

**Tuesday  
28 February 2017**

**Volume 622  
No. 116**



**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Tuesday 28 February 2017**

---



# House of Commons

*Tuesday 28 February 2017*

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

## PRAYERS

[MR SPEAKER *in the Chair*]

## BUSINESS BEFORE QUESTIONS

NEW SOUTHGATE CEMETERY BILL [*LORDS*]

(*BY ORDER*)

*Third Reading opposed and deferred until Tuesday 7 March (Standing Order No. 20).*

## Oral Answers to Questions

### TREASURY

*The Chancellor of the Exchequer was asked—*  
**Department of Health: Funding**

1. **Kelvin Hopkins** (Luton North) (Lab): If his Department will increase the level of funding provided to the Department of Health. [908948]

12. **Paula Sherriff** (Dewsbury) (Lab): If his Department will increase the level of funding provided to the Department of Health. [908959]

**The Chief Secretary to the Treasury (Mr David Gauke):** Annual funding to the Department of Health is already being increased by £17 billion by 2020-21. This reflects the priority that the Government put on investing in the NHS.

**Kelvin Hopkins:** OECD statistics show that the Governments of Germany, France, Holland, Sweden and Denmark spend an average of 9% of GDP on health compared with 7.7% in the UK—a massive difference of £23 billion a year. The NHS is desperately underfunded and it is no surprise that it is suffering, so is the Chancellor really going to take this seriously in the Budget?

**Mr Gauke:** I think the hon. Gentleman will find that the OECD has more recently put out revised numbers to show that the UK's expenditure on health is very close to some of those other countries. The fact is that we can only have a properly funded NHS if we have a strong economy, and only the Conservative party can deliver it—a point that the people of Copeland may have noticed.

**Paula Sherriff:** When lives are on the line it is imperative that we as parliamentarians get it right. We need some honesty about what the current NHS crisis means: cuts to staff, longer waits, and hospitals at risk of closure. Does the Minister agree that the Government need to provide a long-term, sustainable financial package to guarantee NHS services for the future?

**Mr Gauke:** It was this Government who announced a long-term, financially sustainable package, which is why, in real terms, funding for the NHS will increase by £10 billion above inflation by 2020-21. Let us remember that since 2010 there are 2,300 more people attending accident and emergency departments within the four-hour A&E standard, 5,000 more operations every day, and 1,400 more people every day treated for mental health conditions, and the NHS is conducting 16,000 more diagnostic tests every day.

**Mr Andrew Tyrie** (Chichester) (Con): For the past two years the Department of Health has cut its capital budget by 20% and used that for running costs and to pay for salaries. Did the Treasury press for these cuts in capital spending—I hope not—and does the Chief Secretary agree that raiding the capital budget is no way to find efficiency savings?

**Mr Gauke:** The switch from capital to resource was actually made at the request of the health service and the Department of Health. In terms of finding efficiencies in the NHS, and indeed in the public sector as a whole, it is important that we deliver sustainable efficiencies, embed a culture of efficiency, and ensure that we get value for money for the taxpayer.

**Sir Gerald Howarth** (Aldershot) (Con): While I welcome this Government's commitment to health, may I invite my right hon. Friend to take a leaf out of President Trump's book and increase defence expenditure by 10%, funded from the bloated overseas aid budget?

**Mr Peter Bone** (Wellingborough) (Con): Splendid idea.

**Mr Speaker:** It is quite a naughty idea, not because of its merits or demerits but because it has nothing to do with the Department of Health budget, as the hon. Member for Wellingborough (Mr Bone) is perfectly well aware. However, the Minister is a dextrous fellow and I am sure he can answer in an orderly way.

**Mr Gauke:** Although, as you say, Mr Speaker, there may perhaps have been a slightly tenuous link with the question, it was still a predictable question from my hon. Friend the Member for Aldershot (Sir Gerald Howarth). We are delivering on the 2%-plus expenditure commitment on defence, and we are increasing defence spending in real terms. Again, it is important that we have a strong economy so that we can properly fund our defence.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): The shocking revelation that NHS Shared Business Services Ltd misplaced more than 500,000 pieces of sensitive medical data is a direct result of a health service that is being squeezed by the Chancellor's purse strings. The Tory Government are clearly putting patient safety at risk through lack of resourcing and a targeted savings drive. Will the Chancellor immediately reassess the situation and the level of NHS funding?

**Mr Gauke:** On the level of NHS funding, the hon. Lady will find that expenditure has gone up more in England than it has in Scotland. Given that it is a devolved matter, she might want to raise her concerns with the Scottish Government.

**Mr Philip Hollobone** (Kettering) (Con): Will the Chief Secretary confirm that record amounts of money are being spent on the NHS, that record numbers of patients are being treated and that he will give clear incentives to local authorities and health services to join up the delivery of NHS and social care?

**Mr Gauke:** My hon. Friend raises an important point. He is absolutely correct about the resources that we are putting in, but if we want to improve the quality of healthcare, particularly in the context of social care, it is also important that there is greater integration. That is why we announced the better care fund, which is making an important contribution to supporting social care and improving integration.

**Peter Dowd** (Bootle) (Lab): The Chair of the Treasury Select Committee is absolutely spot on. If the Chancellor does discuss with the Department of Health any increase in levels of funding, will he point the Health Secretary in the direction of the Public Accounts Committee report, which says that he should stop “plundering” NHS funds? In particular, it asks him to stop his “repeated raids” on NHS capital funds, with £950 million having been taken out of £4.5 billion.

**Mr Gauke:** First, may I congratulate the hon. Gentleman on his promotion to the post of shadow Chief Secretary? He is my eighth shadow as a Treasury Minister, so I look forward to sparring with him over the weeks ahead.

Let me repeat what I said earlier: the agreement on the budget settlement for the NHS and the balance between resource spending and capital spending was reached with the Department of Health. Indeed, that switch towards more on resource was very much pushed by the Department of Health.

**Peter Dowd:** So I am the eighth shadow Minister, “How very promiscuous of you”, as I said in my tweet to the Chief Secretary.

Some 4,000 urgent operations have been cancelled, 18,000 people a week waited on trolleys in January, 3,000 community pharmacies are going to be lost and £4.6 billion has been cut from social care. When those funding levels are discussed with the Department of Health, will he tell his colleague that he should be caring for the NHS, not giving it a lethal injection?

**Mr Gauke:** If the Labour party’s policy could move beyond the level of placard design, that might help. Let me be clear: we are putting more money into the NHS and it is providing more support and help to people than ever before. I have listed some of the achievements since 2010. This Government remain committed to the NHS, which is why it has been a priority in our public spending plans for the past seven years.

**Mr Speaker:** We do need to speed up in terms both of questions and of answers.

### Economic Growth: Yorkshire

2. **Jason McCartney** (Colne Valley) (Con): What steps he is taking to support economic growth in Yorkshire. [908949]

**The Chancellor of the Exchequer (Mr Philip Hammond):** The Government will drive productivity and economic growth in Yorkshire by investing in its infrastructure, developing the skills of its people and supporting its companies. At autumn statement we announced that the four local enterprise partnerships covering Yorkshire will receive £156.1 million from the local growth fund to back local priorities and support new jobs, as well as £3.7 million extra investment to bolster its resilience to flooding.

**Jason McCartney:** Will the Chancellor join me in welcoming recent investments by the likes of Boeing and McLaren in Yorkshire? Will Yorkshire continue to receive investment through the northern powerhouse investment fund, which is backed by the British Business Bank?

**Mr Hammond:** Yes. I welcome those investments by large companies, which will bring a large number of jobs to the area. It is also important that we support small and medium-sized enterprises, and the northern powerhouse investment fund will have a specific remit to target and support smaller businesses across the north.

**Rachel Reeves** (Leeds West) (Lab): Fourteen months after the devastating Storm Eva floods, it is welcome news to people in Kirkstall that the Sheesh Mahal restaurant will reopen tomorrow. However, many other businesses in my constituency are still struggling with astronomical increases in the costs of insurance and we still do not have a date for having proper flood defences in my constituency. What assurances can the Chancellor give businesses in my constituency that he has not forgotten about us?

**Mr Hammond:** As I have said, we have put additional money into flood defence spending, but—notwithstanding the reopening of the Sheesh Mahal restaurant—I take on board the hon. Lady’s comments about the delay that others are experiencing and I will look at the facts.

Several hon. Members *rose*—

**Mr Speaker:** Purely in relation to Yorkshire—Michael Fabricant.

**Michael Fabricant** (Lichfield) (Con): Absolutely, Mr Speaker. By the way, I would love to visit that restaurant.

My right hon. Friend will know that Boeing is a major employer in the United Kingdom. The opening of Boeing Sheffield, as it will be known, means that a major manufacturing plant—the only one of its type—will be introduced into Europe. Is that not a major endorsement by Boeing of post-Brexit Britain?

**Mr Hammond:** Yes, that is two things: it is a major endorsement by a global company and a major vote of confidence in the British economy. It is also a reflection of this Government’s policy that where we place large contracts for military equipment, as we have done with Boeing, we insist on some compensating investment in our economy, so that the investment in our military capability pays for jobs, skills and technology in the UK.

**Dame Rosie Winterton** (Doncaster Central) (Lab): The Chancellor referred to local enterprise partnerships. Will he undertake to bring the LEPs across Yorkshire together to look at what further powers can be devolved to them to decide priorities on regional infrastructure investment and on the skills agenda? Will he also bring them together to talk about what needs to be done to prioritise their potential for inward investment in terms of Brexit?

**Mr Hammond:** We are very keen on LEPs working together across regions so that these very large pots of devolved funding, including some of the money in the national productivity investment fund that I announced in the autumn statement, can be used to maximum effect across a coherent economic geography. I am not so sure that it is within my power to bring them together, but I would certainly encourage them to work together.

**Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): Yorkshire is of course home to some of the country's finest financial institutions, such as the Yorkshire Bank and the Yorkshire Building Society—

**Helen Goodman** (Bishop Auckland) (Lab): And the Skipton.

**Jonathan Reynolds:** Like all financial institutions in the UK, they will be desperately keen to understand what the Government's Brexit plans will mean for financial services. The Treasury still has not replied to my letter in January asking for some basic clarity, but we need to know how the Government intend to achieve equivalence, how it will be made certain and how we will avoid becoming just a rule taker from the rest of the EU. Chancellor, these are reasonable questions, so may we start to have some answers, please?

**Mr Hammond:** They are perfectly reasonable questions. I am not sure that the Skipton Building Society is holding its breath on how equivalence will work to allow it to carry on marketing complex financial instruments across the European Union. These are matters for negotiation. If we end up with an equivalence regime to allow financial services businesses to continue to trade into the European Union, it will be important that that equivalence regime is based on objective criteria, not political criteria, so that as long as our regulatory regimes are in fact equivalent, we can be confident of continuing to be able to trade.

#### National Insurance Revenues: Health and Social Care

3. **Dr Tania Mathias** (Twickenham) (Con): If he will make an assessment of the potential merits of ring-fencing national insurance revenues for spending on health and social care. [908950]

**The Financial Secretary to the Treasury (Jane Ellison):** As hon. Members will know, although national insurance contributions are primarily used to fund state pensions, a proportion of NICs is already allocated directly to the NHS, but beyond that, the Government do not have any plans to ring-fence national insurance contributions to fund health and social care.

**Dr Mathias:** I thank the Financial Secretary for that answer, but with a view to the long-term sustainable financing of health and social care, will she look into this as a means of depoliticising the debate and ensuring long-term funding for health and social care not just for today, but for decades to come?

**Jane Ellison:** I understand my hon. Friend's core point. The Government have taken action to ensure that the NHS has the funding it needs by increasing its annual budget by £10 billion above inflation by 2020-21. We are mindful of the long-term challenges. The issues were recently highlighted by the Office for Budget Responsibility, which laid them out quite starkly in its latest fiscal sustainability report. On depoliticising the debate, I would say that backing the NHS's own plan for its own future in the way we have done is the best way of doing that.

**Andy Burnham** (Leigh) (Lab): Back in 2010, to meet the rising costs of social care I proposed a compulsory care levy on all estates. From memory, the Conservatives produced an election poster with gravestones on it and called it a death tax. I read in *The Times* today that Ministers are now considering exactly the same proposal. Can this possibly be true?

**Jane Ellison:** No.

**Sir Hugo Swire** (East Devon) (Con): There is, however, an emerging consensus that we need to better integrate our social care and health system. We already have the better care fund and the Chancellor's prudent management of the economy, but if he has any wriggle room in the forthcoming Budget may I ask him whether we can have some transitional relief for social care until we can work out the best model?

**Jane Ellison:** The Government have been very clear on a number of occasions that we recognise the pressures in the system and additional money has been made available through the social care precept. We are well aware of the pressures in the system and, as my right hon. Friend says, the long-term need for more integration—the Chief Secretary has already referred to the better care fund—but his point is well made.

**Diana Johnson** (Kingston upon Hull North) (Lab): How can it be right that the local authorities under the most pressure in terms of social care can raise the least amount through the council tax precept, when that precept is the basis of the Government's social care policy? East Riding Council, next to my own, can raise 56% more than Hull even though it has less demand.

**Jane Ellison:** As the hon. Lady knows, the better care fund, which we have already referred to, adjusts for that. We are responding to the pressures, which we acknowledge, in the social care system in a range of ways.

#### Regional Infrastructure Development

4. **Chris White** (Warwick and Leamington) (Con): What steps he is taking to support regional infrastructure development. [908951]

**The Chancellor of the Exchequer (Mr Philip Hammond):**

We recognise the need to enhance public infrastructure across all regions of the UK. That is why at autumn statement 2016 we committed additional capital to fund new productivity-enhancing economic infrastructure through the national productivity investment fund. We are committed to putting local and regional needs at the heart of the fund. For example, we are spending £1.1 billion on local projects to improve our existing transport networks.

**Chris White:** As the UK automotive sector continues to embrace new technologies, ensuring the necessary energy supplies are in place is of increasing importance. What support can the Government give to the midlands, so that our region can lead the transformation of the sector, not least with electric vehicles?

**Mr Hammond:** My hon. Friend is right that the midlands is home to some of the world's leading automotive manufacturing. It is also home to cutting edge battery technology research, including by the Warwick Manufacturing Group at Warwick University. My hon. Friend is absolutely right. If we are going to electrify the vehicle fleet, we have to ensure that clean, sustainable and reliable supplies of electricity are available to meet the needs of the 21st century economy. Our national infrastructure plan does exactly that.

**Dan Jarvis (Barnsley Central) (Lab):** On leaving the EU, areas like Yorkshire will no longer benefit from EU structural funding. How will the Chancellor meet the shortfall?

**Mr Hammond:** As we have made clear, the arrangements we have with the European Union, and with any of the organisations and funds the EU operates, remain to be discussed during the negotiation phase. If the hon. Gentleman is right and we end up not participating in such arrangements in the future, we will clearly have to make separate similar arrangements on a UK-only basis—or, indeed, on an individual nation within the UK basis.

14. [908961] **Oliver Dowden (Hertsmere) (Con):** Does the Chancellor agree that alongside large-scale investment in infrastructure, such as the Thameslink upgrade, relatively small amounts of money on local roads and station facilities can rapidly improve journey times and therefore boost productivity?

**Mr Hammond:** I absolutely agree with my hon. Friend. It is often the smaller local projects that deliver the greatest benefit. They do not have the same kind of grandstanding possibilities around them and therefore are not always quite as favoured, but they are often the most effective way of intervening. They have another benefit: they can often be delivered very quickly by local levels of government, rather than having to go through many years of planning.

**Alison McGovern (Wirral South) (Lab):** The Chancellor simply did not answer my hon. Friend the Member for Barnsley Central (Dan Jarvis). The UK Government's funding and investment in London has always far outstripped that for any other region. The OECD says that we have had no regional policy since 2010, so will he answer my hon. Friend? What will happen to investment in the north when Brexit occurs?

**Mr Hammond:** We will continue to invest in our economy, and the distribution of that investment will be in accordance with the Government's priorities. The hon. Lady should look at the industrial strategy paper that we have published and at statements the Government have made, including on the national productivity investment fund we announced in the autumn. We are committed to infrastructure development in all the regions of the UK. It is a key element of our productivity agenda.

23. [908971] **Neil Carmichael (Stroud) (Con):** In order to support infrastructure investment effectively, we will need to upskill our workforce to deliver the projects we need, especially hi-tech projects. Does the Chancellor of the Exchequer agree that we need investment in the post-16 arena quite quickly to ensure we fill that skills pipeline?

**Mr Hammond:** I will take that as a Budget representation, and yes I do agree with my hon. Friend. We set out in the autumn statement how we would increase investment in infrastructure. That is one of the challenges we face in raising this country's productivity. Skills is another.

**Jonathan Edwards (Carmarthen East and Dinefwr) (PC):** The Swansea Bay city region deal has the potential to boost infrastructure development in the west of my country. The board's proposals, which have been presented to the Treasury, have the support of the relevant local authorities and universities and of the Welsh Government. When can we expect the Treasury's response to them?

**Mr Hammond:** This discussion is still ongoing. I hope we may bring it to a conclusion within, let's say, the next eight days.

**Beer Duty**

5. **Graham Evans (Weaver Vale) (Con):** What recent representations he has received on the level of beer duty. [908952]

**The Financial Secretary to the Treasury (Jane Ellison):** I thank my hon. Friend for his question and note the constructive meeting we had just yesterday with representatives from across the beer and pubs sector. In addition, the Treasury has received representations from several other organisations and individuals with suggestions for what should be in the Budget, including measures on beer duty.

**Graham Evans:** My hon. Friend will be aware of the great contribution that the great British pub and great British beer make to local economies, employing nearly 1 million people and contributing £10 billion in tax. The Government have a proud record: in the last three years, we have scrapped the hated beer duty escalator and cut beer duty for three consecutive years. Will she seriously consider continuing the good work by cutting beer duty?

**Jane Ellison:** As the Chancellor just said, I will take that as a Budget representation. Of course we recognise the contribution of the beer and pubs industry across the UK—I am particularly aware from my previous job of the role pubs play in promoting responsible drinking—

but it is worth noting that the public finances assume that alcohol duties rise by retail prices index inflation each year, meaning that there is a cost to the Exchequer from freezing or cutting alcohol duty rates. As I say, however, we consider all representations carefully.

**Mr Ben Bradshaw** (Exeter) (Lab): When considering beer duty, will the Minister maintain, or at least not further erode, the differential with cider duty? Labour's lower cider duty has led to a fantastic renaissance in both cider drinking and orchard planting in England, but if the differential is narrowed any further I am afraid it will do untold damage to our cider makers.

**Jane Ellison:** I am well aware of the sensitivities around the duty bands, on which we have received a number of representations, and of the renaissance not just in the industry to which the right hon. Gentleman refers but, for example, in respect of the number of microbreweries and the flourishing investment in that area. There have been a number of good news stories in this sector in recent years.

24. [908972] **Mr David Burrowes** (Enfield, Southgate) (Con): The Minister has also received representations about a wholly different kind of cider that has not seen much of a real apple, and that is super-strength white cider, which is very harmful and cheap. Will she consider using the new freedoms following Brexit that will enable the Government to take seriously the evidence in favour of a minimum unit price of alcohol, given its consequences for the health of young and vulnerable people?

**Jane Ellison:** I am extremely well aware of the points my hon. Friend makes, not least, as I say, because of the role I last held in government. We look carefully at all these things, particularly the issue of white cider.

### Small Businesses

6. **Seema Malhotra** (Feltham and Heston) (Lab/Co-op): What fiscal plans he has to support small businesses. [908953]

**The Chancellor of the Exchequer (Mr Philip Hammond):** The Government continue to support small businesses to access the finance they need to grow through the British Business Bank, which supports almost £3.4 billion of finance to 54,000 smaller business. In the autumn statement, I announced an additional £400 million of funding for the bank. We also reaffirmed our commitment to the business tax road map, including the permanent doubling of the small business rates relief and the extension of the thresholds for the relief, so that 600,000 small businesses—occupiers of one third of all business properties—will pay no rates at all.

**Seema Malhotra:** Federation of Small Businesses research says that over a third of small businesses expect their business rates to increase from 1 April. Small shops will be hit hard, while large supermarkets are set to gain. In Hounslow, the estimated 12% increase has led worried businesses to tell me that they expect to see jobs and investment cuts. The Chancellor would not want his fiscal decisions adversely to impact on growth and prosperity, so will he now commit to righting this wrong in his Budget? Will he also support Labour's five-point plan to help small businesses through the revaluation?

**Mr Hammond:** I think the last thing small businesses need is any help from the Labour party. From what I have seen of Labour's plans, that would be the final straw for most of them.

As we have said, we recognise that some small businesses are facing very substantial percentage increases, even where the actual amounts might not be very large, and that that can be difficult for businesses to absorb. We have committed to coming forward with a proposal that will address those who are hardest hit by that phenomenon.

**Geoffrey Clifton-Brown** (The Cotswolds) (Con): In Stow-on-the-Wold in my constituency, the actual business rates payable by Tesco, which is five minutes' walk from the centre, is £220 per square metre, whereas a delicatessen in the centre of the town will pay £500 per square metre. Does not my right hon. Friend think that the system of rating valuation needs to be re-examined?

**Mr Hammond:** The rating system is what it is; it reflects the rental value of properties. I readily acknowledge that in an economy that is changing shape rapidly, where the digital economy plays a much larger role and where some of the biggest businesses are not based on bricks and mortar, there are some very significant challenges for us, which we need to look at. In the short and medium term, business rates play a vital role in providing revenue to the Exchequer—and from 2020, of course, they will be used wholly to support local authorities.

16. [908963] **Rachael Maskell** (York Central) (Lab/Co-op): In York, many businesses are paying inflated rents from overseas and local landlords, pushing up the rateable value, so business rates are sky high. The revaluation has caused some businesses a 600% increase, which is detrimental to the local economy and the high street. Will the Treasury work with the Department for Communities and Local Government to carry out an urgent review on the whole business rate system, because the model is broken?

**Mr Hammond:** I will say something more about the medium and longer-term challenges to business rates when I deliver my Budget next week. The hon. Lady would not want to alarm anybody in her constituency and she will know that nobody will see their rates bill go up by 600%.

**Rachael Maskell:** They have.

**Mr Hammond:** Nobody will see their rates bill go up by 600%, and the damping mechanisms make that clear. Of course rateable values may go up by very significant amounts. I shall have more to say about this next week.

**Tom Tugendhat** (Tonbridge and Malling) (Con): I welcome the Chancellor's promise to explain more about what he is going to do about business rates in the Budget next week. Does he recognise, however, that in taxing our towns and villages around the UK, especially the beautiful ones in west Kent, he is in danger of changing the culture that is at the heart of our community, not just raising money for the Exchequer?

**Mr Hammond:** Yes, I absolutely recognise my hon. Friend's concern. It is for that reason, as well as for reasons connected to the economic sustainability of individual businesses, that we have said that we will look at how best to help those most seriously affected.

20. [908968] **Catherine West** (Hornsey and Wood Green) (Lab): Excellent businesses such as Dunn's Bakery, the Railway Tavern and Elsie Café in high-value areas such as Crouch End and Muswell Hill have made representations. Will the Chancellor please confirm that he will look again at the business rates revaluation?

