right across the community, for the benefit of all. That has been one of the compelling imperatives of the European Union’s involvement in the north of Ireland.

All these issues must be stabilised and joined up into a wider strategy that has buy-in from the Executive and society. Also, and again I say this with no disrespect to the capability of Front-Bench Ministers, no British Government—regardless of the size of their majority—will be able to provide Northern Ireland with the same level of political dependability as the EU can. Policy can change quickly here and commitments made by one Chancellor today can be scrapped by another Chancellor.

We need only observe how quickly British Government orthodoxy on the benefits of the EU has transformed into British Government orthodoxy on the UK’s need to enter the global market alone. We heard some of that today, in the statement by the Secretary of State for Exiting the European Union, and we have heard it for the last seven or eight months in this House. That kind of weathervane politics might be sustainable for a wealthy region such as the south-east, where a resilient private sector is well established and there is less difficulty in securing overseas investment, but in Northern Ireland, alas, both local businesses and international investors need to know that when a programme says it will run until 2020, in reality it will run until 2020.

In the last decade, foreign direct investment has been a great success story for Northern Ireland and our economy is beginning to reap the benefits. The Government should be under no illusions: that has been possible because of EU funding, its role in supporting many communities, and in many cases by the EU financially underwriting the process of regeneration. I have first-hand knowledge of that as a former Minister for Social Development with direct responsibility for urban regeneration, which relied on a complement of European funding. An example of that regeneration was the Peace bridge in the constituency of my hon. Friend the Member for Foyle (Mark Durkan).

A vote of confidence in Northern Ireland from the EU has led to votes of confidence from businesses across the world; be in no doubt about that. However, even if funding from the Treasury could match EU funding, both in scale and in reliability, there would still be questions about how the character of the projects being supported would change post-Brexit, because one of the stated aims of Interreg funding is to minimise the impact of economic and social borders within the European community. That is of huge importance to border areas such as South Down, which is in the county of Down, where decades of neglect by policy makers locked communities out of their fair share of economic progress.

I just need to look at what is happening with the southern relief road in Newry, which carries a lot of cross-border vehicular traffic from Warrenpoint port. That port is the fifth largest on the island of Ireland, one of the biggest ports in the UK and a prominent member of the British Ports Association. Warrenpoint exports and imports, and 46% of what it does comes from the south of Ireland and goes there. That process relies on European funding and so will the southern relief road, which is essential to get round the bottleneck of Newry, because that relief road is a Trans-European Transport Network.

A similar tourist project that will rely on European funding—indeed, it had already received European funding through Interreg—is the Narrow Water bridge project, an infrastructural project that brought communities in South Down and in County Louth together, as part of the peace dividend.

Outside the EU and with a British Government potentially relying on the votes of my Unionist colleagues to the right for support in the Commons, can we really be assured that future investment in the north will have the same ethos of cross-border integration? How will the increasing number of cross-border trade organisations continue to function? Does it mean the end for effective examples of co-operation, such as Tourism Ireland? That is why the European Union is important, because it is a “non-aligned” source of funding in Northern Ireland.

EU funding weakens those who would further divide the people of the north and strengthens those working towards integration and reconciliation. That has clearly been the value of Interreg and PEACE funding. Perhaps it also explains why the political parties of Northern Ireland took the positions they did ahead of the referendum. Ultimately, given that none of the Government’s 12 stated Brexit goals are incompatible with retaining the EU’s funding for Northern Ireland, why risk jeopardising the north’s economic regeneration by shifting the tectonic plates that it is founded on?

Recognising Northern Ireland’s unique constitutional settlement and the importance of the EU to that settlement would not require the British Government to compromise any commitments on either Brexit or the Union. Rather, recognition of the north’s unique constitutional position would serve as fulfilment of the principle of consent—a principle that the British Government accepted, along with the Irish Government, when all the parties in the north, except the Democratic Unionist party, signed up to the Good Friday agreement.

I am an Irish nationalist and I make no apologies for that. However, even as an Irish nationalist, I do not wish to see questions of identity in the north being further clouded and troubled by the injection of a new European dimension. Indeed, if the Prime Minister really is as committed to the Union as she claims, one must question why her Government would make the Unionist community in the north choose between their link with Britain and their membership of the world’s largest economic bloc.

The British Government must engage urgently with the Irish Government on establishing an arrangement whereby the north can maintain some form of that associate special status membership of the European Union. Ideally, trilateral work would occur, involving both Governments and the Northern Ireland Executive—if

we had one—before article 50 is triggered, so that we could go to the rest of the EU with a concrete plan to preserve Northern Ireland’s special status. Given the EU’s historic support for the peace process, and the pride that Brussels rightly takes in its role in helping to bring about peace, I can only predict that such a measured plan would be well received.

The arbitrary timetable imposed by the British Prime Minister may not allow enough time for such a plan to be developed before article 50 is triggered, especially in light of the DUP and Sinn Féin collapsing the Assembly. Nevertheless, that is no excuse for the trilateral work to be put off for any longer.

I do not expect the Minister who is here today to be able to give me extensive reassurances on this issue, and I am well aware of the “omertà through clichés” that has been imposed on Government Ministers as we approach negotiations with the EU. However, I hope that he can feed back to his colleagues within Government the concerns that I have expressed, answer some of my questions, and provide me with further details in writing.

I also hope that the Northern Ireland Office will be fully included in the internal discussions that the Government are conducting, both in the Joint Ministerial Committee and at other levels, so that the institutional memory and experience of that Department is heard in the somewhat more gung-ho meeting rooms of other Departments.

4.29 pm

The Parliamentary Under-Secretary of State for Northern Ireland (Kris Hopkins): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the hon. Member for South Down (Ms Ritchie) on securing this opportunity to discuss a really important issue. I have to say that I approach the debate in a slightly more positive tone that she has. As a remain campaigner, I understand much of the passion in what has been articulated, but the people of the United Kingdom have spoken, the Prime Minister has clearly articulated where we are going as far as Brexit is concerned, and it is for us to make the best of that opportunity.

I agree with many of the sentiments expressed today. European funding in Northern Ireland, particularly of the PEACE programmes, has played a vital part in creating a more cohesive society and prosperous economy—

Gavin Robinson (Belfast East) (DUP): Will the Minister give way?

Kris Hopkins: I nearly got to the end of the second paragraph, but there you go.

Gavin Robinson: Because the peace process was mentioned regularly in the contributions of the hon. Member for South Down (Ms Ritchie) and others, I ask the Minister to reflect in his remarks, given this week’s experience and the scandalous events in north Belfast with the shooting of a police officer, that we should be responsible in the fears we portray, and that we should be careful and mindful about creating such a drastic circumstance and saying that leaving the European Union will have a fundamental impact on the peace process. That would be detrimental. It would be fearful

[Gavin Robinson]

and scaremongering and would not be in any of our interests if we wanted to make the best stab of leaving the EU.

Kris Hopkins: I think we all agree that what happened the other day was absolutely outrageous and hope that the police officer recovers quickly and fully. I do not want to get into some of the rhetoric involved in the comments of the hon. Member for South Down, but I will say that there are a small number of idiots out there who seek to damage both our democracy and the peace that has been built. We all, I think, are resolved to pursue them and ensure that justice deals with them appropriately. I believe that the path of peace is embedded in the good people of Northern Ireland and the politicians. I have not met anyone who does not want to see a different path, and peace, and it is for us, as leaders, to ensure that we continue that path.

