

**Wednesday**  
**22 February 2017**

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**HOUSE OF COMMONS**  
**OFFICIAL REPORT**

**PARLIAMENTARY**  
**DEBATES**

**(HANSARD)**

**Wednesday 22 February 2017**

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# House of Commons

*Wednesday 22 February 2017*

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

## PRAYERS

[MR SPEAKER *in the Chair*]

## BUSINESS BEFORE QUESTIONS

### MIDDLE LEVEL BILL

*Second Reading opposed and deferred until Wednesday 1 March (Standing Order No. 20).*

## Oral Answers to Questions

### INTERNATIONAL DEVELOPMENT

*The Secretary of State was asked—*

#### Export Licences

1. **Ms Margaret Ritchie** (South Down) (SDLP): What recent discussions she has had with the Secretary of State for International Trade on the granting of export licences to Saudi Arabia. [908730]

**The Secretary of State for International Development (Priti Patel):** The hon. Lady will be aware that a judicial review into UK arms exports to Saudi Arabia is currently under way, and that we cannot comment on ongoing legal matters. The role of the Department for International Development in the export licence process is to provide advice on criterion 8 of the Consolidated EU and National Arms Export Licensing Criteria, which assesses whether a country can afford the export.

**Ms Ritchie:** Following the recommendation made by the International Development Committee and the Business, Energy and Industrial Strategy Committee in November, what progress has been made in formally including DFID in cases in which the proposed arms transfer might ultimately be used, as is the case with Yemen and equipment supplied to Saudi Arabia?

**Priti Patel:** I thank the hon. Lady for her question. Specifically on DFID's involvement, we engage across government on some of the really significant issues that are associated with Yemen, particularly on the humanitarian aspect. As I mentioned in my opening answer, there is a case under way right now, so I cannot comment on those ongoing legal matters.

**Michael Fabricant** (Lichfield) (Con): Given the situation in Saudi Arabia, and indeed in China and other countries, does the Secretary of State not think it rather hypocritical to be carrying on about Trump—or is that out of order, Mr Speaker?

**Mr Speaker:** As long as it is about export licences.

**Priti Patel:** As my hon. Friend will have just heard me say very specifically with regard to Saudi Arabia and to export licences, a judicial review is under way and we cannot comment on ongoing legal matters.

**Ann Clwyd** (Cynon Valley) (Lab): Famine looms over Yemen, as the Secretary of State will know. What is the UK doing to ensure that aid is not being impeded by the Saudi-led coalition?

**Priti Patel:** The right hon. Lady may be aware that the UK has not just funded the Yemen appeal, but led the way in the UN with our support. We are the fourth largest bilateral donor. DFID and the British Government have been very clear and direct on the matter of working on the ground and of making the case to the Saudi Arabian authorities that they must not impede humanitarian aid and support. We have been working with many of our international partners to monitor the access routes to ensure that supplies can get into Yemen, which, as she knows, is vital at this difficult time.

**Tom Brake** (Carshalton and Wallington) (LD): On the subject of granting export licences to Saudi Arabia and indeed to other countries, does DFID make representations about matters such as civilian casualties and breaches of international humanitarian law?

**Priti Patel:** I can assure the right hon. Gentleman that we do more than make representations, and we do so not just through Government, but directly. I have dealt directly with the authorities in Saudi Arabia and with the Kingdom of Saudi Arabia relief fund, and made some very specific requests with regard not just to the situation on the ground and the conflict, but, as I have already said to the right hon. Lady, to getting support to the people who need help in this crisis.

#### Syria

2. **Mr David Burrowes** (Enfield, Southgate) (Con): What assessment she has made of the humanitarian situation in Syria. [908731]

**The Secretary of State for International Development (Priti Patel):** The situation in Syria is devastating and appalling. The UN estimates that 13.5 million Syrians are in need of humanitarian assistance, and 1.5 million are living in siege-like conditions. There are 4.9 million refugees in the region. The UK, as my hon. Friend will know, has been at the forefront of the international effort in providing support to the region and to Syria directly.

**Mr Burrowes:** I commend that leading effort. Can the Secretary of State assure me that our aid is reaching Christian refugees who face jeopardy because, sometimes, they avoid the official camps for fear of persecution? Those who end up in those camps face further persecution because of their faith.

**Priti Patel:** My hon. Friend is right to raise that matter. It is a really important issue given the movement of migrants and refugees. Ensuring the safety of refugees and protecting them from persecution is absolutely at the heart of the UK's involvement, especially with regard to the aid and support that we provide in Syria

and the wider region. I can assure him that all the agencies and partners with which we work pay particular attention to monitoring the welfare and safety of minorities, including those of Christians.

**Thangam Debbonaire** (Bristol West) (Lab): I recently had a very helpful meeting with one of the DFID Ministers about the situation in the berm—an area of no man's land between Jordan and Syria. I am aware of how much the Government are doing with aid, but will the Secretary of State please update us on the humanitarian situation in the berm and what else is being done and could be done to help those refugees?

**Priti Patel:** I thank the hon. Lady for raising the appalling situation in the berm; it is a devastating situation. She asked about what we are doing. Obviously, work has taken place through our agencies and partners, and more directly with the Jordanian Government. We are working with them in a very difficult, hostile terrain and territory in order to ensure that people and children are being protected and that they are getting access to food and water, which, frankly, is a major priority in the berm.

**Anna Soubry** (Broxtowe) (Con): Last week, I met a number of Syrian refugees along with the hon. Member for Tooting (Dr Allin-Khan); we were guests of Oxfam in Jordan. The Secretary of State was also in Jordan not that long ago. Will she tell us what plans she and the Government have to continue to support Jordan in its magnificent efforts—a country of 9 million people that has taken in and housed 1.5 million Syrian refugees? What more can we do to help Jordan?

**Priti Patel:** I thank my right hon. Friend for her question. She has seen at first hand the incredible and remarkable work in Jordan—a host country and a host community. It is under great strain and pressure, particularly economically, but also in providing the vital support that is needed. What more are we going to do? Post the London conference is the Brussels conference. I have been clear—this is exactly why I was in Jordan—about the additional support that we will give to Jordan, not just as the UK but through the international community, with the World Bank and the International Monetary Fund, and through many of the reforms taking place in Jordan itself.

9. [908738] **Peter Grant** (Glenrothes) (SNP): At DFID questions on 11 January, the Secretary of State told my hon. Friend the Member for Glasgow North (Patrick Grady) that her Department was actively pursuing the possible use of drones to drop emergency aid in Syria. Will she update the House on what progress has been made since then?

**Priti Patel:** I thank the hon. Gentleman for his question. In besieged areas inside Syria, there are enormous problems of access to humanitarian aid and things of that nature. On drones, we are examining all options for getting aid into besieged areas in Syria. That includes the possibility of using drones to deliver aid directly.

**Mr Peter Bone** (Wellingborough) (Con): The Government should be congratulated on being the second biggest donor in the area—second only to the United

States. We can look after more people closer to home than we can in this country. What is the Secretary of State doing to encourage other European countries to match our level of support for the region?

**Priti Patel:** My hon. Friend raises a really important point. We are constantly calling on other donor countries to step up and effectively pull their fingers out by putting more money into the international system. The Government are leading reform of the international system: we are challenging donor countries to be much more efficient and effective in how we distribute aid and get resources directly to people in the country and in the region.

**Albert Owen** (Ynys Môn) (Lab): Like the Secretary of State, I met thousands of children in the camps of Jordan, Lebanon and Turkey who had fled Syria; I saw etched on their faces the fear they had experienced while in Syria. As others have done, I welcome the work in those host countries, but is the Secretary of State not embarrassed that the Government have turned their back on our obligation to take 3,000 unaccompanied children who have fled Syria and are in Europe?

**Priti Patel:** I, too, have met and spoken to hundreds of such children and seen and heard from them directly the trauma that they have experienced in travelling from Syria into the neighbouring countries. The hon. Gentleman cannot justify saying that we are not helping those children: we take the welfare of unaccompanied asylum-seeking children more than seriously. We have made very clear commitments to those children and that is what we are doing. We have committed to resettling 20,000 Syrian nationals through the Syrian vulnerable persons resettlement scheme and 3,000 of the most vulnerable children. That is on top of being the second largest bilateral donor to Syria and inside the region.

**Kate Osamor** (Edmonton) (Lab/Co-op): I thank the Secretary of State for all the work she is doing in Syria, but I draw her attention to the humanitarian crisis in the Lake Chad region, where around 450,000 children are at risk of severe acute malnutrition. Can she assure me that the Government's response to this crisis is purely humanitarian, and does she think the UK is acting in good time?

**Mr Speaker:** I am sure that the hon. Lady meant also to refer to Syria—it was probably a slip of the tongue—as that is the question on the Order Paper. She probably did, but I did not hear it.

**Priti Patel:** I thank the hon. Lady for speaking about the humanitarian crises in Syria and in the Lake Chad region; she is right to mention the awful situation there. UK aid is clearly directed and focused on providing food, water and shelter to give protection to the most vulnerable people who need that life-saving support at this very difficult time.

### UN Gender Equality Initiative

3. **Alex Cunningham** (Stockton North) (Lab): What support the Government are providing to the UN's Step It Up for Gender Equality initiative. [908732]

**The Parliamentary Under-Secretary of State for International Development (James Wharton):** UN Women is an important organisation and partner in the global fight to deliver gender equality, women's rights and women's empowerment. The UK Government provide £12 million a year in core annual funding support for that organisation.

**Alex Cunningham:** Budget day on 8 March is also International Women's Day. Given that 93 countries have already made firm commitments to the UN's Step It Up initiative, will the Minister now set that date as a deadline for the UK to make its formal commitment and show that it is fully engaged in international action to combat gender inequality?

**James Wharton:** The UK is a world leader in combating gender inequality. Since 2011, more than 5 million girls have been through education thanks to the work of the UK. We have seen 10 million women get access to modern family planning, and have saved more than 100,000 lives in childbirth. We have seen 36 million women given better access to financial services. Women's empowerment and gender equality are key parts of what we do and of what this Government do, and we intend to continue to deliver on that.

8. [908737] **Vicky Foxcroft** (Lewisham, Deptford) (Lab): In the light of the large number of unaccompanied children who remain at risk of trafficking and exploitation in Europe, and bearing in mind councils such as Lewisham, which offered 23 places but has filled only one, will the Government reconsider their decision to drop the Dubs scheme?

**James Wharton:** The hon. Lady, of course, expresses her concern for some of the most vulnerable children, including girls, in the world who have suffered such terrible persecution and problems in the countries from which they have fled. The UK is the second largest donor in the region, and we can assist many more by helping where the need is most immediate. We must always be careful to ensure that steps taken by the UK Government do not inadvertently facilitate further trafficking and difficult journeys. We must channel money to where it can have the most impact and help the most people.

10. [908739] **Paula Sherriff** (Dewsbury) (Lab): Part of preventing exploitation is allowing women access to family planning services, so will the Minister join me in utterly condemning Trump's global gag rule? Will we offer any new funding for projects that are now under threat?

**James Wharton:** The UK is a global leader in the area of family planning. The Secretary of State is bringing together a significant family planning conference, which the UK will host in the coming months. We need to ensure that where we are able to help people to lead better lives, to deliver economic growth, and to empower women and deliver on gender equality, we continue to be a global leader in that space. That is what we will continue to do. Of course, we always have to adapt to decisions made by our international partners.

**Kate Osamor** (Edmonton) (Lab/Co-op): Despite the leading role that the former Prime Minister played in shaping the sustainable development goals globally,

there has been slow progress domestically. Will the Secretary of State update the House on the progress of implementing the goals across Government Departments?

**The Secretary of State for International Development (Priti Patel):** The global goals are absolutely embedded not just in what the Department for International Development does, but across Government. As I may have mentioned in response to other questions, we are in the process of revising every single departmental plan across Government, and the global goals will be fully recognised in that process.

#### South Sudan

4. **Mr Laurence Robertson** (Tewkesbury) (Con): What assessment she has made of the humanitarian situation in South Sudan. [908733]

**The Secretary of State for International Development (Priti Patel):** The humanitarian situation in South Sudan is deeply concerning, with 4.9 million people who do not have enough to eat. Famine has been declared in the Unity State. We are monitoring the situation and working to get direct aid into South Sudan at what is, quite frankly, a devastating time for that country.

**Mr Robertson:** I thank the Secretary of State for her response and for the work that she is carrying out in South Sudan. As well as providing the immediate humanitarian assistance, is there any prospect of building some sort of in-country resilience for the future?

**Priti Patel:** My hon. Friend makes an important point. Our priority, of course, is emergency aid—food assistance and water. We are also asking others to step up, particularly donors. We are calling on all sides that are involved in the conflict to end the fighting, because we need long-term political solutions if we going to end the current crisis.

**Patrick Grady** (Glasgow North) (SNP): The famine declared in South Sudan is the first anywhere in the world for six years. Last night the all-party Sudan and South Sudan group launched its report on the need for peace in the wider region. How is the Secretary of State's Department responding specifically to these crises? Will she confirm that she will defend the aid budget so that it focuses on those in desperate need and is not subject to smash-and-grab raids by the Foreign Secretary to support diplomatic empowerment funds?

**Priti Patel:** It is important that we recognise the state of the world right now. We are seeing four crises—four famines—around the world. We are in an unprecedented time. This is the first time we have seen this situation since the last certified famine in 2000. I do not see it as an issue about how we spend money across Government Departments; it is about how the UK shows global leadership when it comes to times of humanitarian crisis in the world. The British Government are leading the world right now, calling on others to step up, but also saving lives and changing lives at this critical time.

**Dame Caroline Spelman** (Meriden) (Con): The Anglican communion and the Anglican Alliance have a network of churches in southern Sudan and can help to get aid to those who most need it. How is the Secretary of State engaging with the Anglican communion in that area?

**Priti Patel:** My right hon. Friend is absolutely right: the Church community—the Anglican communion—are present there. We are working with all partners because of the nature of the challenging situation on the ground. Let us be very frank: there is no easy solution in terms of aid access and getting support to people, so we are working with all partners. It is important to recognise that all partners and humanitarian workers are doing very difficult work in very challenging situations. This House should praise them all for what they are doing at this difficult time.

**Mr Gregory Campbell** (East Londonderry) (DUP): We have been offering assistance for some considerable time in the general area, but given the problems that have been generated in South Sudan in the past six months, can the Secretary of State outline what specific steps have been taken to get assistance to the people there in recent months?

**Priti Patel:** I absolutely can. We have been very specific, not only in terms of UK support through the partner network that I have referred to but through DFID and the UK presence on the ground, in getting direct assistance to people. The situation is challenging. People are being persecuted and violence is driving them out of their homes. People are now in camps. We are working to protect civilians and ensure that within those camps they are protected and safeguarded as well as in receipt of food, shelter and water.

#### Scottish Government: Meetings

5. **Ms Tasmina Ahmed-Sheikh** (Ochil and South Perthshire) (SNP): When she next plans to meet her counterpart in the Scottish Government. [908734]

**The Minister of State, Department for International Development (Rory Stewart):** Prompted by the question, I spoke to Alasdair Allan yesterday and we have a date firmly in the diary for a future meeting.

**Ms Ahmed-Sheikh:** I am grateful to the Minister for his answer. Does he agree that Scottish international development organisations, while often smaller than their English counterparts, can offer as much or more in terms of value for money and impact, as well as continuing to contribute to the preservation of positive public opinion in relation to international development? What steps can he take to ensure that DFID-funded programmes are made more accessible to smaller funded international non-governmental organisations based in Scotland as well as their counterparts in NIDOS—the Network of International Development Organisations in Scotland?

**Rory Stewart:** There are two separate questions there. First, I pay tribute to Scottish charities, ranging from major charities such as the HALO Trust through to smaller charities working with the Scottish Government on the ground in Malawi. Secondly, our Department is very much committed to working with smaller NGOs and civil society organisations which often know more, can do more, and care more than bigger organisations.

#### Montserrat

6. **Anne McLaughlin** (Glasgow North East) (SNP): What support her Department is providing to Montserrat to help that country become self-sufficient. [908735]

**The Parliamentary Under-Secretary of State for International Development (James Wharton):** The Department is continuing to provide significant support to Montserrat, including budgetary support and work that we are doing to help to develop the economy to make it sustainable into the future.

**Anne McLaughlin:** The Premier of Montserrat, Donaldson Romeo, recently told MPs and peers that he does not want his country to be the recipient of international aid for generations to come. Instead, he is looking for strategic capital investment to develop, for instance, the tourism industry. Will the Minister meet the all-party group on Montserrat to discuss some of his suggestions so that the country can once again become self-sustaining?

**James Wharton:** As always, DFID Ministers would be delighted to meet parliamentary colleagues. I am sure we would be happy to arrange an appropriate meeting, and I can assure the hon. Lady that we are looking to invest in long-term economic prospects in Montserrat, as elsewhere.

#### Donbass

7. **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): What recent assessment she has made of the humanitarian situation in the Donbass region of Ukraine. [908736]

**The Minister of State, Department for International Development (Rory Stewart):** The United Nations assesses that more than 3 million people are currently victims of the ongoing violence in Ukraine. Our particular concern is about the 800,000 people living along the line of contact, suffering continual violence over the past three years.

**Tom Blenkinsop:** Russian aggression in the east of Ukraine has resulted in the internal displacement of 1.6 million Ukrainians. Russian aggression is now heightening in the east of Ukraine. Apart from seeking a resumption of the ceasefire in the east of Ukraine, will the Government commit to providing additional support to the Ukrainian Government to deal with such numbers of internally displaced people?

**Rory Stewart:** The British Government currently provide support to Ukraine in two ways. First, we provide support directly to the Ukrainian Government and governance programmes. Secondly, through the International Committee of the Red Cross and People in Need, which is a Czech organisation, we provide humanitarian assistance. We must be clear that this conflict in Ukraine was caused and is sustained by Russian aggression.

#### Topical Questions

T1. [908780] **Henry Smith** (Crawley) (Con): If she will make a statement on her departmental responsibilities.

**The Secretary of State for International Development (Priti Patel):** This year the world faces numerous humanitarian crises, to which I have already referred. Parts of South Sudan are now in famine and there is a credible risk of famine in Yemen, north-east Nigeria and Somalia. That is why today I have announced new packages of support. The UK's message to the world is clear: we need to act now to help innocent people who are starving to death.

**Henry Smith:** Can my right hon. Friend be more specific about measures her Department is taking to help to address the potential crisis that is developing in Somalia, South Sudan and other countries in the region?

**Priti Patel:** Specifically, our focus right now is on emergency food and water. That is where the need is. We are talking about more than 1 million people in both countries who need urgent support. They are the focus of our attention right now. Obviously, working with our partners, we will make assessments to see what additional support we will need to continue to put in.

**Imran Hussain (Bradford East) (Lab):** The Rohingya are among the most persecuted people in the world today. In recent weeks and months, they have faced new waves of violence perpetrated by the Burmese Government. How much of the £95 million budget for the Burma project will go towards much-needed assistance for the Rohingya, and what steps are the Government taking to ensure that that happens?

**The Minister of State, Department for International Development (Rory Stewart):** We absolutely agree that the situation for the Rohingya is deeply troubling. We are dealing with it in different ways. I raised it personally on my last visit to Burma with the Minister of Home Affairs and Aung San Suu Kyi. DFID staff are accessing the Rohingya areas and we continue to work with Kofi Annan and the UN system, but the hon. Gentleman is absolutely right to say that it is vital that we get humanitarian access and support to the Rohingya population.

T2. [908781] **Nigel Huddleston (Mid Worcestershire) (Con):** Action on Poverty, a charity based in my constituency, is doing great work in Sierra Leone, empowering women by providing loans for businesses. In the run-up to International Women's Day, what work is the Department doing on gender inequality in the developing world?

**Priti Patel:** The UK has much to celebrate when it comes to global leadership on gender equality. Of course, International Women's Day will be another strong example of that. We not only continue to champion the rights of women and girls but, importantly, support them in their own economic development and empowerment prospects.

T3. [908784] **Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP):** The UK and Italy have the largest number of very restrictive tax treaties with poor Asian and African countries, harming their economic development. Will the Secretary of State press her Treasury colleagues to review these treaties?

**Priti Patel:** I did not fully hear the question, but I did hear the most important point, which was that of Africa and economic development. The British Government, through UK aid, are at the forefront of leading the way when it comes to prosperity and economic development. We will continue to do exactly more of that. [*Interruption*]

**Mr Speaker:** Order. We are discussing matters affecting some of the most vulnerable people on the face of the planet. Let us have a bit of order for Mary Robinson.

T6. [908787] **Mary Robinson (Cheadle) (Con):** Like many Members, I have visited the UNICEF-run Zaatari camp in Jordan, where almost 80,000 refugees have settled since being forced from Syria. Overwhelmingly, the children I spoke to had wonderful aspirations to become doctors, nurses, scientists and engineers. What steps is the Department taking to ensure that humanitarian aid reaches these camps and helps refugee children to get the education they need?

**Priti Patel:** My hon. Friend is right to raise this important issue. Education is crucial in the camps but also in the region. In both Jordan and Lebanon we have helped to support more than 200,000 children to have access to education. The UK, once again, is leading the way to enable more and more children to go to school in the region.

T4. [908785] **Tommy Sheppard (Edinburgh East) (SNP):** On Sunday, the Israeli military authorities issued 40 demolition notices on the Bedouin village of Khan al-Ahmar in the occupied Area C of the west bank. If this happens tomorrow, it will mark a dramatic escalation of the demolitions and will compromise DFID's actions in the region. Can I ask the Government to call on the Israeli authorities to cease—

**Mr Speaker:** Order. We are deeply grateful.

**Rory Stewart:** This is an issue that the hon. Gentleman and I have discussed on a number of occasions. We remain absolutely clear, as the British Government, that it is necessary both to protect the security of the Government of Israel and to ensure that the legitimate rights of the Palestinian people are protected. We will continue to work carefully to monitor illegal demolitions.

**Fiona Bruce (Congleton) (Con):** The Independent Commission for Aid Impact is a unique body created to scrutinise DFID. What assurances can Ministers give that the forthcoming review of ICAI's own performance will be conducted independently of the Department that it scrutinises?

**Priti Patel:** I can assure my hon. Friend that the tailored review of ICAI will be carried out in accordance with the guidance that has been set very clearly for the reviews of non-departmental public bodies, including all the relevant and appropriate levels of independence.

T5. [908786] **Lucy Powell (Manchester Central) (Lab/Co-op):** As we approach Fairtrade fortnight, what is the Secretary of State doing to ensure that fair trade is at the heart of our new trade deals?

**Priti Patel:** The hon. Lady is absolutely right to raise the importance and significance of fair trade. This is at the heart of everything that we in DFID stand up for, in terms of principles and values. In our economic development work, that is exactly what we are championing throughout DFID.

**Nusrat Ghani (Wealden) (Con):** Daesh continues to commit genocide against the Yazidi people. May I ask the Secretary of State what aid is being targeted to support Yazidi men and women?

**Priti Patel:** My hon. Friend will have heard my earlier response about the persecution of minorities in conflict areas, particularly with regard to the middle east crisis. We are working with all our partners to ensure that the Yazidi people are receiving aid and protection through our partnership-working on the ground.

## PRIME MINISTER

*The Prime Minister was asked—*

### Engagements

Q1. [908788] **Yasmin Qureshi (Bolton South East) (Lab):** If she will list her official engagements for Wednesday 22 February.

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

**Yasmin Qureshi:** Yesterday, the campaign group fighting cuts at West Cumberland hospital was due to deliver a 30,000-strong petition to Downing Street. Despite having a slot booked, they were turned away at the gates and told, “Today isn’t a good day. Come back after Thursday.” How can the Prime Minister justify this disgraceful dismissal of the people of Copeland?

**The Prime Minister:** A petition was indeed delivered to No. 10. The petition was accepted by No. 10 Downing Street yesterday, so I suggest to the hon. Lady that she considers what she said in her question. I am aware of the issues that have been raised around West Cumberland hospital. I am aware of them because the very good Conservative candidate in Copeland, Trudy Harrison, has raised them with me. She has made it very clear that she wants to see no downgrading of services at West Cumberland hospital. She has made that clear to me and to Health Ministers.

Q3. [908790] **Andrew Bingham (High Peak) (Con):** I recently met many of my local headteachers in High Peak, and they are concerned about the new national funding formula. Can my right hon. Friend assure me that when we decide on the funding for our schools, we will look at unavoidable costs, such as the national apprenticeship levy, to ensure that our schools have the money that they need to educate our children?

**The Prime Minister:** I thank my hon. Friend for raising this. The question of schools funding, and the system we have for schools funding, is important. I think the current system is unfair. It is not transparent and it is out of date. That has been the general view for

some time now. The problem is that it cannot support the aspiration of all our children to get a great education. We do, indeed, want children to be able to get the education that they deserve and that ensures that they can go as far as their talents and hard work take them. The Labour Government did nothing to address the funding system. We are looking at that funding system. It is a consultation, and I am sure that the comments and the issue my hon. Friend has raised will be noted by the Secretary of State for Education.

**Jeremy Corbyn (Islington North) (Lab):** When hospitals are struggling to provide essential care, why is the Prime Minister’s Government cutting the number of beds in our national health service?

**The Prime Minister:** Thanks to the medical advances, to the use of technology and to the quality of care, what we see on hospital stays is actually that the average length of time for staying in hospital has virtually halved since the year 2000. Let us look at Labour’s record on this issue. In the last six years of the last Labour Government, 25,000 hospital beds were cut. But we do not even need to go as far back as that. Let us just look at Labour’s policy before the last election, because before the last election, the right hon. Member for Leigh (Andy Burnham), the former Labour shadow Health Secretary, said the following:

“what I’d cut...are hospital beds”.

Labour policy: cut hospital beds.

**Jeremy Corbyn:** In 2010, there was the highest ever level of satisfaction with the national health service, delivered by a Labour Government. The British Medical Association—[*Interruption.*] It’s doctors. The British Medical Association tells us that 15,000 beds have been cut in the past six years, the equivalent of 24 hospitals, and as a result, we have longer waiting times at A&E, record delayed discharges and more people on waiting lists. The Prime Minister claims the NHS is getting the money it needs, so why is it that one in six A&E units in England are set for closure or downgrading?

**The Prime Minister:** I will tell the right hon. Gentleman what is happening and what has happened since 2010 in A&E: we see 1,500 more emergency care doctors—that includes 600 more A&E consultants—and we have 2,400 more paramedics. We have more people being seen in accident and emergency every single week under this Government. He talks about what the NHS needs: what the NHS needs is more doctors—we are giving it more doctors; what it needs is more funding—we are giving it more funding. What it does not need is a bankrupt economy, which is exactly what Labour would give it.

**Jeremy Corbyn:** I asked the Prime Minister why one in six A&E units are currently set for closure or downgrading; she did not answer. One of the problems—she well knows this—is the £4.6 billion cut to social care, which has a knock-on effect. Her friend the Tory chair of the Local Government Association, Lord Porter, has said that

“extra council tax income will not bring in anywhere near enough money to alleviate the growing pressure on social care”.

Two weeks ago, we found out about the sweetheart deal with Tory Surrey. When will the other 151 social services departments in England get the same as the Surrey deal?

**The Prime Minister:** The right hon. Gentleman refers to the questions he asked me about Surrey County Council two weeks ago. Those claims were utterly destroyed the same afternoon, so rather than asking the same question, he should stand up and apologise.

**Jeremy Corbyn:** Far from my apologising, it is the Prime Minister who ought to be reading her correspondence and answering the letter from 62 council leaders representing social service authorities who want to know if they are going to get the same deal as Surrey. They are grappling with a crisis, which has left over 1 million people not getting the social care they need.

We opposed Tory cuts in the NHS which involved scrapping nurses' bursaries, because we feared it would discourage people from entering training. The Prime Minister's Government said that removing funding for nurses' bursaries would create an extra 10,000 training places in this Parliament. Has this target been met?

**The Prime Minister:** There are 10,000 more training places available for nurses in the NHS. The right hon. Gentleman talks about the amount of money being spent on the NHS. It is this Conservative Government who are putting the extra funding into the NHS. I remind him that we are spending £1.3 billion more on the NHS this year than Labour planned to spend if it had won the election.

**Jeremy Corbyn:** My questions were about social services funding to pay for social care—no answer. My questions were about the number of training places for nurses being brought in—no answer. In reality, 10,000 fewer places have been filled because there are fewer applications. A problem is building up for the future. In addition, the Royal College of Midwives estimates that there is a shortage of 3,500 midwives in England, and the Royal College of Nursing warns:

"The nursing workforce is in crisis and if fewer nurses graduate in 2020 it will exacerbate what is already an unsustainable situation". Will the Prime Minister at least commit herself to reinstating the nurses' bursary?

**The Prime Minister:** The right hon. Gentleman asked me a question about nursing training places, which I answered. If he does not like the answer he gets, he cannot just carry on asking the same question if I have answered it previously. He talks about all these issues in relation to what is happening in the NHS, so let us look at what is happening in the NHS: we have 1,800 more midwives in the NHS since 2010; we have more people being seen in accident and emergency since 2010; and we have more operations taking place every week in the NHS. Our NHS staff are working hard. They are providing quality care for patients up and down the country. What they do not need is a Labour party policy that leads to a bankrupt economy. Labour's policy is to spend money on everything, which means bankrupting the economy and having no money to spend on anything. That does not help doctors and nurses, it does not help patients, it does not help the NHS, and it does not help ordinary working families up and down this country.

**Jeremy Corbyn:** Yes, let us look at the national health service and let us thank all those who work so hard in our national health service, but also recognise the pressures they are under. Today, a Marie Curie report finds that nurses are so overstretched they cannot provide the high-quality care needed for patients at the very end of their lives. The lack of care in the community prevents people from having the dignity of dying at home. There is a nursing shortage and something should be done about it, such as reinstating the nurses' bursary.

The Prime Minister's Government have put the NHS and social care in a state of emergency. Nine out of 10 NHS trusts are unsafe, 18,000 patients a week are waiting—[*Interruption.*] Mr Speaker, I repeat the figure: 18,000 patients a week are waiting on trolleys in hospital corridors and 1.2 million often very dependent—[*Interruption.*] It seems to me that some Members are not concerned about the fact that there are 1.2 million elderly people who are not getting the care they need. The legacy of her Government will blight our NHS for decades: fewer hospitals, fewer A&E departments, fewer nurses and fewer people getting the care they need. We need a Government who will put the NHS first and will invest in our NHS.

**The Prime Minister:** First, the right hon. Gentleman should consider correcting the record, because 54% of hospital trusts are considered good or outstanding—quite different from the figure he cited. Secondly, I will take no lessons on the NHS from the party—[*Interruption.*] Oh, the deputy leader of the Labour party says we should take lessons on the NHS, but I will not take any lessons from the party that presided over the failure that happened at Mid Staffs hospital. Labour says we should learn lessons. I will tell the House who should learn lessons: the Labour party, which still fails to recognise that if you are going to fund the NHS—we are putting money in, and there are more doctors, more operations and more nurses—you need a strong economy. We now know, however, that Labour has a different sort of phrase for its approach to these things. Remember when it used to talk about "boom and bust"? Now it is borrow and bankrupt. [*Interruption.*]

**Mr Speaker:** Order. We must get through Back Benchers' questions and the Prime Minister's answers to them. I call Mr Michael Tomlinson.

Q4. [908791] **Michael Tomlinson** (Mid Dorset and North Poole) (Con): Brendan Cox will meet today with the Duchess of Cornwall to launch plans to bring communities together over the weekend of 17 and 18 June to mark the first anniversary of our colleague Jo's death. The aim of this Great Get Together, as it has been called, is for more than 10 million people across the country to come together as communities and neighbours for events such as street parties, picnics and even bake offs. Will the Prime Minister join me in agreeing that such events and moments of national reflection and celebration in our communities will be a fitting tribute to Jo and will remind us all that, as she herself said, we have far more things in common than things that divide us?

**The Prime Minister:** My hon. Friend raises an extremely important point, and I am very happy to agree that what is becoming known as the Great Get Together is a fitting and important tribute to our late colleague Jo

Cox. I commend her husband, Brendan—I am sure that everyone across the House would wish to do so—for the work that he has done. As my hon. Friend said, it is important to remember that there is more that brings us together than divides us, and this is an important moment of national reflection and celebration of the strength of our communities. As we face the future together—these are momentous times for this country—it is important that we remember that being united makes us strong and recognise the things that unite us, as a country and a people, and the bonds we share together. This is a very fitting tribute to our late colleague.

**Angus Robertson** (Moray) (SNP): In recent days, the Prime Minister has said that it is a key personal commitment to transform the way domestic violence is tackled. It is hugely welcome that she has called for ideas about how the treatment of victims could be improved and more convictions against abusers secured. Combatting violence against women and preventing domestic violence is the aim of the Istanbul convention, which the UK is yet to ratify. Does she agree with Members on both sides of the House that the convention should be ratified as a priority?

**The Prime Minister:** The right hon. Gentleman raises an important subject. As he says, I take it particularly seriously—I worked hard on it as Home Secretary and I continue to do so as Prime Minister. There were still an estimated 1.3 million female victims of domestic abuse in the last year and more than 400,000 victims of sexual violence. He is right that we signed up to the Istanbul convention, and we are fully committed to ratifying it, which was why we supported in principle the private Member's Bill of the hon. Member for Banff and Buchan (Dr Whiteford) on Second Reading and in Committee. In many ways, the measures we have in place actually go further than the convention, but I am clear that we need to maintain momentum, which is why I am setting up a ministerial working group to look at the legislation and at how we can provide good support to victims, and to consider the possibility of a domestic violence Act.

**Angus Robertson:** This Friday, the House will consider a Bill on the Istanbul convention. We know that Ministers have been working hard with my hon. Friend the Member for Banff and Buchan (Dr Whiteford), who has cross-party support for her Bill. Given the importance of this issue and the Prime Minister's personal commitment, which she has outlined again today, will she join me in encouraging Members to support the Bill and discourage any attempts to use parliamentary wrecking tactics to stop it?

**The Prime Minister:** I am happy to join the right hon. Gentleman in that. I know that the Minister for Vulnerability, my hon. Friend the Member for Truro and Falmouth (Sarah Newton), has had a number of constructive discussions with the hon. Member for Banff and Buchan. The Government have tabled some mutually agreed amendments, for which the Government will vote this Friday. I hope that all my hon. Friends who are present on Friday will support these measures. This is an important Bill. The Government have supported it, and I hope it will be supported on both sides of the House.

Q6. [908793] **William Wragg** (Hazel Grove) (Con): Residents in the village of High Lane in my constituency are concerned about 4,000 homes proposed under the Greater Manchester spatial framework, which will more than double the size of the village. What assurances can my right hon. Friend give to my constituents that the green belt is safe with this Government?

**The Prime Minister:** I am happy to give that commitment to my hon. Friend. The Government are very clear that the green belt must be protected. We are very clear that boundaries should be altered only when local authorities have fully examined all other reasonable options. If they do go down that route, they should compensate by improving the quality or accessibility of the remaining green-belt land so that it can be enjoyed. I know about the particular issue that my hon. Friend raises, and I believe that the Greater Manchester spatial framework led to quite a number of responses. There was a lot of interest in that consultation, which closed last month, and I am sure that all those views will be taken into account.

Q2. [908789] **Caroline Flint** (Don Valley) (Lab): Last week, the all-party group on children of alcoholics launched a manifesto for change. Some 2.5 million children are growing up in the home of a problem drinker—I did, too. These children are twice as likely as others to have problems at school, three times more likely to consider suicide, and four times more likely to become an alcoholic, yet today 138 local authorities have no plan to support these children. Will the Prime Minister work with the all-party group to establish the first ever Government strategy to tackle this hidden problem that blights the lives of millions?

**The Prime Minister:** The right hon. Lady raises an important issue. I know that she recently spoke very movingly about her own experience. I am sure that Members on both sides of the House recognise the devastating impact that addiction can have on individuals and their families, so this is an important issue for her to raise. It is unacceptable that children bear the brunt of their parents' condition. The Government are committed to working with MPs, health professionals and those affected to reduce the harm of addiction and to get people the support they need. We shall look carefully at the proposals suggested by the right hon. Lady.

#### **Former Military Personnel: Northern Ireland**

Q9. [908796] **Dr Julian Lewis** (New Forest East) (Con): If she will take steps to introduce legislative proposals to provide legal protection to former military personnel who served in Northern Ireland at least equivalent to that offered to former republican and loyalist paramilitaries.

**The Prime Minister:** As I have made clear, I think it is absolutely appalling when people try to make a business out of dragging our brave troops through the courts. In the case of Northern Ireland, 90% of deaths were caused by terrorists, and it is essential that the justice system reflects that. It would be entirely wrong to treat terrorists more favourably than soldiers or police officers. That is why, as part of our work to bring forward the Stormont House agreement Bill, we will ensure that

investigative bodies are under a legal duty to be fair, balanced and proportionate so that our veterans are not unfairly treated or disproportionately investigated.

**Dr Lewis:** While I welcome that reply, it does not go quite as far as I and many other people would like. There is no prospect of new credible evidence coming forward against our veterans of the troubles up to 40 years after the event, yet people are starting to use the same techniques in Northern Ireland against them as were used against veterans of Iraq. Surely the answer has to be a statute of limitations preventing the prosecution of veterans to do with matters that occurred prior to the date of the Belfast agreement.

**The Prime Minister:** As my right hon. Friend knows, we are looking at this issue as part of the Stormont House agreement. What we are doing is ensuring that the investigative bodies responsible for looking at deaths during the troubles will operate in a fair, balanced and proportionate manner. We want cases to be considered in chronological order, and we want these protections enshrined in legislation. We are going to consult fully on these proposals, because we want to make sure that we get this right.

### Engagements

**Q5.** [908792] **Gerald Jones** (Merthyr Tydfil and Rhymney) (Lab): When the new local housing allowance cap for social tenants is introduced in 2019, it will hit people on low incomes in my constituency hard. In places such as Maidenhead, the allowance will often exceed the average rent, but the basic weekly allowance in Merthyr Tydfil is £67, while the rent charged by Merthyr Valleys Homes is £76, which is already one of the lowest social housing rents in Wales. That will mean that tenants, including many older people, will be expected to find nearly £500 a year to put towards their rent. Will the Prime Minister act now? Will she issue clear guidance to exempt older people, at the very least, from these crude cuts, and also to ensure that the local housing allowance is in line with local rents?

**The Prime Minister:** Local authorities have a fund and can exercise discretion. There will be some variation across the country, and steps have been taken to ensure that particularly vulnerable people are not affected in the way that the hon. Gentleman suggests.

**Q10.** [908797] **Dr Tania Mathias** (Twickenham) (Con): The lack of large-scale vaccine manufacturing has been described as a national security issue for our country, and it will take many years to build that up. Will the Prime Minister look into what more the Government can do to address this highly critical health and defence concern?

**The Prime Minister:** My hon. Friend is absolutely right to raise the issue in that context. The Government take it very seriously. The ability to ensure that we can readily scale up vaccine production in the event of a pandemic is, as she says, vital to our national security. As I am sure she will understand, the precise details are necessarily confidential, but I can assure her that we have provisions in place to ensure that urgently needed vaccines are available in the UK at short notice, including in the event of a pandemic. As an added contingency, we are funding a £10 million competition to establish a

world-leading centre for vaccine manufacturing. However, that is only part of the picture, because we are in a strong position: we have one of the most comprehensive and successful vaccination programmes in the world, backed up by £300 million in this year alone.

**Q7.** [908794] **Kerry McCarthy** (Bristol East) (Lab): Last night Bristol City Council set its budget. Very difficult decisions were made more difficult by the abject failure of the previous Mayor to get a grip on the council's finances. It has taken a Labour Mayor to face up to the challenge, but Government cuts are making his task almost impossible, and devolution simply means asking us to do more with less. We did our bit last night in setting the budget; will the Prime Minister now meet the Mayor of Bristol to discuss the fairer funding deal that the people of Bristol deserve?

**The Prime Minister:** I understand that my right hon. Friend the Communities Secretary has indeed had such a meeting to discuss the issue that the hon. Lady has raised.

**Q11.** [908798] **Chris Davies** (Brecon and Radnorshire) (Con): Seventeen years ago, my constituents Sue and Glyn Jones received a phone call that no parent should ever have to take. The caller told them that their daughter Kirsty, who was backpacking in Thailand, had been brutally murdered. The Thai authorities are due to close their investigation of Kirsty's murder soon but, as yet, her case remains unsolved, her killer remains free, and her parents have neither justice nor closure. May I ask my right hon. Friend to press the Thai authorities to use recently improved DNA techniques to bring the killer to justice, to endeavour to provide more support for families who have lost loved ones abroad and, finally, to ensure that Kirsty's personal effects are, at last, returned home to her parents from Thailand?

**The Prime Minister:** I am sure that the whole House will join me in offering condolences to the Jones family and in recognising the terrible trauma that they have been through as a result of the killing of their daughter. As I am sure that my hon. Friend appreciates, it is not for the British Government to interfere with police investigations that take place in another country, but I understand that the Foreign Office has been providing support and remains ready to do so. Our embassy in Bangkok will continue to raise these issues with the Thai Government, and I am sure that the Foreign Office will keep my hon. Friend updated on any developments.

**Q8.** [908795] **Phil Wilson** (Sedgefield) (Lab): In the Prime Minister's Lancaster House speech, she said of a future trade agreement with the EU:

"no deal for Britain is better than a bad deal for Britain."

In the spirit of consistency, will that rule also apply to any future trade negotiations with the United States of America, where President Trump has said that America comes first?

**The Prime Minister:** I assure the hon. Gentleman that, as I have said consistently, we will be ensuring that when we negotiate trade deals with whichever countries around the world, they will be good deals for the UK.

Q12. [908799] **Crispin Blunt** (Reigate) (Con): In the Marriage (Same Sex Couples) Act 2013, we took the power, subject to a consultation and the laying of an order, to give humanists in England and Wales the opportunity to celebrate marriages as they do in Scotland. We have had the consultation, with 90% approval, and there has even now been reference to the Law Commission, which has concluded. Will my right hon. Friend now give her attention to laying this order and giving humanists in England and Wales the same rights and freedoms as they enjoy very successfully in Scotland?

**The Prime Minister:** My hon. Friend has been following this issue closely over recent years. I think he recognises that this is an important and complex area of law, and we want to make sure that proposals are considered properly. That is why the Ministry of Justice is carefully examining the differences in treatment that already exist within marriage law, alongside the humanist proposals, so that the differences can be minimised. I am sure that my hon. Friend will agree that it is both right and fair to approach this in that way.

Q14. [908801] **Nic Dakin** (Scunthorpe) (Lab): My constituent Kevin's chances of survival from pancreatic cancer were no better than his mother's, who died of that disease 40 years earlier. This disease is soon to become the fourth biggest cancer killer in the UK. Will the Prime Minister join MPs on both sides of this House to champion a significant increase in spending on pancreatic cancer research which, sadly, currently lags behind that on other cancers?

**The Prime Minister:** The hon. Gentleman raises a very important point that is obviously of particular relevance in the case of the constituent to whom he refers. As he says, pancreatic cancer is one of those cancers that it is very difficult to deal with and treat. There has been a lot of attention over the years on certain cancers, such as breast cancer increasingly, as well as bowel cancer and prostate cancer, but it is important that the appropriate attention is given to cancers that are proving more difficult to deal with, such as pancreatic cancer.

Q13. [908800] **Neil Parish** (Tiverton and Honiton) (Con): In February 2008, Mr Barry Pring, the brother of one of my constituents, was unlawfully killed in Ukraine. Mr Pring's Ukrainian wife is clearly implicated in his death. Earlier this year, our coroner in Devon ruled that Mr Pring was tricked into standing on a carriageway before being run down by a car that had stolen licence plates and no lights—death was immediate. However, every time an investigating officer makes progress with the case in Ukraine, they are replaced. This has happened 10 times and the case has stalled. May I implore my right hon. Friend to raise this case with the Ukrainian Prime Minister so that we can get justice and closure for Barry's mother and brother and the Pring family?

**The Prime Minister:** I am sure that the whole House will join me in offering condolences to Barry's family following his death in 2008. I understand that my hon. Friend has discussed this case with my right hon. Friend the Foreign Secretary. As I said in reply to an earlier question, it is not for the British Government to interfere in the legal processes of another country, but the Foreign

Office has been regularly raising this case with the Ukrainian authorities and will continue to do so. It is my understanding that UK police have assisted the investigation on a number of occasions and all information from the UK coroner's inquest will be passed on. I am sure that the Foreign Office will keep my hon. Friend updated on any developments.

Q15. [908802] **Gavin Newlands** (Paisley and Renfrewshire North) (SNP): Tens of thousands of disabled people on the Motability scheme have had their cars removed by this Government. In November, the Minister for Disabled People, Health and Work said that they will be looking at allowing personal independence payment claimants to keep their cars pending appeal. Next week, my constituent Margaret Gibson will lose her car, which she regards as a lifeline, despite a pending appeal and two decades of receiving higher rate disability living allowance. Will the Prime Minister update the House on the progress of this review to help Margaret and thousands like her?

**The Prime Minister:** The hon. Gentleman raises an issue about the way in which these assessments are made and the implications of the decisions taken. He referred, I think, to a review in relation to PIP payments and the Motability element of that. If I may, I will write to him with further details.

**Derek Thomas** (St Ives) (Con): It was a year ago this week that the Edward Hain community hospital was temporarily closed due to fire safety concerns. There are now no community beds in the towns of St Ives, Penzance and St Just, or in the rural areas in between. GPs, residents and local campaigners agree with me that this valued community hospital needs to be reopened as an urgent priority. Will my right hon. Friend the Prime Minister apply pressure to NHS Property Services and to Cornwall's NHS managers to find a way of getting that building work done and reopening those community beds?

**The Prime Minister:** This is obviously a concern for my hon. Friend's constituents—he is right to raise it. I am sure that he recognises that the first priority must be to ensure that patients are treated in a safe and secure environment, and I understand that the local clinical commissioning group and the NHS have been working closely to ensure that community hospital facilities in Cornwall are fit to deliver that expectation. I think that a review has already been undertaken into the repairs and improvements needed to bring the Edward Hain community hospital up to a safe standard, and the CCG will be looking at the infrastructure and facilities that it needs, once a final local plan has been agreed. Obviously my right hon. Friend the Health Secretary has heard my hon. Friend's representations.

**Caroline Lucas** (Brighton, Pavilion) (Green): The Government's business rates hike could devastate the local economy in my constituency. Brighton pier is facing a 17% increase, the World's End pub a 123% increase, and Blanch House hotel a 400% increase. Does the Prime Minister recognise that Brighton will be disproportionately affected? Will she urgently set up a discretionary fund to support small and micro-businesses, and agree to a full review of the whole system?

**The Prime Minister:** If we just stand back, we can see that business rates are based on the rental values of properties. Those values change over time—they can go up and down—and it is right that business rates change to recognise that. That is the principle of fairness that underpins the business rates system. However, we also want to support businesses and we recognise that, for some, business rates will go up when the revaluations take place. That is why we have put significant funding in place for transitional relief. I recognise that there has been particular concern that some small businesses will be adversely affected as the result of this revaluation, and that is why I have asked the Chancellor and the Communities Secretary to ensure that there is appropriate relief in those hardest cases.

**Sir Julian Brazier** (Canterbury) (Con): My right hon. Friend gave a sympathetic answer to my right hon. Friend the Member for New Forest East (Dr Lewis) and I know that she has taken particular interest in the matter that he raised. May I put it to her that, for many of us, there is something profoundly wrong with a criminal justice system that can pursue veterans who have risked their lives for this country 40 years on, long after there is any possibility of new evidence, while it is at the same time capable of paying out £1 million to a terror suspect?

**The Prime Minister:** In relation to the issue in Northern Ireland, the legacy bodies were part of the Stormont House agreement and we are working to deliver on that agreement. As I said in reply to my right hon. Friend the Member for New Forest East (Dr Lewis), the overwhelming majority of our armed forces in Northern Ireland served with great distinction and we owe them a huge debt of gratitude. The situation at the moment is that cases are being pursued against officers who served in Northern Ireland, and we want to see the legacy body set up under the Stormont House agreement taking a proportionate, fair and balanced approach. As I said earlier, we recognise that the majority of individuals who suffered did so at the hands of terrorists.

**Andy Burnham** (Leigh) (Lab): On the steps of Downing Street, the Prime Minister pledged to end the “burning injustice” of so few working-class boys going to university. Will she tell me how cutting every single secondary school in Leigh, Wigan, Rochdale, Trafford and Manchester through her new schools funding formula will do anything other than make that injustice even worse?

**The Prime Minister:** I want to ensure, through the education system that we provide, that there is a good school place for every child. I am pleased to say that under Conservatives in government, we have seen 1.8 million more children in good or outstanding schools. We are looking at the funding formula for schools and listening to the comments that have been made, but everyone across the House will recognise that it has been said for some time now that the existing formula is not transparent or fair. We are looking at a new formula, but I can

assure the right hon. Gentleman that our education policy is about ensuring that every child has the opportunity to go as far as their talents and their hard work enable them to go.

**Paul Scully** (Sutton and Cheam) (Con): Mr Speaker, you saw at first hand what a cup run means to a town and a club such as Sutton. With AFC Wimbledon out of the picture, I wonder whether my right hon. Friend will join me in congratulating Sutton United on such a spirited performance on Monday, and in wishing Lincoln City well for keeping the non-league spirit alive in the next round of the FA cup. Finally—[*Interruption.*]

**Mr Speaker:** Order. The hon. Gentleman must be heard.

**Paul Scully:** Finally, will my right hon. Friend join me in congratulating and thanking Arsenal for their generosity in allowing Sutton to keep a little extra slice of the FA cup pie?

**The Prime Minister:** If I may say so, that was a neat reference to pie at the end of the question.

I am happy to congratulate Sutton on their extremely good run in the FA cup. It makes a huge difference to a local area when its football club is able to progress to that extent, to be up there with the big boys, and to do as well as Sutton did. I am also happy to congratulate Lincoln City—I see that my hon. Friend the Member for Lincoln is sitting next to my hon. Friend the Member for Sutton and Cheam (Paul Scully)—on their success. We wish them well for the future.

**Mr Speaker:** Finally, I call Michelle Thomson.

**Michelle Thomson** (Edinburgh West) (Ind): The UK Green Investment Bank, which is co-located in Edinburgh, is being sold, and recent newspaper reports suggest that the contract could be concluded soon. That is happening despite the UK’s stated focus on research and development, and the fact that no realistic guarantees have yet been given as to the continuation of a proper headquarters and board based in Edinburgh. Will the Prime Minister commit to looking again at why a sale at this time is not in the best interests of Edinburgh, the green agenda or UK taxpayers?

**The Prime Minister:** Before I respond to the hon. Lady’s question, I am afraid that I owe a couple of apologies. I am sorry for mixing up my hon. Friends the Members for Stroud (Neil Carmichael) and for Lincoln (Karl McCartney). I was obviously getting carried away with the football fever that my hon. Friend the Member for Sutton and Cheam introduced into the Chamber.

The hon. Member for Edinburgh West (Michelle Thomson) mentioned the Green Investment Bank. If I may, I will write to her with a response to her question.

**Mr Speaker:** I think it is fair to say that in dealing with the matter the Prime Minister has deployed a very straight bat.

## Points of Order

12.43 pm

**Christian Matheson** (City of Chester) (Lab): On a point of order, Mr Speaker. May I seek your guidance on a matter that is hampering my ability to represent my constituents? Other hon. Members may also be suffering from this creeping issue. About a year ago, I had a problem with North Wales police when contacting them on behalf of a constituent. The force refused to deal with me unless I provided written permission from the constituent that I was able to talk to them on his behalf. I pointed out at the time that I had not plucked his name from the electoral register; he had come to see me and had asked me to take on his case. I then had a similar problem with my local hospital, the Countess of Chester, which refused to converse with me about constituents without prior approval. Again, I pointed out that the constituents would have come to see me and that I have a big enough case load without making up cases on behalf of constituents who may or may not exist.

Earlier this week, Ministers in the Department for Work and Pensions circulated a letter about universal credit—my hon. Friends the Members for Stretford and Urmston (Kate Green) and for Ellesmere Port and Neston (Justin Madders) raised this at DWP questions—that, again, required hon. Members to provide written consent from a constituent so that Ministers are able to discuss the constituent's personal issues with their Member of Parliament. Sir, can you give me some guidance as to whether it is absolutely necessary for hon. Members, every single time we seek to make representations to a public authority on behalf of a constituent, to get that constituent's written permission? That will add a great burden of admin to our already heavy workload. Or might you be able to say from the Chair that, if we are raising a case, it is because it has been raised with us by a constituent who is desperate for our support and that further administrative burden is most unwelcome?

**Mr Speaker:** I thank the hon. Gentleman for advance notice of his point of order, which it is reasonable to assume will be of real concern to Members on both sides of the House. I observe in passing that a similar concern was raised at oral questions to the Department for Work and Pensions on Monday.

What I will say to the hon. Gentleman is this: I will ensure—and I have consulted—that the matter is investigated. I undertake to report back to the House. It is a fundamental constitutional principle that Members of Parliament should be able to act on behalf of their constituents, and there is specific legislation, passed in 2002, to ensure that Members are not unreasonably constrained from doing so by data protection provisions. That does seem to me to be clear, and I am reinforced in that view not only by professional advice but by the healthy nodding of the Leader of the House's head.

**Seema Malhotra** (Feltham and Heston) (Lab/Co-op): On a point of order, Mr Speaker. Media reports suggest that the Treasury and the Department for Communities and Local Government have sent some MPs constituency-level data on the impact of the Government's business

rates policy. It appears that that information has not been placed in the public domain or made equally available to all Members of Parliament. I understand today that the House of Commons Library has requested those data but, as of just before Prime Minister's Question Time, the Department for Communities and Local Government, to which I have given advance notice of this point of order, has simply said that it is looking into it.

Are you aware of any reason why official data not in the public domain may be selectively released in this way? That action appears to breach protocols on impartiality, objectivity and integrity in the UK Statistics Authority's code of practice for official statistics, as well as the ministerial code. Can you advise me as to what could be done to clear up the confusion and ensure that these, and all official data released, are in future published in line with national statistics protocols so that all MPs can equally scrutinise the likely effect of Government policy on our constituencies?

**Mr Speaker:** I thank the hon. Lady for giving notice of her intended point of order. I would certainly be concerned if it were true that Members on one side of the House have been given preferential access to Government statistics by a Government Department. I am not saying that that is so, and I do not know it to be. If it were, it would be a matter of concern.

At this stage, it is not for me to judge whether, if it had occurred, it would itself constitute a breach of the protocols or the code that the hon. Lady mentions. However, she has made her concern clear, and it has been heard by Ministers—I think I can safely say that because a Minister from the relevant Department, the Under-Secretary of State for Communities and Local Government, the hon. Member for Nuneaton (Mr Jones), is on the Treasury Bench.

I feel sure that the hon. Member for Feltham and Heston (Seema Malhotra) will find opportunities to pursue this matter, perhaps even later today in the local government finance debate, in dealing with which Ministers from the Department will be present on the Treasury Bench.

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones)**  
*rose—*

**Mr Speaker:** If the Parliamentary Under-Secretary of State wishes to attend to the matter now, that would be most helpful.

**Mr Jones:** Thank you, Mr Speaker. I can confirm that we will be providing the information that the hon. Member for Feltham and Heston (Seema Malhotra) has requested.

**Mr Speaker:** To all?

**Mr Jones:** Yes, to all.

**Mr Speaker:** Thank you. I am extremely grateful to the Minister for that additional comment.

**BILL PRESENTED**

## VEHICLE TECHNOLOGY AND AVIATION

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

Secretary Chris Grayling, supported by the Prime Minister, the Chancellor of the Exchequer, Secretary Amber Rudd, Secretary Elizabeth Truss, Secretary Greg Clark and Secretary David Mundell, presented a Bill to make provision about automated vehicles, electric vehicles, vehicle testing and civil aviation; to create an offence of shining or directing a laser at a vehicle; and to make provision about fees for courses offered as an alternative to prosecution for road traffic offences.

*Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 143) with explanatory notes (Bill 143-EN).*

**Lee Valley Regional Park (Amendment)**

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

12.50 pm

**James Berry** (Kingston and Surbiton) (Con): I beg to move,

That leave be given to bring in a Bill to amend section 48(4) of the Lee Valley Regional Park Act 1966 to remove the power of the Lee Valley Regional Park Authority to raise by way of levy on any local authority whose local authority area falls outside the area defined under section 2(2) of the Act; and for connected purposes.

Like so many people in this country, I love our parks and open spaces. I enjoy walking almost every weekend in the stunning parks we enjoy in south-west London. I doubt I can improve on the conclusions of the Communities and Local Government Committee's excellent recent report on public parks, which said:

"Parks and green spaces are treasured assets and are often central to the lives of their communities. They provide opportunities for leisure, relaxation and exercise, but are also fundamental to community cohesion, physical and mental health and wellbeing, biodiversity, climate change mitigation, and local economic growth."

I would be pleased to welcome any Member of this House to one of our excellent local parks in the Royal Borough of Kingston upon Thames—to the ancient Fairfield in Kingston, Fishponds park in Surbiton, Tolworth Court Farm fields, Churchfields in Chessington, or Beverly park in New Malden, to name but a few. All those parks are open for the public to enjoy and are maintained with Kingston taxpayers' money. The same is the case for virtually every park in the country: local taxpayers pay for their local park.

Lee valley regional park is different. It is paid for not only by local ratepayers but by the ratepayers of every single London borough, including my borough, Kingston upon Thames, which is about as far away from the Lee valley as one can get within Greater London. Let me be clear that I have no quarrel with Lee valley regional park; it is an excellent facility, enjoyed by many Londoners. My simple contention is that, at a time when councils are having to reduce their parks budgets, it is no longer justifiable for hefty sums to be levied on London boroughs to maintain a park that is miles away and seldom used by their residents.

The Lee Valley Regional Park Authority was created by an Act of Parliament in 1966, to maintain and administer Lee valley regional park, a 10,000 acre amenity that stretches from Hertfordshire to East India dock. Along with the counties of Essex and Hertfordshire, seven out of London's 32 boroughs have parts of the park within their local areas. It contains several state-of-the-art Olympic sporting venues, such as the Lee valley white water centre and the velopark. The development of those facilities was partially funded by the Mayor of London's Olympic precept, for which London taxpayers have footed the bill since 2006.

The funding mechanism for the park is set out in section 48(4) of the 1966 Act, which allows the authority to raise funds for the upkeep of the park by way of a levy on every London borough, as well as on three councils immediately outside London. This unusual funding model might have been appropriate in 1966—the

[James Berry]

House certainly deemed it so 50 years ago—but, like the England football team's fortunes, the financial position of local authorities was rather more favourable in 1966 than it is now. Local authorities have had to make significant spending cuts following repeated reductions in their revenue support grant, and will continue to have to do so until the business rates retention model championed by my local council leader, Councillor Kevin Davis, comes into force.

Councils are having to retreat to meeting the increasing demand on statutory services such as adult social care, at the expense of discretionary services, including parks. The Select Committee's report shows that 92% of local authority parks departments have experienced budget reductions in the past three years. Kingston's Conservative council has rightly maintained parks funding, but that is a political commitment that the Conservative group made in the 2014 local elections, and comes at the opportunity cost of funding in other discretionary areas that other councils have chosen to prioritise. It is against that backdrop that there is increasing disquiet, particularly south of the Thames, at having to pay the Lee valley park's massive annual levy.

The opportunity to introduce this ten-minute rule Bill is timely, because local authorities received their demand from the Lee Valley Regional Park Authority just before the recent recess, on 10 February. The 2017-18 levy is £10,186,900. I should point out that that is a small but welcome reduction on last year's levy, but it is out of step with the reduction in funding for local authorities over the same period. The demand on my local authority of Kingston is £160,730. Over the same period, the council will spend £1.3 million on parks, trees and ground maintenance within the borough. The ratepayers of Kingston, of whom I am one, would rightly ask why, when their services are under pressure, they are being forced to pay a sum equivalent to 10% of the borough's own parks budget to maintain a park 20 miles away that few of them use and that some of them would never have heard of until I made this speech today. I ask the same question of this House.

A number of arguments will be levied against me. The first is that Lee valley park is there for the enjoyment of all Londoners, so the cost should be shared throughout London. However, as one would expect, there is an uneven distribution of visitors, with the numbers coming from the contiguous boroughs far outstripping the numbers coming from other boroughs, particularly those south of the river. That is borne out by the visitor statistics for last year, which show that 605,000 visits were made by residents from Waltham Forest, in which the park sits, yet only 5,000 visits were made by Kingston residents, and just 4,000 by Sutton residents—the lowest figure other than that for the tiny City of London corporation area.

If we divide the relevant levy by the number of visitors from those boroughs, the cost per visit tells an interesting story. A visit from each Waltham Forest resident costs the local council 32p per visitor, which does not seem unreasonable. A visit from a Kingston resident costs my local council £32.15 per visitor, which I suggest is wholly unreasonable. But we are not the worst affected: a visitor from Sutton costs their council £46.92 per visit. The levy bears no relation to the

number of visitors from a borough in the previous year; I suggest that even if my Bill does not proceed, the funding formula is in need of radical review.