**Mr Hammond:** What I cannot do is look again at the business rates revaluation, which is an independent statutory exercise undertaken by the Valuation Office Agency. As the hon. Lady will know, if experience is anything to go by, of the 2 million business properties revalued, about 1 million will lodge appeals, so there will be a process of reviewing the way in which the valuations have been conducted. I have said I will look at those small businesses facing the largest increases and see how best to help them.

**Chris Philp** (Croydon South) (Con): I strongly welcome the Chancellor's commitment to look again at small business rates taxation in the Budget. The big four supermarkets are being given, on average, a 6.9% cut in their business rates. Will the Chancellor consider setting that rate at zero so that it becomes "upward only", and using the extra money to soften the blow for smaller businesses?

**Mr Hammond:** I do not think that that is the right way to proceed. The business rates revaluation reflects the underlying value of premises, and I am afraid it is an inconvenient fact that some large organisations have premises in low-value areas and some small organisations have premises in very high-value areas.

**Stewart Hosie** (Dundee East) (SNP): The Chancellor was right to talk about access to finance, but most small businesses depend on lending from safe high street banks. What discussions has he had with the banks to ensure that they remain safe and continue to fund small businesses so that they can benefit from the other fiscal measures?

**Mr Hammond:** Different high street banks have different models, but it is certain that some high street banks are aggressively pursuing small and medium-sized enterprises. When I say "aggressively pursuing", I mean actively seeking their business. However, it is also important for us to diversify the range of financing options that are available to small and medium-sized enterprises, which is one of the reasons why we have pushed money, through the British Business Bank, towards other intermediaries that can provide equity and debt finance for SMEs.

**Stewart Hosie:** The other part of my question was about the banks staying safe, which is vital to small businesses and the whole economy. The Chancellor will have observed the worrying signals from the United States that the new President intends to roll back some of the regulation that was introduced to make banks safer. Will the Chancellor assure us that he does not intend to play follow my leader and deregulate the banks unnecessarily in this country?

**Mr Hammond:** Our banking system in the United Kingdom ensures that our banks are safe, and is tackling the "too big to fail" culture. We have a high level of

confidence in our banking system. The reserve ratios of our banks are improving consistently, and we do not want to do anything that would undermine them.

**Rebecca Long Bailey** (Salford and Eccles) (Lab): Thank you, Mr Speaker, for allowing me to join my former team today to discuss this important issue.

As we have heard, the FSB has found that more than a third of small businesses will see a significant increase in business rates, whereas the big four supermarkets may see a 5.9% reduction. Crucially, more than 55% of those small businesses plan to reduce, postpone or cancel further investment. If the Chancellor is serious about productivity, will he tell us what additional transitional relief he will provide for businesses that are facing a cliff edge?

**Mr Hammond:** The hon. Lady is only repeating what I have already acknowledged. Many very small businesses will see big increases because they are coming out of small business rates relief and facing the full rates regime for the first time. We understand the stress that they will experience at that point, and we will be considering how best to deal with those that are worst affected by the phenomenon.

### Digital Infrastructure

7. **Matt Warman** (Boston and Skegness) (Con): What fiscal steps he is taking to support the development of digital infrastructure. [908954]

**The Economic Secretary to the Treasury (Simon Kirby):** The Government are taking action to give the United Kingdom the world-leading infrastructure that it needs. The Government-led £1.7 billion superfast broadband programme will extend coverage to 95% of UK premises by the end of 2017.

**Matt Warman:** From artificial intelligence to mechanisation, we live in a period of unprecedented technological change, and the Government should foster it in rural and urban areas. Can the Economic Secretary confirm that he will resist the calls of a new generation of Luddites for robots to be taxed?

**Simon Kirby:** I was going to make a joke about the Liberal Democrats, but as there are none in the Chamber I will merely reassure my hon. Friend that the Government have no current plans to introduce a robot tax.

**Helen Goodman** (Bishop Auckland) (Lab): Current tax rules do not allow companies to set the cost of mathematical research against tax. That is obviously very out of date in an era of data science, and it does not apply to science and engineering. Will Ministers take this as a Budget representation, please?

**Simon Kirby:** We have significantly increased R and D tax credits; and, as a mathematician, I agree with the hon. Lady that maths is always important.

### Long-term Infrastructure

8. **Suella Fernandes** (Fareham) (Con): What fiscal steps he is taking to support the development of long-term infrastructure. [908955]

13. **Stephen Hammond** (Wimbledon) (Con): What fiscal steps he is taking to support the development of long-term infrastructure. [908960]

**The Chancellor of the Exchequer (Mr Philip Hammond):** We recognise that the need to increase public spending on infrastructure is at the heart of our productivity agenda. That is why, at autumn statement 2016, we committed £23 billion of additional capital to fund new productivity-enhancing economic infrastructure through the national productivity investment fund. Coupled with the commitments made at spending review 2015, that means that between 2016-17 and 2020-21 central Government investment in economic infrastructure will rise by almost 60%, from £14 billion to £22 billion.

**Suella Fernandes:** After a 40-year wait, I am delighted that the Chancellor has announced a £25.7 million investment in the Stubbington bypass—vital infrastructure that will ease the terrible congestion between Fareham and Gosport. I commend my neighbour, my hon. Friend the Member for Gosport (Caroline Dinéage), for her work. Does my right hon. Friend agree that that is a great example of partnership between Hampshire County Council and Solent local enterprise partnership and that it will be the catalyst for a boost in jobs and the creation of growth?

**Mr Hammond:** I think the Stubbington bypass was well worth waiting for. It will indeed support growth and development by improving access to both the M27 and the A27, allowing much needed business investment, creating new jobs, but also enabling the development of 900 new homes. Where we can get transport infrastructure investment to perform its transport function but also to help to open up land for development for new homes, that is a double hit.

**Stephen Hammond:** My right hon. Friend will be aware of the appetite for non-Government sources to provide funding for UK infrastructure. Can he confirm whether the Government are considering regional, national or project-based infrastructure bonds? Will he agree to meet me and a group of funders to discuss the attractions of such bonds?

**Mr Philip Hammond:** The most economical way for the Government to fund infrastructure investment is through conventional gilts—that is the lowest cost to the public purse. However, the Treasury backs infrastructure bonds and loans issued by the private sector through the UK guarantees scheme. At autumn statement, I announced that that scheme would be extended until at least 2026. It has played a vital role not just in underwriting and guaranteeing finance for projects, but in allowing a large number of projects to go ahead without the Government guarantee, simply by having underwritten the financing during the programme phase.

**Albert Owen** (Ynys Môn) (Lab): What steps is the Chancellor—I agreed with his answer on clean-energy long-term projects—taking to support and facilitate with the Welsh Government and with the Department for Business, Energy and Industrial Strategy the Swansea Bay tidal lagoon project, following the Hendry review?

**Mr Hammond:** We have received the Hendry review report and we are considering the merits of the Swansea Bay tidal lagoon project, including discussions with the Welsh Government.

**Derek Twigg** (Halton) (Lab): Does the Chancellor believe that the balance of infrastructure spending between the north and the south-east is fair?

**Mr Hammond:** First, I should say that the Government are committed to addressing infrastructure needs across the UK. We will look at how best to use the available infrastructure funds based on the value for money of the projects that are brought forward, and different regions of the country will receive different allocations according to the projects that are available for development. The hon. Gentleman's constituency has done well out of infrastructure funding.

**Mr Speaker:** Order. We have to be sensitive to the fact that lots of other Members are trying to get in. It is a matter not just of giving the answer but of knowing that other people want to take part. It is a fairly elementary point.

### Social Care Funding

9. **Simon Danczuk** (Rochdale) (Ind): What discussions his Department has had with the Department for Communities and Local Government on the potential effect on the economy of the level of social care funding. [908956]

**The Chief Secretary to the Treasury (Mr David Gauke):** The Treasury regularly discusses social care funding with the Department of Health and the Department for Communities and Local Government. We have introduced a new social care precept and additional grant funding for social care. Taken together, those provide an additional £7.6 billion of dedicated funding for social care over the four years of the current settlement. That means that councils can afford to increase spending on social care every year.

**Simon Danczuk:** The lack of funding for social care is having a devastating impact on people requiring care, carers and workers themselves. The 3% levy raises only £2.8 million for Rochdale. That does not even cover the cost of increasing the minimum wage for care workers. Does the Minister accept that?

**Mr Gauke:** As I say, it is not just about the council tax precept. We also have the better care fund coming in. We should also accept that this is not just about money. There is very variable performance around the country. It is worth pointing out that 50% of the delayed discharges attributed to social care take place in only 24 local authority areas.

**Mr Andrew Turner** (Isle of Wight) (Con): Some areas, including the island, have taken the difficult decision to increase council tax by 3% to protect social care. Would the Chief Secretary to the Treasury consider finding ways of ensuring that councils have done all that they can to help themselves as well as ensuring that any Government support is made available now?

**Mr Gauke:** My hon. Friend raises an important point. There is a considerable amount of discretion for local authorities in regard to how much they want to prioritise social care, and the Government have given them greater flexibility in relation to the council tax precept.

### Ayrshire Growth Deal

10. **Corri Wilson** (Ayr, Carrick and Cumnock) (SNP): What progress the Government have made on assessing the potential merits of the Ayrshire growth deal. [908957]

**The Chief Secretary to the Treasury (Mr David Gauke):** The Government have focused on taking forward city deals with Edinburgh, Stirling and Tay cities and we are looking to agree city deals with all of Scotland's great cities. The Government have also published their Green Paper on the industrial strategy and are engaging closely with the Scottish Government and local partners on how the strategy can work for all parts of the United Kingdom.

**Corri Wilson:** We heard earlier about investment in Yorkshire. Would the Chief Secretary to the Treasury acknowledge that the Ayrshire growth deal would provide a much-needed economic boost to the area and reflect the Government's promise to drive growth throughout the whole country, as outlined in their recently published industrial strategy?

**Mr Gauke:** As I said, we are focusing the city deals on cities. If the Scottish Government wish to take forward projects to enable growth in Ayrshire, they are able to do so.

### British Wine Industry

11. **Maria Caulfield** (Lewes) (Con): What fiscal steps he is taking to support the British wine industry. [908958]

**The Financial Secretary to the Treasury (Jane Ellison):** The UK's wine industry benefited from a duty freeze at Budget 2015, which means that the price of a typical bottle of wine is 7p lower since the end of the wine duty escalator in 2014.

**Maria Caulfield:** The English wine industry is going from strength to strength, particularly in Sussex. I have five award-winning vineyards in my constituency. The Wine and Spirit Trade Association estimates that a 2% reduction in duty would not only boost the industry but generate an extra £368 million for the Treasury. Will that be considered in the Budget next week?

**Jane Ellison:** I heard those arguments directly from the Wine and Spirit Trade Association, alongside representatives from the all-party parliamentary wine and spirit group, recently. The issue of English and Welsh wine was raised, and I listened carefully to their Budget representations.

### UK Financial Services: Passporting into the EU

15. **Stephen Timms** (East Ham) (Lab): What options he is discussing with the City of London to secure passporting for UK financial services into the EU. [908962]

**The Economic Secretary to the Treasury (Simon Kirby):** We are ambitious for a deal, and it is clear that it is in the interests of both sides to maintain reciprocal market access. The important thing, however, is the end result, rather than the mechanism.

**Stephen Timms:** A lot of jobs in the UK depend on EU banking passports. For example, US banks can locate subsidiaries in the UK and then trade freely across Europe. In the Minister's view, what are the prospects for keeping all those jobs in the UK after Brexit?

**Simon Kirby:** We want to ensure that British companies have the maximum freedom to trade and operate within European markets, and financial services are one of the areas in which we will be seeking a bold, ambitious agreement.

**Mr Alan Mak** (Havant) (Con): As the Minister continues his discussions on passporting, will he ensure that he maintains a dialogue with business associations and trade bodies such as TheCityUK, to ensure that we get the best possible settlement?

**Simon Kirby:** I can reassure my hon. Friend that the Treasury is very much in listening mode. We definitely want the best possible deal and we are clear that it is the end result, rather than the mechanism, that is important.

### Depreciation of the Pound: Disposable Income

17. **Tommy Sheppard** (Edinburgh East) (SNP): Whether his Department has made an assessment of the effect of the depreciation of the pound on levels of disposable income. [908964]

**The Economic Secretary to the Treasury (Simon Kirby):** I am pleased to say that the Government are taking action to support the level of real disposable income per head, which is forecast to be 2.8% higher by 2021 than it was in 2016.

**Tommy Sheppard:** There can be few things more tragic than a Treasury in denial. As sure as night follows day, the collapse of the pound will lead to higher prices, particularly for food and household technology, so when will the Minister's Department get its head out of the sand and bring forward proposals to boost disposable income, to help people to meet these rising costs?

**Simon Kirby:** Average earnings growth has now outstripped inflation for 27 consecutive months, and the Office for Budget Responsibility has forecast that real disposable income will be 2.8% higher in 2021 than it was in 2016.

**Mr Peter Bone** (Wellingborough) (Con): Recent Office for National Statistics figures show that exports have grown and imports have fallen. Is that not good for jobs, the economy, and employment?

**Simon Kirby:** Yes, it is good for jobs, the economy and, indeed, the Scottish whisky industry.

### Topical Questions

T1. [908973] **Lucy Powell** (Manchester Central) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

**The Chancellor of the Exchequer (Mr Philip Hammond):** As we approach the beginning of the UK's negotiations with the European Union, my principal responsibility remains delivering near-term measures to ensure stability and resilience in our economy, while also addressing the UK's long-term productivity challenges. The package that I will announce at spring Budget next week will address both objectives.

**Lucy Powell:** Not replacing teachers, scrapping subjects, and even going to a four-day week are just some of the measures that our hard-pressed schools are having to take given what the Institute for Fiscal Studies has confirmed are the first cuts to schools' budgets in over 20 years. Will the Chancellor use his Budget to invest in our future, reduce the productivity gap, and ensure a high-skilled, high-wage economy?

**Mr Hammond:** Yes. There was a slight disconnect in the hon. Lady's question, but I will certainly do those things. Investing in our future, addressing the productivity challenge, and dealing with the skills gap will be at the centre of the Budget.

T2. [908975] **Rehman Chishti** (Gillingham and Rainham) (Con): What steps are the Government taking to support economic growth in Medway through investment in transport infrastructure, such as the lower Thames crossing and roads, and help for small businesses?

**The Chief Secretary to the Treasury (Mr David Gauke):** The Government are taking forward plans for the lower Thames crossing and major road upgrades, such as at junction 5 on the M2. We are also establishing a Thames estuary 2050 growth commission, which will set out a vision for development in the area.

**John McDonnell** (Hayes and Harlington) (Lab): Last week, the Government snuck out a statement on regulations denying 150,000 disabled people access to personal independence payments awarded by the upper tribunal. That was brutal. Last year, the previous Chancellor absorbed the costs when the Government were forced to halt cuts to personal independence payments to disabled people. In this case, are those disabled people being denied benefits because the Chancellor has refused to absorb the costs resulting from the upper tribunal decision?

**Mr Philip Hammond:** What we are doing is restoring Parliament's original intention for the payments, ensuring that they go to the people to whom they were intended to go and that the benefits cap, which is in place as part of our fiscal rules, is able to be met.

**John McDonnell:** One of those people contacted us. She has type 2 diabetes, fibromyalgia, depression, and anxiety. As a result of the Government's action, she will now not be extended the support that the courts awarded her. It is clear from last night's announcement of further austerity measures for Departments that the Government are all about forcing Departments to meet the Chancellor's

spending targets so that he can pay for further tax giveaways to the wealthy. Will he rule out further unfair tax giveaways, such as cutting the top rate of income tax to 40p in this Parliament? Otherwise, it is clear that he wants tax giveaways for the wealthy few and austerity for the most vulnerable in our society.

**Mr Hammond:** The right hon. Gentleman will have to wait until next week to find out what my proposals are, but let me be clear that we have no plans for further welfare reforms in this Parliament. However, the reforms that we have already legislated for must be delivered, and Parliament's original intent in legislating for those reforms has to be ensured.

T3. [908976] **Robert Neill** (Bromley and Chislehurst) (Con): In constituencies in London suburbs such as mine, ordinary family homes are caught by the upper levels of stamp duty land tax, and estate agents regularly tell me that that is creating cirrhosis in the market. If people are not moving at that level, people are not moving further down, meaning that others are unable to get on to the housing ladder. Is it not time to look again at the unintended consequences of the upper levels of that tax on home ownership and mobility?

**The Financial Secretary to the Treasury (Jane Ellison):** It is worth noting that the SDLT reforms in the 2014 autumn statement reduced the tax for the vast majority of homebuyers and that all transactions up to £937,000 now pay the same or less in SDLT. As a London MP, I am obviously aware of the phenomenon to which my hon. Friend refers, but from the available data we do not yet have a clear consensus on the market impact of the higher rates of SDLT for additional residential properties or those at the upper end. We will continue to look carefully at that.

T7. [908980] **Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): The systemic maltreatment of businesses, as exemplified by the Royal Bank of Scotland's dash for cash, requires action. Does the Chancellor accept the case for imposing a duty of care on the banks, particularly in their dealings with small and medium-sized enterprises?

**The Economic Secretary to the Treasury (Simon Kirby):** The Financial Conduct Authority has published a summary of the main findings of its skilled persons report on RBS's global restructuring group. The FCA is carefully considering that, and it would not be appropriate for me to comment while the process is ongoing.

T4. [908977] **Mrs Sheryll Murray** (South East Cornwall) (Con): I have been conducting a survey in my constituency with local campaigners Peter Booth and Nick Craker, and many people have raised concerns about road safety in our towns and villages. Can my right hon. Friend inform me of any additional funding for road safety improvement?

**Mr Gauke:** My hon. Friend makes an important point, and road safety is a key priority for the £15.2 billion road investment strategy. In November 2016 we announced an additional £175 million to improve the 50 most dangerous roads in the country. As she will be aware, Cornwall has received £78 million from the local growth fund, including for investment in local roads.

**Louise Haigh** (Sheffield, Heeley) (Lab): Our biggest businesses are already benefiting significantly from the cut to corporation tax, yet today we find that profit-making Caffè Nero has paid zero in corporation tax. Given that the Chancellor is trying to balance the Budget on the backs of the disabled and the ill, what more will he do to stop profit-making companies avoiding tax on his watch?

**Mr Philip Hammond:** As the hon. Lady will know, I cannot discuss the affairs of an individual taxpayer in this House, but this Government and their immediate predecessor have taken more steps over seven years than the previous Labour Government did over their whole 13 years in office to address the abuse of the tax system and aggressive tax avoidance and evasion.

T5. [908978] **David Warburton** (Somerton and Frome) (Con): In the past year international tourist rates and spend grew faster in the south-west than in London, and the south-west also attracted more domestic tourists than any other region. Given the Mayor of London's plans for a hotel levy, will the Chancellor look again at cutting the rate of VAT on tourism?

**Mr Hammond:** I agree that when a man is tired of London he should visit Somerset. Although tourism growth across the UK is indeed very welcome, and the Government will look at all opportunities to support it, reducing VAT would cost up to £10 billion, which is money that is needed to underpin our public services and to help to deal with our deficit.

**Rob Marris** (Wolverhampton South West) (Lab): I am glad that the Chancellor is in listening mode on the mess created by the Government on business rates. Can I urge him similarly to be in listening mode on the potential mess that will be created by the provisions of the Local Government Finance Bill on funding local authorities?

**Mr Hammond:** I will take the hon. Gentleman's comments as a Budget submission, and I will pass them on to my right hon. Friend the Secretary of State for Communities and Local Government.

T6. [908979] **Charlie Elphicke** (Dover) (Con): Does the Chancellor share my concern about reports that billions of pounds in VAT and customs duties are not being accounted for? Will he look carefully at the role of fulfilment houses such as Amazon and eBay to ensure that we get the money that is due to the Exchequer?

**Jane Ellison:** My hon. Friend raises an important point, and at Budget 2016 the Government announced new measures to better enable Her Majesty's Revenue and Customs to tackle just such activity. The measures are forecast to raise £875 million in total by 2021. Over the past year, HMRC has already seen a more than tenfold increase in online non-EU businesses applying to register for VAT.

**Peter Kyle** (Hove) (Lab): A week before the election, the Chancellor's predecessor came to Sussex and pledged support for infrastructure improvements to the rail line between London and Brighton. He commissioned

a £100,000 study that has never been released. When will the Government release the south coast and London main line upgrade programme report?

**Mr Philip Hammond:** Shortly.

T9. [908982] **Mr Philip Hollobone** (Kettering) (Con): For many of my constituents in Kettering even a small amount of household debt can turn out to be unaffordable and can turn into a personal financial nightmare for them and their family. When will the Treasury respond to the excellent "Breathing Space" proposals to help people who are trying to get on top of their household debts by giving them statutory protection from unscrupulous, ruthless lenders?

**Simon Kirby:** The "Breathing Space" proposals are being carefully considered by the Government and we will report on them shortly.

**George Kerevan** (East Lothian) (SNP): Unsecured consumer credit is rising at a level last seen before the banking crisis. Does the Chancellor accept that that is unsustainable?

**Mr Philip Hammond:** Clearly, it cannot go on forever, but households do have some capacity for debt, and consumer borrowing and consumer spending have been an important component of the robustness of the economy over the past few months. What I hope to see is business investment and exports providing a greater share of the growth during 2017.

**Adam Afriyie** (Windsor) (Con): I very much welcome this Government's healthy commitment to scientific spending over several years, but it seems that our business investment in research is below the OECD average. May I urge the Chancellor to examine measures that will increase private company business expenditure on research?

**Mr Gauke:** As the Chancellor announced at the autumn statement, the Government are significantly increasing investment in research and development, rising to an extra £2 billion a year by 2020-21. We have also made the R and D tax credit regime much more generous. We want to ensure that the UK remains an attractive place for business to invest in innovative research.

**Ms Angela Eagle** (Wallasey) (Lab): Given the shameful neglect of social care spending in the autumn statement and straws in the wind about how that is going to be put right in the Budget, will the Chancellor take account of the fact that authorities such as ours in Wirral are having to deal with £45 million-worth of pressure due to the number of our older people who are needing help, and that a 3% increase in council tax will deliver us only £22 million?

**Mr Philip Hammond:** I generally find it best not to comment on straws in the wind, but I recognise the pressure that many authorities are under from underlying demographic trends. As we have said before, we are alert to that concern and will seek to address it in a sensible and measured way.

**Kevin Hollinrake** (Thirsk and Malton) (Con): For people moving into a residential care home the means test takes into account the value of their home, whereas it does not do so if they are applying for care in their

own home. Does the Chancellor agree that there should be one simple system of means-testing, for whatever state funding people are applying?

**Mr Hammond:** The system that my hon. Friend refers to has been around for many years and predates the deferred purchase agreements which all local authorities now offer to people contributing to their care. We do not just need to look at individual, specific aspects of this challenge; we need to look broadly at the question of how to make social care funding sustainable for the future, in the face of a rapidly ageing population.

**Gloria De Piero** (Ashfield) (Lab): Since 1994, the Government have received £10 billion of pension cash which could have benefited miners. A Treasury written answers says that a further £153 million will be pocketed in the next three years. Will the Chancellor use the Budget to look again at the injustice of the mineworkers pension scheme?