I nearly got to the end of the first page of my brief. It is right to say that Northern Ireland has benefited from the European structural and investment funds. The European regional development fund, which includes PEACE IV and the Interreg VA moneys, and the European social fund represent a significant financial commitment to Northern Ireland's prosperity. As has already been mentioned, the Chancellor's guarantee, which I will come to later, provides comfort to organisations in Northern Ireland and allows time for us to prepare and to consider what the future looks like in terms of the use of similar moneys to deliver similar outcomes.

I want to comment on the hon. Lady's constituency, which encompasses the fishing ports of Ardglass and Kilkeel. From conversations I have had with her, I understand her particular concerns about EU funding in relation to the fishing community. The European maritime and fisheries fund is worth some €23.5 million to Northern Ireland in the period 2014-20, and it seeks to promote growth in that area. As part of our negotiations, it is important that we think about our relationship with our European partners and friends and about how we ensure that we support the some 800 people who are employed in that sector.

I want briefly to touch on the engagement that is going on and to try to give some reassurance to Members about the process, which enables not only Members of Parliament but Members of the Northern Ireland Assembly and the leadership there to engage, through the Joint Ministerial Committee, with other devolved bodies, to ensure that the Secretaries of State in each of the areas can articulate their concerns, in particular regarding the funding for PEACE and for securing community cohesion. That cross-border engagement and continued participation in the process is really important. As a conduit in that process, individual Members of Parliament are welcome to use that opportunity to ensure that they are transmitting messages, whether from business, the voluntary sector or academia.

Ian Paisley: Does the Minister accept that the debate is all a little bit yesterday, when we consider the comments by Ray Bassett, a former Republic of Ireland ambassador and official in the Department of Foreign Affairs and Trade, and the report by Dr Brian Murphy, Ralf Lissek and Dr Volker Treier to the German-Irish Chamber of

Industry and Commerce, that Brexit means that Ireland's two major trading partners will be outside the EU and that Ireland needs to get ahead of the game and leave along with the UK?

Kris Hopkins: I understand the hon. Gentleman's comments, but the point of this space—of parliamentary debate—is that individual parties can express their concerns and Ministers can understand them and respond appropriately. We are on a momentous journey, and concerns on both sides of the debate still need to be addressed and people need to be comforted. I said earlier that I was a remain campaigner, and there will be constituents who want to understand, whether they have a particular interest or it is about that passion for Europe in the past. So we create this space and it is important that people have the opportunity.

To pick up the theme already mentioned, we have to seize this as a positive opportunity. In the United Kingdom we have a border with the European Union that is against the place of Northern Ireland and that is a massive opportunity for us to seize. Despite all the challenges of understanding—

4.37 pm

Sitting suspended for a Division in the House.

4.46 pm

On resuming—

Mr Philip Hollobone (in the Chair): The Minister has three minutes of his innings left.

Kris Hopkins: Thank you, Mr Hollobone.

Jack Lopresti: Will the Minister give way?

Stephen Pound (Ealing North) (Lab): Give him a chance!

Jack Lopresti: Just briefly. I appreciate the Minister giving way. On the point about our attitude and the optimism that we need, we all recognise that people have genuine concerns about the process, yet we must not talk down the Northern Ireland economy. We are trying to attract inward investment and to create some energy, enthusiasm and optimism for the opportunities of Brexit, which are what we must focus on.

Kris Hopkins: I thank my hon. Friend for his intervention. He is right that we should be optimistic; we have lots of grounds to be so. At this moment in time, the economy has been completely transformed, and we can build on that. Whether in the tourism economy, manufacturing or agriculture, there is huge opportunity. Our highly skilled populace can add to that further growth.

To touch on the Chancellor's guarantee, applications for funding secured before the autumn statement will continue through the negotiations period and afterwards. In particular, we guarantee common agricultural policy funding until 2020, which I know will be an important element for the constituency of the hon. Member for South Down, which includes a big rural community that is dependent on the farming industry.

A difficult election campaign is about to start and its tone is important. It will be set against the context of our decision to leave the European Union. There is huge opportunity to grow the economy of Northern Ireland and the rest of the United Kingdom. It is for us as leaders, whether here in Westminster or in the Assembly, to seize that opportunity. I reassure the hon. Lady that the Government's intention is to ensure that we make the best of the decision we have made for the economy and the people of Northern Ireland.

Mr Philip Hollobone (in the Chair): I thank the Minister for his forbearance and all Members for returning. We are running 18 minutes later than scheduled and will move on to the next important debate.

Question put and agreed to.

Leaving the EU: Animal Welfare Standards in Farming

4.49 pm

Mrs Theresa Villiers (Chipping Barnet) (Con): I beg to move,

That this House has considered animal welfare standards in farming after the UK leaves the EU.

It is a pleasure to open this debate under your chairmanship, Mr Hollobone. High standards of animal welfare are one of the key hallmarks of a civilised society. I take this opportunity to thank all the Chipping Barnet residents who regularly contact me about the issue, setting out their concerns. In this country, we have a long and proud tradition of protecting animals, often taking action many years before other countries follow our lead.

About 80% of our animal welfare rules are part of European law and are contained in more than 40 different pieces of legislation, including 18 on farm animals. Leaving the European Union gives us a range of choices in this House that we have not enjoyed in this country for more than 40 years. Brexit means that we have the chance to reaffirm our support for the highest standards of animal welfare. It also gives us the opportunity to consider ways to strengthen protection for animals as we design a new system of farm support to replace the common agricultural policy.

I warmly welcome the statement that the Secretary of State for Environment, Food and Rural Affairs made in October, saying that high standards of animal welfare should be one of the unique selling points of UK-produced food in the post-Brexit era. I would very much welcome the Minister confirming, when he arrives, that the Government's plans for a great repeal Bill will see animal welfare standards maintained at a level at least as high as the one they are at today.

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): I congratulate my right hon. Friend on securing the debate. She is right to highlight that in theory the European Union upheld consistent standards of high animal welfare, but does she agree that sometimes there was not a level playing field? While British farmers were proud to abide by those standards, we saw battery cages going from Suffolk to Spain. At the very time that British farmers were introducing high standards, other farmers in Europe were not abiding by those standards.

Mrs Villiers: My hon. Friend raises an entirely valid point. It takes me back to my days when I was a Member of the European Parliament. I consistently raised concerns about the inconsistent implementation and enforcement of animal welfare rules. As he points out, that often disadvantages UK farmers, who tend to take them far more seriously than their counterparts in some other countries.

I accept that retaining our current animal welfare standards does not mean that every dot and comma of EU law in this area needs to be set in stone. There may be legislative options that maintain prevailing standards but deliver the outcome in a more flexible way that better suits domestic circumstances. I hope we can all agree that the end result should be the retention and not the dilution of laws that safeguard farm animals in this country. Our goal for the future should be the further strengthening of that protection.

[Mrs Villiers]

When the Secretary of State gave evidence to the Environment, Food and Rural Affairs Committee recently, she indicated that around two thirds of EU legislation could be rolled forward into UK law with only minor technical changes. That leaves around a third of laws within the Department for Environment, Food and Rural Affairs remit apparently needing more substantive change if they are to be retained after we leave the European Union. It would be useful to hear from the Minister which animal welfare provisions are expected to fall within that category. Will he indicate when the House will be given details on the practical changes that may be necessary to ensure that the protections they provide can be carried over into UK law after we leave the EU?