Another point that might be made against me is that Lee valley park would suffer from a loss of funding from all London boroughs. Let me be clear: I do not want to see any diminution in the quality of the park. There are, though, many other funding models. The levy on the local authorities proximate to the park could be increased, although clearly that would not be popular with those authorities. The park could be funded by central Government, as royal and national parks are. Alternatively, the park could find ways to reduce its frankly very high outlay—its budget is twice that of the largest park in the country, the Lake District national park, which is 58 times the size of Lee valley regional park—or it could increase its revenue, including through the amazing sports facilities it has been gifted at the taxpayers' expense. Lord True offered some suggestions to that effect in the other place last March. I do not pretend to have a solution for the park's future funding model; that will be a matter for future debate and consultation.

It is my contention that the Lee Valley Regional Park Authority should have its statutory power to levy charges on local authorities outside the area in which it sits removed. That is also the contention of colleagues on the Government Benches who have kindly lent their support to the Bill, as well as of London's Conservative council leaders and the Greater London Authority Conservative group in the London Assembly. Judging by reports on the "No To Lee Valley Tax" campaign run by the Newsquest and News Shopper titles throughout south London, a number of representatives from across the political divide agree, too.

The Lee Valley Regional Park Act passed through the House more than 50 years ago, when the financial position of local authorities was very different. In straitened times, when local authorities are being required to cut their parks budgets, it is simply not right that, year on year, vast sums are being levied by the Lee valley authority on boroughs such as Kingston, to pay for the upkeep of a park many miles away that is seldom used by the residents of those boroughs. I hope that Lee valley regional park has a long future, but not at the expense of taxpayers in Kingston or throughout London.

12.59 pm

**Stella Creasy** (Walthamstow) (Lab/Co-op): I rise to oppose this legislation—[*Interruption.*] I hope that the hon. Member for Kingston and Surbiton (James Berry) will give me the opportunity to explain why. Let me declare straight away that, as a proud Member of Parliament for Waltham Forest, I am a regular user of the Lee Valley Regional Park Authority spaces. I have been to the ice rink, but I have not been on the horses. I certainly walk through the wetlands, and I look forward to enjoying the Walthamstow wetlands. As a young child with grandparents in Surbiton, I also enjoyed the parks of Kingston.

The legislation that the hon. Gentleman proposes is fundamentally misguided, because he misses the point about the value of regional parks for London and other areas. I am talking about the benefits of maintaining and developing beautiful spaces for recreation, nature

and enjoyment for all our constituents. I hope that, in the time available, I can set out the five reasons why I believe that, although he might think that he is standing up for the residents of Kingston, he may be selling them short.

First, the Lee Valley Regional Park Authority was set up to be a regional facility. It was established in the 1960s, before, I wager, both he and I were even born, to represent and reflect the fact that London needed green spaces. We refer to the Lee valley regional park as London's lung; it is a beautiful park, providing 10,000 acres of green land that benefits every resident of London. Sir Patrick Abercrombie who argued the case for this park never saw it as simply benefiting those who lived nearby, but recognised that the investment in the park from all the regions would benefit every constituent. When the hon. Gentleman talks about visitor numbers, I share his concern that not as many of his residents regularly use the park, but I urge him to encourage them to come to the park and benefit from that green lung.

The hon. Gentleman says that there are residents in Kingston who have not even heard of the Lee valley regional park. I suggest to him that that is simply not true. Many of them will have watched, or indeed have visited, the Olympics, in which the Lee valley regional park played a key role. I wager that many of his constituents cheered on Joe Clarke as he won Britain's first gold medal in the London Olympics at the Lee valley canoeing centre. The hon. Gentleman thinks that he is speaking up for his constituents, but what he may be doing is misunderstanding their pride in what the Lee valley regional park was able to deliver in the Olympics and what it continues to deliver today.

Certainly, when the hon. Gentleman talks about visitor numbers, he is missing out on the fact that we have seen a 50% increase in the number of people visiting the Lee valley regional park. I suspect that that is directly because people saw the benefit of having these wonderful Olympic recreational facilities on their doorstep in London. But this is not just about whether people are visiting, but about this concept of a green lung. The quality of air in our city has never been worse. I am sure that, like me, he has constituents who are deeply concerned about air quality in London. The value of our green space therefore becomes paramount not just to those who live in the area—*[Interruption.]* I see the hon. Member for Twickenham (Dr Mathias) jumping up and down. The same argument applies to her constituency, too. The value of such spaces is greater now as we face this crisis—I am talking about the quality of our air and of our natural environment in our city.

We have 14 sites of special scientific interest in the Lee valley regional park. Rather than not visiting the area, I invite the hon. Gentleman to join me when we open the Walthamstow wetlands to see for himself the benefit of the site. It will be a national site of significance. *[Interruption.]* Forgive me, I would like to invite all the Members on the Government Benches to visit the Walthamstow wetlands. They should come and see the herons and cormorants in London. *[Interruption.]* Members may chunter, but this is the point: sometimes

we invest together because we benefit together. Lee Valley Regional Park Authority offers us exactly that opportunity. It was set up in the 1960s to recognise the mutual benefit of investing in green and recreational spaces in London, and in 2017, the case for those spaces grows ever bigger.

The hon. Gentleman's proposed legislation would have more merit if he was expressing an equally forensic concern about the visits by the residents of Kingston to, say, the royal parks and asking about their funding. *[Interruption.]* I did listen to what he said, but I have looked at his legislation and he is not suggesting a similar cut in the royal parks' funding to reflect his concern about whether residents from Kingston actually visit those parks. That is the point: we invest in these regional organisations for our mutual benefit. *[Interruption.]* I recognise the point that he made about local government cuts. I gently suggest to him that perhaps he should talk to his Front-Bench team about how they are funding local government, rather than trying to scrimp and save on such valuable regional assets. If we go down the route of only ever seeing parks as valuable to those people who live directly next to them—of whom I am one—we miss the point about how these amenities can benefit us all. I gently suggest to him that, rather than trying to cut corners, he make the case to his Front-Bench team about proper investment and funding in local government. He should not try to cut the funding for this green lung to London from which his constituents can benefit. Rather than suggesting to his constituents that there is nothing of interest in Lee valley park, he should encourage them to come and use the facilities that they are paying for. They will certainly receive a warm welcome from us all in the north-east corner of London.

In conclusion, although I recognise that the hon. Gentleman thinks that he is making the case for the residents of Kingston, he should consider that the residents of London, who include the residents of Kingston and Surbiton, deserve better from us all. They deserve some strategic thinking, so that we invest in regional parks such as Lee valley. We should see London as an urban green park in the future. We need to invest in our green spaces and, for the small amount of funding that that entails, recognise the benefits that exist for us all. We should also make a decent case for the funding of local government. As his Bill would do neither of those things, I do not believe that it should proceed further in the House, and I suspect that there others from different parts of London, and indeed from across the country, who will benefit from the Walthamstow wetlands, who would agree with me.

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

That James Berry, Bob Blackman, Paul Scully, Bob Stewart, Dr Tania Mathias, Stephen Hammond, Robert Neill, Chris Philp, Mike Freer, Victoria Borwick and Mrs Theresa Villiers present the Bill.

James Berry accordingly presented the Bill.

*Bill read the First time; to be read a Second time on 24 March, and to be printed (Bill 144).*

## Police Grant

1.7 pm

**The Minister for Policing and the Fire Service (Brandon Lewis):** I beg to move,

That the Police Grant Report (England and Wales) for 2017–18 (HC 944), which was laid before this House on 1 February, be approved.

In addition to seeking approval of the police grant report, I think it is right to outline the context in which we find it, as it covers the continuation of our work of seeing through police reform and of working with the sector. This funding settlement provides fair and stable funding for the police and enables essential policing reform and transformation to go further and faster, so that we ensure that we help the vulnerable, cut crime and support our communities.

In December, I proposed a stable and fair funding settlement for the police in 2017–18. Today, I am seeking this House's approval for the settlement. Last year, we protected police spending when precept is taken into account, and I am pleased to say that the 2017–18 police funding settlement maintains that protection for police spending.

Overall Government funding allocated to the police is £8.497 billion—exactly as announced in the 2015 spending review. On 15 December, I laid before the House the provisional police grant report for 2017–18, along with a written ministerial statement that set out the Government's proposed allocations to local policing bodies in England and Wales and opened a consultation. After careful consideration of the consultation responses, we have decided that force-level allocations will remain as announced in December. I still believe that providing stable funding, including local precept, is the right approach.

**Andy Burnham (Leigh) (Lab):** I am concerned that the Minister may have inadvertently misled the House. He said that he has been able to protect police budgets in real terms once the precept is taken into account, but that is not the case with Greater Manchester police. They still had to cut frontline policing even though they used the full precept power. Will the Minister now correct the record?

**Brandon Lewis:** The right hon. Gentleman should bear in mind that Greater Manchester is a good example of a force that has managed to increase its reserves. We should be clear that, across the sector, the police—including Greater Manchester police—have increased their reserves by more than £400 million. The reality is that for policing, when precept is taken into account, we are delivering on the spending review statement that the police funding settlement maintains protection for police spending. I reiterate that statement.

Our police forces do a great job and need funding to support their vital work. So-called traditional crimes have fallen by a third since 2010 to a record low. Families and communities are safer as a result. The police have helped to deliver radical changes, including direct democratic accountability and transparency through the introduction of police and crime commissioners; the introduction of the College of Policing as the professional body for everyone in policing; cutting through bureaucracy and stripping away national targets; and increased collaboration among police leaders up and

down the country to make savings, pool resources and provide a better service to the public.

**Andy Slaughter (Hammersmith) (Lab):** I am not sure whether people in London will recognise the rosy picture that the Minister is painting. The Government are making £1 billion of savings. Does the Minister intend to shift more money away from London, as was planned in 2015—up to another £700 million? Will he fund the national and international capital city grant properly? That is £172 million short. With the Mayor, the Home Secretary is appointing a new commissioner. The Minister must realise that there are special responsibilities in London, which the Government should engage with.

**Brandon Lewis:** This statement is as per the written ministerial statement in December; I think that the hon. Gentleman is referring to our review of the police funding formula. That work is ongoing and the Metropolitan police is involved in it. I was with the Mayor this morning, and I do not recognise the figure of £700 million just mentioned by the hon. Gentleman. I have spent quite a lot of time with the Mayor in the past couple of days, addressing the issue of the new commissioner, and he has not yet outlined that figure to me. I look forward to hearing more about where the hon. Gentleman has come across that figure.

The 2017–18 police funding settlement provides stable and fair funding for PCCs to spend locally.

**Richard Fuller (Bedford) (Con):** The Minister is making a lot of sense on this issue. As he will know, Bedfordshire, from a financial point of view, is one of the most structurally challenged police authorities. However, Kathryn Holloway, the police and crime commissioner, has found enough resources to put 100 new police officers on the frontline, so we can do very good things to increase frontline policing within this settlement. However, will the Minister tell us a little more about the timing of the review of the funding formula? That will make a big difference for Bedfordshire.

**Brandon Lewis:** As my hon. Friend will appreciate, I am not in a position at the moment to outline what the new funding formula will look like—that work is still ongoing—but I am happy to give him a flavour of where we are on timing. My hon. Friend makes a good point. Police forces around the country have done really good and interesting work on reform, which is why the number of officers spending more time on the frontline has gone up by a few per cent. in the past few years. That is a good thing because we are using our resources properly in ensuring that our uniformed police officers are on the frontline working with and for their communities.

Some really good work is going on. As well as meeting the Mayor's Office for Policing and Crime, I have met the Bedfordshire PCC and chief constable to talk about some of the changes that they face, particularly as a county that has rural work as well as the focus of an urban centre in Luton. There are really good examples in Bedfordshire and elsewhere of how police forces work with other forces, as Bedfordshire does as part of the seven, and other agencies—the fire brigade, ambulance services and other public sector bodies—to bring about operational benefits that can bring savings and a better service for local communities.

**Rishi Sunak** (Richmond (Yorks)) (Con): I thank the Minister for his engagement with the North Yorkshire PCC on exactly these issues and the challenges of rural policing. May I urge him to consider the recommendations of his Department's technical reference group, which has concluded that population is the best predictor of police demand and should therefore be a key part of any future funding formula for rural areas?

**Brandon Lewis:** I thank my hon. Friend for his comment. I am happy to be engaging with the excellent PCCs in both Bedfordshire and North Yorkshire—the latter's being Julia Mulligan, whom I saw earlier this week. She is another good example of a PCC working to deliver for the frontline and looking for savings to make sure that even better and wider services can be delivered for local communities.

I come back to the timeline, mentioned by my hon. Friend the Member for Bedford (Richard Fuller), and will cover the point made by my hon. Friend the Member for Richmond (Yorks) (Rishi Sunak) about the technical reference group. Two groups are working through the issue. Academics, police and crime commissioners, and chief constables are working on it.

I am grateful to all the PCCs and chief constables who have taken time to be involved, feed into the work and come to see me. I have an open-door policy for anyone who wants to put forward ideas for the group. On the timeline, I have been clear from the beginning: this is a big, important piece of work and it is important that we get it right. Rather than setting timelines, I want to let the groups do their work and report to us. We will then have to make decisions on how to take things forward. I am keen for the work to get done, but I do not want to pressure the groups with a specific timeframe. Hon. Members will have to bear with us on that. It is important that we take the time to get this right, rather than rushing to get it implemented.

**Jo Churchill** (Bury St Edmunds) (Con): Although it is said that sparsity and rurality will be taken into account, may I push the Minister once again? He has been kind with his time when we have discussed the issue, but this is important for our area. If the allocation is made just on the basis of population, Suffolk will get £3 million less than Norfolk, although they are very similar counties that the Minister knows very well.

**Brandon Lewis:** The Suffolk PCC and chief constable have lobbied me on that issue—in fact, the Suffolk PCC came in the past week or two to make that very point. There is a piece of work to do at the moment. The technical reference group and senior group will work through the issues and make those recommendations to us. I will not prejudge the outcome; it is right to let them and the experts do their work on what the fundamentals should be.

The settlement also includes extra resources for national programmes including the transformation fund, which enables forces to undertake essential policing reform. Last year, we provided a planning assumption to the House to help PCCs. We are meeting our planning assumption for stable force-level funding. That means that every PCC who maximises their local precept income

this year and in 2017-18 will receive at least the same direct resource funding in cash that they received in 2015-16.

I can also report to the House that local council tax precept income has increased faster than expected. That means that we can not only meet our planning assumption on stable local funding for PCCs but increase our national investment in police reform and transformation faster than expected. That will ensure that police leaders are given the tools to support reform, and the capability to respond to the changing nature of crime and to protect the vulnerable.

**Mr Kevan Jones** (North Durham) (Lab): I hope that the Minister agrees that Durham has an outstanding Labour PCC in Ron Hogg and a first-rate chief constable, who is working hard not only to drive up standards but to make the force more efficient. Does the Minister recognise that forces such as Durham's are hindered when it comes to raising the precept? Some 55% of properties in Durham are in band A, so an increase there would not generate a great deal of cash compared with what Surrey or somewhere else would receive.

**Brandon Lewis:** I recognise that Durham has a very good police force with an excellent chief constable. I met the chief constable and PCC pretty recently when they came to outline some of the points that the hon. Gentleman has just made. There are differences around the country and we must recognise that different areas will have different abilities to raise money locally according to the precept and their council tax base. The hon. Gentleman is right. I represent a constituency in which about 80% of properties fall into the lower council tax bands, so I fully appreciate his point. But the funding settlement is not the only source of money for police forces.

**John Glen** (Salisbury) (Con): The Minister is making sensible observations about the changing profile of crime and rural considerations, but will he think about the nature of crime and how it is different in rural areas? In agricultural areas outside Salisbury, there are crimes such as hare coursing. Difficult policing jobs that require police presence cannot be offset with technology. That must be understood in this review.

**Brandon Lewis:** My hon. Friend, as always, makes a very good point that outlines one of the realities of the way in which policing is changing. That is why it is important to have local decision making in policing, with locally accountable police and crime commissioners who understand the needs of their local areas and are able to direct their resources where they need them based on the demands of their area.

**Andy Burnham:** Will the Minister give way?

**Brandon Lewis:** I want to make some more progress.

This year, we created the police transformation fund—the grant settlement is not the only source of money for policing—which has already provided investment to develop specialist capabilities to tackle cybercrime and other emerging crimes, and has provided a major uplift in firearms capability and capacity. The fund will increase by £40 million next year to £175 million. We will continue

[Brandon Lewis]

to allocate additional specific funding for counter-terrorism to ensure that critical national counter-terrorism capabilities are maintained. Counter-terrorism police funding continues to be protected and, in fact, will increase to £675 million in 2017-18. That reinforces our commitment to protect the public from the threat of terrorism. The House and the public can be in no doubt that the police will have the resources they need to do their crucial work, and will be given the investment necessary to provide a more modern and efficient police service.

**James Berry** (Kingston and Surbiton) (Con): I think my right hon. Friend will agree that we have the most professional armed police officers in the world. The statistics on fatalities bear that out. Does he agree that forces outside London must upscale their armed capacity to match the level that we have in London in view of the terror threat that affects the whole country?

**Brandon Lewis:** This comes back to the point that it is important that local police and crime commissioners, working with their chief constables, are able to assess the operational needs for their area and to work across policing. The National Police Chiefs Council is doing very well in ensuring that police forces are working across areas, and that chief constables are working together for the benefit of the country. The Metropolitan police has a big part to play in that, being such a large part of policing in this country.

**Andy Burnham:** Will the Minister give way?

**Brandon Lewis:** No, I want to make some progress.

There is a lot for the police to be proud of. However, Her Majesty's inspectorate of constabulary's police effectiveness, efficiency and legitimacy report this year raised a concern that some forces may have eased up on the pace of reform in the past year. The clear challenge from us to police leaders is to ensure that this is not the case in 2017-18 and, after talking to them, I think it is a challenge that they will relish. Maintaining funding should not mean that police leaders take their foot off the gas.

I assure the House that the Government will play their part to support forces to transform and become more efficient. I will update the House on the steps we are taking to give the police the tools they need to transform themselves. As I mentioned earlier, we are increasing the size of the transformation fund by more than £40 million, which will enable additional investment in cross-force specialist capabilities, exploiting new technology, driving efficiency and improving how we respond to changing threats.

The first year of the fund has demonstrated that it is supporting and incentivising policing to meet future challenges by being more efficient and effective, and building capability and capacity to respond to a changing mix in crime, as my hon. Friend the Member for Salisbury (John Glen) outlined. The key to the success of this work is that it is sector led, through the Police Reform and Transformation Board; this is the police service transforming itself to meet the demands of the future, using tools provided by this Government.

**Mr Kevan Jones:** Will the Minister give way?

**Brandon Lewis:** Not at the moment.

With the foundations of the police-led process firmly in place, more can now be done to develop compelling investment proposals at scale. The fund should continue to allow the best ideas from across policing for transformational change to be developed and delivered.

In 2017-18, we will invest a further £32 million to continue a major uplift in firearms capability and capacity so that we can respond quickly and forcefully to any firearms attack. I expect to see ambitious proposals, endorsed by the National Crime Agency, to go further and increase our capability to tackle serious and organised crime, which is a growing, dynamic and diverse national security threat that costs the United Kingdom at least £24 billion a year. It leads to loss of life, preys on the vulnerable, creates negative role models in our communities and can deprive people of their security and prosperity. But we cannot simply rely on extra funding to drive police reform. We need to ensure that police forces have the right legislative tools to do the job and improve efficiency.

**Mr Kevan Jones:** I thank the Minister for finally giving way. I am sure that he is aware that Durham is the most outstanding police force in the UK for efficiency. Why has that not been rewarded in the settlement? For example, changes to the funding formula this year mean that the force in Durham will have £700,000 less in its budget than it had last year.

**Brandon Lewis:** I am slightly surprised by the hon. Gentleman's opening comment because I have already accepted an intervention from him, along with many other interventions. He has actually made a good case for exactly why it is important that we do this police funding formula review—to ensure that we get a formula that is not based on the one that has been in place for decades and that many police forces are very unhappy with. We will deliver on our manifesto pledge to deliver a fair funding formula for police.

**Andy Burnham:** The public all over the country are noticing a reduction in visibility of neighbourhood policing and in responsiveness by the police. They will struggle to match what they see on the ground with the complacent statements that have been made in the House today. Let me remind the Minister—we need accuracy on this because police officers on the front line deserve it—that the promise of the 2015 spending review was “real-terms protection” for the police throughout this Parliament. Has he met that promise, yes or no?

**Brandon Lewis:** As I have already outlined twice to the right hon. Gentleman, we have met the promise of the spending review. Police and crime commissioners who maximise their precept are in the same position. No matter how many times he asks the same question, he will get the same answer. I give way to the hon. Member for Preston (Mr Hendrick).

**Andy Burnham:** He's lying!

**Mr Mark Hendrick** (Preston) (Lab/Co-op) *rose*—

**Brandon Lewis:** I am sorry, if the hon. Gentleman will excuse me, I could not quite hear what the right hon. Member for Leigh (Andy Burnham) said. Would he like to intervene and outline that for us?

**Mr Speaker:** Order. I did not hear anything said that was out of order. If I did not hear it, I cannot act on it. At this point, the hon. Member for Preston (Mr Hendrick) is intervening, so we will hear that. If somebody wants to raise a point of order or whatever, he or she is free to do so, but I cannot comment on something that I did not hear.

**Mr Hendrick:** When the Chancellor announced in 2016 that police budgets would continue to be protected in cash terms assuming council tax was maximised, I—like many others—welcomed the news. Last year's cuts to grant funding were a uniform 0.6% and this year's provisional settlement outlined a further 1.3% cut to direct resource funding. How does that square with what the Minister said?

**Brandon Lewis:** I can only repeat what I said earlier: last year, we protected police spending when the precept is taken into account. The overall level of government funding allocated to police is exactly as announced in the 2015 spending review at £8.497 billion.

I am delighted that the Policing and Crime Act 2017 received Royal Assent on 31 January because it allows us to ensure that we are working towards implementing many provisions that will further help policing to reform and deliver in the future. The Act ensures that collaboration between police forces and with other public services to better tackle emerging threats can go further and faster, providing efficiencies to ensure that money is spent on the frontline delivering for the communities in which the police work. There is substantial evidence showing that closer collaboration between the emergency services can improve public safety, secure more efficient services and deliver better value for money for taxpayers.

**Sir Oliver Letwin (West Dorset) (Con):** My right hon. Friend knows that I strongly support his efforts to get collaboration and more efficiency. Does he accept, however, that these reviews of formulae very often do not take into account the capacity of different kinds of forces to make changes? Large urban authorities have huge capacity to make changes, but it is much more difficult for small rural police forces. Will he ensure that that is taken into account in the review?

**Brandon Lewis:** My right hon. Friend makes a good point. I assure him that we are looking at all those factors as we work through the process. It is so important that the police chief constables, the police and crime commissioners and other parties are doing solid work on the ground to ensure that the process is fully informed. I have no doubt that we will be debating that in the House in due course.

Police and crime commissioners and chief constables are already collaborating to make savings and pool resources to improve effectiveness, without sacrificing local accountability and identity. That is a credit to them.

**Mr Stewart Jackson (Peterborough) (Con):** My right hon. Friend is making a cogent case, as he usually does. I encourage him to proceed in the way in which he has

outlined because my local constabulary, Cambridgeshire, is working on things such as firearms, forensics, dogs and homicide, and it has become much more efficient. For example, the tragic Joanna Dennehy murders of two or three years ago would not have been solved as expeditiously as they were without cross-county collaboration between several police forces.

**Brandon Lewis:** My hon. Friend is right. I met his chief constable and police and crime commissioner only this week and they showed me some of the excellent work being done there. It is one of the forces that is really driving forward and working to make sure that it delivers on the opportunities that the Act gives it to bring together the fire service and police force to create even further efficiencies and, importantly, better outcomes for residents in future.

**Andy Slaughter:** Efficiency has increased, but that can take us only so far. My borough is paying for an extra 50 police officers. Londoners are paying £61 in their council tax every year just to make up for the shortfall in the money that should be given to cover national events such as the planned visit of the President of the United States. Will the Minister guarantee that, when he looks further at funding, he will consider what local and regional authorities are contributing at the moment?

**Brandon Lewis:** I agree that it is important that as we go through the review work we look at the functions in a capital city that are different from those in other parts of the country. We do pay extra money into London, but we also have to bear in mind that London's Metropolitan police is by far the best funded force in the country, accounting for just over 25% of all police funding. It is a very, very well-funded police force.

**Andy Slaughter:** Will the Minister give way?

**Brandon Lewis:** Not at the moment—I will make some progress.

We are making sure, through the Act, that we support greater collaboration. To do this, the Act contains provisions to enable police and crime commissioners to take on responsibility for local fire and rescue services, where the local case is made. This means that we can maximise the benefits of joint working between policing and fire services at a local level, drive innovative reform, and bring the same direct accountability to fire as exists for policing.

The police funding settlement for 2017-18 is not impacted by the ongoing police core grant distribution review, as the settlement retains the approach to distribution that we have used in recent years.

**John Glen:** Does my right hon. Friend acknowledge that the situation will be different in different places? Wiltshire and Dorset recently went through a consolidation of the fire service into one entity. Another organisational change would not be welcome, because that would mean more money being spent on that reorganisation when we have just had one in the fire service. This needs to be done carefully, county by county.

**Brandon Lewis:** My hon. Friend makes a very good point that highlights why it is important that this is driven locally. The Act is an enabling power, not a

[Brandon Lewis]

mandatory one. He is absolutely right that his own local PCC and the adjoining PCC are looking at how they can be more involved in the governance of fire without necessarily changing the excellent work that was done to find savings in the past year or so.

Some hon. Members have mentioned the core distribution review. While I am talking about police funding on the current formula for this year, it would be remiss of me not to outline that review a bit further and answer a few of the questions about it, as there is clearly widespread interest. We are continuing the process of detailed engagement. Under an open door policy, I am meeting all PCCs and forces who wish to discuss this issue. I can also assure the House that no new funding arrangements will be put in place without a full, proper public consultation.

I want to re-emphasise that the 2017-18 police funding settlement provides fair and stable funding for police forces. It increases funding for the police transformation fund to ensure that police leaders have been given the tools to support reform and the capabilities that they need to be able to respond to the changing nature of crime. We are protecting police spending and meeting our commitment to finish the job of police reform so that we are able to make sure that we, and the police, are helping the vulnerable, cutting crime and supporting our communities. I commend this motion to the House.

1.34 pm

**Carolyn Harris** (Swansea East) (Lab): Labour Members deplore the approach that this Government have taken to police funding. They have broken their promise to Parliament that they would protect frontline policing. They have left police forces across the country without the money they need to keep our citizens safe from crime. With funding cut every single year, there are now 21,000 fewer police officers than there were in 2010. That is what this Government have done for policing.

Moreover, the Government have persistently failed to introduce a funding formula that is linked in any meaningful way to the needs of different areas. When they did try to do so, it literally did not add up and had to be withdrawn. Now we see in today's motion that for another year they are simply salami-slicing the police budget again, with real-terms cuts of 2.7% across the force, regardless of need. They decided they could not run their own funding model because, they said, it was broken, but they have not been able to build a new one despite trying for four years.

This is incompetence. It is the action of a panicked and out-of-touch Government forced to make bad decisions that bear little relation to community needs because of the lack of capacity that is a problem of their own creation.

**Gerald Jones** (Merthyr Tydfil and Rhymney) (Lab): Does my hon. Friend agree that the 4.9% real-terms cut in Gwent police and 5.3% real-terms cut in South Wales police will put frontline policing at risk in those areas? I have spent some time with frontline police as part of the police service parliamentary scheme, and the frontline officers I have met certainly do not recognise the rosy picture painted by the Minister.

**Carolyn Harris:** I certainly do agree with my hon. Friend. I appreciate the work that he has done with the police service parliamentary scheme and know that he understands what real policing is really all about.

No wonder that only last week the outgoing head of the Metropolitan police said:

"It's getting difficult... The bottom line is that there will be less cops. I can't see any other way... There's only so much you can cut and make efficiencies and then you've got to have less police... I'm not sure that's wise".

We do not believe it is wise either.

**Mr Kevan Jones:** Does my hon. Friend agree that the pain has not been distributed equally across the country? In Durham we have lost 25% of our police officers since 2010. Nationally, the average is 12%, although Surrey, I understand, has lost only 1% of its officers.

**Carolyn Harris:** I certainly agree. I think the method is shambolic.

I turn to broken promises. Let me give a bit of history. In 2011, David Cameron said:

"There is no reason for there to be fewer front-line officers."—[*Official Report*, 30 March 2011; Vol. 526, c. 335.]

Yet the number of police officers fell by almost 21,000 after he became Prime Minister. The total size of the police workforce has fallen by over 46,000 since 2010. Following a successful campaign from the Labour Benches led by my right hon. Friend the Member for Leigh (Andy Burnham), the former Chancellor, the right hon. Member for Tatton (Mr Osborne), told Parliament at the autumn statement in 2015 that

"now is not the time for further police cuts... There will be real-terms protection for police funding."—[*Official Report*, 25 November 2015; Vol. 602, c. 1373.]

Today's figures show that he has broken that promise to Parliament. In fact, between 2015-16 and, going forward, 2017-18, the total amount of real-terms Government grants for police forces has fallen by 4.4%. The real-terms cuts we have seen in the past two years come on top of real-terms cuts of £2.3 billion—25%—in the preceding five years, as shown by the National Audit Office.

**Sir Oliver Letwin:** I am interested in the hon. Lady's argument. Is she asserting that local taxation is not a form of revenue?

**Carolyn Harris:** It is.

The motion means that next year, after inflation, funding for London services will be cut by more than £48 million. The Northumbria police service will find itself in a position of having to increase the local tax burden by £6 million just to stand still, and funding for the South Wales police service will fall by over 5% in a single year.

**Andy Burnham:** This House has not been given an accurate picture. As my hon. Friend rightly says, the 2015 spending review promised real-terms protection. Local tax rises have not made up for Government cuts, so there are real-terms cuts to police services all over the country. Does she agree that, of all Government Ministers, the Policing Minister should tell the truth at the Dispatch Box?

**Carolyn Harris:** That would be welcome.

Meanwhile, crime levels, which the Government keep telling us have fallen, are actually about twice what they were previously presumed to be, as we have learned since January, following the inclusion of cybercrime. In London, the proposed settlement does not include the full cost of policing ceremonial and other national events that take place there simply because it is our nation's capital.

**Andy Slaughter:** May I congratulate my hon. Friend on painting the correct picture, particularly in relation to London, which gets only half the money it should get nationally? Every Londoner pays a £61 subsidy through their council tax each year. One of the biggest costs relates to neighbourhood policing, which was destroyed under the previous Mayor of London and is being resurrected by the current Mayor, but that is happening under huge financial pressure and the Government's failure to fund London properly.

**Carolyn Harris:** I certainly agree with my hon. Friend. A London citizen will end up paying more for national events through their council tax than anyone else. I am sure that my London colleagues will be pleased to know that the funding for trips such as that by President Trump will come out of their pockets.

The underfunding of our police services must stop. Our citizens deserve a police force that is fit for purpose, and our hard-working policemen and women deserve a Government who support them to do a job. The Minister is being disingenuous if he tries to imply that the cuts will not have a negative effect on our ability to police. In fact, we are starting to see real evidence that neighbourhood policing is suffering as a direct result of the Conservative party's actions.

In its latest annual report, Her Majesty's inspectorate of constabulary states:

"Neighbourhood policing is one area where the danger of across-the-board reductions in resources is apparent...As chief officers reduce their workforces, they will need to...include assurances that a smaller police workforce will not compromise public safety and explain any effect there might be on neighbourhood policing."

I share those concerns. Neighbourhood policing matters. It is not just reassuring to local communities, but crucial for crime prevention. Unfortunately, however, I fear that the damage is already being done. Last year's HMIC annual report went on to say that

"we found that there were too many forces where there were signs of an ever-larger proportion of the workforce being drawn into responding to incidents, leading to a reduction in crime prevention activity."

I do not believe that the cuts that we are being asked to approve today will not lead to further reductions in neighbourhood policing. I can only assume that that is a price that the Minister is prepared to pay.

The problem is compounded by cuts to other frontline services. As local authority and mental health services are also pared back, it falls to the police to pick up the pieces when preventable problems become emergency incidents. That is a problem for police resourcing, but more than that it is a tragedy for the individuals, families and communities concerned.

The HMIC assessment continued:

"Society should no longer tolerate conditions in which these illnesses and disorders are neglected until they land at the feet of the police, in circumstances of violence, disorder and desperation."

Under this Government, those desperate situations are tolerated because they have got their priorities wrong. As a result, police resources are used to respond to individual crises that do not count in the crime figures. Forces themselves estimate that crime accounts for only 22% of the number of emergency and priority incidents. When the Minister says that crime is falling, he is wrong. It is wrong to use that as the justification for funding cuts.

The Minister argues that it is okay to cut, because forces can raise local precepts to fill the gap, but that misses the point. Raising the precept, which most forces, for understandable reasons, are attempting to do, is simply a way of asking the public to pay more because of the Government's political decision to give less from general taxation.

**Sir Oliver Letwin** *rose*—

**Carolyn Harris:** I am going to make progress. The Government are passing the buck on a monumental scale. More than that, it is unfair because some forces will be unable to raise as much as others.

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

**Carolyn Harris:** I am going to make progress. The ability of forces to raise funding will depend on local circumstances and the prevailing level of council tax, neither of which necessarily bears any relation to policing needs. In fact, initial results from a current research project at the London School of Economics, which is examining the factors that drive demand for policing, suggest that, in general, crime levels are significantly higher where house prices are lower. If that is correct, it means that shifting towards greater funding through a council tax precept is precisely the opposite of what is required. The communities with the greatest need will have the least ability to meet that need through higher tax rises.

All that suggests that the Government's policy on policing is wrong. My real concern, however, is deeper: I do not think that the Government have any idea whether or not the cuts are jeopardising public safety. There is no analysis behind the proposals that we are being asked to approve today.

In its 2015 report on the financial sustainability of police forces, the National Audit Office concluded that police forces have "insufficient understanding" of the demand for their services and what affects their costs. It said that that made it

"difficult for them to...show how much resource they need, and demonstrate that they are delivering value for money."

If the National Audit Office finds it hard to work out whether the service is offering value for money, how can the Conservative party reassure us that the cuts are safe? Frankly, this is a mess.

We need to understand how the police force of the future will protect the public in a way that offers value for money for the taxpayer, but the Minister appears to have no idea how to do that. That is no wonder, for when the Government cannot even come up with a formula that funds forces fairly on current need, I can understand how considering how to respond to future needs must be way beyond their capability.

[Carolyn Harris]

Even worse than that, the Government are ignoring the work that has already been done. In 2014 a group of senior police officers explored how policing should work in an environment of austerity. Their report, “Reshaping policing for the public”, discussed a wide restructuring of the police force to get greater bang for the taxpayers’ buck. However, I fear, as predicted by the police and crime commissioner for Northumbria, that the report just made its way on to a shelf in Whitehall and is collecting dust.

In summary, the Government present themselves as the party of law and order, but their policing policy is a shambles. They do not know what forces need or whether taxpayers’ money is being spent properly. They cannot say at what point efficiency gains become a threat to public safety. They blithely promise Parliament that they will protect the frontline, just as they take away the cash that is needed to do so. They pass the buck to local taxation, even though the areas that need more resources are those with the least ability to raise funds. In the absence of any credible policy, the Government just keep cutting year after year in the hope it will all be okay. But it is not okay. The Government’s incompetence lets down the taxpayer. Their broken promises about further cuts to frontline services let down the public and are insulting to the hard-working and brave police officers right across this country.

1.48 pm

**Richard Drax** (South Dorset) (Con): Before I start—I shall not speak for long—it would be negligent of me not to thank the chief constable of Dorset, Debbie Simpson, our police and crime commissioner, Martyn Underhill, the 1,200 brave officers who serve us and the 1,000-odd staff who support them so admirably across Dorset.

I pay tribute to my right hon. Friend the Minister, who has been given a difficult pack of cards and is dealing with it as best he can, bearing in mind the state of our economy, which we inherited, and the fact that, to run an effective NHS and police force, we need money. Dorset police has an overall budget requirement of £121.3 million. That sounds like a lot of money, but for a large county such as Dorset it is not. Dorset still receives, as my right hon. Friend the Minister knows, the second lowest grant per head of population—only Surrey receives less—and that has been the case for some years.

My comments are based on those of the chief constable and the police and crime commissioner, Mr Underhill. All police forces have faced the same cut in police grant for 2017-18, which equates to a cut of 1.4%. That is higher than last year because of top-slicing for national projects such as the police transformation fund and the emergency services network, which the Minister has mentioned. In Dorset, the 1.4% cut in central Government grant results in a reduction of just over £800,000. In a letter to the police resources unit, the chief constable and Mr Underhill said that they were

“disappointed in the settlement provided to the Police and Crime Commissioner for Dorset.”

As the House knows, each police force can raise funds through council tax. The elected police and crime commissioner in each police force area decides the level

of police precept levied on residential council tax bills, but it must be limited to 2% or else a referendum will be triggered. After local consultation in Dorset and with a clear majority of nearly 80% to approve an increase, Mr Underhill agreed to increase council tax by 1.98% this year. However, the 1.4% cut in central funding means that the overall funding for Dorset remains static. Every year, the number of people paying council tax in Dorset increases. One might think that that was good news, because it increases the tax base. However, that tax base is the direct result of an increase in the number of properties in the county, which in turn places more pressure on the police service.

It is generally accepted that a new funding formula is needed, and the Minister has kindly said in the House that a new formula is being looked at. The Government, as I understand, want to replace the existing formula with a simplified one, and they are consulting on the arrangements. However, following the discovery of statistical errors in the funding proposals last year, the formula review was re-started. It is not yet finished, and I believe I heard the Minister say that he was not clear—perhaps he can help me when he sums up—about when that will happen. Meanwhile, Dorset still loses £1.9 million via formula damping because the 2009-10 review of the funding formula was never properly implemented.

To balance the books this year, the strategic alliance of Dorset police with Devon and Cornwall police—as the Minister said, the fact that it is looking far and wide to create more efficiencies will be welcomed—will be required to deliver savings of £3.9 million, and £12 million over the next three years. These are considerable sums, particularly when Dorset is way ahead of many police forces in cutting back-room staff and making itself more efficient. I know that my right hon. Friend the Minister is well aware of that point.

The comprehensive spending review in 2010 resulted, as we all know, in savings. They were due to the fact that the country was in a terrible state and there simply was not the money, so cuts had to be made. Thankfully, in November 2015 the new spending review protected police spending, but that was based on the assumption that council tax would rise every year. The actual settlement for 2016 was a cash reduction of 0.6%, and no details were given for future years. Future settlements protect police funding only on the basis that council tax will rise each and every year.

The provisional police settlement is once again only for a single year, unlike in other Departments, which give a four-year preparatory budget outline. That significantly compromises the ability of police forces to plan ahead. As we have heard from the Minister, the police are facing radical reviews and changes, and different crime patterns, particularly in areas such as mine in rural Dorset. We have heard, and I reiterate, that any new formula needs to provide stability, transparency and certainty, and it must recognise the needs of a predominantly rural police force such as the one in Dorset.

**Andy Burnham:** I have listened carefully to the argument that the hon. Gentleman has advanced, and I agree with much of what he is saying. On the basis of his analysis, would he say that the Government have honoured the promise that they made to the police at the 2015 spending review?

**Richard Drax:** I think that the right hon. Gentleman is playing with figures slightly. In a sense, I believe that the Government have honoured that promise, but it depends, as I have said, on council tax being raised every single year. In some cases, it is not, and, as we have heard, the various bands raise different amounts of money. The Minister is well aware of that, and he is doing his best.

**Sir Oliver Letwin:** Does my hon. Friend and neighbour agree that history suggests that complicated formulae invented by clever statisticians usually go horribly wrong? There is a great deal to be said in this instance, for the reasons that he advances of transparency, simplicity and stability, for tilting towards a formula based on population that we can all understand. Not only would that help Dorset, but it might help the country as a whole.

**Richard Drax:** It is well known in the House that my right hon. Friend is an extremely intelligent man, but I did not know that he was able to foresee what I was about to say in my very next sentence. Perhaps he has read my speech; I do not know. That is exactly the point I was going to make next, and I thank him for his intervention. A fair settlement would use population, not crime statistics, as the basis of any formula. Another hon. Friend has mentioned sparsity and rurality, which are central to counties such as mine. The population measure is fair and robust, and it can be monitored. It is not influenced by police action. Crime statistics ignore things such as road safety and fear of crime, and they assume the same police response for every situation.

**Mr Kevan Jones:** I hear what the hon. Gentleman is saying about population, but is he saying that any future formula should not take into account poverty or demand in cities or in areas that have particular problems? If he is suggesting what I think he is suggesting, we will get the situation that we have in local government, where any understanding of poverty that relates to crime is taken out of the formula. That will benefit his constituents at the expense of mine.

**Richard Drax:** The hon. Gentleman clearly does not know the make-up of my constituency. There is probably as much poverty hidden in the depths of Dorset as there is in his constituency. All I am saying is that Dorset needs a fairer share of the cake. Larger metropolitan areas can achieve far greater economies of scale in any funding—whether it be in education, the NHS or the police—than we can in Dorset.

We suffer from the fact that the police force has great difficulty in getting around a huge rural mass. People in my constituency and that of my right hon. Friend the Member for West Dorset (Sir Oliver Letwin) do not often see a police officer. I am concerned by the comment, which I occasionally hear, that if one does not see a police officer, that is a very good thing. If the goodies say that, I am sure that the baddies say, “There are no police officers in rural Dorset. This is a nice soft touch—let’s go for a day out.” That, unfortunately, happens all too frequently.

**Dr Sarah Wollaston (Totnes) (Con):** Does my hon. Friend agree that the assumption is often made that rural areas are wealthy? In fact, rural deprivation is

significant, but it often needs to be measured in different ways. Those in rural areas are often on below-average incomes, but they have higher costs. I think that that needs to be stressed.

**Richard Drax:** I absolutely agree with my hon. Friend. Of course, in Dorset and in her constituency, the deprivation is spread over a vast area. With all due respect to the hon. Member for North Durham (Mr Jones), I suspect that the deprivation in his constituency is spread over a far more compact area and is, therefore, far easier to police. Dorset is a massive area that is not easy to police, and deprivation is spread right across it.

I will end—I said I would speak briefly—by raising with the Minister a few points that Mr Underhill made in a recent letter to me. First, rural communities already struggle to access services such as public transport, affordable housing and the like on a par with urban communities. Fear of crime is higher than in urban areas, and confidence in policing is lower in rural areas. That is not a criticism of Dorset police, which does the best job it can, but the fact is that people in rural areas do not often see a police officer. Rural communities do not feel that the police understand their concerns about hare coursing—my hon. Friend the Member for Salisbury (John Glen) made a point about that—as well as about trespassing and poaching.

**Steve Rotheram (Liverpool, Walton) (Lab):** The hon. Gentleman is talking about confidence in the police. Just last night in my constituency, a convicted murderer, who was taken to the local hospital in a taxi, absconded because a taxi was called to return him back to prison. Is not the fact that police numbers are a factor in how prisoners are taken to and from appointments outside prison part of the problem of confidence that the hon. Gentleman is talking about, and do we not need a review of police numbers?

**Richard Drax:** I hear what the hon. Gentleman says with his example. Now he mentions it, I think I have read about it, but I am not aware of all the details, so I am afraid I am not in a position to comment. However, I hear the concern that he has clearly expressed.

Finally, all the factors I have mentioned will only get worse if the funding for rural policing is reduced any further. I therefore beg the Minister, on behalf of Dorset police—as I say, they do a wonderful job for us—to take into account all those factors when the review is done, so that Dorset can at last get not more of the cake, but a fairer share of it.

2.1 pm

**Paul Blomfield (Sheffield Central) (Lab):** I am delighted to follow the hon. Member for South Dorset (Richard Drax). Although we represent very different constituencies, he made a thoughtful contribution, which exposed many of the flaws in the Minister’s arguments about police funding and showed that it has not in fact been protected.

In the September recess each year, I hold a community consultation across my constituency. I make that point because, with about 1,000 people coming along to about 50 meetings and with 1,000 or more people completing surveys, it is a useful time—once a year, every September—to take the temperature on the issues causing people concern and worrying them about their communities.

[Paul Blomfield]

Each year since 2012, the impact of cuts on local policing has grown as an issue. In last year's consultation, it came up even more forcefully.

Between 1997 and 2010, patient and properly supported work on developing community policing and building partnerships had a real impact on people in such areas. It reduced crime, enhanced community safety, made people feel positive about and proud of the areas they live in and built trust in the police. However, that patient, careful work has been incrementally eroded since 2010, and communities have felt the consequences.

South Yorkshire police have had their problems over the years, and we have had to confront a number of specific issues. I am grateful to the Home Office and the previous Home Secretary for their support in addressing some of the additional costs and related issues. We now have strong leadership with both an outstanding police and crime commissioner, Alan Billings, and a newly appointed and outstanding chief constable, Stephen Watson. However, like forces across the country, their ability to provide the policing that our communities need is severely undermined by the funding made available by the Government.

I want to pay tribute to all the men and women in the South Yorkshire force, who do a tough job on behalf of all of us who live in the region, often at enormous personal risk. Their tough job has been made tougher by the cuts that they have had to come to terms with. My hon. Friends have commented on the numbers, and numbers are key. In 2011, we had a force of 5,849 full-time equivalent staff. For 2017-18, we are looking at a force of 4,967. When we break down the numbers further, we see an 18% fall in the number of frontline police. We have lost almost one in five of the people serving us on our streets, which in its impact on the force across the region is roughly the equivalent of every police officer in Doncaster having gone or been wiped out.

The number of police civilian staff is also down—by 24%. Police civilian staff do not often get the attention that they deserve, but they play a critical role in supporting frontline policing in roles such as civilian investigators, intelligence analysts, radio officers, detention officers and many more critical roles. One in four of those posts have been lost to the force. Police community support officers have played such a vital role in previous years in building up the relationship between communities and the police, developing trust, and identifying the sources of crime and dealing with the situation before crimes happen, but we have lost 27% of them.

All that has an impact both on the communities that depend on policing and on those who provide the policing. Zuleika Payne, the acting chair of the South Yorkshire Police Federation, told me: "I represent a talented and committed group of people"—and she does—"who care deeply about the communities that they serve, but they feel increasingly that they're doing their job with their hands handcuffed behind their backs."

Not only that, but we are putting the police at risk. There is increasing reliance on single crewing where officers previously worked in pairs to deal with difficult situations. The Minister will be aware of the appalling and awful attack—a vicious axe attack—on Sheffield

PC Lisa Bates. The whole community across South Yorkshire felt desperate about it. In that situation, Lisa was paired. As the Police Federation has pointed out to me, if she had been single crewing—that is increasingly what they face—she might now be dead. Such are the risks that cuts in numbers are creating not only for our communities, but for the people who serve them in our police force.

There are all the other issues that hon. Members have talked about—the Minister has acknowledged them—such as the growth in serious and organised crime and cybercrime. Other pressures have been caused by the cuts made by other arms of the Government to partner organisations that work alongside the police in trying to build safe and secure communities. The police are increasingly picking up the consequences of pressures on social services and taking on a greater role because of the crisis in mental health provision. The thin blue line in South Yorkshire, and across the country, is becoming the last line of protection in ever wider areas, and the situation is reaching breaking point.

**Andy Burnham:** The only service my hon. Friend did not mention in terms of the extra pressure being put on the police frontline is the ambulance service. I think that is the single greatest source of pressure on frontline policing and is actually putting police officers in very difficult situations that are beyond their training and competence. Does there not need to be an urgent review of the performance of the ambulance service, particularly of the pressure it is now placing on police officers on the frontline?

**Paul Blomfield:** My right hon. Friend makes a very important point and he is absolutely right to seek such a review. We have seen the pressures on the ambulance service in some frightening cases, including the case raised recently by my hon. Friend the Member for Sheffield, Heeley (Louise Haigh) on the Floor of the House in terms of response times. My right hon. Friend is right to highlight the combination of problems and pressures that have been created.

My right hon. Friend tried to pin the Minister down on funding levels. Judging by the Minister's response, I am sure that he is going to argue that a rise in the precept to offset proposed cuts in grants will compensate the South Yorkshire force for the £2.5 million loss in funding we face in this settlement. That, however, is disingenuous and the Minister knows it. Even putting aside the political double dealing of forcing local tax increases to fund national tax cuts for those who do not need them, flat cash funding is not real protection for police budgets. He knows that is the case. To meet the increase in wages and other pressures in South Yorkshire, we will still be seeing cuts of about £7 million to the local force. Local residents are being asked to pay more for a further decline in services.

We have seen what short-sighted policies have done to our prison service, with the Government now scrambling to overcome the problems that they have created. Surely we cannot let that happen to our police service, too. We need the Government to recognise the scale of the problem, to recognise that the settlement does not address it and to persuade the Chancellor to take action before it is too late.

2.11 pm

**Steve Double** (St Austell and Newquay) (Con): It is a pleasure to follow the hon. Member for Sheffield Central (Paul Blomfield).

As with all areas of public services, the police service has historically been underfunded in rural areas for too long. This has often been based a false perception about the nature of crime and policing in rural areas when compared with cities and other urban areas. The notion that crime in rural areas is little more than the occasional break-in to a garden shed or something of that nature is false. There is a direct comparison between the types and nature of crime in urban and rural areas. On a population pro rata basis, the number of crimes are also distinctly similar.

In addition, there are many specific challenges in policing rural areas, which often require a great police presence and boots on the ground. For example, Cornwall, in which my constituency is located, is an area that, alongside routine residential police matters, has record numbers of tourists, ever more busy roads and many other issues concerning our rural communities, not least the simple fact that sparsely populated rural areas have to bear additional logistic costs. Cornwall is, after all, one of the longest counties with the longest coast—and that is before we consider the challenges of policing the Isles of Scilly. The cost of policing rural sparsely populated areas, where officers must cover large areas and deal with a wide variety of issues—not just crimes—is significant. Rural areas have more than their fair share of remote and winding roads, where statistically there is a disproportionately high number of road traffic accidents. I understand that 61% of road traffic accidents occur on rural roads, which in turn puts an additional burden on the police and other emergency services.

I am pleased to see that deprivation is a key factor when considering police funding, but again there is a myth, often perpetuated by the Labour party, that deprivation exists only in cities. My constituency contains five neighbourhoods in the 10% most deprived in the country.

**Mr Kevan Jones:** The hon. Gentleman must not have read my maiden speech, in which I referred to my constituency as a rural constituency with urban problems. I very much recognise the point he makes.

**Steve Double:** I am grateful to the hon. Gentleman for that intervention. I am pleased to report that he is an exception among Labour Members, who continually present the image that deprivation is an exclusively urban issue.

We have previously been told that the trouble with Cornwall is that we have the wrong type of deprivation to attract police funding. The wrong type of deprivation—not even Network Rail come could up with that excuse. Deprivation exists in our rural and coastal towns and villages. It is often the people who live in the most remote parts of our country who are the most vulnerable. It is time to address the unfairness in funding that has affected our police in rural areas. I am very pleased to confirm that I believe we now have a Policing Minister who both understands the issues facing rural areas and is willing to address them. Not only have I found him

willing to take on board the points that I and many of my colleagues have put to him, but I am pleased to report that the police and crime commissioner for Devon and Cornwall has asked me to congratulate the Minister on the transparent and constructive way that he has dealt with her and other PCCs.

As we are all aware, the job of fighting crime and making our communities safe is not just the responsibility of the police; it is a partnership between all stakeholders. In my constituency, we have a number of examples where that is happening. The Newquay Safe scheme has attracted national recognition. It is a collaboration between local residents, the council, the business community and the police. They have successfully worked together to reduce crime and antisocial behaviour in the town, repairing the image of Newquay as a world-class family holiday resort. The town centre of St Austell has suffered from a growing problem of antisocial behaviour in recent years. Here again, stakeholders have come together to address the problem. Only recently, the town centre business improvement district funded extra security to help to reduce antisocial behaviour in the town centre.

It is good that different parts of the community are working together to address these issues, but that cannot be a substitute for frontline police. We should not expect the business community to fund others to do the job of the police in keeping our streets safe. I am therefore pleased to report that, despite the constraints on budgets and the comments from Labour Members, our PCC recently announced that Devon and Cornwall will be gaining additional frontline police officers. The increase in police numbers is greatly welcome and will take the force's total back up to over 3,000. Another 80 posts are to be created in key support roles, proving once again that it is the Conservative party, on the Government Benches, that is leading the way in delivering value for money for the taxpayer.

We would all, of course, want more money for our police, but I am happy to support the motion today. I am reassured by the Minister's acceptance that the formula does need to be reviewed going forward. I trust that we can count on him to ensure that in future the unfairness towards rural areas will be addressed and that our police in places like Devon and Cornwall will receive a better deal in the future.

2.18 pm

**Marie Rimmer** (St Helens South and Whiston) (Lab): I listened carefully to the hon. Member for St Austell and Newquay (Steve Double) and, in particular, to my hon. Friend the Member for Sheffield Central (Paul Blomfield), whose remarks ring true.

Merseyside police relies on the Government for 81% of its funding due to a low council tax base. Percentage cuts to the Government grant therefore hit us particularly hard. Since 2010, the Merseyside police budget has been reduced by 15%. During this period, the force has been required to make a £91 million reduction in police spending. The Merseyside police budget is now £21 million short of restoring the 4,000 police officers we need. In 2010, the police force employed 4,588 police officers but by next March that will be reduced to 3,580—a loss of more than 1,000. If these cuts continue, the force estimates

[Marie Rimmer]

that by 2020 it will be operating with more than 26% fewer officers compared with 2010, having been reduced to 3,400 police officers.

As the Government continue to cut our police grant, Ministers are determining police force budgets by assuming that forces will increase the police precept by the maximum allowed of 1.95% a year. Our commissioner has not really been given a choice: our county has a low council tax base, with most of our properties in bands A or B, so people are not well off and £5 therefore has a significant impact on them. Before Christmas, the Government confirmed that the grant allocated to Merseyside police would be further cut in 2017-18 by 1.4%, leaving the force with £3.3 million less in grant next year in comparison with this year. Even increasing the precept by the maximum allowed would raise less than half the money lost through the grant, at just £1.2 million. Even with the extra contribution provided by taxpayers, the force still has to find £6.8 million of savings in the next financial year to balance the books.

As for the demands on Merseyside police, they take 1.2 million calls every year—between 500 and 700 emergency 999 calls every day—and record 1,234 incidents each day. They deal with well over 200 overt and covert operations and events every year, including large-scale public order events. One of the most demanding issues is organised crime, which is a major priority in Merseyside. Some 83 organised crime groups operate regionally with identified crossovers or geographical links to Merseyside. Force analysis highlights a significant national spread of activity of Merseyside organised crime in all 43 forces. This means that our police have to cross over into all the other 42 forces. In addition, Merseyside has a significantly high number of organised crime groups with international links. Assessments have indicated that Merseyside is one of three national hubs for drugs—the main criminality for 70% of Merseyside's organised crime groups is drugs—the others being the areas covered by the Metropolitan Police Service and West Midlands police. This is a further indication of the impact of Merseyside organised crime groups on national crime trends.

On recorded crime, Merseyside has recorded 5,903 drug offences. Nationally, only the Met police recorded more. As for gun crime, the year 2014-15 saw 162 firearms offences, which was the sixth highest in the country, as reported to Parliament. The National Ballistics Intelligence Service indicated that there were 277 inferred firearms on Merseyside, 38 of which were active, meaning that they had been fired within the last 12 months. Since 2010, Merseyside has witnessed a 12% increase in the number of people killed or seriously injured on the roads. Furthermore, according to recent data, every 12 months more than 500 people are sadly killed or suffer serious injuries.

Merseyside has some of the most deprived boroughs in the country. The index of multiple deprivation rates Liverpool and Knowsley as the second and fifth local authority districts with the largest proportions of highly deprived neighbourhoods in England, with Liverpool being the local authority with the largest number of neighbourhoods in the most deprived 1%. This issue is further exacerbated by ongoing cuts to other public services, such as local authorities, which have magnificent

working relationships with the police: they work together on many joined-up issues, but those are now sadly now under threat. We have also seen cuts to youth offending services, which were previously better able to support the police in their community safety work. Furthermore, Merseyside police's ability to assist other forces by mutual aid, which it has done admirably in the past, might be compromised, making this as much a national as a local issue.

The Government are working on a new funding formula that will dictate how much each police force receives from the funding pot. We deserve a fairer funding settlement from the Government. It saddens me, but I need to say it: this Conservative Government's chosen austerity programme and cuts to all our public services, which are valued by everyone in the country, are taking the "Great" out of "Great Britain" and threatening what we were so admired for in years gone by.

2.25 pm

**Holly Lynch** (Halifax) (Lab): The Minister knows that I have sought to work cross-party as much as possible to overcome some of the challenges in frontline policing—my Protect the Protectors campaign has had support from MPs across the House, and the 11 names on my ten-minute rule Bill, presented to the Chamber two weeks ago, represented five different political parties—but I am really struggling to recognise the picture he painted when he suggested that the funding formula was the fastest route to transformed, efficient and therefore better policing.

The Home Office has always sought to suggest that there is no correlation between a reduction in funding and the increased vulnerability of officers, which the Minister knows is an important issue to me, and the reduced service they can then offer. In the statement published with the police grant report, the Minister stated:

"The Government will provide the resources necessary for the police to do their critical work, and prioritise finishing the job of police reform by enabling the police to transform so they can tackle changing crime, deal with previously hidden crimes and protect the vulnerable."—[*Official Report*, 1 February 2017; Vol. 620, c. 21WS.]

I struggle with the notion that cuts to policing facilitate reform, and that reform equates to better policing. In reality, since 2010, West Yorkshire police have lost 1,200 frontline officers and about 800 members of staff. It is undeniable that that has had an impact on their ability to do some of the basics, let alone respond to the increased complexity of crime and the social challenges that are now the responsibility of the police.

I have spoken at length about my experience of being out with officers in my constituency. While I welcome investment in technology and advances in forensics, which stand to make the police more effective than ever before, I know that in almost every aspect of policing, the number of boots on the ground really does matter. I appreciate that the Minister will stress that the allocations are protected at flat cash levels, compared with the previous financial year, but West Yorkshire police have faced cuts of £140 million since 2010, which is about 25% of their budget.

**Mr Hendrick:** Does my hon. Friend share my concern that the funding formula review has been shrouded in mystery, the Minister having given no details of the main indicators to be implemented in its outcome? He cannot even tell us when the review will be finished, which leaves police forces—which will be on the end of the funding, once the formula is introduced—scratching their heads over the future.

**Holly Lynch:** My hon. Friend is right. When the report was produced, I was a little confused about whether it referred to the formula for next year or the year after that, because we had not been given the necessary detail about what is coming up. He is also right about the uncertainty that that has fostered in police forces that are trying to respond to the challenges they face.

Efficiencies alone cannot offset the cuts. We know that the amounts that police and crime commissioners can collect through the precept vary greatly, with the poorest unable to finance the shortfall in the grant required to meet the demand, as outlined by my hon. Friend the Member for Swansea East (Carolyn Harris) and others. West Yorkshire is the fourth largest force, taking in Leeds, Bradford, Calderdale, Kirklees and Wakefield. The Leeds district alone is bigger than some forces. With our diverse communities, we have a lot to offer, but sadly that sometimes presents challenges as well, as many of us know. We encompass a number of Prevent priority areas, and our socio-economic characteristics and pockets of deprivation increase policing needs, with demand similar to that faced by the West Midlands and Greater Manchester police. We take in some of the urban areas, such as Leeds and Bradford—bigger than others in the north—but also cover some of the sweeping rural areas that straddle the Pennines.

We have already heard from some hon. Members that the formula should be based on population size, but I do not believe that the police grant recognises the pressures from complex, evolving crimes, such as cybercrime, human trafficking, the demands of preventing child sexual exploitation and missing persons inquiries.

To provide an example, the Black Health Initiative in Leeds estimates that some 2,600 women and girls in the city have undergone or are at risk of female genital mutilation. West Yorkshire police and our police and crime commissioner, Mark Burns-Williamson, are working with organisations to combat this risk, but as the Home Office knows, this is sensitive and painstaking work.

We face challenges relating to firearms and serious and organised crime in West Yorkshire. Hon. Members will be aware of the firearms incident that occurred just outside my constituency after Christmas, and nobody needs any reminder that we lost our dear friend Jo to a man in possession of a firearm in the region. Increased awareness of exploitation in all its ugly forms—from child sexual exploitation, of which there were 609 cases last year in West Yorkshire, to human trafficking, of which there were 142 recorded cases in West Yorkshire—means that policing priorities have rightly changed to reflect that, but the resources allocated from central Government have not.

During my time with the West Yorkshire police, I was able to see the difficulties of having constantly to divert crews into locating missing people, which is compromising neighbourhood policing work and eating into the number

of officers available for 999 calls. In the 24 hours leading up to the shift that I did with officers, Calderdale police had safely recovered nine vulnerable missing people and were involved in looking for an additional seven the following day. As colleagues have already mentioned, the pressures caused by cuts to other services have an impact on policing at the same time as it faces its own financial pressures.