**Mr Hammond:** I do not recognise the numbers the hon. Lady has given the House, but I will look at them and write to her accordingly.

**Robert Jenrick** (Newark) (Con): Estate agents report that the number of transactions of so-called “prime properties” in London and elsewhere fell by 50% last year and that at the beginning of this year the situation is even worse than it was the year before. If it were proven that tax revenues had fallen as a result of policy, would the Chancellor be willing to review and change it?

**Jane Ellison:** As we have mentioned, it is not really clear that there is a consensus on what the data are saying. However, as with all taxes, we keep this one constantly under review.

**Kirsty Blackman** (Aberdeen North) (SNP): Oil and gas received only a passing mention in the industrial strategy and was classed as a low priority for the Brexit negotiations. Will the Chancellor commit to actually doing something to support the future of the oil and gas industry in next week’s Budget?

**Mr Philip Hammond:** The hon. Lady will have to wait and see, but I am well aware of the concerns that the industry is expressing. My hon. Friend the Financial Secretary met industry representatives last week and we understand their principal asks.

**Mr Peter Bone** (Wellingborough) (Con): Will the Chancellor of the Exchequer give a guarantee to the House that the details of the Budget will be first revealed to this House, and that we will not find out about them in this weekend’s press?

**Mr Hammond:** What I can do is give my hon. Friend a guarantee that I will follow all proper procedures. Unfortunately, I cannot give him a guarantee that that will necessarily lead to the outcome that he seeks.

**Wes Streeting** (Ilford North) (Lab): The former Chancellor, the right hon. Member for Tatton (Mr Osborne), has said that withdrawing from the single market would be

“the biggest single act of protectionism in the history of the United Kingdom”

and that the Government have chosen not to make the economy the priority. Is the former Chancellor launching a soft coup, or has he got this Government absolutely bang to rights for their economic vandalism?

**Mr Hammond:** The hon. Gentleman understands very well that being a member of the single market was not an option for the UK given the clear views expressed by the electorate in the referendum, but having comprehensive access to the single market will deliver the great majority of the benefits that he seeks from single market membership.

**Mary Creagh** (Wakefield) (Lab): Some 100,000 UK businesses have already registered companies in the Republic of Ireland to hedge their bets given the policy and regulatory uncertainty caused by the vote to leave the European Union. Will the Chancellor urge his Cabinet colleagues, when they are negotiating around the table, to give policy and regulatory certainty to industries such as the chemical industry, which are not waiting to see what the Government are doing, but are simply haemorrhaging jobs and investment out of this country?

**Mr Hammond:** I agree with the hon. Lady that certainty as soon as possible is important, as are understanding of what implementation arrangements will look like and over what timescale. However, I urge her not to be hysterical about these things. *[Interruption.]* Many companies are making contingency plans, including setting up and incorporating subsidiaries in other European Union countries. It is another step altogether to be moving jobs and enterprises abroad. Most of the companies that we talk to have made it clear that there is more time yet for them to be reassured during this process before we see irrevocable moves.

**Mary Creagh:** On a point of order, Mr Speaker.

**Mr Speaker:** We will come to points of order.

**Alan Brown** (Kilmarnock and Loudoun) (SNP): The Treasury supported the launch of the National Needs Assessment’s infrastructure report, which clearly states that carbon capture and storage is required as part of energy policy going forward. When will the Treasury do the right thing and reinstate the funding for carbon capture and storage?

**Mr Hammond:** I think the hon. Gentleman was talking about carbon capture and storage. That is a matter for my right hon. Friend, the Secretary of State for Business, Energy and Industrial Strategy, and I will raise with him the point that the hon. Gentleman has made.

## Point of Order

12.37 pm

**Mary Creagh** (Wakefield) (Lab): On a point of order, Mr Speaker.

**Mr Speaker:** If it flows from discussions, which I think that it does, I will take it.

**Mary Creagh:** In response to my recent Treasury question, the Chancellor of the Exchequer accused me of being hysterical. May we have a ruling from you in the Chair, Mr Speaker, about that sort of sexist language, which is used to diminish women who make a perfectly reasonable point? That sort of language would not have been used had I been a man. My question on the registration of companies in Ireland had nothing to do with the condition of my womb travelling to my head, as in the traditional rhetoric about hysterics. I expect that sort of language from the sketch writers of the *Daily Mail*, not from the Chancellor of the Exchequer.

**The Chancellor of the Exchequer (Mr Philip Hammond):** Further to that point of order, Mr Speaker. I did not accuse the hon. Lady of being hysterical; I urged her not to be hysterical. [*Interruption.*]

**Mr Speaker:** Order. A point of order has been raised. The Chancellor is responding. Before anybody else says anything, we must hear what he has to say.

**Mr Hammond:** If my comments have caused the hon. Lady any offence, I of course withdraw them unreservedly.

**Mr Speaker:** I think that we should leave it there. I thank the Chancellor for what he has said. There is a difference between order and taste. People will have their own view about taste, but the point has been raised, and the Chancellor has made a gracious statement in response. For today, we should leave it there.

## Prison Officers Association: Withdrawal from Voluntary Tasks

12.39 pm

**Richard Burgon** (Leeds East) (Lab) (*Urgent Question*): The prisons Minister told the Select Committee on Justice this morning that he has the number of the chair of the Prison Officers Association on speed dial.

**Mr Speaker:** Order. The hon. Gentleman is getting a little ahead of himself. At this stage, all he needs to do is put the urgent question in the very simple terms in which it was put to me, by saying, "To ask the Secretary of State for Justice if she will make a statement on the Prison Officers Association instruction to withdraw from voluntary tasks." I have just done the hon. Gentleman's work for him. If he wants to say it again, he may, but that is the way to deal with it. He will have his opportunity to speak in a moment. He is ahead of himself, which I suppose is better than being behind the curve.

**The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah):** Mr Speaker, thank you for asking the urgent question on behalf of the Opposition. I am grateful for the chance to update the House on this important issue.

Strike action is unlawful, as we have said to the Prison Officers Association. It will seriously disrupt normal operations in prisons and, although we will of course take any actions we can to mitigate the risks, we are clear that action of this nature by the POA poses a risk to the safety of prisons and prison staff. The duties that the POA refers to in its bulletin are not voluntary but a fundamental part of a prison officer's role, and essential to running a safe and decent prison. They include: assessment of those at risk of suicide; first aid; restraint training and intervention; and hostage negotiation. The instructions by the POA are clearly designed to disrupt the safe and decent running of prisons.

We have made the maximum pay offer that we could to all operational staff in prisons. In addition, we offered a £1,000 retention payment to all operational staff and a reduction in pension age to 65, fully funded by the Government. We were disappointed that the offer was rejected by the POA membership, despite being endorsed by the POA leadership. This year's pay award is now a matter for the independent Prison Service Pay Review Body, which will take evidence from all parties and report to the Government in April. The POA, of course, has the opportunity to make its case to the pay review body, but we are not waiting for the pay review body to respond.

In the past week, we have outlined progression opportunities that will take earnings to more than £30,000 a year for more than 2,000 staff across the country. We have also introduced allowances in areas in which the cost of living is higher to take basic rate prison officers up to £30,000 a year. We understand that prison officers do a difficult job in very challenging circumstances, so we are making these moves on pay to recognise their effort and hard work. In addition, the Government are investing £100 million to increase the net number of prison officers by 2,500 in the next two years. I urge the shadow Minister, if he has good sense and cares about

the safety and order of our prisons, not to put prison officers and prisoners at risk, but to condemn this unlawful strike action.

**Richard Burgon:** The prisons Minister told the Justice Committee this morning that he has the number of the chair of the Prison Officers Association on speed dial. If the Minister is dialling, it is clear that he is not connecting because the situation could easily have been avoided. Ministers could have spoken to the POA before imposing a pay policy that has proven to be so divisive and unpopular. They need to sit down and talk to the POA, rather than threaten legal action and claim the action is unlawful before any court has made any such determination. In order to fix a prison system currently relying on staff doing extra work voluntarily—for no extra money—to keep our system running, Ministers need to focus on the real problems.

At the Conservative party conference back in October, the Justice Secretary announced 400 more officers to work in 10 challenging prisons, but the staffing shortfall at those prisons has grown in the last quarter. After the White Paper announcement of 2,500 additional officers, there was a fall of 133 staff in the last quarter of 2016. That 2,500 is now further away than it was in November.

So where is the Justice Secretary? Why have some prisons with no recruitment and retention problems received the pay award, while some prisons struggling most on that front have received nothing? How much additional money has been earmarked for this recruitment drive? What discussions have taken place with the POA leadership today?

To turn around this mess, we need a Justice Secretary who is serious—serious about working with prison officers—and we need a prisons Bill that will deliver serious reform. Sadly, at the moment, we have neither.

**Mr Gyimah:** In relation to the additional allowances that were announced for staff last week, and also the pay progression opportunity for 2,000 prison officers across the estate, the POA was consulted. If the hon. Gentleman had read its press release in detail, he would have noticed that the POA actually welcomed those things; its issue was that it wanted them to apply to all the country. However, it is not novel to have a pay allowance in areas where it is difficult to recruit and where the cost of living is too high—it is not novel in the Prison Service, and it is not novel in the public sector.

The hon. Gentleman talked about extra money that is going into the Prison Service. I made it absolutely clear that we have £100 million for a net 2,500 officers. He referred to data relating to December last year, following our announcement in November, so let me update him briefly on where we are on prison officer recruitment. We are on track to recruit the 400 new officers the Secretary of State announced in October for the 10 most challenging jails. We have more people in training today to be prison officers than ever before. We are also investing £4 million in marketing to attract new prison officers.

The Labour party, I am afraid, is confused on prisons. Last year, it told us that it wanted the prison population cut from 80,000 to 45,000. Last Sunday, we heard from the shadow Attorney General that prisoners should be allowed to keep mobile phones so that they can carry on

their life of crime in prison. Until the Labour party has sorted out its position, it is in no position to question us.

**Robert Neill (Bromley and Chislehurst) (Con):** The Justice Committee has always made it clear that it recognises that there are great pressures on our prisons, and that includes pressures on the dedicated men and women who work in them. However, does the Minister accept that it is not helpful, given the efforts that are being made to turn the situation around, which takes time to achieve, to embark on a course of action that, legal or otherwise, creates further restrictions on the regime and, therefore, further tensions in the prison population? That makes it harder to deliver rehabilitation and, sadly, makes the job of prison officers harder in the long term.

**Mr Gyimah:** The Chairman of the Justice Committee makes an important point. We have made progress on pay with the Prison Officers Association, and we have had progress on health and safety; indeed, today we were to meet the POA to discuss pensions. I absolutely agree with the Justice Secretary that today's action only puts prisoners and prison officers, who work very hard, at risk.

**Anne McLaughlin (Glasgow North East) (SNP):** As we have heard, prison staff in England and Wales have been demoralised by understaffing, underpayment and overcrowding in prisons. While the Government have offered a pay rise to prison staff to encourage further recruitment and retention of current staff, as we have heard, that will apply only in the south-east and London. The Minister said that that is not novel, but it does not address the issue of morale across the board.

This is a matter for England and Wales, but I am here to encourage the Minister to look at the Scottish Government's attempts to reduce the number of people in prisons by moving away from ineffective, short-term prison sentences and making more use of community alternatives. Does he agree that he should concentrate efforts on such schemes? Never mind the marketing budget he spoke of to recruit people, what will he do to ensure that newly recruited prison officers are retained and that the morale of all prison staff, who already have a very stressful job, is restored?

**Mr Gyimah:** The hon. Lady is right—the morale of prison officers is important to us. However, let me be clear: we had a pay deal endorsed by the Prison Officers Association towards the end of last year that was rejected. That pay deal is now a matter for the independent pay review body. We have submitted evidence and the POA can submit its evidence, so we are taking action on pay for the Prison Service as a whole. We have also put in place additional allowances for 31 jails where it is particularly hard to recruit. Further to that, we have created a new progression opportunity for 2,000 prison officers across the country, and today we were due to be in talks about pensions. We value prison officers and the work they do, and we want to support them, but unlawful strike action is not the way to progress. It would actually achieve the opposite, which is to put prison officers at risk.

**Andrew Selous** (South West Bedfordshire) (Con): While strongly regretting the strike action announced by the POA, I welcome the reduction in retirement age to 65 that the Minister has told the House about. In his further discussions on pensions when this strike is over—I hope he will be able to get back around the table soon—will he bear in mind the comparison with the pension offers for the police and the armed services, in that members in those schemes have to pay more?

**Mr Gyimah:** I will certainly bear that in mind, although the pension deal offered to the POA and prison officers would have been fully funded by the Government.

**Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): Last year 119 prisoners took their own lives in our prisons—the highest level of suicides on record. The POA instruction urges members to withdraw from ACCT—assessment, care in custody and teamwork. While I have every sympathy with the 7,000 POA prison officers who now face these challenges in our prisons, what impact will that withdrawal have on the already dismal mental health support available in our prisons?

**Mr Gyimah:** As I said earlier, involvement in ACCT processes and ceasing suicide and self-harm are fundamental to a prison officer's duty. I would encourage and urge all prison officers to carry on with their tasks as they should.

**Richard Drax** (South Dorset) (Con): May I congratulate my hon. Friend on the excellent work that he is doing with a difficult pack of cards? Does he agree that a prison officer joins to serve, and that that means to serve in whatever guise without striking?

**Mr Gyimah:** I certainly do agree. In fact, the legislation on this was introduced by the previous Labour Government, so I was surprised that the shadow Minister would not condemn this unlawful strike action.

**Tom Brake** (Carshalton and Wallington) (LD): When prisons are in crisis and staff are on strike, every available penny should be spent on making prisons safe. Is the Minister aware that last year £500,000 of compensation was paid to serious criminals because they were released late from prison? When will he get that under control and provide prison officers with a safe working environment and prisoners with a safe and drug-free environment in which to be detained?

**Mr Gyimah:** The right hon. Gentleman will be aware that we published a White Paper last year, and only last week introduced the Prisons and Courts Bill—the first Bill in 65 years that not only puts turning around our prisoners' lives at the centre of our work but improves safety and security in our prisons. We are taking action.

**Michael Tomlinson** (Mid Dorset and North Poole) (Con): Will the Minister update the House on some of the measures in the Bill that should help to resolve the situation and ensure that our prisons are places of safety and reform?

**Mr Gyimah:** The central aspect of the Bill is to make it very clear that the fundamental purpose of prisons is to turn around offenders' lives. If prisons are focused on

that, we will reduce reoffending, and the £15 billion reoffending bill, but also help to make our prisons places of safety and reform.

**Mr David Hanson** (Delyn) (Lab): To avoid any doubt, will the Minister say today that he will accept the recommendations that the independent pay review body makes?

**Mr Gyimah:** We will obviously look at its recommendations. Let me make this clear: we value prison officers and the hard work they do, and we have already taken a lot of action to recognise that. The right hon. Gentleman cannot ask me to commit at the Dispatch Box to results that I do not know.

**Kevin Foster** (Torbay) (Con): I agree with the Minister that it is wrong for this strike to go ahead, particularly given the services that it affects. I know he will share my concern at the 6,000 assaults on prison officers up until June 2016. Will he reassure me on the actions being taken to tackle this and to ensure that those who commit these assaults are held to account?

**Mr Gyimah:** My hon. Friend is absolutely right. Prison officers work in a very challenging environment, and our job is to keep them safe in that environment. We are looking at a number of things, including making sure that any crime scene is preserved, working with the local police forces that attend the scene, and making sure that impact statements are well prepared and admissible in court. We are also ensuring that when someone assaults a prison officer and is convicted, the sentence is consecutive rather than concurrent with their existing sentence. I agree that it is vital that we keep prison officers safe.

**Jenny Chapman** (Darlington) (Lab): This dispute is, on the surface, about pay, and the Minister has said an awful lot about that, but he must realise that it is also about unhappiness that has been developing in the Prison Service for many years now, principally about safety at work. The levels of assaults on prison officers, suicide and self-harm are unprecedented. Fixing that is how the Government are going to resolve this in the longer term. When are we going to start to see safety in prisons improve?

**Mr Gyimah:** I have said right from the start that the levels of violence in our prisons are too high. We have been working very closely with the Prison Officers Association on health and safety and have made progress—for example, on regime management plans that the POA would accept. We are also investing £100 million to add 2,500 officers to the frontline, in addition to the points on pay that I have already made. These problems were long in the making, and yes, it will take time to resolve them, but we have the resolve to do so and we are doing it.

**Mr David Nuttall** (Bury North) (Con): The job of prison officers is made more difficult by the presence in our prisons of drugs and mobile phones. Can my hon. Friend tell me by what date will we have at least one prison—just one—that is free of drugs and mobile phones?

**Mr Gyimah:** My hon. Friend will have noticed measures in the Bill that we introduced last week to make it easier to test for drugs and deal with the problem of drugs in our prisons, and we are taking a lot of action on mobile phones. For example, new legislation under the Serious Crime Act 2015 has allowed us to turn off 160 mobile phones in our jails in the past few months. We are also working with mobile network operators so as to be able to switch off mobile phones in our jails. A lot of work is being done, but it will take time.

**Keith Vaz (Leicester East) (Lab):** These are worrying developments. Does the Minister share my concern that this action will have an impact on family visits? As he knows, the ability for prisoners to meet their families and see their children—there are 200,000 children of prisoners—is extremely important for rehabilitation. Can he confirm that this will not be affected?

**Mr Gyimah:** As I have said, strike action is unlawful. If prison officers withdraw their labour, that will make the regime even more restrictive, as the Chairman of the Justice Committee suggested. That is why we are urging hard-working prison officers to go back to work and make sure that prisoners can carry on with these regimes, whether in continuing important rehabilitative work or in making sure that our prisons are safe.

**Alex Chalk (Cheltenham) (Con):** It is concerning that this action could lead to Tornado teams being withdrawn. Will the Minister confirm that contingency measures are in place to ensure that prison order can be maintained at all times?

**Mr Gyimah:** I am sure that our prison officers will always do their duty if there is disorder in prisons, even at this difficult time. We are obviously urging the POA to withdraw its bulletin, but we also make sure that we have contingency plans for times like this.

**Dr Roberta Blackman-Woods (City of Durham) (Lab):** The Minister does not need me to tell him that staff morale in our prisons is extremely low, which is not helped by very low staff numbers. In my constituency since 2010, the numbers at Frankland have gone down by 32%, at Durham by 48% and at Low Newton by 17%. When does the Minister think that he will be in a position to produce a pay offer that recognises the difficult and dangerous job that prison officers do?

**Mr Gyimah:** We are already doing that; we are recognising that difficulty. As I have said, pay packets will go up to about £30,000 as a result of the measures we have introduced in the past week. The independent pay review body will report in April, after which we will take further action.

**Tom Pursglove (Corby) (Con):** The Government's commitment to opening new prison places in fit-for-purpose buildings, including in north Northamptonshire, is very welcome news. What impact does the Minister think that that will have on prison officer safety?

**Mr Gyimah:** Modern, fit-for-purpose prisons will have a huge impact on prison officer safety, not least because they will not have all those corners where people can hide. They will also be good for rehabilitation. Today we have opened Her Majesty's Prison Berwyn, which is the largest prison in Europe and is taking its first prisoners today. That is a huge step in our efforts

not only to reorganise the estate, reduce overcrowding and improve safety in our prisons, but to ensure that they can be places of rehabilitation.

**Jo Stevens (Cardiff Central) (Lab):** I have listened carefully to the Minister. He said that he thought that this action was designed to disrupt the safe and decent running of prisons. Does he not understand that the whole reason why prison officers are withdrawing from these tasks is that we do not have safe and decent prisons? We have intolerable and dangerous prisons; I would not want to work in them, and I am sure that the Minister would not either.

**Mr Gyimah:** As I have said, our prison officers do an incredibly difficult job. I visit prisons almost every week and I know how hard the officers work. The POA has decided to make a stand on pay, as we have seen in today's bulletin. I urge it to withdraw its bulletin because it will not do anything to improve safety in our prisons.

**Victoria Prentis (Banbury) (Con):** What steps has the Minister taken in the past few months to improve the career prospects of prison officers?

**Mr Gyimah:** In addition to the workforce strategy that we will publish later this year, which will focus on the professionalisation of the workforce, last week we announced a progressive promotion opportunity that will allow band 3 officers to do roles relating to safer custody, mentoring and hostage negotiation, and to get a pay rise. That is a huge step not just in professionalising the workforce and allowing people to operate in more senior roles, but in improving the pay packets of our hard-working prison officers.

**Nick Smith (Blaenau Gwent) (Lab):** Does the Minister accept that his precipitative action will be counterproductive and that any lockdowns are likely to lead to a lot more trouble in prisons?

**Mr Gyimah:** The precipitous action, if I understand the hon. Gentleman correctly, is unlawful strike action, which will do nothing to make our prisons safe.

**Mr Philip Hollobone (Kettering) (Con):** It would be easier to manage the 85,000 prisoners in our jails if we did not have to incarcerate 10,000 foreign nationals who should be in prison in their own country. This week Jamaica rejected the Government's offer of returning its foreign nationals. What steps are the Government taking to get these people back to secure detention in their own countries?

**Mr Gyimah:** Since 2010 we have deported 33,000 prisoners—5,810 in 2015-16 alone—to their home country. There is a lot more work that we can do, and I am engaging directly with the Governments of the top 10 countries from which foreign national prisoners come in order to speed up the process.

**Marie Rimmer (St Helens South and Whiston) (Lab):** Our prisons are unsafe and dangerous, and the Minister inherited that situation. We must not forget that we have lost 7,000 experienced prison officers. When Spice, which is a very cheap drug, came on the market, prisoners who were recalled within 28 days of being released were able to expand their business on the next landing. The steps that are being taken are a sticking plaster rather

[Marie Rimmer]

than major surgery. We need to recruit massive numbers of prison officers. We need proper pay and proper skills, not adverts for 18-year-olds with no experience.

**Mr Gyimah:** We lost 6,000 or 7,000 prison officers, as the hon. Lady has said, but during that period we also closed 18 prisons. The key change in our prisons, as she has rightly says, is the advent of drugs such as Spice and Black Mamba, which have a huge value in prisons and make prisoners violent. In addition, our cohort of prisoners has become more violent: three fifths of people in our prisons are there for dangerous or drug-related offences. That is why we face a game-changing situation. More staff is part of the answer, but dealing with drugs and mobile phones is a key part of it, too.

**Mr Peter Bone** (Wellingborough) (Con): Is not improving working conditions for prison officers part of the solution to the problem, and are not the Government wholly right to close old Victorian prisons and open modern ones, such as that in Wellingborough?

**Mr Gyimah:** My hon. Friend is absolutely right that the working conditions for prison officers and the estates in which we house prisoners are important to improving safety in our prisons. I look forward to the new prison in Wellingborough opening shortly.

**Diana Johnson** (Kingston upon Hull North) (Lab): Given that 15 of the most dangerous prisoners have been transferred to Hull following the Birmingham riot earlier this year, that prison officers are saying that they fear for their safety, and that the prison was in lockdown in December, does the Minister understand why morale is so low, especially when the pay award is not going to areas such as Hull? Will the governor there have the flexibility come April to give these hard-working prison officers that pay increase?