I was also struck, in the Prime Minister's recent speech, that final decisions have not yet been taken on which of the powers that will return from Brussels will go to the devolved Administrations and which will stay within the remit of this place. Animal welfare, as colleagues will be aware, is generally a devolved matter, but in light of the Prime Minister's speech, it would be useful if the Minister could give us an indication of the animal welfare decisions currently made in Europe that he expects to be devolved and the ones that might be retained at Westminster.

None of us in the Chamber should be in any doubt that the food and farming sector is one of the most important for our economy. It supports many thousands of jobs. I saw that for myself in Northern Ireland during my time there as Secretary of State. I met many farmers and businesses creating food of the very highest quality.

Henry Smith (Crawley) (Con): I warmly congratulate my right hon. Friend on securing this debate. With regards to the animal welfare standards of food production, would she agree that the introduction of CCTV in all slaughterhouses is an important part of that to ensure that some of the abuse that has been widely reported can be stopped, because those operators will understand that they are being monitored?

Mrs Villiers: That is well worth considering. A number of constituents have contacted me about it. One has to be certain that there are effective ways of monitoring that CCTV, but we should give serious consideration to further strengthening animal welfare protection in that area.

A task ahead of us is to create a replacement in this country for the common agricultural policy. As we shape a new system of financial support, we have an opportunity to promote a new vision for agriculture, to help our farmers work in ways that restore natural resources in soils, promote biodiversity and maintain the rural environment in good shape for future generations. Continued financial support for agriculture is not just important for the rural economy and for food security. In my view, it is critical if we are to maintain high animal welfare standards.

There are methods that can keep the costs of maintaining animal welfare standards down to a reasonable level, but the reality is that, in many cases, humane forms of agriculture are likely to be more expensive than intensive, industrial production, so agricultural support payments

will be needed into the foreseeable future to ensure that food produced with high welfare standards is not priced out of the market by cheaper, less compassionate alternatives.

With that in mind, I urge the Minister to ensure that animal welfare is an important consideration in future trade talks. We should not be afraid to ask those countries that wish to sell into our market to commit to acceptable standards of animal welfare. We would be constrained by World Trade Organisation rules, but my understanding is that it is possible to set standards for animal welfare and comply with WTO obligations as long as a consistent approach is taken to different countries. We all know that in trade negotiations, compromises and trade-offs occur, but the huge importance rightly placed by many people on animal welfare, including a number of my constituents in Chipping Barnet, means that our negotiators should not lightly trade away ethical concerns in exchange for perceived economic advantage in other sectors.

Quality, safety, traceability and compassionate treatment of animals should be at the heart of the UK's post-Brexit brand for food and farming. I hope that we will see those themes running through the forthcoming Green Paper on this matter. Our new system of farm support should reward farmers who adopt higher welfare standards.

I hope the UK Government and the devolved Administrations consider the following four areas for reform to further strengthen farm animal welfare. Before I set them out, I want to pay tribute to the work of our farming sector. I am well aware that the majority of our farmers take this issue very seriously, and that our farming sector's record compares well to anywhere else in the world. Many farmers I know go beyond their legal obligations to safeguard the welfare of their livestock, but there is still more to be done.

The first area of reform should be to phase out farrowing crates for pigs and replace them with free farrowing systems. As with sow stalls, which were banned some years ago, pigs about to give birth cannot turn around in those crates. Cramped conditions mean that the sow can barely move and there is not even enough room for her to lie down, much less carry out the nest-building behaviour normally seen in pigs about to give birth under more natural conditions.

Mrs Anne Main (St Albans) (Con): I apologise for the late arrival—several of us were caught up thinking there would be a second vote.

Shockingly, two years after those stalls were banned on the grounds of cruelty, six EU countries were still using them unofficially. Our farmers are already being undercut under EU rules by countries that are not compliant with welfare standards.

Mrs Villiers: My hon. Friend is absolutely right. There is no point having rules unless they are properly enforced. It is vital to see all countries subject to the rules enforce them properly.

Julian Sturdy (York Outer) (Con): My right hon. Friend is making a powerful speech. To add to that point, it is estimated that 70% of pork imports that come into the UK fall well below the standards of home-produced pork, as I am sure she is aware. Should we not also be shouting that loud and clear, not only from Parliament but right across the UK?

Mrs Villiers: That is a concern. One of my worries is that so many consumers buy products that are not domestically produced and not subject to our animal welfare rules without recognising or realising the extent of the cruelty that sometimes goes into producing them. We need to look afresh once we leave the EU at the rules and transparency of production method labelling, because that may help to deal with the problem that my hon. Friend describes.

Secondly, our new system of financial support for agriculture should provide incentives for farmers to move away from industrial livestock production towards free range systems. I am particularly concerned that intensive indoor production of broiler chickens can involve tens of thousands of birds in a single shed, each with less floor space than the size of an A4 sheet of paper.

Bill Wiggin (North Herefordshire) (Con): There is quite a lot of misunderstanding about floor space and broiler chickens. The average life of a broiler chicken is between 32 and 36 days. At what point is the floor space measured? Is it when that chicken is a tiny chick or when it is about to be taken away for slaughter? Obviously, the floor space is determined by the size of the chicken.

Mrs Villiers: My hon. Friend makes a useful point. It is important that we bear those considerations in mind, but one of my concerns is that chickens raised in such conditions may lack exercise and be disturbed or trodden on while they are resting. Many thousands may die if ventilation systems fail. I also worry that chickens bred for fast growth have a higher than normal rate of leg deformity because their bones struggle to grow quickly enough to keep up with the weight that is put on them. The litter on the floor to absorb droppings is generally not cleared throughout a chicken's entire lifetime, meaning that the air can become highly polluted with ammonia from droppings, which can lead to damage to the chicken's eyes and respiratory system and cause painful burns on their legs and feet, heightening the risk of disease and infection.

I believe that Britain should be a pioneer of free range and pasture-led farming, and a world leader in the skilful management of such systems.

Ian Paisley (North Antrim) (DUP): I appreciate the point that the right hon. Lady is trying to make, but does she agree that the vast majority of poultry farmers do not treat their animals like that? Poultry farming is an expertise and relies on the farmer being able to produce a bird that is healthy, wholesome and good for the British market. That is the main priority. Although it is right to make the points that she makes, they affect only a very small minority of farms.

Mrs Villiers: I certainly agree that, happily, many farmers have far higher standards than the intensive means of production that I have been talking about.

One of our goals should be to end zero-grazing for dairy cows. Research by Compassion in World Farming indicates that as many as 20% of UK dairy cows rarely or never graze outside. I fear that industrial systems that keep cattle indoors all year round simply are not capable of delivering high welfare standards, no matter how well managed they are. Evidence suggests that it is

essential for cows to be able to access pasture to engage in normal behaviour, including the exercise needed for bone and muscle development. A review of the scientific literature by the European Food Safety Authority concluded that cows that are not kept on pasture for at least part of the year were at increased risk of lameness and disease.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I come from a wet area of west Wales. Our dairy cows are largely indoors for half the year anyway, and they flourish and are sustained to a high welfare standard. I am not quite sure how my right hon. Friend's proposal would work for the wet winter months when cattle are actually healthier if they are kept indoors.

Mrs Villiers: I think everyone would accept that keeping cattle indoors for part of the year is not problematic. The concern that I am raising is industrial methods of production in which cattle are indoors all year and can never graze. My concern is not with the farming methods my hon. Friend describes.