The weekly average for Calderdale is 43 missing people, with 416 a week going missing across the force. West Yorkshire police responded to more than 20,000 occurrences of missing people last year, which is staggering and completely unsustainable. We have had a safeguarding uplift to meet that demand, but those officers have come from neighbourhood policing, so the numbers are down across the vital neighbourhood policing teams that I work so closely with in my role as an MP—I am sure others do, too.

I have sought to spend time shadowing frontline services in my constituency since my election in order to understand the work that they do and the pressures they are under to inform my work here on their behalf. Again, the rhetoric in the Minister's statements seems so far away from what I have seen and from the conversations that I have had. When I visited out-of-hours mental health services, I spent all night sat with two police officers who were unable to leave someone detained under the Mental Health Act 1983. They had to listen to and then call off the call for assistance—on bonfire weekend—because they could not leave a young nurse on her own with a gentleman who did not agree that he should be detained and who was becoming increasingly aggressive.

I have been out with the Halifax Street Angels, a great initiative through which volunteers seek to ensure that people have a safe time on their night out in my constituency. That alleviates some of the pressures on the police, and conforms to the idea of the big society in action. However, they expressed concerns to me that the demands on the police are so high that they cannot always respond when the volunteers encounter fights or potentially violent individuals, and the good will and partnership working are being undermined. Such organisations start to lose confidence in the police if they cannot respond when they are needed, which then really undermines some of the great partnership work that goes on.

The Minister is well aware of my concern, already expressed by my hon. Friend the Member for Sheffield Central (Paul Blomfield), that reduced numbers mean that officers themselves are particularly vulnerable to assaults when they are out on their own as a single crew. I hope that the Minister will consider any and all measures to protect officers, including the measures outlined in my ten-minute rule Bill.

Ahead of the publication of the revised funding formula that we expect in the spring, I ask the Minister to factor in the different demands placed on forces beyond simply population and geography. We need a formula that recognises the imbalance between the amounts that different forces can harvest through the precept, and the Minister needs to adopt a formula that genuinely meets the demands on policing and allows officers to do the job that they do so well.

2.34 pm

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): It is a pleasure to follow the hon. Member for Halifax (Holly Lynch), who made a thoughtful and considered speech.

I want to take the opportunity initially to raise some general points about the funding of Welsh police forces. Unlike in Scotland and Northern Ireland, policing is not yet devolved in Wales. Whereas in Scotland and Northern Ireland policing is funded via the usual Barnett allocations, Welsh police forces find themselves reliant upon a funding formula designed in Westminster for the 43 Welsh and English police forces. If policing were devolved to Wales and the usual Barnett allocations applied, Welsh police forces would benefit from an extra £25 million-worth of investment per annum in policing services in my country—if, of course, the money were ring-fenced by the Welsh Government. The Wales and England formula has not been historically kind to Welsh policing. Dyfed-Powys, my police force, has already faced cuts of £13 million over recent years. This was one of the primary reasons for the very controversial loss of our dedicated police helicopter. I will resist the temptation to raise those issues again here today.

The aborted funding formula review led by the previous Minister last year would have led to a cut of £32 million from Welsh police forces' funding—a further £7.9 million from Dyfed-Powys, which is a staggering 16% of its budget. The aborted formula aimed to concentrate on socio-economic data and general crime figures as criteria for determining funding allocations. These crude determinations cannot possibly reflect the true cost of policing rural areas such as the ones I represent, and it is vital that the Minister takes a broader view before he publishes his new formula for consultation.

Traditionally, due to Westminster underfunding, local residents in Dyfed-Powys have had to make a greater contribution to police services via the annual precept. It is a typical accounting trick, whereby the burden for funding public services is moved from general taxation on to local taxation, and with the Tory manifesto pledging not to increase income tax during this Parliament, the UK Government obviously have to look at other forms of taxation to make up the numbers. This sort of fiscal strategy is, of course, completely regressive, a point made by several hon. Members.

There is no operational reason why policing should not be devolved to Wales, and it is hugely disappointing that the last Wales Bill lacked the ambition to equalise powers between Wales, Scotland and Northern Ireland—not to mention cities like Manchester, where policing powers are being devolved. With all four Welsh police commissioners supporting devolution of policing and with a clear financial dividend, it is clear that narrow ideology is driving Welsh policing policy in Westminster.

I should like to turn my attention to other points raised by police commissioners about the area cost adjustment. I pay tribute to Dafydd Llywelyn, the police and crime commissioner for Dyfed-Powys, and Arfon Jones, the police and crime commissioner for North Wales police for all their hard work since their election last year and the year before last.

The area cost adjustment factor that the police use for calculating the police main grant is skewed in favour of areas in the south-east of England where the cost of living and salaries are higher. Although this may be

necessary, it does not consider the higher costs incurred by rural police forces for providing services in rural areas. The Department for Environment, Food and Rural Affairs published a report in 2014 outlining how the cost of service delivery in rural areas is higher than average. The report mentions travel costs and travel downtime. Evidence shows that travel time for police forces in rural areas is 25 times longer than in metropolitan areas.

The issue concerns the size and shape of the areas that some forces are required to police, and particularly the distances they must travel to deal with public safety, welfare and transport incidents—a point made by the hon. Member for St Austell and Newquay (Steve Double). Population in a small compact police force centred on a single city will make less demands on travel time than one in a large irregular police force area with multiple population foci. The City of London police serve a resident population of fewer than 8,000 people based in 290 hectares, while Dyfed-Powys police serve a resident population of over half a million people spread across more than a million hectares of largely dispersed towns and villages.

The UK Government report also outlines the difficulty of channel shift. As heard in countless speeches from Plaid Cymru Members, digital infrastructure is a major problem in our country. Too many of our communities are without broadband. Our police forces therefore need to rely on other ways to communicate with their service users that are more time-intensive. For example, a call handler can deal with only one voice caller at any one time, but may deal with several simultaneously using webchat. Another example is the issue of holding cells. Owing to its geographical territory, Dyfed-Powys needs three holding cell units, which must be manned simultaneously on a 24-hour basis. That is obviously more expensive than having a single central unit. I could go on and on giving examples of that kind.

The area cost adjustment factor for the City of London is 1.52, but the factor for Dyfed-Powys is less than 1. I urge the Minister to review the factors that determine the area cost adjustment to take into account the unique and often more difficult circumstances faced by rural police forces.

It is hard to conceive of a simple police grant formula that can encompass such a range of circumstances as the national and international capital city grant. The specific needs of the City of London and metropolitan police forces have long been recognised, primarily through that grant, but Cardiff, which is also a capital city, does not receive it. What consideration has the Minister given to awarding Wales a proportion of the national and international capital city grant so that the unique challenges faced by police forces in the capital city of my country can be adequately addressed?

When it comes to the funding of police services in my country, the devolution of policing to Wales is a political and financial no-brainer. Let me end by saying, Madam Deputy Speaker, that this is probably the only time you will ever hear me say something positive about the Barnett formula.

2.41 pm

**Mr Mark Hendrick** (Preston) (Lab/Co-op): Lancashire has been one of the top-performing police forces in the country for many years, and in some ways it has been a

victim of its own success. Despite the improvements in its performance and efficiency, it has been on the receiving end of this Government's cuts for a number of years. Given that success, however, I pay tribute to County Councillor Clive Grunshaw, our police and crime commissioner, and especially to Chief Constable Steve Finnigan, who is retiring this year after giving many years' service to the people of Lancashire.

The police face financial and demand pressures as partner services are cut, and they also face the challenges posed by uncertainty about the future. The financial uncertainty caused by the return of the police funding formula review particularly affects forces such as Lancashire's. Last time, mistakes were made in the process which suggested that Lancashire would lose about £25 million a year, on top of the £76 million-worth of savings that have been made since 2010. Even when the figures were revised, it was clear that more than £8 million a year would be taken out of its annual policing budget. That meant that it faced savings of more than £100 million a year by 2020, in comparison with 2010, which is the equivalent of more than a third of its budget.

Reform of the police funding formula is overdue, as has been pointed out by the Home Affairs Committee and by Members here today. It is vital for the new formula to represent accurately the demands on police forces. All forces need to be adequately resourced, but that must be done without disadvantaging other areas where tough choices are already being made so that necessary savings can be delivered. My constituents tell me repeatedly that they do not want resources to be taken out of policing, and have therefore supported increases in the policing precept. Further cuts will have an impact on officer numbers, as about 80% of the constabulary's total budget consists of staffing and officer costs.

When the Chancellor announced in 2016 that police budgets would continue to be protected in cash terms, assuming that council tax was maximised, I, along with many others, welcomed that news. Last year's cuts in grant funding were a uniform 0.6%, and this year's provisional settlement outlined a further 1.3% cut in direct resource funding. While those cuts are considerably better than was originally expected in 2015, they still mean that Lancashire must absorb normal inflation and other Government-imposed cost pressures, such as the national insurance changes, the national living wage, and the introduction of the apprenticeship levy. As a result, it must still deliver £4 million of savings in 2017-18, with a further £14 million to be found by 2019-20.

I am also disappointed that there is to be a further reduction in police capital grant in 2017-18. Regular IT replacement cycles impose a significant cost on the force, but that investment is vital to ensure improved productivity and efficiency in future years. The reduction in grant means that the burden on scarce revenue resources is increased, as borrowing to meet those costs is an unattractive option in view of the relatively short life cycles of IT assets.

The Minister did not mention top-slicing in his opening speech. The value of top-slices will have increased significantly in 2017-18, by over £100 million. That increase is more than the assumed year-on-year increase

in precept income from the 2016-17 level nationally. It could be argued that local taxpayers are, in effect, funding the growth in national programmes.

There is no information about the detailed plans for the £175 million transformation fund for 2017-18. Until that information is provided, the treasurer of my council will be unable to gauge how much of the funding might be returned to the service. In recent years, the Government have shifted towards creating funding pots for the police service to bid for, and that bidding process can be laborious and possibly fruitless at a time when resources are thinly stretched. We would also like an assurance that the proposed £525 million increase in the transformation fund in 2018-19—to provide a total fund of £700 million—will not be met by further top-slices in the grant that is distributed to police and crime commissioners. A further reduction of that magnitude in direct funding for policing would have a very detrimental effect on the ability of forces to deliver their services to the public.

The top-slice taken to fund the emergency services network programme has increased significantly, at a time when the implementation of the network is consistently being pushed further and further back. It concerns me that, according to the Public Accounts Committee's report on the new programme, the December 2019 cut-off point may not be met. That may mean that the existing Airwave contract will be extended, at a potential cost of nearly £500 million. At a time when resources for policing are stretched to an unprecedented level, it does not seem prudent to remove funding from forces to pay for a programme that is not making progress. I would be grateful for any information or reassurances that the Minister and the Department can provide about the ability to meet the timescales in question, or about the protection of individual forces' budgets from any overrun costs arising from the ESN or the extension of Airwave contracts.

I would also appreciate more certainty in general about the future level of top-slicing. It has increased each year, but at inconsistent levels, which makes the forecasting of future resources and their allocation extremely difficult. The Government are making financial planning and the prudent management of public funding considerably more difficult than they need to be.

Mental health services have received a great deal of media attention recently. It is widely understood in the sector that mental health is a key driver of demand for policing. When I met my local chief constable a couple of weeks ago, I was told that 80% of incoming calls to the police were not even crime-related, and many involved mental health problems. While the police have received relative protection from this round of Government austerity, the same cannot be said of many of our blue light partners. Local government has been severely affected and, despite additional resources, the pressures on health are well documented and have been made clear by other Members. As a result, the service is facing increased pressure from cuts to other sectors' funding. I therefore ask Ministers present today, the Home Office and other Departments to ensure that investment in other relevant sectors, such as the health service, the courts and the prisons, is maintained in order to generate benefits for the police service. Cutting these other services is having an indirect effect on the operation of the police service.

[Mr Mark Hendrick]

I ask the Minister to speak to the Chancellor and make representations on this year's Budget. I hope that the Government, and the Chancellor in particular, will take account of the issues I have raised, in order to improve the police service to the people of Lancashire and elsewhere throughout the country.

2.50 pm

**Mr Kevan Jones** (North Durham) (Lab): The Minister has come to the House today to tell us that he and the Government are protecting police budgets. That is just not true. The Minister learned many of his political skills at the knee of the right hon. Member for Brentwood and Ongar (Sir Eric Pickles), who works on the basis that if you keep saying the same thing over and over again, people will believe it. We have already heard Members from across the Chamber today exploding the myth that the Minister is trying to portray. My hon. Friend the Member for Sheffield Central (Paul Blomfield) made it clear that flat cash is not protection of our budgets, and the hon. Member for South Dorset (Richard Drax) made very clear the cuts his force is going to have to make, even with this settlement today. So it is no good the Minister coming here and just repeating that the Government are protecting police budgets.

The people who really know that that is not true are the brave men and women of our police forces up and down the country, who are doing a job to protect our safety. We take them for granted on many occasions, and we do not thank them enough. I agree with my hon. Friend the Member for Halifax (Holly Lynch), who outlined the dangers they face on a daily basis. So can we stop this kidology that somehow the budgets are being protected?

We also need to take into account the effects of the last six years of cuts on police forces up and down the country. Durham, which covers my constituency of North Durham, has lost 375 officers, 16 PCSOs and 82 police support staff. The National Audit Office recognises that it is one of the forces that has been most affected by the Government cuts to police funding. In 2010, the central Government grant was £100 million; this year, it will be £84 million. The central Government grant accounts for 75% of Durham Constabulary's funding, with the other 25% made up from the precept. Even with what is being put forward today, the budget for Durham will be cut by another £700,000 in 2017-18. The reality on the ground is that police budgets will be cut. No matter how the Minister tries to spin the figures and to tell us that the Government are committed to protecting police funding, it is clear that they are not. We also have to add to this the compound effect of what has happened over past years. Durham has lost 25% of its frontline police officers over the last six years—Cleveland is the only force that has lost a higher percentage of officers in that period—and that is a direct result of the decisions taken by the Government to cut the police grant.

Much has been said today about the new funding formula, and much has been said by hon. Members about making up the shortfalls resulting from the cuts in central grant through precepts, but that is where areas such as Durham are at a huge disadvantage. Some 55% of properties in Durham's council tax base are in

band A, so a 1% increase in the precept raises approximately £266,000 in additional money for policing in Durham. In areas such as Surrey, where a large proportion of properties fall between bands D and H, a 1% increase will generate large sums. So this funding formula means that Durham's ability to plug the cuts being forced on it by this Government is very limited. That is also the case in many other areas—my hon. Friend the Member for St Helens South and Whiston (Marie Rimmer) raised this issue in her contribution. Regardless of how the Government are going to spin things after today's debate, Durham Constabulary will this year have to find another £700,000 in cuts to its police budget, and that is in addition to the £16 million that it has lost over the last six years. As many Members have said in this debate, the idea that somehow we can keep cutting without affecting frontline services is unrealistic.

Durham Constabulary has done a tremendous job in spite of the cuts inflicted on it by this Government. It is the most efficient force in the UK; it is an outstanding force. I am sorry that the Minister would not even grudgingly admit that the Labour police and crime commissioner had something to do with that, but it is down to good teamwork between the PCC and Chief Constable Mike Barton, who work closely together to drive through efficiencies and make sure that frontline policing is protected, despite the cuts.

I also want to put on record my thanks to the men and women of Durham Constabulary, because they are the ones on the frontline doing the job day in, day out. We should also pay tribute to the support staff. Frontline police officers are very important as the visible face of the police, but without the administration staff and others behind them, they cannot carry out that function. They have all done a tremendous job in spite of the cuts.

We now have the funding formula promised for 2018-19. If we do not recognise that there are places such as Durham with a high number of band A properties and tackle the precept issue, the ability of Durham and many other areas to raise any substantial amounts of money will be severely affected.

The hon. Member for St Austell and Newquay (Steve Double) talked about rural policing issues. Durham is a rural county, and those issues affect some of our former post-industrial communities, and they are on a par with some of the issues facing urban communities. In order to ensure that the distribution of central Government funding is targeted, we must take into account poverty and the need of local communities.

My hon. Friend the Member for Preston (Mr Hendrick) raised a very important point that this Government just do not think about. There is no joined-up government here, because if we take money out of one part of the system, it will often have a direct impact on another part, and policing is a great example of that. My hon. Friend also talked about mental health services. If we cut mental health services for people, they still have to go somewhere. They often end up in A&E, and the police then get called to deal with them. That is not good for those individuals, and it is not a good use of police time.

I would go further than that and look at neighbourhood policing. A model used in Durham and other places has worked very well, with joined-up services between local councils and the police. But the cuts being made will

affect the ability of those councils to continue that joint-partnership working between the local police and local authorities.

**Dr Wollaston:** I join the hon. Gentleman in commending the police forces on the work they do, particularly for those suffering from mental health problems. Does he agree that the funding formula needs to include not only that, but wider issues of vulnerability, particularly among the elderly population, which is higher in rural areas, especially those such as Devon?

**Mr Jones:** The hon. Lady makes a good point. This comes down to the point about vulnerability made by my hon. Friend the Member for Halifax (Holly Lynch). For example, the police get involved when a child goes missing, but the increasing rise in dementia and other illnesses among the elderly population is also putting pressure not only on local services but on the police. If someone goes missing from a care home or their own home, the first people to be called are the police.

We need services that are joined up locally; we cannot look at policing in isolation. There was a lot of controversy about police and crime commissioners, and there have been good and bad examples throughout the country, but I was one of those who supported their introduction. Certainly, the joint working that we have seen in Durham between the health services, the police and the local authorities is the way forward. We cannot keep taking money out of one part of the system without realising that it will have an effect on another part.

**Holly Lynch:** In relation to the point made by the hon. Member for Totnes (Dr Wollaston), I mentioned that I had been out with the out-of-hours mental health services, and that police officers had detained someone under the Mental Health Act. However, another person had also been detained and put in a cell. Because of the pressure to keep people detained under the Act out of police cells, that person had to be detained in a police car until a place of safety became available. Without tying all this together and getting the systems in place to support people with mental health difficulties, the police will have to keep picking up those people with vulnerabilities.

**Mr Jones:** My hon. Friend makes a good point. I served on the Committee for the Policing and Crime Bill, which introduced the welcome step of trying to ensure that we do not keep people with mental health issues in police cells. She also makes the good point that achieving that aim is reliant on there being places of safety for them. In some areas, that might be a hospital bed. We need to develop places of safety at local level, so that people are not left in police cars or anywhere else. Again, this is about funding. As I was saying a minute ago, we cannot look at policing in isolation, and joined-up strategies can save money. There is an issue about money being saved, but this must also be about the better provision of services.

Durham has an outstanding police force that is doing a first-class job despite the horrendous cuts that have been inflicted on it, but it cannot take any more. I would urge the Minister, if he is listening, to listen to these points about the new funding formula. Forces such as Durham, which have gone through a lot of pain and change, need to be recognised for the efficiencies and

steps they have taken. The realities of areas such as mine need to be taken into consideration. This includes the large number of band A properties, which means that local authorities are unable to raise the precept adequately. If that does not happen, more pain will be added, given the cuts that have already taken place. In finishing, I would just like to say this: do not believe what the Minister is saying today. This settlement is a cut in police services to our nation, and people should recognise that.

3.3 pm

**Margaret Greenwood** (Wirral West) (Lab): The total police grant for 2017-18 for England and Wales is being cut by £96.7 million—in other words, by nearly £1 billion. This comes after swingeing cuts of 4% in 2015-16. Merseyside police force, which serves my Wirral West constituency, relies on the Government for 81% of its funding, and it has been one of the worst hit by the Government's cuts. Our budget has been reduced by 15% since 2010, and during this time the force has been required to make savings of £91 million to balance the books. That is a huge figure, and the Merseyside police force is now facing a £21 million shortfall in the money that it needs to restore the 4,000 police officers that it needs.

I know from talking to officers just how hard they work. I know that they need a fair deal, and so do the communities that they serve. Let us consider some of the work they do to keep our communities safe. Merseyside police force takes more than 1.2 million calls every year. It receives between 500 and 700 emergency 999 calls every day, and on average it records 1,234 incidents each day. Merseyside has unique policing demands. There are 83 organised crime groups operating in the region, including a significant number with international links. Merseyside is one of the three national hubs for illegal drugs, and just under 6,000 drug offences were reported at June 2016. Gun crime resulted in 162 firearms offences in 2014-15.

As my hon. Friend the Member for St Helens South and Whiston (Marie Rimmer) so clearly set out, Merseyside has some of the most deprived boroughs in the country. This brings particular policing challenges, including the question of the value of the precept that can be raised locally. That was clearly set out by my hon. Friends the Members for Swansea East (Carolyn Harris) and for North Durham (Mr Jones). It is vital that the Home Secretary and her Minister acknowledge that Merseyside has unique policing demands, and that they recognise that by cutting the police budget over the past seven years, they have been leaving our communities vulnerable. In so doing, they are also putting pressure on police officers—men and women who do an already dangerous job in the service of their local communities.

The budget for Merseyside police is £21 million short of the money it needs, and it is vital that the Minister should take note of that and see what he can do to give us that money. On Merseyside, the police and crime commissioner and the chief constable have been forced to consider closing police stations. No decision on particular stations has been made yet, but I know that the impact of last year's cuts and the cuts for 2017-18 are already causing anxiety among residents in Wirral West. I know that because they tell me so, as do the people who run businesses in the area.

[Margaret Greenwood]

It is the prime responsibility of the Government to keep our people safe. The Conservative party used to claim to be the party of law and order, but sadly that is no longer the case. We all remember the terrifying scenes of the London riots in 2011 under the Tory-led coalition Government, but it seems that the Tories have not learned from that frightening episode. There was serious disorder in 22 of the 32 boroughs overseen by the Met, and on the fourth day of rioting, 16,000 officers were deployed, yet police numbers have fallen by 20,000 under the Tories and they are now making further cuts.

The Government have a duty to fund policing adequately; our communities deserve as much. It is absolutely unacceptable that in parts of my constituency of Wirral West—a very nice place to be—some people are too frightened to go to their local shops in daylight. It is also unacceptable that an already dangerous job is being made more perilous by Government policy. The Government must think again; anything less is a dereliction of duty, and I call on them to give our police the funding that they need.

3.7 pm

**Brandon Lewis:** This has been an excellent debate, and I am grateful to all Members who have contributed over the past hour or two. We have actually secured a fair funding settlement for the police, and I note the comments about the police funding formula review work that we are going forward with. I am pleased to hear that the hon. Member for Swansea East (Carolyn Harris) will support us in getting that done, but I am slightly curious why the Labour party never did it when they were in government. Opposition Members have talked as though there was no kind of budget deficit at any point. They sometimes forget the mess—[*Interruption.*]

**Mr Geoffrey Robinson** (Coventry North West) (Lab): Will the Minister give way?

**Brandon Lewis:** No, I will not give way to the hon. Gentleman, who has not contributed to the debate until now.

Opposition Members forget about the economic mess that the Labour Government left for the Conservative-led Government to deal with. The reality is that the Government have kept the real-terms protection promise that we outlined in the 2015 spending review. Taking into account the Government grant, the precept and reallocations such as the police transformation fund, the 2015 spending review forecasted—let me be clear about the numbers, because Opposition Members really have not been—total spending in 2017-18 of £11.783 billion. With the precept to maximise, the settlement proposes a higher total of some £11.804 billion.

Looking at 2015-16 to 2017-18, no police force across the country that uses its precept will see any reduction whatsoever. The right hon. Member for Leigh (Andy Burnham), who said a lot from a sedentary position and intervened earlier but chose not to make a speech, talked about Greater Manchester but forgot to point out that the force will see an increase from £541 million to over £543 million. Police and crime commissioners and police forces across the country have seen their reserves increase by more than £400 million over the

past few years. Putting aside what those increases may be used for, they have had fund surpluses in the past few years to build up reserves in the first place. I look forward to police forces using those reserves wisely in efficiency work in the years ahead. As Her Majesty's inspectorate of constabulary set out, there is still considerable scope for forces to continue to improve their efficiency and to transform how they operate. It is vital that that pace and urgency of change continues and goes faster if we are to ensure that our police forces are fit to meet the challenges of the 21st century.

I thank my hon. Friends the Members for South Dorset (Richard Drax) and for St Austell and Newquay (Steve Double) for their contributions, which rightly outlined the importance of transparency. The hon. Member for Preston (Mr Hendrick) mentioned the formula review, and I can tell him that there will be a full public consultation. Police and crime commissioners, including Lancashire's, and chief constables are contributing to the work that is under way, and I have been and am willing to meet them all. He talks about things being shrouded in mystery, but he may think that because he has not been talking to police and crime commissioners and chief constables in the way that we have.

**Mr Geoffrey Robinson** *rose*—

**Brandon Lewis:** I am not going to take an intervention from somebody who was not involved in the debate.

**Mr Robinson** *rose*—

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. The hon. Member for Coventry North West (Mr Robinson) must surely understand that those of us who have been in the Chamber these past two hours know that he did not take part in the debate and has not been in the Chamber. I hope that he will not seek to intervene again.

**Brandon Lewis:** It is important that the consultation work goes ahead, and we will do it properly. The police service has asked us to do it methodically and properly, not to take the rushed approach that Opposition Members have implied that they would support.

I commend the police grant report to the House. It provides stable funding for forces and extra funding for transformation, and it should leave the House absolutely clear that police in England and Wales will have the resources they need to continue to protect the public.

*Question put.*

*The House proceeded to a Division.*

**Madam Deputy Speaker:** I remind the House that the motion is subject to double-majority voting: of the whole House and of Members representing constituencies in England and Wales.

*The House having divided: Ayes 275, Noes 179.*

*Votes cast by Members for constituencies in England and Wales: Ayes 269, Noes 173.*

**Division No. 165]**

**[3.11 pm**

**AYES**

Adams, Nigel	Allen, Heidi
Afriyie, Adam	Andrew, Stuart
Aldous, Peter	Ansell, Caroline
Allan, Lucy	Argar, Edward

Atkins, Victoria  
 Bacon, Mr Richard  
 Baker, Mr Steve  
 Baldwin, Harriett  
 Barclay, Stephen  
 Baron, Mr John  
 Bebb, Guto  
 Bellingham, Sir Henry  
 Beresford, Sir Paul  
 Berry, Jake  
 Berry, James  
 Bingham, Andrew  
 Blackman, Bob  
 Blunt, Crispin  
 Bone, Mr Peter  
 Borwick, Victoria  
 Brady, Mr Graham  
 Brazier, Sir Julian  
 Bridgen, Andrew  
 Brine, Steve  
 Brokenshire, rh James  
 Bruce, Fiona  
 Buckland, Robert  
 Burns, Conor  
 Burrowes, Mr David  
 Burt, rh Alistair  
 Cairns, rh Alun  
 Campbell, Mr Gregory  
 Carmichael, Neil  
 Cartlidge, James  
 Cash, Sir William  
 Caulfield, Maria  
 Chalk, Alex  
 Chishti, Rehman  
 Chope, Mr Christopher  
 Churchill, Jo  
 Clark, rh Greg  
 Clifton-Brown, Geoffrey  
 Coffey, Dr Thérèse  
 Collins, Damian  
 Colville, Oliver  
 Cox, Mr Geoffrey  
 Crabb, rh Stephen  
 Crouch, Tracey  
 Davies, Byron  
 Davies, Chris  
 Davies, David T. C.  
 Davies, Glyn  
 Davies, Dr James  
 Davies, Mims  
 Dinéage, Caroline  
 Djanogly, Mr Jonathan  
 Dodds, rh Mr Nigel  
 Donaldson, rh Sir Jeffrey M.  
 Dorries, Nadine  
 Double, Steve  
 Dowden, Oliver  
 Doyle-Price, Jackie  
 Drax, Richard  
 Drummond, Mrs Flick  
 Duddridge, James  
 Duncan Smith, rh Mr Iain  
 Dunne, Mr Philip  
 Ellis, Michael  
 Ellison, Jane  
 Elphicke, Charlie  
 Evennett, rh David  
 Fabricant, Michael  
 Fallon, rh Sir Michael  
 Field, rh Mark  
 Francois, rh Mr Mark  
 Frazer, Lucy

Freeman, George  
 Freer, Mike  
 Fuller, Richard  
 Gale, Sir Roger  
 Garnier, rh Sir Edward  
 Garnier, Mark  
 Gauke, rh Mr David  
 Ghani, Nusrat  
 Gibb, rh Mr Nick  
 Gillan, rh Mrs Cheryl  
 Glen, John  
 Goodwill, Mr Robert  
 Gove, rh Michael  
 Graham, Richard  
 Grant, Mrs Helen  
 Grayling, rh Chris  
 Green, Chris  
 Green, rh Damian  
 Greening, rh Justine  
 Griffiths, Andrew  
 Gummer, rh Ben  
 Gyimah, Mr Sam  
 Halfon, rh Robert  
 Hall, Luke  
 Hammond, rh Mr Philip  
 Hammond, Stephen  
 Hancock, rh Matt  
 Hands, rh Greg  
 Harper, rh Mr Mark  
 Harrington, Richard  
 Harris, Rebecca  
 Hart, Simon  
 Haselhurst, rh Sir Alan  
 Hayes, rh Mr John  
 Heald, rh Sir Oliver  
 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  
 Howell, John  
 Howlett, Ben  
 Huddleston, Nigel  
 Hunt, rh Mr Jeremy  
 Hurd, Mr Nick  
 Jackson, Mr Stewart  
 James, Margot  
 Javid, rh Sajid  
 Jenkin, Mr Bernard  
 Jenkyns, Andrea  
 Johnson, Dr Caroline  
 Johnson, Gareth  
 Johnson, Joseph  
 Jones, Andrew  
 Jones, rh Mr David  
 Jones, Mr Marcus  
 Kawczynski, Daniel  
 Kennedy, Seema  
 Kirby, Simon  
 Knight, Julian  
 Kwarteng, Kwasi  
 Latham, Pauline  
 Leadsom, rh Andrea  
 Lee, Dr Phillip  
 Lefroy, Jeremy

Leslie, Charlotte  
 Letwin, rh Sir Oliver  
 Lewis, rh Brandon  
 Lewis, rh Dr Julian  
 Liddell-Grainger, Mr Ian  
 Lidington, rh Mr David  
 Loughton, Tim  
 Mackinlay, Craig  
 Mackintosh, David  
 Main, Mrs Anne  
 Malthouse, Kit  
 Mann, Scott  
 Mathias, Dr Tania  
 May, rh Mrs Theresa  
 Maynard, Paul  
 McCartney, Jason  
 McCartney, Karl  
 McLoughlin, rh Sir Patrick  
 McPartland, Stephen  
 Menzies, Mark  
 Mercer, Johnny  
 Merriman, Huw  
 Metcalfe, Stephen  
 Miller, rh Mrs Maria  
 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  
 Murray, Mrs Sheryll  
 Murrison, Dr Andrew  
 Neill, Robert  
 Newton, Sarah  
 Nokes, Caroline  
 Norman, Jesse  
 Nuttall, Mr David  
 Offord, Dr Matthew  
 Opperman, Guy  
 Osborne, rh Mr George  
 Parish, Neil  
 Paterson, rh Mr Owen  
 Pawsey, Mark  
 Penning, rh Mike  
 Penrose, John  
 Percy, Andrew  
 Perry, Claire  
 Philp, Chris  
 Pickles, rh Sir Eric  
 Poulter, Dr Daniel  
 Pow, Rebecca  
 Prentis, Victoria  
 Prisk, Mr Mark  
 Pritchard, Mark  
 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  
 Sandbach, Antoinette  
 Scully, Paul  
 Selous, Andrew  
 Shannon, Jim  
 Shapps, rh Grant  
 Sharma, Alok  
 Shelbrooke, Alec  
 Simpson, David  
 Skidmore, Chris  
 Smith, Henry  
 Smith, Julian  
 Soames, rh Sir Nicholas  
 Solloway, Amanda  
 Soubry, rh Anna  
 Spelman, rh Dame Caroline  
 Spencer, Mark  
 Stewart, Bob  
 Stewart, Iain  
 Stewart, Rory  
 Streeter, Mr Gary  
 Stride, Mel  
 Stuart, Graham  
 Sturdy, Julian  
 Sunak, Rishi  
 Swire, rh Sir Hugo  
 Thomas, Derek  
 Throup, Maggie  
 Timpson, Edward  
 Tolhurst, Kelly  
 Tomlinson, Justin  
 Tomlinson, Michael  
 Truss, rh Elizabeth  
 Tugendhat, Tom  
 Turner, Mr Andrew  
 Tyrie, rh Mr Andrew  
 Vara, Mr Shailesh  
 Vickers, Martin  
 Villiers, rh Mrs Theresa  
 Walker, Mr Charles  
 Walker, Mr Robin  
 Wallace, Mr Ben  
 Warburton, David  
 Warman, Matt  
 Whately, Helen  
 White, Chris  
 Whittaker, Craig  
 Whittingdale, rh Mr John  
 Wiggins, Bill  
 Williams, Craig  
 Wilson, Mr Rob  
 Wilson, Sammy  
 Wollaston, Dr Sarah  
 Wragg, William  
 Wright, rh Jeremy  
 Zahawi, Nadhim

**Tellers for the Ayes:**  
**Heather Wheeler and**  
**Christopher Pincher**

#### NOES

Abbott, rh Ms Diane  
 Abrahams, Debbie  
 Alexander, Heidi  
 Ali, Rushanara  
 Bailey, Mr Adrian

Barron, rh Sir Kevin  
 Beckett, rh Margaret  
 Benn, rh Hilary  
 Berger, Luciana  
 Betts, Mr Clive

Blackman-Woods, Dr Roberta  
 Blenkinsop, Tom  
 Blomfield, Paul  
 Brake, rh Tom  
 Brennan, Kevin  
 Brown, rh Mr Nicholas  
 Buck, Ms Karen  
 Burden, Richard  
 Burgon, Richard  
 Butler, Dawn  
 Cadbury, Ruth  
 Campbell, rh Mr Alan  
 Campbell, Mr Ronnie  
 Champion, Sarah  
 Chapman, Jenny  
 Clegg, rh Mr Nick  
 Clwyd, rh Ann  
 Coaker, Vernon  
 Coffey, Ann  
 Cooper, Julie  
 Cooper, Rosie  
 Cooper, rh Yvette  
 Corbyn, rh Jeremy  
 Coyle, Neil  
 Crausby, Sir David  
 Creasy, Stella  
 Cruddas, Jon  
 Cummins, Judith  
 Cunningham, Alex  
 Cunningham, Mr Jim  
 Dakin, Nic  
 Danczuk, Simon  
 Davies, Philip  
 De Piero, Gloria  
 Dowd, Jim  
 Dowd, Peter  
 Eagle, Ms Angela  
 Edwards, Jonathan  
 Efford, Clive  
 Elliott, Julie  
 Elliott, Tom  
 Ellman, Mrs Louise  
 Elmore, Chris  
 Esterson, Bill  
 Evans, Chris  
 Farrelly, Paul  
 Field, rh Frank  
 Fitzpatrick, Jim  
 Fletcher, Colleen  
 Flint, rh Caroline  
 Flynn, Paul  
 Fovargue, Yvonne  
 Foxcroft, Vicky  
 Gapes, Mike  
 Gardiner, Barry  
 Glindon, Mary  
 Goodman, Helen  
 Green, Kate  
 Greenwood, Lilian  
 Greenwood, Margaret  
 Hamilton, Fabian  
 Harman, rh Ms Harriet  
 Harris, Carolyn  
 Hayes, Helen  
 Hendrick, Mr Mark  
 Hermon, Lady  
 Hillier, Meg  
 Hodgson, Mrs Sharon  
 Hoey, Kate  
 Hopkins, Kelvin  
 Howarth, rh Mr George  
 Huq, Dr Rupa  
 Hussain, Imran  
 Johnson, rh Alan  
 Johnson, Diana  
 Jones, Gerald  
 Jones, Helen  
 Jones, Mr Kevan  
 Jones, Susan Elan  
 Kane, Mike  
 Keeley, Barbara  
 Kendall, Liz  
 Kinahan, Danny  
 Kinnock, Stephen  
 Lamb, rh Norman  
 Lammy, rh Mr David  
 Lavery, Ian  
 Lewell-Buck, Mrs Emma  
 Lewis, Clive  
 Long Bailey, Rebecca  
 Lucas, Caroline  
 Lucas, Ian C.  
 Lynch, Holly  
 Mactaggart, rh Fiona  
 Madders, Justin  
 Mahmood, Mr Khalid

Malhotra, Seema  
 Marris, Rob  
 Marsden, Gordon  
 Maskell, Rachael  
 Matheson, Christian  
 McCabe, Steve  
 McCarthy, Kerry  
 McDonagh, Siobhain  
 McDonald, Andy  
 McDonnell, Dr Alasdair  
 McDonnell, rh John  
 McFadden, rh Mr Pat  
 McGinn, Conor  
 McGovern, Alison  
 McInnes, Liz  
 McMahan, Jim  
 Meale, Sir Alan  
 Miliband, rh Edward  
 Morden, Jessica  
 Mulholland, Greg  
 Murray, Ian  
 Nandy, Lisa  
 Olney, Sarah  
 Onn, Melanie  
 Osamor, Kate  
 Owen, Albert  
 Pearce, Teresa  
 Pennycook, Matthew  
 Phillips, Jess  
 Phillipson, Bridget  
 Pound, Stephen  
 Pugh, John  
 Qureshi, Yasmin  
 Rayner, Angela  
 Reed, Mr Steve  
 Rees, Christina  
 Reeves, Rachel  
 Reynolds, Emma  
 Reynolds, Jonathan

Rimmer, Marie  
 Ritchie, Ms Margaret  
 Robinson, Mr Geoffrey  
 Rotheram, Steve  
 Ryan, rh Joan  
 Shah, Naz  
 Sheerman, Mr Barry  
 Sherriff, Paula  
 Siddiq, Tulip  
 Skinner, Mr Dennis  
 Slaughter, Andy  
 Smith, Angela  
 Spellar, rh Mr John  
 Starmer, Keir  
 Stevens, Jo  
 Thomas, Mr Gareth  
 Thomas-Symonds, Nick  
 Timms, rh Stephen  
 Trickett, Jon  
 Turley, Anna  
 Turner, Karl  
 Twigg, Derek  
 Twigg, Stephen  
 Umunna, Mr Chuka  
 Vaz, Valerie  
 Watson, Mr Tom  
 West, Catherine  
 Whitehead, Dr Alan  
 Williams, Hywel  
 Williams, Mr Mark  
 Winnick, Mr David  
 Winterton, rh Dame Rosie  
 Wright, Mr Iain  
 Zeichner, Daniel

**Tellers for the Noes:**  
**Jeff Smith and**  
**Thangam Debbonaire**

*Question accordingly agreed to.*

*Resolved,*

That the Police Grant Report (England and Wales) for 2017–18 (HC 944), which was laid before this House on 1 February, be approved.

## Local Government Finance

**Madam Deputy Speaker (Mrs Eleanor Laing):** We come now to the three motions on local government finance, which will be debated together. I must inform the House that Mr Speaker has today certified the third instrument—the Report on Referendums Relating to Council Tax Increases (Alternative Notional Amounts) (England) 2017-18—as relating exclusively to England and within devolved legislative competence. All three instruments will therefore be subject to double majority voting, of the whole House and of those representing constituencies in England.

3.27 pm

**The Secretary of State for Communities and Local Government (Sajid Javid):** I beg to move,

That the Report on Local Government Finance (England) 2017-18 (HC 985), which was laid before this House on 20 February, be approved.

**Madam Deputy Speaker:** With this we shall discuss the following motions:

That the Report on Referendums Relating to Council Tax Increases (Principles) (England) 2017-18 (HC 983), which was laid before this House on 20 February, be approved.

That the Report on Referendums Relating to Council Tax Increases (Alternative Notional Amounts) (England) 2017-18 (HC 984), which was laid before this House on 20 February, be approved.

**Sajid Javid:** Local government is the frontline of our democracy. Every day, England's almost 400 districts, counties, boroughs, unitary councils and metropolitan areas provide countless services to millions of people. They clean our streets, repair our roads and care for our most vulnerable people. They maintain our infrastructure, shape our communities, put roofs over our heads and so much more. It is our job to make sure that they are adequately funded to do just that.

A provisional financial settlement was published late last year. Since then, we have received formal representations from nearly 200 organisations and individuals. I thank everyone who took part in that process. The results of the consultation are before the House today in the shape of the final settlement. It is a settlement that provides councils with the resources required to deliver world-class public services in the year ahead, while continuing to play their part in bearing down on the deficit. Nobody knows local government better than local government itself, so this settlement answers the requests made of us by representatives of every tier of local government and every political party.

**Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op):** I agree with the Secretary of State about drawing attention to the importance of local government. Will he explain why Liverpool, with its high deprivation and low tax base, has now lost more than 60% of its central Government funding?

**Sajid Javid:** The hon. Lady will know that all councils have been asked to make a contribution to deal with the large deficit that the country had in 2010. That does not mean it has not been challenging—it has been for Liverpool and other councils—but many other councils

have demonstrated that there are ways to deal with that and have been able to handle the challenges well. It might reassure the hon. Lady to remind her that the Liverpool city region is part of the business rates retention pilot, which I shall address in a moment and which may help to deal with some of the challenges.

**John Redwood (Wokingham) (Con):** Does my right hon. Friend agree that the gap between the lowest-funded authorities, such as West Berkshire and Wokingham in my area, and the highest-funded, had become too extreme and that more needs to be done to create some fairness?

**Sajid Javid:** I very much agree with my right hon. Friend. I shall in a moment discuss the fair funding review, which is an attempt to do just that.

The measures can broadly be grouped into three areas, which I shall go through during the debate. Later, I would like to update the House on another important source of Government funding for local authorities: business rates.

The first request we have had from local authorities is for increased certainty about funding. For years, councils have called for the tools to improve services and deliver efficiencies over a longer horizon. That is why the 2015 spending review delivered a £200 billion flat cash settlement for local government and why we have delivered four-year funding allocations that provide the financial certainty required for councils to be bold and ambitious. They have used that funding certainty to publish long-term efficiency plans, showing their taxpayers that they can deliver great services and still live within their means.

The story does not end there, though. Last month, we introduced the Local Government Finance Bill, which will devolve 100% of business rates to local government and enshrine in law our commitment to providing funding certainty by establishing a legal framework for multi-year settlements. The revenue support grant will be abolished, so councils will become financially self-sufficient. With services financed locally, councils will be even more accountable to their electorates, rather than to Ministers in Whitehall.

**Kate Green (Stretford and Urmston) (Lab):** The Secretary of State says that councils are living within their means, but Trafford Council, for which I am the Member of Parliament, is having to draw on its reserves to meet the spending gap it faces as a result of the reduction in the revenue support grant, which, even in a rich authority like Trafford, is not fully compensated by the ability to retain more business rates.

**Sajid Javid:** The Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Brigg and Goole (Andrew Percy), who has responsibility for local growth, met Trafford Council recently. I meet many councils myself and listen to some of their challenges. Trafford Council is one of the authorities that is implementing some efficiencies, but there are always more things that can be done, some of which I shall highlight later.

**Diana Johnson (Kingston upon Hull North) (Lab):** Hull City Council wrote to the Secretary of State a short while ago. In his response, he offered to meet the leader of the council and its chief executive. We waited

[Diana Johnson]

many weeks for that meeting to be set up, until we received a letter from the correspondence secretary saying that the Secretary of State was not able to meet. Having just said what he did about meeting local authorities, will he now agree to a meeting with Hull City Council?

**Sajid Javid:** I assure the hon. Lady that Ministers from my Department have had several meetings with Hull City Council, and I, too, am happy to meet the council. If I remember correctly, I received a letter in November and replied within weeks. I am more than happy to meet—in fact, I contacted Hull City Council only today to offer a meeting.

Under the new system, there will no longer be an annual finance settlement that is reviewed and imposed by Westminster each year. Instead, the Government will set the envelope and the principles for allocating funding over a period, and it will be for councils to grow their income. That could be done in a variety of ways, from attracting new businesses and building new homes to working with local partners to deliver more efficient and joined-up local services. One hundred per cent. business rates retention is being piloted from next year by Greater Manchester, Liverpool City Region, West Midlands, Cornwall, West of England and the Greater London Authority.

**Mr Mark Hendrick** (Preston) (Lab/Co-op): Lancashire has the third lowest tax base of any of the shire local authorities. Preston welcomes the reduction in business rates, but, effectively, what it means is that the 100% tax take will be lower as a result of the reduction in business rates. We do not mind that, but the loss of central Government funding through the rate support grant will be a huge blow to both Lancashire and Preston.

**Sajid Javid:** There has been a reset for Lancashire, so it should not lose anything. If the hon. Gentleman wants to provide me with any further information that he thinks we may not be aware of, I will be happy to take a look at it.

The authorities that I have just mentioned will be able to keep more of the growth in their business rates income with no impact on the rest of local government. We plan to undertake further pilots in 2018-19 in areas without the devolution deal, including two-tier council areas.

**Robert Neill** (Bromley and Chislehurst) (Con): I very much welcome the roll-out of these pilots right across the country; it is entirely the right approach to take. The Secretary of State's immediate predecessor came to Bromley to meet the leader and chief executive of our council when they expressed an interest in Bromley becoming a pilot. Will he take it from me that that offer and that interest still stands, and perhaps he might like to come to Bromley to discuss it with us?

**Sajid Javid:** I know that my hon. Friend speaks with a great deal of experience when it comes to matters of local government. I am more than happy to meet the leader of Bromley Council, and I hope that my hon. Friend will join me in such a meeting.

We plan to undertake further pilots for the two-tier authorities, and I welcome applications from any council waiting to take part in this second trial. The nationwide roll-out of 100% business rates retention will take place across England in 2019-20. Earlier this month, my Department published a consultation seeking views on exactly how the system should look.

**Vernon Coaker** (Gedling) (Lab): The explanation of why Surrey was not getting a sweetheart deal was that it was getting something that was perfectly normal and available to other authorities. Will the Secretary of State tell us where Surrey is in these pilots, because we cannot work it out?

**Sajid Javid:** Well, there is not much to work out. That ridiculous claim was demolished on the day that it was made.

**Robert Neill:** If the Secretary of State looks at page 34 of the local government finance report, he will see the Surrey-Croydon business rates pool set out in the statement.

**Sajid Javid:** I thank my hon. Friend for that.

**Lilian Greenwood** (Nottingham South) (Lab): Which councils are eligible to be part of the pilot on the 100% retention of business rates and which ones are not?

**Sajid Javid:** All councils that are in two-tier areas.

The second key area where we have listened and responded is funding for adult social care. That issue transcends party politics. Local government may have the statutory duty to look after our most vulnerable citizens, but we all have a moral duty to help it to do so.

The spending review put in place up to £3.5 billion of additional funding for adult social care by 2019-20, but we recognise that the coming year is the most difficult in the settlement period for many councils. There are immediate challenges in the provision of care, and they must be met now before those substantial additional resources become fully available. This settlement creates a new £240 million adult social care support grant, and it allows councils to raise the adult social care precept by up to 3% next year and the year after. Together, those measures make up almost £900 million of additional funding for adult social care available over the next two years. That means that the total dedicated funding available for adult social care over the next four-year settlement period is £7.6 billion.

**Mrs Ellman:** Does the Secretary of State recognise that although the package he has put forward is a welcome step, it will go nowhere near addressing the major crisis in social care from which the people in Liverpool are suffering?

**Sajid Javid:** I recognise that there is more to do on adult social care—especially in the area of reform, to which I shall turn in a moment.

Some local authorities will be able to raise less in precept than others. That is why we have also confirmed that the improved better care fund allocations, worth £1.5 billion by 2019-20, will take into account a council's ability to raise funding through the precept.

**Mr Clive Betts** (Sheffield South East) (Lab): I recognise what the Secretary of State says: the better care fund will be tailored to help authorities that raise less under the precept. However, the fund does not really kick in until the following financial year. Why have the Government not done anything to help councils with a lesser ability to raise the precept in the next financial year, 2017-18?

**Sajid Javid:** The hon. Gentleman may not be aware that although the better care fund picks up over time, it has already kicked in. I think it represents £105 million this year, and it rises next year and in the following years. However, he makes an important point; I listen carefully to what he says, especially given that he is Chair of the Select Committee that oversees my Department. I hope he will agree that as the better care fund comes in and builds up, it will start to make a bigger difference.

**James Heappey** (Wells) (Con): Will the Secretary of State confirm that all additional funds that have been and will be committed for the purposes of adult social care will be allocated according to the needs-based formula, not the existing local government formula, so that things such as sparsity of population and a deteriorating demographic will truly be taken into account?

**Sajid Javid:** I can confirm that the way in which the funding has been allocated overall is based on relative needs. I have mentioned, for example, the new £240 million fund that the settlement sets up for adult social care. That is all based on need as well.

My hon. Friend has been a passionate advocate of ensuring that we think of all parts of our country, including the more rural parts, that face particular challenges. I have had many constructive discussions with him and will continue to do so. He has often highlighted that we must make sure that those needs-based formulae, whether for adult social care or for funding for local authorities more generally, are updated and modern. That is something that I am attempting to do.

**Mr Ronnie Campbell** (Blyth Valley) (Lab): According to figures from SPARSE Rural, by 2020 the Government revenue grant will give each person in Northumberland £6.85, while those in the neighbouring metropolitan boroughs across the Tyne and Wear conurbation will get £68.53. Can the Secretary of State explain that?

**Sajid Javid:** I do not have those figures. However, I recognise that the core spending power of many local authorities has changed and that they have therefore had to deal with some of those challenges. He might be reassured to know that in his local authority of Northumberland the core spending power per dwelling is more than £1,700—far higher than the average for that class. I am sure that that helps the people of Northumberland.

**Mr Stewart Jackson** (Peterborough) (Con): I commend the efforts, via the better care fund, to address the demographic issues, which transcend party politics. While the Secretary of State is considering the efficacy of the funding that he has mentioned, will he bring in a fiscal incentive for local authorities such as Torbay that are trying to integrate adult social care with acute hospital care, so that they have a real incentive to drive those necessary reforms and changes?

**Sajid Javid:** My hon. Friend leads me directly to my next point, which is about ensuring that we all recognise that more money for adult social care is not the only answer. We want every area to move towards integration of health and social care services by 2020, so that it feels much more like one service. I welcome what I believe is a consensus on both sides of the House that we will need to develop reforms to make social care more sustainable and effective for everyone in the long term, so my hon. Friend's point—that as we work towards integration, we should look at how we can best encourage that—is an important one.

Another key area concerns the fair funding review, through which we are devising a new funding formula for local government. It is nearly a decade since the current formula was looked at thoroughly. Some parts of it date back as far as 1991, when the Prime Minister was an up and coming young councillor. It is fair to say that a few things have changed since then: the demographic make-up of many areas has altered radically; an ageing population means that demand for different services has shifted; and we are entering a world in which local government spending is funded by local resources, not central grants. We are undertaking a fair funding review to thoroughly consider how to introduce a more up-to-date, more transparent and fairer needs assessment formula. It is vital that the new formula delivers, so we are working closely with local government to get it right.

**Mr Owen Paterson** (North Shropshire) (Con): I welcome many aspects of my right hon. Friend's statement, but he is aware that rural authorities were unhappy at the end of the last Conservative Government. The Labour Government then brutally shifted considerable funds to the inner cities. There is now a massive discrepancy not just in council tax raised, but in money redistributed from the centre and, above all, services. I will vote with the Government tonight without any great enthusiasm for the settlement, but I would like an absolute guarantee that this review will go back to basics, looking at the needs and significant changes on the ground so that when we discuss this next year, we will have a completely different settlement that reverses the trend and brings wealth back, fairly, to rural areas.

**Sajid Javid:** I welcome my right hon. Friend's support for the settlement and I very much sympathise with the issues he raised about rural communities. He has been a passionate advocate of this for a long time. I am pleased that his local authority, Shropshire, is part of the working group that we have established to look at the specific challenges faced by more rural areas. I reassure him that the fair funding review must look exactly at the kinds of issues that he mentions and that he knows a lot about. We must make sure that we get it right this time.

As we conduct the fair funding review, we need to ensure that it is up to date, more transparent and brings a fairer, needs-based assessment. It is vital that the new formula delivers, so we are working closely with all of local government to try to get that right. We had hundreds of responses to the call for evidence published by my Department last year, and it is clear that people in all areas feel strongly about this, as we have just heard from my right hon. Friend.

**Huw Merriman** (Bexhill and Battle) (Con): Will my right hon. Friend look at whether the funding review will take into account aged-based proportions within

[*Huw Merriman*]

the community, not least because of the debate on social care? That may be one way of diverting more money to those at the older end of the age spectrum.

**Sajid Javid:** I can confirm that that is exactly the kind of thing that we need to look at more closely. If my hon. Friend allows me to, I will give a bit more detail about the kinds of things that I am keen to ensure are covered by the review.

I have been privileged to hear the views of colleagues from across the House, many of whom have direct experience of service in local government. Various themes have emerged. Foremost among them is the need to ensure that the formula works for all local authorities, wherever they are. Rural councils in particular have unique needs that must be met, and councils have been clear that they want to see action sooner, rather than later. I am happy to confirm what we have previously said on the issue. We will make the changes to the fastest possible parliamentary timetable, and we aim to implement new baselines for every authority in 2019-20, following Royal Assent of the Local Government Finance Bill, the necessary secondary legislation and the completion of the fair funding review. I will update the House as soon as I have further details to share.

**James Heapey:** I acknowledge that my right hon. Friend said that this will happen in the fastest time that the parliamentary process will allow. May I invite him to be a little clearer on when he anticipates that means the review will have been completed and committed to?

**Sajid Javid:** Again, I thank my hon. Friend for the role he has played in making sure that this issue is looked at properly. As he will know, the commitment we have made on business rates retention, which we want to start in the financial year 2019-20, means that there will be a requirement to have the proper baseline set for all local authorities before that system can be properly brought in. I hope that that gives him some comfort on the timing that is necessary given that the two things—the fair funding review and the business rates retention plan—are very much interlinked. There will be various staging posts on the way. As always, I am more than happy to sit down with him to take him through those and discuss this further.

**Steve Double** (St Austell and Newquay) (Con): Much of what my right hon. Friend is saying is music to my ears as well. Does he agree that this is exactly the right time to address the issue of fair funding, because if unfairness gets baked into the system with the retention of business rates, it will basically be there for ever? It is vital that we get this right now, before the retention of business rates goes ahead.

**Sajid Javid:** My hon. Friend is right. As we move to 100% business rates retention and the requirement for local authorities to be more self-sufficient, it is right that we have the correct baselines, and that necessitates a proper review of needs for all areas, including—of course—our most rural areas.

**Simon Hoare** (North Dorset) (Con): Does my right hon. Friend accept that one of the key bases for this welcome review is the hope that we can eradicate the urban versus rural debate? For those of us who represent

rural areas, it is pretty tedious to have that arid debate every year. We are not seeking an unfair advantage for rural areas, merely fairness and transparency. I am certainly encouraged by what he has said at the Dispatch Box this afternoon.

**Sajid Javid:** My hon. Friend is correct. This is not about special treatment for one area versus another; it is about recognising the needs of each area. In more rural areas, there are some obvious differences. For example, sparsity can mean that the delivery of certain services is more expensive, while others might be cheaper. This is about having the right data and being more transparent, and then making sure that those needs are met. That is exactly my ambition in looking at this and making sure that we get it right.

**Vernon Coaker:** Will the Secretary of State give way?

**Sajid Javid:** I will give way once more on this point and then I will have to move on.

**Vernon Coaker:** I thank the Secretary of State for giving way. I do not agree with much of what he has said, but it is a refreshing change to have a Secretary of State who has given way as much as he has today, because that contributes very much to the debate. Whether he is talking about 100% retention of business rates or the fair funding review, there is a key question for local authorities. Gedling Borough Council has a 62% cash reduction—it is the eighth worst affected authority in the country. This is an opportunity to make sure that it can deliver the services that the Government require it to deliver, as so many local authorities across the country are struggling to do.

**Sajid Javid:** I thank the hon. Gentleman for his warm words. The review is about making sure that all areas of England and all local authorities, whether rural or urban, have the right settlement for the long term. Given that the formula has not been looked at properly for years and years now—it is out of date and requires a fresh look—I hope he agrees this is exactly the approach that is required.

Local government funding has to be fair not just to the area itself, but to the people who provide the funds in the first place, including the millions of hard-working business owners who pay business rates. Growing up above the family shop, I saw the impact that an increase in rates can have on small businesses. A rise in the cost lowered the mood of the whole family. Even as a child, I knew that it was not good when I found a stack of bright red final reminders hidden away at the back of a drawer. My dad was never shy about sharing what he thought of out-of-town retail parks and how they took customers away from his shop on the high street in Bedminster. If he were alive today, I am sure that he would be the first to phone and lobby me about the business rates revaluation. In particular, I can just imagine him telling me about how the treatment of large online retailers compares with that of more traditional shops on the high street.

My background helps to explain why I have always been passionate about supporting businesses. It is why as Business Secretary I championed the £6.7 billion relief package that means that some 600,000 small

businesses will never have to pay rates again. That is a third of all businesses and the biggest cut in business rates in history.

The current rate revaluation is fiscally neutral. It is not being used to raise a single extra penny for the Treasury. In fact, to do so would be illegal. The amount that most businesses—three quarters of them, in fact—pay will go down or stay the same. As I have said, 600,000 small businesses are being lifted out of business rates altogether, permanently.

Although those three quarters of businesses will benefit or see no change, I am also acutely aware of the impact on the quarter that will see increases. If someone's rates are going up, it is no consolation to hear that others will be going down. I have long recognised the need to provide support, and that is why we have put in place a £3.6 billion package of transitional relief to help more than 140,000 smaller businesses. However, as colleagues and the media have highlighted in recent days, some individual businesses will face particular difficulties. For example, businesses that are coming off rate relief can face an alarming cliff edge. Independent retailers in some high-value areas are also struggling.

I have always listened to businesses and this situation is no exception. It is clear to me that more needs to be done to level the playing field and to make the system fairer. I am working closely with my right hon. Friend the Chancellor to determine how best to provide further support to businesses facing the steepest increases. We expect to be in a position to make an announcement in the Budget in just two weeks' time.

**Mr Charles Walker (Broxbourne) (Con):** As my right hon. Friend trudges around the country, visiting council leaders in various chambers, may I invite him to come to a McMullen pub in Broxbourne? He will be able to meet the chief executive of McMullen, who will explain to him that some of its pubs, which employ many young people in a variety of roles, will see their rates increase by more than 200%. That is not fair. McMullen may not be a small business, but if it has to pay higher rates at that level, it will stop employing young people in my constituency.

**Sajid Javid:** I would be very happy to visit that McMullen pub with my hon. Friend. He highlights the importance of pubs—not just McMullen pubs, but more generally—and it is important for the House to note, as we have done so often, that pubs are more than just businesses. They play a very important part in our local communities, which is why I would be happy to come along and learn more from my hon. Friend and the pub itself.

**Mr Betts:** I have some sympathy with the Secretary of State's points about revaluation. I accept that it is fiscally neutral and that it reflects the change in property prices, but perhaps the Government did not help themselves by delaying it for two years. He has referred to the difference between business rates for high street premises and those for out-of-town shopping centres. Is he therefore considering a more fundamental review of the whole basis on which valuations are made, to try to better reflect the proper cost to businesses on the high street and in out-of-town centres?

**Robert Neill** *rose*—

**Sajid Javid:** I will come to the point made by the Chair of the Communities and Local Government Committee in a moment, but first I will give way to my hon. Friend the Member for Bromley and Chislehurst (Robert Neill).

**Robert Neill:** I hope that the Secretary of State will not think me discourteous if I disappear to chair my Select Committee in a moment. I welcome his statement and the tone in which it was made. Many of us have raised concerns about the issues that he touches on, and particularly about the fact that land values are high in areas such as mine—but that is no consolation to the independent trader on the high street. Will he undertake to meet me and other London and south-east Conservative MPs who have done some detailed work on this, to see how we can best find a constructive way forward?

**Sajid Javid:** My hon. Friend makes an important point about the challenges that businesses, particularly those on the high street, will face in areas such as Bromley. I would be more than happy to meet the leader of his council and other local representatives to learn more about those challenges.

Property-based business taxes have been around in one form or another for many decades—centuries, even. Nobody would argue that the current system is perfect, and it is right to ask whether the time has come for some kind of reform. The Treasury's 2015 consultation showed little appetite for replacing the whole business rate system. It remains a vital part of the local government finance settlement, and its importance will only increase with the introduction of business rate retention. However, with underlying concerns about globalisation, international tax structures and the struggle between the high street and the virtual world, there is clearly room for improvement. We will look closely at all possible steps to make the system fairer and more sustainable in the short and long term.

**Kate Green:** I welcome what the Secretary of State says about a review. I am sure he will be interested to know of research conducted recently by Revo with intu shopping centres, which showed that business rates were the single largest deterrent to foreign retailers establishing or expanding in the UK. Would he be willing to meet the researchers behind the report to discuss, in the context of the review, what can be done to ensure that the UK continues to be an attractive destination for foreign retailers?