**Mr Gyimah:** Yes, prison governors will have control over their budgets and will be able to make decisions about staffing and how their staff are deployed from this April. We have to be absolutely clear. The POA says that this unlawful strike action is about pay. However, only last week we announced not only promotion opportunities but increased pay for vast numbers of prison officers across the country.

**Tracy Brabin** (Batley and Spen) (Lab): Having had an in-depth conversation with a constituent who has just left his role as a prison officer, I understand that the prison population is getting younger, that Spice and mental health issues are on the rise, and that morale is at rock bottom. Given the POA instruction urging its members to withdraw from detached duties such as Tornado work during prison riots, what is the Minister doing to reassure the families of vulnerable people in prison that they will not suffer during this dispute?

**Mr Gyimah:** The best reassurance we can give to the families of prisoners is for the Prison Officers Association to withdraw its bulletin and not to pursue unlawful strike action.

## Personal Independence Payments

1.8 pm

**Stephen Timms** (East Ham) (Lab) (*Urgent Question*): To ask the Secretary of State for Work and Pensions to make a statement on the cuts to entitlement to personal independence payment.

**The Secretary of State for Work and Pensions (Damian Green):** Recent legal judgments have interpreted the assessment criteria for PIP in ways that are different from what was originally intended by the coalition Government. We are therefore now making amendments to clarify the criteria used to decide how much benefit claimants receive in order to restore the original aim of the policy previously agreed by Parliament, which followed extensive consultation.

I want to be clear about what this is not. It is not a policy change, and nor is it intended to make new savings. I reiterate my commitment that there will be no further welfare savings beyond those already legislated for. This will not result in any claimant seeing a reduction in the amount of PIP previously awarded by the Department for Work and Pensions.

Mental health conditions and physical disabilities that lead to higher costs will continue to be supported, as has always been the case. The Government are committed to ensuring that our welfare system provides a strong safety net for those who need it. That is why we spend about £50 billion to support people with disabilities and health conditions, and we are investing more in mental health than ever before, spending a record £11.4 billion a year.

Personal independence payments are part of that support, and they provide support towards the additional costs that disabled people face. At the core of PIP's design is the principle that support should be made available according to need, rather than a certain condition, whether physical or non-physical. PIP is also designed to focus more support on those who are likely to have higher costs associated with their disability. PIP works better than disability living allowance for those with mental health conditions. For example, there are more people with mental health conditions receiving the higher rates of PIP than there were under the old DLA system.

This is about restoring the original intention of the benefit, which has been expanded by the legal judgments. It is entirely appropriate for the Government to act to restore clarity to the law, as Governments have done before and will no doubt continue to do in the future.

**Stephen Timms:** In a written statement published without warning on Thursday, Ministers announced the cuts to which the Secretary of State has just referred, which will take effect in two weeks' time. Over the weekend, another Member in government said that this was to stop the payment of benefits to people "taking pills at home, who suffer from anxiety".

Why is so little notice being given, with no opportunity at all for parliamentary scrutiny of these substantial cuts? Will the Secretary of State confirm, as stated in the impact assessment published with the regulations, that people suffering from schizophrenia, learning disability, autism and dementia will be among those worst affected by the cuts? The cut is being achieved by taking the

benefit away from people whose mobility impairments are the result of “psychological distress”. According to the wording of the regulations, they will no longer be entitled to benefit. Does that not directly contradict the Prime Minister’s commitment to treat mental health on a par with physical health?

**Damian Green:** I thought every part of that question was based in error, if I may say so. Nobody is losing money compared with what they were originally awarded by the DWP, so that part of the right hon. Gentleman’s question is simply factually incorrect.

Far from being slipped out, the Department made a huge effort to let people know that this was happening. I left a message for the shadow Secretary of State, the hon. Member for Oldham East and Saddleworth (Debbie Abrahams), and I spoke to the Chairman of the Work and Pensions Committee, the right hon. Member for Birkenhead (Frank Field). I know that my hon. Friend the Minister for Disabled People, Health and Work also spoke to a number of colleagues, so the idea that this was slipped out is simply ridiculous.

The right hon. Gentleman talks about individual conditions, and I can only repeat what I said earlier: PIP is awarded not for conditions, but for the living or mobility difficulties that result from such conditions. All that the regulations do is to restore the situation to what it was in late November, before the two court judgments. This is not a new policy or a spending cut; this is simply restoring the benefit to what was intended when it was first introduced under the coalition Government.

**Stephen Crabb** (Preseli Pembrokeshire) (Con): Does my right hon. Friend agree that any welfare payment, especially one providing a tiered range of cash payments to people living with enormously diverse physical and mental conditions, requires clear assessment criteria and clarity in law? The new regulations will restore precision to the law, which will benefit all users of the system.

**Damian Green:** I completely agree with my right hon. Friend, who obviously has huge expertise in this area, that we need clarity. In particular, the vulnerable people receiving PIP deserve clarity. I reassure them and the House that all the regulations will do is to restore us to the situation that everyone knew they were in late last year, and in which they have been ever since PIP was introduced.

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab): As we have heard, on Thursday the Government issued the new regulations by which disabled people or people with a chronic condition will be assessed for eligibility for personal independence payments. PIP helps disabled people to fund their living costs and, in particular, the additional costs that they face because of their condition. The regulations will come into force in just over two weeks’ time, but they were issued without any consultation with the Social Security Advisory Committee. The Government have said that this is because of the urgency of the issue.

The Government are in effect overturning two tribunal rulings that allow chronic “psychological distress” to be included in the PIP assessment. However, if the Secretary

of State was so unhappy with the tribunal rulings, why did he not use his powers under sections 25 and 26 of the Social Security Act 1998 and regulations 21 and 22 of the Social Security and Child Support (Decisions and Appeals) Regulations 1999 to challenge those rulings in the courts?

The Secretary of State’s actions not only undermine the judicial process, but reduce eligibility to PIP support for over 164,000 people with debilitating mental health conditions, including those not able to go outside their own homes. What discussions has the Secretary of State had with disabled people’s organisations ahead of bringing forward these regulations? What is his assessment of the effects on the health and wellbeing of the people affected by the cuts? Given that disabled people are twice as likely to live in poverty as non-disabled people as a result of the extra costs they face, how many disabled people will be driven into debt or face poverty as a result of these cuts? What is the cumulative effect of these cuts along with the employment and support allowance work-related activity group cuts that are due to come into effect in April, which will affect 500,000 disabled people? Finally, why are the Government contradicting their earlier argument in the 2015 upper tribunal case of *HL v. the Secretary of State for Work and Pensions* in which they argued that “psychological distress” should be included in PIP assessments?

We have been arguing for parity of esteem for mental health with physical health for some time now. Indeed, the Prime Minister famously said that people with mental health conditions need more support. Why will the Government not honour that?

**Damian Green:** Let me deal with some of the detailed points raised by the hon. Lady. Incidentally, we are appealing the judgments, but because of the lack of clarity that would be caused by leaving the current regulations in limbo following the upper tribunal’s decisions, it is better to move quickly. I should also say that the tribunal has itself said that the assessment criteria are not clear. If the tribunal believes that, I am more than happy to accept it—indeed, I am grateful to it for telling us that the criteria are not clear—so I am now taking the opportunity to clarify the existing regulations.

The hon. Lady talked about the effect on disabled people. I absolutely agree with her that that is the central core of what we are trying to do. I point out to her that over two thirds of PIP recipients with a mental health condition get the enhanced rate daily living component, compared with just 22% who used to receive the highest rate of DLA care. That is why PIP is a better benefit than DLA. That happened previously under the existing regulations, and I am now restoring that situation.

The hon. Lady’s questions were predicated on this being a cut. It is simply not a cut; it is not entirely honest of her to say that it is a cut. If she looks at the facts of the case, she will recognise that people claiming PIP—specifically those with mental health conditions—have been and are better off with PIP. We are making the benefit clear. We are making the change so that the benefit is paid as it has been since it was first introduced, which is better for people, particularly those with mental health conditions.

**Mr Speaker:** Order. I respect the cut and thrust of debate, but there can be no accusation of dishonesty in this Chamber.

**Damian Green:** I will happily withdraw—

**Mr Speaker:** Order. That is quite sufficient. No further explanation is required. I am very grateful to the Secretary of State, and deeply obliged to him.

**Justin Tomlinson** (North Swindon) (Con): I welcome the fact that the Government are now, rightly, spending a record amount to support those with long-term health conditions and disabilities. If the Government were to decide to increase that amount yet further, surely that should be done in conjunction with charities and stakeholders, utilising their expertise, rather than on an ad hoc basis dictated by the courts?

**Damian Green:** My hon. Friend, who also has huge expertise in this area, is exactly right. There was very extensive consultation when PIP was first introduced about the design of what is, inevitably, a very complex benefit. As I have explained, we have seen a considerable improvement in awards, particularly for those with mental health conditions. The Government's changes will restore that situation, which was better than people ever knew in the past.

**Corri Wilson** (Ayr, Carrick and Cumnock) (SNP): The changes will, despite what has been said, exclude disabled people from vital financial assistance. They send a dangerous message to the public that people suffering from mental health conditions are less worthy of support than those with physical disabilities. We cannot and should not pit one disability against another. With condemnation across the spectrum, I urge the Secretary of State to rethink these callous changes. Can the Secretary of State offer any explanation as to why those with mental health conditions are not entitled to the same levels of support as others? Will he clarify whether this matter will be brought to the House? Finally, I ask that a debate takes place as a matter of urgency to give the House the opportunity to scrutinise the proposals fully and to put forward the concerns of disabled people across the UK.

**Damian Green:** The hon. Lady will know that what is considered for debate are matters for the usual channels. It ill behoves any Secretary of State to try to interfere in the actions of the usual channels.

The hon. Lady's first question is based on the misapprehension that people with mental health conditions are doing worse under PIP as it is currently run. That is simply factually not the case. I am proud of the fact that overall the Government are spending £11.4 billion on people with mental health conditions—more than any previous Government have paid out. Overall, we are spending £50 billion a year on disability benefits. In every year of this Parliament we will be spending more than was spent in 2010. That is how we are meeting our commitments to disabled people, which I take very seriously and the whole Government take very seriously.

**Sir Desmond Swayne** (New Forest West) (Con): Are there lessons for the framers of the regulations to avoid them effectively being rewritten by the tribunals?

**Damian Green:** There are always lessons for anyone who writes regulations. By necessity, benefit regulations are complex, particularly because they need to be very

sensitive. We are dealing with vulnerable people. In this case, we are dealing with disabled people who have extra living costs or difficulties with mobility. Inevitably, the framers of regulations try to make them as exact as possible. It is one of the roles of the courts to point out where that has gone wrong. In this case, the courts have said that they were not clear. What the Government are doing is clarifying them. That is to everyone's benefit.

**Rachel Reeves** (Leeds West) (Lab): The Prime Minister has said that there should be parity of esteem between mental and physical health conditions. By overriding the courts on this matter, 160,000 people who would otherwise have been receiving support through PIP will not now receive it. Did the Prime Minister agree with the decision to overrule the courts and deprive these people of the support they desperately need?

**Damian Green:** The hon. Lady is wrong to say that 160,000 people will not get PIP because of the decision. She knows the details well enough to know that this is not about whether or not people receive PIP. There are two different cases and two descriptors—*[Interruption.]* She keeps treating me as though I am the Prime Minister. I am grateful, but I am not. I am the Secretary of State for Work and Pensions. The hon. Lady is simply wrong when she says that this will deny people PIP. As she knows, PIP is given on the basis of the difficulty of living costs or mobility costs. It is not a binary case. Twelve different attributes are considered and each attribute has a large number of descriptors. The court case affects two descriptors. It is not as she paints it.

**Kelly Tolhurst** (Rochester and Strood) (Con): I thank the Secretary of State for his clarification. Can he assure my constituents who are affected by PIP that the Government are committed to ensuring that PIP assessments are high quality and that people are properly supported throughout the process?

**Damian Green:** We are engaged in a PIP improvement project. My hon. Friend is right to ask the question about consistency of assessments. That is one matter we are certainly addressing. The other matter, which I know is of concern across the House, is delays. I am glad to report that because of the PIP improvement plan, claims are now being cleared at over five times the rate they were in January 2014. The delays in the system are being reduced and we are addressing the issue of consistency.

**Mr David Winnick** (Walsall North) (Lab): Has the Secretary of State forgotten that one of his predecessors resigned a year ago because of cuts to the disabled? Does he understand—it does not seem that he really does—the strong feeling among so many of the vulnerable that they will again be in the firing line for cuts? There is so much anxiety. We receive emails constantly from those affected, and from organisations, about the way the disabled are hit time and time again.

**Damian Green:** I am happy to assure them and the hon. Gentleman that what I am talking about today is not a cut. We are not going to have any new welfare cuts in this Parliament, apart from those that have already been legislated for. The decision we have taken is not—not—a cut.

**Rishi Sunak** (Richmond (Yorks)) (Con): It is clear that different medical conditions will have different impacts on people's living and mobility. Does my right hon. Friend agree that we must recognise this simple fact if we are to continue to target resources on those who are most vulnerable and most in need?

**Damian Green:** I do. Indeed, that was the purpose of the original design of PIP. It is better than disability living allowance, which it replaced, precisely because it reflects the reality in individuals' lives that some will have more difficulty in going about their daily business because of a disability. The PIP benefit is specifically designed in a very careful, and therefore complex, way to achieve that and it does. Ministers have to ensure that the rules are completely clear and that is what we are doing today.

**Ms Angela Eagle** (Wallasey) (Lab): If everything is working so well, why are my advice surgeries full of people who have been waiting for their PIP assessments for a very long time? Long-term disabled people are being denied them and being caused massive amounts of distress by the process. They feel utter despair at having to have anything to do with it.

**Damian Green:** As I say, an improvement plan is in place, which lets the hon. Lady know that things need to improve. They are being improved, as I explained in answer to the question from my hon. Friend the Member for Rochester and Strood (Kelly Tolhurst). I hope the hon. Member for Wallasey (Ms Eagle) can be reassured by the fact that we are recruiting a team of health professionals to help us to scrutinise the suppliers' training and assessments. Both suppliers have their own improvement plans in place as well. We will be trialling audio recording of selected assessments from the beginning of next month to understand better how assessments can be improved.

**Nigel Mills** (Amber Valley) (Con): As part of the improvement plan the Secretary of State refers to, will he ensure that those who need assessments in their own homes will be able to get them from both providers?

**Damian Green:** Yes. That point has been made by a number of non-governmental organisations, as well as colleagues on both sides of the House. We are looking at it very seriously.

**Ms Tasmina Ahmed-Sheikh** (Ochil and South Perthshire) (SNP): Some of my constituents are unable to leave their homes without assistance due to a physical disability and some are unable to leave their homes because of a mental disability. Why should one be entitled to receive support via PIP, but not the other?

**Damian Green:** They will both be entitled to PIP at the level that will be assessed. Each individual is different and has different levels of difficulty. It is often the case that for people who are blind, with visual or cognitive impairments, they will not have a fluctuating condition. It will clearly be less amenable to treatment than some other conditions. It is the level of difficulty in a person's daily life, whether they have a physical or a mental health problem, that matters in terms of the PIP assessment.

**James Morris** (Halesowen and Rowley Regis) (Con): The Secretary of State will be aware that since joining this place I have been a strong campaigner for parity of esteem between mental and physical health. Is not one of the key points he is making that this is not a binary decision between mental and physical health? The point of PIP is that it promotes targeted help for people with mental health conditions. Is it not also the case that more people are receiving payments under PIP for mental health conditions than ever was the case under DLA?

**Damian Green:** I pay tribute to my hon. Friend for the very good work he has done in his time in the House on mental health. He is absolutely right. A core tenet of PIP's design is the principle of equivalence between physical and non-physical conditions. The whole House ought to welcome this move. It is why, as he has explained, it is a better benefit than DLA. Rolling PIP out in this way and attempting to improve the assessment process in the way we are is the best way for us to help people with all kinds of disabilities, specifically those with mental health conditions.

**Jim Fitzpatrick** (Poplar and Limehouse) (Lab): I received an email following the remarks of the No. 10 adviser over the weekend. My constituent wrote:

"As someone who has been diagnosed with PTSD and phobic anxiety, I am deeply distressed and angry about his remarks. Considering the current lack of funding and social stigma that mentally disabled people already have to suffer, this is beyond the pale."

Do the Government recognise the offence these remarks caused, and will they dissociate themselves from and apologise for them?

**Damian Green:** The hon. Gentleman talks about a Government adviser. I assume he is talking about my hon. Friend the Member for Mid Norfolk (George Freeman), who has apologised for his remarks and who has, as it happens, also done a lot of work on mental health issues. As he has explained, he has a personal and family history that makes him particularly sensitive to mental health issues. I hope that the House can accept his apology.

**Huw Merriman** (Bexhill and Battle) (Con): For those of us who deal with vulnerable constituents, it is frustrating to hear these matters described as cuts when they are clearly not. Where in the £50 billion disability budget would savings have to be made to pay for this increase?

**Damian Green:** Since the purpose of the announcement and the regulations that the Government are introducing is not to have to look for cuts elsewhere, I am happy to say to my hon. Friend that we can avoid those, but he is quite right. We have a welfare budget and are spending more on disability benefits than any previous Government, and we are proud of that fact.

**Tom Brake** (Carshalton and Wallington) (LD): The Liberal Democrats have tabled a prayer on this to try to force a debate, and I thank the Leader of the Opposition for supporting it. A constituent, Katherine, has contacted me concerned about how the amendments will impact on her when she is transferred from DLA to PIP. She currently receives the lower rate mobility component and suffers from attention deficit hyperactivity disorder,

[Tom Brake]

depression, generalised anxiety and social phobia. Her life is severely affected by her mental health. She cannot plan the route of a journey or follow the route of a familiar journey. Why do the Government want to deny her the mobility component of PIP?

**Damian Green:** Katherine will see no change to the rules that have applied to her in the past. I gently point out to the right hon. Gentleman that these rules were passed by a Government of whom he was a member.

**Wendy Morton** (Aldridge-Brownhills) (Con): I am grateful to the Secretary of State for providing some helpful clarity on this issue. Will he confirm that people who need help managing their medication will continue to receive that support?

**Damian Green:** Yes. Not only will they come under the appropriate descriptor for PIP, but—this has not been mentioned yet—they will receive support from the NHS as well. We have a healthcare system precisely to advise people on issues such as medication, so the state is already doing something to help them. Clearly that is necessary and will continue to be an important part of the system.

**Mrs Madeleine Moon** (Bridgend) (Lab): Mind says that the proposed changes will affect about 160,000 people and could prevent people from accessing the financial support they need to get to health or job appointments and from getting out to pay for fuel and heating, take their children to school or see friends and families—things essential for their daily lives and recovery. If the Secretary of State is so confident that he is right and Mind is wrong, will he meet representatives from Mind to discuss who is right and who is wrong, and then come back to the Chamber and give the same assurance?

**Damian Green:** I am always happy to meet representatives from Mind. As it happens, the Minister for Disabled People, Health and Work, my hon. Friend the Member for Portsmouth North (Penny Mordaunt), has already spoken to Mind on this matter, and it is coming into the Department to speak to us again soon.

**Mrs Moon:** On this issue?

**Damian Green:** On this issue, yes. As I have already pointed out, nobody is losing any benefit originally awarded to them by the DWP. That is the fact that most needs to be conveyed to those receiving the benefit.

**Will Quince** (Colchester) (Con): I read the media reports on this change with some alarm, until I read into the detail of the regulations. To that end, will the Secretary of State confirm my understanding that far more people with mental health issues will be eligible for PIP than were ever eligible for the old DLA?

**Damian Green:** Yes, my hon. Friend makes a correct point, and one that I have made several times in the past few minutes. PIP is a better benefit than DLA for several reasons, perhaps the most important being that it is more available to those with mental health conditions. It always has been. The rules we are putting in place will make sure that it continues to be.

**Yasmin Qureshi** (Bolton South East) (Lab): Why are the Government contradicting their argument in the 2015 upper tribunal case of *HL v. SSWP*, where they argued that psychological distress should be included in PIP assessments?

**Damian Green:** I am happy to assure the hon. Lady that psychological distress is included in PIP assessments. It always has been. Nothing changes as a result of these regulations.

**Kevin Foster** (Torbay) (Con): I thank the Secretary of State for the reassurances, given the correspondence I received after the media coverage. Will he go further and confirm that the regulations will not result in anybody receiving less money than they were awarded by the DWP and that there is no intention to make new savings?

**Damian Green:** I am happy to repeat—yet again—that nobody will receive less money under PIP than they originally received in their award from the DWP as a result of the regulations we have introduced.

**Kate Green** (Stretford and Urmston) (Lab): People with learning disabilities, schizophrenia and autism—the conditions highlighted by my right hon. Friend the Member for East Ham (Stephen Timms)—are more likely to feel anxious about their assessment and experience greater difficulty in conveying information about their condition and, according to my constituents, are increasingly subjected to a more hostile and aggressive assessment process. Does the Secretary of State share my concern that these people will be particularly vulnerable if the proposals are not introduced very carefully?

**Damian Green:** We are introducing them very carefully. I completely agree that people likely to suffer from anxiety should not be made unnecessarily anxious, which is why I am at pains to reassure them, the House and everyone else that this is not a policy change or a cut. Nobody will receive less benefit than they were originally awarded by the DWP.

**Henry Smith** (Crawley) (Con): I commend the Secretary of State for his response. Through the PIP improvement plan, can he assure constituents of mine who find it difficult to travel to assessments that they will be supported?

**Damian Green:** Yes I can. Assessors already visit people who need that particular service, and obviously that will continue.

**Richard Burden** (Birmingham, Northfield) (Lab): Is not the reality of the situation that the disability benefits system, whether PIP or its predecessor benefits, has never been sufficiently sensitive or flexible when it comes to the needs of people with mental health illnesses, and that the court ruling was one small step in interpreting existing regulations—not new ones—to make the system just a little better? Does the Secretary of State not recognise that by rushing out these new regulations, he is changing the interpretation of an existing one, and in doing so will make people with mental health problems and illnesses a lot more anxious and unfairly treated?

**Damian Green:** The hon. Gentleman makes an important point, but I do not agree with his assessment. The upper tribunal said that the regulations were not clear enough, so we are clarifying them in a way that restores the original intention of the benefit. That should provide certainty to people, not uncertainty.

**Mr David Burrowes** (Enfield, Southgate) (Con): I recognise that the Government are retaining the scope of PIP and the funds for it, but does not the focus on vulnerable people with the most challenging needs highlight the need for more integration and more funds for social care?

**Damian Green:** As ever, my hon. Friend makes a good point. He is right about greater integration, which is precisely why we created a work and health unit. For the first time, my Department and the Department of Health are working together daily for the many people whose needs fall partly under health and partly under the benefits system, so that we can provide a more integrated, personal and sensitive service.

**Nick Thomas-Symonds** (Torfaen) (Lab): So many of my constituents have had to go through the mandatory reconsideration process all the way to a tribunal to be awarded the number of PIP points they should have been awarded in the first place. Alongside these regulations, does the Secretary of State have any plans to introduce support for disabled people who are awaiting the outcome of tribunal decisions?

**Damian Green:** The hon. Gentleman makes a point about people who appeal, but only 6% of PIP judgments are appealed—a very low number. We are seeking to improve the system by making sure that more health information is available earlier in the assessment process, which I am sure will help the hon. Gentleman's constituents.