Another cause for concern and a reason to discourage intensive farming methods is that they can lead to overuse of antibiotics to fend off diseases and infection caused by keeping animals in unnatural and overcrowded conditions, which compromise their health and immune responses. Antimicrobials are often given to whole herds or flocks of intensively-farmed animals via their feed and water. Antibiotic resistance should be viewed as one of the greatest challenges of our time. Unless we halt the trend of antibiotics growing gradually less able to protect us, we face the risk of a return to the pre-20th century situation where small injuries and minor operations routinely resulted in a fatal outcome. We must take action to prevent that disaster.

Admittedly, heavy use of antimicrobials in human medicine is probably the greatest cause of the problem, but there is important scientific evidence to show that regular prophylactic use of antimicrobials in farming contributes to the transfer of resistant bacteria to people. That has been acknowledged by the World Health Organisation, the European Medicines Agency and the European Food Safety Authority, and in the 2016 O'Neill report. That independent review, set up by the Government, called for a substantial reduction in the use of antimicrobials in farming as an important element of an effective strategy for combating resistance. Research shows that high stocking densities are a risk factor for the spread and development of infectious diseases, and such densities can allow rapid amplification of pathogens. As the O'Neill review put it:

"large numbers of animals living in close proximity...can act as a reservoir of resistance and accelerate its spread."

Efforts to reduce overall antibiotic use in, for example, the poultry sector have had success, but other sectors such as pig farming have not taken such decisive action. Our goal should be higher-welfare farming where animals are kept healthy through good husbandry practices rather than routine antibiotic use.

Finally, I urge the Minister to bring an end to the export of live animals for slaughter. Everyone present for the debate will be well aware of the suffering that can be caused by long-distance transport of live animals. Once exported, animals can be in transit in crowded and stressful conditions for protracted periods. As we

[Mrs Villiers]

have heard, enforcement of welfare rules in Europe is patchy, which means that there is a risk that animals will suffer from extremes of temperature or be left without sufficient food, water or rest. We cannot always be confident even that welfare rules regulating slaughter in the country of destination will be complied with. Export from Northern Ireland to south of the border does not raise the same concerns, because the distances are generally short—it is essentially local transport, so any future ban should treat exports to the Republic of Ireland as equivalent to domestic ones and allow them to continue, as long as there is not evidence of immediate re-export.

Danny Kinahan (South Antrim) (UUP): I have been listening carefully, and it is fantastic that the right hon. Lady is looking for such care and welfare for animals. She will appreciate that Northern Ireland farms are very small, and that increasing costs will make things harder. Would there be a long consultative period in what she asks for, including sitting down with farmers to find out how to go about things? When it is wet in Wales or soaking in Fermanagh, we could find a solution.

Mrs Villiers: Absolutely. There should be a long process before changes are made. However, I hope the hon. Gentleman will have noted from my speech that one of the tools at our disposal is positive incentives—ways of rewarding farmers whose welfare standards are high, when we allocate farm support payments. I am not always necessarily talking about changes in the rules or things of that nature. In certain situations we may use incentives rather than penalties. However, a change in the law to introduce a ban is justified in relation to live exports.

I appeal to the Minister to bring forward legislation to ban live export for slaughter or fattening that can take effect as soon as the UK leaves the EU. That trade is far smaller than it used to be. I believe it would have been banned years ago if that power had rested in Westminster rather than in Brussels. The referendum vote means that the House will soon have control over that decision once again. We should seize the opportunity to end that trade. Now is the time to press ahead and get it done. Many of my constituents would support it. I urge the Government to press ahead and do exactly that.

Several hon. Members *rose*—

Mr Philip Hollobone (in the Chair): Order. This is an hour-long debate that will finish at 5.49 pm. The guideline limits for Front-Bench spokespeople are five minutes for the SNP and Her Majesty's Opposition, and 10 minutes for the Minister, with the right hon. Member for Chipping Barnet (Mrs Villiers) having three minutes to sum up at the end. That means I have to call the first Front-Bench spokesperson no later than 5.26 pm. Five Members are seeking to catch my eye, and I am determined that each and every one of them should be able to speak. That means that hon. Members will have only three minutes each in which to speak.

5.10 pm

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): It is a privilege to serve under your chairmanship, Mr Hollobone. I thank the right

hon. Member for Chipping Barnet (Mrs Villiers) for bringing the debate. She spoke extremely eloquently on a number of points I had hoped to raise—I will no longer be able to do so with only three minutes in which to speak, but I thank her for getting to the heart of animal welfare and what needs to be done in future. I also thank my constituents in East Kilbride, Strathaven and Lesmahagow for, as always, placing animal welfare at the heart of my postbag every month, which shows that they are principled and empathic in all that they do.

Animal welfare is a devolved issue, and Brexit negotiations will therefore have a significant impact on what animal welfare protections are adapted, amended and brought to the Scottish Parliament. Will the Minister comment on that? We expect that the devolution of animal welfare legislation to the Scottish Parliament will continue. Furthermore, our rural economy benefits from a share of the £4 billion received in EU funding. Will he comment on funding for farmers and particularly Scottish farmers?

Animal welfare standards have to be at the heart of everything we do. Ensuring that our farming animal welfare is world class is something of which we can be extremely proud.

The zero-grazing of dairy cows was brought to my attention when I attended a meal with people from the dairy farming industry. I was told that cows prefer not to graze, as though they had been asked for their opinion on the matter. I was somewhat incredulous, as it seems wholly unnatural for a dairy cow to want to be cooped up all year round. I am aware of research that shows pasture-based cows have lower levels of lameness, hoof pathologies, hock lesions, mastitis, uterine disease and mortality than zero-grazed cows. We must adopt a pragmatic approach, as has been said, but I ask that those issues are taken into consideration, and that those animals have the very best welfare.

I do not have much time to speak about crates for sows, but I briefly say that I have written to the Scottish Government regarding CCTV in slaughterhouses. I believe coverage is at about 95% now across Scotland, but I urge them to do all they can to reach 100%.

5.13 pm

Bill Wiggin (North Herefordshire) (Con): I must declare my interest in farming in my constituency. Last week, I argued that Brexit presents opportunities as well as risks for farmers. We are now at liberty to replace the common agricultural policy with a policy that is tailored to suit the farms and farmers of this country—sustainable, profitable, high-welfare farming that is good for consumers, good for farm animals, good for the environment, good for farmers and good for Britain.

However, we must protect against the importing of meat that has been subject to lower welfare standards than our own, which threatens the livelihood of our farmers. We must ensure that we have appropriate restrictions on the importing of low-quality, low-welfare animals because it would be hypocritical to insist on high-welfare standards for our own farmers while financing low-welfare farming in other parts of the world. We saw the impact of the Irish horsemeat scandal on our industry, so we must ensure that food labelling reflects British farming's commitment to higher standards—the red tractor needs to mean so much more.

Honest food-labelling standards can and should be implemented once we leave the EU to protect the reputation and high standards of our farmers. The problem is particularly difficult for caterers, especially with complex dishes. There is simply no space on a menu to list the origins of all components, so we need to find ways to help consumers determine the animal-welfare standards that we all desire.

Brexit provides many opportunities for British farming to take its rightful place at the forefront of world animal welfare standards, and for British farmers to be well rewarded for producing higher-quality food. Animal welfare standards must and will be kept at the highest levels in this country as we strive for the profitable, sustainable, high-welfare farming sector we all deserve.

5.16 pm

Sir David Amess (Southend West) (Con): I congratulate my right hon. Friend the Member for Chipping Barnet (Mrs Villiers) on securing the debate. Who would have thought we would be having a debate about this opportunity? It must have been the powerful oratory of my right hon. Friend, who played a leading part in the campaign.