**Sajid Javid:** I want to listen carefully to anyone—any business, individual or Member of Parliament—who has concerns to bring me about the business rate system. I have talked about some of those concerns. The hon. Lady talks about issues to do with foreign retailers and others, and I will gladly look at them. If she wants to furnish me with more information, I will be happy to look at it. I want to make sure that we deal with these challenges. I think we all agree that the tax is not perfect, but it serves an important purpose in funding public services, and we must always look at how we can improve the situation.

**Mr Jackson:** Notwithstanding the fact that there will always be speculative and vexatious appeals, will my right hon. Friend dispel the urban myth that the

[Mr Jackson]

Government are somehow getting rid of the appeals process? Will he confirm that appeals will continue to be open, fair and transparent for those who are unhappy with their business rate assessment?

**Sajid Javid:** I am happy to confirm that to my hon. Friend. Appeals are a vital part of the system. Businesses must feel that the system has integrity. If they feel for any reason that their valuation could be wrong, it is right that they should be in a position to challenge it. If anything, I want to make the process more transparent and easier for businesses that have a valid reason.

For example, the changes that we have introduced through the valuation office will allow some smaller businesses to go online to check their valuation. If they are in any doubt, they will be able to contact the valuation office directly, either online or through other forms of direct contact, and get the valuation reviewed very quickly. Contrary to the view of some out there that we want to make it harder, I am determined to make sure that businesses have a proper way to challenge the system, because it is their right to do so.

I must conclude, because I want to make sure that colleagues have enough time for debate. This local government finance settlement honours our commitment to four-year funding certainty for councils that are committed to reform; it recognises the costs of delivering adult social care and makes more funding available sooner; and it puts local councillors in the driving seat with a commitment to support them with a fairer funding formula. I commend it to the House.

4.4 pm

**Mr Gareth Thomas** (Harrow West) (Lab/Co-op): With social care in crisis, a huge number of businesses deeply worried about rising business rates bills and the council tax set to increase by 25% by 2020, this local government finance settlement may work for Ministers, but it will certainly not work for anyone else. While it is good to hear that there may be some help for the businesses most affected by the revaluation, the Prime Minister's spokesperson briefed after today's Prime Minister's questions that there would be no more extra money available to help to fund this additional support to businesses. When the Minister winds up, will he confirm whether that is the case, because if it is, one group of businesses that were expecting help will be robbed to fund the relief for another group of businesses?

Many businesses will receive new bills next week, and council tax bills are almost ready to be sent out. This is the latest the settlement has been for decades, so one might have expected there to be a little better news in it compared with the original offering in December. There is no new money for local government to tackle the social care crisis, and nothing to help councils to tackle rising homelessness and the doubling of rough sleeping. It just passes the buck on to local councils, while local residents are left paying more in council tax, at the same time as public services deteriorate. No wonder this is being described as a "hugely disappointing" settlement. That is not my phrase, but the words of Lord Porter, chairman of the Local Government Association and Conservative leader of South Holland District Council.

**Gloria De Piero** (Ashfield) (Lab): Nottinghamshire County Council has lost £200 million during the past seven years. Given that 40% of the budget goes to adult social care, is it any wonder that, day after day, all of us across the House are getting the most heartbreaking stories from our constituents who are simply not getting the care that their loved ones need?

**Mr Thomas:** My hon. Friend makes a very good point, which is why it is all the more worrying that Ministers want to abolish the revenue support grant totally under the Local Government Finance Bill.

Perhaps I should not be too harsh on the Secretary of State. After all, he has had a rough week. He was accused by the former Conservative party chairman of "spinning the numbers", and I hear that there was concern among Conservative Members that the Secretary of State was being hung out to dry by colleagues, so it was good to hear the Prime Minister's spokesperson confirm that No. 10 still had full confidence in him. In truth, in just eight short months, the Secretary of State has been found asleep at the wheel twice—with a social care crisis entirely of the Government's own making, about which he was warned well in advance; and now a business rates crisis, which he must have known might create a problem for many businesses, given that his party delayed the revaluation by two years, yet the seriousness of which it has apparently taken him until now to grasp.

**Anna Soubry** (Broxtowe) (Con): Does the hon. Gentleman agree that if county councils such as Nottinghamshire want to do better on social care, they can look at cutting their costs by going into a unitary authority? Conservative county councillors in Nottinghamshire agreed that that was a good idea, but Labour county councillors, no doubt thinking of their allowances, decided it was a bad idea.

**Mr Thomas:** I encourage the right hon. Lady, for whom I normally have a lot of respect, not to make such partisan and, I suspect, inaccurate points, but to look at a booklet published by the LGA Labour group that gives 100 examples of the way in which Labour councils have innovated during the past few years. She may want to encourage some Conservative councillors whom she knows to follow such examples.

The Secretary of State sent a letter to all his Conservative colleagues claiming that the concerns raised about business rates by businesses and hospitals were based, apparently, on a "relentless campaign of distortions and half-truths".

Leaving aside the question of whether it was right to release the figures just to Members of his own party, the irony is that, as was quickly exposed, the actual bills businesses will receive are likely to be 7% higher than the figures he produced. I gently suggest that the Secretary of State is in danger of getting a reputation for being sloppy in his use of figures.

Ministers have known about the business rates revaluation for a long time. Indeed, when announcing the delay, the right hon. Member for Brentwood and Ongar (Sir Eric Pickles) explained that it was to prevent "unexpected hikes" in business rates. Why did the current group of Ministers not think to analyse its consequences a little earlier? How can it possibly be fair that the overall

business rates bill for Amazon, which has avoided paying much in corporation tax despite making huge profits, has gone down while family-run businesses that have existed on local high streets for decades face huge rises in their business rates bills? To accuse, as the Secretary of State effectively did, the Federation of Small Businesses, the CBI and the British Retail Consortium of “distortions and half-truths” in their campaigning is a disgrace. He should apologise to them.

**James Heapey:** While the hon. Gentleman is discussing the revaluation of business rates, will he welcome the Government’s measures in recent years to provide small business rates relief, and its indefinite extension, which has been so advantageous to many of the small businesses he claims the Government will have harmed?

**Mr Thomas:** I certainly welcome small business rates relief. We will have to wait and see whether Ministers will raid the pot that some businesses were hoping to benefit from, in terms of that rates relief, to fund support to other businesses that will see even bigger increases than they were expecting in their business rates bills.

**John Redwood:** The hon. Gentleman is making a case for more funding for social care and more rates relief. How much money does he have in mind and how should that be paid for?

**Mr Thomas:** I am sorry that the right hon. Gentleman was not successful in his efforts to get on to the Local Government Finance Bill Committee, but if he will bear with me, I will come on to Wokingham and social care.

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones):** The hon. Gentleman now seems very concerned about the burden of business rates on business. Why then, during the Local Government Finance Bill Committee, did he and his colleagues advocate allowing local authorities to increase the multiplier in an arbitrary fashion, thereby putting tax rates up for businesses?

**Mr Thomas:** I am glad the Minister got to his feet, because I was coming on to his performance yesterday in Committee. Given the deep and profound concerns about the business rates revaluation, it was a little surprising for the Secretary of State to send out his Minister to reject the idea that any change to business rates was necessary. His spokesperson was still being quoted yesterday as claiming that business concerns were just scaremongering.

In 2005, PricewaterhouseCoopers tracked the tax liabilities of Britain’s biggest companies and found that half of the total came from corporation tax, while just 11% came from business rates. Today, corporation tax has fallen to 19.7% of tax paid by the top 100 group of companies, while the figure for business rates is 21%. Moving away from taxing revenue and profits, and increasing the tax share on businesses more reliant on bricks and mortar is surely going in the wrong direction given the rise of the digital economy.

I welcome the Secretary of State’s decision to have a review of the support for small businesses hit hardest by the business rates revaluation. I look forward to him being able to instruct his Minister, and encourage his

hon. Friends, to support the amendment we have tabled to the Local Government Finance Bill on Report, requiring a full review of business rates and their impact on local government finance before the Bill comes into effect.

**Steve Double:** I just wonder whether the hon. Gentleman is able to clarify something for me. He has consistently said that he supports the 100% retention of business rates for local councils. However, he seems to advocate lower business rates for businesses and more money for local councils, which does not seem to add up. Where will the money come from?

**Mr Thomas:** As we have gently suggested before in this Chamber, we simply do not think it is the right time to cut corporation tax for businesses like Amazon, Sports Direct or Britain’s biggest banks. It is important that we get business rates right, because from April 2019 local government will be increasingly reliant on that income stream to fund vital public services. Since the Conservative party came to power, funding from central Government has been cut by over 40% and they want to axe the revenue support grant completely. Councils will spend some £10 billion less on England’s local public services this year than they spent in 2010-11. Ministers have never denied the Local Government Association’s calculation that local authorities are facing a £5.8 billion gap by 2020 just to fund statutory services.

Today’s settlement represents a further cut in councils’ core spending power. Not a single extra penny of new money for local government has been found for the care of Britain’s oldest and most vulnerable citizens. Some £4.6 billion has been axed from social care budgets since 2010. More than 1 million English adults, people who have served our country and deserve to be treated properly and with dignity, are estimated to have unmet care needs, which is a remarkable, almost 50% increase since 2010. The crisis is having profound consequences for the NHS and forcing councils to axe funding for other vital local services to enable them to provide even the most basic service to the most vulnerable.

Last July, the Association of Directors of Adult Social Services warned of serious problems in social care, but the Secretary of State did not act. In October, the Care Quality Commission said that adult social care services were at a “tipping point”, but the Secretary of State dismissed it as an exaggeration. There were briefings that action would be forthcoming in the autumn statement, but that came and went. When the statement on local government finance came around in December, all we were presented with was money being moved from one council funding pot to another and permission to raise council tax quicker than before.

The social care precept raises vastly different sums of money in different areas and is completely unrelated to need. It shifts the burden of solving a national crisis on to hard-pressed local councils and local residents, including all those only just managing to make ends meet. Members from all parties have called on the Government to act. The Chairs of the Health, Communities and Local Government and Public Accounts Committees have called on Ministers to act, yet the crisis has just got worse. The Association of Directors of Adult Social Services and the head of the NHS have also called on Ministers to act, while Age UK says that the English social care system is facing complete collapse.

**Huw Merriman:** The hon. Gentleman is right to talk about the need for social care reform, although I believe that the Government are responding to that need, but would he like to take this opportunity to congratulate Conservative-run East Sussex County Council, which has put its budget alongside that of the local clinical commissioning group and is moving money out of hospitals, so that patients can come out of hospital or need not even go in at all? Is that not a good example of local reform delivering now?

**Mr Thomas:** I always support things that improve services to local people, but I say gently to the hon. Gentleman that I am surprised at his complacency and apparent belief that there is no social care crisis at all—that seemed to be the implication of his remarks. Many local authorities up and down the country are deeply worried about the social care situation. I suspect that if he spoke to councillors in East Sussex, he would find that they, too, are deeply worried.

**Huw Merriman:** I talk regularly to my councillors—I am here to represent them, as I am all my constituents—but I have an issue with the hon. Gentleman's talk of a crisis. There are challenges in the system and a need for reform, but the talk of a crisis is scaremongering and sending out a signal that things cannot be fixed locally, whereas my county council is showing that, with hard work, imagination and application, they can be.

**Mr Thomas:** If the hon. Gentleman will not listen to me, perhaps he will listen to Izzi Seccombe, chair of the LGA's health and wellbeing board and Conservative leader of Warwickshire Council. Earlier this week, she said:

“To continue, it is really looking like we are cutting into the bones of services that matter to people”.

According to the LGA's analysis, 147 of England's 151 social care authorities are considering or have had approved the introduction of the social care precept for next year, but it estimates that that will raise just over £540 million, which does not even cover the cost of the Government's national living wage. It will not tackle either the growing crisis in services available to support the elderly or disabled or end the need for cuts to local services, including social care, such is the funding crisis.

**Kevin Hollinrake** (Thirsk and Malton) (Con): The hon. Gentleman referred to the needs within different local authorities. Does he accept that some local authorities are under greater pressure than others? For example, 13 London boroughs were able to reduce or freeze council tax in 2016-17, while many others were not. Is he advocating a system based purely on cost drivers, need and the cost of delivery, rather than regression and the baked-in formulas of previous years?

**Mr Thomas:** The hon. Gentleman will remember that he and I had this discussion many times during our sittings on the Local Government Finance Bill. While the hon. Gentleman seeks to champion his constituency, which is a rural area, I gently suggest that he might like to talk to Ministers about why they intend to abolish the rural delivery services grant, which was specifically introduced to help provide additional funding to rural areas such as his.

**Kevin Hollinrake:** The hon. Gentleman knows very well that this is happening in a context of much more money coming into the system—an extra £12.5 billion into local government by 2020. That is the relevant context, rather than what he says about withdrawing funding from local authorities.

**Mr Thomas:** Given the scale of the funding crisis facing local government at the moment and the abolition of other funding streams such as the £3 billion going from the public health grant, I suggest that the hon. Gentleman should be a bit more of a champion for rural areas and try to defend his own area's funding through the rural delivery services grant.

**Kevin Hollinrake** *rose*—

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

**Mr Thomas:** If the hon. Gentleman will forgive me, I shall take the intervention from the Chairman of the Health Committee.

**Dr Wollaston:** I would like to put on record the fact that my constituency covers part of Torbay, which has both a national and an international reputation for integration of health and social care. Despite that, it is now under extraordinary pressure from a number of sources, and it is very important that Ministers are aware of the strain that social care is under.

**Mr Thomas:** I commend the hon. Lady, who has been a brave voice on the Government side in raising this issue.

**Mr Jim Cunningham** (Coventry South) (Lab): My hon. Friend was right when he said that even if local authorities are allowed to raise this money, in the longer term, by 2021, it will not cover the costs, because there will be a deficit nationally of more than £2 billion. If we take Coventry and Warwickshire, by 2021, there will be deficit of £33 million. That shows the scope and scale of the problem.

**Mr Thomas:** My hon. Friend has taken a number of opportunities of late to champion his local authority in the difficulties that it faces—not only for now, but in the long term. The situation he describes in Coventry is mirrored up and down the country. It is time that Ministers grasped the seriousness of the situation.

The LGA has made clear that the continued underfunding of social care is making it impossible for many local authorities to fulfil their legal duties under the Care Act 2014, leaving open the prospect of a whole series of costly court challenges. It is true that some money, £240 million, has been switched from the new homes bonus to fund social care, but when serious analysts suggest that £1.3 billion is needed urgently now to stabilise the social care system and that the funding gap for social care is expected to reach £2.6 billion by 2020, it is difficult to find anyone, even in the Government's own party, who thinks Ministers are on track to sort the social care challenges that our country faces.

**Mr Betts:** Is it not disappointing that attempts are now being made to blame local authorities for problems in social care funding that are clearly of central

Government's making? When Simon Stevens came to the Communities and Local Government Committee, he made it absolutely clear that there would be a funding problem for social care in this country—even if every local authority performed at the level of the best.

**Mr Thomas:** My hon. Friend makes a very good point. The default position for Conservative Members, whenever an issue is raised about the funding gap for social care and a number of other services, is to blame local authorities. The evidence of Simon Stevens and others rightly rebuts that point.

**James Heapey:** Conservative Members actually blame Labour Front Benchers for so shamelessly rigging the system in favour of Labour-controlled cities during their time in government. I am sure that the shadow Minister will therefore welcome the review announced today to make sure that the future funding formula for local government is much fairer to both urban and rural areas.

**Mr Thomas:** I admire the hon. Gentleman's chutzpah, if nothing else. On the subject of mates' rates, I shall deal with Surrey County Council in a moment.

Just last month, the Secretary of State once again told the House:

"In the last spending review, the Government allocated an additional £3.5 billion a year by 2020 to adult social care."—[*Official Report*, 16 January 2017; Vol. 619, c. 664.]

That was based on £1.5 billion from the back-loaded better care fund and £2 billion from the social care precept, but when we look at those figures closely, we see that the £2 billion was simply rounded up from the Department's estimate that £1.8 billion would be raised from the precept. The Government had casually added an extra £200 million. That assumption was based on every council's raising the precept by the full amount, but we already know that not all councils will do so.

When we look even more closely at the detail, we see that it also builds in the assumption that an additional 1.45 million households will be paying council tax. Ministers seem to have disowned the ambition of the previous Housing Minister—the current Minister for Policing and the Fire Service—to build a million new homes by 2020, so I have no idea where the Government plucked that 1.45 million figure from. Perhaps the right hon. Member for Welwyn Hatfield (Grant Shapps) would be tempted to call this another case of "spinning the numbers". The truth is that the additional funding that the Government claim to be putting into social care is far from guaranteed, and, in any event, unless they find genuinely new money, there will still be a very significant funding gap by 2020.

Now let us come to Surrey County Council and the sorry saga of the abandoned 15% council tax referendum. Shortly after the announcement, David Hodge, the council's leader, revealed that he had already made cuts worth £450 million and explained that he would have to take an axe to services if the extra £60 million that the 15% council tax hike would have raised was not agreed.

One reason why Surrey's announcement was so striking is that it has been able to increase spending on adult social care by over 34% since 2010-11, whereas some councils have had to decrease it by up to 32% in the

same period. In fact, only two of the 152 social care-providing local authorities have been able to increase their spending on social care more than Surrey. If Surrey says that it cannot cope with demand for social care, which council can?

In the most deprived areas of the country, social care spending fell by £65 per person as councils were hit particularly hard by Government funding cuts, but rose by £28 per person in the least deprived areas. The social care precept will only further entrench that inequality. Blackpool, the most deprived unitary authority area in the country, faces a 31% reduction in spending power between 2011 and 2019, whereas Wokingham, the least deprived area, faces only a 4% fall in the same period.

Perhaps Ministers will finally take the opportunity today to enlighten us on what discussions took place between their Department and Surrey County Council, but from the outside it looks like policy making on the hoof: Ministers, embarrassed by one of their own, exposing the fallacy of their argument. They seem to have settled on opening up the business rates retention pilot scheme, but why was Surrey given special access, whereas other local authorities have not been told how they can apply until now?

**John Redwood:** It should be made clear that Wokingham starts £400 a head worse off than the very best-rewarded councils, which is why there has to be a differential rate.

**Mr Thomas:** Let me gently suggest to the right hon. Gentleman that he might like to think about the adequacy of the funding for services that are needed in that area. I suggest that, in that spirit, he might recognise the accuracy of the figures that I have just given.

**Mr Jim Cunningham:** Between 2010 and 2020, Coventry's Government grants will have been cut by 50%. The Government are shifting responsibility for grants on to local authorities. Let me put it another way: Coventry will have lost £655 million, and in that respect it will be typical of local authorities throughout the country.

**Mr Thomas:** My hon. Friend has made a good point. That is all the more reason for continuing to hold the Government to account for their decision to axe revenue support grant in full under the Local Government Finance Bill.

What this settlement also does not address are the huge pressures that councils face as a result of rising homelessness and temporary accommodation costs, as well as rapidly increasing children's social care costs. Rough-sleeping rates fell to historical lows under Labour; they have more than doubled since 2010. The number of social homes being built is at the lowest level on record. With more than 1 million people on social housing waiting lists, councils' spending on housing families in temporary accommodation has gone up by 46%. Instead, Ministers are taking money away from councils through the new homes bonus. Ministers sing the praises of the new multi-year settlement as a way to give local government certainty, and then in their very first year make a late switch, leaving many councils with an unplanned gap in their budgets.

No area of England has been spared from cuts to services. The doors have shut on libraries, day centres

[Mr Gareth Thomas]

and care homes. Bus services, leisure centres and youth centres have all closed or had their hours and range of services restricted. Women's refuges have been axed, funding and contracts for local charities taken away. Advice services have gone. Investment in parks and street cleaning has been sharply reduced. All these services and others, treasured by local communities, or vital lifelines for vulnerable residents, have been cut.

This funding settlement will mean that the people of England are left with worse public services. It will deepen the divide between those parts of the country that are well-off and those that rank highest for deprivation. It is a settlement that will not remotely begin to tackle the social care crisis, and it will hit the pockets of those struggling to balance their budgets particularly hard. And it does not tackle the long-term problems facing councils from an increasing dependence on business rates. England deserves better, and that is why we will be voting against this report.

4.31 pm

**Anna Soubry** (Broxtowe) (Con): May I begin by paying a handsome tribute to all councillors, wherever they are and whatever political party they belong to? The hon. Member for Harrow West (Mr Thomas) will be pleased to hear that I am being non-partisan. Good councillors are genuinely worth their weight in gold, whatever their political allegiance—and a half-decent Member of Parliament will work hand in hand with their councillors. I have always tried to do that, whether at parish, district or borough level—and, at the higher tier, at county level, because Broxtowe does not benefit from having a unitary authority, although many other Members' areas do. We should say a big thank you for the work that so many of our good councillors do. They have, we could argue, a critical role to play in delivering not only democracy but the key and most important of our public services. I have only stood once for a council—I was unsuccessful—but I have never doubted that local authorities do invaluable work. We often forget the value of that work.

I apologise to any Labour members of Nottinghamshire County Council; I do not suggest that they have resisted moves to go unitary because they fear they might lose their allowances, but the reality is—I am being very blunt about this—that many areas, including no doubt some Conservative and Lib Dem areas, have a genuine need for a unitary authority. I am now very firmly of the view that we should go unitary, with very few exceptions. I quickly add that, because I once had the great pleasure of going to Rugby, and I think Rugby Borough Council could de facto be a unitary, because it does a cracking job, so I am not saying every council should be a unitary. It is overwhelmingly the case, however, and I urge the Secretary of State and his ministerial team to look at the desire for more unitary authorities, and to say to many of our councillor colleagues—in the Conservative and other parties—that, “The days have gone when you could sit on a borough or district council, taking not a great deal of money by way of your allowance, and, I accept, sometimes doing a good job for your communities.” We now need to move to a unitary model to reduce costs and deliver services in a more effective and efficient way.

**Kevin Hollinrake:** I represent a constituency in north Yorkshire, an area with eight local authorities. There are eight chief executives, eight economic development officers, and eight directors of finance. That cannot be right; we need to remove tiers of bureaucracy and reduce costs in order to maximise the use of our resources.

**Anna Soubry:** I could not agree more. My hon. Friend makes a compelling point.

Broxtowe Borough Council has done a terrific job, and I pay credit to the previous authority, run by Labour and the Lib Dems, which started the sharing of back-office functions. Obviously I take the firm view that the new Conservative-run council is even better—[HON. MEMBERS: “Hear, hear!”] I genuinely believe that it is, notwithstanding the unfortunate position that it now finds itself in. I shall address that point in a moment; my speech will not be all roses, as you can imagine, Mr Deputy Speaker. We are here to represent all our constituents, and we are also here to represent our hard-working councillors.

Broxtowe Borough Council—now Conservative run—has continued much of the good work on sharing back-office functions, but as my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) says, there is only so much that such councils can do. Broxtowe continues to carry out such functions, but we are now going across borders and sharing functions with Erewash and, increasingly, with Rushcliffe. I have already told the leader of our borough council, Councillor Richard Jackson, that I am slightly worried about that. He shares my view that we should move to a unitary arrangement. That is brave of him, as the leader of a borough council—he is also on the county council—but Conservatives are increasingly being brave and considering whether going unitary would be better. If they are to make that advance, however, they will have to work even more with other authorities in the county rather than crossing the border into Derbyshire. So Broxtowe Borough Council is sharing back office duties, but as my hon. Friend said, there is only so much that it can do. Let us look at planning. No disrespect to all my great planning officers, but in reality we need one unitary authority to deal with important planning matters.

I shall turn now to the difficulties that Broxtowe undoubtedly faces. Because of the settlement, Broxtowe Borough Council will lose around £380,000 in 2017-18, and a total of £1.18 million over the next three years. That equates to an increase in council tax of about 5%. We must bear in mind that one of the reasons why the Conservatives came into power in 2015 was our promise not to increase council tax. Broxtowe does not want to put up council tax but it faces a big drop in its income in the coming years. The council, and Councillor Richard Jackson, are agitated even more by the short notice that has been given of the settlement. He told me that the administration had

“hardly any time to plan for the reductions that will be needed”.

It has had only a few weeks in which to balance next year's budget.

It is tough to say this, but the reality is that all our local authorities are increasingly finding themselves in financial difficulty. They have a desire to deliver excellent services, but the amount of money available to them—notwithstanding the good work that so many of them have done to reduce their costs—is putting a strain on

their ability to deliver the first-class services that they are determined to deliver. I make this plea on behalf of Broxtowe Borough Council. It has accepted this cut, which will be difficult—the Secretary of State was good enough to arrange a meeting with representatives of the council, and we are grateful for that—but enough is enough. Really, these must be the last such cuts to good local authorities such as Broxtowe.

I want to turn now to business rates. Having had the pleasure of working with the Secretary of State for 12 months and more, I have absolutely no doubt that he understands the needs, the pressures and indeed the joys of running a small business. He gets that—of course he does—and I am proud that we did so much in our time together to improve the lot of small businesses. However, I have big concerns about business rates. Now is not the time to go into all that, but in my view, it is a bad system. It is inherently unfair. No matter how much money a business makes—or, indeed, loses—it still has to pay its rates, and that is absolutely wrong. A business could occupy a certain space and have only a couple of people working in it, but it could be making millions of pounds in profits because it provides an online service. However, that very same space could be a shop on one of our great high streets, which are frankly struggling. We all want our high streets to thrive. The shop might employ three or four people and have a much smaller turnover, but its rates will be exactly the same as those of the multimillion-pound business in the same space. I am sorry, but that is not fair. As I said, now is not the time to discuss this, but I think the Government get the issue. The trick is to find an alternative that still raises the same amount of money, which I accept is difficult.

**Mr Jim Cunningham:** I agree with a lot of what the right hon. Lady is saying. On average, small businesses with fewer than 10 employees could face an increase in rates of around £17,000 a year. Now, that is a lot of money and it could put many small businesses, shops in particular, out of business.

**Anna Soubry:** I thank the hon. Gentleman for his intervention. We must realise that small businesses are defined in different ways. There is a profound difference between the Government's definition of a small business, which is any business that employs fewer than 250 people, and the many microbusinesses that so many of us have in our constituencies. We should not underestimate the benefit that many of them have had from the raising of the threshold to £12,000 a year, which has been a real boost. Of course, the difficulty is that many microbusinesses, which may employ five people or fewer, still face the burden of rates. Anything that the Government can do to improve their situation will be hugely welcome.

We do not know all the details of the revaluation yet because it will not be officially announced until March, but we know that the multiplier will be reduced and my office has been asking small businesses about the effect. While some businesses will undoubtedly benefit, my concern about the situation in Broxtowe is that some pubs may face a quite unbearable rates rise. We do not have all the details of the situation yet, but I know that the Secretary of State will want to know them and I will not hesitate to give them to him. We know the value of pubs. They are important to our communities, but they are also important to our economy. They are great small businesses.

There are also concerns that rates will be reduced for some supermarkets while other businesses that employ maybe five to 10 people will find that their rates increase. In Broxtowe, the change will be neutral across the board—not the 0.7% change in the letter from the Secretary of State and the Chief Secretary to the Treasury—but with inequities in who will have to pay more and who will have to pay less. For example, we think that some businesses in Broxtowe's three retail parks may pay less. There is often a battle between the retail park and the high street, and we think that some high street businesses may pay more than businesses in retail parks. Retail parks have big businesses—Ikea, Boots and Mamas & Papas, for example. I am not saying that they can necessarily afford an increase in rates, but they can probably soak it up in a way that a small independent business cannot. I will provide the Secretary of State with any details as they come out, and I know that he will take them on board.

I have no doubt that the Government absolutely understand the real strains in our social care system. I welcome all that has been done, but much more needs to be done. I reject the use of the word “crisis”, which is horribly overused. Our services are strained, but they are not in a crisis. In Nottinghamshire, the Conservatives have made it clear that if we are successful in May and again gain control of the county council, we will use the good provisions that the Secretary of State has put in place to allow us to raise the additional 3% through the precept. We will do that to ensure that we can raise as much money for social care as possible. However, I gravely fear that the reality is that the Government need to put more taxpayer money into the system.

I spoke to the chief executive of Nottinghamshire County Council on Friday, and such is the strain, for all sorts of reasons—I do not have time to go into those reasons, and this is not the place in any event—that Nottinghamshire is unable to offer homes to unaccompanied child refugees because of the extraordinary cost required to ensure that they are kept safe. It is important that such children get the right services and placements, and so on. At the moment, Nottinghamshire does not have the resources needed to do the right thing by those unaccompanied children. As I said at the beginning, we have to bear in mind the real strains being put on our local authorities and our outstanding councillors.

Finally, I have spoken about unitary authorities, and I urge the Secretary of State to consider being even braver, to take the bull by the horns and say to councils, “Now is the time. You must become unitary.” That is the way forward for many councils in order to save money and, most importantly, improve services.

4.45 pm

**Mr Clive Betts** (Sheffield South East) (Lab): The obvious point is that there is no change from the provisional settlement. We are talking about the same figures as the Government presented to us a few weeks ago. It is difficult to imagine that nothing any local council has said in that time has been relevant to its financial circumstances to the extent that Ministers feel the need to respond in some way. That is the case: no change whatever to the initial proposals.

The settlement therefore represents a continuation of the cuts that began in 2010. I welcome, as I have previously, the four-year spending settlements being

[Mr Clive Betts]

given to councils. The settlements are a helpful step forward that local government has also welcomed in general. This is a cash-flat settlement over a four-year period, which therefore means a continuation of cuts because cash buys less over a four-year period not merely because of inflationary pressures, but because of the additional pressures on services from the growing number of elderly people and the extra pressures of the Care Act 2014 and the Children and Families Act 2014. Local authorities are having to absorb all those pressures within the cash-flat settlement.

The Comptroller and Auditor General, Amyas Morse, has figures showing that the spending power of local authorities, in real terms, reduced by 25% between 2010 and 2016. He has also said that there will be a further 6% reduction up to 2020. Amyas Morse says that the cuts are continuing.

Furthermore, it is very clear that local government has received bigger cuts over a longer period than any other service provided by Government—far bigger than any service provided by any other central Government Department. The reality of the situation is that no other Department has had cuts on this scale, and that cannot be challenged because those are the facts.

The Local Government Association has said that, by 2020, at the end of the spending review period, there will be a gap of £5.8 billion. That is the LGA's figure, and I know that some people will say, "Well they would say that, wouldn't they? They want extra money." Those people might be right, but there may be demands on service provision that cannot be met by the agreed funding settlement.

All I ask of the Secretary of State and the Minister is that they please think carefully when the time comes to make decisions about the scheme for 100% business rate retention and about allocating the extra £11 billion to £13 billion. The Local Government Association is clearly saying that the first call on those resources should be the existing services that cannot be funded with local government's existing money. That is a fundamental point.

I hear what Conservative Members are saying about getting the needs assessment right. One of my Select Committee colleagues, the hon. Member for Thirsk and Malton (Kevin Hollinrake), is nodding in agreement. The Committee is considering the needs assessment, and we have commissioned work on that, too, but it is no good getting the needs assessment right on the allocation of resources to individual authorities if, at the beginning of the process, we get it wrong on the overall needs of local government as a whole. That is why we need to take particular account of that demand.

My local authority in Sheffield faces challenges next year. It is saying to me that there will be another £23 million cut in revenue support grant; that it will need to make £40 million of savings to meet inflation and the extra demands that it, like any other council, has to deal with, particularly those relating to social care; and that all that will mean reductions in the standard of service provision across the board. It will try to protect social care, but that means less money for other services, such as parks and open spaces, on which the Select Committee has just published a report that shows the stresses and strains on those services.

Social care has rightly been given a lot of attention. Along with the Chairs of the Health Committee and the Public Accounts Committee, I wrote to the Prime Minister to ask for an all-party review of long-term social care funding needs. That still needs to be done; we have to reach a new settlement because the existing system clearly does not work. We have to make the best of it for the time being, but we need to reach a general agreement on something more substantial for the longer term that will stand the test of time, so that review still needs to be done.

Let us look at the immediate situation. The LGA is saying that there will be a £2.6 billion deficit in social care funding by the end of this financial settlement in 2020, and that £1.3 billion of that is here and now. Despite the Government's proposal to increase the precept by 3%, and the cut in the new homes bonus to allow for extra social care grant, the LGA is still saying there will be a £1.3 billion deficit next year. The Select Committee is currently conducting an inquiry into social care. We will be producing reports in due course, so it would be wrong of me to prejudge the outcome, but I can say that we have had evidence from the King's Fund, the Nuffield Trust and the Institute for Fiscal Studies, and all gave similar figures about the current funding gap. They may disagree by a few hundred thousand pounds, but essentially they all say there is currently a gap in the money local authorities have available for the provision of adult social care.

**Kevin Hollinrake** *rose—*

**Mr Betts:** I will of course give way to a member of the Select Committee.

**Kevin Hollinrake:** The Chair of the Select Committee spoke earlier about a long-term solution for adult social care. He and I went to Germany to look at the care system there, and we were both impressed by how it had achieved cross-party consensus on a future solution for adult social care. Would he advocate our looking at this on a long-term, cross-party basis?

**Mr Betts:** Absolutely. The system in Germany may not be one that we could immediately transfer over here, but the people there said to us that 20 years ago they sat down and dealt with this on a cross-party basis and got cross-party agreement. They are now having to put up their contribution rates, but they are doing so with cross-party agreement and with general public support because they have in place a system that is standing the test of time. That is an example of how to do it. Even if we end up coming up with a slightly different solution, we should at least look at the method they used to reach that agreement so that we can put in place a system that stands the test of time. The hon. Gentleman is absolutely right on that.

The Government have given local authorities the right to increase the precept by 3% in the next financial year, and I welcome the fact that most have chosen to do that. There are problems with council tax—it is not the most progressive of taxes and we could make some reforms to improve it—but in the end, local authorities, faced with the prospect of not having enough money to pay for their elderly people, have explained to their council tax payers why an increase is necessary, and have then taken the difficult decision to do it. That is absolutely right, and they should be congratulated on that.

Nevertheless, the £543 million that the LGA estimates is going to be raised by the precept will just about cover the cost of the increase to the minimum wage, or the national living wage, as the Government call it. In other words, the money has gone straight out the door in extra pay. It is absolutely right that it goes to low-paid workers who in most cases do a superb job—they are under great stress and strain to deliver that care, so it is absolutely right that they get more pay—but the reality is that the money raised by the precept is not even going to sustain the current level of social care, given the extra demands.

Let me just mention the cut in the new homes bonus. Although I live in Sheffield, which is a unitary authority, I do reflect on the issues facing two-tier authorities. County councils, for example, are getting extra social care grant, but the money is coming from the budgets of the district councils and the cut in the new homes bonus. The new homes bonus was not officially part of the four-year settlement, but for the smaller district councils, which had factored it into their future plans, it came as a considerable financial shock to the system to have a whole element of it removed, and it was a very difficult thing to address at short notice. I have a lot of sympathy for councillors and their officials in those small district councils who are struggling as a result of this change, as it creates the very uncertainty that the Government were trying to remove with the creation of a four-year settlement, and that is something on which we should all reflect.

Let me reflect on one or two comments that have been made by Amyas Morse, the Comptroller and Auditor General. I do not know whether Members have read his article in which he talks about social care, cuts in funding, and the NHS. He refers to a lack of “joined-up thinking”. He talks about central Government making decisions. It might be appropriate for me to read the words that he uses. He says that it is easy to allocate savings

“to be made by those operating outside a department’s boundary or with a different mandate, without necessarily understanding their effect.”

In other words, Government Departments are allocating savings for someone else to make without understanding their impact. It sounds horribly true when it is put like that. He talks about central Government being slow to adjust, often acting only when serious failure occurs.

It is a very interesting article, because Morse talks about local councils initially responding to those cuts with efficiency savings—I know that Government Members have called for more efficiency savings from local councils. Morse then goes on to say that that is okay at the beginning, but, over time, while councils could initially respond with “more for less”, we have now got to the point where it is “less for less.” He says that

“during this progressive reduction in funding, I have not seen any evidence-based effort to reconcile funding to local needs. In my view, the policy objectives for local government and the local government statutory duties have not been properly weighted against potential efficiency savings.”

He goes on to say that although local authorities have tried to protect social care, there has, nevertheless, been a 7% reduction in real terms, and that

“Besides the direct effect on care service users, this reduction has a deleterious effect on the NHS... Costs are effectively being shunted from one part of the connected system to another.”

He is blaming not local councils for that but central Government for having got it so badly wrong. He also says—Government Members may not be always willing to accept this—that areas with the greatest needs have lost the most. That comes from an independent review from the Comptroller and Auditor General.

The Comptroller and Auditor General goes on to say:

“Central savings may have been secured, but significant damage has been done.”

Again, that is from a senior official looking at the public accounts of this country. It is a damning indictment of what has happened with regards to cuts to social care—I am talking about the impact on users and the knock-on consequences and damage to the NHS, including bed-blocking, which is a horrible term that I do not like. Basically, this is about elderly people who need to come out of their bed in hospital and receive care in the community not getting that care because it simply is not available. There are also individuals who could, with earlier prevention, have avoided going into hospital in the first place, but that earlier prevention is not there either.

Finally, all my sympathy goes to the Secretary of State on the issue of business rates. The revaluation is simply about re-allocating the total payment to different businesses. It reflects the changes in the prosperity of different parts of the United Kingdom since the last revaluation seven years ago: businesses in more prosperous areas with greater growth will find that their rates go up, while others will find that their rates go down. I understand the point that has been made: this is not a way of raising extra money but of reflecting the different changes in prosperity in different parts of the United Kingdom over the past few years.

I welcome what the Secretary of State has said about looking again at how the money raised is balanced between, say, a shop in the high street and a business on an out-of-town retail park, or between a retail business that sells directly to the public and an online business that probably has far lower rates. It will be interesting to see what the Government propose.

Although I disagree with many items in the funding settlement, I say to the Secretary of State that if the Select Committee can help to look at the issue of how business rates reform could take place to reflect more properly who should be paying what in the system, we will be more than happy to work with him.

5 pm

**James Heappey (Wells) (Con):** In Somerset, local government looks pretty small. In the 600 or so square miles of my constituency, there are six, gusting seven bus routes, one of which is under threat at the moment. There is one train station, and library opening hours and bin collections have been reduced. There is a limited number of small road improvement schemes and absolutely no major road improvement schemes. There have been cuts to drug advisory services and youth clubs and there is less funding to support the elderly in their homes and communities.

In return, there is a higher precept for flood protection and adult social care, and higher council taxes. I make no criticism of Somerset County Council, which froze council tax for six years when household incomes were

[James Heapey]

tightest, helping families across the county. Furthermore, it was saddled with the reckless debts of the Lib Dem administration. None of that party's Members can be bothered to turn up for a debate today on local government finance—presumably because they are too busy in the other place turning their backs on democracy instead of standing up here for the communities that they still pretend to represent. That administration racked up debts of £350 million when it was running Somerset County Council. That means that millions of pounds every year from the council's budget is spent on the interest of those Lib Dem debts.

All that is happening while petrol prices are rising in rural areas—they are rising everywhere, but in rural areas the impact on the cost of living is felt more quickly. For my many constituents who live off the gas grid, heating oil prices have gone up. My constituents pay the same as those who live in cities for their mobile phone and broadband contracts, yet get a fraction of the functionality and connectivity. Their house prices and rents are well above the national average yet their wages are well below it. It seems so unfair that the solution the Government have come up with for reducing local government funding, widening the gap between urban and rural, is to increase the council tax burden on those living in rural areas when their cost of living is already, in so many cases, so much higher than elsewhere.

Last year, the already unfair gap in funding between urban and rural areas would have widened had it not been for the last-minute intervention of the then Secretary of State, who put in place an interim grant so that rural and urban funding, although being cut, would be cut by the same across the board. But that interim grant did nothing to correct the trajectories of those cuts, so that this year the gap between urban and rural widens by just as much as it was always intended to do. That brings with it no reflection of the cost of rurality or of an ageing demographic, and no reflection of our limited ability to grow our economy, given the lack of connectivity and the size of the working-age population as a proportion of the population as a whole.

Somerset County Council and the district councils in our area have now set their budgets for this year. Those painful decisions have been taken, so it is really all too late for this year. However, as my hon. Friend the Member for North Dorset (Simon Hoare), who is no longer in his place, said in this debate at this time last year, we have to accept that public services in rural areas have not just been cut to the bone; all the marrow has been sucked out as well.

The disadvantage for rural areas cannot continue, so I warmly welcome the announcement that the Secretary of State has made at the Dispatch Box today. The review to which he has committed is ambitious in scale and scope. This is not about claiming that rural areas should be at an advantage over urban ones; it is simply about making things fair, which requires a full understanding of the cost of delivering public services in rural areas and a formula that allocates funds accordingly. That review is urgent. I note that the Secretary of State said that it will be completed ahead of the introduction of the full retention of business rates for 2019-20, but we cannot leave it until this debate in two years' time to be clear about the result of the review. Councils need to

know the outcome of the review by this debate next year—in January 2018—so that they can know that the jam tomorrow that we have been promising throughout these difficult four years means that their retention of business rates will be baselined at x, and they can start to plan accordingly. Certainty is all they have left to ask for now that it is clear that there ain't gonna be any more money in the near future.

So, too, must the Government set a mechanism for the ongoing review of the baselining of business rates when the business rates retention has been introduced. I am sure that the Secretary of State and his team will agree that the potential for economic development will vary from region to region, and from area to area. Considering that the economic development team—if, indeed, one is left—in many of the smaller and more hard-pressed county councils is one person, the opportunities to grow the economy are somewhat more limited. We must have an eye to the idea that once we have baselined in 2019-20, some areas, through their entrepreneurial guile, may be able to grow their economies and their rates bases more quickly than others. Therefore, there will be a requirement to reset from time to time so that the deal remains equitable. Or—I am equally happy with either solution—the Secretary of State could direct that the growth deals allocated better reflect the areas where skills, connectivity or workforce availability are most difficult.

The south-west lags behind the rest of the country on infrastructure spending, and we are well behind on connectivity and on our skills base, yet when the growth deals were announced recently, the deal for the Somerset and Devon local enterprise partnership was particularly poor. It would be great to see the growth deals reflecting the areas where the economic development challenge is greatest so that when it comes to this entrepreneurial idea of the full retention of business rates, which I wholly support, we will start with equality of opportunity because we will have the connectivity, skills and infrastructure in place.

**Kevin Hollinrake:** I am sure that my hon. Friend is aware that the industrial strategy White Paper refers to having regard to per capita spending throughout the country, rather than spending being concentrated in London and other regions that are getting the lion's share at the moment.

**James Heapey:** I absolutely agree. There is something very empowering and very Conservative about giving councils the opportunity to be masters of their own financial destiny, and giving them the means by saying, "If you go out and attract business into your area, the rewards are yours to keep and spend on improved public services for your communities." We just have to be aware that when we get that going, we need to have stacked the growth deals in favour of areas where the challenge is greatest so authorities really can take things into their own hands and grow their economies as keenly as the areas that already benefit from better connectivity, infrastructure and skills.

It is sad that the Chief Secretary to the Treasury and the Chancellor have already left their seats because I was going to make one other plea in order to alleviate Somerset's problems in the short term. The Government have encouraged local authorities to do as they wish

through mechanisms such as the new homes bonus and the community infrastructure levy. Not too long ago, there was an aggregates levy designed so that the minerals and aggregates that were extracted in certain areas would be taxed. Some 10% of that was supposed to stay locally in order to fund local betterment and mitigation, but it has drifted off into the centre and is no longer benefiting communities that suffer from hosting those industries. Why does that matter to us in Somerset? Well, in Somerset the Chancellor raises £24.7 million a year from the aggregates levy, and the 10% that we have lost is worth £2.47 million. That is an awful lot of bus routes, youth centres, community support for the elderly, library hours, recycling centres, bin collections, and everything else. As the Government offer the community infrastructure levy to communities that might find fracking appealing, and offer the new homes bonus as an incentive for communities who might want to host more housing, will the Chancellor let us have back the 10% of the aggregates levy that was supposed to have been the incentive for hosting quarrying?

In my constituency, we are doing an awful lot to facilitate national infrastructure projects. In Cheddar valley, the lorries going towards Hinkley Point now number more than 300 a day as it has gone on to 24-hours-a-day building. The pylons that National Grid will soon need to build to connect Hinkley into the national grid will roll through my constituency very shortly. All that building work means that all those quarry lorries are having an impact on our roads, causing potholes and congestion. Yet we are getting zero in mitigation while also getting a very poor deal on local government finance.

Public services in Somerset are being squeezed right down, but the adult social care requirements will continue to grow and grow. We should not see libraries, bus services, support groups and day centres as things that can simply be cut in order to divert money towards adult social care. That is a false economy. Those bus routes, day centres, community support groups and libraries allow people to lead independent lives, staying in their own homes independent of the adult social care system. It is only when we make them so isolated and so lonely that we end up needing to spend more and more on adult social care.

Let us move as quickly as we can to carry out the review that the Secretary of State has promised. It is very welcome announcement for which I and, I am sure, many colleagues are extremely grateful. I have every confidence that that review will make a huge difference to rural areas, perhaps in terms of the money that we get, but much more importantly, in terms of our constituents' perception that the system is not stacked against them—that they get a fair cut of the Government's cash. I know that the Secretary of State wants to be bold in the scope and scale of the review that he embarks on, but I also urge him get it done this year so that when we have this debate next year we can offer our councils much more certainty on what full business rate retention looks like and what the advantage to them will be.

5.13 pm

**Marie Rimmer** (St Helens South and Whiston) (Lab): I led St Helens Council for many years and was a councillor there for 38 years, so I know a little bit about local government. The council has a fixed grant settlement

for four years. It is also subject to the production of an efficiency plan that is accepted by the Department for Communities and Local Government. That would not always be a great task, because it is an efficient council—it is well run and manages its finances well. It has 10-year grant reductions of £90 million by 2020—a reduction in grant support of 75%, or £511 per person.

St Helens Council and St Helens clinical commissioning group have a very strong joint working relationship. Indeed, St Helens was awarded the first council partnership scheme and it was the first to have a public-private partnership. We have very strong working relationships, and this has enabled jointly agreed priorities for the use of the better care fund on social care and health. St Helens is the leader on integrated adult social care and health.

It was with pride that I asked a former Health Minister to visit Whiston hospital. It was the current Under-Secretary of State for Health, the hon. Member for Warrington South (David Mowat) who undertook the visit and he was amazed by what he saw there. The work it does is unbelievable. In fact, St Helens and Knowsley Teaching Hospitals NHS Trust has just won the out-of-hospital tender for providing district nursing, community matrons, treatment rooms, adult continence services and outreach and reablement teams. That will lead to even more integration, with the hospital out in the community.

The commissioning process has begun for telemedicine in care homes. There will be 30 pilot telemedicine units in care homes so that the elderly will not need to go to A&E. They will have 24/7 access to a senior nurse who will be able to help them in the care home. Many older people who turn up at A&E are from residential and care homes that do not provide nursing care. If they are taken seriously ill during the night, they have to be admitted to A&E. The pilot will cut those numbers.

A falls response car was piloted in December and it worked over the Christmas and new year period. It meant that 40% fewer elderly people who had had a fall went to A&E. Patients were able to access services more rapidly, including a handyman service, occupational therapy equipment and clinical nurse support within two hours. They were in their own homes and they stayed there. Integrated access to social care is superb—there is no doubt about it. People who are not fit to stay at home but not bad enough to go to hospital can go to a centre for few days, perhaps when their family are away.

St Helens Council, the clinical commissioning group and the hospital work really well together, but that is not the only answer. Whiston hospital is still short of beds and we still do not have enough money for social care, even though we will get just under £1 million from the cut to the new homes bonus. That is useful, but it is not the answer to everything. We continue to work together.

Local government is the most efficient part of government, and it is unfair that it has to bear the hardest burden. Despite everything that is thrown at it, it is resilient and has a committed workforce. The way in which they are abused is shameful.

Even given all the joint working and integrated care, elderly people are still languishing in Whiston hospital. Some people have to go to hospital in the end, because they are really poorly. Some are waiting to go to a

[Marie Rimmer]

residential or care home, whose staff sometimes have to assess up to five people for one place. It is inevitable that they will choose the least complex case, because, as my hon. Friend the Member for Sheffield South East (Mr Betts) has touched on, the most complex cases require a lot more staff. Yes, we want the living wage, but the homes are not receiving money and they do not have the staff, so the most complex cases are left languishing in bed.

Some years ago, we surveyed our elderly people—anybody over the age of 55—asking them whether they wanted to spend their old age in a residential setting or stay at home. Every single one who lived in a residential home said that they wanted to stay there. They did not want to go home because they were settled, but they did not have the support they needed. We set up a successful programme to fund the residential homes to provide care. Sadly, we now have dozens of homes because we are all living much longer, with much more complex needs, so the funding problem is not going to go away. Each one of us can look forward to a much longer life, but we will have complex needs. Let us make sure that the necessary services are available.

The county works well together to provide efficient care and other services, but every single service is being cut. It was a pleasure to follow the hon. Member for Wells (James Heapey), who seemed to have been listening to what is going on in my area. We proudly built those services. All local governments are proud of the services that they have built. Those services are not there for frivolous reasons; they are there because the public want and appreciate them, but every single one of them is being looked at.

I am sorry to say that every care package will be revisited, because the funding will not be available. The director of social care in Liverpool, a neighbouring Merseyside authority, is resigning because the funds are simply not available to deliver services. Every single director in the area is saying that we are, sadly, coming to a time when all we will be doing is feeding people, getting them out of bed, washing and toileting. That is not what our elderly people deserve. They deserve dignity and care. They have given much to society, and our society should be looking after them.

I have listened carefully to the Secretary of State, and I plead with him to do his best. I think that he is listening. We need to keep people happy, because if they are happy, they will stay healthy for longer. We need to keep children happy, but youth services are going. It is a crying shame that facilities such as refuse collections, park rangers and golf courses are going. We tell people that they need to stay happy, energetic and healthy, but all the services that have been provided are going.

5.21 pm

**Derek Thomas** (St Ives) (Con): It is a pleasure to follow the hon. Member for St Helens South and Whiston (Marie Rimmer). I echo the praise from my right hon. Friend the Member for Broxtowe (Anna Soubry) for councillors and the amazing work that they do. I particularly want to pay credit to the parish councillors who are working so hard to cover the gaps left by Cornwall Council, in my neck of the woods, as it retreats from

delivering services in our rural areas. The parish councillors are doing jobs that they never expected to be doing, but they are doing fantastically. We need to do what we can do to support them.

I am really looking forward to the review of funding allocation for local government, but I want to refer particularly to the Council of the Isles of Scilly and the pressure that it is under. I am privileged, as a Member of Parliament, to represent a constituency with off islands. The Isles of Scilly had their own unitary authority long before everyone else followed suit. The islands are home to 2,200 people and are an incredible and unique environment.

The council is a stand-alone, single-tier unitary authority. Unlike other local authorities, it has no means of devolving powers to local parishes. The council's responsibilities are extensive. I am visiting the islands this Friday and Saturday, and it is no exaggeration to say that almost everything I see, touch or use while I am there will be the council's responsibility. It is in charge of public safety; it operates the airport on St Mary's; it runs Park House care home, which is the only residential care home on the islands; and it maintains the islands' swimming pool and other leisure facilities. It is the only local authority in England and Wales that also acts as a water authority, providing water to some 1,070 homes on St Mary's and Bryher, as well as the sewerage infrastructure across St Mary's. That is a huge undertaking, and the council is the first in England and Wales to do so. Unfortunately, the fact that it owns next to no public assets that can be used to raise council revenue makes fulfilling those responsibilities more difficult. In fact, most of the land on the islands is owned by the duchy, so house building is a particular challenge.

In the local government financial settlement, the Isles of Scilly's proposed allocation fails to take into account fully the uniqueness of this unitary authority. The provisional new homes bonus has been reduced by £22,200. The new adult social care support grant allocation is only £12,700—a reduction of nearly £10,000. The proposed improved better care fund allocation is zero. In the light of the fact that residents on Scilly have high needs but a very low council tax base, this funding decision does not appear to be fair or to recognise the specific needs of this remote island community.

The allocation for the rural services delivery grant is still zero, despite the assurances given by civil servants in 2016—the Secretary of State will be pleased to know that this was before his time—that they would look closely at that issue. There is no more rural an area than the Isles of Scilly, yet it gets no rural services delivery grant whatever.

During my visit to Scilly this weekend, I will discuss the challenges it faces in transport, adult social care, housing and marine safety. Ever since I was elected in 2015, I have been working with the council and Ministers—they have been keen to help and support us—to ease some of the pressures, particularly the pressure on council finances. This task has been made more difficult by the fact that the current funding allocation does not reflect the specific challenges and costs faced by Scilly. Right now, there is a real risk to the social and leisure amenities on the islands, and there are fears—I have had a number of emails just this week—that the care home will no longer be able to stay open. That is partly to do with funds, but it is also to do with the

difficulties of attracting the staff needed, because of a lack of housing and an inability to build more.

Members of the Council of the Isles of Scilly are of course working hard to identify how to save money and become much leaner. Over the years, the council has worked extremely hard to become much leaner and more efficient, and it has probably become as lean as it possibly can, yet the pressure is on for it to make further savings, remain viable and ensure that it delivers a sustainable future for the islands. As such, the current funding proposal places increased pressure on a small council with huge responsibilities, threatens essential public services and leaves an undeniable need for reconsideration. As I say, a review of council funding is certainly needed for the Isles of Scilly.

I want to move on to the mainland part of my constituency and to business rates. The truth is that many businesses in Cornwall are small, and many in my constituency are being taken out of business rates altogether. That is hugely welcome, and the Government have achieved a fantastic piece of work. However, I have the rather peculiar situation that independent stores in the town of St Ives, which accounts for only about 8,000 people out my whole constituency, will have business rates increases sometimes of 62% or even of well over 100% this April. In fact, across the independent businesses in the town of St Ives, the average increase is 24%, which is particularly difficult.

I listened to the Chief Secretary to the Treasury talk about the prosperity of St Ives on Radio 4 at the weekend, but the reality is that while big businesses there certainly are prosperous—they can cope with difficult times, particularly during the winter months when there is just nobody around—independent businesses, which rely on doing their business for a few months in the summer, are required to pay business rates all year round however successful or unsuccessful they are.

**Neil Parish** (Tiverton and Honiton) (Con): There are definitely winners and losers from the business rates review, but many farm tourism businesses—farm cottages, riding stables and others—are being given a much greater value and their rates are going up 60%, 70% or 80%. That is just too much for those businesses, and we need the Government to help them in some way.

**Derek Thomas:** I welcome that intervention, and that is absolutely the case.

In total, 32 independent businesses have contacted me just from the town of St Ives alone. One business will see its business rate rise from £2,000 to £3,000 a week, but this small high street business already faces considerable charges from operating in that town. Some businesses are saying that there is no way that they will remain viable or can continue.

I want to raise something that would never have been the intention of a Conservative Government. In Penzance, all the supermarkets will see a drop in business rates of about 15%, but business rates for high street businesses are going up by 10%. I cannot believe that that was ever the intention of a Conservative Government, and I very much want that unintended consequence of the review to be reversed. I think that I have said all I need to say.

**James Heapey:** My hon. Friend is wrapping up, but may I say that he speaks with great passion and knowledge on behalf of Cornwall, as do all his Conservative colleagues? Does he share my suspicion that the appearance of a Liberal Democrat in the Chamber reflects the significant anger in Cornwall that no Lib Dem could find the time to be for the first hour and a half of the debate?

**Mr Deputy Speaker (Mr Lindsay Hoyle):** Order. I do not think we will go down that path.

**Derek Thomas:** I welcome that intervention. My hon. Friend the Member for St Austell and Newquay (Steve Double) often refers to the fact that the Liberal Democrats talked about fairer funding for many years, but that it is only since 2015, when Cornwall elected all Conservative MPs, that we have really seen progress.

**Norman Lamb** (North Norfolk) (LD): The temptation was too great.

Does the hon. Gentleman share my concern that between now and 2020 predominantly rural areas, including Cornwall and rural Norfolk, will lose out and that the proportion of total spend from council tax payers in rural areas is significantly greater than that in urban areas? This is happening under a Conservative Government. Is he concerned, as I am, about the impact on rural areas?

**Derek Thomas:** I welcome that intervention, if only to say that that has been covered in the previous two and a half hours of debate.

If we were able to achieve fairer funding for schools, police and health and fairer support for local government, and for that to be in permanent legislation, that would be a significant result that south-west MPs could celebrate. For many, many years that was unobtainable.

I will bring my speech to an end by asking the Minister to look at the Isles of Scilly immediately. The pressures are there now and we need to do what we can to help. It is not right that older people face having to move off the islands to receive residential care. Please look at the situation in St Ives and Penzance, where supermarkets seem to be benefiting from the new arrangement. High street shops are the backbone of our local economy. They drive our economy across Cornwall, yet they seem to be the unintended victims.

5.31 pm

**Imran Hussain** (Bradford East) (Lab): I refer the House to my entry in the Register of Members' Financial Interests. I also serve as a local councillor on Bradford Council. Mr Deputy Speaker kindly added my name to the list of speakers. I promised him that I would be as brief as possible.

I will confine my comments to the revenue support grant, to which an hon. Friend alluded earlier. I am disappointed that the Secretary of State did not come to the House with any real proposals, even after the consultation, to increase funding for struggling councils. Before I come on to that, however, I want to comment on two or three points that were raised by the Secretary of State and others.

On business rates, I think that Members on both sides of the House welcome the review. It cannot be right for high street shops to be paying more than some

[Imran Hussain]

other businesses, so I look forward to that review. I hope that it incorporates factors such as the deprivation that affect the poorest communities.

On social care, the precept in councils with some of the most deprived communities will not go towards addressing the gap in social care funding. Sadly, I have heard nothing today to convince me that the Government have got the social care crisis under control. Some Members have said it is not a crisis, but it is.

**Margaret Greenwood** (Wirral West) (Lab): My hon. Friend is absolutely right to raise the cuts to social care, given that 1.2 million elderly people are living without the care they need. In addition, since 2010, 450 libraries, 380 Sure Start centres and more than 600 youth centres have closed. Does he share my concern that the cuts to local authorities are undermining the very fabric of our society?

**Imran Hussain**: My hon. Friend is absolutely right, and I will come on to that later in relation to my own local authority, where the cuts are having a devastating impact.

The Secretary of State talked about the fair funding formula, as have many other hon. Members. I accept that, as some Members have rightly said, the needs of rural and urban areas need to be looked at. He rightly said that this was multidimensional and that the fair funding formula had to take account of all aspects. I must say, however, that the distribution of cuts so far—nine of the 10 most-deprived councils in the country have received above average cuts—has not been fair. For the formula to be fair, its administration must be directly opposite to the wholly unfair manner in which the local government cuts have been administered, given that some of the poorest councils with the highest deprivation have felt the harshest end of the cuts.

On the revenue support grant, I am a little disappointed. Pleas were made by many councils across the country. I welcome the fact that the Secretary of State has been proactive and gone out to meet councils and council leaders, but part of that is actually to listen to the serious concerns of local authorities and come back. According to figures for this year, the grant to my local authority is down by 25%—the percentage is much higher compared with 2010. We are down to the bone in Bradford Council. Tomorrow, the council will hold a budget meeting at which councillors from all sides will have to make some tough decisions. Of course, some services absolutely need protecting, but many others, including libraries, youth facilities, social care and other important services, will be up for discussion, and perhaps the level of service that should be in place will not be provided in the future.

I again urge the Secretary of State to listen to the pleas and visit the leader of Bradford Council to discuss the matter. He still has time, alongside his other reviews, to reconsider the equitable nature of the allocation and to look again at those authorities that are in serious trouble. The stark reality is that a good percentage of local authorities up and down this country might not make it as far as 2020 because the funding available for the services they provide will not be adequate. I ask him to look at that again.

5.38 pm

**Robert Neill** (Bromley and Chislehurst) (Con): I start by welcoming the Secretary of State's statement, which was constructive both in content and tone, and I am personally grateful to him for the assurance he gave me earlier following my intervention regarding his willingness to work with my London Borough of Bromley on a pilot for business rates retention. Bromley is ambitious to grow its business base and has the scope, the ability and the connections into central London, as he probably well knows, to do so. So we will be pleased to work with the Government on that.

I also support the philosophy that underpinned the statement—the continuation of the move towards four-year planning, as longer term planning for local authorities is desirable, and the completion of the move towards 100% business rates retention. When I was at DCLG, the then Secretary of State, my right hon. Friend the Member for Brentwood and Ongar (Sir Eric Pickles) and I were able to make a start on that with the Local Government Finance Act 2012, and I am delighted to see my successor, the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Mr Jones), in his place and taking through the final bit of that legislation now. It is an important devolutionary step, which I welcome. I hope it will not be the end of devolutionary steps for local government finance.

As we look at devolution deals, it is important to recognise the strong argument for more and more local authorities to become dependent on raising their own resources rather than central Government grant. Compared with many of our competitor countries, we have a narrow suite of revenue-raising powers for local government. We should perhaps think further about whether other taxes could be localised in a cost-neutral way. Obvious examples include stamp duty land tax and so on. That is further down the track, but it is important to be prepared to look seriously at that option.