**Mr Philip Hollobone** (Kettering) (Con): I have been following exchanges closely, and my constituents will want to know that their MP has understood things correctly. Can the Secretary of State confirm my understanding from what has been said that 25% of PIP claimants now get the highest rate compared with 15% under DLA, and that more people with mental health conditions qualify for PIP than ever did before under the old DLA system?

**Damian Green:** Yes, my hon. Friend is right in both those assumptions, and I am happy for him to share them with his constituents. Let me add a more specific assurance—that more PIP claimants with mental health conditions claim the mobility component, which stands at 27% as compared with 9% of those on DLA, which is another improvement.

**Tracy Brabin** (Batley and Spen) (Lab): In common with my hon. Friend the Member for Wallasey (Ms Eagle), who has just left her place, I have had surgeries at which constituents are increasingly anxious about these changes. Can the Secretary of State please confirm what assessment the Government have undertaken on the impact of these cuts on the already vulnerable mental health status and well-being of claimants, and will he make that assessment available to the House?

**Damian Green:** The equality analysis is available. I can only emphasise to the hon. Lady's constituents—*[Interruption.]*—and indeed to those of the shadow Secretary of State, who is chuntering from a sedentary position, that this is not a change in policy or a cut. Nobody will receive less benefit than they were originally awarded by the DWP. *[Interruption.]*

**Mr Speaker:** There are people on both sides who are chuntering from a sedentary position, which is certainly not something I ever remember doing myself when I was on the Back Benches.

**Mr Peter Bone** (Wellingborough) (Con): I remember that you sat next to me on those Benches, Mr Speaker.

We have an excellent Secretary of State, probably one of the most caring in the Government, and I am sure that what the Government are doing is correct. As the hon. Member for Torfaen (Nick Thomas-Symonds) said, however, Members have the opportunity today to highlight the fact that the process of assessment is not working for a number of our constituents. I am fed up with seeing every week a constituent who clearly should have been awarded PIP but is not getting it. Will my right hon. Friend say a little more on how we are going to improve that situation?

**Damian Green:** I am grateful to my hon. Friend for his kind remarks and indeed for your remarks, Mr Speaker, about the fact that you never chuntered from the Back Benches. This means that I will be able to correct my own memory of those circumstances, having sat next to you on the Back Benches for many years as well.

We are obviously trying to improve all aspects of the PIP process—the accuracy and the speed of the assessments—and, as I have said, the early provision of more objective health information will improve the situation hugely, not least for my hon. Friend's constituents and others who find the process stressful.

**Alison Thewliss** (Glasgow Central) (SNP): I challenge the assertion that PIP is better for people with mental health conditions. One of my constituents has a diagnosis of bipolar disorder and used to receive DLA on the grounds of a need for continual supervision. This procedure is not recognised under PIP, and my constituent has lost not only her entitlement to PIP but consequently her working tax credit, which was passported via DLA. She is now considering leaving her job. What reassurance does this announcement give to my constituent and others in similar situations?

**Damian Green:** I can only repeat the facts to the hon. Lady. Over two thirds of PIP recipients with a mental health condition get the enhanced rate daily living component, which compares with just 22% who received the highest rate DLA care. As I have just explained to my hon. Friend the Member for Kettering (Mr Hollobone), for the mobility component, which is the other part of PIP, the relevant figures are 27% and 9%. The facts are incontrovertible. More people with mental health conditions are receiving PIP than used to receive DLA. It is a better benefit for people with mental health conditions than DLA.

**Richard Drax** (South Dorset) (Con): My South Dorset constituents will be relieved to hear what my right hon. Friend said about looking at the assessment process, which goes horribly wrong far too often. Would he give more consideration to home visits and take into account information not only from health officials and GPs but from relatives, families or friends?

**Damian Green:** As I explained to my hon. Friend the Member for Crawley (Henry Smith), we already do home visits. If there are cases where my hon. Friend the Member for South Dorset (Richard Drax) thinks people should have had home visits but did not, I encourage him to get in touch with me so we can look at the details of them.

**Jeff Smith** (Manchester, Withington) (Lab): Of the many constituents who have come to my surgery with problems over PIP, one particularly sticks in my mind: a man whose long-term mental health issues meant he simply could not get out to work, yet PIP was refused for him. This was not somebody who wanted to sit at home and take pills; he was simply unable to get out there. How can the Government possibly claim to want parity of esteem for mental health when they are trying to enshrine disparity as a result of this change?

**Damian Green:** It is impossible for me to comment on an individual case when I have not seen the details, but the parity between mental and physical disabilities is embedded in PIP. It is the whole point of PIP. I shall not weary Members by repeating the figures, but far more people with mental health conditions are receiving PIP than used to receive DLA. It may be an uncomfortable truth for Opposition Members, but it is still true.

**Chris Stephens** (Glasgow South West) (SNP): Why was the Social Security Advisory Committee, in effect, bypassed when this regulation was put through? What consultations has the Secretary of State had with organisations that represent disabled people? What does he say to those organisations that are concerned about his Department's repeated attempts to award people with mental health conditions who cannot follow the route of an unfamiliar journey alone the lower and not the higher mobility rate?

**Damian Green:** I spoke to the chairman of the SSAC and explained why I was invoking the urgency procedure, which is allowed. He and his committee still have the power to look at these regulations and make recommendations. The hon. Gentleman will have observed that many Members of all parties have talked about the problems of uncertainty and how they particularly affect many of those people with mental health conditions whom we have been discussing. What we are doing as quickly as possible is removing the uncertainty, meeting the upper tribunal's desire for greater clarity in the system and restoring it to where it was before, so that everyone understands it. These are the rules under which people have claimed for a long time, providing quick certainty for people, which is what many people want.

## Points of Order

1.48 pm

**Yasmin Qureshi** (Bolton South East) (Lab): On a point of order, Mr Speaker. Will you advise and guide me on the appropriate step I should take? At last week's Prime Minister's questions I asked about a petition being handed in at 10 Downing Street. The Prime Minister said that she did not understand what I was talking about, because a petition had been received. My question, however, was very specific. The petitioners said that they had made an appointment to hand in the petition, which usually means going outside Downing Street and knocking on the door to hand the petition in. I subsequently contacted one of the petitioners on Twitter, and found that they had made an appointment to go into 10 Downing Street, but that they had not been allowed to hand the petition in, and the security officer or policeman had taken it in.

**Mr Speaker:** I am bound to say two things to the hon. Lady. First, I have no responsibility for arrangements for the delivery of petitions, and certainly no responsibility for any security or other arrangements in the immediate environs of, or anywhere near, 10 Downing Street. The hon. Lady may think it very satisfactory that I have no such responsibility, or she may be gravely dissatisfied by that fact, but it remains a fact none the less.

Secondly, I think that the hon. Lady has found her own salvation in this matter. She has registered her discontent very forcefully on the Floor of the House, as she is privileged to be able to do as a Member of Parliament. I feel sure that she will communicate that point to her constituents, but I do not myself think that the argument need run any further, and even if it does, it certainly should not involve the Chair.

**Mr Christopher Chope** (Christchurch) (Con) *rose*—

**Mr Speaker:** We will leave it there for now, at least as far as the hon. Lady is concerned, but the day would not be complete without my taking a point of order from the hon. Member for Christchurch (Mr Chope).

**Mr Chope:** On a point of order, Mr Speaker. On 9 February a group of councils in Dorset made a submission to the Secretary of State for Communities and Local Government, seeking to abolish Christchurch and two other councils that are strongly resisting abolition. A week ago, I asked the Secretary of State whether he could give a closing date for the receipt of objections to that submission, and also a closing date for the receipt of alternative proposals. Those seemed to me to be reasonable requests.

My question was due to be answered on Friday. I received a holding reply. I assumed that I would receive a full reply yesterday, but I did not. I have still not received a reply. I wonder what could be done, Mr Speaker, to ensure that such a modest question can receive a timely response from the Secretary of State, because a great many of my constituents want to know how much longer they have in which to register their objections.

**Mr Speaker:** I do not have any great sagacity in these matters, but my response to the hon. Gentleman is as follows. It does seem to be a pretty straightforward

inquiry, and, of course, it is a general rubric in this place that responses to hon. Members' questions should be both timely and substantive.

In my limited experience, Ministers in successive Governments, irrespective of the hue of those Governments, tend to find it rather irksome, and possibly even embarrassing, if the non-answer to a question is regularly highlighted on the Floor of the House. I do not want to raise a spectre, but if the Minister does not respond, and if the hon. Gentleman—discontented as he would then continue to be—were to raise a point of order on a daily basis, it would be gravely embarrassing to Ministers in the Department concerned, and I am sure that they would not want that to happen.

## Careers Guidance (Access to Schools)

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

1.52 pm

**Nic Dakin** (Scunthorpe) (Lab): I beg to move,

That leave be given to bring in a Bill to require schools in England to provide access to their premises and pupils to representatives from post-16 education establishments and others providing guidance on careers, training and courses; and for connected purposes.

Having a goal is hugely motivational, especially for young people, and access to impartial guidance about what opportunities are available, linked to labour market information, should be a given for all young people so that they can set their goals in an informed way.

When I stood down as principal of John Leggott College on being elected to the House in 2010, careers education, information, advice and guidance were not perfect in our schools and colleges, but they were a lot better than they are now. The deterioration of careers education over the last six years is deeply concerning. The CBI was right to state in its 2015 education and skills survey that careers guidance in schools was “not good enough”: more than three quarters of the businesses in the UK said that careers advice was not good enough to ensure that young people made informed decisions about their future career options. It therefore does not surprise me that, having seen the Bill listed on today's Order Paper, a large number of individuals and organisations have contacted me to provide encouragement.

For a long while the Government were in denial about the impact that a plethora of changes, combined with significant funding cuts, was having on the provision of careers education in schools. To be fair, Ministers responsible for careers education—from the right hon. Member for South Holland and The Deepings (Mr Hayes) to the right hon. Member for Harlow (Robert Halfon), the Minister for Apprenticeships and Skills—did recognise the deficit, and I believe that they advanced the arguments within the Government just as employers and educationists, along with Her Majesty's Opposition, advanced compelling arguments from outside the Government. However, for far too long there was no positive response from the Government. Then the penny dropped. The response was the establishment of the Careers & Enterprise Company, which I have always seen as an expensive and complicated way of fixing a fairly simple problem.

MyBigCareer is a charity that provides free advice in many disadvantaged areas of the UK. Volunteer career advisers from the independent sector and professions give up their time to go into schools and give free impartial advice on apprenticeships, university and work-related courses, and are overwhelmed by the response. They say that not one school with which they have worked has ever heard of the Careers & Enterprise Company, despite millions being ploughed into the organisation.

Back in 2012-13, when I led a commission on skills involving the Humber local enterprise partnership, businesses and schools were agreed on the need for better careers education, and were keen to work together to make it happen. However, it did not happen, because the pressures of the performance of the bottom line of results make organisations look inward rather than

[Nic Dakin]

outward. What was missing was the capacity and time for businesses, schools and colleges to co-ordinate their efforts. That, in my opinion, is where the resources should be simply and ruthlessly targeted, and the need remains as strong today as it was then.

It is worth pausing to applaud the fantastic work that goes on in many schools, despite the pressures and funding challenges. Some amazing people with both business and education backgrounds are working to provide young people with impartial information and choice. Nevertheless, students should be entitled to quality careers education that meets an agreed standard, wherever they go to school.

The ambition of my Bill is not to transform the whole of careers education, information, advice and guidance so that all young people have a consistent entitlement to quality advice, wherever they go to school. Would that I could do that, but my Bill has a much more limited ambition. It seeks to ensure that, at the very least, colleges and post-16 providers can talk directly to school students about the opportunities that are available to them in their area. Sadly, too many schools, especially some with their own sixth forms, put obstacles in the way of students' receiving this crucial information.

In response to a question from me, the Minister for Apprenticeships and Skills himself said:

"I recently visited degree apprentices at Gateshead College whose own school refused them a visit in order to talk about apprenticeships, skills and technical education."—[*Official Report*, 6 February 2017; Vol. 621, c. 13.]

He was rightly outraged by that, but it is not an isolated case. Colleges all over the country report the placing of similar barriers in school students' way. That just is not good enough. Even in my own area, where the situation is generally good, the two excellent local colleges, North Lindsey and John Leggott, report that things are becoming more difficult than they used to be. When I met students and staff at North Lindsey, staff reported that school student access was becoming more difficult, and that was confirmed by the students' experience. John Leggott reports instances in which students have been denied access to careers events because their schools chose not to participate. The pressure on schools to deliver results sometimes leads to an understandable reluctance to provide time for careers education that could otherwise be spent on mainstream studies, but I would argue that once young people have a personal goal, often linked to where they progress to next or a career target, it can motivate them to achieve much more, thereby transforming their performance in their academic studies.

As a result of its inquiry into careers education in July 2016, the Sub-Committee on Education, Skills and the Economy found that too many young people were leaving education without having had a chance fully to consider their future options, or how their skills and experiences would accord with opportunities in the jobs market. It also judged that a host of policy changes, initiatives and new bodies introduced in recent years had failed to make serious improvements, and had even been counterproductive in some cases. It welcomed the Government's intention to legislate, and recommended that they set out robust mechanisms to ensure that the new law was well publicised and properly enforced.

In their response, the Government said that they were determined to tackle the patchy state of careers provision, and to raise its importance and profile in schools. They said that new legislation should be publicised and properly enforced, and made a commitment to update existing careers statutory guidance to ensure that schools were clear about what they needed to do to comply with any new legal requirements before they came into force. The Government made clear their intention to

"publish a comprehensive careers strategy for all ages".

The post-16 skills plan reiterated the Government's intention to develop an "overarching careers strategy" and last month the Government's industrial strategy Green Paper repeated the pledge:

"we need to do more to empower students, parents and employers to make confident and informed choices about their education and careers options, whether they are in schools, technical education or higher education."

The previous Secretary of State, the right hon. Member for Loughborough (Nicky Morgan), had plans for legislation requiring schools to allow other providers of education and training to talk to their pupils about opportunities post-16. That was scheduled to be included in the now defunct education for all Bill. A statement at the time said that schools would

"be required by law to collaborate with colleges, university technical colleges and other training providers".

That seemed to have been shelved. However, there does now appear to be a chink of light at the end of a very long tunnel. Last week, Lord Baker proposed an amendment to the Technical and Further Education Bill that the Government accepted. It says that schools must ensure that there is an opportunity for a range of education and training providers to access pupils to inform them about technical education qualifications or apprenticeships.

That is a positive move, but the Government can seize the opportunity of my Bill to go that bit further, in line with their earlier intention and ambition. My Bill will ensure that school pupils have access to information from the providers of post-16 pathways locally direct to them. It will require schools in England to provide access to their premises and pupils for post-16 education establishments and other providers. That would significantly improve the quality of information available to young people when they make decisions about their future. As such it would be a great step forward.

All my experience tells me that education delivers best when it is focused on the interests of learners, not the interests of providers. Learners, young people, deserve a careers education, information, advice and guidance system that is focused on them and that delivers information directly to them. That is what this Bill will achieve.

Schools cannot deliver professional and independent careers advice and guidance on their own. They are not best placed to talk about the benefits of career pathways, courses post-16, technical and professional education or apprenticeships: colleges and training providers are. Colleges recognise the critical nature of good careers education and are keen to work with their local schools. These changes to access need to happen; they can no longer be swept under the carpet. We owe every young person this entitlement to information, so that they can achieve their potential and find the best routes into the

right career. What will benefit our young people will benefit our businesses and economy. It will benefit us all.

*Question put and agreed to.*

*Ordered,*

That Nic Dakin, Neil Carmichael, John Pugh, Kelvin Hopkins, Caroline Lucas, Jason McCartney, Martin Vickers, Danny Kinahan, Jenny Chapman, Angela Smith, Lucy Powell and Lilian Greenwood present the Bill.

Nic Dakin accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 24 March, and to be printed (Bill 148).*

## Estimates Day

[3RD ALLOTTED DAY]

### SUPPLEMENTARY ESTIMATES 2016-17

#### DEPARTMENT FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

#### The Government's Productivity Plan

*[Relevant Documents: Second Report of the former Business, Innovation and Skills Committee, Session 2015-16, The Government's Productivity Plan, HC 466, and the Government response, HC 931.]*

*Motion made, and Question proposed,*

That, for the year ending with 31 March 2017, for expenditure by the Department for Business, Energy and Industrial Strategy:

- (1) further resources, not exceeding £10,699,285,000, be authorised for use for current purposes as set out in HC 946,
- (2) the resources authorised for use for capital purposes be reduced by £10,543,207,000 as so set out, and
- (3) the sum authorised for issue out of the Consolidated Fund by reduced by £13,871,178,000.—(*Heather Wheeler.*)

2.4 pm

**Mr Iain Wright** (Hartlepool) (Lab): I welcome the opportunity for the House to debate the supplementary estimates affecting the Department for Business, Energy and Industrial Strategy. It is a real honour and pleasure to chair the Select Committee and I am particularly fortunate to lead a Committee with excellent hon. Members—I see some of them in the Chamber: the hon. Members for Cannock Chase (Amanda Milling), for Derby North (Amanda Solloway), for Edinburgh West (Michelle Thomson), for Bedford (Richard Fuller) and for Warwick and Leamington (Chris White). We try to work hard together to put in place policies that ensure workers in this country have higher skills and wages and greater protection, in firms that are productive, competitive, profitable and have barriers to scale up removed.

The title of today's debate references the Government's productivity plan, and I shall come on to that in a moment. However, given that this debate is about the estimates, I want to mention a couple of points regarding them. On a broader point, in my time in the House, it has always struck me as odd, even concerning, that billions of pounds of taxpayers' money are voted through on the nod without any real debate, scrutiny or challenge. This debate will be about the Government's productivity plan, and most of the contributions, including my own, will be on that document, which already seems to be becoming rapidly obsolete. At the end of it we will be asked to approve billions of pounds. The manner in which estimates are presented is opaque and often downright unhelpful. It is difficult to follow the money.

Of course, Departments produce annual reports, which are more helpful. They are scrutinised by Select Committees such as our own, and the National Audit Office conducts its own work, but the basic point of this place is to scrutinise and to challenge the Executive and then legitimately to permit the Government's wish to tax the general public. I am far from convinced that the current system allows that to happen in an effective manner.

[*Mr Iain Wright*]

Therefore, I look forward to the Procedure Committee coming up with some more radical improvements in this area.

The supplementary estimates reflect the machinery of government changes, with two Departments, the Department for Business, Innovation and Skills and the Department of Energy and Climate Change, coming together and losing responsibilities for further and higher education and for exports. BIS and DECC had resource savings targets of 16% and 17% respectively by 2020. The BIS Department had the “BIS 2020” publication, which contained a number of proposals to make budget cuts in this period, including, for a Department tasked with regional growth and pushing the northern powerhouse, the closure of the Sheffield office. A large part of the savings for the BIS Department was to be achieved through changing the way further education and higher education were to be funded. However, given the machinery of government changes, that option is no longer available to BEIS. Therefore—this relates to the point I made on the opaqueness of the estimates—it is impossible to tell, based on the information in front of us, what the planned savings of the new Department are and whether the “BIS 2020” programme is continuing.

When the Secretary of State came before the Select Committee before Christmas, I asked him whether similar savings of 16% to 17% would be required. He confirmed that. He said that the “BIS 2020” programme was no longer available, because it was a new Department, but he did not offer any alternative. When I asked what things the Department would stop doing in order to make the necessary cuts to the resource budget, the Secretary of State said:

“We are going to set out the proposals to the Department and I am sure the Committee will want to see that. I am very happy to send them to the Committee to look at. We want to take the opportunity of the two Departments coming together to, as it were, re-engineer the way that the Department is run to make sure that we take advantage of a big opportunity to tie things up here internally.”

That is very clear. However, no such proposals have been brought forward. I would be grateful if the Minister could outline what specific savings the new Department has to make and precisely how he intends to make those savings, including what activities will be stopped. That is in the context of the supplementary estimates before us, which state that the administration costs of the Department are rising from £425.6 million this year to £528.5 million next year. There is no explanation for that in the memorandum. Could the Minister provide one?

On the Government's productivity plan, the factors regarding the UK's productivity performance are well rehearsed but worth reiterating. At a national level, productivity has stalled. GDP per hour stands at 17% below its 35-year long-term trend and has only just exceeded the peak it had reached prior to the global financial crash. We as a nation are falling further behind our major competitors. Output per hour in the G7 excluding the UK was 18% above that of the UK, the widest gap in productivity since records began in 1991. That statistic shows the marked differences in performance between ourselves and our competitors. When it comes to productivity, we are above Japan by about 16 percentage points. Italy, however, is 10 % more productive than

we are. The US and France are 30% more productive than we are, and Germany is 36% more productive than the UK. Of course, productivity in all developed countries was badly jolted as a result of the 2008 global crash, but the gap between our long-term productivity trend and that of our competitors in the G7 is about twice as big. Productivity and pay are intimately linked. Productivity gains are the way in which real wage growth—and, hence, living standards—can rise.

**John Redwood** (Wokingham) (Con): Does the hon. Gentleman accept that some countries with very high levels of unemployment can have a higher productivity figure, whereas we put the people to work in lower value activities, which is surely better than them being out of work, because the best way to get a job is to start off in a job that is not so good?

**Mr Wright:** I will respond to the right hon. Gentleman in a moment when I talk about the structure of our employment market and how I do not think it deals with living standards, helps our constituents, or improves the long-term competitiveness of our nation.

It is little wonder, given the intimate link between productivity and pay, that Paul Krugman said:

“Productivity isn't everything, but in the long run it is almost everything.”

Reflecting this, wage growth has been anaemic. In the period between 2007 and 2015, British workers suffered a bigger fall in wages than those in any other advanced country with the exception of Greece. Average pay fell in real terms by more than 10%. In the same period, real wages grew in France by 11% and in Germany by 14%. Median pay for workers in this country is still around 5% below its pre-crisis peak. There has been a lost decade of wage growth for our constituents, the British workers.

However, the headline nationwide figures for productivity, worrying though they are, mask the stark differences in regional productivity. Gross value added per hour in London is 32% above the UK average. The only other region with productivity above the UK average is the south-east of England, which is 9% above the average. The regions of the north and the midlands—including my own region of the north-east, and those of my fellow Select Committee members, the hon. Members for Cannock Chase, for Derby North and for Warwick and Leamington—have productivity levels between 10% and 15% below the UK average. In the nations of the United Kingdom, productivity in Scotland, which includes the constituency of the hon. Member for Edinburgh West, is 2% below the national average, while in Wales it is 19% below the average. Were it not for the performance of London and the south-east, the gap between ourselves and our major economic rivals, with whom we are competing for orders, trade and market share, would be even more dire.

**Michelle Thomson** (Edinburgh West) (Ind): In this place, we habitually compare our productivity with that of the G7, but I recall a debate on this matter around this time last year for which I did some research into medium-sized countries such as Norway, where productivity levels are significantly higher than in any of the G7 countries. Is the hon. Gentleman going to explore how the scale of those medium-sized countries could be a factor affecting productivity?

**Mr Wright:** I am going to talk about scale in relation to the size of firms, as opposed to the size of nations, but the hon. Lady makes an important point.