I enter the debate with some trepidation, because I am not a farmer and do not have one farm in my constituency. However, I wish to pay tribute to Mrs Lorraine Platt and her supporters for all the work that she and others do for the Conservative Animal Welfare Foundation, of which I am a member. We very much want to end cages for hens, pig farrowing crates—my hon. Friend the Member for St Albans (Mrs Main) gave me another take on that—and long-distance live animal exports. We want to introduce mandatory closed circuit television in all slaughterhouses and a method-of-production labelling on how meat and dairy are reared, and we want a ban on routine use of antibiotics in farming.

Many of us were shocked at footage that became available on 17 January of a south Yorkshire slaughterhouse. On its online shop, consumers are told that the animals have been reared in an ethical and traditional manner, but the footage revealed nightmarish conditions for slaughter. In one clip, a severely distressed water buffalo struggled for his life by desperately attempting to jump out of a restraint box after witnessing other animals being slaughtered. Mandatory CCTV can act as a deterrent. It can be used to train staff in higher welfare standards and to allow an independent body to review those standards.

I very much agree with my hon. Friend the Member for North Herefordshire (Bill Wiggin) on labelling. The EU legislation covers mandatory labelling on the provenance of eggs and beef, the labelling of some poultry meats and the country of origin of certain meats. That, however, could be improved by introducing method-of-production labelling on how meat and dairy animals are reared, whether the intensive method or the slaughter method.

Yes, we are a nation of animal lovers. Some other countries criticise us for being silly about animals, but I certainly judge the civilisation of any country on how they treat animals. This is a real opportunity to improve the welfare of animals and how we treat animals on farms. I pay tribute to our farmers. One reason why I campaigned not to continue as a member of the European Union in the '70s was that I thought the farmers got a raw deal. I am very happy that we are to leave the European Union. We will make a success of it.

5.18 pm

Mrs Anne Main (St Albans) (Con): I pay tribute to my right hon. Friend the Member for Chipping Barnet (Mrs Villiers) for securing the debate.

Brexit is a great opportunity for the UK to enforce more transparency for farm-to-fork traceability to enable British consumers to make more informed choices about what they are buying and what life an animal has had in the production of food. We should therefore focus on a thriving trade for our farmers, because they operate to some of the highest standards. As I pointed out in my intervention, standards for farrowing crates for sows have been flouted in other countries, whereas our farmers obey the rules.

We will have the opportunity to ban the export of certain live animals, such as the live transportation of horses, which I feel very strongly about. Brexit will allow us to protect endangered species from being transited through the UK, and to ban imports of wildlife trophies, body parts and extracts of bodies. It will allow us to have stronger regulation of animal testing and research, banning that which is causing severe suffering.

UK farmers must not be undermined by lower welfare production units operating abroad. It is vital that we get labelling right. I tried to have a debate on labelling. The EU labelling directive is so tortuous that many years are spent achieving little. The traffic lights system on some of our products was voluntary. Italy kicked up a huge stink because it did not want olive oil labelled as a high-fat product, because it felt that that was discriminatory. I think most of us are fully aware of what we are buying when we buy a bottle of oil or a pat of butter.

Leaving the EU will allow us to be able to take things into our own hands. It will allow us to limit the diseases that sometimes come across from other countries. The Schmallenberg virus, for example, is now widespread across much of the EU. It was not made a notifiable disease, despite Governments seeking to limit its spread. As a result, the US banned bovine semen exports from the EU, including from our significant UK export market, despite our stocks being less badly hit. The EU standing veterinary committee operates through a bureaucracy. With foot and mouth disease, its rules caused delayed response times and exacerbated the risk of spread.

We have many, many opportunities within the wildlife sector, the food production sector, the farming sector, the export sector and the labelling sector to take back control in this country and put our farmers at the forefront. We can stop hiding behind rules that are bent by the EU and stop cross-subsidising inefficient farmers in many EU countries that are operating at standards we would not allow in our country.

I welcome this timely debate. Time is short, but the very fact that so many Government Members are taking the matter seriously means that we will certainly have a great deal for farmers in this country post-Brexit.

5.21 pm

Craig Mackinlay (South Thanet) (Con): There are many aspects of Brexit that we have not fully explored, and farming and the common agricultural policy is one of them. Some 15 million sheep, 9.8 million pigs and 2.6 million cattle were raised and slaughtered in the UK last year. There is always that perceived conflict between cheap food and decent animal husbandry, and I do not think it need be so; both can go hand in hand.

[Craig Mackinlay]

For too long, the EU has cast its shadow over British farming, and one area that has been affected more than many is abattoirs. The 1991 directive created huge changes in structural and procedural rules and in costs. Costs for small abattoirs rose by two and a half times. Not surprisingly, there were substantial closures. We can see that in the south-east, which is virtually devoid of abattoirs. The numbers speak for themselves. There were 495 pig abattoirs in 1990; there are just 130 today. That means huge transport distances, increasing costs and animals' distress. Of course, increasing abattoir costs mean higher food costs.

The question of abattoirs leads me conveniently to live animal exports, which have been raised this afternoon. There were just 40,000 live sheep exports last year, out of 15 million sheep raised. Every single one of those passed through the small port of Ramsgate. I take this opportunity to thank the Conservative Animal Welfare Foundation, the RSPCA and Kent Action Against Live Exports, which has kept me fully informed about what is happening in Ramsgate.

I proposed a ten-minute rule Bill to change section 33 of the Harbours, Docks and Piers Clauses Act 1847 to allow the local port of Ramsgate, which is owned and run by Thanet District Council, to have discretion to stop the trade. The council faced a £5 million bill following its unilateral decision to close the port after a truly dreadful event that led to the euthanasia of a number of sheep on an overloaded lorry. Part of the High Court judgment referred to section 33 of the 1847 Act, but my ten-minute rule Bill was not supported by the Government for a good reason, which is that we were members of the European Union. We can change the legislation when we become an independent country in a couple of years' time, but the High Court judge referred to article 35 of the treaty on the functioning of the European Union. Free trade rules, foisted upon us by the EU, do not allow us discretion in this area. I hope that that can now change, as we lead farming into Brexit.

I would be grateful to receive an assurance from the Minister that he is looking carefully at transport times. A maximum transport time of eight hours, which many have asked for, would solve the problem and stop live animal exports out of Ramsgate and any other affected harbour.

Mr Philip Hollobone (in the Chair): We now come to the Front-Bench speeches. I have asked the Clerk to help our speakers by putting up the five-minute guideline limit to help them with the length of their remarks.

5.25 pm

Dr Paul Monaghan (Caithness, Sutherland and Easter Ross) (SNP): I congratulate the right hon. Member for Chipping Barnet (Mrs Villiers) on securing this debate and, indeed, on her excellent speech.

The UK Government's plans for a hard Brexit, including taking all the nations of the UK out of the European single market—in Scotland's case, against our will and against our interests—will not only inflict, in our view, catastrophic damage on Scotland's agricultural sector but bring the serious possibility of damage to the welfare of farm animals. The Minister knows that the people of Scotland voted decisively to remain within

the European Union and to continue to enjoy all the benefits and opportunities our membership provides. Short of continuing EU membership, we believe that full membership of the single market and the customs union is the best outcome, not only for Scotland but for each country of the UK, not least in respect of animal welfare standards. Outside the single market, within a UK that has isolated itself in the world, Scottish farmers would face the prospect of paying the same high tariffs that apply to countries outwith the EU such as Ghana or Mozambique, for example. That is hardly the preferential access we currently enjoy.