I am sure that the Secretary of State will be aware of the work of the London Finance Commission—I declare my interest as a member of it—which is a cross-party commission established by the Mayor of London, following on from the previous London Finance Commission established by my right hon. Friend the Member for Uxbridge and South Ruislip (Boris Johnson) when he was Mayor of London. Sensible suggestions have been put forward to build on the devolving approach that Ministers are currently developing. That is desirable.

Given the financial constraints that the Government have inherited, the settlement itself is sensible, and I particularly welcome the way in which a number of grants will be rolled into business rate retention, which makes for a more sensible and appropriate approach. I am glad, too, that following representations made by local government, the devolution of attendance allowance funding will not happen. Authorities such as mine have a growing elderly population. In fact, Bromley has the highest population of pensioners in London—I have not quite tipped over yet, but I sometimes regard it as forward planning—and such pressures are important.

I welcome the commitment to doing more work to join up health spending and adult social care. I hope that the Secretary of State will talk repeatedly with his colleague, my right hon. Friend the Secretary of State

for Health, about implementation. All too often, I have found, in my own area and from contacts elsewhere in local government, that it is not working on the ground as one would wish. The better care fund was a good initiative, and the principle is right, but these services are not being joined up in the way they should. Unfortunately, I have to say that that is all too often not for want of willingness on the part of local authorities of any complexion. The very “silo” and hierarchical nature of how the health service and health economy work means, I am afraid, that there is a considerable lack of willingness to engage on that side of the equation—and it takes two to tango.

**Simon Hoare:** Does my hon. Friend agree that, just as there is a duty to co-operate between local authorities in planning, it would be helpful if there were a duty to co-operate between our social service providers at local government level and clinical commissioning groups? That would be enormously helpful in bridging the gap.

**Robert Neill:** That is an immensely helpful and constructive suggestion. I honestly hope that the Minister will take that idea away and raise it with ministerial colleagues. Unfortunately, our experience is—certainly it was my experience when I was a member of the North East London Strategic Health Authority before I entered this place—that the health economy and health system always look up, towards the Department, and tend not to look out towards the community of which they are part. They do not have the culture of engagement and joint working that local authorities have developed over many years. To achieve that, we need pressure—serious political pressure—from the top that must be listened to. This should be viewed as a further part of the work that needs to be taken forward.

**Jo Churchill (Bury St Edmunds) (Con):** Does my hon. Friend also agree that part of the whole picture is the ability of local government to help to finance the infrastructure that will allow joined-up working between the health service and local communities? If the two sides cannot talk to each other through the connectivity of their platforms, people cannot be cared for in the way that we need to them to be.

**Robert Neill:** That is absolutely true. The connectivity is important, and the culture is important as well. Many of us have come across very good medical people on CCGs who, given the nature of what they signed up to do, are not keen to be managers and budget-holders, which people in local government are well used to being. In many instances, the local authority is willing to engage, but the CCG, with the best will in the world, does not have as great a capacity in terms of its infrastructure and management systems. Those could easily be hosted by the local authority, and the two bodies could work on a collaborative basis, but because of the silo, bottom-up culture in the health service, the CCG is unwilling to engage. What is needed is a political steer from the Department of Health.

**Norman Lamb:** I totally agree with the hon. Gentleman about the difference between the culture in the NHS and the culture in local government. Does he share my view that we should aim for unified health and care commissioning in a locality, with democratic accountability through the local authority, rather than the ridiculous silo approach that exists at present?

**Robert Neill:** The right hon. Gentleman is right. He and I both experienced that approach when we were Ministers in the same Government. What he has suggested is precisely the objective that we should work towards, but we need a steer from the top.

Let me make two more brief points. The first is about the fair funding review, which I also welcome, but it will need to be bold and comprehensive. When I was a local government Minister, we had to go through about 275 bits of regression analysis to establish the formula, but we had knocked it down from about 400. Such material is not comprehensible; it is extremely opaque, and it produces consequences that are often difficult to reconcile with what any of us in local government see on the ground.

May I make a plea for one particular factor to be taken into account? I understand that, inevitably, there will be a “needs versus resource” matrix, but thus far it has proved almost impossible to build into the system a proper weighting for historically efficient authorities. A local authority that has historically been efficient and run its services well at low cost receives no credit for that. If anything, such authorities tend to be penalised. Bromley, for example, is a comparatively low council tax authority, the second lowest in outer London, but it is also the lowest in terms of the cost per head—the unit costs—of its service delivery. The system has never taken account of that, and we ought to incentivise it within the system.

**Kevin Hollinrake:** My hon. Friend said earlier that his local authority area contained the highest percentage of the London population. Bromley’s total spending power is £795 a head, whereas Camden’s is £1,171 a head. How can that be right?

**Robert Neill:** The simple truth is that it cannot, although we have broken down some of the artificial barriers. The idea that there is a major distinction between costs in inner and outer London has gone. Many of the outer London boroughs now have much more in common with the inner London boroughs, socially and economically, than used to be the case.

My second point is about the business rates. I welcome what has been said about the review, and especially what has been said about transitional reliefs. I think that the Secretary of State has hit upon the key issue of businesses in high-cost areas such as mine. May I suggest that he considers putting the multiplier on to the consumer prices index rather than the retail prices index? That would be more logical. In the long term, we need to think about how we can capture businesses that do not have a large physical footfall, such as online competitors. We need to deal with the issue of out-of-town supermarkets being treated much more favourably than shops because of the way in which land values come into the equation. When it comes to transitional relief, perhaps we could move from the current sledging to something akin to the sliding scale that we apply to stamp duty land tax.

I hope that those are constructive suggestions that can be implemented in the future.

5.49 pm

**Steve Double (St Austell and Newquay) (Con):** I am delighted to contribute to this important debate. I welcome the presence of the single representative of the Liberal

[*Steve Double*]

Democrats, the right hon. Member for North Norfolk (Norman Lamb); they were late to the party today, but it is very good to have them here eventually. They tell us so often in Cornwall how important they think local government is, but that has not been reflected in today's debate, sadly.

Local government is on the frontline of delivering services to our residents. I know that from my time as a Cornwall councillor and from the sheer weight of correspondence I get in my office about things that are actually delivered by our local council, whether it is picking up the dog mess, cutting the grass and filling the potholes, or more important issues such as adult social care. We must value local government, therefore, and see it as a central part of delivering services.

It is also clearly right that local government is going through a period of dramatic reform. We need to bring it into the modern age, drive out the inefficiencies and the waste so often found in local government, and make sure that it is fit for purpose and as well-run as possible.

**Norman Lamb:** I really appreciate the welcome the hon. Gentleman gave me. Does he agree with the Rural Services Network, which believes that the impact of the changes for predominantly rural councils, compared with urban councils, is

“not only discriminatory, but also unsustainable for rural local authorities”?

That will have a particularly pernicious effect in counties such as Cornwall and my county of Norfolk.

**Steve Double:** The right hon. Gentleman might have been reading the notes of my speech, because that will be my main point.

We undoubtedly need to reform local government, and I broadly welcome the changes the Department are introducing to the way local government is financed, making it much more directly accountable for raising and spending its own finance and far less dependent on central Government. I also welcome the renewed interest in the Rural Fair Share campaign to address the imbalance that has existed for far too long between the levels of funding received by rural councils as opposed to predominantly urban councils.

**Jo Churchill** *rose*—

**Steve Double:** I will not take any further interventions, as time is short.

Local government spending still accounts for a large proportion of central Government spending, and it is understandable that we have had to make savings and cuts while we have been dealing with the legacy of the huge and record deficit we inherited from the previous Labour Government. We have had to find those savings across government, including local government. That is the context in which we must see the current situation.

However, I welcome the Minister's confirmation that a fair funding formula for rural councils, based on the cost of delivery and need, will be brought forward. My concern is about the timing of bringing the review forward. I remember standing on this very spot in last year's debate, and at the last minute the then Secretary of State provided some transitional funding to ease the

huge cuts that rural councils faced, to make sure that the funding gap between rural and urban councils was not further extended.

On that basis, I supported the Government position last year, with the promise that this would be looked at. It is disappointing that we are here again 12 months later and so little progress has been made in addressing the issue. I welcome the fact that some transitional funding is still available for this year, but that will run out next year and there will be no cushion to ease the impact on the rural councils and the widening of that gap.

We must urgently bring forward this review and address this issue. As I said to the Secretary of State earlier, if we do not deal with it now, the unfairness and the lack of funding for rural councils will be baked into the system when we go to 100% retention of business rates. So it is important that the review is brought forward. We can no longer live with what we in Cornwall would call a “dreckly” approach. For the uneducated, that describes something that will happen at some undetermined point in the future. It is a bit like *mañana*, but not quite so urgent. It feels as though that is the approach that has been taken with the fair funding review, but we need to get on with it. We need to stop talking about it and actually deliver this for our rural councils as a matter of urgency.

I am happy to say that, based on the fact that last year's funding agreement was a four-year agreement and the fact that the majority of councils have now set their council tax, I will support the motion and the Government's position tonight. I will do so with a heavy heart, because I am disappointed at the lack of progress that has been made, but I take the Minister and the Secretary of State at their word when they say that these issues will be addressed. I will continue to make this case as strongly as I possibly can and to work with colleagues to ensure that the unfairness that has existed for far too long is addressed so that our rural councils will be much more fairly funded in the future.

5.55 pm

**Kevin Hollinrake** (Thirsk and Malton) (Con): It is an honour to follow my hon. Friend the Member for St Austell and Newquay (Steve Double). I shall keep my comments very brief, because I have been told to do so by the Whips and by Mr Deputy Speaker when he was in the Chair earlier. My comments are simple ones. I understand that the Secretary of State has a lot on his plate at the moment, but he is sitting on a golden opportunity—a once-in-a-parliamentary-generation opportunity, perhaps—to fix two fundamental problems in the system. The first relates to fairness in the rating system. The second involves fairer funding for local authorities. In relation to rates, I must refer Members to my declaration in the Register of Members' Financial Interests, in that we have quite a lot of shops around the UK that are subject to the rating system. I believe that a fairer system would be a sales tax. It would disadvantage my network, but it would nevertheless be much fairer.

My principal comments relate to fairer funding for local authorities. I have heard many comments from Members across the House about how this issue affects rural areas in comparison with metropolitan areas. The shadow Minister, the hon. Member for Harrow West

(Mr Thomas), knows what I am going to say about this. The biggest iniquity by far is the way in which London is treated in comparison with the rest of the country. That is the reality. I am grateful to Leicestershire County Council for producing a report, which I urge Members to download, in which it has collapsed all district and county councils into one, pooled their resources and divided the sum by the number of people in those areas to give the spending power per local authority. The reality is that nine of the 10 local authorities with the highest spending power are in London, yet nine of the 10 authorities with the lowest council tax are also in London. That is simply unfair. It would be perfectly appropriate as long as the need drivers were taken into account. Let us take Harrow as an example plucked out of thin air. Harrow has £80 a year more spending power than North Yorkshire, yet it has a richer and younger population. How can that be right? [*Interruption.*] That cannot be the explanation, surely.

**Jo Churchill:** Will my hon. Friend give way?

**Kevin Hollinrake:** I have been told not to take any interventions, but I will give way to my hon. Friend very briefly.

**Jo Churchill:** Would my hon. Friend concur, having looked through those figures, that rural areas also have poorer education funding, poorer police funding and poorer health spending, and that we therefore get hit on all sides?

**Kevin Hollinrake:** That is the central point of my remarks.

In 2016-17, 13 London boroughs either froze or lowered their council tax. That is not possible in areas such as North Yorkshire. To show that I am not just plugging rural areas, let us look at the lowest spending local authorities. We have York with £615 per head, Trafford with £639, Kirklees with £673 and Leeds with £696, and yet we have Westminster with £1,100 a head and Kensington and Chelsea with £1,168 a head. This simply cannot be right.

This is happening, as my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) said, because the system is based on what happened before. Einstein once said:

“We cannot solve our problems with the same thinking we used when we created them.”

We created the problems and we need new thinking. The simple solution must be to use cost drivers. Cost drivers can be only two things: need and the cost of delivery. It is as simple as that. The simpler the formula that we use and the more understandable it is, the more we will all buy into the system.

The fair funding review commissioned by the Secretary of State is critical. I support that method, but we need a blank canvas and a new approach to the problem. The clear opportunity is that more money is going into the system. Whatever the Opposition may say, between £11 billion and £13 billion will be going into the system by 2020 because of the retention of business rates, and there must be a quid pro quo for that. Ultimately, more money is going into the system, and it is said that a rising tide will lift all boats. It is difficult to rebalance a system when no new money is going in, but more money is going in. Spending rounds are clearly tight,

and the Secretary of State will have to be careful about where that money goes to ensure that he gets bang for his buck, but this is an opportunity. However long it takes—be it five or 10 years—if we set off on the right path, we can turn a system that is fundamentally unfair into one that is fair and equitable, and that delivers fair resources to my local authorities and to those in the rest of the country, including London.

6.1 pm

**Jim McMahon** (Oldham West and Royton) (Lab): If I may be so bold, may I say that it is a pleasure to speak with you in the Chair, Mr Speaker? Long may that continue. We have had an interesting debate, with many representations from Members on both sides of the House about the chronic state of local authority funding. There has also been some reflection on the fact that little has moved on since the provisional statement to provide councils with the funding they need to provide the services that our communities rely on. What is the point of having a consultation if responses from hundreds of local authorities, the LGA and third sector organisations, and representations made here by Members of Parliament, lead to no new money? We talked about the crisis in adult social care, but there is no new money. We talked about the loss of libraries, youth centres and day care centres, but there is no new money. We talked about the pressures on local authorities, which are wondering whether they can make ends meet, but there is no new money.

The Local Government Finance Public Bill Committee sat for 10 sittings, and I am sure that the Minister will share my delight in all that we gleaned from them. It was an education, but unfortunately it was the worst of educations because we learned very little. We talked a lot, we were slightly disruptive at some points, and there was a bit of chatter in the background from the naughty classmates towards the back, but little new information was shared to aid our education and understanding along this financial journey. Where is the money?

Before coming in today, I thought that I should be a bit more charitable. The Minister had quite a hard time in Committee. I found the Committee enjoyable, but I suspect he did not. I also had a perhaps uncharitable view of the Secretary of State. I felt that he did not really enjoy his position in the DCLG team. He came out in a different way today when he talked about business, because that is where his heart really is. He clearly cares about business and enterprise, and when discussing that element of the pressures of business rates he was convincing in his desire to do something about it. He was less convincing when we talked about adult social care, when we talked about the 1.2 million people who need support in their homes and just do not get it, and when we talked about people who are stuck in hospital and desperate to get back home but cannot because the support is not there when they need it. That is the crux of the issue. We have a Secretary of State who does not want to do the job that he has been given: it is temporary; he is just passing through; he is waiting for the better opportunities that lie ahead. Unfortunately, there is a cost to the temporary nature of his attitude, and the Minister has to deal with that.

When we hear further details of the financial settlement, we hope that there will be new money. I suspect the new money will not be focused on adult social care in the

[*Jim McMahon*]

way we hope. It is far more likely that it will be used to offset the business rates revaluation that has sent a shockwave through the business system. Let us be honest: the business rates scheme, as it stands, is not fit for purpose. There is absolutely a need for a property-based tax, and we know how to collect it—if people do not pay, we knock on their door—but it has its limitations. We can go only so far with it, just as we can go only so far with council tax. A 25% increase on council tax to spend even more at local level to fund social care is just not sustainable.

If we do not grapple with the situation and find a different way to fund social care and health, we will continue to have this debate every month and every year. Every time we have the debate, more and more people will be let down. I believe in a decent society, and our older people deserve better than contributing all their life, working hard and making that change for the generations to come only to be let down when they need it most.

I have a number of hopes. First, I hope that the fair funding settlement and equation will be quick and delayed no more than they have to be. I hope that businesses are supported through the transitional phase in the way they should be. I hope that older people are supported, as a matter of urgency, to live longer, healthier lives in their own homes. That will require additional funding—not just the sweet talk that Surrey County Council's leader had from the Secretary of State, but meaningful additional money where it is needed.

More than that, because I believe that every person should fulfil their potential, I hope—for the DCLG team, for this country and not least for himself—that the Secretary of State finds a job he wants quite soon.

6.6 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones):** I thank hon. Members for their contributions to this debate, which it is my pleasure to close. The settlement comes at an important time of reform for local government finance. It provides a sustainable path to the reforms that will be introduced by the end of this Parliament, through which 100% of business rates will be devolved to local government, giving councils control of an additional £12.5 billion to spend on local services.

The reforms are being made through the Local Government Finance Bill, which was introduced to the House last month. The Bill will enshrine in law our commitment to provide funding certainty by establishing a legal framework for multi-year settlements, which is a key feature of this settlement and something that has been called for by local government for decades. By putting the framework in place now, we can continue to work with local government over the coming months on the detail of the reforms, much of which will be set out in secondary legislation. Many local authorities welcome that approach.

Thanks to this Government's action, 600,000 businesses are being lifted out of business rates altogether. A revaluation is overdue, and most businesses—three quarters of them, in fact—will end up paying either the same or reduced rates. Although three quarters of businesses

will benefit or see no change, I am all too aware of the impact on the quarter that will see their bills rise. We are looking closely at what can be done to help the hardest hit.

**Mark Pawsey (Rugby) (Con):** Does the Minister agree that, if we are to have a system of taxation based on property valuation, it is important that we arrange for regular revaluation?

**Mr Jones:** As ever, my hon. Friend makes an important point, which is generally due to his experience of running a business. The Government have made it clear that we want to move to a system of more regular revaluation.

As my right hon. Friend the Secretary of State announced earlier, he is working closely with the Chancellor to determine how best to provide further support to businesses that are facing the steepest increases as a result of the revaluation. We expect to be in a position to make an announcement at the time of the Budget, just two weeks from now.

One hundred per cent. business rate retention is being piloted from next year. It will mean that participating authorities will be able to keep more of the growth in their business rates income, with no impact on the rest of local government. As we have said, in 2018-19 we plan to undertake further pilots in areas without devolution deals, including two-tier council areas. The nationwide roll-out of 100% business rate retention will take place throughout England in 2019-20. Earlier this month, my Department published a consultation to seek views on exactly how the system should look. I look forward to discussing the matter further with colleagues from both sides of the House in the coming weeks.

While we rightly look forward to the longer-term reform that will make local authorities financially self-sufficient and provide greater incentives for growth, the settlement we will vote on today reaffirms our commitment to funding certainty for local government. The 2015 spending review delivered a £200 billion flat cash settlement for local government, and last year we delivered four-year funding allocations, which provide the financial certainty required for councils to be bold and ambitious. The settlement is the second year of a four-year offer that was debated in this House a year ago and that has been accepted by 97% of local authorities.

The settlement before us delivers on our promise and provides councils with the resources required to deliver world-class public services in the year ahead while continuing to play their part in bearing down on the deficit. We have consulted carefully, and I am grateful to hon. Members for bringing their constituents' views to us during the consultation.

As we have heard, adult social care, which is an issue close to all our hearts, transcends party politics. I take seriously the representations made today, and I take seriously the need to ensure greater respect, dignity and independence for people who receive care. In the spending review, we put in place up to £3.5 billion of additional funding for adult social care by 2019-20, but we recognise that the coming year is the most difficult in the settlement period for many councils.

There are immediate challenges in the provision of care that must be met now, before the substantial additional resources become available, which is why we have created a new £240 million adult social care support grant and

are allowing councils to raise the adult social care precept by 3% next year and the year after. Together, the measures make available almost £900 million of additional funding for adult social care over the next two years, so the total dedicated funding available for adult social care over the four-year settlement period is £7.6 billion.

As we look to the future, local government spending will be based on local resources, not central grant, so we are devising a new funding formula for local government that is fit for purpose. Earlier, the Secretary of State acknowledged the many representations that have been made, including by many colleagues here today, about how demographic pressures, such as the growth in the elderly population, have directly affected different areas in different ways as the cost of providing services has grown. We are undertaking a fair funding review to consider thoroughly how to introduce a more up-to-date, more transparent and fairer needs assessment formula. We have been working closely with local government to make sure that it works for both local government and local people, and we will make changes on the fastest possible parliamentary timescale.

I wish to deal with a few of the issues that were mentioned during the debate. First, the hon. Member for Harrow West (Mr Thomas) is never backwards in coming forwards. It was interesting that, although many of his arguments were reasonably inconsistent, he was consistent on not coming up with a single idea for how we might solve the complex challenges faced by this country or by local government. I was also interested to hear the comments made by the hon. Member for Oldham West and Royton (Jim McMahon). He said, "Where is the money?" Well, it might be a good idea for him to take some advice from the right hon. Member for Birmingham, Hodge Hill (Liam Byrne); I am sure he could tell his colleague where the money went.

My right hon. Friend the Member for Broxtowe (Anna Soubry) made some very pertinent points, particularly about unitary authorities. We are certainly willing to listen to proposals, but those proposals must be driven from a local level, and be bottom up. If her area is willing to do that, we would be more than happy to listen to its views. She also mentioned local authorities' funding challenge. We are providing a four-year settlement, so that councils, which have additional reserves and resources, can use them to bridge their funding gap, because they will know what their situation will look like in the third and fourth year of the settlement.

It was good to hear the comments of the hon. Member for Sheffield South East (Mr Betts). He welcomed the principle of the four-year settlement, to which 97% of councils have signed up. He advocated that any additional funding from 100% business rates retention should go directly to help local government to fund services that are currently provided. Although that may sound tempting, may I remind him that we have been very clear that the situation would be fiscally neutral? New responsibilities would come with the additional £12.5 billion that we expect to go to local government.

It was good to hear from my hon. Friend the Member for Wells (James Heapey), who is a strong champion for his constituency. I was pleased to hear his support for the fair funding review, but I did hear his concerns as well. A similar sentiment was expressed by my hon. Friends the Members for St Austell and Newquay (Steve Double) and for Thirsk and Malton (Kevin Hollinrake),

and I take their comments on board. My hon. Friend the Member for Wells also mentioned the business rates baseline and the principle of resetting the system, which is an important part of the whole system. Finally, I know that he has spoken to the Secretary of State about the aggregate levy, and I will certainly look into the further points that he made today.

I certainly take on board the important points that my hon. Friend the Member for St Ives (Derek Thomas) made about the uniqueness of the Scilly Isles. My hon. Friend the Member for Bromley and Chislehurst (Robert Neill) has vast experience in local government and as a local government Minister. I was pleased that he welcomed the idea of not including the attendance allowance in business rates retention. He was right that more needs to be done on the integration of health and social care. He was also right to advocate that the business rates multiplier uprating should be changed from the retail prices index to the consumer prices index, which the Government fully intend to do.

In conclusion, this local government finance settlement honours our commitment to four-year funding certainty for councils that are committed to reform. It recognises the cost of delivering adult social care and makes resources available sooner, and it puts councillors in the driving seat with a commitment to support them with a fairer funding formula. It will give Government the resources they need to govern and I commend it to the House.

*Question put.*

*The House proceeded to a Division.*

**Mr Speaker:** I remind the House that the motion is subject to double-majority voting: the whole House and those representing constituencies in England.

*The House divided: Ayes 269, Noes 158.*

*Votes cast by Members for constituencies in England: Ayes 253, Noes 141.*

**Division No. 166]**

**[6.18 pm**

**AYES**

Adams, Nigel	Brazier, Sir Julian
Afriyie, Adam	Bridgen, Andrew
Aldous, Peter	Brine, Steve
Allan, Lucy	Brokenshire, rh James
Allen, Heidi	Burns, Conor
Amess, Sir David	Burrowes, Mr David
Andrew, Stuart	Burt, rh Alistair
Ansell, Caroline	Cairns, rh Alun
Argar, Edward	Campbell, Mr Gregory
Atkins, Victoria	Carmichael, Neil
Bacon, Mr Richard	Cartledge, James
Baker, Mr Steve	Cash, Sir William
Baldwin, Harriett	Caulfield, Maria
Barclay, Stephen	Chalk, Alex
Baron, Mr John	Chishti, Rehman
Bebb, Guto	Chope, Mr Christopher
Bellingham, Sir Henry	Churchill, Jo
Berry, Jake	Clark, rh Greg
Berry, James	Clifton-Brown, Geoffrey
Bingham, Andrew	Coffey, Dr Thérèse
Blackman, Bob	Collins, Damian
Blunt, Crispin	Colville, Oliver
Bone, Mr Peter	Costa, Alberto
Borwick, Victoria	Cox, Mr Geoffrey
Brady, Mr Graham	Crabb, rh Stephen

Crouch, Tracey  
 Davies, Byron  
 Davies, Chris  
 Davies, David T. C.  
 Davies, Glyn  
 Davies, Dr James  
 Davies, Mims  
 Davis, rh Mr David  
 Dinanage, Caroline  
 Djanogly, Mr Jonathan  
 Dodds, rh Mr Nigel  
 Donaldson, rh Sir Jeffrey M.  
 Dorries, Nadine  
 Double, Steve  
 Dowden, Oliver  
 Doyle-Price, Jackie  
 Drax, Richard  
 Drummond, Mrs Flick  
 Duddridge, James  
 Duncan Smith, rh Mr Iain  
 Dunne, Mr Philip  
 Ellis, Michael  
 Ellison, Jane  
 Elphicke, Charlie  
 Eustice, George  
 Evennett, rh David  
 Fabricant, Michael  
 Fallon, rh Sir Michael  
 Field, rh Mark  
 Francois, rh Mr Mark  
 Frazer, Lucy  
 Freeman, George  
 Freer, Mike  
 Fuller, Richard  
 Garnier, rh Sir Edward  
 Garnier, Mark  
 Gauke, rh Mr David  
 Ghani, Nusrat  
 Gibb, rh Mr Nick  
 Gillan, rh Mrs Cheryl  
 Glen, John  
 Goodwill, Mr Robert  
 Gove, rh Michael  
 Graham, Richard  
 Grant, Mrs Helen  
 Grayling, rh Chris  
 Green, Chris  
 Green, rh Damian  
 Griffiths, Andrew  
 Gummer, rh Ben  
 Gyimah, Mr Sam  
 Halfon, rh Robert  
 Hall, Luke  
 Hammond, Stephen  
 Hands, rh Greg  
 Harrington, Richard  
 Harris, Rebecca  
 Hart, Simon  
 Haselhurst, rh Sir Alan  
 Hayes, rh Mr John  
 Heald, rh Sir Oliver  
 Heapey, James  
 Heaton-Jones, Peter  
 Henderson, Gordon  
 Herbert, rh Nick  
 Hinds, Damian  
 Hoare, Simon  
 Hollingbery, George  
 Hollinrake, Kevin  
 Hollobone, Mr Philip  
 Holloway, Mr Adam  
 Hopkins, Kris

Howell, John  
 Howlett, Ben  
 Huddleston, Nigel  
 Hurd, Mr Nick  
 Jackson, Mr Stewart  
 James, Margot  
 Javid, rh Sajid  
 Jenkin, Mr Bernard  
 Jenkyns, Andrea  
 Johnson, rh Boris  
 Johnson, Dr Caroline  
 Johnson, Gareth  
 Johnson, Joseph  
 Jones, Andrew  
 Jones, rh Mr David  
 Jones, Mr Marcus  
 Kawczynski, Daniel  
 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  
 Liddell-Grainger, Mr Ian  
 Lidington, rh Mr David  
 Lilley, rh Mr Peter  
 Lord, Jonathan  
 Loughton, Tim  
 Mackinlay, Craig  
 Mackintosh, David  
 Main, Mrs Anne  
 Malthouse, Kit  
 Mann, Scott  
 Mathias, Dr Tania  
 Maynard, Paul  
 McCartney, Karl  
 McLoughlin, rh Sir Patrick  
 McPartland, Stephen  
 Menzies, Mark  
 Mercer, Johnny  
 Merriman, Huw  
 Metcalfe, Stephen  
 Miller, rh Mrs Maria  
 Mills, Nigel  
 Milton, rh Anne  
 Mitchell, rh Mr Andrew  
 Mordaunt, Penny  
 Morgan, rh Nicky  
 Morris, David  
 Morris, James  
 Morton, Wendy  
 Mowat, David  
 Murray, Mrs Sheryll  
 Murrison, Dr Andrew  
 Neill, Robert  
 Newton, Sarah  
 Nokes, Caroline  
 Norman, Jesse  
 Nuttall, Mr David  
 Offord, Dr Matthew  
 Opperman, Guy  
 Parish, Neil  
 Paterson, rh Mr Owen  
 Pawsey, Mark  
 Penning, rh Mike  
 Penrose, John

Percy, Andrew  
 Perry, Claire  
 Philp, Chris  
 Pickles, rh Sir Eric  
 Poulter, Dr Daniel  
 Pow, Rebecca  
 Prentis, Victoria  
 Prisk, Mr Mark  
 Pritchard, Mark  
 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  
 Scully, Paul  
 Selous, Andrew  
 Shannon, Jim  
 Shapps, rh Grant  
 Sharma, Alok  
 Shelbrooke, Alec  
 Simpson, David  
 Skidmore, Chris  
 Smith, Henry  
 Smith, Julian  
 Soames, rh Sir Nicholas  
 Solloway, Amanda  
 Soubry, rh Anna  
 Spencer, Mark  
 Stewart, Bob  
 Stewart, Iain  
 Stewart, Rory  
 Streeter, Mr Gary  
 Stride, Mel

Stuart, Graham  
 Sturdy, Julian  
 Sunak, Rishi  
 Swire, rh Sir Hugo  
 Syms, Mr Robert  
 Thomas, Derek  
 Throup, Maggie  
 Timpson, Edward  
 Tolhurst, Kelly  
 Tomlinson, Justin  
 Tomlinson, Michael  
 Tredinnick, David  
 Truss, rh Elizabeth  
 Tugendhat, Tom  
 Turner, Mr Andrew  
 Tyrie, rh Mr Andrew  
 Vara, Mr Shailesh  
 Vickers, Martin  
 Villiers, rh Mrs Theresa  
 Walker, Mr Charles  
 Walker, Mr Robin  
 Warburton, David  
 Warman, Matt  
 Whately, Helen  
 Wheeler, Heather  
 White, Chris  
 Whittaker, Craig  
 Whittingdale, rh Mr John  
 Wiggin, Bill  
 Williams, Craig  
 Williamson, rh Gavin  
 Wilson, Mr Rob  
 Wragg, William  
 Wright, rh Jeremy  
 Zahawi, Nadhim

**Tellers for the Ayes:**  
**Chris Heaton-Harris and**  
**Christopher Pincher**

#### NOES

Abbott, rh Ms Diane  
 Alexander, Heidi  
 Ali, Rushanara  
 Ashworth, Jonathan  
 Bailey, Mr Adrian  
 Barron, rh Sir Kevin  
 Beckett, rh Margaret  
 Benn, rh Hilary  
 Betts, Mr Clive  
 Blackman-Woods, Dr Roberta  
 Blenkinsop, Tom  
 Blomfield, Paul  
 Brake, rh Tom  
 Brown, rh Mr Nicholas  
 Buck, Ms Karen  
 Burden, Richard  
 Burgon, Richard  
 Butler, Dawn  
 Cadbury, Ruth  
 Campbell, rh Mr Alan  
 Campbell, Mr Ronnie  
 Champion, Sarah  
 Coaker, Vernon  
 Coffey, Ann  
 Cooper, Julie  
 Cooper, Rosie  
 Cooper, rh Yvette  
 Corbyn, rh Jeremy  
 Coyle, Neil  
 Crausby, Sir David  
 Creagh, Mary  
 Creasy, Stella  
 Cruddas, Jon  
 Cummins, Judith  
 Cunningham, Alex  
 Cunningham, Mr Jim  
 Dakin, Nic  
 Danczuk, Simon  
 Davies, Philip  
 Dowd, Jim  
 Dowd, Peter  
 Edwards, Jonathan  
 Efford, Clive  
 Elliott, Tom  
 Ellman, Mrs Louise  
 Esterson, Bill  
 Evans, Chris  
 Farrelly, Paul  
 Fitzpatrick, Jim  
 Fletcher, Colleen  
 Flint, rh Caroline  
 Flynn, Paul  
 Fovargue, Yvonne  
 Gapes, Mike  
 Gardiner, Barry  
 Glendon, Mary  
 Goodman, Helen  
 Green, Kate

Greenwood, Lilian  
 Greenwood, Margaret  
 Hamilton, Fabian  
 Harman, rh Ms Harriet  
 Harris, Carolyn  
 Hayes, Helen  
 Hendrick, Mr Mark  
 Hillier, Meg  
 Hodgson, Mrs Sharon  
 Hopkins, Kelvin  
 Howarth, rh Mr George  
 Huq, Dr Rupa  
 Hussain, Imran  
 Johnson, rh Alan  
 Johnson, Diana  
 Jones, Gerald  
 Jones, Helen  
 Jones, Susan Elan  
 Kane, Mike  
 Kendall, Liz  
 Kinahan, Danny  
 Kinnock, Stephen  
 Lamb, rh Norman  
 Lammy, rh Mr David  
 Lewell-Buck, Mrs Emma  
 Lewis, Clive  
 Long Bailey, Rebecca  
 Lucas, Caroline  
 Lucas, Ian C.  
 Lynch, Holly  
 Mactaggart, rh Fiona  
 Madders, Justin  
 Mahmood, Mr Khalid  
 Malhotra, Seema  
 Marris, Rob  
 Marsden, Gordon  
 Maskell, Rachael  
 Matheson, Christian  
 McCabe, Steve  
 McCarthy, Kerry  
 McDonagh, Siobhain  
 McDonald, Andy  
 McDonnell, rh John  
 McFadden, rh Mr Pat  
 McGinn, Conor  
 McGovern, Alison  
 McInnes, Liz  
 McMahon, Jim  
 Meale, Sir Alan  
 Miliband, rh Edward  
 Morden, Jessica  
 Mulholland, Greg

Murray, Ian  
 Nandy, Lisa  
 Olney, Sarah  
 Onn, Melanie  
 Osamor, Kate  
 Owen, Albert  
 Pearce, Teresa  
 Pennycook, Matthew  
 Phillips, Jess  
 Phillipson, Bridget  
 Pound, Stephen  
 Pugh, John  
 Qureshi, Yasmin  
 Rayner, Angela  
 Reed, Mr Steve  
 Rees, Christina  
 Reeves, Rachel  
 Reynolds, Jonathan  
 Rimmer, Marie  
 Ritchie, Ms Margaret  
 Robinson, Mr Geoffrey  
 Rotheram, Steve  
 Ryan, rh Joan  
 Shah, Naz  
 Sheerman, Mr Barry  
 Sherriff, Paula  
 Skinner, Mr Dennis  
 Slaughter, Andy  
 Smith, Angela  
 Spellar, rh Mr John  
 Starmer, Keir  
 Stevens, Jo  
 Stringer, Graham  
 Thomas, Mr Gareth  
 Thomas-Symonds, Nick  
 Timms, rh Stephen  
 Trickett, Jon  
 Turley, Anna  
 Turner, Karl  
 Twigg, Derek  
 Twigg, Stephen  
 Umunna, Mr Chuka  
 Vaz, Valerie  
 West, Catherine  
 Whitehead, Dr Alan  
 Winnick, Mr David  
 Wright, Mr Iain  
 Zeichner, Daniel

**Tellers for the Noes:**

**Thangam Debonnaire and  
 Jeff Smith**

*Question accordingly agreed to.*

*Resolved,*

That the Report on Local Government Finance (England) 2017-18 (HC 985), which was laid before this House on 20 February, be approved.

**LOCAL GOVERNMENT FINANCE (ENGLAND)**

*Resolved,*

That the Report on Referendums Relating to Council Tax Increases (Principles) (England) 2017-18 (HC 983), which was laid before this House on 20 February, be approved.—(*Mr Marcus Jones.*)

*Resolved,*

That the Report on Referendums Relating to Council Tax Increases (Alternative Notional Amounts) (England) 2017-18 (HC 984), which was laid before this House on 20 February, be approved.—(*Mr Marcus Jones.*)

**Business without Debate**

**DELEGATED LEGISLATION**

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

**LOCAL GOVERNMENT**

That the draft Cambridgeshire and Peterborough Combined Authority Order 2017, which was laid before this House on 23 January, be approved.—(*Steve Brine.*)

*Question agreed to.*

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

That the draft Tees Valley Combined Authority (Functions) Order 2017, which was laid before this House on 23 January, be approved.—(*Steve Brine.*)

*Question agreed to.*

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

**ATOMIC ENERGY AND RADIOACTIVE SUBSTANCES**

That the draft Nuclear Industries Security (Amendment) Regulations 2017, which were laid before this House on 19 January, be approved.—(*Steve Brine.*)

*Question agreed to.*

**EUROPEAN UNION DOCUMENTS**

*Motion made, and Question put forthwith (Standing Order No. 119(11)),*

**VALUE ADDED TAXATION**

That this House takes note of European Union Document No. 7687/16, a Commission Communication on an action plan on VAT: Towards a single EU VAT area - Time to decide; and agrees with the Government that it provides a basis for a way forward on key UK priorities on VAT simplification and on VAT rates.—(*Steve Brine.*)

*Question agreed to.*

## Aster Group Housing Association

*Motion made, and Question proposed, That this House do now adjourn.—(Steve Brine.)*

**Mr Speaker:** If Members who are leaving the Chamber, quite unaccountably so, could do so quickly and quietly, realising that they are missing out on a significant parliamentary experience, I will call Mr Simon Hoare.

6.35 pm

**Simon Hoare** (North Dorset) (Con): Thank you, Mr Speaker. I am most grateful to you for that very kind introduction and warm up, but I am afraid that I will probably disappoint. I do not intend to detain the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Brigg and Goole (Andrew Percy) for the 55 minutes available for this Adjournment debate. *[Interruption.]* Even Mr Speaker is leaving the Chamber just as I start my speech.

I will begin by stating what I think we all know to be absolutely true: housing associations in all our constituencies do the most phenomenal work, often in housing some of the most vulnerable people in our communities, and they do so in a professional and engaged way. Without housing associations and the commitment they show in our communities, the problems piling up for our local authorities and, indeed, for us as constituency MPs would be legion.

Given my background, albeit short, as the MP for North Dorset since the 2015 general election, allied with 12 years spent in local government, it was with a twinge of sadness that I felt that I had no other option but to apply for and secure this Adjournment debate on the Aster Group housing association, which operates in my constituency and others.

Aster's corporate public relations state that it is "an ethical housing developer and landlord that exists to benefit society."

They go on to state:

"Having a decent home is a basic right and has a huge impact on people's lives—from their health, to their wellbeing".

However, that is certainly not the case for my constituent, which proves that warm words really do butter no parsnips. Words on a website are rather cheap compared with when they are tested by practical application.

Due to the sensitivity involved, about which I have already spoken to my hon. Friend the Minister, I will not name either of my constituents who are involved in this case, which is to some extent ongoing. The constituent whom I seek to represent is not a vexatious complainer. She has always had friendly and cordial relations with all the housing association tenants who have lived next to her. She is a private resident who owns her own home in a small, rather isolated community in my constituency. She is a lady who lives alone. She works and is self-supporting and self-sustaining. She has had considerable problems with tenants who have been housed by Aster in its property immediately adjacent to hers.

Antisocial behaviour, both physical and verbal, has gone on for several months. The excellent district councillor, Simon Tong of East Dorset District Council, has been involved. So frustrated did he become that he asked me

to convene a multi-agency roundtable that included the housing association, the police and the district council to see whether we could identify a way through the impasse.

The impasse is that a single lady living alone has felt so intimidated in her own property—arguably, I suggest, a breach of her human rights under article 8—that she has had to move out and seek private rented accommodation. She is not a lady of huge means; rather, she is a lady of modest means. Her credit cards are maxed to the limit, and this is proving to be a real stress and strain. The corporate words on the Aster website tell us of the importance, with which I concur, of quality housing and the huge benefit that it can have for mental health and wellbeing, but completely the opposite is true for my constituent.

I have mentioned that the allegations that my constituent has made are not vexatious. They have been accepted by the housing association, and they have been endorsed and agreed to by the police. The only remedy that has been identified so far is for the housing association to seek an injunction in court and to seek eviction. The process of application for an injunction requires the neighbour to give written and potentially oral testimony to the court, with no guarantee, as is always the case in a legal process, that the application to the court will be successful.

Frankly, I do not know whether this is a one-off, unique case or whether it is mirrored elsewhere and other tenants and neighbours have similar problems. To an extent, it almost does not matter if it is unique, because it has had the most fundamental, disturbing, upsetting and devastating impact on the quality of my constituent's life.

**Michael Tomlinson** (Mid Dorset and North Poole) (Con): I am grateful to my hon. Friend and neighbour for securing this important debate. I can assure him that the example that he cites is not unique. I have had similar casework, as I know others in the Chamber have. Does he not think that part of the problem is that there is no duty of care? There is no obligation on housing associations to take action. I associate myself with his remarks about the good work that housing associations do, on the whole, but without such an obligation, housing associations find it very difficult to take action in these circumstances.

**Simon Hoare:** My hon. Friend is right, and he brings his considerable experience as a lawyer to this debate. I say in passing that I am grateful that a colleague from Dorset—my neighbour—has intervened. Interestingly, a number of colleagues, on seeing "Aster Group Housing" on the Order Paper, have sidled up to me and said, "Yes, we have problems with it. It is the least well performing housing in my constituency." I mentioned that to representatives from Aster yesterday afternoon, when they came to see me again in Westminster. It was met with an incredulous shrug of the shoulders and, in effect, "We couldn't care less. We have never heard that before." They almost said, "We think you're making it up, Mr Hoare," so it is interesting to hear what my hon. Friend says. He is right about the duty of care, and, if he will forgive me, I will come on to that in a moment.

As I have said, the lady I am talking about is not vexatious. In an email dated as recently as 23 December

last year, Emily Grounds, the housing association's antisocial behaviour officer, said:

"We are satisfied anti-social behaviour is being perpetrated" and  
"it is our responsibility"—  
"our" meaning the housing association—  
"to resolve the issues".

The situation has been going on since April or May of last year. In the words of Councillor Tong, who is the district council member:

"It is clear to all of us here that Aster are playing all the delaying tactics that they can".

To return briefly to the injunction process, given the backdrop of the level of intimidation, such as the fact that tenants have attempted to drive my constituent off the road, hurled verbal abuse at her and damaged property within the curtilage of her own property, I suggest it is little wonder that she has been fundamentally unwilling—not to be obstructive, but only out of anxiety and fear—to play a part in the injunction process.

The housing association has taken the view—I do not believe that it is so clear cut as to be true—that without the active participation of the private resident next door, it is unable to begin the injunction process. I do not believe that is correct, and the briefing note prepared by the Library certainly does not seem to bear it out either. It is more likely that the housing association is just unwilling and it hopes the issue will go away.

**Jim Shannon** (Strangford) (DUP): I am quite perturbed to hear about the case of the hon. Gentleman's constituent. What he has outlined happens in many places across the United Kingdom, and I deal with such issues all too often in my own office. I wonder whether the system on the mainland is the same as that in Northern Ireland, where an association's tenants have a set of rules that they must adhere to, and if they do not do so, they can be reprimanded and eventually evicted.

**Simon Hoare:** My hon. Friend—I call him that, because I see him as an hon. Friend—is absolutely right. Further perusal of the corporate propaganda of the association makes it absolutely clear that antisocial behaviour is a breach of the tenancy. It is utterly and totally unambiguous in its assessment of what such behaviour represents, yet even now it refuses—it is either unwilling, or whatever—to take the action that I believe is actually required.

Earlier this year, I wrote a letter, as I am sure we have all done, to make a request or a suggestion that I would say, in the vernacular, is a no-brainer. We could almost write ourselves the answer that we would expect to get, because the request is modest, politely and respectfully put, and the expectation is clear. The request was very simple: given the fact that my constituent is now incurring costs that she cannot sustain, is racking up debts that will have to be serviced in due course and has a home that she feels she is not safe to return to, could the association make some contribution to her additional housing costs while this matter was being resolved?

I hope that the request was not naive—with hindsight, I think that it actually was—because I merely said that I was aware that the housing association had no legal obligation so to do, but given its stated corporate aims and objectives, there was a moral case or moral compulsion for its taking part in that process. That elicited a response that told me what I already understood—it is always

nice when that happens, is it not?—which was that, regrettably, it had no legal obligation. In a letter to me, Margaret Wright, the Aster Group regional director for Somerset, Devon and Cornwall, and Wiltshire, wrote that

"regrettably, I cannot agree with you that the association has a moral obligation to do so."

That is in sharp contradistinction to what it states in its corporate objectives about wishing to be a good neighbour that is engaged in the community and doing good in our rural areas. This is a prima facie case not just of its not doing good, but of its tenant doing singular and significant harm and of its seeming to be unwilling or unable to intervene. That has been the most depressing thing of all: the utter and total Pilate-like washing of hands of any form of moral obligation.

In closing, this case has raised two issues to my mind. I invite the Minister to reply—not necessarily from the Dispatch Box this evening—and to give further thought to this matter. I am happy to meet to discuss the matter, or to enter into communication with him.

It is now clear that for a housing association to evict a tenant it is convinced is committing antisocial behaviour—behaviour that is damaging the house itself or damaging neighbours' private property and making their life a misery—it is overly onerous that the active engagement of the person who has brought the complaint is needed to seek redress in the courts, if Aster is correct. It surely has to be a gap in the guidance if, in a housing association-tenant relationship, there is no additional duty of care or responsibility for the behaviour of its tenants. Under Aster's rules, if a tenant commits antisocial behaviour and is in breach of their tenancy agreements, that should be that, but it is not. If my constituent was married to a 6 foot 2, burly weightlifter-type guy who was always around—[*Interruption.*] Not like me, I say in answer to my hon. Friend the Member for Mid Dorset and North Poole (Michael Tomlinson). I am more of a Jack Russell variety, rather than the more robust type of guard dog that my constituent would need. Notwithstanding that, I am a doughty champion of my constituent's cause.

Living alone in an isolated area, my constituent sought the advice of the police. I cannot thank enough Tom Clements and others in the constabulary who have engaged closely with this situation. The police budget, as we know, is always difficult and strained—this is in a sparsely populated area—but they have bent over backwards to do what they can. They have made themselves available to me and I want to put on record this evening my enormous gratitude to them. However, they had to confirm to my constituent that, given the location of the property, they could not guarantee her safety and security if the injunction was granted and the eviction was made, and—the natural corollary of that—if the injunction was not granted and the tenants remained.

We even suggested to the housing association, which is always seeking to add to its stock, whether it might be interested in buying the property at the market rate—not with any huge uplift or overage. That rather commonplace suggestion was also dismissed out of hand.

It may well be that Ministers need to consider the rules and regulations on the eviction of housing association tenants, the vast majority of whom—let me put it on

[Simon Hoare]

record, so it is not in any way misconstrued—are decent folk, law abiding and helpful members of their community.

The second point I invite the Minister to consider is the duty of a social landlord where their properties are adjacent to private residents. It could easily lead to the devaluation of the property, although that is not the point, of course. A housing association has the ability to place a troubled family or someone with a history of antisocial behaviour. It has placed the tenant there. If antisocial behaviour occurs, it has to have a greater duty of care, and certainly a greater duty of responsibility, to residents. As the principles of the housing White Paper evolve post-consultation, they might provide a hook on which to hang something to gain traction in dealing with this problem. As things stand, however, all I have been able to do, on behalf of one of my district councils, a distressed resident, the police and myself, is put on record our anxiety and upset in respect of a private resident who until the arrival of these tenants had been enjoying her life and the property for which she had worked so hard.

**Jim Shannon:** I had hoped that the hon. Gentleman might mention that were his constituent to seek to sell her property she would have to notify any potential buyer of the problems she has had, which right away sets her at a financial disadvantage and makes it very difficult for her to do what she wants to do, which is to get out and get ahead.

**Simon Hoare:** I am grateful to my hon. Friend, because I had not thought about that point, but he is absolutely right. If there has been a neighbour dispute, the questionnaire that a seller has to complete for conveyancing purposes does not include a “get out of jail free” card—the question is not, “Was it a tenant?” or “Is the property rented in the private or social sector?”; it is, “Have you had a neighbour dispute?” So he raises an important point.

In conclusion, against all the backdrop, the corporate brouhaha of a website and all stated policies, a lady who is trying to make her way and feel safe in her own home has been forced out of it, through fear, anxiety and intimidation. I say, more in sorrow than in anger—although it is quite hard to contain the anger—that the Aster Group has been fundamentally lacking in proactive engagement and sympathy on this issue. It needs to know, and my constituent needs to be assured, that I will not rest until we get the justice she has so far been denied.

6.57 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Percy):** I begin with an apology on behalf of the Housing Minister, who is unable to respond to this debate, but I am here and happy to respond, having myself dealt with several cases very similar to that raised by my hon. Friend the Member for North Dorset (Simon Hoare).

I congratulate my hon. Friend on securing the debate and on doing what he has already, in his relatively short time in the House, gained a reputation for doing—standing up for North Dorset and his constituents. It is telling that other Members are here on the Front and Back Benches, particularly those from areas of the country

where the Aster housing association is active. I hope very much that it is listening to this debate. If it is not, it had better read his words tomorrow.

Antisocial behaviour and nuisance can take many forms and if left unchecked can have a huge impact on people’s lives, as we heard from my hon. Friend in relation to this particular case. While individuals should be held to account, in cases of antisocial behaviour by social housing tenants, social landlords have a responsibility and a duty—a moral duty, as he said—to work with partners, including the police and the local authority, to resolve matters.

I will say more about the responsibility of social landlords later, but we should not fail to recognise that fundamentally the responsibility for this behaviour lies with the individual. Having spent 10 years in local government and seven years in this place, I cannot get my head around why some people choose to make life so difficult and so awful for other people in their neighbourhood. I have seen people’s lives destroyed in the same way by neighbours who simply cannot behave in a decent and respectful neighbourly manner. It is appalling, and my heart goes out to the constituent in this case, who has had her home and life changed in the way that my hon. Friend so eloquently outlined.

Leaving aside the responsibility of the individual, social landlords absolutely have a responsibility and a duty, too. They must demonstrate to tenants and residents how easily they can report antisocial behaviour, and they must also provide active support to victims and witnesses.

As a Government, we recognise the frustration of victims of antisocial behaviour about how complex and slow processes to evict antisocial tenants in social housing can be. I used to find it incredibly frustrating as a local councillor, as my hon. Friend was, when we would go through this routine of—

7 pm

*Motion lapsed (Standing Order No. 9(3)).*

*Motion made, and Question proposed, That this House do now adjourn.—(Steve Brine.)*

**Andrew Percy:** I have seen that the process can be cyclical; we think we are getting to the point of action being taken when all of a sudden the process resets again and tenants who have been engaged in antisocial behaviour appear to get away scot-free. That is why we introduced faster and more effective powers through the Anti-social Behaviour, Crime and Policing Act 2014. Let me deal with that before moving on to the particular case.

Those powers make it easier for social landlords to take swift and decisive action against their most antisocial tenants, although this relies, of course, on the active engagement of the landlord in the first place. The powers are there to protect the activities of citizens, the majority of whom are law abiding, including people living in social housing, private residences or whatever the tenure of the property. The powers are also to protect victims and communities from unacceptable behaviour.

Social landlords are able, as my hon. Friend said, to take out civil injunctions against social tenants engaging in antisocial behaviour to prohibit them from behaving in a particular way, and this carries significant sanctions

if breached. Of course, social landlords must make proportionate and reasonable judgments before applying for a civil injunction, but if they think this is the most appropriate course of action, it offers fast and effective protection for victims and communities and sets a clear standard of behaviour for perpetrators.

When other interventions have been tried and failed, the absolute ground for possession introduced through the 2014 Act makes it easier for landlords to evict persistently antisocial tenants, as I believe applies in this case, where housing-related antisocial behaviour has already been proven by a court. Landlords can choose to use the absolute ground for possession where at least one of five conditions is met. These are that the tenant, a member of the tenant's household, or a person visiting the property has been convicted of a serious offence; that the tenant has been found by a court to have breached a civil injunction, to which I shall return; that the tenant has been convicted for breaching a criminal behaviour order; that the tenant has been convicted for breaching a noise abatement notice or order; or that the tenant's property has been closed for more than 48 hours under a closure order for antisocial behaviour.

The Government have published statutory guidance to frontline professionals on the use of these powers. We are also keeping the use of the powers under review, and some of the specific issues raised by my hon. Friend can be fed into that process. We have established an antisocial behaviour advisory group with frontline agencies to monitor how the powers are being used. The Government are currently reviewing the statutory guidance to frontline professionals on the use of the powers and anticipate that the refreshed guidance will be published by spring this year. Perhaps that improved guidance will be of value to the professionals working in Aster housing.

My hon. Friend will understand that, given that the specific case he has raised relates to a live antisocial behaviour case, there are limitations to what I can and cannot say. However, as I said, one can only imagine how bad the situation must have become for the affected family to have taken such a serious step as leaving their property and incurring significant credit card debt in the process. No law-abiding citizen should ever be put in such a position.

I understand that, as my hon. Friend highlighted, Aster's published policy on tackling antisocial behaviour says that it will make it absolutely clear to existing and prospective customers that antisocial behaviour is unacceptable and that if it arises, it may lead to action being taken against them. Clearly, in view of that published policy, Aster must not delay in taking action against tenants who are engaging in this sort of behaviour.

I pay tribute to my hon. Friend and to the local councillor whom he mentioned for the work that they have done. As he knows, Aster has worked with the affected people, the police, councillors and, indeed, my hon. Friend himself to try to resolve the matter, but I take on board his comments about what he considers to be the ineffectiveness of that joint action. I understand—and my hon. Friend mentioned—that Aster has discussed with the affected family the option of pursuing an injunction. That option has not been taken up so far, but it is still there. I fully recognise my hon. Friend's concern about the fact that it has not been taken up, but it is the case that hearsay and professional witness evidence can allow the identities of those who are not

able to give evidence owing to fear or intimidation to be protected in the pursuit of such an injunction. Hearsay evidence could be provided by a police officer, a healthcare official, or any other professional who has interviewed the witness directly. I will write to my hon. Friend about that in more detail, and I will also write to Aster to ensure that it is fully aware of the provisions that apply.

My hon. Friend referred to the call for Aster to pay compensation to the affected family. As he said, there is no regulatory requirement for compensation to be paid, and that is therefore a matter for Aster on which, as he will appreciate, I cannot comment. However, Aster will have heard his impassioned plea in relation to what he described as the moral case, despite the absence of a legal obligation.

I understand that Aster has gifted and installed two GuardCams in the residence, which should allow evidence to be gathered. It has assured us that it will continue to work with the family to ensure that they can return to their home as swiftly as possible, although I know that, given the fears of intimidation and threats that my hon. Friend described, they may not consider that to be desirable.

I am sure we all agree that everyone needs to feel safe and protected at home and in the community. The social housing regulator, in dealing with antisocial behaviour, must require housing associations to publish a policy explaining how they intend to tackle such behaviour in areas where they own properties. The regulator also deals with the complaints of tenants who feel that matters cannot be resolved directly with their housing associations. The regulator has enforcement powers. They may not apply in this case, given that the next-door neighbour is not a tenant, but we expect housing associations, as independent organisations with a social purpose, to act in the best interests of not only all existing and future tenants, but all the residents in areas where they are active.

**Michael Tomlinson:** The Minister is rightly setting out the current position, and he has just hit on the exact problem. When housing association tenants live alongside private rented tenants, there is almost a sense that they have less of an obligation. It is much easier for housing associations when all their tenants live side by side. Will the Minister acknowledge that, and look into what more can be done?

**Andrew Percy:** I think the review that we are undertaking will cover some of those issues, and I will feed any comments back to my hon. Friend. When two tenants living next door to each other are involved in a dispute, it tends to be much easier for the social landlord to mediate actively. Of course, the individuals concerned are responsible for their behaviour, and we must not let them off the hook, but social landlords have a responsibility for everyone in the communities in which they have properties, especially when one of their tenants is a source of antisocial behaviour. It should not really matter whether the neighbour affected is a private owner-occupier, a private renter, or another social tenant. However, I take on board what my hon. Friend has said.

I also want to raise awareness of the community trigger, introduced in the 2014 Act specifically to deal with the feeling expressed by many people that their concerns about antisocial behaviour are not responded

[Andrew Percy]

to appropriately. That power gives victims and communities the right to require agencies to deal with persistent antisocial behaviour that has previously been ignored and brings together partner agencies such as the police, councils and social landlords to investigate complaints. That was a positive change.

Everybody has a right to live in a safe and secure environment, as my hon. Friend the Member for North Dorset said. That applies to his constituent who has been the victim of this behaviour and also the other residents in that area. The people who engage in this behaviour make people's lives hell. They cause misery to those affected. They affect people's health, both physical and mental, and it is completely unacceptable. All the agencies responsible have a role to play in making sure that those who engage in this behaviour are dealt with firmly and appropriately, always putting the needs of

the victim at the heart of their response, and that response must be prompt and proportionate.

I thank my hon. Friend for calling this debate and hope Aster housing is watching it. If so, it will have heard his impassioned plea on behalf of his constituents. I will write to Aster to clarify the issue of hearsay evidence and other professionals acting on behalf of witnesses who feel intimidated, and I will encourage it to look closely again at this case to see what else it can do to deal with this persistent antisocial behaviour.

My hon. Friend has proven himself to be a champion for his constituents, not only this evening, but throughout his time so far in this place.

*Question put and agreed to.*

7.12 pm

*House adjourned.*

# Westminster Hall

Wednesday 22 February 2017

[MR ADRIAN BAILEY *in the Chair*]

## Council Funding and Social Care

9.30 am

**Alan Johnson** (Kingston upon Hull West and Hessle) (Lab): It is a great pleasure to conduct this debate under your excellent chairmanship, Mr Bailey, particularly as I hear you are going to Hull on Monday with the Industry and Parliament Trust, which is a great organisation. It shows that you are a man of discernment and great taste, and you will have a good time in the city of culture—and I would not dare to ingratiate myself with you at the start of the debate!

Adult social care in England presents the biggest domestic political challenge of our time, and that includes how to fund it, how to ensure it is more closely integrated with health and how to ensure that the system is sustainable in an ageing society where demand is bound to continue to rise. In the past week alone, while Parliament has been in recess, Age UK has said that the system is moving from crisis to collapse. A report by Oxford University and the London School of Hygiene and Tropical Medicine concluded that problems in adult social care are behind an unprecedented increase in mortality. If we look at the statistics we see that mortality has gone up, but the normal infant mortality measure is not the cause, nor is the mortality rate of babies born after 28 weeks, which is a big factor. However, the adult mortality rate has gone up by 5.7%, and the report says that is due to problems in adult social care in England.

The debate today is about one strand of the enormous challenge, and it is very much focused on the short term: how local authorities will be able to maintain, let alone improve, services over the next few years. In relation to the debate about the long term, I was Health Secretary 10 years ago, and I was heavily engaged in the internal debate within the Brown Government about the need to devise a completely new and substantial stream of funding for adult social care. My right hon. Friend the Member for Leigh (Andy Burnham) became Health Secretary after me. He managed to reach a consensus with the Conservatives and the Liberal Democrats that was disgracefully scuppered by Andrew Lansley during the 2010 general election campaign. That attempt to find new money was disparagingly referred to by the then Conservative Opposition as a “death tax”, complete with pictures of tombstones on their election posters. It may have helped them to dislodge Labour, but it did not help them to solve the problem.

The Dilnot inquiry subsequently made a number of suggestions, including the eminently reasonable one that people like me who are working beyond state pension age should pay national insurance. That was quickly dubbed the “granny tax”. Between the death tax and the granny tax, the national debate on how we find the means to tackle this crisis has rarely managed to rise above the glib and the facile.

I applaud the recent cross-party attempt to convince the Prime Minister of the need to find a new cross-party consensus. Perhaps the Chancellor is even now working on the final details of a great and imaginative scheme that can attract all-party support for a national solution to a huge and growing problem. His autumn statement was an enormous disappointment. While he may mistakenly believe that the biggest crisis he faces is how to defuse the considerable row over business rates, he needs to understand that the interlinked issue of adult social care—interlinked for reasons I will come on to—overshadows everything in his in-tray and in the Cabinet’s in-tray.

It is traditional in debates of this kind for somebody to say that the problems are not all about money. I have no doubt that the Minister is preparing himself to fulfil that role in this debate, but I am afraid that in respect of adult social care, it actually is all about money. According to the Institute for Fiscal Studies, direct funding to local authorities will have fallen by 80% by 2020. I repeat: 80%. Adult social care is not ring-fenced. Some £4.6 billion was slashed from those budgets in the last Parliament, with the result that we spend less on social care now than we did in 2010. Those are House of Commons Library figures obtained yesterday. It is less in cash terms, which is even less in real terms, and all parties agree that the problem is mainly caused by underfunding.

In written evidence submitted to the adult social care inquiry last year, the King’s Fund said that

“the fundamental cause of the problems in adult social care is inadequate funding.”

We can talk about innovative ideas and methods that councils across the country are employing, including my council in Hull—they are doing brilliant things to try to deal with some of the wider issues—but the basic fundamental problem comes down to cash and funding. Indeed, the scale of the problem is such that in evidence to the same inquiry, the chief executive of NHS England, Simon Stevens, said that were any extra money to become available from anywhere it should go not to the NHS—his own organisation, which he was representing—but to social care. That was a remarkable and unprecedented act of self-denial in respect of access to public funds.