This is not a dry and dusty economic treatise. I am talking about real, unsatisfactory productivity growth across the UK that is affecting the living standards of the constituents of hon. Members on the Committee and of Members across the whole House. That is why the Committee wanted to examine the Government's productivity plan. This is not about dragging London and the south-east back; it is about moving the regions and nations closer to the economic performance of the capital.

The distinctive structure of our economy could also be acting as a drag on our economic performance. About four-fifths of our economy is made up of services, which is higher than in any other G7 country. It is clear that the service sector has driven the economic recovery since the downturn in 2008, but in the main the sector tends to have lower productivity than manufacturing. Moreover, in the past 30 years, we have seen a shift in the nature of jobs in this country. For every 10 middle-skilled jobs that disappeared in the UK in the 1990s and the first decade of the 21st century, about 4.5 of the replacement jobs were high-skilled and 5.5 were low-skilled. In Ireland, the ratio was 8:2 in favour of high-skilled jobs; in France and Germany, it was about 7:3. The nature of our economy and our skills set means that our major economic rivals are moving away from us and going higher up the value chain than we are. That is clearly having an adverse impact on productivity and living standards.

In addition, Britain is a nation, if not of shopkeepers, then certainly of small businesses. That is a great thing. In the 21st century, the number of businesses in the UK has increased by an average of 3% per year, to reach 5.5 million, which is 2 million more businesses than in 2000. However, the proportion of firms that employ people has fallen in the same period from about a third of companies in 2000 to around a quarter today. Micro-businesses—those enterprises employing fewer than 10 people—account for 96% of all businesses in the UK. The domination of small businesses in our economy has implications for productivity levels. They are unable to take advantage of economies of scale, they are more likely to face difficulties in accessing finance for new product, for process development or for scale-up activity, and they may find it difficult to find the time not merely to fulfil existing orders but to identify opportunities and secure bigger contracts for domestic and export markets. Those companies cannot afford armies of procurement and export teams.

**Sir Greg Knight** (East Yorkshire) (Con): Does the hon. Gentleman agree that in certain sectors of industry, such as tourism, the jobs that are needed are low-skilled jobs such as running a caravan park?

**Mr Wright:** The right hon. Gentleman makes an important point. I want to see a pound generated being a pound generated throughout the economy, but I would like the structure and model of our economy to move higher up the value chain than running a caravan park, as he suggests.

Another big factor determining productivity levels is investment in research and development. R and D spend by UK businesses hit almost £21 billion in 2015,

with an average growth rate of 4.2% since 1991. On the face of it, that is impressive, although the publication "The UK R&D Landscape" has stated that

"the business enterprise component of R&D expenditure in the UK is low by international standards, even after adjusting for structural difference between countries. It is also concentrated in the hands of a few very large firms and the small number of industrial sectors in which they are based."

Indeed, seven sectors of our economy account for over two thirds of all R and D spend. The pharmaceutical industry accounts for a fifth of all R and D in this country. The automotive sector now accounts for 13%, reflecting its growth spurt in recent years, which is testimony to the great work that the car manufacturing businesses are doing. Aerospace accounts for 8% of the total.

Investment in R and D is concentrated in the hands of foreign-owned businesses. A quarter of a century ago, 73% of business R and D spend was undertaken by British-owned firms and 27% by foreign-owned companies. Since 2011, however, more than half the investment spend has been undertaken by foreign-owned firms. This has reflected the changing ownership of UK plc, with foreign direct investment often taking over larger British firms. This has certainly resulted in a boost to productivity, but it also leaves us vulnerable. In the event of a downturn in those investors' home countries, there is no patriotic "stickiness", and that R and D investment could fall and jobs and production facilities here in the UK could be cut to safeguard activity overseas in their home market.

**Jeremy Quin** (Horsham) (Con): I take the hon. Gentleman's point about the "stickiness" of that investment, but it is a tribute to this country's universities and the skills to be found here that foreign investors choose to come to the UK and base R and D resources here.

**Mr Wright:** The hon. Gentleman is absolutely right. In terms of bang for our buck, the amount of great work that the universities sector carries out and the number of spin-out companies that higher education provides are a magnet, in contrast with the "stickiness", for foreign direct investment. We have to make this country as attractive as possible to such investment. Just as I referred to London and the south-east pulling up our productivity, I dread to think what our productivity and investment levels might be if we did not have that foreign direct investment.

Despite the R and D spend of both Government and business, we have never spent the OECD average—far from it. In the past 35 years or so, we have spent 2% of GDP on R and D only once and that was in 1986. The long-term trend is around 1.6% or 1.7%, which is not good enough if we want living standards to be maintained or productivity to rise. Productivity weaknesses clearly need addressing, and the previous Government introduced the productivity plan. We welcomed the Government's attention on this pressing matter, but the plan lacked focus and did not demonstrate how success would be judged. Rather than being a clear road map or strategy for how the UK would close the productivity gap, it disappointed by being a mere collection of existing policies, with nothing new, distinctive or game-changing. The plan had 15 areas covering all aspects of Government and business activity, incorporating skills, R and D,

[Mr Iain Wright]

housing and transport. However, it had no meaningful metrics to evaluate its relative success or failure and no milestones to track progress.

Although the plan was a Treasury initiative, the old Department for Business, Innovation and Skills clearly had a role to play, but clear lines of communication and accountability were non-existent. BIS and Treasury Ministers told our Committee that the plan was monitored by civil servants, which seemed somewhat relaxed given that productivity was meant to be the Government's most pressing economic challenge. They seemed to forget that they were members of a ministerial Sub-Committee. Productivity now seems so 2015.

**Peter Kyle (Hove) (Lab):** My hon. Friend is giving a superb speech about the impact of productivity and the role of the Business, Energy and Industrial Strategy Committee, which he chairs and on which I proudly serve. Will he say a couple more words about the importance of the machinery of government in delivering a productivity plan? He just mentioned it, but it is shocking that Ministers came before our Committee and were totally unaware that their responsibility for the productivity plan was being scrutinised by a Cabinet Sub-Committee. The machinery of government and Departments, such as the Treasury, will play a crucial role in scrutinising the strategy and delivering for organisations on the frontline.

**Mr Wright:** One of the weaknesses of government—this is based not on the colour of Administrations but on the nature and culture of Whitehall—is that it is silo-based. The lack of co-ordination is clear. In the modern age, with pressing economic challenges, we need greater monitoring, scrutiny, supervision and co-ordination across the Government.

It would be interesting to hear about the current status of the productivity plan because, as I said, it seems so 2015. It was intensely fashionable, but only for around 12 months. The new buzz phrase is “industrial strategy.” The strategy contains 12 pillars, as opposed to the 15 areas of the productivity plan, so we are seeing some efficiency. I welcome the Government's willingness to embrace the phrase as a potentially positive thing, but it exemplifies one of the problems that we face. Successive Governments have tended to announce something, to provide a new initiative or to undertake a review. Policy flits like a butterfly from one thing to the next, with little if any meaningful impact on the ground on firms' productivity or our constituents' living standards, which is to the detriment of long-term economic competitiveness.

**Callum McCaig (Aberdeen South) (SNP):** The hon. Gentleman is making a well-informed speech. He says that there is no influence on businesses' productivity, but it actually has a damaging impact in certain cases. Take investment in renewables, for example. The industry ramps up and is able to support it, but then the pipeline that it is relying on is whipped away through Government policy changes.

**Mr Wright:** The hon. Gentleman is spot on. Constantly changing energy policy can undermine long-term investor confidence and the ability to ensure that foreign direct

and other investment is attracted to this country. Businesses require as much certainty and clarity as possible. Of course, things change—“Events, dear boy, events”—but it is important to have a clear road map and to minimise policy tinkering as far as possible.

**Robert Jenrick (Newark) (Con):** Before the hon. Gentleman concludes, will he return to the point made by my right hon. Friend the Member for Wokingham (John Redwood)? Perhaps the largest piece in our productivity puzzle is the fact that we have essentially traded some of our productivity for high levels of employment. That is a good thing, so we must proceed cautiously before wishing away any job—even if they do tend to be lower paid and lower skilled.

**Mr Wright:** I thank the hon. Gentleman for reminding me about that intervention. Employment is crucial and having record levels of employment is a good thing. However, we want good, full-time employment on permanent contracts. We want people to be secure in their jobs and able to invest in their own lives and communities with some confidence. Over the past 20 or 30 years, we have moved towards insecurity and precarious forms of employment, such as bogus self-employment, zero-hours contracts or agency work. We have to think about our vision for the economy. Is it about everybody in work being paid pitiful wages or ensuring that we can pull the activities of Government and industry together to upskill people and move them up the value chain so that, ultimately, they have higher living standards?

**John Redwood:** I think the hon. Gentleman and I agree on this. My point is that it is easier to get to higher pay, more skills and smarter working if we start from a base of many more people being in work, which is the good news about Britain. None of us is happy with people in low-paid jobs without skills or machine power at their back.

**Mr Wright:** The right hon. Gentleman must accept that although the best position to be in to get a job over the past five or 10 years was to be in employment, people are stuck on low-paid, zero-hours contracts in precarious types of employment. They are not moving on. There is no social mobility or economic progress. We seem to be stuck at the bottom floor when it comes to getting people into employment and that is not the model that we should be using.

I hope that the industrial strategy learns the lessons of the productivity plan. The Select Committee will publish our report into the Government's industrial strategy later this week, and we hope that it will address some of the matters that the productivity plan does not: a longer-term focus providing more policy certainty; greater collaboration and co-ordination across Government to mitigate the problem of a silo-based approach across Whitehall Departments, as mentioned by my hon. Friend the Member for Hove (Peter Kyle); and the lack of meaningful metrics, milestones and measurements of success. If it is to work and succeed, the industrial strategy cannot just be this year's model; it needs to be a thoughtful and well-established cornerstone of an economic and business policy framework, and an economic and business mindset, to increase productivity, compete with the rest of the world, and improve living standards for all in this country.

2.28 pm

**Chris White** (Warwick and Leamington) (Con): I am delighted to follow the hon. Member for Hartlepool (Mr Wright). I want to put it on record that he is an excellent Chair of the Business, Energy and Industrial Strategy Committee, although he seems to be a bit more of a “glass half empty” man, particularly in this debate. He supports many of the measures in the productivity plan and the industrial strategy, and members of the Committee share similar views, with perhaps the notable exception of my hon. Friend the Member for Bedford (Richard Fuller).

Improving productivity in the UK has to be a priority if we are to achieve our potential for economic growth. I welcome the premise of the Government's productivity plan and, in equal measure, suggest that it should continue to be scrutinised by Parliament and the Committee as we work to address the fact that our productivity is below the European average. It is worth noting that that is the case despite the levels of employment that we currently enjoy, and I agree with my right hon. Friend the Member for Wokingham (John Redwood) that that situation puts us in a good position to increase productivity and to move from lower-paid to higher-paid jobs. As we all know, the UK is currently ranked equal fifth among the G7 countries for labour productivity, but there is much about which to be positive, and I am sure that the trend can be reversed.

As co-chair of the all-party group on manufacturing, I know the immense value to the sector of automation and technological advances. Continuing to invest in innovation can be instrumental in improving productivity. It is vital to recognise the role that Industry 4.0—the fourth industrial revolution, as it is known—will have in rapidly developing our economy. Nations such as Japan and Germany are already embracing the concept, and the UK must develop a solid foundation on which to build our manufacturing capability.

**Rishi Sunak** (Richmond (Yorks)) (Con): My hon. Friend mentions Germany and the importance of manufacturing. Does he agree that one lesson we can learn from Germany is the importance it places on technical education? The Government's record of investing more in technical education and improving apprenticeships, in both number and quality, should be commended and will help with the aims he outlines.

**Chris White:** We are sometimes in danger of thinking that Germany is so far ahead and advanced that we should try to do our own thing. Germany has a number of ideas that we can borrow and from which we can learn a great deal, meaning that we can advance significantly in manufacturing.

**John Redwood:** Does my hon. Friend also agree that quite a bit of the problem resides in the public sector, not the private sector? Our best car plants are world beaters and have world-leading standards of productivity, but publicly owned Network Rail is way behind the continental railways in terms of productivity. We have the solution in our own hands in the public sector.

**Chris White:** I agree with my right hon. Friend about our automotive plants. However, I will not criticise Network Rail today because it has just announced that

it will be installing lifts in my local railway stations, on which I congratulate it most profusely.

The Catapult network is a good example of what can be achieved through innovation. Some £15 of benefit is returned for every £1 of investment, and we should remember the advantages of the Catapult centres as we come towards the Budget. Some 69% of business R and D can be found in the manufacturing sector, which highlights its importance to the wider economy. The UK is also championing the idea of horizontal innovation, whereby intelligence and technologies can be shared across industries, which could have a significant impact on how sectors such as shipbuilding and construction could learn from the best practice of industries such as the automotive sector.

Through-life engineering services—TES—are increasingly on the agenda, with manufacturers going beyond production to retain responsibility for maintaining systems throughout a product's life. I particularly commend Cranfield University for its work in that area, and I am pleased to co-chair the TES Council, which brings together industry leaders to discuss how best to develop such services. One area in which the UK leads its international counterparts is additive manufacturing, or 3D printing, which we can see at the high-value manufacturing technology centre in Ansty.

We are starting to see a recovery, but productivity in the services sector is outstripping that of the manufacturing sector. It is well documented that UK productivity is weak—stubbornly so, as the hon. Member for Hartlepool said. Job quality, whether through wages, skills and training or employment security, must continually improve for us to reverse poor productivity growth.

As a midlands MP, I take particular interest in the midlands engine initiative and look forward to the publication of the regional strategy—I hope that the Minister will shed more light on that. The midlands has a rich tradition of manufacturing and can be at the forefront of a manufacturing renaissance in this country. However, as has been noted, productivity in the west midlands has been consistently falling against the UK average. The midlands engine is a welcome initiative that can define our priorities and develop the skills we need in key industries such as the automotive sector on which we so heavily rely.

At today's Treasury questions, I asked the Chancellor about the provision of an adequate energy supply as electric vehicles become more prevalent. Companies such as Jaguar Land Rover are developing technologies that will shape the future of the sector, but they cannot do so without the necessary infrastructure. Electric cars will be the future, and it is important that we provide the necessary power so that we can build their batteries in the vicinity of those car plants. That is the kind of joined-up approach that will be so important.

The final point of the 15 in the productivity plan emphasises rebalancing the economy and regional empowerment. London and the south-east contribute an enormous amount to the national economy, but economic growth should be powered from every corner of the UK.

**James Morris** (Halesowen and Rowley Regis) (Con): My hon. Friend talks about the historical low productivity in the west midlands. Does he agree that the long-running under-investment in transport infrastructure, particularly

[James Morris]

in the road and rail network, is hampering the region's strong underlying economic fundamentals on exports? We need a higher rate of investment in our infrastructure in the west midlands.

**Chris White:** I most certainly agree with my hon. Friend. We should be looking to the productivity plan and the industrial strategy, which address issues such as infrastructure. The West Midlands combined authority and our local enterprise partnerships should come together to think about how we address issues such as our transport infrastructure far more effectively.

By allowing for strong economic growth, investing in infrastructure will increase our productivity, whether in transport or digital services. As with all such initiatives, it is important that individuals feel part of regional and national growth. That can only be beneficial for job satisfaction, which in turn increases the likelihood of the productivity plan achieving its aims.

I particularly highlight the need for the plan to be measured against clearly defined objectives using metrics. A loose framework can give useful direction but lacks the necessary precise approach and timescales. Tying skills development to the productivity plan must also be a priority. Identifying the changing landscape of our economy and the skills required to keep pace with that change will be a phenomenal challenge. Encouraging greater uptake of science, technology, engineering and maths, for example, is key.

Productivity is clearly an issue that needs to be addressed urgently. I welcome the Government's determination to put productivity at the heart of the industrial strategy and suggest that we must prioritise investment in R and D, as well as focusing on improving job quality. Embracing new technologies, such as through Industry 4.0, should be central to our approach.

2.38 pm

**Roger Mullin** (Kirkcaldy and Cowdenbeath) (SNP): I congratulate the hon. Member for Hartlepool (Mr Wright) and his Committee on their sterling work in this area. I was particularly intrigued by his opening remarks about the nature of these estimates debates and their weakness. I was reminded of my experience when I was faced with the House for the first time after being elected back in May 2015. I walked around and found all these peculiar signs, such as for the Vote Office, where the one thing we cannot do is vote. The one thing we are unable to do in estimates debates is scrutinise the estimates properly. That certainly needs to be addressed in the longer run.

I was also taken by what the hon. Member for Warwick and Leamington (Chris White) said about the importance of innovation for productivity. It reminded me of an old teacher of mine, Professor Tom Burns, who, in 1960, wrote a book along with Graham Stalker called "The Management of Innovation". How many years ago is that? It is a long, long time ago—57 years. The lessons of back then, when Professor Burns was talking about the growth of Marconi in Scotland, are just as relevant today in respect of what is involved in innovation. He argued that two main types of skills or knowledge needed to be deployed, and therefore developed in society. The first was the ability to have what he called "analytical skills", which we might relate to STEM

subjects and other quantitative skills. We need the ability to analyse problems and weaknesses, be it in technology, social fields or whatever, but that is not enough—we all know that we can analyse problems. Everyone in this House might agree what the level of unemployment is, but we would have different recipes to deal with it. So as well as having analytical skills, he said society had to be good at developing creative skills. That might be through "simple creative thinking", as we could call it today, but I believe he was thinking more widely about how we bring decision-making and judgment skills to enhance the capacity to meet new types of challenges.

The other thing that Professor Burns mentioned drew on what happened in Scotland in the 18th century, at the time of the Enlightenment, and the ideas produced there. His argument was that not only did we have some uniquely brilliant individuals but, for the first time, we had the effective networking of people and of ideas. We were not building false barriers between people, be it by subject or geography. We should reflect on that today as people too often get stuck in professional silos, with ideas not being shared and networked enough. The possibilities therefore do not come to fruition in the way that they might.

The final thing that Professor Burns said in this book of 57 years ago was that we needed circumstances in which people valued and encouraged the "application of novelty"—in other words, experimentation. We all know that if that is done well, it will inevitably lead to a failure rate, so risk taking, as we would call it today, has to be part of the recipe. One thing that Governments of all hues are very bad at doing is putting in place policies that recognise that although we are going to generate some things that might fail, that is worth it, because we will generate other things that are a great success.

**Michelle Thomson** (Edinburgh West) (Ind): My hon. Friend is making an excellent speech. I concur with what he is suggesting about entrepreneurs—our wealth creators—being given both the framework to succeed and the framework to fail. Does he agree that this is about looking at not just our innovation structures, but at more systemic issues such as banking? When a small business does fail, it is often hauled over the coals and loses absolutely everything, so we fundamentally need to change some of the ways in which we do business in this country.

**Roger Mullin:** I quite agree with my hon. Friend. Today I asked a question of the Chancellor of the Exchequer, which once again attracted the typical non-answer. I asked whether, given what has happened to businesses over the past few years, with things such as the RBS "dash for cash" and the like, there was not a case for having banks accept their duty of care towards the business community, and small and medium-sized enterprises. We need to look more widely at how we create a context that will really support innovation and risk taking.

**John Redwood:** What study have the Scottish Government made of the big impact on Scottish productivity of the pronounced decline in output from the North sea as the fields mature? What can they do to offset that?

**Roger Mullin:** The best thing I can do is leave that to my hon. Friend the Member for Aberdeen South (Callum McCaig), who is an expert in these matters. He will be

summing up for our party and is from that part of the country. I am aware that the Scottish Government have been undertaking considerable work on this matter. Our growth commission is under way, and part of its work deals with looking at precisely the matter the right hon. Gentleman raises. The commission is yet to report.

**Kirsty Blackman** (Aberdeen North) (SNP): My hon. Friend would agree that the Scottish National party is doing a lot on this issue. In Aberdeen, we are holding a meeting next week with the London Stock Exchange Group so that supply chain companies can learn about alternative methods of capital financing, meaning that we can secure those industries in our city and ensure that they can continue exporting way into the future.

**Roger Mullin:** I thank my hon. Friend for that intervention.

I wish to move on to another area that has been addressed. I believe it was the hon. Member for Horsham (Jeremy Quin) who mentioned the importance in our society of universities, the production of higher levels of knowledge and our research capability, and how that was a tremendous attraction if we are to drive up levels of productivity. I agree entirely with him, but there is a problem that we must be willing to face. The universities are under a type of strain that they have never faced before: the threat to the research community created by the Government's attitude towards EU nationals. I can take Members to universities in Scotland and show them people who are leaving, or planning to leave, the university and the research community because of the uncertainty created by this Government. If there is one thing the Government could do, either today or very soon after, to secure our research community, it would be to give these people absolute guarantees that they are welcome and will carry all their rights with them into the future.

Scotland has different productivity needs, one of which relates to our attitude towards immigration. I would argue that we need more immigration, of the right type. Many blockages to enhancing that immigration can be found in the Government's policies, and I wish to give hon. Members one example. A few years ago, for the tier 1 investor visa, the Government increased the sum that people would have to have to bring into the economy to invest in British business to a minimum of £2 million. I would be very happy for Scotland to attract people with a wee bit less than that to invest in Scottish business, because they could still do a tremendous amount of good.

As the Minister knows—we have discussed this in the past—another tier 1 visa is the entrepreneur visa. Residents and citizens of England or Scotland do not need bags of cash to become an entrepreneur. Indeed, some of our most wonderful entrepreneurs started with very little but an idea. What do we say to people who want to come here as entrepreneurs? At the moment we are saying, “You have to produce, in advance, a detailed business plan to be assessed.” It is doubtless to be assessed by the Home Office. They have to produce a business plan of how they will start a business in the UK, even though they are not in the UK. That strikes me as a wee problem to begin with. Secondly, they need a minimum of £50,000 in their back pocket to bring in with them to invest here, along with the business plan.

We would never ask that of people who live here domestically. There are therefore things that could be done to sort out a number of the supply-side blockages that prevent us from attracting some of the investors and entrepreneurs who could do so much to help to build capacity and improve productivity in our society in the longer run.

Finally I wish to touch on skills, which has also been mentioned. Many years ago—it was 1990 or 1991—in the early days of “competence-based qualifications”, we had a body called the National Council for Vocational Qualifications, which was based in London. The people there had seen me on a television programme, so they called me to ask whether I would come down to give it some advice. Because they waved a cheque in front of me, and being a Scotsman, I readily agreed. They said to me, “We have a problem with competence-based assessment. We are unsure that it is actually delivering and accrediting people for their competence.” I did a piece of work that they subsequently published, which I have never seen refuted, in which I said that the method of competence-based assessment operating in the UK would generate a vast number of false positives—that is, a large number of people who receive qualifications but are not actually competent. That might be a contributing factor to the fact there is no evidence at all that those who come into the labour market with competence-based qualifications are doing anything to enhance productivity in our society. There is therefore a long way to go, but it has been a privilege to take part in the debate.

2.50 pm

**Amanda Solloway** (Derby North) (Con): It is a great honour to follow the hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin); I always listen to him with great enthusiasm. It is also great to be here with fellow members of the Business, Energy and Industrial Strategy Committee. To add to the comments of my hon. Friend the Member for Bedford (Richard Fuller), it is a great privilege to serve under the chairmanship of the hon. Member for Hartlepool (Mr Wright).