The consequences will be profound—much lower sales or much lower prices paid to our farmers and food producers. The potential loss of the animal welfare controls we currently have in place to protect both human health and animal health will make future trade agreements considerably more difficult to achieve. As my hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron) noted, if Scotland is forced to leave the EU, we would expect powers over animal welfare and protection to be fully devolved to Scotland to enable us to address this challenge.

EU regulatory regimes, enforcement, financial support and legislative frameworks help to protect workers and the environment, and create a level playing field. Beyond their importance for trade, regulatory regimes for food safety, animal health and plant health are essential for protecting Scotland's consumers and environment, and enabling mutually beneficial technical and scientific co-operation. Most of the animal welfare legislation, regulatory controls and enforcement for which Scottish Ministers currently have policy responsibility is derived from EU legislation. The EU legislates on issues affecting the operation of the internal market and the free movement of animals. Indeed, Council directive 98/58/EC, on the protection of animals, is kept for farming purposes and provides general rules for the protection of animals.

However, on 4 January 2017 the Secretary of State for Environment, Food and Rural Affairs said:

“By cutting the red tape that comes out of Brussels, we will free our farmers to grow more, sell more and export more”.

Nothing could be further from the truth. Rolling back on animal welfare standards will create serious uncertainty for potential markets, as will the developing view that any legislation that has animal welfare at its heart might be further diluted by the UK Parliament. If the overriding Government policy becomes cheap food, animal welfare will suffer.

EU law is at the heart of our animal welfare regulations, which protect our animal health, our consumers and our environment. The UK leaving the European Union will mean the repatriation of EU competencies in agriculture, and Scotland's devolution settlement must change to reflect that. Under no circumstances will we accept the use of exiting the EU as a pretext for centralising control in Westminster. Nor can there be any question of the UK Government attempting to reserve powers that are currently devolved to the Scottish Parliament. The future of Scotland's agriculture, including animal welfare standards, must be determined in Scotland.

5.29 pm

Mary Glendon (North Tyneside) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the right hon. Member for Chipping Barnet

(Mrs Villiers) on securing the debate; she showed her real concern and passion through the knowledge she imparted to us today. The hon. Members for East Kilbride, Strathaven and Lesmahagow (Dr Cameron), for North Herefordshire (Bill Wiggin), for Southend West (Sir David Amess), for St Albans (Mrs Main) and for South Thanet (Craig Mackinlay) all showed their real concerns about animal welfare and also imparted a lot of knowledge to us.

On this side of the Chamber, we want to see the legal standards set by the EU protected and enhanced even further post-Brexit. We owe a debt of gratitude to all those involved in farming and its associated industries for all they do to maintain high animal welfare standards across the UK. In 2013, the Department for Environment, Food and Rural Affairs reported that the UK was leading the way on animal welfare standards, banning the use of barren battery cages for egg-laying hens, veal cages for calves and sow stalls for pigs, all long before the EU outlawed them. British farmers have led by example, with 88,000 farmers part of red tractor assurance.

Although the Government have said that existing EU laws will be incorporated into domestic law through the great repeal Bill, the Secretary of State has indicated that there will be an opportunity for the Government to scrap the EU regulations that they do not like. The problem is that the Government could be drawn into a race to the bottom on animal welfare standards when negotiating trade deals with countries outside the EU that have much lower standards than ours. I hope that the Minister will be able to guarantee that the welfare of farm animals will not be used as a bargaining chip in any future trade negotiations.

Bill Wiggin: I am most grateful to the hon. Lady for giving way. I have similar concerns about what happens if, as the hon. Member for Caithness, Sutherland and Easter Ross (Dr Monaghan) suggested, the powers are devolved. How can the hon. Lady see devolved Parliaments and Assemblies not using the powers as a bargaining chip to influence international deals that we may be trying to achieve for the benefit of the whole of the UK?

Mary Glendon: Upholding our standards must be paramount and we must stick firm. I hope that the Government do not try to water down any standards unilaterally.

When the Secretary of State addressed the Oxford farmers conference, she announced regulations that she would like to scrap, including the three-crop rule. If the public are to have confidence in any of the Government's promises on animal welfare, we must be told what objective criteria the Secretary of State is using when she makes such announcements. I hope the Minister can tell us what the criteria are.

The desire for a ban on live animal exports has already been mentioned. I hope that we will get a full explanation from the Minister on what he hopes will happen on that, because it is so important.

A big area of concern is how inspection regimes and enforcement will be upheld after EU regulations no longer apply. Currently, we have a shortage of the suitably qualified veterinary staff who are needed to ensure that standards are being complied with. That shortage may be exacerbated by new restrictions on freedom of movement. What are the Government doing now about that skills shortage?

Our membership of the EU has been valuable to scientific and veterinary communities; it has provided cross-border access to research laboratories in other EU countries and the sharing of best practice on issues such as disease management. Those links have provided an important means of upholding high animal welfare standards. Will the Minister set out how those issues will be addressed in the negotiations and how he will ensure that those important links can be sustained after we leave the EU?

Does the Minister further acknowledge the need for certainty over future border controls? Will he commit to working closely with veterinary experts, as well as farmers, to ensure that that is addressed in the negotiations?

There is also a need for the Government to develop a new system of farming support to replace the common agricultural policy after 2020, which is an opportunity for the Government to design a system that actively provides incentives for farmers to deliver the highest possible animal welfare standards. Will the Minister say what is being considered?

Finally, will the Minister give a reassurance that DEFRA's upcoming Green Paper on food and farming will have a strong emphasis on upholding and strengthening animal welfare? Farming is vital to our economy and the Government must give it safe passage through the Brexit deal.

Mr Philip Hollobone (in the Chair): If the Minister concludes his remarks no later than 5.46 pm, that will allow the Member in charge to sum up.

5.34 pm

The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): Thank you, Mr Hollobone. I apologise for being late. I was given some unreliable intelligence from my Whips about the possibility of a second vote.

I congratulate my right hon. Friend the Member for Chipping Barnet (Mrs Villiers) on securing this important debate about the importance of animal welfare in farm policy once we leave the European Union. The debate about agricultural policy is often characterised by a tension between agricultural production on the one side and environmental outcomes on the other, and there is often antagonism between the two. Animal welfare, which is the third issue in this debate, is all too often overlooked, but it is of equal importance. The kindness and compassion that we show to animals that we raise for food are a hallmark of a civilised society.

I begin by paying tribute to the fantastic work of the Conservative Animal Welfare Foundation. My hon. Friends the Members for St Albans (Mrs Main) and for Southend West (Sir David Amess) have been actively involved in that group for many years, and they have done sterling work in the Conservative party. I also pay tribute to individuals such as Peter Stevenson of Compassion in World Farming, who for the best part of 20 years has been a calm and cogent voice of reason in this debate and provided really incisive analysis on some of these issues, and to the progress that groups such as the RSPCA have made to develop assurance schemes that have improved consumer transparency in this area.

[George Eustice]

The Government made two key manifesto commitments on farm animal welfare: first, to promote animal welfare in international trade negotiations, and secondly, to place greater emphasis on animal welfare in the design of agriculture policy. The Conservative party was the only one of the main parties to put such specific pledges about agriculture in its manifesto. I am heartened to see so many colleagues taking such an active interest in what is a manifesto commitment for this Government.

The UK has a good record on animal welfare. World Animal Protection rates the UK in the upper tier of its league, in joint first place alongside other countries. We led the way in calling for a ban on veal crates, bringing an end to battery cages for laying hens and banning sow stalls.