Pending the Budget and the outcome of further deliberations by the Government on the issue, the solution that this Administration have pursued with the most vigour is simply to pass the buck to local authorities. Let us for the sake of this debate accept the premise that local authorities are best placed to deal with the issue and that the adult social care precept may be the new funding stream that has proved so elusive. Even if we accept all that, the first point that the Government must surely acknowledge is that the amount raised does not begin to match the scale of the problem. The precept in 2016-17 raised £382 million, which is less than 3% of council spending on adult social care. However, it would have been a very welcome 3% increase, were it not for the fact that implementation of the national living wage cost those same councils an estimated £612 million, wiping out the additional money and leaving councils with a deficit on this issue alone of £230 million.

**Melanie Onn** (Great Grimsby) (Lab): There are some 850,000 people living with dementia in the UK, and their care is usually more expensive than standard elderly care. We have seen £160 million taken out of adult

[Melanie Onn]

social care budgets between 2010 and 2016. When it comes to the adult social care precept at the local authority level, does my right hon. Friend agree that it is destined to create a postcode lottery and impact further on the services that people expect to receive in times of great difficulty?

**Alan Johnson:** My hon. Friend is absolutely right about that, and I will talk about the widening inequalities in a second. She was also right to refer to dementia sufferers. Too often in this debate—I am perhaps guilty of this, as well—we deal with dry statistics, percentages and precepts, when at the end of it there are people who are very vulnerable and need care, above all dementia sufferers. We have to tackle that and ensure that the inequality gap does not get wider. I will come on to that in a second.

**Sir Hugo Swire** (East Devon) (Con): I am following very closely what the right hon. Gentleman is saying and am finding myself in agreement with much of it. In the time left, will he also address the issue of the hidden cost of care? These are the carers who are looking after elderly relations and who have sometimes lost childhoods looking after disabled mothers. A huge army of hidden carers are providing free social care. When we look at the model, we should not forget those people.

**Alan Johnson:** The right hon. Gentleman is absolutely correct about that. I said at the beginning of my remarks that this is a wide debate, but I have chosen to focus on one strand: funding through council tax. I have met not only elderly people caring for similarly elderly people, and not only women trying to care for elderly parents at the same time sometimes as bringing up a child, but, most poignantly, children who care for their parents. They remained hidden to the extent that even schools did not know they had such responsibilities, and there was no obligation on schools to find out, so the right hon. Gentleman is absolutely right that the problem is far reaching. For Government it is a difficult problem to resolve, although I do not doubt their determination to try to resolve it. I am just pointing out that if we were to accept that the way to do it is by local precept on local councils—devolving the issue down to local level—the Government would have to accept that the route they have designed is woefully inadequate.

In addition to the fact that the national living wage costs councils £612 million against the £382 million that the precept at 2% raised last year, a combination of the Care Act 2014, case law in respect of deprivation of liberty safeguards and the proposed Department for Work and Pensions cap on housing benefit—if the Government are unwise enough to go ahead with that, they will create all kinds of problems that will come to councils through adult social care—has created and will create additional unfunded social care costs.

However, as my hon. Friend the Member for Great Grimsby (Melanie Onn) alluded to, the biggest problem with relying on the precept and the retention of business rates—the Government's other new idea—is that it is grossly unfair and will widen existing inequalities, leaving those with the greatest need less able to raise the extra money that they need. Far from doing something to

close the equality gap that the Prime Minister rightly made her mission in her first utterance in that role, it will exacerbate the problem and lead to Government-inflicted inequalities. The King's Fund points out that the 10 most affluent areas will raise almost two and a half times more from this precept than the 10 most deprived will. If it was more money instead of less, it would be welcome. The fact is that all local authorities, wherever they are in the country, will be worse off overall from cuts to local authority funding, but through the precept and rates retention some will be worse off than others.

Allow me, if I may, Mr Bailey, ahead of your visit to Hull, to be parochial and talk about the city that I represent. Hull has 27% of its population living with a long-term health condition. It is a brilliant city, but not a wealthy one. Not many people have the £25,000 that, according to the Government, allows them—this is another controversial issue—to self-fund. Only 7% of the population is able to self-fund in Hull against the national average of 45%. There is, therefore, a huge and growing demand for adult social care services.

Hull City Council will struggle to produce any meaningful resources from the social care precept because 80% of our housing stock is in the two lowest bands. The net result—this is a neat little comparison—is that in Kingston upon Hull the increase in the precept to 3% will bring in £8.01 per person, but in Kingston upon Thames, which I have nothing against—it is a wonderful place—will raise £15.27 per person. There are even starker anomalies, incidentally, but that is a neat comparison. Kingston upon Hull, which has higher levels of deprivation, a greater need for social care and a lower council tax base, finds itself getting almost half as much as Kingston upon Thames. Because of the Government's failure to properly account for deprivation over the next three years, Kingston upon Thames will have £2.3 million more to spend on adult social care while Hull will have £2.2 million less.

Hull has, like all local authorities, been battling to protect its services through a vicious series of funding cuts, losing £115 million of core funding with a further £33 million of cuts to face by 2020. It has lost £18 million from its social care budget since 2010, with the need to cut a similar amount over the next three years. Overall, a combination of the financial pressures on Hull City Council, the clinical commissioning group and secondary health care—those are all combined in the interface of how we deal with these problems—means that we have a spiral of decline, as the CCG is unable to support community services and is pulling back funding at the interface of health and social care. That then impacts on the ability of the local authority to respond swiftly and robustly to a sudden and unexpected need for high-cost social care, such as somebody experiencing a stroke and awaiting discharge from hospital.

An increase in delayed discharges places an additional burden on the acute trust, which goes deeper into crisis and has to admit people later and discharge them earlier, often discharging them inappropriately and pushing the burden of funding support for vulnerable people back to the CCG and the local authority. The vicious circle then begins all over again, becoming more and more problematic and presenting even greater risks to individuals.

**Sir Hugo Swire:** On this issue of keeping people in hospital, in some parts of the country the local authority is slow to find them beds because it is then its responsibility financially, but does the right hon. Gentleman not agree that all the evidence shows it is far better to keep people out of hospital, because of muscle wastage and suchlike, and to get them back home as quickly as possible?

**Alan Johnson:** There can be no dispute about that from anywhere. All the evidence says that that is the case. “Bed-blocking” is a terrible term, but it was around when I first came into this place 20 years ago. We thought we had resolved the situation, but it is becoming more and more acute. Keeping people in hospital is a problem because it is not good for the individual, never mind about the effects on healthcare services, the NHS and adult social care. It is not good for the individual to be placed in that situation. I might add that lots of charities and voluntary sector organisations do a great job in helping to deal with that problem. They depend for their existence on a bit of match funding from local authorities, sometimes £10,000 a year, which they are no longer able to get since that has had to be cut because of cuts to local authority funding, so that has had an impact even on the voluntary sector.

In November the Public Accounts Committee concluded that the Department for Communities and Local Government does not have sufficient understanding of the extent to which revenue pressures are affecting local authority finances. That has certainly been our experience in Hull, although we have tried to assist the Secretary of State by highlighting the anomalies that the precept creates. The Secretary of State wrote to the leader of Hull City Council, Steve Brady, on 19 July last year, shortly after he had taken over at DCLG. It was a lovely letter thanking Steve Brady for a letter to his predecessor about devolution in Yorkshire. The leader of Hull City Council’s letter also mentioned the problems being caused by the tax precept for adult social care. The Secretary of State said he understood and wrote:

“ I would be pleased to meet you in due course to discuss this further. My office will be in touch to arrange...a suitable time”

in the coming weeks. Hull City Council waited 13 weeks and then got a response that was not even from the principal private secretary in the Department. A correspondence clerk wrote to say that the Secretary of State no longer had any time in his diary: he was unable to commit to any meeting whatever and unable to commit to the meeting that he himself had suggested, unsolicited, in a letter to the leader of Hull City Council. That is at worst arrogant; at best, discourteous. Perhaps the Minister can suggest to his boss that he clear an hour—even half an hour—in his diary for the commitment that he himself suggested. His failure to do so has led to the suspicion that he is not really interested in gaining the sufficiency of understanding that the PAC alluded to in its report.

The problems in Hull and other cities represented by Members here today remain as acute as they were in July, and the local government funding settlement published late on Monday evening will do nothing to resolve them. The better care fund gives some weighting to local need, but nowhere near enough, with rising demand and reduced funding producing a £30 million funding

gap for Hull by 2020, and a further £40 million to come if 100% business rates retention kicks in without some form of adjustment to account for deprivation. Again, places such as Hull with tightly drawn city boundaries—none of the suburbs are part of the Hull City Council area—will do worse from business rates retention than more prosperous areas.

Having failed in our quest to inform the Secretary of State of the effects of his policy on cities such as Hull, the three local MPs wrote to the Chancellor ahead of the autumn statement, seeking his assistance to ensure sufficient funding for adult social care. The reply came from the Minister who is here today, and it was full of reassuring statistics about the money we would be receiving. The only problem is that his figures were wrong by a factor of 45%. The 3% precept will raise around £2.1 million in Hull, not the £3.5 million the Minister claimed. Yes, we will receive £1.46 million from the new adult social care grant, but we will receive a corresponding cut in the new homes bonus of £0.81 million, so that £1.46 million is reduced to £0.65 million. In addition, although it is true that Hull will get £1.88 million from the better care fund, like all local authorities we were hoping to see that money front-loaded, not back-loaded. The £6.5 million we are due to receive in 2018-19 is badly needed now.

The cuts being made to local authority funding are what I would call reckless. Even in this new world of alternative facts, the Government cannot spin draconian cuts into extra funding. Instead of engaging in this kind of smoke-and-mirrors attempt to suggest that all is well, the Minister needs to understand, and then acknowledge, the real funding position for councils such as Hull and other local authorities whose Members are waiting to speak in this debate.

This is not a battle among local authorities; it is a battle by local authorities to achieve a proper understanding by the Government of the crisis they face. The Government must take levels of deprivation and the ability to raise finance from local tax receipts fully into account when considering the future fair funding model for local government. They must set out their plans for the promised land of rates retention in 2020, which may help in the south where, as we have been hearing, rateable values are high, but is a huge issue for local authorities in the north. It would also be handy if the Government sorted out their promised review of rateable values before passing that substantial buck to local authorities, as they plan to do in three years’ time. More urgently, they need to front-load the better care fund, so that services do not collapse before a fairer funding model is in place.

Local authority funding of adult social care on the current basis is unsustainable, but, in the absence of fresh thinking, it is all we have, and the people who rely on adult social care cannot wait any longer for the urgent help they need. The debate can get lost in dry statistics, but in reality it is about the elderly woman who is stuck in a hospital bed because there is no satisfactory provision in her community. It is about the disabled man unable to receive the help he needs to have a bath, the care home that closes and the dementia care that vanishes. It is about many of the things that make our society civilised—things that are diminishing daily, on this Government’s watch.

9.55 am

**Sir Hugo Swire** (East Devon) (Con): I am grateful to the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) for instigating this debate. It will be one of many, and I am pleased that there is some kind of consensus emerging.

At the outset, we should do two things. First, we should be careful in using the word “crisis”—it is an overused word in government—but in this case we do have something approaching a crisis. Secondly, although we should try to take the politics out of this, and I will argue why, I am not a deficit denier and we need to acknowledge the severe financial restrictions under which we are still operating. When we won the election and formed the coalition Government in 2010, the coffers were empty. To imagine that we can print and spend more money is irresponsible and would get us back exactly to where we started seven years ago.

The issue is nothing new. The Blair and Brown Governments failed to address it; successive Conservative Governments have failed to address it. This crisis has long been coming and it is now here. In a sense, I am sorry to see the Minister in his place. A Communities and Local Government Minister should not be involved in this at all, and this should not be a local government matter.

When we talk about additional funding, we are discussing three strains. The first is the precept, which is a problem for us in Devon just as it is in the constituency of the right hon. Gentleman, because we have a relatively low income and high needs. The second strain is business rate retention. Will my hon. Friend the Minister refresh our minds on where we are on business rates retention? The Secretary of State has said that 100% rates retention will mean £12.5 billion a year more to local authorities. Have the Government decided that that is the policy, or is it going to be 100% retention of any new business rates to encourage local authorities to grow business? There is a fundamental difference.

The third strain is the forthcoming Budget. I see that the financial figures are better than were expected, which gives the Chancellor some wriggle room. I would submit that social care is the one area where he could usefully spend money to avert the crisis we are discussing.

Any of those measures are by definition temporary, because they provide only a sticking plaster. A Minister from the Department for Communities and Local Government should not be here answering the debate. The model is completely ridiculous and outdated—I would go so far as to say that the model of healthcare through the NHS and social care is now outdated and needs a radical rethink.

There should be a seamless passage of care from cradle to grave. It seems utterly ridiculous to have a system whereby the NHS is funded by national taxation and social care is funded by local authorities. That model is completely crazy. It has emerged and grown up. We are in the position where, up and down the country, there are examples of hospitals retaining people beyond the date that they should be there, because as soon as they walk out the door they become a cost to the local authority. Where is the incentive for the local authority to provide an early care package for those people? The victims of that situation are at the mercy of the Government and need urgent help.

I am not going to rehearse the statistics from my part of the world, other than to say that we have a higher than average elderly population of over 85s, which is growing faster than the national average. I am trying to sell Ministers the idea of using Devon as a template for getting this right. Places such as Sidmouth in my constituency are demographically 20 years ahead of the rest of the country, so if we get it right in Sidmouth, we are going to get it right everywhere else.

I am enjoying the freedom of returning to the Back Benches—I can speak without fear or favour and make wild spending commitments without having to stand at the Dispatch Box to justify or defend them. I have the freedom to look at these things based on the knowledge I have accumulated as the local MP since 2001 in an area where social care funding is a major problem. The right hon. Gentleman alluded to the cross-party group under the leadership of the right hon. Member for North Norfolk (Norman Lamb)—I suppose it is his leadership, although the group has pretty flat management—to whom we should pay tribute because he has been at the forefront of discussions about social care. I am part of that group, which has been to see the Prime Minister.

I know all the arguments about what has gone on before 2010. Much of that is regrettable, but we should now look this in a radical way. This is about not just social care, but the whole NHS. Bevan himself, when he got the first invoices for the NHS—I think it was to do with penicillin or antibiotics—said, “This is not what I had in mind at all,” yet we have allowed the whole thing to grow enormously. We have to be realistic about what kind of care the state should provide from cradle to grave and how it should be paid for. We must be braver than we have been in the past. Politicians of all hues and shades need to face up to the fact that this is about not just social care but care, health, accident and emergency and GPs—we need to look at the whole thing.

I am interested that the right hon. Gentleman did not allude to cultural changes. I like to think of myself as his benefactor, as I put money in his pocket by buying his books—and very good they are too. I recommend that those who have not read them do so, and buy them rather than go to the library—cheapskates!—because the publishing industry needs our support. In those books, the right hon. Gentleman eruditely paints a picture of an extraordinary upbringing in Notting Hill in London. He was actually the original member of the Notting Hill set and set the bar for them—what an excellent group of people they all turned out to be, with some exceptions. But I bet—he did not say this, but he will correct me if I am wrong—that in the Notting Hill he grew up in, elderly people were more often than not cared for by their families, and were not left alone in their homes or put into institutions.

The majority of carers in this country are women caring for men. We have already talked about the hidden carers, such as the elderly lady looking after an infirm husband, not getting enough help or respite—respite for carers is another issue. We talked earlier about the child who is having their childhood stolen from them because they are not able to attend after-school events as they have to rush home to care for a disabled or a needful member of their family. All that is true, but we have to recognise the fact that, because couples are now on the whole in work, they are less able to care for vulnerable parents and relations than they were in the

past. Perhaps we need to look at that more carefully. Perhaps we need to plan more carefully to make it easier for people to add on what used to be called granny flats, and try to encourage more people, through either fiscal incentives or behavioural change, to care for people at home. We have to decide where the family stops and where the state steps in. It cannot all be left to the state.

All those things need to be looked at. The more outrageous and controversial the suggestions that are made, the better, because that gets people out of their boxes and makes them think about how we are going to deal with this problem. Hon. Members are shaking their heads in disbelief, but this problem is not going to go away; it is going to get worse as the population becomes more elderly. We have finite resources, so we need to see how best to allocate them. At the end of the day, this is a prosperous country, and a prosperous country should be judged by how it looks after its elderly and vulnerable people. At the moment, we are not doing it well enough.

Others wish to speak, so I will say three things in summary. First, I call, as I have done in Parliament previously, for the £1.5 billion of funds for the better care fund to be brought forward, because currently it will not be available until 2019. We need that money now. Secondly, we need transitional funding to facilitate the change in the healthcare model in East Devon. Thirdly, as I have said, we need a cross-party review of the NHS and social care services.

I have a local councillor standing for re-election in my part of the world who believes that money grows on trees. Her stock answer to everything is, "Scrap Trident, tax corporations, tax the rich." It is not terribly intellectual. We have to be rather smarter than that. If the Chancellor has some wriggle room in his Budget—he is looking at the many priorities and hard-pressed areas that come across his desk, from the NHS to local government finance and the military—he owes it to this country to put social care at the top to provide some relief. That is not the long-term answer, but we have a short-term problem, and I am looking to him to help us solve it.

10.6 am

**Diana Johnson** (Kingston upon Hull North) (Lab): It is a pleasure to serve under your chairmanship, Mr Bailey. I congratulate my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson) on his eloquent speech, in which he set out the key issues that we are here to address. The right hon. Member for East Devon (Sir Hugo Swire) is right that we live in a prosperous country. As politicians, we know that politics is about choices, but I think the choices being made at the moment about social care are wrong, so we need to revisit the Government's decisions and put pressure on them to think again. I want to spend a few minutes talking about the human cost of the financial pressures that my council is facing and the impact that is having on individuals, care staff and the care sector in general. I want to emphasise some of the points that my right hon. Friend the Member for Kingston upon Hull West and Hessle made about the demographic make-up of Hull and what has happened to our funding since 2010.

We are the third most deprived local authority area in the country, and the cuts since 2010 will equate to £548 per head by 2020. By then, an estimated £40 million

will have been cut from Hull's social care budget, and its central grant will have been reduced by 55%. I am going to be political here—the right hon. Member for East Devon said we should take out the politics, but I am going to say this. The most recent analysis shows that Labour councils have faced cuts five times higher than Tory councils, but even those figures do not tell us the whole story. From now until 2020, the council expects that the cost of its social care services will increase by £25 million. Even with the social care precept, the better care fund and the adult social care grant, we will not be able to cover that. As my right hon. Friend the Member for Kingston upon Hull West and Hessle said, Hull City Council is doing its very best in those difficult circumstances. It is being innovative and trying to integrate social care with health as much as it can, but the council's financial situation means that individual men and women in the city of Hull are not getting the care that they deserve.

I want to tell hon. Members about a constituent, Joyce Hensby. Mrs Hensby has a range of medical conditions, which mean that she relies on carers to come into her home. For example, every morning she needs a 30-minute visit from a carer to get her out of bed, shower and dress her, and make her breakfast. The staff who do that are hard-working and dedicated, but unfortunately they are working in an impossible situation.

Joyce's care is funded by Hull City Council and provided by a private company, Direct Health. In June last year the Care Quality Commission judged Direct Health's service as requiring improvement. The CQC said that the provider did not have sufficient numbers of suitably qualified, competent, skilled and experienced staff, or the appropriate systems in place to ensure that people received the services agreed. Some care co-ordinators were being forced to do two jobs at once, and some care packages were being given back to Hull City Council because there were insufficient staff.

Staff told Mrs Hensby that they were paid by the minute and that if they could not provide evidence that they were fully occupied for the full half hour they were meant to care for her, their pay was docked. The CQC expressed severe concerns during its inspection about that pay-by-the-minute system. Furthermore, some staff work 16-hour days, from 7 am to 11 pm, and many were asked to opt out of the working time directive on starting with Direct Health. The provider does not fund staff's transport costs, and sometimes carers spend large parts of the day rushing between appointments but not getting paid for that.

As we might expect, Mrs Hensby likes consistent care with people she knows and trusts. She does not want strangers helping her every day with some of the most intimate and personal of care. Staff turnover, however, is extremely high because of the pressure on them and their low wages. In the past three months alone she has lost five carers with whom she had built a good relationship. Every day my constituent Mrs Hensby is left worried about who will be coming through the front door to help her. That is the reality of what the crisis in local council funding looks like day to day in many homes in Hull.

Shortly after the Government made their living wage announcement, I visited a residential care home in Hull. That announcement is to be welcomed, but the owners of the home told me they were worried about its future financial viability, although they have run it for many

[Diana Johnson]

years, they have loyal and long-serving staff and the home has glowing reviews. The council in Hull pays £416.55 a week for an older person in residential care. The majority of people in Hull's care homes are not self-funders—as my right hon. Friend said, only 7% in the city are self-funders, compared with 45% nationally—which means that the care homes rely on the amount of money that Hull City Council pays. The homes cannot generate extra income for themselves.

It is worth pointing out that the cost of booking into a Travelodge in Hull is £456.75 a week, although that obviously comes without any of the support that is provided in a residential care home. The social care precept, however, does not even make up for the costs of the new national living wage policy. In Hull that 1% increase in council tax will raise only £2.1 million a year, whereas the living wage costs for adult social care in Hull are £3.5 million a year. Quality private care providers are under enormous pressure to provide a good service, which is what they want to provide, but they have to do so with a very limited income, and on top of that they now have to meet new obligations such as the living wage. We will see many more care home providers—the good ones, such as the one I visited—saying that they simply cannot continue, that it is not possible.

It would be remiss of me not to comment on Surrey. To recap, Surrey County Council is the 150th most deprived local authority area in England, and Hull the third most deprived. Surrey County Council leader David Hodge commented:

“I believe we have a duty to look after people...We cut £450m already, we squeezed every efficiency and we can do no more. I am sick and tired of politicians not telling the truth. Surrey people have the right to know and I'm not going to lie.”

That, obviously, was in relation to social care. Those comments resonate for hundreds of councils up and down the land and in more deprived parts of the country even more than they do in Surrey, because the pressures in places such as Hull are even more severe. Yet when council officers in Hull did the right thing, told the truth and raised the issue, as my right hon. Friend the Member for Kingston upon Hull West and Hessle said, it seemed to fall on deaf ears. Sadly, they do not have a direct line to Tory special advisers, as Surrey obviously did. The plight of our vulnerable residents is going unrecognised by the Government, perhaps because they are not in the stockbroker belt and are not so immediately obvious to the Ministers making decisions in Parliament.

Many years ago Neil Kinnock warned about playing politics with people's jobs. Failing to fund social care is playing politics with people's lives. New academic research shows that cuts in social care and the problems in the NHS led to 30,000 excess deaths in 2015. The Minister needs to reflect on that, and I urge him to consider it. He should also listen to some of the suggestions being made, because it is not as if there are no proposals for how to plug this gap. For example, Unison has pointed out that although business rate receipts for central Government have gone up, the Government have not allocated that extra money to councils. In 2017-18 additional receipts will amount to £6.6 billion. If the Government gave only £1.8 billion of that unallocated money to councils such as Hull, it would go some way towards relieving the pressures in social care.

Now is the time for a radical rethink of social care. In 1948 the view was that we needed to set up a national health service that we all contributed to and that we could all access. We now need a national health and care service to be set up and paid for from general taxation to stop the existing postcode lottery and to ensure that people such as those who fought in the second world war and helped to build the country back up after 1945 get the kind of care that we all want them to receive in our communities.

10.17 am

**Huw Merriman** (Bexhill and Battle) (Con): I thank the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) for giving us the opportunity to discuss, on a cross-party basis, the need for reform and the challenges faced by our local authorities. I hope I can be forgiven for being a little more parochial in the time available to me than my right hon. Friend the Member for East Devon (Sir Hugo Swire) was. I want to talk about our challenges in East Sussex, but I will then touch on what the Government are doing and, ultimately, on the need for reform. That need is not only about looking at government but about encouraging reform and ideas at a local level, because the challenges are local. That is where I will focus the main part of my contribution.

To set the scene, we in East Sussex feel ourselves to be in a challenging situation, because those who make the decisions in London look south, see Surrey on the map—Surrey has already been mentioned—and perhaps think that things cannot be too bad in that direction, so money should go west or north. Further south than Surrey, however, is East Sussex. We are a relatively poor county with poor infrastructure, so our ability to create business opportunities is limited. Understandably, because we are on the south coast, we have also become a haven for retirement.

The Surrey scenario is real for us. It is extraordinary how, when I knock on doors in my constituency and speak to retired people, they tell me their stories about moving further south from Croydon, Caterham or wherever. That is fantastic, and those people add to our diversity, but the proportion of over-65s in my constituency is 28% of the total population, compared with a national average of 17%.

People will work and live in Surrey, perhaps in bigger properties, and then sell and downsize, but they will not pay the same amount of council tax in East Sussex. As they get older and into their advanced years, they will obviously need the services of East Sussex. Under the current model, the working age population of East Sussex largely has to fund those services. I agree with my right hon. Friend the Member for East Devon that there is a need to look at the model that requires us to fund social care locally but the NHS nationally, which does not make any sense at all.

Unfortunately, we also have a relatively poor working age population. I recall that, a year or so ago, I was given figures and told, “Congratulations—your constituency is in the top 10 for wage increases when it comes to the living wage.” That really means that 33% of my constituents are on the living wage and work in poorer areas, which is a challenge. I also make that point about the push for new money, which really means a push towards taxing

those who are currently working. How will we get people who are currently working to save for their own good care if we tax them to the nines and they cannot afford to save?

**Alan Johnson:** The hon. Gentleman makes an important point. We need to fund social care from a separate source, not just normal taxation. Two ideas came up. The idea of taking money out of people's inheritances was labelled the death tax. I made the point that I should be paying national insurance. I am 66 years of age and I am still working. Why did I stop paying national insurance at 65? As Dilnot said, that and other ideas need to be explored. We agree that this is not just an argument about sticking taxes up. We must look for a new funding stream, which has been so elusive.

**Huw Merriman:** I absolutely agree. As my right hon. Friend the Member for East Devon mentioned, we should look not just at reform of social care in isolation but at all the other related parts. We should ask ourselves whether we are overspending in certain parts, whether we can recycle in other areas, and whether people need to make fairer contributions, particularly as they get older. We could also throw into that pot contributions by retired people who have no issue at all with their income and have paid for their assets, yet are still entitled to free bus passes and other universal benefits. This is not Government policy, but I can say it because I am a Back Bencher: perhaps the time has come to look again at whether we can afford that when we cannot afford to look after people in social care.

**Kate Green (Stretford and Urmston) (Lab):** I was not in the Chamber for the beginning of the debate, for which I apologise, so I am particularly grateful to the hon. Gentleman for giving way. He alluded to local experiences, and the demographics and wealth in East Sussex. There is also a disparity between north and south in how wealth is held in housing assets. There is an interesting opportunity for the Government to look at how the excessive housing wealth that is held in London and the south-east could be released in a fair way to ensure that constituents in my part of the country are not disadvantaged.

**Sir Hugo Swire:** Mansion tax!

**Kate Green:** And constituents in the south-west. There are areas where housing wealth is low and therefore not a good source to pay for social care, but there are other areas where it is very high. I own a flat in central London, and that ought to be used to pay for my social care.

**Huw Merriman:** I very much take the hon. Lady's points. I certainly do not advocate a mansion tax, and I do not believe that my right hon. Friend the Member for East Devon was calling for one either. There is an argument that, if social care continues to be funded locally, there needs to be an additional stamp duty so that, if an asset in Surrey is sold and downsizing occurs, the money actually follows someone into the county. That should not be required, because it does not really make sense for social care to be funded locally, but if it remains locally funded, I agree that we have to start thinking radically about how we spread the money around.

I recognise that the Government have acknowledged that there is a challenge in the system. That is the first step. The right hon. Member for Kingston upon Hull West and Hessle mentioned the concept "all is well". We will hear from the Minister, but I constantly hear the Government acknowledge that there is a challenge and a requirement for reform. We need additional funds between now and reform so we can get through this stage, but reform is ultimately the answer. I believe the Government recognise the challenge, so I have great confidence that we will overcome it.

I also recognise that £3.5 billion of extra funding will be put in through the social care precept and the improved better care fund by 2019-20. I hear the point that some of that is backdated and will not come on stream until later, but the Government have listened to that point to a certain degree and allowed councils to increase the social care precept levy to 3%. My county is doing that. The levy will be 3% this year and 3% the following year, but of course it will then go down to zero, which is why reform will be needed at that point. The transfer of the new homes bonus from the district level to the county level has also buffered my county council against some of the increase in costs.

I welcome what the Government are doing and the tone that they have adopted, but ultimately we need reform. I absolutely believe that we need to look at the entire system, including financial services. For example, we talked about property. I believe that there is a problem with equity release, which people cannot get from their high street banks because they just do not offer that service. Anyone who wishes to tap into their property's value to pay for their care in older age has to go via an insurance company, which is incredibly difficult. I have discussed that with the banks. They have a concern about their bills for recent mis-selling fiascos—they shy away from explaining what equity release means for people in their older age because they were sued so successfully for previous mis-selling scandals. We need financial services reform, too.

We must also look to the future. Why do we not have care individual savings accounts for people—perhaps for people of my age—who should be saving, in the same way that we have help to buy ISAs? We need to look more along those lines. We must be absolutely honest and open that an asset will be sold in totality to pay for care. I regard my house as the asset that I will use for that. I doubt very much that my children will ever see a penny from it. We need to have that conversation with the public, who I believe are ahead of us in this game. Ultimately, people who care for their relatives should be able to inherit, but people who do not should not expect to inherit, because the state will have to pay for that care and the cost will have to be recovered. We need to start talking in that language.

We must also look at reform of the care home sector. Of the 35 care homes in my constituency that were reviewed by the CQC, 29 were less than good. That is an absolute disgrace. The issue with care homes largely is that they are in old buildings with fire hazards, there are not enough staff to look after people and strangers still share rooms. There must be incentives in the system so that new care homes are built, which is why I recently called for care homes to be delivered by local government. Some people took that as a call for renationalisation of the sector, but I did not mean that; rather, when putting

[Huw Merriman]

planning applications through, local government should require developers to build care homes in the same way that they require schools and GP surgeries to be built. If we put such incentives in the system, we will have the funding in place and the old buildings will be sold. Planning consent requirements should be lowered for the care home sector, which would lead to new buildings.

Local ideas are often the best ideas. The council house sale reform in the '80s, which Opposition Members may not have agreed with, was a local idea. We have merged the two budgets in the East Sussex Better Together funding programme. We are taking a lot of money out of the primary care system—40% of the budget will come out of hospitals and go into social care. East Sussex is one of the three pioneers that recognise that this is one problem, so there needs to be one fund and one programme. That can be done locally and is being led locally by East Sussex. Rather than talking purely about the challenges, I will finish by talking optimistically. Answers and solutions are being found and delivered locally, and I very much hope they succeed.

**Mr Adrian Bailey (in the Chair):** We now come to the Front-Bench wind-up speeches. Will the Front Benchers between them leave a couple of minutes at the end for Alan Johnson to reply to the debate? I call Neil Gray.

10.29 am

**Neil Gray (Airdrie and Shotts) (SNP):** It is a pleasure to sum up for the Scottish National party in this debate, which is crucial for all our constituents. I congratulate the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) on securing the debate and his erudite contribution, which others have remarked upon.

The right hon. Gentleman was right to say at the outset that this is a domestic political challenge of our time. Alongside the cuts to social security, this issue must be the one that is felt most by the people we represent in their day-to-day lives. In that vein, I am slightly disappointed that there is not a better turnout for the debate, although I understand that events happening tomorrow in Stoke and Cumbria might preclude people from being here today.

The right hon. Gentleman cited the cuts applied in England, whereas in Scotland adult social care spending increased by 29% from £2.3 billion in 2006-07 to £2.97 billion in 2014-15. He also highlighted the disparity in funding in different areas of England, understandably focusing on Hull. He did not mention, though the hon. Member for Kingston upon Hull North (Diana Johnson) did, the special deal given to Surrey. We should reflect on how Surrey and Hull have been treated, with them appearing to get different treatment.

The right hon. Member for East Devon (Sir Hugo Swire) was right to acknowledge in his contribution the critical role played by carers—especially kinship carers—who provide phenomenal service and save Government across these isles billions of pounds. He was honest enough to say that the situation is approaching a crisis in England, but he went on to blame financial pressures from 2010 for the crisis faced now. I remind him respectfully that austerity is a political choice. In spite of wholesale

cuts to Scotland's budget, although we still have challenges we are nowhere near the crisis point that England is at now.

In the right hon. Gentleman's criticism of the health and social care model as he sees it in England, he appeared to be advocating the integrated joint health and social care boards model that has now been legislated for in Scotland. I would encourage him to look at what has been done there and the results that that has reaped.

The hon. Member for Kingston upon Hull North highlighted the fact that Labour councils face five times the level of cuts of Conservative councils and the difficulties faced as a result in her city. She rightly cited the personal story of Joyce Hensby to highlight the wider issues. Mrs Hensby's needs are not unique, and Ministers must do better to provide for her and people like her across England.

The hon. Member for Bexhill and Battle (Huw Merriman) reflected on his area's challenges, which will not be unique but are not being addressed. He was not afraid to consider ideas that will undoubtedly be unpopular in some quarters of his constituency. That is why I commend him, although I cannot necessarily agree with what he had to say. He also talked about equity release in property but not about those people who do not have access to that. I encourage him to look at the free personal care model north of the border.

Social care across the UK faces challenges. There is no doubt that changing demographics and an ageing population across the country mean new challenges for Governments to ensure that services are fit for purpose. Others have reflected on what is happening in their areas and I will do the same. The Scottish National party Government have been facing up to these challenges and have legislated for new integrated joint health and social care boards, which are now established. Partly as a result of local authorities and health boards working together, we have seen a drop in instances of delayed discharge, which is a major issue in acute care performance and in ensuring the best possible rehabilitation scenario for patients.

Taken together with other initiatives and investments, standard delayed discharge of more than two weeks has dropped by 43% in Scotland. As a result, A&E waiting times are also worth looking at: the four-hour target is hit in 92% of cases in Scotland, 79% in England, 76% in Northern Ireland and 65% in Wales. As part of the Scottish Government's 2016-17 draft budget, we have allocated a further £250 million to health and social care partnerships to protect and grow social care services and deliver our shared priorities, including paying the real living wage to adult careworkers.

In spite of the cuts to Scotland's budget, the SNP has increased funding for adult social care. As a result, the average time received for home care is 11.3 hours a week, compared with 5.6 hours in 2000. Through integration of health and social care and continued progress to self-directed support, more people are choosing what their support is and how it is delivered. In line with our vision, the proportion of adult social care expenditure in community settings has increased from 46% in 2006-07 to 52% in 2014-15.

The SNP Government will continue to shift the balance of care by increasing in every year of the next Parliament the share of NHS budget dedicated to mental health

and primary community and social care. The protection of our social care services is vital, and we have taken action to do that. As highlighted in the Fraser of Allander Institute report of September last year and the Audit Scotland report on local government, social work spend in Scotland increased in the period from 2010 through to 2015, rising from £3.2 billion to £3.3 billion.

Challenges are faced by health and social care services across these isles. Despite what I have said about the much better picture north of the border, clearly Scotland is not immune to the challenges faced elsewhere. However, the SNP Scottish Government have taken a different path and made different choices. We still have some way to travel, but I am confident that the UK Government have much to learn from the SNP Government up the road.

10.36 am

**Jim McMahon** (Oldham West and Royton) (Lab): It is a pleasure to serve under your chairmanship, Mr Bailey. I congratulate my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson) on securing this critical debate. There is a crisis, but we should be honest and say that it is a crisis of indifference. There are pleas from those who need care but cannot get it, pleas from families who see their relatives denied care that they ought to be receiving and pleas from local authorities that are in the hellish situation of trying their best to teem and lade a diminishing resource when pressure on their budget is going up all the time. We have also seen pressure and pleas in this place, but the Government seem determined to ignore the scale of a crisis of their own making.

It is a crisis of the Government's making. I resent the idea that just because people are living longer and happen to have health conditions that need additional support, they are tagged as being the problem. People who have worked all their lives and contributed to our society have been let down by the Government when they needed them most. The Government labelled them as the problem instead of reflecting the fact that we want people to live a decent life in old age. If that is the measure of the type of society that we want, we ought to step up and treat people in the right way.

**Liz McInnes** (Heywood and Middleton) (Lab): As well as there being a crisis of indifference, does my hon. Friend agree that the situation was entirely predictable? It was well known that the elderly population was going to increase, and no action has been taken to address the problem.

**Jim McMahon:** My hon. Friend is right. The reports, reviews and commissions that have looked into this issue have laid out clearly the scale of the problem. It has been made clear that the problem is bad today but will get worse year on year unless action is taken. Cross-party attempts have been made to resolve the issue, only to be undermined by the Conservative party, which wants to use it to wave the flag and scream at the Labour party with accusations of a death tax and a granny tax. We have heard about all that during the debate. The situation today is that the Conservatives are in Government, and it is the Government's responsibility to come forward with a solution.

Suggestions can come forward from the Opposition—we have heard some today—and from local government, social care providers and charities. We have heard about that, but ultimately it is the Government's responsibility. In many ways I pity the Minister. I would not like to be in a situation where my own party's Prime Minister was completely clueless on the scale of the problem and the Chancellor of the Exchequer seemed completely careless about the scale of the problem. The Minister's own Secretary of State seems to show little interest in the brief he has been given, investing little time in it and leaving it, with all due respect, to junior Ministers to come and take the brunt of the problem.

The truth is that the Treasury will not release the amount of money that is needed. What happens as a result? Further pressure is pushed on to departmental budgets, but because the DCLG has no more money it pushes it back on to local authorities. The result—besides the fact that we do not even touch the sides in dealing with the scale of the problem—will be that council tax will have increased by 25% by the end of this Parliament. In human terms that will mean that people living in towns such as Oldham, Hull or Rochdale will notice their council tax bills increasing by 25%; but the fact that those towns historically have a low council tax and business rates base will constrain their ability to generate the total amount of money needed to provide care.

**Huw Merriman** *rose*—

**Vernon Coaker** (Gedling) (Lab) *rose*—

**Jim McMahon:** I give way to my hon. Friend.

**Vernon Coaker:** I agree very much with my hon. Friend's points. Does he agree that people in constituencies such as mine, in Nottinghamshire, feel as if they are in a parallel universe? They tell us that there is not enough care, and people are stuck in hospital or unable to get the support they need. Everyone says there is a crisis, but as we shall no doubt hear from the Minister, the Government just say, "We recognise that there is a problem, and we are doing this and this about it". In reality, there is a crisis on the ground, and the Government need to recognise it and respond to it.

**Jim McMahon:** That is right. I had the pleasure of facing the Minister across the Committee Room during consideration of the Local Government Finance Bill, where we debated that at length. I asked him clearly whether he believed there was a social care crisis, and his response was crystal clear: he did not believe that there was. That goes completely against the professional advice of people working in the sector, the 1.2 million people who need care but are denied it, and the advice of the Local Government Association, which represents its member authorities across political parties—the point is not a party political one at all. The Minister seems to want to hunker down and pretend there is not a problem on that scale.

**Huw Merriman:** Will the hon. Gentleman give way?

**Jim McMahon:** I need to make progress, with all due respect, so that the Minister can give a meaningful response to the debate.

[Jim McMahon]

Even with the 25% council tax increase, which will obviously put pressure on low-income families, particularly in areas with a low tax base, there will still be a £2.6 billion adult social care funding gap. The money will not even pay for a national insurance contributions increase, local authorities' obligations under the apprenticeship levy requirements, or the national living wage. That is before we get to the point of tackling the poor quality of care provision in the private home care market in particular.

That is the scale of a problem that could have been avoided, and the cruelty of the situation we are in. I do not say that we could create a perfect system. We need to accept that although we will evolve a system far better than today's, we have lost critical time for the reforms that are needed. In any transitional phase between systems there must be adequate resources in place to deal with the transition and, effectively, double-running of the system. People already in the system must be paid for, and new entrants to it must also be paid for, perhaps in a different way, to ensure that they will be looked after following the transition to the new way of working. That could be a 10, 15 or 20-year programme, and there is no appetite from the Government to look even beyond this Parliament, let alone so far ahead.

The total deficit in public service provision, at local level, is now running at £5.8 billion. That is the amount that councils need to fulfil their statutory obligations and provide basic public services. I do not agree at all that it is not a question of choices—it absolutely is. The corporation tax cuts cost us £5 billion, which could have been used either to offset the £2.6 billion adult social care deficit or even to make sure that councils could provide the 700 services that central Government require of them at local level.

Councils are being put in a difficult position. They will be expected to put up council tax by 25% at a time when the universal services that people can see, and that they believe they pay their council tax solely for, are being withdrawn—altogether, in some cases. The public will rightly ask, "What am I paying my council tax for? The park isn't being maintained any more. The streets aren't being cleaned any more." In fact, most people believe they pay council tax only to get their wheelie bins emptied—and that happens less often than it used to, so where is the money going? The relationship between the taxes people pay and what they get in return is critical for democracy and for holding decision makers to account, and that link is being eroded. The truth is that a social care system reliant on 1991 property values is not a base on which to build a social care and health system for the future. It is not progressive and does not reflect people's ability to pay, based on the income they earn. Of course, people in poorer areas ultimately pay more.

An offer has been made but not taken up yet, though it should be, to put party politics to one side. It is about choices, and we shall hold the Government to account where they make choices in favour of adult social care. There is a broad consensus across the political parties about the solution—about changing the system and ensuring that those who need adult social care can get it.

**Sir Hugo Swire:** Will the hon. Gentleman give way, so that I can correct him factually?

**Jim McMahon:** In that case, yes.

**Sir Hugo Swire:** The hon. Gentleman said an offer had been made for a cross-party group but not taken up. That is wrong. A cross-party group has been to see the Prime Minister, and we are in talks.

**Jim McMahon:** There is a world of difference between a cross-party delegation having an audience with the Prime Minister, who ignored what was said in that meeting, and a reach-out from the shadow Minister to the Minister in the Local Government Finance Bill Committee to say that we should work together.

There are two issues, one of which is public service delivery, responsibility for which sits with local authorities, social care providers and health providers. Fundamentally, however, it will come down to brass tacks—where is the money? In the Opposition, that question is the responsibility of the shadow Communities and Local Government team; and in the Government it is the responsibility of the DCLG. There has been an offer to work in a cross-party way to find a solution.

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones)** *indicated dissent.*

**Jim McMahon:** The Minister shakes his head, but he should read *Hansard* or pay attention in sittings of the Local Government Finance Bill Committee, where I made that offer. The cost of doing nothing is delayed discharge and more than 1 million people not receiving the care they deserve, but also the Government letting down people who have worked all their lives and contributed to society, and who deserve better than the lot they are given.

10.47 am

**The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones):** I congratulate the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) on securing this important debate. I know he has championed the issue of adult social care for some time. Social care funding clearly matters deeply to many Members from across the House, as we have seen today. That is not surprising, as it is a big and complex challenge.

As the right hon. Gentleman put it when he was Secretary of State for Health:

"We have no magic bullet to load and fire to solve this problem...there is no quick fix here."

He was right. We are all living longer—which is a good thing. I do not agree with the assertion by the hon. Member for Oldham West and Royton (Jim McMahon) that any blame is levelled at anyone who is getting older and deserves good quality social care. This debate is precisely about the fact that we face the challenge of an ageing population, and need to provide for those people as they get older.

**Vernon Coaker:** Will the Minister give way?

**Mr Jones:** I will make progress first.

Last year councils spent more than £14 billion on adult social care, including more than £300 million more than they had budgeted for. It is a significant and growing cost pressure, and, despite what some have said today, it is one that the Government are seeking to relieve. We have added to the package that was put in place at the spending review—a package of nearly £3.5 billion of additional funding for adult social care by 2019-20—by providing councils with access to almost £900 million of additional funding over the next two years. That includes a dedicated £240 million adult social care support grant in 2017-18, together with allocations from the improved better care fund and the additional council tax flexibility that we have given to local authorities, which will provide up to a further £208 million to spend on adult social care in 2017-18 and £444 million in 2018-19.

There has been some objection to the social care precept on the grounds that central Government should pay for adult social care, but it is important to consider where funding comes from; whether raised at a local or national level, in the end it is all taxpayers' money. The social care precept means that council tax payers' money is spent in their areas on supporting vulnerable members of their community. As the right hon. Member for Kingston upon Hull West and Hessle touched on, some councils will be able to raise more than others, which is why the improved better care fund, which will be worth £1.5 billion by 2019-20, will take into account councils' ability to raise funding through the precept, so in that sense nobody loses out.

However, more money is not the only answer. The right hon. Gentleman predicted that I was going to say that, but it is important to point out that there are discrepancies between outcomes in different areas that cannot be explained solely by funding or demographics. All areas are facing significant challenges, but some are still performing better, driving innovation and putting in place the best practice approaches that have been proven to be effective. More funding is required, and it is being provided.

We have also seen greater improvements in ways of working. One example is in Northumberland, where £5 million has been saved through joined-up working, which has reduced the demand for residential care by some 12%. The better care fund is already supporting that, with £5.3 billion of funding pooled between local authorities and clinical commissioning groups last year. However, we want to make sure that local authorities learn from the best performers and the best providers, and we will therefore soon publish an integration and better care fund policy framework to support that.

I will deal now with numerous points raised by hon. Members. The right hon. Member for Kingston upon Hull West and Hessle mentioned the national living wage, which is extremely important. It has been mentioned many times in the debate that we need to attract more people into the caring profession, and the national living wage will certainly do that, but as the right hon. Gentleman pointed out, it has to be paid for. The Local Government Association estimates that the national living wage increase will cost £49 million in 2017-18, with the adult social care precept, which it has been suggested on a number of occasions may not cover that cost, actually raising up to £1.23 billion this year. We can see that the actual precept that has been given to local authorities is significant.

**Jim McMahon:** Will the Minister give way?

**Mr Jones:** No, I will make some more progress and deal with these points before I give way to the hon. Gentleman.

The right hon. Member for Kingston upon Hull West and Hessle also had concerns about the varying council tax bases across the country, which is an extremely pertinent point. That is why we have profiled the improved better care fund's distribution—which is £105 million this year, £825 million the following year and £1.5 billion the year after that—based on an area's ability to raise additional funding through council tax. I hope he is reassured by that. Taking into account his point about the short term, we have put in place the additional adult social care support grant of £240 million this year to give additional support to local authorities, bearing in mind that the improved better care fund is back-loaded, as the right hon. Gentleman said.

The right hon. Gentleman made another point about Hull and the implementation of 100% business rates retention. An assertion was made and, I think, a figure put on the amount that would be available to Hull under that system. At the moment, no allocations have been made and no baseline funding has been set. We have been clear throughout the process of setting 100% of business rates retention that we would take into account a local area's ability to raise business rates. We certainly recognise that redistribution will need to be part of the new system, to ensure that just because one area does not raise as much in business rates as another it is not left behind.

The right hon. Gentleman also mentioned the difference in funding between Kingston upon Hull and Kingston upon Thames. I will deal with that issue head-on, because for 2017-18, putting together the potential 3% increase under the adult social care precept, the adult social care support grant and the improved better care fund, Kingston upon Hull will actually get £6.86 million from those sources, while Kingston upon Thames will get only £4.88 million from the same sources. I hope that deals with some of his concerns about how funding is being distributed.

My right hon. Friend the Member for East Devon (Sir Hugo Swire) almost said that my presence at this debate was an outdated model—I hope that Mrs Jones does not take the same view in due course—but I know he did not mean it personally. He made some important points, including about unpaid carers. The Department of Health is leading on the development of a new national carers strategy that focuses on raising awareness of caring and on helping carers to ensure that they have the right support. He also mentioned the business rates retention system and the additional £12.5 billion of business rates that will go to local authorities. We have been clear from the outset of that process that that will be fiscally neutral, with additional responsibilities therefore going to local government in that sense. We are in the process of determining what those additional responsibilities will be, and we are consulting on a number of things at the moment. However, we have ruled out devolving attendance allowance to local authorities.

The hon. Member for Kingston upon Hull North (Diana Johnson) mentioned skills in the care sector, which is an extremely important point. The Department for Health is doing a significant amount of work to try

[Mr Marcus Jones]

to improve skills in that regard, and I think the national living wage will also help. The hon. Lady also mentioned a particular incident in her constituency relating to the national living wage. We are absolutely clear that the national living wage should be paid to people working for whatever company on the basis of the hours that they work. If there is any abuse going on, I encourage the hon. Lady to contact Her Majesty's Revenue and Customs.

The hon. Lady also mentioned the allocation of funding in relation to deprived areas. I hope it reassures her that the average spending power per dwelling for the 10 most deprived local authorities is around 21% more than for the 10 least deprived local authority areas this year.

**Alan Johnson:** Will the Minister give way?

**Mr Jones:** I will, but I do not want to eat into the right hon. Gentleman's time to wind up the debate.

**Alan Johnson:** He already is, so just in case I lose my two minutes, I have a question for the Minister. He has a letter from the chief executive of Hull City Council, Matt Jukes. I have mentioned the disgraceful behaviour of the Secretary of State not committing himself to a meeting that he himself had suggested. Will the Minister commit to having that meeting, at which we can look at the latest round of figures? The first ones were not too good; we will have a stab at this one. That is the short-term problem, but will the Minister also say something about the long-term issue, which my hon. Friend the Member for Oldham West and Royton (Jim McMahon) raised from the Labour Front Bench, and which Government Members have also raised? This must surely be a short-term issue, with a vision of something better for the longer term.

**Mr Jones:** I will have that meeting to deal with the points that the right hon. Gentleman mentioned. I say finally that the Prime Minister was absolutely clear last week about the need to find a long-term, sustainable solution to this. The Cabinet Office is driving that work across Government, with my and other relevant Departments, to find that sustainable solution. Local authorities have a duty to care for our most vulnerable people, but we also have a moral duty—

*Motion lapsed (Standing Order No. 10(6)).*

## School Funding: Cheshire West and Chester

11 am

**Christian Matheson** (City of Chester) (Lab): I beg to move,

That this House has considered school funding in Cheshire West and Chester.

It is a great pleasure to see you in the Chair, Mr Bailey. I start by declaring an interest: both of my children, who I normally do not like to mention, are of school age and attend schools in my constituency.

It is tempting to use hyperbole when describing the looming education situation in Cheshire West and Chester—phrases such as “black hole” or “cliff edge” come to mind—but I will try to avoid such a tone, such is the gravity of the situation that my local schools face. I start by paying tribute to Chester schools. We are lucky to have a group of schools in my constituency at both primary and secondary level that provide quality education, despite the current pressures they face, with a team of headteachers giving strong and clear leadership, both educationally and pastorally. It is no surprise to me that 90% of schools in the borough are rated good or outstanding.

There have been issues with performance in a couple of schools in the past, but the hallmark has always been collaboration and mutual support, either across the city and the borough or with more locally focused initiatives such as the Blacon Education Village project, where the primary schools and Blacon High School, in the most deprived part of my constituency, work together to raise standards and expectations across their combined patch. I say that to demonstrate that my local headteachers are sober and dedicated professionals who are absolutely committed to the vocation they love and not in any way head-banging hard-line political agitators. When they tell me and local parents that there is a problem and I hear phrases such as “cliff edge”, we can be sure they mean it.

We know that, in the context of the current financial climate, as identified by a National Audit Office report, the schools budget faces a £3 billion gap. Schools funding is protected, but that does not take account of other costs such as salaries, maintenance costs, inflation, the apprenticeship levy, national insurance and, critically, rising pupil numbers.

**Antoinette Sandbach** (Eddisbury) (Con): Will the hon. Gentleman give way?

**Christian Matheson:** I give way to my next-door neighbour.

**Antoinette Sandbach:** Does the hon. Gentleman agree that there is a problem with the 40 local authorities that are not fairly funded—the f40 group—which includes both Cheshire West and Chester, and Cheshire East?

**Christian Matheson:** I agree. The hon. Lady represents parts of Cheshire West and Chester, and Cheshire East, which is one of the few boroughs that is even worse off than Cheshire West and Chester. She has seen the harsh end of it, and I am sure she is fighting the corner for both boroughs.

The problem is that the situation was already tight before the new funding formula. Steve Williams, chair of governors at St Werburgh's and St Columba's Primary School, reminds me of the governors' view nationally, which is that the £3 billion gap will lead to an effective 8% cut in school budgets on its own. They say:

"As far as budgets go we are now in the trenches. The new formula may mean pupils get a fairer portion but it will be a fairer portion of not enough."

The Government then introduced the national fair funding formula.

In Cheshire West and Chester, we were already £400 per pupil below the national average, near the bottom of the pile. In 2015-16—coincidentally, a general election year—we received a £9.4 million uplift to bring us closer to the national average. The Government recognised we had a problem.

**Antoinette Sandbach:** Will the hon. Gentleman give way again?

**Christian Matheson:** Oh, go on then—just one more time.

**Antoinette Sandbach:** I am very grateful. I am sure the hon. Gentleman will appreciate that that £9.4 million was very hard fought for by members of the f40 and by a number of MPs. I certainly was fighting on behalf of my schools in Eddisbury to get that slice of funding, and we do not seem to see that coming forward in the current proposals from the Government.

**Christian Matheson:** The hon. Lady refers to the hard work that was undertaken, which is reflected in hard work being undertaken now, but the Government recognised a problem previously with the £9.4 million, whether that was because it was a general election year or not—who knows? I hope they now recognise that the structural problem remains, and that it needs to be addressed in the same way it was addressed just a couple of years ago.

We received the £9.4 million uplift to recognise that problem, so we have moved from the bottom of the pile to the top, but only in terms of suffering the biggest cuts. We stand to lose £4.2 million in the first year, rising to £6.4 million beyond that. Perhaps the best way to illustrate the damage that those cuts will make is to quote the headteachers' public statements. Damian Stenhouse, head of Christleton High School, has said he faces a reduction in funding of £169,000, forcing him to reduce staffing, have larger class sizes, increase teacher loads, which runs the risk of increased sickness absence, and decrease support for more vulnerable pupils.

John Murray of the Catholic High School, Chester, has told parents that funding for his sixth-formers has dropped £200,000 since 2011 and that the school faces a further £54 cut per child next year, combined with £78,000 of local and national funding formula cuts, making increased class sizes much more likely. Paula Dixon, head of Upton-by-Chester High School, which is rated good with an outstanding sixth form, told parents:

"If the outcome of the NFF is to financially disadvantage schools like ours we will have little option but to further erode the breadth of our curriculum offer to our students at both Key Stage 4 and Key Stage 5 levels and increase our class sizes in order

to generate sufficient staff savings to achieve the level required, as our non-teacher staffing expenditure has been cut to the bone already."

Dave Wallace of St Oswald's Primary School in Mollington has said that the cut of £429 per pupil will mean losing one of the 5.4 teachers he currently has, which will have, in his words,

"a significant impact on the standard of education in what is an oversubscribed village school."

Marian Ryder, head of St Clare's Catholic Primary School in Lache, another less advantaged area, joined the school when it required improvement and has been recognised with her staff by a positive Ofsted report for the improvements they are making. However, she tells us that the reduction of her budget means they will have to look at staffing structures.

At primary and secondary level, in the rural parts of the constituency, on the big estates and in the centre of my city, the story is the same: staff cuts, increased class sizes, fewer subjects offered, attainment levels likely to fall and support for the neediest pupils diminished. I am also fearful that areas such as sport and music will be the easiest options to cut. Those not only enrich our children's lives but improve health. They get children active and used to being active, which continues into later life and has health benefits. Once again, short-term cuts lead to long-term damage; it is a false economy.

The Government's response has been to call for greater efficiency savings, but I know that my schools are already running beyond maximum efficiency. One high-achieving local multi-academy trust, which includes Mill View Primary in my constituency and has twice been rated outstanding, is a case in point. It tells me that, since 2011, it has done everything possible to make cash stretch and cut costs, setting up businesses in catering and out-of-hours services, reducing the number of teaching assistants, turning off heating after lunch, limiting the amount of paper any member of staff is allowed to use, putting limits on photocopying and printing and asking to see a fully used Pritt Stick before a new one is issued. They still achieve top Ofsted marks because of their staff. However, staff cannot be expected to continue to achieve with ever dwindling resources.

This is back of the sofa stuff, scrabbling around for pennies, and that is before the new fair funding formula comes in. If we add to that the £57 million of Government cuts to the local council's overall budget, there is no slack left. For the Government to tell the NAO that they expect schools to make savings through "better procurement", and by using their staff "more efficiently", wholly misjudges the scale and the nature of the problem, and is downright insulting to staff and parents at schools such as Mill View.

I note that several areas of the country have benefited from the funding formula. West Sussex gets an extra 1.9% and Hampshire gets 0.7%. Surrey gets an extra 1.7%—perhaps they had a special deal. I do not doubt that these funding formulas are hard to draw up, but it must surely be evident to Ministers that they have got this one wrong. I do not believe it was their intention to redistribute cash from north to south. When every single school in my constituency is looking to make staff cuts and almost every headteacher is writing to parents with, frankly, understated stories of impending financial chaos, it is evident that something has gone very badly wrong.

[*Christian Matheson*]

I urge Ministers to please reconsider this badly conceived idea. I will make one party political point. When attainment levels start falling, as they will, and when class sizes start rising, school trips are cancelled, swimming lessons are cut, opportunities for learning music no longer present themselves, teachers leave and are not replaced, teachers are asked to teach lessons in subjects that they are not qualified to teach and specialist support for needier children is cut, I will have to make it absolutely clear to my constituents where the responsibility lies. It will not be with the heroic staff at my local primary and secondary schools or the outstanding leadership of my local headteachers. I urge the Minister to see that his Department has got this one wrong. The national fair funding formula provides neither fairness nor funding, and must be changed.

11.10 am

**Justin Madders** (Ellesmere Port and Neston) (Lab): It is a pleasure to serve under your chairmanship, Mr Bailey. I congratulate my hon. Friend the Member for City of Chester (*Christian Matheson*) on securing this extremely important debate, and I thank him and the Minister for allowing me to speak. I also thank my hon. Friend for the excellent work he does in championing education across Cheshire West and Chester. I, too, declare an interest. My wife is the cabinet member for children and young people on our local authority of Cheshire West and Chester, and I, too, have two children attending schools in my constituency that are affected by the cuts.

As my hon. Friend said, we are very proud of our schools in west Cheshire. It is not an accident that no schools in our area are rated as inadequate—it is the result of a huge amount of work by our teachers and by everyone involved in education. However, it is clear that, if the planned funding cuts go ahead, all that progress will be under threat. I have received letters from headteachers across my constituency who warn of the profound impact of the proposed changes. That includes warnings of reductions in staffing, difficulty in maintaining high standards, a reduction in the commitment to extracurricular activities, including sports and the arts, and, in some cases, threats to the future viability of schools.

I have received letters expressing concerns about the funding cuts from the following schools: Willaston Primary School, Little Sutton Primary School, Cambridge Road Primary and Nursery School, Woodlands Primary School, St Winefride's Catholic Primary School, St Mary of the Angels Catholic Primary School, Neston Primary School, Sutton Green Primary School, Parklands Primary School, Woodfall Primary School, Bishop Wilson Primary School, Parkgate Primary School, Childer Thornton Primary School, The Whitby High School, Ellesmere Port Catholic High School and Neston High School. I have also received correspondence from the National Association of Head Teachers, representing all secondary schools in Cheshire West and Chester. The length of that list should indicate to the Minister the scale of the problem. It is only fair to make him aware that I am also receiving lots of correspondence from parents of children attending schools in the constituency who are deeply concerned about what they see as unfair and damaging cuts.

The cuts are not only deeply unfair; they break a promise in the Conservative manifesto, which stated:

“Under a future Conservative Government, the amount of money following your child into school will be protected.”

If the new national funding formula is implemented, that promise to the people of this country will have been broken.

**Antoinette Sandbach:** Will the hon. Gentleman give way?

**Justin Madders:** I am sorry, but I do not have time. We need to hear from the Minister as well.

In fact, that promise has been not just broken but comprehensively shattered, with 98% of all schools facing a real-terms reduction in funding for every child.

I will take the Minister through just a few of the comments that I have received from parents. They take a huge interest in their children's education and can articulate far better than I can what the proposals might mean for their own children. One parent said:

“I have never contacted an MP before but I am so concerned...the thought of losing staff, support staff or cuts to opportunities is horrifying. The staff work so hard to provide them with enriching experiences that will disappear if cuts are made and their education will suffer”.

Another said:

“The new funding scheme will see a serious reduction in standards, staff and teaching, ultimately lowering outcomes for children and young people across the country and in turn reducing opportunities for the next generation in society”.

It is very sad to see those letters from parents who are extremely concerned about the proposals.

Finally, I want to read out a letter that I have received from a head at one of the primary schools in my constituency, which sets out the scale of the challenge we face. He told me:

“Today, schools are expected to do more and more by politicians and society—overweight and inactive children—‘schools can sort that out’. The increase in childhood mental health problems—‘schools can sort that out’. The poor standards of speech and language when pupils start school—‘schools can sort that out’...Simply, we are expected to do so much more with so much less!