Several hon. Members—particularly the two Opposition Front Benchers, the hon. Members for Caithness, Sutherland and Easter Ross (Dr Monaghan) and for North Tyneside (Mary Glindon)—have raised the issue of regulation when we leave the European Union. It is the case that much of the current regulation relating to farm animal welfare and the welfare of animals at the time of slaughter is governed predominantly by EU law. I reassure hon. Members that nothing will change overnight. As the Prime Minister has pointed out, the great repeal Bill will, in the first instance, convert all existing EU law relating to animal welfare on to a legitimate UK legal basis, and we will be free to improve that legislation over time.

It is important that we do not have a “glass half empty” view and say, as some Members often do, “That means you’re going to have a race to the bottom and reduce standards.” There are areas where current EU standards are wanting and we may want to review things. For instance, the latest science raises some concerns about the very prescriptive nature of the gas mix that is used during the slaughter of pigs, and pigs’ aversion to that. There is an argument for revisiting the nature of that gas mixture. It will be easier for us to do that and to improve standards during slaughter once we are free from the European Union.

However, some things will change. The UK will regain its own seat at the World Organisation for Animal Health, or the OIE—an international body that promotes animal welfare standards. While we are in the European Union, it is literally unlawful for us to express an independent view without first getting permission from the European Commission. That will change when we become an independent country again; we will be free to make the case internationally for higher animal welfare standards and share some of our great scientific expertise to help other countries around the world raise their standards too.

Mrs Main: Rothamsted in my constituency has been looking into bee decline. We often do not have a voice on scientific advancements such as those to do with neonicotinoids, sprays and pesticides, because our voice is subsumed in the EU voice. I would like our voice to be stronger.

George Eustice: My hon. Friend is right. I do not want to divert from this debate, but in all the international wildlife conventions, we will regain our voice, our voting rights and our seat at the table.

Most importantly, leaving the European Union gives us the opportunity to deliver the second manifesto commitment that I mentioned at the start of this debate, by placing animal welfare at the heart of the design of future agricultural policy. We should recognise that there are some limits to how far increased regulation can go. As a number of hon. Members have pointed out, there is no point raising standards here so high that we effectively end up exporting our industry to other countries because we have exposed producers here to unfair competition from countries with far lower animal welfare standards.

We are seriously considering the possibility of introducing incentives to encourage and support higher animal welfare standards and different approaches to animal husbandry that can reduce our reliance on antibiotics, improving animal health while delivering animal welfare outcomes. In the past couple of years, a number of countries have been doing interesting work in the area. Denmark has developed a voluntary three-tier system for its pig sector to reward producers who show commitment to higher animal welfare standards. The Dutch have a similar system called “the better life system”.

Germany is particularly interesting. It has something called the Tierwohl system, which financially rewards farmers who adopt standards of animal welfare that go above and beyond the regulatory minimum. I have had representations from organisations such as the RSPCA and others that would like us to explore similar options here in the UK. As part of our policy development, we are considering all those ideas. As I said earlier, we have a manifesto commitment to place greater emphasis on animal welfare in future policy.

I turn to a few of the points made by hon. Members. My right hon. Friend the Member for Chipping Barnet raised the issue of trade and the context of the World Trade Organisation. As a former Minister who understands the issues well, she will know that yes, there are WTO rules. There have been disputes about the degree to which reliance can be placed on animal welfare standards in trade negotiations, but equally, there are legal precedents and case law to support the use of ethical bans on certain practices and the reflection of animal welfare in trade agreements. I do not believe that anything along the lines that we would propose will cause any difficulty whatever with WTO rules.

My right hon. Friend mentioned farrowing crates. It is a complex issue. We led the way in banning sow stalls. I declare an interest: my brother has a pig farm, and raises a rare breed of outdoor pig. There is a danger of sows lying on their piglets; I put it to hon. Members that that is not great for the welfare of the piglet concerned. It is a genuine management challenge, and it is not straightforward. She also mentioned the possibility of offering incentives to encourage free-range systems and perhaps pasture-based grazing systems. Those are exactly the kinds of idea that we are at least willing to consider as part of our work.

Several hon. Members, including the hon. Member for East Kilbride, Strathaven and Lesmahagow (Dr Cameron), raised the issue of zero grazing. There is some academic research showing that by a small margin, depending on the weather, cows prefer to be outdoors in pastures rather than housed indoors. More importantly—I used to run a farm where we had livestock—any farmer

who has turned cattle out to grass in April and watched their reaction knows that cattle prefer grazing, all other things being equal.

My hon. Friend the Member for North Herefordshire (Bill Wiggin) raised trade, which I believe I have addressed. My hon. Friend the Member for South Thanet (Craig Mackinlay), a long-standing campaigner on the issue, mentioned live exports, as did others. While we are in the EU, it would be against free movement rules to place an ethical ban on the export of live animals, but once we leave the European Union, we will be free to do so, if that is the decision of the UK Government; there will be nothing to stand in our way. The only thing that I would say is that it is a little more complex than one might think in that we export breeding stock, pigs in particular, and that is a different issue. There are also matters to do with different animals travelling better than others. The area is complex, but certainly one that we would be free to look at after leaving the EU.

Finally, a number of hon. Members mentioned CCTV in slaughterhouses. A report by the Farm Animal Welfare Committee, which advises all the Administrations in the UK, highlighted some of the benefits of CCTV. Method-of-slaughter labelling, however, is contentious. The European Union did some research and we are waiting to see the next steps. We have always been clear that we do not rule out looking at some kind of labelling for method of production or slaughter, although again the issue is complex.

We have had a fantastic debate, with many interesting contributions. I hope that I have been able to reassure Members that the Government take the matter very seriously.

5.46 pm

Mrs Villiers: I thank all right hon. and hon. Members who have taken part in the debate, and the Minister for

his reassurance on a number of the points that I made and for his strong support on behalf of the UK Government for the highest standards of animal welfare. As others have done, I also thank Compassion in World Farming, the RSPCA and the Conservative Animal Welfare Foundation for their helpful input to the debate.

I was very struck by something that my hon. Friend the Member for South Thanet (Craig Mackinlay) said. The sheer volume of animals reared and slaughtered in agriculture in this country and around the world demonstrates how important it is to pursue the highest standards of animal welfare. Anyone who takes animal welfare matters seriously must put the welfare of farm animals at the top of their priorities, not only because of that sheer volume of animals involved, but because we are all responsible as consumers of the products of the system. We all have a responsibility to work for production to take place in as ethical a way as possible.

I very much welcome the strong support that we have heard from all parties today for high standards of animal welfare, for the efforts that our farmers are already making on animal welfare and for ensuring that we do not see our farmers who apply animal welfare standards being undercut by cheap imports from jurisdictions that do not pursue the same level of ethical concern for animals. I welcome the debate and the reassurance that we have heard in response from the Minister.

Question put and agreed to.

Resolved,

That this House has considered animal welfare standards in farming after the UK leaves the EU.

5.48 pm

Sitting adjourned.

Written Statements

Tuesday 24 January 2017

TREASURY

ECOFIN

The Chancellor of the Exchequer (Mr Philip Hammond):

A meeting of the Economic and Financial Affairs Council (ECOFIN) will be held in Brussels on 27 January 2017. EU Finance Ministers are due to discuss the following items:

Early morning session

Ministers will be briefed on the outcomes of the 26 January meeting of the Eurogroup and the European Commission will present an update on the current economic situation. Ministers will discuss the European Court of Auditors report on the single supervisory mechanism.

VAT: reverse charge mechanism

The Commission will give a presentation on the proposal for a temporary derogation to apply a generalised reverse charge mechanism.

Current financial service legislative proposals

The Council presidency will provide an update on current legislative proposals in the field of financial services.

Presentation of the presidency Work programme

The Maltese presidency of the Council of the European Union will present its priorities for ECOFIN over the next six months, which will be followed by an exchange of views.

European semester 2017

Ministers will adopt Council conclusions on the annual growth survey, alert mechanism report and approve the Council recommendations on the economic policy of the euro area.

Basel Committee's post-crisis banking reform agenda

The Commission will give Ministers an update on the progress made on the finalisation of the post-crisis reforms since the Basel meeting in November 2016.

High-level group on own resources

Mario Monti, Chair of the High-level group on own resources will present the group's final report, which will be followed by an exchange of views between Ministers.

EIB Economic Resilience Initiative

Werner Hoyer, president of the European Investment Bank, will outline the state of play of the Economic Resilience Initiative, providing preliminary evidence of its initial implementation and the ongoing fundraising process for the grant component of this initiative.

[HCWS430]

EU: Prospectus Regulation

The Economic Secretary to the Treasury (Simon Kirby):

This Government have decided not to opt in to the Justice and Home Affairs (JHA) provision within the European Commission's "Proposal for a regulation on the prospectus to be published when securities are offered to the public or admitted to trading".

Article 31(1) of the proposal requires that where member states have chosen to pursue a criminal sanctions regime for breaches of elements of the proposals, those member states must ensure that information can be shared between competent authorities across the EU. As the provision requires co-operation involving law enforcement bodies, the Government believe these are JHA obligations and therefore our JHA opt-in is triggered. The Government will inform the Council of their decision not to exercise their right to opt in to the relevant provision.

The Government have decided not to opt in to these provisions as there are no significant benefits to be gained from doing so. The obligation to share information will fall on member states who have a relevant criminal sanctions regime, and UK competent authorities will be in a position to access this data irrespective of the decision to opt in. The Government have no intention to introduce a criminal sanctions regime in a way that would lead to this regulation imposing an obligation on the UK or on our competent authorities.

[HCWS432]

National Infrastructure Commission

The Economic Secretary to the Treasury (Simon Kirby):

I wish to update the House on the establishment of the National Infrastructure Commission.

The purpose of the National Infrastructure Commission (NIC) is to provide expert, impartial analysis of the long-term infrastructure needs of the country. The NIC reports on high-priority issues and produces an in-depth, independent assessment of the UK's major infrastructure needs on a 30-year time horizon.

On 12 October 2016 the Government informed the House that the NIC would be established on a permanent basis as an Executive Agency of HM Treasury in January 2017. [HCWS181]

The Government are today establishing the NIC as an Executive Agency of HM Treasury, and the Treasury is today publishing a framework document. The framework document sets out the broad framework within which the NIC will operate, and outlines its roles and responsibilities. A copy of the framework document has been deposited in the Libraries of both Houses.

[HCWS431]

National Infrastructure Commission Reports: 5G/Cambridge-Milton Keynes-Oxford Corridor

The Chief Secretary to the Treasury (Mr David Gauke):

I am today depositing in the Libraries of both Houses two recent National Infrastructure Commission (NIC) reports, in accordance with the National Infrastructure Commission charter.

"Connected Future", published on 14 December, sets out what the UK needs to do to become a world leader in 5G networks. The Government will consider the recommendations carefully and respond at Budget 2017. The Government have already taken steps to ensure that Britain is 5G ready and the Chancellor recently announced a £1 billion investment which will support 5G trials and investment in fibre networks.

“Cambridge-Milton Keynes-Oxford Interim Report”, published on 16 November, sets out immediate investment priorities and challenges to ensure a joined-up strategy for the area bringing together planning, housing and transport. The Government welcomed this interim report at autumn statement and committed to invest £137 million to support the Commission’s transport recommendations on the Oxford to Cambridge expressway, and East West Rail. The Government also welcomed the NIC’s work looking at a range of delivery models for housing and transport in the corridor, including development corporations.

The National Infrastructure Commission was set up in October 2015, to provide expert independent analysis of the long-term infrastructure needs of the country. As well as in-depth reports into specific issues, it produces a once-in-a-Parliament national infrastructure assessment (NIA) setting out a long-term vision for UK infrastructure.

[HCWS433]

TRANSPORT

Mersey Gateway Transport

The Parliamentary Under-Secretary of State for Transport (Andrew Jones): The Government support investment in the transport network given the benefits it provides to the economy. That is why we are providing substantial funding for the Mersey Gateway bridge scheme in Halton.

In addition, the Government are delivering a number of transport improvements in and around Halton. These include:

the Halton curve which will enable passenger services from north Wales and west Cheshire to directly access Liverpool city centre and Liverpool John Lennon airport;

Warrington Waterfront transport infrastructure scheme, a package of highway investment, including a bridge over the River Mersey, which opens up commercial land and alleviates congestion to the south of Warrington town centre;

the Omega J8 (M62) highway improvements to support the rapid and significant expansion of the Omega employment site now employing over 5,000 people; and

access improvements to Knowsley industrial park and A5300 Knowsley expressway improvements, highway investments to support access to one of the major employment sites in Liverpool city region.

As part of the Department for Transport’s road investment strategy, Highways England will deliver the M56 J11a scheme to provide a new junction with the Mersey Gateway Bridge which will support the Daresbury enterprise zone, key to the knowledge economy in the north-west.

In 2015 the Government announced they would look at the feasibility of extending Mersey Gateway bridge toll discounts to residents of Cheshire West and Chester and Warrington. The Department has undertaken detailed work and evaluated options for how this could happen, what the costs would be and what this would do to the contracts already signed by Halton Borough Council to deliver the scheme and the tolling infrastructure.

The feasibility work considered the legal position and the costs to the taxpayer and concluded that free tolling will not be extended beyond Halton Borough Council.

The Government have already provided £86 million to Halton to develop the scheme, to pay for land and to deal with land contamination. Once the scheme opens, the Government will also be providing a further substantial contribution of £288 million to help fund both the cost of the bridge and also to increase the funds available to enable residents of Halton to use the bridge for free.

It is Government policy that users of estuarial crossings should help pay for the benefits they receive. The Mersey Gateway is no different. As is the case with the Dartford crossings, an exception is to be made for residents of Halton given that the existing Silver Jubilee crossing is the only road link between the two halves of the borough. Other users will have a range of frequent user discounts available to them to use a crossing that will deliver considerable congestion and journey time improvements to boost the region’s economy.

In evaluating the options open to the Government we have considered a number of issues. On the legal side, the feasibility work showed there would be a significant risk of a successful legal challenge to a decision to extend free tolling to some local councils and not others. On the cost side extending free tolling to only a handful of local councils would still be at a substantial cost to the taxpayer. An extension of user discounts to not just Cheshire West and Chester and Warrington, as originally suggested, but also to the other three authorities that neighbour Halton (Knowsley, Liverpool City Council and St Helens), would be at an estimated cost of £604 million to the public purse. If, as is the case with Halton, the cost was to be split between the Government and local authorities, £377 million would fall to the five local councils. For all these reasons we have taken the decision not to extend free tolling beyond Halton.

The Mersey Gateway bridge is on target for opening in autumn 2017 which is a great testimony to the hard work that all parties including Halton Borough Council have put into this scheme.

[HCWS434]

ORAL ANSWERS

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