This is alongside the recent, ridiculous, increase in expectations in standards of attainment in the end of Key Stage tests and the negative impact that has had on staff, pupils and the teaching profession.

This year, to save money, I have started to teach some lessons and we will have to seriously consider the staffing levels at our school for 2017-18.

We have worked hard to create a team of talented, experienced and dedicated teachers and teaching assistants. These people are the vital ‘bricks’ in the education we provide. The proposed funding cuts will mean that some of these ‘bricks’ may need to be removed and, as a result, the weaker the team we have built will become, the poorer the education we offer will be and the weaker the ‘foundation’ we provide.

In my opinion—quality teachers and TAs make the biggest impact in education. Reducing the funding to schools will result in schools losing the very people we have spent years investing in and training. The result will be—less teachers, less TAs, larger classes and an even further decline in staff morale and attainment.

I believe that as a school we will also have to reduce the number of extra activities we offer our pupils—e.g. fewer clubs, fewer art days, fewer visits and visitors to school...We are already in a difficult position financially and attainment will suffer should the cuts go through under the new National Funding Formula.

‘Balancing the books’ has become one of the worst aspects of my job. Begging letters to parents for equipment, repairs and resources are common in some schools. I feel that class sizes will increase and the curriculum will be pared back to the basics as a direct result of the NFF. To put it bluntly—children will be the losers.”

That sums up perfectly the challenges that we currently face.

11.15 am

**The Minister for Apprenticeships and Skills (Robert Halfon):** It is an honour to serve under your chairmanship, Mr Bailey. I congratulate the hon. Members for City of Chester (Christian Matheson) and for Ellesmere Port and Neston (Justin Madders) on the thoughtful and considerate way in which they have approached this debate. I am grateful also for the contribution of my hon. Friend the Member for Eddisbury (Antoinette Sandbach).

Today I am standing in for my right hon. Friend the Minister for School Standards, who has unavoidable duties elsewhere, but I am pleased to be here, because this opportunity has allowed me to look in more detail at the topic of fair funding. Now more than ever, no matter where they live and whatever their background, ability or need, children should have access to an excellent education, and I think there is agreement that the current funding system prevents that. We currently have a postcode lottery, which is random and haphazard and means that money is often not getting to the places that most need it and to the poorest students.

Few people will disagree that the system is unfair. One example that particularly struck me from the first consultation was that the same school, with the same kind of pupils, would get 50% more funding in Hackney than it would in Barnsley. We have to change the historical unfairness by introducing the national funding formula; that is why it was a key manifesto commitment. It will mean that the same child, with the same needs, will attract the same funding regardless of where they happen to live.

We launched the consultation in March. We asked for views to underpin the formula. More than 6,000 people responded, and there was widespread support for the proposals. In December, we launched the second stage. That document sets out the detail of the formula and shows how it would impact on every school in the country, but I stress that this is a consultation. We have allowed more than three months for the consultation. This debate is incredibly important, and I will feed back to the Schools Minister what Members have said today. Indeed, the consultation will stay open until 22 March.

The purpose of the proposals is to focus money towards the pupils who face the greatest barriers to success. The formula is designed to boost support for those who are deprived and live in areas of deprivation, but who may not be eligible for free school meals and the pupil premium. Those pupils are from the families who are just about managing—no doubt many constituents of Members here today, and many of mine. Overall, under the proposals, more than half of all schools will benefit from increased funding through the formula. They will see overdue increases in funding of up to 3% per pupil in 2018-19 and up to a further 2.5% per pupil in 2019-20. No school will face reductions of more than 1.5% per year or 3% overall per pupil as a result of the formula.

**Antoinette Sandbach:** The issue is that the unfairness in the system, involving the f40 group of worst-funded councils, is locked in by that 3% cap. In fact, councils that transfer money from their general schools budget into higher needs are actually penalised under the current formula. I hope that the Government will listen to representations made in that regard.

**Robert Halfon:** Of course we will listen and, as I said, I will feed back all the comments made today to my right hon. Friend the Minister for School Standards.

A substantial part of the reason for the change in the formula is to ensure that money goes to the most deprived students. We want to ensure that every child can achieve their full potential and succeed, and that means directing funding to those who need the extra support. We know that disadvantage has a significant impact on pupils’ attainment. That is seen throughout the school system and is compounded in areas of higher deprivation.

This is not about north versus south, to comment on what the hon. Member for City of Chester said. We can look at the biggest gains in the north: Derby is gaining by 8.6% and Barnsley by 6.9%. Deprived areas of the north-west, where there is much higher deprivation, and my colleagues’ constituencies, are getting significant increases. Halton local authority has very high rates of deprivation and is seeing a 2.2% increase in funding for its schools, as do St Helens, which is having a 1.6% increase, and Salford, which will have a 2.6% increase. Areas where there are high levels of deprivation are seeing increases in their funding. That is why we publish data for every school in the country—so that they can see how the formula affects them.

**Justin Madders:** Both my constituency and that of my hon. Friend the Member for City of Chester (Christian Matheson) have areas of real deprivation as severe as in some of the areas the Minister has just mentioned. Does he accept that a local authority is a broad area that has different levels of wealth and poverty?

**Robert Halfon:** Of course every area will have areas of deprivation, but overall the hon. Gentleman’s area has less deprivation than others, and because we do not have an unlimited pot of money we are trying to make sure that the money goes to those in the most need. As I said, there is a consultation; we are hearing from parents, colleagues across the House, governors and schoolteachers so that we can get this historic change right.

The changes make it all the more important that we get funding right. We want to put schools on an even footing. As the hon. Member for City of Chester mentioned, all schools need to make the best use of their resources, ensuring that every pound has the maximum impact on standards. He was right to highlight that more than 93% of schools in his area and that of the hon. Member for Ellesmere Port and Neston are good or outstanding—148 of them, which is 37 more than in 2010. That suggests that although funding is incredibly important, it is about not just funding but the quality of teachers. I pay tribute to the teachers and schools in their constituencies who have made it possible to have such a good record in education.

We will continue to produce a comprehensive package of support. We have recently published a school buying strategy and will try to improve that model over the

[Robert Halfon]

coming months. I know that the hon. Members here today have played an important role in the f40 group, which has campaigned for years for fairer funding. I recognise that because of that campaign, Members may have expected an increase in funding for schools under the national formula. I am sure that the hon. Member for City of Chester will understand that the national funding formula has been designed to ensure that funding is allocated according to need on the basis of up-to-date measures. However, we have deliberately set a long consultation period so that we might hear the widest range of views.

I thank hon. Members representing the Cheshire West and Chester constituencies for their dedication to this important topic and for raising it in the way that they have. We have continued to fund the pupil premium, which goes to the poorest pupils, and their constituents get a sizeable amount of it. The schools budget does take pupil numbers into account and will rise as pupil numbers rise throughout the Parliament.

The introduction of the national funding formula will be a historic reform. It is the biggest change to school funding in more than a decade. Of course it is difficult, as the hon. Member for City of Chester was fair enough to acknowledge, but for the first time we will have a clear, simple and transparent system that matches funding to children's needs and the schools that they attend. It will enable all schools equally to create opportunities for their pupils and provide a first-class education. I know that my right hon. Friend the Minister for School Standards is looking forward to engaging with Cheshire MPs later today. I hope that what I have said will reassure hon. Members that the Government are committed to reforming school funding and making it fair for all schools in the country.

*Question put and agreed to.*

11.25 am

*Sitting suspended.*

## Commonwealth: Trade

[PHILIP DAVIES *in the Chair*]

2.30 pm

**Jake Berry** (Rossendale and Darwen) (Con): I beg to move,

That this House has considered promoting trade with the Commonwealth.

May I say what a pleasure it is to serve under your chairmanship, Mr Davies?

“Brexit means that Britain is back. The country that gave the world the English language, common law and the Mother of Parliaments is once more to seize its destiny as a global leader. This is an exciting time for Britain and an exhilarating one for the countless millions elsewhere who appreciate Britain's... contribution to western civilisation.”

Those are not my words, but the words of the hon. Tony Abbott MP, the 28th Prime Minister of Australia, in the foreword to a report produced earlier this year by the Free Enterprise Group called “Reconnecting with the Commonwealth”. He was reflecting a new feeling of optimism about global Britain following our vote to leave the European Union last year.

On 23 June the British people sent a powerful message to all politicians that they wanted Britain to be a strong, independent trading nation facing the globe, not merely the EU. It is worth noting that if Vote Leave had been a political party and the referendum a general election, that party would hold over 400 seats—a bigger majority than Tony Blair had in 1997 and a powerful mandate that all of us in Westminster would do well to heed.

Much of the talk since the referendum has, for understandable reasons, been focused on when, where and how Britain will trigger article 50. Although that has not been exactly finalised—the legislation is going through the other place—it seems that the matter will be settled and article 50 will be triggered in March. It is now time to move on to discussing the future of global Britain—I hope that today's debate is an opportunity to do so—and what the country that our children and grandchildren will inherit from those of us who are now in Parliament will look like.

**Mark Field** (Cities of London and Westminster) (Con): Although I share my hon. Friend's positive, buccaneering hope and optimism, it is also worth saying that this country has never given up on having a global role. Notwithstanding our 44-year membership of the European Union, we should not forget that in the Commonwealth and beyond, we have been and will remain a strong global player diplomatically and in terms of trade and all the cultural elements to which I am sure he will refer.

**Jake Berry**: It is undoubtedly the case that Britain ceded to Europe control of trade negotiations and the ability to go out in the world and create free trade agreements. That is now over, and following the vote to leave the European Union, it is time for us to decide whether Britain will be a sad shadow of its former self, beset by recession, or a globally outward-facing nation, which I believe can be a beacon of free trade—I hope we can debate that today. It is not just me saying that. The Prime Minister acknowledged it and set up the Department for International Trade, which is hugely positive for our nation. In a speech in Davos earlier this year, she correctly talked about not only wanting a

strong European Union, which is vital for Britain to succeed, but creating a Britain that looks beyond the confines of Europe for its future trading relationships.

**Richard Graham** (Gloucester) (Con): I join others in saluting my hon. Friend for securing the debate. Does he agree that the opportunity is not either for trade with Europe or with the rest of the world, but to do both better in a new context? Does he also agree that next month's meeting of the Commonwealth Trade Ministers in London offers a great opportunity to get a coalition of the willing for a Commonwealth trade and investment agreement moving?

**Jake Berry**: I will come to that point. We cannot offer enough plaudits to my right hon. Friend the Member for East Devon (Sir Hugo Swire)—he is sitting here on my right—and our noble Friend Lord Marland for all the work that they have done to ensure that that first Commonwealth Trade Ministers meeting takes place next month.

In 2010 when I became a Member of Parliament, I was given a fantastic opportunity by the Commonwealth Parliamentary Association to visit the Commonwealth parliamentary conference in Nairobi. I was delighted to attend, largely because I have always been a supporter of the Commonwealth, which is a unique family of nations, and all that it stands for and represents. In that meeting in Kenya, I was struck by an overwhelming message from parliamentarians from other Commonwealth countries: they had begun to believe that the Commonwealth did not matter to Britain anymore and that it had become of dwindling importance since Britain joined the EU. Notwithstanding the comments made by my right hon. Friend the Member for Cities of London and Westminster (Mark Field), successive Governments of all political hues have neglected the Commonwealth and its tremendous potential.

Despite the neglect, it is at the time of our greatest national need that these countries have stood shoulder to shoulder with Britain. They have stood by us when, as a nation, we have faced our darkest hours. Commonwealth soldiers have left home to fight and die alongside British troops on far-flung battlefields half a world away from their home, in Europe, Africa, the middle east and south-east Asia. They have not forgotten our bond of shared culture and history that binds the Commonwealth together. It is now time for Britain to remember its old alliances. We must celebrate the Commonwealth and all that it represents.

**Deidre Brock** (Edinburgh North and Leith) (SNP): Does the hon. Gentleman agree that one of the best ways to tackle poverty in Commonwealth countries is through renegotiating the many exploitative trade treaties that were signed in the bad old days of colonial rule, as advocated by my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin)?

**Jake Berry**: The best way for us to tackle poverty in the Commonwealth is for us to start trading freely and to make every single citizen of the Commonwealth richer. In truth, that is the best way of tackling it, along with other measures to which she referred.

I pay tribute to my right hon. Friend the Member for East Devon and our noble Friend Lord Marland. Together with the Maltese and the Commonwealth Enterprise and

Investment Council, they have driven the issue of Commonwealth trade by organising the first ever Commonwealth heads of trade meeting, which takes place in London next month. That meeting has the sole purpose of increasing co-operation and trade between Commonwealth Governments and businesses. I hope it will put Commonwealth trade at the top of our Government's agenda. Not only is it an exceptional meeting of Trade Ministers, but it is the perfect springboard for a successful meeting of Commonwealth Heads of Government meeting next year. I hope the Minister discusses next month's meeting in his contribution to this debate, and takes the opportunity to put on record his commitment and that of our Government and his Department to expanding trade with our Commonwealth partners.

**Andrew Rosindell** (Romford) (Con): I congratulate my hon. Friend on securing this very important debate at this time, as we leave the European Union. It is fantastic that he speaks passionately about the Commonwealth, but does he also include the overseas territories and the Crown dependencies? There are 21 of them and they are not members of the Commonwealth in their own right. Does he agree that we must include them in any discussions about trade and co-operation in future?

**Jake Berry**: I agree absolutely. I was in touch only this week with the Falkland Islands Government, who are watching this debate to see what is said about the Crown dependencies and overseas territories. I will come to how we must absolutely ensure that they are not left behind in any new Commonwealth trade deals.

Doing business in the Commonwealth makes sound economic sense for Britain. This is not a throwback to a sepia-tinted view of the Commonwealth; it is about ensuring that Britain's economy grows. The facts speak for themselves. The Commonwealth is a market that comprises 52 largely English-speaking countries with a combined population of 2.6 billion, covering a third of the globe. Some 60% of its citizens are under 30, and half of the top 20 global emerging cities are in it. It should be noted that, although the UK has a trade deficit with the EU, it has a trade surplus with the Commonwealth that stood at £1.9 billion in 2015. The Commonwealth contains mature and open economies such as Canada, Singapore, Malaysia, New Zealand and Australia, exciting new emerging markets such as India, and developing economies in Africa, the Caribbean and the Pacific. It has a combined GDP of more than \$10 trillion. It includes five G20 countries, with trade projected to surpass \$1 trillion by 2020.

**Mr John Spellar** (Warley) (Lab): Among the mature economies and G20 countries that the hon. Gentleman mentions is Canada, and I hope he joins me in welcoming the House's decision on 8 February to endorse the EU-Canada trade deal. In parallel with that deal, should not we look into a trade deal with Canada to take place shortly after we have left the EU? After all, if we cannot do a deal with Canada, where many of us have relations and with which we have strong links and a strong strategic and security alliance, who the hell can we do a deal with?

**Jake Berry**: I believe we can do a trade deal with Canada. The whole country was recently united in shouting "Where on earth is Wallonia?" That shows that the

[*Jake Berry*]

European approach to negotiating trade deals is wrong—I will come on to how the Government can set out a better approach than the EU-Canada trade deal. Canada has indicated that it wants a trade deal with Britain.

The Commonwealth's GDP does not match the EU's, which is some \$16 trillion. However, the EU's growth rate has averaged only 1.7%, while the Commonwealth's is currently more than 4%. As Britain prepares to leave the European Union, it is with the Commonwealth—our extraordinary family of nations—that we should seek to strike trade deals. A recent report on the Commonwealth states that on average it is 19% cheaper for businesses in the Commonwealth to do trade, because of our common legal systems, language and culture. The Commonwealth and its nations represent a growing and increasingly important market for Britain; Britain, in turn, represents the fifth largest economy in the world and a gateway into Europe for Commonwealth nations.

When it comes to trade deals, we in this country have a lot to learn from our Commonwealth partners, which are blazing a trail for free trade among themselves. Australia already has a free trade agreement with New Zealand and is negotiating a free trade deal with India, and both Australia and New Zealand are parties to the Association of Southeast Asian Nations deal. Britain should seek to emulate such trade deals. Unlike the EU, Australia and other Commonwealth partners have not made the perfect the enemy of the good. In many cases, they have opted for a sectoral approach. They are prepared to sign multiple trade deals—the one between Australia and Singapore is an example—and when areas of co-operation are agreed, they sign a trade deal about those areas and put the more divisive areas to one side. We should compare that with the eight years that it has taken the EU to negotiate with Canada.

I hope that at the Commonwealth Trade Ministers meeting next month the Minister and his Department will seek to start negotiations with Canada, Singapore, Australia, Malaysia and New Zealand, which are large, open economies.

**Oliver Colville** (Plymouth, Sutton and Devonport) (Con): I congratulate my hon. Friend on securing the debate. Does he agree that we should also consider trade deals in southern Africa, which is very much dependent on agricultural economies, and specifically in Malawi, which is dependent on tobacco, to deliver cheaper food for our constituents?

**Jake Berry:** The issue of agriculture and Commonwealth trade is quite tricky to tackle. South Africa has said that it would like to sign a trade deal with Britain the day after Brexit—it is unfortunate that it cannot be signed the day before, but the day after would be very welcome.

I hope that the Minister will initiate talks with the large, open economies. They should be a key negotiating priority for Britain; indeed, several of them have already indicated an interest in exploring trade deals. New Zealand has reportedly even offered to help Britain by providing trade negotiators to assist the Minister and his Department.

We also need to open trade deal talks with India. That will be a huge challenge for the Minister and his Department, but we will be helped significantly by the

Indian diaspora of 1.4 million people, which creates strong cultural ties between our nations, and by the fact that India is currently the UK's largest export market in the Commonwealth. A recent Commonwealth study estimated that a UK-India free trade agreement would increase two-way trade by 26% and predicted that UK exports to India could increase by 50% every year. I hope that all hon. Members can see that that would be a huge prize, not only for Britain but for India. The Government must make it a priority next month.

**John Howell** (Henley) (Con): My hon. Friend speaks about the benefit of such trade deals to the UK. Does he agree they would also provide the ability to bring stability, because of what we could do as a result to help countries in regions that are often quite troubled?

**Jake Berry:** Yes, I agree that they are a good way of bringing stability. Sometimes Commonwealth countries have been frustrated that rather than talking to them about trade, the Government have simply talked about development, democracy and human rights while entering into trade deals, agreements and contracts with China. One of the best ways to instil stability, democracy and human rights is to have a good trading nation that makes its population richer.

Next month we must also ensure that we do not leave behind Africa, the Caribbean, the Pacific states and the Crown dependencies. We should offer tariff-free and quota-free deals with access to the UK market, and we should pursue deals with South Africa, CARICOM—the Caribbean Community—and the east and west African groupings. Achieving those deals will be complicated and time-consuming—we have seen and heard that trade deals take several years to agree—but the time to start the negotiations is at the Commonwealth Trade Ministers meeting next month, not in 2019 as the Minister's Department has indicated.

Other practical steps that we need to take include looking at departmental reform to eliminate silos. Trade Ministers should be able to move freely between the Department for International Development, the Foreign and Commonwealth Office, the Department for International Trade and the Home Office. To strike trade deals, we will need to tackle issues such as visa reform, aid and the FCO's use of soft power; we will also need to use our influence to promote the Commonwealth and all its benefits and trade deals.

**Mr Gregory Campbell** (East Londonderry) (DUP): I commend the hon. Gentleman for securing the debate. On the subject of the Commonwealth Trade Ministers meeting next month, does he agree that although the EU has been quite insistent on its restrictions on when it will begin discussions and negotiations, no such inhibitions apply to Commonwealth nation states? We should quickly get down to trying to negotiate with our willing partners the type of deals that he has outlined.

**Jake Berry:** I agree wholeheartedly, and I hope the Minister will confirm that approach. The Government said in response to a parliamentary question that we would have to wait until 2019, but I hope that that is not the case. If we are leaving the EU, we should be negotiating with the Commonwealth and should not be as worried about what the EU has to say about it.

The issue of visas is a tricky one. I am sure the Minister is aware that 40 Conservative MPs signed a letter that was published in last week's *Sunday Telegraph* asking for simple changes at our border to extend the hand of friendship to the Commonwealth nations. We are not calling for changes in visa restrictions; we are simply asking that border officials acknowledge the importance of the Commonwealth when people arrive here.

Finally, I call on the Minister to consider whether he could publish a White Paper on trade, and specifically on Commonwealth free trade, following the meeting in March. The Government published the last White Paper on trade in 2011. Clearly that was before Brexit, and it was produced under the coalition Government. A new White Paper on Commonwealth trade could set out a road map for Britain's new relationship with our Commonwealth partners and, crucially, could focus bilateral meetings at CHOGM next year on trade and co-operation.

I hope that such a White Paper can cover, among other issues, what steps the Minister will take to increase the number of trade envoys deployed to Commonwealth countries; which Commonwealth countries the Department has prioritised for trade agreements; which Commonwealth nations have come forward seeking trade agreements post-Brexit; how many Departments' new trade audits have been set up with Commonwealth countries; and what steps he is taking to improve exports to Commonwealth destinations.

As we have heard, the task is legion, but next month's meeting is an important rallying call to the Minister and his Department. If Britain is truly back, it is time to demonstrate that the Government accept that the Commonwealth is a key trading partner for this country and that the distance between our nations is no barrier but a natural highway, over which we will see international trade flourish.

**Philip Davies (in the Chair):** I must get to the Front-Bench spokesmen as close to 3.30 pm as possible. There are around 10 colleagues seeking to catch my eye, so I must impose a time limit. The most generous time limit to get everyone in equally is four minutes, but I must add that if people take interventions that will reduce the time left for people further down the line. However, if everyone sticks to four minutes without intervention, we should be okay.

2.52 pm

**Simon Danczuk (Rochdale) (Ind):** It is a real pleasure to serve under your chairmanship, Mr Davies.

I thank the hon. Member for Rossendale and Darwen (Jake Berry) for securing what is a very timely debate. In a way, it kills two birds with one stone: where can we find trading opportunities after we leave the EU, and the age-old question, "What is the purpose of the Commonwealth?"

In November 2012, a Foreign Affairs Committee report highlighted concerns that Commonwealth member states were not making the most of the economic and trading opportunities offered by the Commonwealth. However, the same report concluded:

"It is clear that the creation of a free trade area with Commonwealth countries would require a fundamental and potentially risky change in the UK's relationship with the European Union, and the benefits may not outweigh the disadvantages."

That "change" is now going to happen, and while increasing trade with the Commonwealth might not be the silver bullet to ease all of our country's economic uncertainties, it is common sense.

We have historical ties to Commonwealth countries, and while much of our colonial history is shameful, close ties still exist, such as the English language and a similar administrative and legal system, which break down communication barriers between our businesses and foreign traders, as the hon. Member for Rossendale and Darwen has pointed out.

**Mark Field:** Will the hon. Gentleman give way?

**Simon Danczuk:** I will not give way; I will try to make progress.

We also have dynamic diaspora communities here in the UK. In Rochdale, for example, we have vibrant Bangladeshi, Kashmiri and Pakistani communities, which all make a real contribution. Such communities can play a bigger role in driving trade between the UK and the Commonwealth, and in increasing investment. Members of those communities speak not only English but their native language and regional dialects which are unfamiliar to many Brits. They often know Commonwealth countries better than any of us sitting here in Westminster: they know local customs, traditions and tastes. Such communities can act as a valuable bridge to new markets.

There is huge scope to enhance trade with our Commonwealth partners, but that cannot be at the expense of our values. An open Britain that enjoys the benefits of free trade cannot mean that we pursue a crude transactional foreign policy. For all its flaws, the EU was a great democratising force. To join the EU club and gain access to its economic perks, countries have to uphold basic liberal values. We saw that in the late 1990s and early 2000s, when countries that had formerly been suppressed behind the iron curtain were encouraged by the EU to embrace free trade and a liberal, democratic political system.

I worry that in the coming years Britain will turn a blind eye to police brutality in Kashmir in order to secure a free trade deal with India; or that Awami League Government attacks on political and press freedoms in Bangladesh will be ignored as Britain increases economic ties with that country; or that—as the hon. Member for Rhondda (Chris Bryant) highlighted yesterday—promoting British businesses in African republics will be at the expense of promoting lesbian, gay, bisexual and transgender rights across the continent.

If we turn a blind eye to injustices and human rights abuses in such countries to secure trade deals, it would be a damning indictment of our country and would completely hollow out the Commonwealth. By all means let us promote trade with the Commonwealth, but while we do so we must remember that it is our values that make both the Commonwealth and Britain great.

2.56 pm

**Sir Hugo Swire (East Devon) (Con):** I join colleagues in congratulating my hon. Friend the Member for Rossendale and Darwen (Jake Berry) on securing such an important debate. I also draw attention to my entry in the Register of Members' Financial Interests, as I am the deputy chairman of the Commonwealth Enterprise and Investment Council.

[Sir Hugo Swire]

No one cares more passionately about the Commonwealth than I do. I ceased being Minister for the Commonwealth in July 2016, after just over four years in the post, and I am absolutely delighted to have joined the board of the CWEIC, which designed the meeting on 9 and 10 March at Lancaster House and is also hosting it.

That meeting is incredibly important. It will be an opportunity to discuss the significance of Brexit for international trade, and we will cover six themes: financial services; ease of doing business; technology and innovation; business and sustainability; creating an export economy; and attracting investment. Also, there will be roundtables on the second day, each one designed to identify areas where Commonwealth countries can co-operate, to promote the agenda for growth and to help achieve the \$1 trillion intra-Commonwealth trade target.

I will not reheat some of the arguments put forward so eloquently by my colleagues, but we need to be aware of the Commonwealth advantage: when bilateral partners are Commonwealth members, they tend to trade 20% more and generate 10% more in foreign direct investment flows than when one or both are non-Commonwealth nations.

Commonwealth trade and investment flows of all kinds are now growing noticeably faster than overall world trends, and currently account for some 15% of total world exports. The Commonwealth has a combined GDP of \$8.4 trillion and an annual growth rate of 3.7%.

However, we do not need to get hung up on this idea of free trade deals; they are not the be-all and end-all. The CWEIC is also encouraging exporting, which is absolutely critical, especially exporting by UK small and medium-sized enterprises. Our Commonwealth First programme aims to help 100 companies to trade and invest across the Commonwealth over the next three years.

Currently, the UK exports around £220 billion-worth of goods and services to the EU, and as a result it has withdrawn from a lot of the Commonwealth countries over time, so the opportunities of Commonwealth trade are absolutely huge.

It is also worth bearing in mind the fact that the UK is the largest EU goods export destination for numerous Commonwealth countries, including Australia, Canada, India, New Zealand, South Africa, Pakistan, Sri Lanka and Jamaica. I believe that this meeting in March will be critically important.

I will therefore ask the Minister some questions. Given that we hope to follow up the meeting with a business forum, as we had in Sri Lanka and then in Malta, can he tell us today when the date and location for CHOGM will be announced? Also, can he confirm that the Commonwealth Heads of Government have been notified of that proposed date and that it has been discussed with them? Will he take the opportunity today to reaffirm the Government's commitment to the Commonwealth, and to congratulate the CWEIC on the initiative that it has shown in setting up this meeting in March? Will he clearly state on record today the Government's commitment to the Trade Ministers meeting, to the work that the CWEIC is doing and to the idea that CHOGM in 2018 should largely be focused on trade and business and that the Government will support a business forum at that time?

3 pm

**Jim Shannon** (Strangford) (DUP): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate the hon. Member for Rossendale and Darwen (Jake Berry) on securing the debate. With all the focus on Brexit—we are all looking towards that—and import and export issues to the fore, we must remember that there is a wider market to explore. The aim of \$1 trillion of Commonwealth trade by 2020 is a goal we must all work hard to achieve. That should be the focus of Ministers and Members of Parliament, in proud partnership with the Commonwealth.

I can always remember watching the Commonwealth games and being amazed by the number of countries that made up the Commonwealth. I was proud that they were happy to respect and be tied with the Queen and this great nation. There is a natural bond there, which the hon. Gentleman referred to in his introduction. It should be strongly explored and enhanced for the benefit of all those involved. We are all winners from enhanced trade and economic co-operation, but it will take time and effort to build it up.

Plenty of facts about trade are available, and other Members have mentioned them. In 2015, UK exports of goods and services to the Commonwealth were worth £47.4 billion, while imports from the Commonwealth were worth £45.5 billion. That gives an idea of the stats. It is clear that great work is being done, but there is massive potential for more to be done. The UK's trade is heavily focused on a small number of the 51 Commonwealth countries. In 2015, Australia, Canada, India, Singapore and South Africa accounted for 70% of UK exports to Commonwealth countries and 65% of UK imports from the Commonwealth.

This is not a debate on Brexit, but it would be remiss of me not to point out the opportunity in the Brexit negotiations to enhance trade with our Commonwealth brothers and sisters. The Government have intimated that intention through the response of the Under-Secretary of State for International Trade, the hon. Member for Wyre Forest (Mark Garnier), to a written parliamentary question, in which he stated:

“We cannot negotiate and conclude trade agreements while we are a member of the EU, but we can have discussions on our future trading relationships. We have already announced working groups and dialogues on our future trading relationships with seven markets: Australia, China, India, New Zealand, Norway, South Korea and the Gulf Cooperation Council, which comprises six countries.”

My belief is that negotiations must range more widely to make the most of all avenues and ports of call within Commonwealth countries. That will help to develop those countries and will benefit our own. There should be a mutually beneficial system that allows small businesses and local economies to have access to the global network.

**Andrew Rosindell:** Does the hon. Gentleman agree that this is also a great opportunity to encourage the Republic of Ireland to join the Commonwealth and to include it in any possible arrangements for free trade across the world? There is an opportunity for the British Isles. Does he agree with that?

**Jim Shannon:** Of course I do; I wholeheartedly agree with that. Indeed, I would go the further mile and make it happen. It would be great to have the United Kingdom

of Great Britain and Ireland, and not just Northern Ireland, together as one. That would be special, but I will settle for it being in the Commonwealth.

It is clear that deals with countries such as Australia, Canada and New Zealand will be important. They can open up big areas of new trade. It all depends on the terms we decide we will abide by in coming out of Europe, but we must ensure that we reach further. The initial talks with New Zealand have indicated the position that we will be seeking to establish post-Brexit: a foundation of respect and a hope to see winners in all areas. If we can do that across the Commonwealth and the United Kingdom, we should.

For too long we have had to labour under trade rules that did not allow for the foundations of the Commonwealth to be explored. Now is the time to seize the opportunities and to enjoy the benefits of the ties to our Queen and her aims, which we all hold dear in this place and further afield.

I will conclude, as I am conscious that I got an extra minute for taking an intervention. One Commonwealth charter principle is that

“international peace and security, sustainable economic growth and development and the rule of law are essential to the progress and prosperity of all.”

Let us enhance our links, so that we pay more than mere lip service to that charter principle. Let us start the planning right now.

3.4 pm

**Mr Shailesh Vara** (North West Cambridgeshire) (Con): It is a pleasure to serve under your chairmanship, as always, Mr Davies. I commend my hon. Friend the Member for Rossendale and Darwen (Jake Berry) on securing this important debate. To the extent that it is relevant, I declare that I am co-chairman of the Conservative Friends of India group.

Our existing trade with the Commonwealth is not insignificant. In 2015, our exports to the Commonwealth totalled £47.4 billion, and our imports from the Commonwealth totalled £45.5 billion. The Commonwealth is comprised of 53 member states, representing a quarter of the world's landmass and 2.2 billion people. Some 60% of the Commonwealth's population is under the age of 30. There can be no doubt about the massive opportunities that lie ahead for our country. Forecasts by PwC suggest that India will be the world's third largest economy in 2030, behind China and the USA. That is hardly surprising—according to the most recent United Nations global population estimates in 2015, people aged under 35 comprised 64% of the population of India.

Some say we should concentrate on only a handful of Commonwealth countries. UK trade is heavily focused on a small number of countries. For example, in 2015, Australia, Canada, India, Singapore and South Africa accounted for 70% of UK exports to Commonwealth countries and 65% of UK imports from the Commonwealth countries. It is important to remember that, as members of the European Union, we did not simply concentrate our efforts on Germany, France and Italy, but also made efforts with the smaller nations. Likewise, it is important that we do not just concentrate on the larger nations of the Commonwealth, big though they may be.

**Oliver Colvile:** Will my hon. Friend consider that America could be invited to join the Commonwealth, thereby allowing for a trade deal to be done much more simply, as with other Commonwealth countries?

**Mr Vara:** My hon. Friend makes a valid point, but I hope he will appreciate that it is not for us to invite countries to join the Commonwealth.

We are equal partners, and it is important to remember that, in the Commonwealth, we should not pick favourites. We should give the smaller nations equal treatment, particularly given that our aim is to increase trade. There is the potential to increase trade with those smaller countries, too. I will not abuse the extra minute I have received by virtue of that intervention and will make hasty progress.

Britain remains a popular destination for Commonwealth citizens, both for business and non-business purposes. It is right and proper that the Government take seriously the suggestion of my hon. Friend the Member for Rossendale and Darwen on making things easier at our airports. It would send a powerful message to the rest of our Commonwealth partners. Next month's Trade Ministers meeting seems an appropriate place. I hope the Minister will not say that it is logistically not possible because we are only days away from the meeting. It is perfectly feasible to make the announcement at the Ministers meeting and say it will take effect in three months, six months or whenever we have gone through the logistical procedures.

The Prime Minister has said that we want to build a “truly global Britain... one of the firmest advocates for free trade anywhere in the world.”

At the Commonwealth Trade Ministers meeting next month, we have the perfect opportunity to make a powerful statement to our Commonwealth partners by doing just that.

3.8 pm

**Stuart Blair Donaldson** (West Aberdeenshire and Kincardine) (SNP): It is a pleasure to serve under your chairship, Mr Davies. I congratulate the hon. Member for Rossendale and Darwen (Jake Berry). It is good to see so many of his colleagues here after his shameless promotion of the debate yesterday in Foreign and Commonwealth Office questions. I also welcome the many Government Members who want to promote trade with Commonwealth countries, the overwhelming majority of which have become independent from the UK.

On an unrelated note, Scotland is a proud trading nation. Supporting Scottish business to export and attract direct foreign investment is good for Scottish business, for our economy and most importantly for the people of Scotland. Three out of Scotland's top 20 export destinations in 2015 were Commonwealth nations: Australia in 15th place, Singapore in 16th and Canada in 18th. Scottish Development International has eight offices in multiple locations around the Commonwealth to assist companies looking for opportunities in Scotland. SDI's support has helped businesses settle and invest in Scotland. For example, around 50 Canadian companies located in Scotland support more than 5,000 Scottish jobs, and Indian companies have made investments of around £700 million in the past five years, providing around 2,500 Scottish jobs.

[Stuart Blair Donaldson]

Scotland's international exports were worth £28.7 billion in 2015, excluding oil and gas, which represents a 17.3% increase from 2010. Under the SNP Scottish Government from 2007 to 2015, the value of international exports has increased by nearly 40% from £20.4 billion to £28.7 billion.

In two days' time we will celebrate four years since Scotland became a fair trade nation. On Monday, we will mark the start of Fairtrade fortnight, which will run from 27 February to 12 March. Fair trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions and securing the rights of marginalised producers and workers. I urge the Government to bear those important factors in mind when embarking on Commonwealth trade deals.

I am sure the House will join me in welcoming today's launch of the Scotland Malawi Partnership's "Buy Malawian" campaign, which encourages people to buy ethically produced, fairly traded Malawian products in Scotland and is a great way to support farmers, entrepreneurs and small businesses in Malawi. That supports the creation and sustainability of livelihoods for people right across the supply chain, from smallholder farmers in rural Malawi to local fair trade retailers in Scotland. Malawi is, of course, a country of the Commonwealth and one with which Scotland has close ties as a result of Dr David Livingstone. Through his travels, Dr Livingstone fought against the slave trade and looked to open new trade routes into Africa to support its economic development. More than 150 years later, the Scotland Malawi Partnership has continued that mission and is hoping to cement Livingstone's birthday on 19 March as an annual "Buy Malawian" day to promote Malawian produce and sustainable economic development.

The sustainable development goals can influence trade with the Commonwealth. As a supporter of the HeForShe campaign, sustainable development goal 5 on gender equality is very important to me. Future trade deals must recognise the rights of women and the economic gains of gender equality and an empowered female population. That applies both to the UK and to the countries that it seeks deals with.

I firmly believe that promotion of the SDGs must play a major role in any future trade deal and hope the Government respond positively.

3.13 pm

*Sitting suspended for a Division in the House.*

3.27 pm

*On resuming—*

**John Howell** (Henley) (Con): It is a great pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Rossendale and Darwen (Jake Berry) on securing the debate. I want to use the example of one country to illustrate some of the points that he and other Members have made. The country is Nigeria, where I am the Prime Minister's trade envoy. [HON. MEMBERS: "Hear, hear!"] I thank hon. Members for that endorsement of my role. My appointment was a pre-Brexit one, although admittedly it has relevance in a

post-Brexit world, which goes to show how much this country values the relationship it would like to have with Nigeria. Trade is of mutual benefit—it benefits not just one but both of the countries concerned. We can do enormous good when we operate in a country if, as well as ensuring that our own markets are fulfilled there, we ensure that that country's markets are also developed.

Nigeria's size is significant in that respect—with 170 million people it is, I think, the most populous Commonwealth country in Africa—but it also has enormous regional importance. At a dinner organised for me in Lagos recently, the common theme around the table of Nigerian and British businessmen was that it was impossible to see sub-Saharan Africa taking off without the development of Nigeria. Anything we can do to help Nigeria to develop will bring stability to that part of the world. We need to show that we are doing that, as a good member of the Commonwealth family. It is an important part of the message we want to give.

I am trying to do something about the status of our trade relations with Nigeria, which are currently abysmal because they are based on one factor—oil and gas—that has seen an enormous drop. We and the President of Nigeria are determined to diversify the economy to ensure that British companies across the board have a role to play in the Nigerian market.

In terms of the way of doing business, there is a tremendous amount of low-hanging fruit. I am happy to gather that low-hanging fruit as I go, but I am more interested in the long-term business relationships that will cement the UK-Nigerian way forward.

**Kirsty Blackman** (Aberdeen North) (SNP): Will the hon. Gentleman give way?

**John Howell:** I will not. We are too pressured for time.

I know from my experience in central and eastern Europe that those business relationships take a tremendous amount of management time to get right.

There is a way of doing business that depends on getting people together to hunt as a pack, to ensure that all views are known and that we do not act for just one company. I have gathered those companies together in an advisory group that I have set up, with PwC as the secretariat. That group is just about to have its first meeting, and will take forward the approach of operating as a UK group in Nigeria, as our French and German colleagues do with their companies.

I echo the comments made about the diaspora. We have the second largest Nigerian diaspora in the world in this country and I recommend that we make the best use of that.

3.31 pm

**Dr Roberta Blackman-Woods** (City of Durham) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate the hon. Member for Rossendale and Darwen (Jake Berry) on securing this important debate. I am sure it will be the first of many debates as we seek to develop business with the Commonwealth.

I come to the debate wearing two hats. First, I am a vice-chair of the Commonwealth Parliamentary Association, and through that association I want us to develop closer ties with the Commonwealth. Secondly, I am chair of the all-party parliamentary university group

and want to promote our universities. I want to stress to the Minister how important a business sector the higher education field is. It delivers about £73 billion to our economy and supports more than 800,000 jobs. In international standing, it is second only to the US. International students are a significant source of finance, not just to universities but to the wider UK economy, and non-EU students, many of whom are from Commonwealth countries, contribute about £3.2 billion in tuition fees to UK universities. Overall, their contribution is more than £7 billion to the UK economy, and that could grow.

Our Commonwealth partners are already doing that. As the Minister will know, universities compete in an increasingly globalised economy. It is a growing economy, where there is a great deal of competition. Australia wants to grow its international student numbers by 2025 and is doing that by putting in substantial funding and post-study employment opportunities. Since 2004, the number of international students in Australia has grown by 50%. Canada is doing the same.

I notice that the priorities for the Department for International Trade include “negotiating plurilateral trade deals”, focused on specific sectors, and “providing operational support for exports and facilitating inward and outward investment”.

It seems to me that the higher education sector would benefit from being promoted through the new Department and that Ministers in that Department will do what they can to make it easier for international students, particularly those from Commonwealth countries, to come to the UK. That means looking at whether the visa system can make it easier for students to come here, and ensuring that students are taken out of net migration figures.

Unfortunately, the message that has been given to international students is that they are not welcome here. In the post-Brexit era, universities need to be able to grow their international offer—not only in respect of students coming here, but in respect of universities operating more easily in Commonwealth countries, and developing educational opportunities and business start-ups from which UK companies can benefit. There could be a win-win for the higher education sector and for the Government if they encourage growth in that sector with Commonwealth countries.

3.35 pm

**Stephen Hammond** (Wimbledon) (Con): I apologise to the Front-Bench spokespeople that I have to leave the Chamber to deal with a statutory instrument in a few minutes.

I congratulate my hon. Friend the Member for Rossendale and Darwen (Jake Berry). He was right in his exposition to point out that we already trade with the Commonwealth. I have some brief remarks on how we can facilitate greater trade within the Commonwealth to our mutual benefit, and extend the partnership of equals that it must be.

Notwithstanding my hon. Friend’s remarks about trading with all nations in the Commonwealth, a priority for us must be to start with looking at the most developed Commonwealth countries right away. My right hon. Friend the Member for East Devon (Sir Hugo Swire) was right that that does not need to be free trade agreements, although we want those to come. We want to start trading

and exporting, and exporting more. One thing we can do before any free trade agreement is look at the certification regimes and non-tariff barriers, which are burdensome in regulation and do not need to be there.

Secondly, there is an opportunity for our services sector, especially in emerging markets where we see the middle class growing. There is a demand for banking, accountancy, insurance, cyber-technology and all that goes with that. We have expertise in those areas, and can export and grow it to mutual benefit. Services are affected far more than goods by factors such as language and legal differences, so harnessing our ties with the Commonwealth in those areas, combined with our already world-leading services sector and the growing demand in most of those countries, makes that an obvious area for immediate post-Brexit opportunity. It is therefore clearly essential that we join the Trade in Services Agreement as soon as possible.

Several speakers have talked about the Commonwealth trade advantage. Recent study has shown that factors such as geography and regional trade blocs mean that Commonwealth countries trade among themselves more than they do with other parts of the world. It is therefore key that we do everything we can to build the capacity for trade. Several hon. Members have pointed out that the ministerial meeting happening next month is a big opportunity for us to start building on the Commonwealth trade advantage. It is not a trade organisation as such at the moment, but over the years to come, a greater role, exposition and commitment from Ministers to trade will see opportunities for economic growth for everyone across the Commonwealth.

I am interested in what the infrastructure sector can do with trade across the Commonwealth more immediately. Some deals struck by other countries in the last decade are beginning to unwind, in all sorts of areas of physical infrastructure such as roads, ports and airports. Across the Commonwealth, there are opportunities for British firms, particularly with high-end contracting skills, to make a contribution to improving and streamlining those projects, and to look at customs procedures between members. Building a trading infrastructure as well as a physical infrastructure will lead to opportunities in the world for financial services. Embedding skills that we have into capital markets, a number of which are growing rapidly across Commonwealth countries, would be a huge benefit not only to the United Kingdom but to the whole Commonwealth.

3.39 pm

**Sir Paul Beresford** (Mole Valley) (Con): I am delighted to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Rossendale and Darwen (Jake Berry) on securing this debate.

We talk freely about free trade and opening barriers. I have a couple of declarations to make. First, I belong to the National Farmers Union in this country. Secondly, as hon. Members can tell from my accent, I have a dual nationality: New Zealand and the UK. When we went into the Common Market, New Zealand’s trade with this country teetered from 90% to 50%. After an agreement by Holyoake, the Tory Prime Minister, it dwindled to 5%. Later, a New Zealand Prime Minister called Muldoon, whose politics were really Labour even though he was a Tory, built up barriers right across the country. He was a very difficult man and was renowned for the statement—I

[*Sir Paul Beresford*]

apologise to our antipodean colleague, the hon. Member for Edinburgh North and Leith (Deidre Brock)—that any New Zealander moving to Australia increases the IQ of both countries at a stroke. The barriers he introduced crippled the economy. We then had a Labour Government, who introduced what we in New Zealand called Rogernomics. They tore down barriers and told the whole of the agriculture industry, “No ties, no restrictions, no subsidies.”

I think of that when I look round my farms. We have a dairy farm in my area that is supposed to be big—it has 350 cows. We have sheep farms with perhaps 1,000 sheep, and some of those farms get 90% of their income from subsidies. If we are going for free trade, I think we are going to have to wake up. We are going to have to give our farmers—I am concentrating on farmers—the opportunity to wake up and do something before the avalanche arrives.

On the North Island of New Zealand, there are square miles of vineyards. I have the biggest vineyard in Europe in my constituency—it is going to have to wake up. We have got dairy farms, but they are nothing compared with the dairy farms I know of in New Zealand, where 1,500 to 2,500 cows are milked twice a day. The farm I came off in the middle of the South Island had 1,000 head of cattle, 1,000 head of deer and 23,000 lambing ewes—when they lambed we had 50,000 sheep. There is nothing to compete with that here. The size and power of that industry in New Zealand could shatter us because we are not ready.

I know we are keeping subsidies till 2020, but we need to be aware that while we are welcoming people in, we need to be braced for what is going to hit us. I hope that our NFU is going to wake up. It wished us to stay, but my farmers voted to leave. They are going to have to wake up, organise and be expeditiously more efficient than they are at the moment. I welcome the potential deals, but we must be warned.

3.42 pm

**Sir Henry Bellingham** (North West Norfolk) (Con): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate my hon. Friend the Member for Rossendale and Darwen (Jake Berry) on securing this debate. I declare my interests: I am chairman of the all-party group for the Commonwealth, and I am the former Foreign and Commonwealth Office Minister for the Commonwealth in the Commons, although I was reporting to the right hon. Lord Howell of Guildford at the time.

It is a pleasure to follow my hon. Friend the Member for Mole Valley (Sir Paul Beresford). His expertise on New Zealand is greatly appreciated. I think our total bilateral trade with New Zealand is about £6 billion. With the Republic of Ireland, it is about £32 billion, so there is a lot of ground to be made up.

There has been much discussion about the Commonwealth Enterprise and Investment Council meeting on 15 March. I congratulate my right hon. Friend the Member for East Devon (Sir Hugo Swire) on the work he has done on that superb council and initiative. It is going to be co-hosted by the UK and Malta, and I think it really gives us an opportunity to look at where we go post-Brexit. We can—I hope the Minister will confirm this—start the pre-negotiations with many of

these countries. We obviously cannot negotiate trade deals with Commonwealth countries until we actually exit the EU, but surely we can do a lot of the background work. I would be grateful if he could confirm that.

I recently met up with a number of Commonwealth high commissioners, who really want to be fully engaged in this process. They are the key link personnel in London, and they have a vital role to play. May I suggest that before the summit on the 15 March, the Minister has a pre-meeting with the Commonwealth high commissioners in London? I think that would be a really good initiative.

The hon. Member for City of Durham (Dr Blackman-Woods) made an excellent point about Commonwealth migration. I, too, would take student numbers out of migration figures. When we get control of our borders, we need to be sensible and ensure we have the right talent when people come to this country to work. For example, Russell Group universities have on average twice as many non-EU students as EU students. When EU students finish their studies they can do a postgraduate course or work here, whereas many of the non-EU students cannot work and have to go back to their country, as in many cases they find it very difficult to get a work permit or a visa. I think that industry and business need the advantages that will come from our being able to pick the brightest and best without any discrimination in favour of one country or another.

I absolutely agree with what my hon. Friend the Member for North West Cambridgeshire (Mr Vara) said a moment ago about border controls. How we treat Commonwealth citizens is going to be really important in the future, and what clearer and more emphatic innovative signal can we send than changing our border arrival arrangements? I suggest that, post-Brexit, we should have one queue for UK citizens, including citizens of the overseas territories and citizens of the realm—the Commonwealth countries that chose to keep Her Majesty as Head of State—another queue for Commonwealth citizens, or perhaps Commonwealth and EU together, and another for the rest of the world. That would show our trading partners where our loyalties and interests lie. After all, the people side of trade—the services side, and the exchange of people and ideas—is incredibly important.

**Andrew Rosindell:** On that very point, does my hon. Friend agree that the Commonwealth realms have been neglected? The constitutional link that they have with the United Kingdom in sharing Her Majesty the Queen as the Head of State should be cherished. Their citizens should be given preferential treatment not only when they arrive at Heathrow and enter this country, but in other ways. We should build a closer relationship based on sharing Her Majesty the Queen.

**Sir Henry Bellingham:** My hon. Friend is absolutely indefatigable on that issue. Of course he is absolutely right. I hope the Minister will take notice of that point and respond to it.

There are huge opportunities out there. It is incumbent on this country and the Government to seize them now.

**Philip Davies (in the Chair):** We now come to the Front Benchers. Our new finishing time is 4.14 pm, so if each of the Front Benchers speaks for eight or nine minutes we might even have a few seconds at the end for Mr Berry to wind up the debate.

3.47 pm

**Kirsty Blackman** (Aberdeen North) (SNP): It is a pleasure to serve under your chairmanship, Mr Davies. I congratulate the hon. Member for Rossendale and Darwen (Jake Berry) on securing this really important debate. I hope we can continue the debate over the next two years in the main Chamber of the House of Commons, because it is really important, particularly in the light of statements that were made in advance of the EU referendum about how strong our links with the Commonwealth are going to be.

Coming to debates on any issue surrounding Brexit, it is particularly interesting to hear about the wonderful fantasy world in which some people live. I obviously campaigned for remain, and I believe we are economically, as well as culturally, better off as part of the European Union. I do not believe in the wonderful land of milk and honey and beautiful free trade arrangements that is being proffered to us for a number of really good reasons. The European Union has free trade agreements with 32 of 51 Commonwealth countries, so we are going to have to renegotiate those 32 trade agreements. It is not as though we will be suddenly free to negotiate with the Commonwealth; we will lose those trade agreements when we leave the EU. Why would those countries choose to give a better deal to the UK, which has a population of 65 million, than they give to the EU, which has a population of 500 million?

We will also be negotiating under time constraints, because we will be desperate to ensure we can export. We will have a time imperative that the EU did not have when it was negotiating its deals, so for us to get a good deal will be more difficult.

**Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): I voted the same way as the hon. Lady in the referendum, but I am sure she accepts that the EU sometimes made trade deals with Commonwealth countries on terms that were not always favourable to the United Kingdom, such as on the free movement of medical professionals. For example, medical professionals from Australia and New Zealand, nurses in particular, were prevented from coming to the UK by prohibitory EU rules on training requirements. There will be advantages to Britain being able to negotiate its own trade agreements with some countries.

**Kirsty Blackman**: I absolutely agree that some small areas for some industries in some sectors have been disadvantaged by some of those EU trade deals. Some companies talk about how disadvantaged they have been, such as Tate & Lyle because it imports cane sugar, but it is important to note that in any trade deal with another country we might still have to cede some of our sovereignty, because that is how trade deals work—we have to concede some things and to compromise when we make a trade deal. That is what such deals are about—a level of compromise—so we will lose some of the ability to make our own decisions, because it will be wrapped up in the trade deals.

I tried to intervene on the hon. Member for Henley (John Howell) to mention this, but I have a huge Nigerian population in my constituency because so many people have come to Aberdeen North to get involved in the oil and gas industry. If the Government are truly keen to create better links with such Commonwealth countries,

however, they need to have better relationships now, because in 2015, the most recent year for which figures are available, the UK Government refused 33% of visitor visas from Nigeria. If the UK Government want better relationships, they need to up such numbers—they only approved 57% of visitor visa applications from Ghana and 50% from Pakistan. Members were talking about special Commonwealth lines at airports and so on, but we need to change the high levels of visitor visa refusals, which are continuing and getting worse, if we want to have a better relationship with those countries and eventually to make free trade agreements with them.

The other point about free trade agreements was mentioned by my hon. Friend the Member for Edinburgh North and Leith (Deidre Brock) and was in connection with the private Member's Bill promoted by my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin). The Double Taxation Treaties (Developing Countries) Bill sought to look at the tax treaties we have historically signed with countries to their disadvantage. A number of Commonwealth countries are affected. If we want to pave the way for smooth, positive trade deals, we need to look at the ways in which we have created disadvantage for those countries. A good way to generate some positive feeling would be for the UK Government to look at things such as tax treaties, because that would encourage those countries and increase the likelihood of a favourable trade deal.

The World Trade Organisation has requirements for what should be included in a free trade arrangement in order for it to be a free trade arrangement and not simply something that falls into the most favoured nation category. A free trade arrangement cannot be made for only one type of good or service—that is not acceptable to the WTO—but needs to be much wider. We will not easily be able to make agreements with New Zealand on lamb, for example, or on any such specific; we will need to make much more wide-ranging free trade agreements in order for them to be acceptable and not challenged in the WTO. Furthermore, the WTO is not dissimilar to the European Union in that, for schedules to be approved and so on, the WTO members need to agree them. The WTO road is not smooth, but bumpy, and a huge number of problems will be in our way, not least the cliff edge we are likely to fall off.

Finally, I want to talk about the historical links with the Commonwealth. For people my age or younger, in many ways our only link with the Commonwealth is the Commonwealth games. That is pretty much the only thing. I do not know whether this is generational, but some people believe that the empire was a sort of wonderful, historical panacea and an amazing relationship, but people of my age do not think that. We do not hark back to those days of empire; we look back to the subjugation that we—

**Sir Hugo Swire**: The hon. Lady must know enough to know that some countries in the Commonwealth were never part of the British empire.

**Kirsty Blackman**: That is the case, but most countries in the Commonwealth were. My point is that we will be trying to make trade deals with countries with which we have not necessarily always had a positive relationship. Fair enough, we have the Queen as a figurehead, but that is not necessarily enough for us to give them a positive trade deal, or for them to give us one, and it is

[Kirsty Blackman]

not enough for the WTO to agree that we should give preferential agreements to each of those countries. The WTO will not agree to that unless we have given them to all countries.

3.55 pm

**Barry Gardiner** (Brent North) (Lab): Your firm guidance and chairmanship, Mr Davies, are always much appreciated by Members.

This has been an excellent debate. I pay tribute to my hon. Friend the Member for City of Durham (Dr Blackman-Woods) and to the hon. Member for North West Norfolk (Sir Henry Bellingham), both of whom spoke very powerfully about the importance of education and visas connected with education. I especially want to draw out the remarks of the hon. Member for Mole Valley (Sir Paul Beresford), who spoke with great knowledge and understanding of the dangers that exist for our farmers.

I pay tribute, too, to the hon. Member for Rossendale and Darwen (Jake Berry) for initiating the debate. I thought it could have been subtitled “The importance of old friends”, because long before the Common Market became a twinkle in Edward Heath’s eye we had the Commonwealth. At a time when we are loosening the bonds with our nearest friends after a 40-year partnership in the EU, we have come to realise the value of those old friends. We seek to strengthen our ties with India, Canada, New Zealand, Jamaica, Australia, Pakistan, Bangladesh, South Africa, Kenya, Nigeria and all 52 Commonwealth members.

Trade is one of the most effective means of creating shared prosperity and decent jobs. Opposition Members understand the power of fair and open trade. We share the dream of the vast majority of people around the world who want to see closer ties between countries. We want to build trade links, not protectionist walls. We are therefore emphatic in our support for promoting trade with the Commonwealth and in welcoming the Commonwealth Trade Ministers conference to London next month. In that regard, I pay tribute to the work of the right hon. Member for East Devon (Sir Hugo Swire).

[ALBERT OWEN *in the Chair*]

It would be foolish, however, to think that we in the UK may simply pick up where we left off before we joined the EU. The world has changed, the power balance has changed and the nature of global trade has been transformed beyond recognition. Yesterday, His Excellency Y. K. Sinha, the new high commissioner for India in London, made that absolutely clear at a conference in East Anglia. He said that the key to a post-Brexit free trade agreement would be to resolve the issue of workers’ mobility—how familiar does that sound from our Brexit debate? He made it clear that, for India, it is essential to ensure that its financial services and IT professionals could come to and go from the UK freely. He said:

“For India mobility is key”

and went on to point out that a recent study suggested that a free trade agreement could increase UK-India trade by 25%—I use that figure, but the hon. Member for Rossendale and Darwen said 26%. That would boost UK exports by only 0.4% of total exports. The hon. Gentleman spoke of the “huge prize” that that would

be, but let us be clear and do the maths: none of the UK’s top 10 export partners is a Commonwealth country. Indeed, in respect of those Commonwealth countries for which the Government have announced trade working groups and dialogues, the volume of exports from the UK is extremely low. India accounts for 1.7% of our exports, Australia 1.7%, Canada 1.2% and New Zealand approximately 0.2%. Let us add Singapore, given the Secretary of State’s recent visit—that accounts for an additional 1.2%.

**Mr Vara:** Will the hon. Gentleman give way?

**Barry Gardiner:** Because of the time, I will not.

The Conservative Free Enterprise Group think-tank identified those countries as the priority target for trade agreements. It also recognised that the 10 largest Commonwealth export markets for the UK account for no more than 8% of our total exports but almost three quarters of our exports to the Commonwealth. Clearly, any shift away from the EU would require a substantial uplift in our export growth to make up for the potential loss from the European Union.

It has properly been said that trade between Commonwealth countries is enhanced and facilitated by the context of shared languages, cultural familiarity and particularly common legal and regulatory frameworks. The various communities in the UK from Commonwealth countries, including those in my borough, Brent, are our very best trade advantage. It is estimated that the so-called Commonwealth effect reduces overhead costs for businesses trading between markets by up to 15%.

However, there has been a move to greater regional co-operation through formalised partnerships and institutions very like the European Union, and the increased regulatory harmonisation that goes with that, which has unlocked similar benefits for those Commonwealth countries. It can be no coincidence that the countries mentioned by the hon. Member for Rossendale and Darwen are all members of the Trans-Pacific Partnership agreement. That drive to regional partnerships is significant. We must consider that, although the United Kingdom has determined that it will withdraw from the EU, many Commonwealth countries seek precisely to strengthen their own participation in such regional agreements, and not to recreate the Commonwealth’s old links with the UK. Two Commonwealth countries—Malta and Cyprus—remain members of the EU and will find themselves similarly restricted from pursuing the trade agreements that the UK now seeks.

I will try to move to a close in the next couple of minutes, Mr Owen, as I was asked to. That means leaving out a great deal, but let me pick up one essential thing. By withdrawing from the European Union, we will leave the EU’s generalised system of preferences, which allows developing countries favourable market access through generous tariff reductions, which essentially remove tariffs on approximately two thirds of imports from those countries.

I want to ask the Minister about the GSP-plus enhanced preference scheme for countries that have ratified and implemented core international conventions relating to human and labour rights, the environment and good governance, and the “Everything but Arms” arrangement for least developed countries, which grants duty-free and quota-free access to all products from those countries

except arms and ammunition. Will he give us a strong reassurance that, when the UK leaves the EU, those very poorest countries, many of which are Commonwealth countries, will not see their exports to the UK effectively fall off a cliff edge? Will he assure us that the Government will continue the generalised system of preferences arrangements after the UK leaves the EU?

**Albert Owen (in the Chair):** I call the Minister to respond to the debate and perhaps allow Mr Berry a minute at the end to wind up.

4.3 pm

**The Minister for Trade and Investment (Greg Hands):** It is a great pleasure to serve under your chairmanship for the first time, Mr Owen. I congratulate my hon. Friend the Member for Rossendale and Darwen (Jake Berry) on securing this debate about our current and future trading relationships with the Commonwealth, which has truly been remarkable, uplifting and enormously encouraging. It is testimony to the popularity of the debate that I counted some 26 Back Benchers in the Chamber, most of whom stayed for the duration despite the Division. That shows the strength of interest in this subject.

In an uncertain and increasingly challenging world, the Commonwealth is more important than ever. It is an enormous market, but it is more than just a market. The Commonwealth charter has prosperity at its very centre. Members are

“committed to an effective, equitable, rules-based multilateral trading system”

and

“the freest possible flow of multilateral trade”.

I will try in the limited time available to answer the many questions and points that were made, but I am happy to meet or write to Members if I miss anything. My hon. Friend made a strong and compelling speech and presented a comprehensive vision of our future trading relations with the Commonwealth. He began by referencing the Commonwealth Parliamentary Association, which was most appropriate here in the mother of Parliaments. We should recognise the importance of parliamentary diplomacy. Like many Members in the Chamber, I am a long-standing supporter of the Commonwealth Parliamentary Association. My hon. Friend mentioned a recent CPA conference. I went to the one in New Delhi in 2007, which was quite an experience, and have also participated in CPA visits to Nigeria, Sierra Leone and Sri Lanka.

My hon. Friend mentioned that we have stood shoulder to shoulder in conflict with the Commonwealth countries on our side. I am reminded whenever I go to a Commonwealth country that there are sometimes war memorials to our common endeavours in different conflicts in small and surprising places. I remember seeing a memorial in the town of Kumasi in Ghana to the important service of Ghanaian forces in the small and in many ways forgotten—it is probably not forgotten in Ghana—conflict with German-occupied Togo. That is not to mention the millions of people from Australia, New Zealand, Canada, India, Pakistan and other countries who have participated on our side in conflicts.

My hon. Friend mentioned the kind offers from New Zealand and other countries to help prepare our Department for negotiating free trade agreements. We took

up New Zealand’s offer, and a senior official from New Zealand was seconded to the Department. I expect that we would look favourably on further such offers, including from Australia and Canada.

My hon. Friend mentioned that trade deals can take several years. That is not necessarily the case. He mentioned the Comprehensive Economic and Trade Agreement with Canada, which I will come back to, but the North American Free Trade Agreement, which is pretty comprehensive, took only 14 months to negotiate. That is not necessarily the model for where we go from here, but it indicates the potential spread of dates.

My hon. Friend also asked whether we should wait until 2019. I say to him clearly that we will not. We are already out there. We have working groups on trade with Australia, New Zealand and India. Notably, the Prime Minister made her first bilateral trade mission to a Commonwealth country—India. The Secretary of State and I accompanied her on that mission. We have also made ministerial visits to Australia, New Zealand, India, Singapore, Malaysia and so on. We have six Commonwealth trade envoys—one spoke in the debate and at least one other was present. My hon. Friend the Member for Gloucester (Richard Graham) rightly referred to the inaugural meeting of Commonwealth Trade Ministers.

The hon. Member for Rochdale (Simon Danczuk) made important points about the importance of human rights in trade talks. The UK has always been at the forefront of ensuring that important issues such as human rights, the environment and consumer protection are at the heart of such deals.

My right hon. Friend the Member for East Devon (Sir Hugo Swire) has in many ways been the very embodiment of the Commonwealth in Her Majesty’s Government for the last four years. He and I had several interactions during that time in all kinds of roles. He is quite right about the importance of the coming meeting of Commonwealth Trade Ministers. I expect that all four trade Ministers will play a role in support of the Secretary of State. No. 10 will come to a decision about the date and location of next year’s CHOGM in due course, but I am sure other Commonwealth leaders will be consulted. After all, we want them to come, so it stands to reason that we will check that date as far as we reasonably can to ensure that we maximise their attendance.

Businesses will of course be involved. At the very centre of trade is commerce and at the very centre of commerce is business and businesses. How they will be involved at CHOGM will be a matter for ongoing engagement. The Secretary of State and I meet businesses on a regular basis.

The hon. Member for Strangford (Jim Shannon) and my hon. Friend the Member for North West Cambridgeshire (Mr Vara) mentioned the importance of smaller countries. Some 80% of Commonwealth countries benefit from preferential access to the UK via the general scheme of preferences, economic partnership agreements, market access regulation and so on. That is an important part of it.

My hon. Friend also mentioned the Commonwealth immigration channel. I am keenly aware of a recent letter to the Home Secretary. I understand that a meeting with my hon. Friend the Immigration Minister is coming

[Greg Hands]

up for the people who wrote that letter. Immigration queues are a matter for the Home Office, with input from the Foreign Office and the Department for International Trade. We in the Department for International Trade are always interested in how we can make business travel easier so that those people we depend on for the free flow of trade between the UK and other nations are not unfairly penalised when entering the country.

The hon. Member for West Aberdeenshire and Kincardine (Stuart Blair Donaldson) said that trade was good for Scotland, and I totally agree. That is exactly the point I was making earlier today in front of a Scottish Parliament Committee on the European Union. What I have to say to the Scottish National party is this: the most important market for Scottish exports is the rest of the United Kingdom. Some 64% of goods and services leaving Scotland go to the rest of the United Kingdom, compared with just 15% to the European Union. Moreover, the rate of growth in trade with the rest of the UK has been almost 10 times as fast as that with the European Union over the past nine years.

My hon. Friend the Member for Henley (John Howell), who is a trade envoy to Nigeria, made an important point about trade with Nigeria. Within that was an incredibly important point about the importance of the diasporas to trade. That is a key UK unique selling point in terms of our ability to trade with the Commonwealth, whether those are from Nigeria, India, Pakistan, Bangladesh, the Caribbean or so on.

The hon. Member for City of Durham (Dr Blackman-Woods) mentioned the importance of higher education—trade and business is incredibly dependent on access to the best talent—and of ensuring that universities are a key part of the UK offer in attracting foreign direct investment.

My hon. Friend the Member for Wimbledon (Stephen Hammond) talked about the importance of services.

Some 80% of our economy is in services and we need to ensure that the UK is playing an active role in the Trade in Services Agreement, which we are.

My hon. Friend the Member for Mole Valley (Sir Paul Beresford) mentioned the importance of New Zealand. We have no better friend in the world when it comes to trade than New Zealand. I mentioned earlier the support it has been providing, and the recent visit of the New Zealand Trade Minister was a strong sign as well.

My hon. Friend the Member for North West Norfolk (Sir Henry Bellingham) is another person who has taken a strong interest in the Commonwealth in recent years as head of the all-party parliamentary group for the Commonwealth. I will take back his idea of a pre-meet with Commonwealth high commissioners in advance of the trade meeting and discuss that with the Secretary of State to see whether it is practical in the time available.

I did not get a chance to address the main issues, but hopefully I have got across the importance of the Commonwealth to the Government. In the limited time I have left, I do have to say to the official Opposition that they must sort themselves out. We heard from the right hon. Member for Warley (Mr Spellar) in an intervention. He has said that, if we cannot do a trade deal with Justin Trudeau-led Canada, with whom can we do one?

The incredible sight last week of the official Opposition and the nationalists on Monday deciding that they supported CETA, changing their minds on Tuesday and calling a deferred Division, and then on Wednesday voting against that very matter, was amazing to behold. I am sure that was noted widely not only in the European Union but in Canada and across the Commonwealth.

**Albert Owen (in the Chair):** Order. The Minister has taken his allocated time.

*Motion lapsed (Standing Order No. 10(6)).*

## Lancashire County Council

4.14 pm

**David Morris** (Morecambe and Lunesdale) (Con): I beg to move,

That this House has considered local government funding and Lancashire County Council.

It is a pleasure to serve under your chairmanship, Mr Owen. I have called for this debate because I am concerned that Lancashire County Council has trouble in managing its budget. It talks about Government cuts as an excuse for any problem, and I do not have confidence that it understands how to manage a budget in its entirety. Its deputy leader, David Borrow, recently presented a no-change budget. He went on to say that the budget was

“in the face of massive savings needed because of massive Whitehall grant cuts imposed by this Tory Government”,

which was quite perplexing.

On the back of that statement, I looked up the answer to a question I had asked, which said that on 31 March 2016 the council had £716 million in reserves. Out of that £716 million, £314 million was not ring-fenced, while £402 million was. Figures are bandied about all over the place in the county council, the press and wherever. I am not bothered about that. What I am bothered about is trying to get to the bottom of what is allocated by central Government to the county council in its various forms.

The leader of Lancashire County Council, Jennifer Mein, said:

“These cuts in the Government grant are shocking... They are unprecedented.”

She also said:

“The county council faces the greatest financial challenge in its history, a challenge so great that within a couple of years we will not have the money to deliver the statutory services we must deliver by law.”

All of that focuses on only one area of Government funding, I might add, which is the revenue support grant. That grant is only part of what central Government gives to the county council. In 2016-17, Lancashire County Council received £118.8 million in revenue support grant—that was 7.1% of its actual spend. In 2017-18 it is due to receive £81.5 million, which on last year's budget, without any savings, would be 4.8% of actual spend.

The revenue support grant is a small amount of the county council's overall budget. Although it was acknowledged by all political parties after the financial downturn that savings needed to be made, that is not the reason for all the problems the council seems to have in balancing its books. Lancashire County Council's political leadership seems to focus on the revenue support grant as if it were the only factor in the budget. In fact, in 2015-16 it received £1.1 billion in different Government grants, and only 14% of that was revenue support grant.

As I said, I called the debate to get to the bottom of how much funding Lancashire County Council is getting from central Government. I asked the House of Commons Library to compile a list of the different streams of funding given to Lancashire County Council. They are settlement funding grant; the new homes bonus; adult social care grant; transition grant; rural services delivery

grant; the improved better care fund; learning disability and health reform funding; Care Act funding; local welfare provision; the early intervention fund; and lead local flood authorities funding. There are also ring-fenced grants such as the public health grant; the dedicated schools grant; housing benefit administration subsidy; and the former independent living fund grant. Figures show that for that last grant, Lancashire County Council received the largest grant of any council in the country in 2015-16—£4.8 million in nine months. In 2016-17 it is getting £6.07 million, in 2017-18 it will be £5.9 million, in 2018-19 it is projected to be £6.7 million and in 2019-20 it will be £5.5 million, which will still be the largest amount of any county council nationwide. The list continues: the council receives council tax support administration subsidy, as well as money from the highways maintenance fund and the potholes action fund, with funding to fill 23,415 potholes in this financial year and further funding to fill 32,415 potholes next financial year.

As Member of Parliament for Morecambe and Lunesdale, my main concern has been that the political leadership of the county council is failing my constituents. It seems that the leadership seek to hold back my constituency. They blame Government cuts, but they have consistently held back my plans for an enterprise zone—I know those zones may be phased out, but I am sure they will be replaced with some other kind of funding stream—and ensured, with their seats on the local enterprise partnership, that funding for my constituency was not applied for. I firmly believe that.

In response to that charge, Jennifer Mein said:

“I'm proud of our track record of promoting jobs and growth right across the county and particularly in the Lancaster & Morecambe area. I can think of several initiatives that the county council, the Lancashire Enterprise Zone and Lancaster City Council have worked jointly on: The delivery of the long-awaited Bay gateway which has opened huge opportunities for employment and business growth across the county.”

Incidentally, neither she nor the current Labour administration had anything to do with the bay gateway; I secured the funding and it was a Tory-led county council that enacted it.

Mrs Mein went on to wax lyrical about funding from the Government, which features no cuts at all and in most cases is awarded to stakeholders outside of the county council's direct influence:

“Working with the University and the Enterprise Partnership, as well as the City Council, we have: assisted in bringing forward the Health Innovation Campus with an investment worth over £17m; Secured Garden Village status for South Lancaster—”

which is effectively a new town—

“(one of only 14 such designations in the country) with extra funding for infrastructure work at Junction 33—”

on the back of the new town—

“Seen investment of £2.5m in the Lancaster Teaching Hub of Cumbria University aimed at training new nurses and care workers; Facilitated £4m of commercial lending in support of the Luneside East development. Our Business Growth Hub, ‘Boost’, has worked with over 140 growing SME businesses in Lancaster over the past two years. This work looks to continue and grow following the County Council's further investment of £3m to support the work of ‘Boost’.”

I am sure that is very welcome in those vicinities, but in response to my charge, she failed to list one project that the current administration has directly funded in Morecambe and Lunesdale. The link road was given the

[David Morris]

green light before the local enterprise partnership—and that administration—came along, so I fail to see exactly what she claims has been done in my constituency.

**Julie Cooper (Burnley) (Lab):** On the hon. Gentleman's comments about the failure of political leadership in Lancashire County Council, is he aware that the leader of the council, together with the deputy leader of the Conservative group and the leader of the Liberal Democrat group, all recently attended Parliament to meet Labour MPs? All were of one voice in speaking of the inadequate funding provided by the Government.

**David Morris:** I know that the leader of the county council also went to see the special advisers in the Department for Communities and Local Government. They told her categorically, if she needs more money or thinks the council will go bankrupt, to go and see the Secretary of State.

The politicisation of the LEP seems to be a huge problem in Lancashire. It is extremely rare to have county council officers also officiating over the LEP. The LEP's agenda seems to be the same as the county council's, meaning that the growth deal funding is used in Preston and is Preston-centric. Lancashire County Council also prioritises Blackpool, presumably because of the combined authority proposals. The LEP currently presides over £1 billion of funding, of which not one penny has been scheduled to be spent in Morecambe and Lunesdale.

The county council commissioned a £7 million-plus report from PricewaterhouseCoopers, which stated that, if the council does nothing, it will go bankrupt and the Government will need to take over statutory services—that is what I was alluding to in my answer to the hon. Lady's question. That money was wasted on a report that told the council that it needs to take action to manage its budget, with PwC also asking what services could have been protected for that money. The report into statutory services cost £1 million alone, and the social care report cost £6.6 million. That money was spent to find out how to save £36 million, but the report's proposals are the same as what is happening in the "Better Care Together" strategy that is already being piloted in Lancashire.

Will the Minister tell me the full breakdown of each grant given to Lancashire County Council by central Government over the past four years? Will he assure me that the Department will investigate Lancashire County Council, to ensure that money is being spent appropriately and not on vanity projects while services are being cut? Will he also reassure me that political neutrality is being adhered to on the LEP, and that the political leadership of the county council does not have undue influence over the running of the LEP by county council officers who are effectively dual-jobbing?

Finally, I would love the Minister to assure me that any changes announced within the last hour by the Secretary of State for Communities and Local Government, either to devolve further spending and revenue responsibilities or to form a combined authority, are heavily scrutinised and are given the green light only once Lancashire County Council can prove that it can manage its budget.

**Albert Owen (in the Chair):** The mover of the motion, the hon. Member for Morecambe and Lunesdale (David Morris), and the Minister have agreed that the hon. Member for Preston (Mr Hendrick) can make a short contribution. The debate will end at 4.44 pm.

4.26 pm

**Mr Mark Hendrick (Preston) (Lab/Co-op):** First, I congratulate the hon. Member for Morecambe and Lunesdale (David Morris) on securing the debate. I will make a few brief points and then await the Minister's response.

The hon. Gentleman rightly referred to the independent PricewaterhouseCoopers report, which made the point that Lancashire County Council is currently underfunded and has been for many years—we do not have the time to go into the figures. Lancashire County Council has the third lowest tax base of any of the shire authorities. The list of grants to which the hon. Gentleman referred showed the top-slicing of local government, which is such that prescriptive packets of funding are now given in addition to the rate support grant. He quoted the rate support grant as being only 14% of the total amount of money received. That is right, but only because the RSG has been reduced such that the Government can be more prescriptive about how other grants are spent.

The adult social care grant is obviously important. Despite the linkage between adult social care and the health service, we have seen a £4.6 billion hole in adult social care funding over the past five years, which needs to be filled. The Minister and myself were in the Chamber just now to hear the Communities and Local Government Committee Secretary talk of increases in adult social care funding. Those increases are welcome, but they will not get anywhere near the £4.6 billion required to fill the hole that has been generated over the past five years.

The hon. Gentleman also mentioned that Lancashire, of which Preston is the centre, received the highest rate support grant of any shire authority. It has, because it is the second largest authority in the country after Birmingham City Council. It is a huge area that spends huge amounts of money, much of which has been taken away from it in recent years. Lancashire also has a much higher proportion of older people and people who cannot pay for their own care than any other shire authority. That ageing population puts particular pressures on social services.

Levying the 2% precept on council tax to pay for adult social care will raise just less than £8 million, but Lancashire County Council needs £14 million annually to keep up with the living wage and cost of living increases. However, levying the 2% precept in Surrey will raise £12 million. Is it not time that the hon. Member for Morecambe and Lunesdale does what those Conservative politicians in Surrey did and perhaps asks for a sweetheart deal with the Government that could make Lancashire better funded?

PricewaterhouseCoopers says that, even if Lancashire County Council is in the lowest quartile of spend on every service, it will still have a £94 million gap by 2021—even if the 2% precept is levied every year.

Given the brief word the hon. Gentleman and I had before this debate about it not being party political, I was surprised to hear him mention consistently points made by County Councillor Jennifer Mein, the leader of the council. The county council is supposed to be—

**Albert Owen (in the Chair):** Order. I am sure the hon. Gentleman is coming to the end of his contribution.

**Mr Hendrick:** Yes. I will be 30 seconds.

The hon. Gentleman talked about funding being Preston-centric. He has not accepted invitations to county hall or Westminster to talk about these issues with other MPs from Lancashire. If he looks at the reports from the LEP, he will see that many of those projects are spread throughout Lancashire and are not focused particularly on Preston.

4.30 pm

**The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Percy):** It is a pleasure to serve under your chairmanship, Mr Owen. I congratulate my hon. Friend the Member for Morecambe and Lunesdale (David Morris) on securing this important debate. He is a doughty champion for Morecambe and Lunesdale, with a record of delivering for his constituency on a whole range of issues and helping to secure funding for it. This afternoon he is, again, battling away for his constituents and, indeed, for Lancashire.

Only this morning, I was in what I consider Lancashire—albeit Manchester now, which has been slightly carved out. This is an area of the country I take some interest in, given my direct role through the northern powerhouse portfolio. I apologise on behalf of the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Mr Jones), that because of what is going on in the main Chamber, he is not able to respond to this debate.

We should start any debate on local government finance by being honest about what we, as politicians and political parties, went into the last election promising. I am not so sure about the manifesto policies of the Democratic Unionist party and the Scottish National party on local government finance in England at the last election—or, indeed, whether they had such policies; I suspect not. However, it is certainly true that the Labour and Conservative manifestos both included a commitment to no extra funding on top of that which is being delivered for local government. We all need to be honest about that. Nobody promised the electorate that there would suddenly be a cash windfall for local government if there were a change of Government. That is the appropriate starting point.

Local authorities are democratically elected organisations. They are independent of central Government and are, of course, responsible for managing their own budgets themselves. I must pick the hon. Member for Preston (Mr Hendrick) up on this nonsense about a special deal for Surrey. That has been wholly debunked and disproven, and it is completely inappropriate for Opposition Members to continue peddling that line. It is not the case.

**Albert Owen (in the Chair):** Order. We need to stick to the subject before us.

**Andrew Percy:** Indeed. I am simply responding to a point made by the hon. Member for Preston, but I will take your guidance on that, Mr Owen.

Over the previous Parliament, councils showed that they are capable of finding savings and efficiencies, and some have delivered them very well. Many councils that have much lower proportionate per head funding have been able to deliver incredible savings and services as a

result. A lot of this is down to local leadership, as my hon. Friend the Member for Morecambe and Lunesdale made clear.

Our sustainable financial settlement, which we are confirming at the moment, means that local authorities can take on the challenge of making savings, while continuing to provide excellent local services if they have the appropriate leadership. We have provided councils with a financial settlement that is over the next few years essentially flat in cash terms, moving from £44.5 billion in 2015-16 to £44.7 billion in 2019-20. Over the course of this Parliament, councils will have £200 billion to spend on local services. When we talk about local government finance reductions, we often forget about the £200 billion of spending on local services over the lifetime of this Parliament.

We have recognised, as both my hon. Friend the Member for Morecambe and Lunesdale and the hon. Member for Preston highlighted, that social care pressures for councils are very significant at the moment, as our population ages and as, I am afraid to say, we reap the failure of Governments of both colours years ago to properly plan for demographic shifts. However, we have enabled local authorities to access up to £7.6 billion in dedicated social care funding over this spending review period.

I shall now look specifically at Lancashire County Council over the course of this Parliament. Its core spending power is set to increase from £730 million in 2015-16 to £751 million in 2019-20. Unfortunately, the figure for 2019-20 is indicative. The staff who work at Lancashire County Council, as is true of council staff across the country, are dedicated to delivering local services, so this is not a criticism of them. However, the council is sadly among the 3% of local authorities that have not signed up to the long-term funding settlement, so that is an indicative figure. I am disappointed that Lancashire has not accepted our multi-year offer.

The majority of Lancashire County Council's core spending power is raised locally, as my hon. Friend pointed out. In 2016-17, £402 million will be raised in council tax, and £7.9 million in the adult social care precept; so £410 million of spending for Lancashire County Council is raised locally, and £118 million is provided through the revenue support grant, which, to be perfectly honest, reduces over time, as Members know. We all are committed to local government playing its part as we try to deal with the deficit we inherited.

We accept the particular issues with the changes that the hon. Member for Preston highlighted, which is why we are providing £1.1 million of transition funding this year to Lancashire and will provide £1.2 million in 2017-18. Last month we introduced the Local Government Finance Bill, which will mean that by the end of this Parliament, local authorities will retain 100% of local business rates to spend on services. That move towards self-sufficiency is one that I strongly supported, as a former local councillor for 10 years, and that local government generally has been an advocate of.

As I said, Lancashire County Council is receiving £1.1 million in transition funding this year. That will ease the change between those two systems for Lancashire. The fair funding review, which we heard a lot about in the statement this afternoon, will also establish what the relative needs assessment formula should be in a world in which local government spending is funded mainly by local resources and not central Government grants.

[Andrew Percy]

It is nearly 10 years since the current local government funding formulae were looked at thoroughly. Demographic pressures, which we also heard a lot about in the main Chamber this afternoon, such as the growth of the elderly population, may have affected areas in different ways. It is appropriate that we have this review.

I know that one of the pressures in Lancashire, as in many parts of the country, relates to social care. Earlier today, we confirmed the new adult social care precept flexibilities and the introduction of the adult social care support grant, which will enable Lancashire County Council to access an additional £9.7 million in funding for adult social care in 2017-18 alone. That is an ability to bring forward the precept increases. It is 3%, 3% and then zero. Unfortunately it is sometimes presented as though in the final year there will be no increase. That, of course, is built into local funding in the council tax base. That is real money, realised in every single one of those years, and bringing it forward levers in nationally nearly £1 billion extra.

I am aware of the independent statutory services budget review by PwC that took place in September last year in respect of Lancashire's budget to deliver statutory services. As was mentioned, the council met officials in my Department in October last year following the review to discuss the findings. However, it is the responsibility of elected members and officers of the council in Lancashire to find solutions to address the challenges it faces. Similar changes are faced by other councils, which are responding appropriately. In so doing, they can make use of the sector-led support from the Local Government Association, which is funded by this Government.

We expect local authorities to act in an open and transparent way about their service provision and spending locally. It is important that local councils are honest with their constituents. In many of these debates, including in my own area, it is almost as if the entirety of local government spending is what the Government provide to it. When cuts of 20%, 30% or 40% are referenced, it is in a deliberate way to lead people to conclude that the council's finances are being cut by 20%, 30% or 40%. That is simply not the case. We must all be honest; we all have a responsibility to be honest with our constituents about that. In relation to particular challenges in Lancashire, I urge the council to consider all options to drive forward public service reform and achieve appropriate efficiency savings.

My hon. Friend the Member for Morecambe and Lunesdale also talked about other funding that we have put into the area. It is important to reference that in this debate, because although we can look at the revenue support grant and the changes to it, we must also look at the other Government support. Just this morning I was pleased to launch the northern powerhouse investment fund, which will provide £400 million of lending and debt financing and equity to small and medium-sized enterprises across the north. That is Government funding and funding from other partners as well. It will enable businesses in Lancashire to grow and expand, and of course there will be a knock-on effect on local government finance as a result of that growth.

I hear my hon. Friend's concerns about the local enterprise partnership and the distribution of some of the projects. He will forgive me if I cannot intrude too much on local grief; it is not for me to dictate to the LEP where the project priorities should be. All I will say is that it is important that the LEP is cognisant of the fact that it represents the whole of its geography and that the funds and projects that it puts forward should be for the benefit of all. Within the £70 million of local growth funding just for Lancashire that we announced just a few weeks ago—I remind hon. Members that that was from a £556 million pot for the north of England; the biggest share of the budget for the whole of England came to the north—there were some projects that will benefit Lancashire on a county-wide basis.

It is not unusual for LEPs to have people who are double-hatting, as my hon. Friend said, in terms of being from local authorities in the area. That is normal and appropriate so long as they always remember that their responsibility is to the whole of the geography of the LEP area.

My hon. Friend referred to the work of the LEP. Through the growth programme, it has been able to invest nearly £1 billion of public investment. The LEP has also established, with the support of the Government, one of the largest enterprise zone programmes in the northern powerhouse, with four EZ sites at Samesbury, Warton, Blackpool airport, which I visited recently, and Hillhouse. Again, we are talking about significant Government commitments. Those zones come with big incentives for local businesses in Lancashire. Again, all of that helps to create jobs and wealth and to generate tax revenues for the local area.

I was pleased to visit only two weeks ago Lomeshaye industrial estate in Pendle, which my hon. Friend the Member for Pendle (Andrew Stephenson) advocated and lobbied for. That will receive £4 million from the Government to expand and create up to 1,000 jobs. Again, there is an absolute Government commitment to Lancashire in the form of that growth deal.

The Preston, South Ribble and Lancashire city deal is delivering an infrastructure delivery and investment programme worth over £430 million, which will expand transport infrastructure in Preston and South Ribble, create 20,000 new jobs and generate the development of more than 17,000 new homes. It is anticipated that that will leverage in £2.3 billion in new private investment.

The LEP has commercially invested its £20 million Growing Places fund in eight major developments across Lancashire. I cannot comment on the locations of those; that is of course a matter for the LEP. The LEP has also supported the development of four regional growth fund business growth programmes, valued at £40 million. It has an important role to play, but, as I said, must always be cognisant of the geographical challenges and demands of the area.

I will also just say, in terms of another Government commitment—

**Albert Owen (in the Chair):** Order. The Minister will have to save that for another time.

*Motion lapsed (Standing Order No. 10(6)).*

## Cerberus Capital Management: Purchase of Distressed Assets

4.44 pm

**George Kerevan** (East Lothian) (SNP): It is a pleasure to speak under your chairmanship again, Mr Owen. This is a very complex issue. I shall try to cover it as briefly—

**Albert Owen (in the Chair)**: Order. The hon. Gentleman needs to move the motion.

**George Kerevan**: Indeed. I shall move the motion that we are to consider—actually, I do not have the official piece of paper with me; forgive me, Mr Owen.

As I said, this is a very complex issue. I want to be as fair as possible to everyone, including Cerberus itself. I will take interventions, but I ask hon. Members to delay introducing any individual cases until I have developed, as rapidly as possible, the—

**Albert Owen (in the Chair)**: Order. Will the hon. Gentleman take his seat? I want to start doing this properly; we have already had two debates in which the Member did not move the motion. If the hon. Gentleman just reads from the Order Paper, his motion will be in order.

**George Kerevan**: I beg to move,

That this House has considered the purchase of distressed assets by Cerberus Capital Management.

Cerberus Capital Management is an American private equity firm that specialises in distressed investing—purchasing so-called distressed or non-performing loans. Few people in the UK have heard of Cerberus, but it is the biggest purchaser of distressed assets in the world. Since 2010, Cerberus has acquired more than 1.2 million distressed or non-performing loans, worth more than \$80 billion. Simply put, Cerberus is the world's largest debt collector.

Let me begin by saying that so-called distressed loans are often anything but. Since the banking crisis of 2008, we have seen a sorry catalogue of thousands of instances in which banks have forced legitimate borrowers into distress or even insolvency through no fault of their own. The so-called distress that we are discussing is largely manufactured. That has come about for a variety of reasons: interest rate swap mis-selling, the infamous Royal Bank of Scotland global restructuring group's dash for cash, and outright criminal fraud such as occurred at HBOS Reading.

Even where such egregious or criminal behaviour has not taken place, there are too many instances of banks deciding that they no longer wish to support small and medium-sized enterprise customers in sectors that the lender now considers non-core to its shrinking loan book. As a result, thousands of legitimate customers find themselves being sold on to firms such as Cerberus without their knowledge or against their wishes. Because loans to SMEs are unregulated, those customers have little or no redress. My intention today is to put on record the plight of those badly served bank customers and to expose the exploitative and often inadequate business model used by Cerberus—a model that is also bad for the British taxpayer.

**Jim Shannon** (Strangford) (DUP): I thank the hon. Gentleman for bringing this matter to Westminster Hall for consideration. In the light of what he has said, does he agree that although the mortgages and loans are currently owned by entities licensed by the Financial Conduct Authority, they, like any UK mortgage, could be sold in the future to an entity that is not regulated, meaning that customers would need to seek redress under the Consumer Rights Act 2015? Does he agree that the Government must consider additional protection for people whose lives have been turned upside down since the collapse of the Northern Rock bank?

**George Kerevan**: I agree, and the hon. Gentleman gets to the heart of the issue that we want to bring before Treasury Ministers, which is that even when loans were initially regulated, they can be sold on to unregulated parties, such as Cerberus, at which point there are no guarantees about the behaviour of those companies and how customers will be treated.

**Corri Wilson** (Ayr, Carrick and Cumnock) (SNP): Will my hon. Friend give way?

**George Kerevan**: If my hon. Friend will forgive me, I will not, because I need to develop my case a little so that the Minister knows where I am going.

Cerberus has taken advantage of the situation. It is now the biggest purchaser of distressed real estate debt in Europe. It has acquired loans from such banks as Santander, RBS, Clydesdale, Yorkshire, Lloyds and banks in Italy and Scandinavia. It purchased £13.3 billion-worth of Northern Rock mortgages in 2015. Cerberus has also—we may come to this, and I will treat it in a very gentle fashion—purchased the Northern Ireland loan book of the National Asset Management Agency, which was set up by the Irish Government to dispose of property loans inherited from failed banks. We know that that is subject to serious fraud inquiry, and I will be very careful not to step into those legal areas.

The key question is how Cerberus makes its money. It claims to make a return for its investors in the range of 17% to 20% per annum, which is a staggering amount. The key way it makes its money is through tax avoidance. That is perfectly legal, but hardly the business model that the Treasury should be encouraging.

Cerberus manages distressed debt bought in the UK and Europe through a multiplicity of shell companies based largely in the Irish Republic. Those entities usually have the word “Promontoria” in their titles. They are, in turn, subsidiaries of other Cerberus Group companies registered in the Netherlands. Essentially, the Dutch companies lend money to their Irish subsidiaries at high interest rates to effect the asset purchases. That ensures that most of the cash generated from the purchased loans, or from liquidating distressed assets, flows back to the Netherlands in the form of transfer payments. According to an investigation by *The Irish Times*, six key Cerberus Promontoria holding companies in Ireland collectively paid a miserly €15,500 in tax in 2015.

The tax avoidance scheme means that Cerberus can offset the risk of purchasing so-called distressed loans. With the bulk of the financial risk removed, the true surplus profit for Cerberus comes from squeezing the distressed assets. That explains why Cerberus has been prepared to outbid rival US equity firms to acquire

[George Kerevan]

swathes of European distressed debt. My question to the Minister, and my key point, is this: has the Treasury made any calculation of the tax loss to the UK of the purchase by Cerberus of British so-called distressed assets, mortgages and properties? In particular, what corporation tax has Cerberus paid on the loan book purchased from United Kingdom Financial Investments Ltd in 2015—the Northern Rock portfolio?

**Corri Wilson:** Does my hon. Friend agree that trying to get answers from Cerberus Capital Management on this issue is like drawing blood from a stone? Attempts to communicate with it, by both myself and my constituents who have been impacted, have proven entirely fruitless, and calls for a meeting have fallen on deaf ears.

**George Kerevan:** My hon. Friend reveals something that many other Members, and people in other jurisdictions, have discovered: the company is unwilling to engage publically and is known to be highly secretive in its operations.

I want to continue on the issue of how Cerberus makes its cash. Cerberus is not a bank. Its business is not to make loans and earn interest. It is an investment fund that seeks a capital return, and that means it has to extract more value from the loan book than it paid to acquire it. Cerberus appoints local agents to review the loan books that it purchases, and it either squeezes more revenue by increasing lending rates or puts the client into liquidation in order to realise the value of the property.

Of course, it is theoretically open for SME clients to pay off their loan by refinancing with another lender. The problem is that Cerberus and its agents have no interest in letting that happen unless they can extract facility fees, which make such a transfer prohibitively expensive in most cases. Such fees often represent a significant percentage of the overall size of the original loan. For instance, the support group working with clients caught in the mis-selling of interest rate swaps by the Clydesdale and Yorkshire banks—clients transferred to Cerberus without their consent—reports that in many cases Cerberus or its agents refuse to accept full repayment of the loans. Instead they insist on adding backdated default interest and break clause costs, which were the subject of the original mis-selling.

I will now turn briefly, if you will indulge me, Mr Owen, to events in Northern Ireland. Again, I refer to the sale by NAMA—the Northern Ireland toxic bank agency—of property loans in the north of Ireland. That is subject to criminal investigation, and I will not go there, but I want to give some of the timings and the background of what happened.

The original bidder for the NAMA assets in Northern Ireland was a company called PIMCO, which is a California-based global investment company. PIMCO withdrew from that sale when it became aware of a £15 million private fee arrangement involving PIMCO's US lawyers, Brown Rudnick, and two Irish individuals close to NAMA. After PIMCO withdrew, Cerberus had an unsolicited approach by agents acting on behalf of NAMA itself on 6 February 2014. Barely a week later, on 14 February 2014, Cerberus asked to be, and was, admitted to the bidding process for the NAMA loan book.

Cerberus submitted a bid of £1.24 billion on 1 April 2014, a scant six weeks after entering the bidding process. The Cerberus bid was accepted on 3 April. Altogether, that is a breathtaking pace for a purchase of that magnitude—from entering into discussions on 6 February to the winning bid on 3 April.

We should note that at that point Cerberus had no investment history in Ireland, north or south. So why did the company feel confident enough to make such a large purchase—£1.24 billion of distressed loans in the north of Ireland? The answer is that Cerberus hired the firm of lawyers that had been employed by PIMCO, Brown Rudnick, which had previously been involved in the abortive sale. It did so on 24 March 2014, a mere week before Cerberus submitted its winning bid. Cerberus admitted to the Public Accounts Committee of the Irish Parliament that it paid Brown Rudnick £15 million for that one week's work. Why was Cerberus willing to pay so much? As it admitted to the Irish Parliament, it was to gain detailed knowledge of the debts it was buying. However, NAMA had specifically banned prospective buyers from engaging directly with debtors or key stakeholders. Irish Deputies have accused Cerberus of paying Brown Rudnick so much—£15 million for one week's work—precisely to obtain knowledge of debtors that it would not have been able to acquire through the formal bid process. Cerberus denies that—I put that on the record—but I leave it to others to assess why the company paid Brown Rudnick so much money for such a short amount of work.

That brings me to my next line of questioning to the Minister. Will he agree to conduct an inquiry into the NAMA sale of its assets in Northern Ireland once the legal proceedings have run their course? That way the issue can be aired, and if there was wrongdoing it can be found out, but if there was not everyone can be cleared. I make no allegations of illegality against Cerberus, but I do criticise its business methods and its growing stranglehold over so-called distressed assets in the UK and Europe. Its business model is bad for small companies and bad for the UK economy. In that context, I have a final question for the Minister: is there any substance to the persistent rumours that Cerberus has approached the Treasury with a view to buying debt from Her Majesty's Revenue and Customs?

4.57 pm

**Sammy Wilson** (East Antrim) (DUP): It is a joy to serve under your chairmanship, Mr Owen. May I first of all apologise for the earlier interruption as a result of my phone going off? I congratulate the hon. Member for East Lothian (George Kerevan) on securing this debate. The issue of how Cerberus has dealt with the distressed loan books that it has purchased and the impact that has had on individual businesses is of great importance in Northern Ireland.

I say at the outset that I do not want to deal with the issues raised by the hon. Gentleman at the end of his speech about the sale of the NAMA assets to Cerberus, other than to say this: there was an acknowledgment at that time in Northern Ireland that NAMA had taken £4.7 billion of loans in Northern Ireland under its auspices for a number of years and had been in charge of those loans, but that there were flaws in how it was dealing with the loans. It was felt that there were very

good reasons for getting away from a Government-controlled agency, which had difficulties making decisions because of the political connotations and political constraints, and that it was better that those loans were moved from NAMA to another body.

Indeed, there was support for that in Northern Ireland. It was seen as a way of freeing up the market. Having taken the loans on and written them down, and with the Irish taxpayer having been responsible for the costs of the write-down of many of them, it was a difficult decision for NAMA to make and for the Irish Government to allow. They tried to get the market moving again, and allow those people who had borrowed money and defaulted on loans some liberty—they wanted to get equity or money back into the market, and allow people to develop assets and perhaps make money from them. It was therefore felt that moving the assets to a separate body would be better. That is the background to the sale of the assets, for which Cerberus was eventually the successful bidder.

At that stage Cerberus made a number of promises, which it conveyed to the Northern Ireland Executive. First and significantly, it said that it would adopt a long-term strategy and was not involved simply to make money quickly by moving in, closing down the businesses, selling off their assets and leaving. Many of the businesses were viable in their own right but had moved into the property market during the property boom and found that their core business was affected by the loans they had taken on for property. Cerberus made it clear that it would adopt a long-term strategy and look for assets that could grow in capital terms over a longer period and that had an income stream. It indicated that it would be prepared to make money available because it had funds not only to purchase the assets, but to lend to owners of the assets when it was felt that there was potential to enable them to develop and grow, and pay back the loans.

Secondly, Cerberus made it clear that there would be no fixed period and that it was not looking at a time horizon. Again, that provided assurance for many businesses.

Thirdly, Cerberus said that it would use local staff, and that it would employ people who understood the market and the businesses. Significantly, I remember dealing with one case that perhaps shows how Cerberus was much more aggressive. An individual faced a staff member that Cerberus had employed from the bank that he had previously banked with and which held his loan. That same person was demanding far harsher terms from him when working for Cerberus than they had offered as a bank employee when the loan rested with that bank. That shows what happened, despite the promises that were made. By the way, the banks were not easy on their customers, and yet the same employee, when operating for a different firm, was much more aggressive and hard-headed.

Fourthly and very importantly, Cerberus indicated that—I do not know whether this is true of the loan books that were purchased from other banks—it does not pay and build into the value of any loans that it purchases the value of personal guarantees. Cerberus made a virtue of that, saying that, as no value was attached to the personal guarantees, it would be easy to exempt people from personal guarantees. Very often, the personal guarantees prevented businesses from being

able to borrow, and to try and develop an asset, because they always had the value of the personal guarantee hanging over them.

Fifthly, Cerberus said there would be a presumption in favour of the incumbent—in other words, where possible, it would try to work with the people who held the loans. That made good sense. They knew the assets and were probably already involved in the business, so they would be easier to work with.

Lastly, Cerberus indicated that it would find ways of trying to liquidate the companies through equity finance and loans, and in other cases by writing down debts.

As I am sure Members have found time and again, Cerberus claimed that it wanted to work with individuals and to have a consensual approach with the people who held the loans. That has not been the experience, although in some cases, businesses will testify that it worked. I can think of large businesses in Northern Ireland that were able to do deals, but by and large, the approach has been aggressive—aggressive to the point of incompetence, in fact, as one financial adviser put it to me. Sometimes there was a deal to be done, but when those working on behalf of Cerberus saw a chink of light and that a business was able to pay, they went even further and pushed harder until they pushed them to the brink. In one case when they were on the brink of a deal, some of the assets that were part of the deal were sold, which brought the deal down. There was aggression to the point of incompetence. It might be argued that what happened was good for Cerberus. In some cases it might not have been, but importantly, it was often not good for the businesses. Viable businesses were put to the wall. In some cases, when they did survive, individuals and business owners were driven almost to distraction and had health issues.

Another difficulty was reaching an agreement—I think of what an individual I dealt with said. Cerberus would only speak to businesses when it wanted to speak to them, and businesses wanting to try to move on often found that they were hitting a blank wall—so much for the consensual approach. Even when that did happen, trying to get information about what a deal would look like was very difficult. Rather than trying to help businesses, the approach has almost been more about staring them out, and businesses have been adversely affected.

In most cases—financial advisers tell me this—despite the fact that no timescale was set, Cerberus is loth to do deals beyond two years. A two-year horizon is much too short for businesses when there have been large debts and a big fall in the assets, and when they have been relying on building up an income stream and looking for capital increases in the value of assets as the economy picks up. That has forced many businesses simply to say, “Look, we can’t continue. We will have to accept bankruptcy or constrain ourselves much more than we had anticipated.”

This is the important point: there is very little if any oversight of this area and no regulation, yet it has a huge impact on our economy. Businesses that employ people, pay tax to the Treasury and provide local services are put in jeopardy as a result of loans that can be easily transferred from one financial institution to these companies. There is little or no regulation and the people who originally took out the loans have no say. The terms of those loans can then be changed at the whim of the business that has taken over. I do not believe that that is good for the economy. Some strengthening of the

[*Sammy Wilson*]

regulations and oversight of the businesses is needed. There also needs to be protection for those who have taken out loans in the first place on certain terms, so they cannot have those loans changed.

Finally, the Treasury needs to look at a point that was well made by the hon. Member for East Lothian: as a result of transfer pricing, the local subsidiary is given loans at high rates of interest to purchase the assets, which keeps its profits down in the United Kingdom, thus avoiding taxes. I would be interested to hear the Minister's response on the levels of corporation tax paid by businesses such as Cerberus.

**Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP)  
*rose—*

**Albert Owen (in the Chair):** Order. While Mr Mullin takes his seat on the Front Bench, let me say that the debate will finish at 5.44 pm, so Members have plenty of time, but they should leave at least 10 minutes for the Minister to respond to the debate and two minutes for Mr Kerevan to wind up.

5.10 pm

**Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): It is a pleasure to serve under your chairmanship once again, Mr Owen. Thank you for inviting me to take my seat on the Front Bench.

We all owe a great debt to my hon. Friend the Member for East Lothian (George Kerevan) for securing this debate, especially the companies that have been driven to the wall or destroyed by the actions of Cerberus. I know that some of those companies are represented in the Public Gallery today; I hope they find that we have done justice to their cause. My hon. Friend certainly has.

**Patrick Grady** (Glasgow North) (SNP): I have a constituent who was affected by the behaviour of the Royal Bank of Scotland's global restructuring group. Does my hon. Friend agree that there is a huge lack of trust in such major institutions, particularly RBS, which is largely owned by the public purse? It falls to the Government to get a grip on the situation and take the necessary actions that my hon. Friend the Member for East Lothian (George Kerevan) outlined, so that public confidence can be restored and some of the businesses affected can have some hope of restitution.

**Roger Mullin:** I agree wholeheartedly. Indeed, in a debate on a related issue last week, I raised the fact that many people and small businesses will find it extraordinary that banks such as RBS have no duty of care towards the customers they deal directly with. Given all the tales of misery caused either by the banks directly or by Cerberus, surely we need to ensure that there is proper regulation and a proper duty of care towards those who suffer at the hands of such institutions.

**Sammy Wilson:** The hon. Gentleman makes a point about banks' duty of care and their improper behaviour. The coalition Government commissioned a review into that matter, but it has never been published. One wonders why its contents have not been made open for debate so that we can see the banks' practices.

**Roger Mullin:** I agree entirely. Perhaps the Minister will give a more detailed response to that point than I can, because it dumbfounds me that such secrecy has surrounded so much of this.

Yesterday I spoke on the Criminal Finances Bill, so I feel particularly at ease speaking about this matter a day later. As we have heard from a number of Members, much of what has happened has involved what ordinary members of the public would call criminal activity. Indeed, some legal actions are under way; obviously I cannot speak about them in detail, but the fact that they are being pursued speaks for itself. I am not sure what the correct term is, but if there were ever an example of a company that operates to standards that are the very reverse—[*Interruption.*]

**Albert Owen (in the Chair):** Order. The Minister and his Parliamentary Private Secretary may pass notes to each other but not speak. There should be only one speaker at a time.

**Roger Mullin:** If the messages that are being passed are going to answer some of my questions, I will not object too severely.

As I was saying, Cerberus is an example of a company that operates to standards that are the very reverse of a duty of care towards small businesses in our country. Surely we can expect the Government to be concerned about the effect on the good people who have suffered at its hands. In my constituency, a perfectly good trading company of many years' standing was completely destroyed by the actions of Cerberus, in a similar way to another company mentioned earlier. It was willing to repay the loan, but the additional fees that it was stuck with and the way in which Cerberus operated drove it to bankruptcy. I will not name the company, because like other hon. Members I do not want to embarrass anyone who may be listening, but I am genuinely concerned about the health of the family who were treated in that way.

Let me comment on some points made by other hon. Members. My hon. Friend the Member for Ayr, Carrick and Cumnock (Corri Wilson) said in an intervention how difficult it has been to get a conversation between Cerberus and those affected by its actions. It seems that it is unwilling to speak except in the remarkable case that the hon. Member for East Antrim (Sammy Wilson) mentioned, when it sought to buy assets in Northern Ireland and was only too happy to make promises such as adopting a long-term strategy—that would be a novel thing for it to do.

**George Kerevan:** On the subject of secrecy and Cerberus, is my hon. Friend aware that Stephen Feinberg, Cerberus's founder, is the leading candidate to undertake the review of the American secret service under Donald Trump?

**Roger Mullin:** Yes, I am aware of that. One can be fairly confident that that review of the secret service will itself be done in the greatest of secrecy.

I was also taken by some of Cerberus's other promises that the hon. Member for East Antrim mentioned, such as making a presumption in favour of the incumbent and not squeezing value out of assets. It would appear that Cerberus has decided to act in a way that is precisely the reverse of its public promises.

I must pay yet more tribute to my hon. Friend the Member for East Lothian for the clear way in which he set out one or two facts that I hope the Minister will respond to, particularly the manufacturing of distress by the operation of such institutions and the movement from regulated to unregulated markets.

Cerberus proudly proclaims that it can make profits of 17% to 20% out of the tax avoidance schemes that it engages in, extracting value by moving between the UK, Ireland and the Netherlands. It is therefore not only small and medium-sized enterprises that are victims of the way in which Cerberus is operating, but the Treasury as well. I particularly look forward to the answer that the Minister must surely give to the question that my hon. Friend asked in his opening remarks: what has the loss been to the taxpayer in the UK from the actions of Cerberus? Everyone deserves to receive an answer to that this afternoon.

5.19 pm

**Peter Dowd (Bootle) (Lab):** It is, as ever, a pleasure to serve under your stewardship, Mr Owen.

Hon. Members have already made excellent points in the debate, particularly the hon. Member for East Lothian (George Kerevan), who I know has been interested in this matter for some time and has a great deal of knowledge of it. I appreciate that he has enabled us to have the opportunity to consider this matter and that he has shared his thoughtful views, which were, as always, penetrating.

This matter has its origins in the financial crisis. I do not want to regurgitate the debate about the origin of that crisis, but increasingly it is apparent that it is not simply about the claims, for example, that the last Labour Government “maxed out” on the country’s credit card—a hackneyed claim, if ever there was one, and one that does not go to the heart of why this situation has occurred.

The 2008 crisis almost brought down the world’s financial system; it took huge taxpayer-financed bail-outs to shore up the industry. In that regard—this relates to the last point that the hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin), the Scottish National party spokesman, made—it is important that taxpayers get value for money when assets are sold. The process must be as open and transparent as possible, and it must stand up to scrutiny at the time and thereafter, especially when public services across the board are under such strain. The Government ought not to sell on assets when the people at the other end of the process are going to be treated unfairly and unjustly at some point. That is not acceptable. As has been said, the Government have a duty of care.

I will concentrate my comments today on the here and now, as other Members have covered the pertinent background and context of this matter, for which I am grateful. I will not repeat what they have said, other than to say that issues about on-selling, the plight of customers, business models, tax avoidance, the cost to the taxpayer, the regulatory issues and—fundamentally—the duty of care to people and businesses have gone completely and utterly out of the window.

The Government’s response to the Public Accounts Committee’s 24th report of this Parliament was sandwiched in between the PAC’s reports on “Universal Credit and fraud and error”, and the “UnitingCare Partnership

contract”, and those reports do not exactly show Government management in those policy areas to be particularly competent either. I believe that the PAC’s report on this matter is a good place to start, as it is the current Government who made the decision to dispose of this £13.5 billion of mortgages and loans to Cerberus.

As you know, Mr Owen, in Greek mythology Cerberus was the three-headed “hound of Hades” who guarded the doors of hell, to stop the dead from leaving and the living from getting in. That is a metaphor for this organisation; it stops people from leaving. It gets them by the throat and they are trapped forever, and that is not acceptable. I am not sure what to make of that name for a company, but it is well worth leaving that in the air for people to ponder on for a moment.

As hon. Members will be aware, we have been led to understand that the sale of these assets represented the Government’s largest ever financial asset sale, and we have been told that it was “value for money”. I would expect the Government to claim nothing less, so there is no surprise in their making that statement. However, it prompts the question: what evidence have the Government given to support that assessment? The answer is, “Very little”.

If the Government’s claims stack up, why are they so reluctant to accept certain recommendations set out in that PAC report, not least those on the issue of transparency? Why have the Government rejected the recommendations regarding the setting up of an independent panel of valuation experts for all major sales, to review and challenge valuations in advance of all large asset sales and the reliability of the organisations that those assets are going to? If that had been done in this instance, we might not be in this situation. Surely such an evaluation would vindicate the Government’s position that what they did was correct, above board and transparent, and that no one is any worse off for the decision they took. However, that has not happened.

Similarly, the Opposition find it difficult to understand why, if the Government are committed to tackling tax avoidance and evasion, they rejected the PAC’s recommendations that Government Departments should be required “as far as possible” to discount gains from tax avoidance that may be factored into bids, and that the Treasury should produce unambiguous guidance, for both selling Departments and potential bidders, on how tax will be taken into consideration as part of a sale or a contract award. The Government have done nothing about those recommendations either, and their answer to the PAC’s report is incredibly vague. It goes around and around in a circle, and no one can break into it.

Nevertheless, the Government are proud of their enormous financial asset sale, claiming, as I have said, that it was a good deal for the taxpayer. I am not convinced about that, and it certainly was not a good deal for the end users who were on the receiving end of it.

It is true that the National Audit Office said that some aspects of the sale were conducted appropriately, but the NAO also raised a number of key concerns about the Government’s approach. Mortgage holders who are worried about the future will not have been reassured by anything that the Government have done, and the NAO pointed out:

“While the mortgages and loans are currently owned by FCA-licensed entities, they, like any...mortgage, could be sold in the

[Peter Dowd]

future to an entity which is not regulated. If...customers needed to seek redress, they would have to do so under the Consumer Rights Act”.

That is not right. The Government have a duty of care, but they did not seem to care, as they wanted these assets off the books.

It does not stop there. The NAO criticised other aspects of the sale, saying, for example, that UK Asset Resolution Ltd’s

“limited competitive tendering in the procurement process for its financial adviser was not good practice.”

That refers to the sale of assets, which was not done under appropriate good practice. Similarly, the financial advising company involved—Credit Suisse—also acted as financing bank to the bidder. The NAO said of that:

“Due to a potential conflict of interest, this had not been permitted under previous sales.”

So I ask the Minister—what of that? Or is that detail unimportant?

When it comes to people’s lives and businesses, and for example to public sector staffing, we should note that, according to the NAO:

“UKAR identified an alternative sale option which had a higher...valuation.”

So the assets might have gone to someone more appropriate, but UKAR

“did not have enough staff capacity to run multiple transactions concurrently”.

There is something wrong with that situation, and it goes to the heart of the duty of care not only to the taxpayer but to the people affected by this matter, who in effect got a double whammy.

The Government have a lackadaisical attitude to this matter; indeed, it borders on the insouciant. Surely, given that there was such value for money for the taxpayer, it is not unreasonable to ask how it can be that our hospitals and schools are in a state of crisis and starved of funding, because they are being affected by this as well. When Opposition Members hear the phrase “value for money”, which has been rammed down our throats time after time in relation to this matter, we ask, “Which values?”, and, “For whom?”

This week, NHS trusts posted a massive deficit of almost £1 billion at the end of the third quarter, and yet we are told that this sale is value for money. Meanwhile, social care is in crisis, with 1.2 million elderly people needing care, but we are still told that this is value for money. Selling off assets not in the interests of the many, not in the interests of the taxpayer and not in the interests of the people sitting behind us in Westminster Hall today, but just to fund a failed deficit reduction programme, is not acceptable. It is a false saving.

Finally, the Government say that they will learn lessons from these reports, and I applaud them for that. The question is, when will they share those lessons with the rest of us and prevent this dreadful scam from ever happening again?

**Danny Kinahan** (South Antrim) (UUP): Will the hon. Gentleman give way?

**Albert Owen (in the Chair)**: Order. The hon. Gentleman has finished speaking. I will call the Minister, who may want to give way to you.

5.29 pm

**The Economic Secretary to the Treasury (Simon Kirby)**: It is a pleasure to serve under your chairmanship, Mr Owen. I congratulate the hon. Member for East Lothian (George Kerevan) on securing this debate. I will give way if the hon. Member for South Antrim (Danny Kinahan) wishes to contribute.

**Danny Kinahan** (South Antrim) (UUP): I want to ensure that we are going to put in place or ask for regulations to stop people being able to move from one side of a deal to another. It does happen, and we need transparency and the duty of care. Will the Minister look at the issue? One person moved from being on the board to being on the other side and making money out of the deal. They were then caught taking a bribe in a car. We need a very clear system.

**Simon Kirby**: It is the long-standing policy of this Government to unwind the interventions made in the financial sector during the banking crisis of 2007-09 and return the assets acquired then to the private sector. That is a key part of restoring normality to the financial system, but in that we need to ensure value for money in getting back taxpayers’ money. We are making good progress in that. UK Asset Resolution, which is responsible for the assets of the former Northern Rock and Bradford & Bingley, has already reduced its balance sheet from £116 billion in 2010 to £37 billion last year. The sale of £13 billion of former Northern Rock mortgages to Cerberus Capital Management was another important step along the way.

As with any transaction of such complexity, the sale required careful analysis and meticulous planning. First and foremost, the Government had to consider whether the sale would meet one fundamental condition: good value for money for the British taxpayer. Secondly, however, the deal needed to ensure the continued fair treatment of existing customers. In this case, they held around 270,000 mortgages and unsecured loans. We are confident that as a result of the detailed preparation we conducted, those conditions were fully met.

It is perhaps worth providing a brief outline of the processes followed. The sale was initially announced at the 2015 Budget, following various expressions of interest and favourable market conditions. A full sales process was then launched that summer. It attracted a good level of competition, with multiple bidders involved, as the National Audit Office noted. At each stage of the process, experts in UKAR worked closely with UK Financial Investments and independent external advisers to assess against the four main criteria used in any public sale, namely: propriety, regularity, feasibility and value for money. Cerberus is an active buyer of assets across the UK and elsewhere, and UKAR carried out thorough due diligence before it was selected. Its bid represented a £280 million premium to the book value of the loans, and, importantly, it maintained the fair treatment of customers.

**George Kerevan**: I accept what the Minister is saying—it has been justified by the National Audit Office—but in the assessment of the bid from Cerberus, was any account taken of the likelihood that it would use tax avoidance measures to complete the sale?

**Simon Kirby:** The hon. Gentleman raises a fair point. I will answer it shortly, if he bears with me.

Not only were customers' mortgage terms and conditions unchanged by the sale, but they continued to be served by the same mortgage company with the same skilled and dedicated staff. In the contract with Cerberus, UKAR went further to ensure that specific additional protections were in place, including a one-year lock-in period that limited any increase in interest rates to changes in the base rate. All the mortgages are still protected by Financial Conduct Authority regulation. Owing to comprehensive planning and preparation, it was a well-executed sale, achieving good value for money and a good outcome for customers.

Various Members have expressed their views concerning purchases of assets by Cerberus. Unsurprisingly, I will not comment specifically on sales made by other parties to a private bidder. However, in the context of our sale, I will turn to some of the specific points raised by Members, including the hon. Members for East Antrim (Sammy Wilson), for East Lothian and for Bootle (Peter Dowd). They made thoughtful and helpful contributions.

One point that was raised was the tax domicile of Cerberus. UKAR's sale was structured as a UK sale, and the taxes resulting directly from the sale are paid in the UK. However, we do not consider a bidder's tax jurisdiction as part of the selection process for three reasons: first, to do so would greatly reduce the number of bidders able to participate, which would risk losing the competitive tension that is essential for maximising value; secondly, companies can and do change their tax arrangements, so there would be no guarantee that a UK-domiciled company would continue to be so in the future; and thirdly, to discriminate against a company based on its tax jurisdiction would risk our being exposed to legal challenge.

The hon. Member for Bootle mentioned the Public Accounts Committee. I note that its conclusions were that the transaction was executed successfully and that there were many positives from the sale. The Treasury response to the recommendations was clearly set out in a report, "The sale of former Northern Rock assets". He also mentioned the NAO's criticisms and touched on the important area of lessons to be learned. As the NAO report notes, UKAR and UKFI carried out a complex transaction "professionally" and "within a tight timeframe". As the NAO suggested, we have increased transparency around the objectives of Her Majesty's Treasury, UKFI and UKAR and ensured that strategic documents are drawn together in one place. UKAR has now published its framework document.

We heard about Project Eagle and the sale of Northern Irish loans by the National Asset Management Agency in Ireland. Specifically on that issue, Cerberus provided UKAR with suitable assurances consistent with the detailed submission it made to the Northern Ireland Committee for Finance and Personnel, which conducted an inquiry into the sale. That provided sufficient comfort. When we selected Cerberus as a preferred bidder, it was on the shortlist for another portfolio in Ireland. More generally, as UKAR would for any bidder, it carried out thorough due diligence of Cerberus as part of the selection process.

The hon. Member for East Antrim expressed various concerns about the treatment of businesses by Cerberus. I listened to those concerns carefully. When it came to the UKAR sale, customer treatment was a key consideration. Our sale did not contain any commercial loans. The NAO report states that the FCA protections for the borrowers whose mortgages were sold remain in place, and that the FCA continues to be satisfied.

We are aware that Cerberus is a buyer of assets across the UK and further afield. It is subject to the UK regulatory regime here and other regulatory regimes in other jurisdictions in which it operates. I am proud to say that the UK Government have ensured that we have a strong system of regulation here in the UK.

We have heard today about other asset purchases by Cerberus. It is an active buyer of assets across the UK and further afield. As I have said, it is not for me to comment on sales made by other parties to a commercial bidder, but we assess all bids thoroughly through our extensive due diligence carried out on any bidder for any assets. We particularly assess value for money and, importantly, continued fair treatment for customers. The assets in the recent £13 billion sale were not distressed assets. Having been originated a number of years ago, they were considered well seasoned assets, and Cerberus paid above book value for them. In any case, ensuring the continued fair treatment of existing customers is a key consideration in all sales, as I have said.

In short, the sale of £13 billion of former Northern Rock assets to Cerberus was a successful step on the way to returning assets to the private sector. It meant £5.5 billion coming back into the national purse, as well as the transfer of nearly £8 billion of liabilities from the public balance sheet to Cerberus. The sale was managed effectively, and it attracted good competition and secured a good price.

**Roger Mullin:** Minister, you have been talking for some considerable time. Am I being unfair in saying that the gist of your argument is that you do not consider that Cerberus has acted in any way unfairly—

**Albert Owen (in the Chair):** Order. I know that the hon. Gentleman was referring to the Minister, not to me, but the Minister must respond now.

**Simon Kirby:** It is important that the Government attract good competition and secure a good price, but at the same time safeguard the rights of existing customers. It is not just our assessment that that happened but the conclusion of the independent National Audit Office. The Public Accounts Committee also concluded that the sale had been well executed. There is still work to be done in returning to the private sector assets that we acquired in the financial crisis. We will continue to do all we can to meet the same high standards and keep delivering the highest possible value to the British taxpayer.

**Albert Owen (in the Chair):** Mr Kerevan has a minute to wind up the debate.

5.43 pm

**George Kerevan:** I thank all Members who have taken part in the debate, and I thank your good self, Mr Owen, for ensuring that the debate was in order.

[*George Kerevan*]

I know that the Minister has tried to be helpful, within his brief, but the point still stands that Cerberus uses a tax model across all its purchases that is not beneficial to the Treasury. We will continue to press on this matter in the days to come.

*Question put and agreed to.*

*Resolved,*

That this House has considered the purchase of distressed assets by Cerberus Capital Management.

5.43 pm

*Sitting adjourned.*

# Written Statement

*Wednesday 22 February 2017*

## **TREASURY**

### **Finance Bill 2017**

**The Financial Secretary to the Treasury (Jane Ellison):**  
Finance Bill 2017 will be published on Monday 20 March.

Explanatory notes on the Bill will be available in the Vote Office and the Printed Paper Office and placed in the Libraries of both Houses on that day.

Copies of the explanatory notes will also be available on gov.uk.

[HCWS485]



## Ministerial Correction

[Official Report, 13 January 2017, Vol. 619, c. 658.]

Wednesday 22 February 2017

Letter of correction from Robert Halfon:

### EDUCATION

#### Night Schools and Adult Education

An error has been identified in the response I gave to the right hon. Member for Tottenham (Mr Lammy) during the debate.

*The following is an extract from the response to the right hon. Member for Tottenham (Mr Lammy) during the Adjournment debate on night schools and adult education by the Minister for Apprenticeships and Skills on 13 January 2017.*

The correct response should have been:

**Robert Halfon:** Including the levy and taken together, the adult education budget, apprenticeship funding and advanced learner loans will provide more funding to support adult further education participation than at any time in our island's history.

**Robert Halfon:** Including the levy and taken together, the adult education budget, apprenticeship funding and advanced learner loans will provide more funding to support adult further education participation **by 2020** than at any time in **England's** history.



# ORAL ANSWERS

Wednesday 22 February 2017

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# MINISTERIAL CORRECTION

Wednesday 22 February 2017

	<i>Col. No.</i>
<b>EDUCATION</b> .....	3MC
Night Schools and Adult Education .....	3MC

No proofs can be supplied. Corrections that Members suggest for the Bound Volume should be clearly marked on a copy of the daily Hansard - not telephoned - and *must be received in the Editor's Room, House of Commons,*

**not later than  
Wednesday 1 March 2017**

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**Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]**

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