Productivity is an essential driving force for the country's economy, with direct implications on our long-term growth, living standards and wages. Its importance was highlighted by my right hon. Friend the Chancellor of the Exchequer in his autumn statement back in November, when he spoke about how the UK is trailing behind several countries in terms of productivity, including the US and Germany. In seeking to tackle that problem, he announced £23 billion of investments, designed to improve output, with particular emphasis on infrastructure and housing. Along with the productivity plan and industrial strategy, that illustrates the Government's commitment and determination to making the UK the best place in the world—

**George Kerevan** (East Lothian) (SNP): I hope the hon. Lady will forgive me for interrupting her in her stride—she is making an interesting argument—but the largest proportion of the Chancellor's £23 billion productivity innovation plan is for house construction. How does that add to productivity?

**Amanda Solloway:** I will come to that later in my speech. I apologise, but I am having difficulty seeing today, so Members should shout loudly if they want to intervene.

[Amanda Solloway]

I was saying that the Government's commitment to making the UK the best place in the world to do business should be warmly welcomed by the House.

I have spent most of my life in retail and manufacturing, so I am acutely aware of the challenges faced by the sector, which are clearly not unique to the industry and can be seen throughout the business community. With the right foundations, business and industry can and will flourish; we just need to provide the right conditions, which the productivity plan rightly addresses. In doing so, it is essential for us to focus on improving the quality of our primary and secondary education to provide an adequate starting point for young people heading into further education, apprenticeships and employment. I welcome the Government's recognition that improvements to basic skills such as numeracy and literacy play a vital role, and the fact that they are putting those skills at the heart of their reforms. It is skill provision in general that I shall touch on today.

The UK's competitiveness in the open market is now more important than ever. Following the result of last year's referendum, as we seek to find new avenues for investment and trade, the potential opportunities for and contribution to our nation's productivity should not be underestimated. New capital, more competition, and new technologies will all be vital as we look to compete with the rest of the world.

From a Derby North perspective, the success of the midlands engine is incredibly important to me. The midlands engine strategy can be a vehicle to deliver policy that will not only increase productivity but support the vision for a successful United Kingdom. We have a strong offering in the midlands that can deliver growth that is not only balanced by sector, geography and trade, but sustainable, in that it creates skilled, highly productive roles backed by private sector investment. The midlands engine must focus on elements that give us competitive advantage, central to which is our expertise in key sectors, especially advanced manufacturing.

In my constituency alone we have a high density of original equipment manufacturers—such as Toyota, Rolls-Royce and Bombardier—and a well-established supply chain that serves them all. It is essential that we have the training and skills that match local employers' needs, which is something the productivity plan looks to address.

**Andrew Stephenson (Pendle) (Con):** Today I met Katie Goodwill, who won the gold medal in computer numerical control turning at the 2016 WorldSkills show in November, and Ryan Worthington, another award winner; both work for Rolls-Royce in Barnoldswick in my constituency. Does my hon. Friend agree that apprenticeships play a vital part in developing the skills we need to improve productivity, and join me in congratulating Katie and Ryan on their success?

**Amanda Solloway:** Of course I do, and I congratulate them both on their great success. I was about to mention the apprenticeship levy, which is essential because it encourages large businesses to invest in their workforce and in the future, and will ensure that the UK has the skilled workforce it needs in the years to come.

During my time as an MP, I have regularly heard that more needs to be done to tailor skills to play to local strengths and boost productivity. Brilliant work is being done in Derby to try to tackle that problem. For example, in response to the needs of businesses such as Rolls-Royce and Bombardier, the university in the city recently opened a new science, technology, engineering and maths building. Apprenticeship providers such as 3aaa are building initiatives to link employers, schools and apprenticeship providers to tailor skills. A great example is the recently opened construction academy in Derby North, which looks to encourage and train young people in the much-needed skill of bricklaying. More needs to be done to support such hard work, and giving the required resources to the productivity plan will do just that. Initiatives such as those I have mentioned can make a real difference locally, and will not only set the foundations for growth but keep the east midlands and the UK on the map as a place where a technically skilled workforce is in place to meet demand.

It is reported that there is an annual engineering skills gap of 82,000 staff, which is clearly cause for concern. However, it is widely recognised in Derby that the local worker supply chain is struggling to keep up with the demand for skills that employers need. There are, though, positive signs that with smart investment and the long-term vision that comes from the productivity plan, those problems can be overcome. The Government have shown that they are committed to tackling our productivity problem, whether it is through new funding and capital, or through education, infrastructure and research and development. It is imperative that we support the plans outlined as we look to implement a long-term vision for our economy. I certainly feel that for Derby and the east midlands there are some great proposals in the plan that will go a long way towards addressing our specific concerns, while also addressing the issue of productivity and output throughout the UK.

2.57 pm

**Michelle Thomson (Edinburgh West) (Ind):** It is a pleasure to take part in this debate. I commend the hon. Member for Hartlepool (Mr Wright) for his contribution and for his leadership of the Select Committee. I reiterate a point that he made: the productivity plan, "Fixing the foundations", was published in July 2015. We should step back and think about the radical changes we have seen since then, because it is ever a moving target. We have a new Department for Business, Energy and Industrial Strategy, a new Prime Minister, a new Cabinet, an industrial strategy Green Paper and, fundamentally, a new relationship with the EU. In terms of the estimates, it is indeed a moving target. There is a real challenge in the macro relationships of how we get policy provision to guide us going forward among all that shifting.

Obviously the most important of those changes is Brexit, and how the Government respond to it will be crucial for the future of any industrial strategy or productivity plan. Prime Ministers come and go and Departments get renamed, but leaving the EU is the sort of event that is going to take massive energy to achieve anything positive. Worryingly, the rhetoric I have heard so far does not fill me with a great deal of faith. We are undermining some of the noble intentions of the productivity plan and industrial strategy. Putting up barriers will have an impact on productivity. I am in

no way convinced by some of the grandiose sentiments along the lines of, "If everything doesn't work out, we can always revert to World Trade Organisation rules"—most people do not seem to be aware that the fundamental work of revising and agreeing schedules is a massive amount of work in itself.

It is probably not a surprise to my colleagues here that I will focus briefly on Scotland, as is my wont in every BEIS Committee as well. A good job has been done with productivity in Scotland. We are now at the point where our output per hour is much the same as the UK average, and that has happened over the past 10 years. We have managed to close the large gap, but, as has been commented on previously, we are, frankly nowhere in terms of the wider UK. I managed to dig out the statistics that I quoted last year and the research that I had done in the House of Commons Library, which showed that Norway's productivity was 77% ahead of the UK, and that continues to shock me.

The analysis paper of the respected think-tank, the Fraser of Allander Institute, on the impact of Brexit suggests that Scottish productivity will be negatively affected by leaving the European Union. To me, that is absolutely fundamental. Ending the free movement of people and thus reducing labour mobility is a fundamental issue for us in Scotland, and it cannot be overstated. One impact could be reduced inward investment, which could affect higher productivity.

Commitment 55 in the productivity plan report calls for a continuation of

"the long term decarbonisation of the UK's energy sector through a framework that supports cost effective low carbon investment."

The industrial strategy Green Paper then adds to that by calling for an upgrade in infrastructure and a delivery of affordable energy and clean growth. However, from my point of view, this Government are actively undermining these laudable aims by selling off the Green Investment Bank with undue haste. I understand in principle why one might want to capital raise, but I remind the Minister that the Green Investment Bank is quite clear that it does not need to capital raise until 2018. Furthermore, in terms of the nature and the type of projects that have been selected to address market failure, I now have a concern that there will continue to be a gap. Yes, market failure has been affected, and even blocked, by the introduction of the Green Investment Bank in some areas, but it has yet to be addressed in other areas.

**George Kerevan:** Is my hon. Friend aware that Macquarie Bank wants to buy the Green Investment Bank for the brand name, so that it can exclude competitors from taking part in local authority environmental investment schemes? Selling the bank will mean less competition in environmental investment, which in turn means reduced productivity in the long run.

**Michelle Thomson:** I am aware of that, and I have had conversations with the Minister, Macquarie and the Green Investment Bank. The fundamental concern is that, potentially, Scotland risks losing an asset in terms of the headquarters in Edinburgh. Despite the assurances of the preferred bidder—let us call it Macquarie—I will be watching this matter very carefully, because there is a risk that we will lose head office functions and the board. Going back to my hon. Friend's point, it is building an infrastructure that enables productivity and

these kind of things to succeed. If we put in public capital investment and we then do not get the value from it, that seems to me to be short-sighted and misguided. Equally, without the firm commitment to maintaining jobs in Scotland, all the productivity plans and industrial strategies in the world will not address the regional disparities that we see in Scotland, especially if we promptly roll away all these things.

On carbon capture and storage, we have spent £100 million on two competitions to try to kick start this new technology. We heard yesterday on a BEIS Committee day trip to Edinburgh that that is very difficult, and I accept that. As my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin) commented, we must be prepared to take risks to drive things forward for future gain. We accept that £100 million has been spent, but if we do not press ahead with some of these proposed projects, our country could once again lose its competitive advantage, and we cannot rule that out and forget about it.

I am most concerned by some of the narrow-minded views that have been exhibited in some of the debates around Brexit. They have a pervasive narrative that sounds isolationist and deeply disappointing when it comes to the wealth of opportunities of renewable energy. For example, a new interconnector between Scotland and Norway will soon allow the transfer of wind power and hydro power between the two nations, allowing them both to cut their emissions. This is not the time for retrenching and retreating. Construction has also started on a new 1 GW interconnector to France, further demonstrating our inter-dependence with our European neighbours.

Let me move away from energy and quickly dwell on some of the other issues that have been most affected by Brexit in the productivity plan. The first is the issue of international students. In the BEIS report on the productivity plan we said:

"We recommend the Government does not allow migration pressures to influence student or post-study visa decisions. It is illogical to educate foreign students to one of the highest standards in the world only for them to leave before they have had an opportunity to contribute to the UK economy."

I have a story from my constituency of Edinburgh West. A remarkable young man, Mr Olubenga Ibikunle, won a substantial sum of money to do a PhD in civil and coastal engineering. As soon as he completed his course, he was turfed out. The level of his ground-breaking research, commitment and dedication to self-improvement means that he is exactly the sort of person that we would like to keep in Scotland.

The Prime Minister refused to consider removing students from net migration targets when she was in front of the Liaison Committee. I hope that she will reconsider her position, because international student numbers are already beginning to fall as evidenced by the latest immigration statistics. We cannot allow our position as a world leader for international students to be eroded by a dogmatic fixation on an arbitrary target of tens of thousands of migrants.

**Kirsty Blackman:** Obviously, Scotland's higher education sector is a huge success story and does fabulous work. The Smith Commission explicitly mentioned that we should be looking at the possibility of a post-study work visa in future for Scotland. The UK Government

[Kirsty Blackman]

have announced that they might consider that for some universities in the south of England, but that does not help universities in my constituency, or in the constituency of my hon. Friend.

**Michelle Thomson:** I absolutely agree with my hon. Friend. Part of the problem could be solved by devolving those powers to Scotland so that we can protect our own higher education sector.

We have also heard this month from the chief executive of Innovate Finance, Lawrence Wintermeyer, who told the BBC that

“Brexit has had a chilling impact on investment.”

Investment is vital to industrial strategy and productivity. Wintermeyer backed up his statement with figures that show venture capital investment in FinTech firms, which is vital for my city of Edinburgh, has dropped in the UK from £970 million in 2015 to £632 million in 2016. In objective 12 of the productivity plan, the Government used Innovate Finance’s investment figures as a measure of success.

Finally, the productivity plan wanted to

“help deliver a Europe that is more dynamic and outward focused...by accelerating the integration of the single market, completing trade agreements, and improving the quality of regulation.”

**Roger Mullin:** That is a good idea.

**Michelle Thomson:** Yes, indeed. It was a sensible aim at the time and it is one that Scotland still supports. I hope that the Prime Minister takes serious note of the Scottish Government’s proposals to keep Scotland in the EU. She could then come back to us having had substantive discussions of what is contained in the paper. Obviously, we would formulate a considered response, but Scotland regards the proposals as vital. We are committed and dedicated to growing our economy, creating wealth, and increasing our productivity, but we cannot do it on our own and we need help. We are ambitious and we want Scotland to grow, and we say to the Government: do not hold us back.

Several hon. Members *rose*—

**Mr Deputy Speaker (Mr Lindsay Hoyle):** I call Mr Quin—*[Interruption.]* Mr Jeremy Quin.

3.8 pm

**Jeremy Quin (Horsham) (Con):** I am most grateful to you, Mr Deputy Speaker, for calling me. I was thinking long and hard about the wise words of the hon. Lady who preceded me.

This is a debate in which we are showing the way for the UK economy. Up until now, the debate has been of a very high quality, albeit with a relatively low number of Members present. It was opened by the hon. Member for Hartlepool (Mr Wright). It has been a pleasure to work under his joint chairmanship of the Select Committee investigation into BHS and Sir Philip Green. I believe there has been some news on that this afternoon.

**Mr Wright:** Take your glasses off.

**Jeremy Quin:** Indeed.

**Michelle Thomson:** I hope we can agree that it is due to the successful joint working of the BEIS Committee and the Work and Pensions Committee that this afternoon we have seen Sir Philip Green agree to pay £363 billion into the pension scheme.

**Jeremy Quin:** I also heard the figure of £363 million. I, too, hope that it may be a tribute to the work of the Committee and, in particular, the joint Chairs of the inquiry. However, having taken part in that investigation, I take nothing at face value. I hope the hon. Lady will forgive me if I do some proper research before saying how happy I am. I hope there will be grounds for happiness, particularly for the pensioners involved.

In his introduction, the hon. Member for Hartlepool quoted Paul Krugman:

“Productivity isn’t everything, but in the long run it is almost everything.”

It is rare that I concur with the *éminence grise* of economists on the Opposition Benches, but on this—uniquely, perhaps—I think the hon. Gentleman is right. I hasten to add that there are two clauses to that sentence. The first is, “Productivity isn’t everything”. I agreed with the interventions made, which I will dwell on for a minute, by my right hon. Friend the Member for Wokingham (John Redwood) and my hon. Friend the Member for Newark (Robert Jenrick) regarding employment. We have to start with the realisation that where we come from economically could be a lot worse.

Many of us will recall vividly the impact of the dreadful recessions of the ’80s and ’90s in which homes were repossessed, factories were laid waste and there was mass unemployment. It has been bad enough this time around. We are still facing the challenge of rebalancing our fiscal position, but coming through the 2008 financial crisis—the worse since the 1930s—we have had some stellar successes. We have grown the economy since 2010 faster than any country in the G7 other than the United States. We enjoy the highest rate of employment on record; households with no workers are at the lowest level for 30 years. Youth unemployment for those who have left education stands at less than 6%.

It seems strange that I am saying this but, yes, I greatly admire the French and French productivity. We have much to learn and do, but I would rather be here debating a plan for improving our long-term productivity than standing in the *Assemblée Nationale* trying to defend high rates of youth unemployment. A distinguished economist and a distinguished statistician—even if he cannot count up to 57—are both in the Chamber, and I hope they will forgive me for saying that whenever something is referred to as a “long-term problem” by an economist, it normally means that they find it hard to measure in the short term.

Great trends in productivity are easy to spot, especially after the event. Instantaneous judgments are still worse, and forecasting is less easy. Before tackling what we should be doing better, we should keep an eye on where we are currently. This recession was very different from its predecessors. Although it was not always adhered to—there are some ghastly, scandalous examples, some of which have been highlighted by the hon. Member for East Lothian (George Kerevan—there was, by and large, a policy at the top levels of banks to practise forbearance,

and by Her Majesty's Revenue and Customs on troubled businesses. This, combined with base rates at low levels, provided the lifeline through the recession for many firms.

This also went with the grain of how businesses wanted to operate. Businesses could remember how frustrating it was in the '80s and '90s to fire highly trained, experienced and loyal employees, only desperately to try to re-recruit the same individuals two or three years later. They wanted to avoid those problems this time. It is a tribute to employees and unions that there was a recognition that constrained wage growth would enable more people to stay employed through the recession. The legacy is clear. We have not had the increase in unemployment that has helped to flatter the productivity growth of many of our competitors. I am glad of it because a labour force that has retained its skills and its practices is a vital asset.

High rates of employment are a boost to the UK while being negative for our productivity. We are not, of course, alone in having high rates of employment. The hon. Member for Hartlepool referred to the German economy, which is some 20% more productive than ours, despite similar rates of employment. My only note of caution about Germany's incredibly impressive productivity performance is that we are talking about two very different economies.

Germany's economy has an unrivalled capacity to produce capital goods that are hugely in demand from emerging markets going through a strong growth period, underpinning already firm foundations in that economy. But there is a caveat. My hon. Friend the Member for Warwick and Leamington (Chris White) also mentioned the German economy. I spoke regularly in my prior employment to German businesses and opinion formers, who were acutely aware that, although they were producing hugely sought after assets of huge value at the current phase of economic expansion, they looked to our economy and our ability to deliver on services and tech, as potentially the drivers of the next phase of economic development.

I do not for one second suggest that we should rest on our laurels, especially as the two most productive sectors in the UK—financial services and, looking at the hon. Member for Aberdeen North (Kirsty Blackman), North sea oil—have suffered most in the past decade. It goes without saying that we need to broaden and drive the overall success of the economy, but we should not dismiss too readily the strength of the platform from which we start.

The Government's productivity plan is a solid document that has been made even more solid by the 10 pillars of wisdom in the industrial strategy that was published earlier this year. I will pick up three broad themes within it: infrastructure, people and finance. As the House will be aware, we have one of the most congested road networks of anywhere in the G7. I welcome the targeted investment announced by the Government in the autumn statement. Infrastructure spend has two benefits. The practical one is shifting goods from A to B, but there is also a psychological benefit on people's ability and interest in spending and investing in the private sector. In both contexts, I welcome the decision on the third runway at Heathrow, and the ongoing delivery of Crossrail, which each have a psychological benefit way ahead of the immense direct practical benefit.

It may sound strange that, as a Member of Parliament proud to represent a Sussex seat, I also endorse what the Government are doing on the northern powerhouse. Anyone who has taken more than a slight look at the extraordinary extra housing numbers required in Mid Sussex and focused on their implications, and anyone who has endured the congestion on Southern rail—when it is running—or tried the M23, would know why support for a balanced growth in the economy is a general point right the way across the UK.

Our people are our country's most important asset, just as they are any company's. A fair point that was picked up in the Business, Energy and Industrial Strategy Committee report is the importance of parity of esteem between university students and those who choose more vocational routes. I am delighted that the institute for apprenticeships will be up and running in a few weeks, providing vigour and scrutiny to the courses being rolled out as part of the apprenticeship levy. Alongside that, I welcome the Government's continuing commitment to the Catapults, and their boost to research and development—both new ventures. Assisting in the key phase between product development and launch is to be welcomed. It is the biggest boost to R and D at any stage since 1979—a good year. This is the right point in the cycle to be making that investment. However, in the long term, Government investment to support economic growth, proportionate and appropriate though it is, should not be seen as an end in itself. It can be dwarfed by the available capital in corporate coffers looking for a home. Government investment can oil the wheels and improve tax efficiency, as it is doing, on R and D.

Patient capital, which is incredibly important—I look forward to the report—must be encouraged, but it is to the private sector that we must really look to take up the challenge and invest. The sector knows that it will be doing so with a Government who are on a path to long-term fiscal sustainability, who are driving up education and training standards and, as they have shown with Heathrow, are prepared to take difficult decisions to boost our infrastructure.

Now is the time to invest in the UK economy. Nissan, Facebook, SoftBank and Google are all showing the way. UK companies should continue to take up the gauntlet. We have a good economic platform. Now is the time to invest; it will not only be our productivity growth rates that benefit.

3.18 pm

**Amanda Milling** (Cannock Chase) (Con): It is a real pleasure to follow my hon. Friend the Member for Horsham (Jeremy Quin), with whom I sat on the joint Committee inquiry, and so many colleagues from the Business, Energy and Industrial Committee including: the hon. Member for Edinburgh West (Michelle Thomson) who, as ever, demonstrated she is a strong voice for Scotland on the Committee; our excellent Chair; and my hon. Friends the Members for Derby North (Amanda Solloway) and for Warwick and Leamington (Chris White).

Many Members have mentioned that the Government's focus on productivity is very welcome. While many economic indicators are good—we have debated the fall in unemployment this afternoon—productivity remains stubbornly poor, and the word "stubbornly" has been

[Amanda Milling]

mentioned several times this afternoon. If we are to ensure a sustainable economic recovery—one that is resilient to potential economic challenges—we really do need to address the issue of productivity. Let us be honest: that is not something new, and it is an issue that successive Governments of all political parties have struggled to tackle.

The Government's focus on improving our productivity was first introduced with the publication of the productivity plan back in 2015. As other members of the Committee have outlined, we conducted an inquiry into the plan, and I want to pick up on a number of the points and concerns the Committee raised. One was about the lack of real focus—more specifically, the lack of measurable objectives—in the plan, and I want to come back to that. There was also the lack of a real plan in terms of implementation, milestones and timeframes. To be honest, there was a sense that, in some ways, the plan was a bit of a basket of different policies, rather than necessarily a strategic plan for the future. Some of those issues are relevant when we look at the industrial strategy—the Green Paper on it was published earlier this year.

I think it is fair to say—I am looking to the Chairman of the Committee for a nod at this point—that the fact that the Government response provided some measurable objectives was welcome. The Committee did not necessarily agree with all of them, but we were pleased that there were some measurements and metrics in there.

As everybody has mentioned this afternoon, the focus on productivity has been central to the Government's energy since the new Prime Minister took office. She has been very clear that she wants to create an economy that works for everyone. A key part of delivering that will be developing this new, modern industrial strategy, and, as I said, we saw the publication of the Green Paper in January. I want to pull out something that was in the Secretary of State's introduction to the industrial strategy Green Paper:

“the Government is committed to a modern industrial strategy. Its objective is to improve living standards and economic growth by increasing productivity and driving growth across the whole country.”

In short, the industrial strategy has productivity at its heart.

I am sorry to repeat the same point, but many Members have already mentioned that our productivity is poor, and we underperform compared with international counterparts—we are equal fifth with Canada among the G7 countries. Our productivity is 18 percentage points below the average for the rest of the G7. However, there is also a significant disparity regionally, and the Chairman of the Committee made the same point. As the Chancellor said in January:

“The challenge before us is to work out how to spread across the economy the best practice in productivity...so that all regions, and all corners and sectors of our economy, can share in this productivity performance and thus deliver the higher real wages and living standards that that implies.”—[*Official Report*, 24 January 2017; Vol. 620, c. 236.]

It has already been mentioned that London has the highest productivity of any region or country in the UK—let us be honest, that is not necessarily surprising. The only other region above the UK average in 2014 was the south-east.

What was really worrying to me, as a Staffordshire MP, was the position of the west midlands. We are the worst-performing English region. The question I have been asking myself is, why are the west midlands performing so poorly relative to other regions? More specifically, what do we need to do to address that? My hon. Friends the Members for Derby North and for Warwick and Leamington talked about some of the excellent manufacturing businesses we have in the west midlands. We have Jaguar Land Rover, JCB, Toyota and Rolls-Royce to name just a few. Is the issue the make-up of our businesses, or is it, as my hon. Friend the Member for Halesowen and Rowley Regis (James Morris) mentioned, transport? The M6 is not a million miles from my constituency.

**Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): My hon. Friend makes a good point about transport connectivity, but does she agree that as well as road connectivity, rail and freight rail connectivity are particularly important? The Felixstowe to Nuneaton freight rail link is essential to ensure that freight and goods can get out through Felixstowe port, and improvements to the line are essential if we are to deliver the improved productivity in her region that she talks about.

**Amanda Milling:** I am grateful for my hon. Friend's intervention, and some Members might hope that I do not start to talk about rail in too much detail, because I have spoken about it a lot in the House. My hon. Friend makes an incredibly important point, and one of the issues with the west coast main line is capacity in terms of not only passenger trains but freight trains. That is a key part of the transport infrastructure piece we need to look at. This is about road and rail, among other things.

One question I want to ask the Minister is: what is being done to look at the drivers of this regional disparity so that the different regions can understand what they need to do to address it?

**George Kerevan:** On that point, there is perhaps a third reason why manufacturing areas such as hers find it difficult to compete with European levels of productivity, which is that we have a very small equity market for medium-scale industrial firms. They have to rely on bank financing, which is very inefficient. In the United States and Germany, firms can get equity funding, and it is much easier for medium-sized manufacturers to expand.

**Amanda Milling:** The hon. Gentleman makes an interesting point, and it is one that the Select Committee explored in relation to access to finance. There is an over-reliance on bank lending. There is a plethora of ways in which we can finance small businesses, but people do not necessarily look at all the options available to them.

Let me go back to the point about the regions. In the context of devolution, we have combined authorities and local authorities, and in my area we have the midlands engine. I would be interested to hear what support the Government will give those different bodies to try to improve productivity in their areas.

Another point I want to pick up on is that it is very evident in the productivity plan and the industrial strategy that they require cross-Whitehall buy-in, and a number

of Whitehall Departments are involved. Before I go into detail on that, let me say that the productivity plan was really led by the Treasury, while the industrial strategy is largely led by the Department for Business, Energy and Industrial Strategy. That raises a couple of questions. To what extent does the Treasury have input into the design of the industrial strategy? What is the relationship between the productivity plan and the industrial strategy? Is the industrial strategy the successor of the productivity plan? If not, how will the two work together, and who will manage them, given that they came from different Departments in the first instance? We have talked about transport, skills, and digital infrastructure. In looking to deliver the industrial strategy, we need many Departments to be fully bought into that. For instance, during this Parliament there has been a real focus on various Departments owning exports and taking a degree of responsibility for that area. It is welcome news that the Prime Minister chairs the Economy and Industrial Strategy Committee and the Secretary of State for Business, Energy and Industrial Strategy serves on a lot of Sub-Cabinet Committees. What are the Government doing to ensure that the industrial strategy is truly embedded into each of the Departments and that they take responsibility and are accountable for its delivery, thereby in turn improving our productivity?

I want to make a point about measuring success. My hon. Friend the Member for Warwick and Leamington touched on this. It goes back to my original point about the productivity plan. We had concerns as a Committee that the productivity plan was lacking in measurable metrics and delivery timeframes. During the course of our inquiry, it was really noticeable that if we asked people how they defined "industrial strategy", we got a whole wide range of answers. We need to be very clear about what it is, but also how it is going to be measured so that we can assess whether we are succeeding or otherwise. As we all know, it takes time to see whether we are improving our productivity, so I would also be interested to understand what is being done in the short term to assess our progress on that.

I think we all welcome the focus on productivity. A number of Members have talked about the balance between productivity and employment rates. We need to try to tackle this ongoing issue that we have faced for decades. As a west midlands MP, I think we really do need to look at how we can rebalance and improve our productivity in the regions. I do not want to see the west midlands at the bottom of the English areas in this regard. I welcome the industrial strategy because it looks to have productivity at its heart, but we need to have a commitment to it across Government. We need to look at how it works at a regional level, and to have clear metrics.

3.31 pm

**Robert Jenrick** (Newark) (Con): It is a pleasure to speak in this debate. I congratulate the Chair of the Business, Energy and Industrial Strategy Committee and its other members, most of whom are here, on their success in pursuing tenaciously Philip Green. I have heard during the course of the debate that he is making a payment equivalent to four of his super-yachts, and that will be on the way as soon as possible. That shows that tenacious and persistent Select Committee questioning can yield results.

I do not intend to speak for long, having spoken in at least two similar debates on this topic over the past year or two. During that time, as a result of a management change, productivity plans have become industrial strategies, but I hope that most of the salient points will remain from the previous approach. The first point I want to make is one that my right hon. Friend the Member for Wokingham (John Redwood) and I made earlier: that we have to proceed with some caution before we are too blasé about the incredible job creation record of this Government and their predecessor. In my constituency, unemployment is now about 0.5%. The average wage in my town remains pretty low, at about £22,000 or £23,000 a year. Like other right hon. and hon. Members, I would like to see wages rise and none of my constituents stuck in poorly paid, low-skilled jobs. I want everyone to have not just the dignity and security of a job but the fulfilment of a career path to better-paid, better-skilled employment. However, we have to be careful before wishing away these jobs. One piece in this country's productivity puzzle that is perfectly explicable is the fact that we have had extremely high levels of employment while some of our competitors have not. I am sure that none of us in this House would wish to replicate the levels of employment in countries in continental Europe such as France, Spain and Italy.

Immigration has certainly played a part in this. In my constituency, the fact of very high levels of migrants coming into my community has led to very little pressure on wages. Local employers I have met, particularly in the low-skilled or even unskilled areas of food production, agriculture and the care sector, have seen no demand on them to increase wages in the past five years or even more. That will of course change with Brexit. It will be a major challenge to my local economy, as to the whole country, to maintain this level of employment in those circumstances. Having said that, we obviously all share the objective of becoming a country in which people are not just employed, but well paid.

**Dr Poulter:** My hon. Friend makes some good points about productivity challenges and those of stagnating and low wages in certain sectors. I caution him, however, on the care sector, because workers from the EU and from further overseas fill those jobs. The care sector faces huge challenges in finding enough people to do that work, be they from overseas or from Britain, and, in the long term, the issue of wages is not going to be solved by Brexit.

**Robert Jenrick:** I apologise if I chose my words poorly, but the point that I was trying to make is that we need to exercise great caution, because two things have had an effect. The first is that high levels of immigration have meant that wages have been suppressed, but as we leave the European Union we also need to ensure that people continue to do those jobs, whether they be in the care sector or, indeed, in the food production industry in my constituency. There is a challenge ahead for the Government not only to maintain employment levels, but to ensure that there is a better-paid workforce.

Secondly, as has already been said, a major contributor to our loss of, or stagnating, productivity in recent years has been the decline in the financial services sector since the financial crash of 2008. That has happened not just in London, but across the country, including Edinburgh in Scotland, Manchester and my own city of Nottingham,

[Robert Jenrick]

where the related company Experian is based. There are fewer jobs and less productivity. Nobody is a friend of investment bankers, but they are highly productive members of the economy and we need to be careful about how we accommodate the financial services sector post-Brexit. Personally, I am fairly optimistic about the future, given that those investment bankers and lawyers to whom I have spoken will not follow the entreaties of Mr Macron and move to France, with its sclerotic, socialist economy, any time soon.

We need to be careful, however, about how we proceed in tackling the productivity gap. I am particularly cautious about spending more money and getting the country into further debt. The national debt, of course, is £1.8 trillion and it is increasing at a rate of £5,000 per second. Levels of austerity have been grossly overstated: public spending has fallen by only 5% or 6% in real terms since 2010. Although it has fallen as a percentage of GDP, it remains a major problem, and I am particularly concerned that fewer and fewer right hon. and hon. Members even mention the debt and the deficit as part of our national dialogue. That needs to change, because the greatest threat to our economy and productivity is the debt we are leaving to future generations.

**George Kerevan:** I presume that the hon. Gentleman is aware that when Harold Macmillan was Chancellor of the Exchequer, the national debt was double what it is now. Even though it has doubled in the past 10 years, it was double the current figure as a proportion of GDP, and the economy was growing even faster and productivity was even higher.

**Robert Jenrick:** The problem with higher levels of debt lies not just in passing it on to future generations, but in the consequences of that for them. It will mean higher taxes, a less competitive economy and poorer productivity for generations to come. Just because many of our competitors around the world, including the United States under President Trump, have chosen to go down that path, that does not mean that we should follow them. I for one want a Government who in the years to come tackle the debt and deficit as aggressively as they have done in the past.

I am cautious of trying to tackle the productivity gap by spending money on high-expenditure infrastructure projects that have over-optimistic claims—a result, I am afraid, of politicians being both their promoter and their scrutineer. I suspect that HS2 falls into that category.

I welcome the National Infrastructure Commission. I hope that it has teeth and that it will provide balance and ensure that we start investing in those infrastructure projects that actually improve productivity and take long-term decisions for the future of the country. Given the current scale of the national debt, borrowing for rushed, so-called shovel-ready projects will have a limited multiplier effect and will only add to the debt burden, thereby necessitating future tax increases and a less competitive economy in the years to come.

I am in favour of us investing in those infrastructure projects that promote long-term growth which do not necessarily cost the earth and have the highest productivity potential. I am also interested in supply-side reforms that cost either little or nothing at all, such as deregulation

and tax simplification, or that are likely easily to pay for themselves, including the creation of a lower-tax economy that will benefit us for years to come. Let me take each of those points in turn.

In relation to creating a longer-term, higher-growth investment plan that will tackle low levels of productivity, I have some sympathy with some of the areas that have already been discussed. The congestion on our roads is a major issue. As hon. Members have mentioned, our roads are among the most congested of any country in the G7. This does not necessarily require the most expensive road investment strategies, but it does require investment in bypasses, junctions and mending potholes. My own town of Newark is one of the most congested towns in the midlands, and freeing it up would give a major boost to the economic prospects of the whole of the east midlands.

We should take some long-term decisions even though they are expensive, such as investing in Heathrow. No Government who actually believe in tackling the productivity gap or in putting us in the right position to be a global trading nation can afford to let such a decision be pushed further into the future. Less sexy decisions to do with long-term infrastructure are also important. We heard my hon. Friend the Member for Central Suffolk and North Ipswich (Dr Poulter) talk about trying to sort out the problems of freight on our road and rail. I am sure that my friend Sir John Peace, the head of the Government's midlands engine, will make that a priority in his forthcoming report.

Lastly, it is very important to take seriously the need to reduce energy costs for manufacturing and other parts of our economy. It is of course important to produce a sustainable energy economy and ecosystem, but we are pricing out many of our most important manufacturing businesses with expensive energy projects. I am particularly concerned about some of the Government's decisions in recent years that have produced extremely expensive projects, for which we will have to pay for years to come. It was imprudent of us to have closed some of our power stations, such as Cottam in my constituency, which were operating perfectly well and helping to keep energy costs down for consumers and businesses.

On supply-side reforms, I think tax simplification is extremely important. Frankly, no Government since the chancellorship of Nigel Lawson have taken tax simplification seriously in this country. The former Chancellor, my right hon. Friend the Member for Tatton (Mr Osborne), took an interest in this matter—he created the Office of Tax Simplification—but, in fact, relatively little happened, and the tax code only increased in length. Tax simplification need not cost the taxpayer anything at all, but it would make a huge difference by making it easier, not harder, to employ people, to grow the economy and to get investment into this country.

On our tax competitiveness, it is extremely important that we continue the pattern created by the previous Chancellor of reducing our corporation tax to levels that are among the most competitive in the world. Clearly, there may be new challenges ahead with the United States, if indeed they materialise, but it is extremely important for us to persist. I thought the former Chancellor was right, despite some rather opportunistic criticism from the Labour party, to reduce capital gains tax. Even with the changes, capital gains tax will remain higher

under the Conservative Government than it was at the end of the Gordon Brown era, so that intervention by Labour was really baffling. We need an economy that is the most tax competitive we can possibly make it.

We have already spoken about research and development. Incentives for research and development, such as the reliefs created by the coalition Government, have been extremely effective, as I know from speaking to large and small companies in my constituency, and I would like them to continue.

As we approach Brexit, it is extremely important that the Department starts to look, industry by industry, at what low-cost deregulation could be achieved that does not sacrifice workers' rights or infringe sensible environmental protections, but may be a game changer in those industries. In the two or three industries I have worked in—the legal sector, and running an auction house—there are European regulations the repeal of which would not be offensive to most people in this country, and that would give us a small but none the less significant competitive advantage over our major competitors in other countries. I will not bore the House with the details of such regulations, but the Government, in preparation for our departure from the European Union, should now work on a sectoral or industry-by-industry basis to work out which they are.

The penultimate point I want to make is that we should give greater thought to the long-term sustainability of the British economy. I am concerned not only about the deficit, but about welfare, and the Government should look at our state retirement age. It is inevitable that with an ageing population all of us will need to work longer. This produces a number of major challenges, particularly for those who work in sectors, such as on the shop floor or in heavy industry, where the work is extremely tiring. There is no doubt that people will need to retire or change career at a later stage. It is inevitable that the Government will have to look at this and act quickly if we want to signal to the markets our continued careful stewardship of the economy.

It is extremely important now, particularly as we are leaving the European Union and setting our sights on the world beyond, that we invest more of our time and effort in creating the kind of entrepreneurial culture found in the United States that this country has never quite managed to replicate. This will mean more allowances for entrepreneurs. I would like to see entrepreneurs' allowances preserved, if not increased. I would be interested in them being focused on longer-term investments. At the moment, most reliefs are available after, I think, only a year of holding assets. They could be focused on investments further in the future.

**Roger Mullin:** Does the hon. Gentleman agree with my point that the tier 1 visa regime is counterproductive in that respect, and that much more could be done to encourage entrepreneurs to come here?

**Robert Jenrick:** I am sympathetic to that argument. There is a lot more we can do, when we create our own immigration system after we leave the European Union, to attract the most talented people from the rest of the world, including entrepreneurs. The examples of Israel and Australia, which have different systems for attracting entrepreneurs, are good ones to look at. I urge the Minister to give some consideration to them, particularly

the Israeli example which has had a lot of success at luring successful entrepreneurs back to Israel from places like silicon valley.

It is incumbent on this House to place creating an entrepreneurial culture at the heart of everything we do. That includes tax rates. I am afraid it includes having to find a reward for enterprise. It means considering the 45p rate of tax and making other difficult political choices. But if we want to inspire a generation to innovate to create businesses, we have to ensure that they feel fully rewarded here, particularly versus our competitors. Many of our competitors in the modern economy are not the competitors of five or 10 years ago. They are Dubai, Singapore and parts of the world that have no capital gains tax, limited corporation tax, if any, and where entrepreneurs are able to keep the lion's share of the profits. I am not for a moment suggesting that we go as far as that, but I think we have to view our competitors much more widely than we do today.

I am grateful for this opportunity to speak in the debate and thank the Select Committee for its continued work on these issues.

3.47 pm

**Richard Fuller (Bedford) (Con):** It is a great pleasure to follow my hon. Friend the Member for Newark (Robert Jenrick). I agreed with almost everything he said.

Just to remind everyone why we are here, let me say that this debate is about the supplementary estimate for the Department for Business, Energy and Industrial Strategy. This is the point at which the Government own up at the end of the year to where they are spending too much or too little against what they said they were going to spend, and set out whether they are going to invest more or less than they said they would. The variance can sometimes involve outstanding amounts of money. For this year, the Department is requesting further resources to be expended not exceeding £10.7 billion; that resources for capital purposes be reduced by £10.5 billion; and that the sum authorised for issue out of the Consolidated Fund be reduced by £13.8 billion. Those are large changes, but to spare the Minister's blushes, let me say that he knows well that that is because of major structural changes in the Department over the year that have moved it from being an expenditure-heavy sector to one that will be ultimately much more focused on capital.

I challenge anyone to wade through document HC 946 and understand where the money is going—if they can do so, they are a better person than me. Given that the Minister is so sensible, may I ask him to challenge the Government to put a couple of things into these documents that reflect the current times? First, on variance at the end of year—when Departments are looking for more or less money—can they explicitly say, “Here is where we have saved money”? As several hon. Members have pointed out, people accept that we have to live within our means, so why can we not use this end-of-year variance accounting to say explicitly, “These are the areas where we have wished to save money,” because it would be a good opportunity to get the message out?

Secondly, on capital budgets, it would be nice in an end-of-year summary to get a sense of the return on

[Richard Fuller]

capital to remind us how the Government judge the returns on the projects they are asking about through the variance—either when they are cutting money, as in this case, or if they are asking for more money. That is my overall point about estimates. I am just asking for a few things to improve the process for those of us who cannot easily understand what is going on from looking at six columns of numbers.

This debate also comes in the context of the productivity plan and its younger sibling, the document on the industrial strategy. Those two documents sit together. I very much welcome the initiative of my right hon. Friend the Member for Tatton (Mr Osborne) and the current Secretary of State for Communities and Local Government—he was then the Secretary of State for Business, Innovation and Skills—to pull together these various projects into a productivity plan. Yes, that plan was a bit of a mixed bag of initiatives that could easily have suffered from the criticism that my right hon. Friends were just pulling things together into a single document but, my goodness, at least we had a single document against which we could evaluate projects and with which we could hold the Government to account on this crucial issue of productivity.

Productivity is one of those shrouds that politicians like to grab hold of so that they can worry. We like worrying more than we like being happy, and when it comes to the national economy, it has to be either our balance of payments deficit or our poor productivity level that politicians wish to grab. They like to do that because they like to intervene in the economy and try to improve it. I have to admit that, in many instances, the Government play a positive and active role in the economy, but when they look to do too much, they have to know when to stop, so I make my third recommendation to my hon. Friend the Minister, which is that he learns this most important word to use in his deliberations—the word “no”. That means, “No, we’re not going to spend money on that”, “No, we’re not going to invest in that project”, “No, you haven’t done your analysis correctly”, or, “No, that rate of return is not correct.”

I make that recommendation because the Minister will be inundated with a variety of people who will attach their requests to the broad principles in the productivity plan, or the even broader principles in the Government’s industrial strategy, so that their ideas might gain favour. He will have to analyse those deeply and make some people very disappointed and unhappy by saying that their projects and initiatives are not worthy of taxpayer investment. That is extremely important because, as my hon. Friend the Member for Newark (Robert Jenrick) said, we have a responsibility to future generations. We cannot carry on living beyond our means. Before we spend what is essentially their money, we must have an acute sense that, if we are investing for the future, the rate of return will benefit them.

The productivity plan had another tremendous advantage, because it focused our attention not on how much we were spending, but on how quickly we were implementing the projects to which the Government were committed. One of the projects in the plan—it was subsequently raised by the National Infrastructure Commission—that was highly thought of was the Oxford to Cambridge corridor, to connect through Milton Keynes

and Bedford, and onward to Cambridge. I am pleased that the Department for Transport has heard the message and is now coming forward with new ideas to make that happen sooner than was envisaged even at the time of the productivity plan.

I ask the Minister to pay particular attention to how procedures involving the interaction of Departments can be enhanced. I am talking about the time a proposal spends sitting in the inbox of one part of this complex system of organisations, Departments and agencies that have to approve something before it moves to the outbox and on to the next Department. This applies particularly to aspects of the road highway between Oxford and Cambridge, where there is an opportunity to move the timeframe forward. I would be very grateful for the opportunity to talk to the Minister or his counterparts in the Department for Transport about this.

**Callum McCaig:** The hon. Gentleman is making an interesting speech. When he said that his advice to the Minister was that he should say no to projects, I assume that he did not mean the ones that he was putting forward himself, which are of course very valuable.

**Richard Fuller:** I would hope that the Minister would use exactly the same assessment for that project as he would for any other. We have to build an economy that works for everyone. We have the tools at our disposal to do that, and it would be good to see the Scottish Government using some of the tools at their disposal to do something productive about their own economy, rather than complaining all the time and blaming others, as the hon. Gentleman has just done.

Let me respond to the challenge from the hon. Gentleman. If the Minister believes, as seems to be the case on the basis of what the National Infrastructure Commission has said, that the corridor between Oxford and Cambridge is important, he has a responsibility under the principles of the productivity plan to implement the relevant initiatives, plans and investments as quickly and effectively as possible, and to set a new benchmark for the speed of implementation.

Let me briefly touch on two further aspects of the plan. First, the Government response to the Select Committee report talks about the commitment to “funding innovation”—yes, yes, yes. “Yes” is the word—I repeated it three times—that the Minister should be saying about innovation. When Governments seek to intervene through something as cumbersome as an industrial strategy, there is a risk that they do not listen to the voices of the entrepreneurs—those who are prepared to take risks or those who want to disrupt. As we leave the European Union, there will be a number of additional things that the Government can do on innovative financing, such as peer-to-peer lending, and especially to reduce some of the restrictions on the enterprise or seed enterprise investment schemes. That would get people investing in our early-stage businesses much more effectively.

Similarly, we have heard a lot of good things from the Government about their commitment to improving management and leadership. It is easy for us to take that for granted. It is one of the soft things that arise when we think about productivity, but it is essential that the management and the leadership of our businesses have the resources, skills and capabilities to be expected

from a global leader in business and a country that wants to trade freely and openly with the rest of the world.

Finally, in both the productivity plan and the industrial strategy, my personal feeling is that not enough reference is made to the future way in which employment and work will operate. We heard from the Chair of the Select Committee about how a lack of security in the labour market is a concern to not just the people directly affected, but all of us who want a country and an economy that work for all. We heard from my hon. Friend the Member for Warwick and Leamington (Chris White) about the potential of the fourth industrial revolution, but with that great potential to improve our productivity will come quite dramatic changes in the skills and work required from people who are currently employed in many segments of our economy.

In those sectors and industries, what will be the Government's answer to the impact of achieving higher productivity? This is the other part of the point about what happened in the past that we discussed earlier. More people are employed, and we should not throw that away in pursuit of higher productivity because we should be able to accomplish both things. Similarly, in the future, we should not look only for increased productivity if it means that what for many people is part of their being—going to work, working hard and having purpose—will be dramatically changed by measures that are taken to invest in and take up the challenges of the fourth industrial revolution.

If the Government are silent about that in their productivity plan over the next few years, they will fail the British people. From what we hear from the Prime Minister, she will not do that, but we have to get the detail of what the plan will mean as we look beyond today's estimates debate.

3.59 pm

**Callum McCaig** (Aberdeen South) (SNP): Let me begin by echoing what was said by the hon. Member for Hartlepool (Mr Wright). This estimates day debate is slightly archaic, in that, with the honourable exception of the hon. Member for Bedford (Richard Fuller), we are not actually discussing the estimates. Instead, we are discussing a report produced in February last year by the Business, Innovation and Skills Committee—a very valuable report—on a Government paper published in 2015. The hon. Member for Hartlepool said that that paper was rapidly becoming obsolete. That casts a favourable light on this process, which, I would say, became obsolete some time ago.

Rather than our discussing how the Government spend all their money, the Committee—and I mean no disrespect by this—has, essentially, presented its homework to the Chamber. That process has been entirely valid. It has been extremely instructive for someone who is not a member of the Committee to learn what it has done, and I commend it for its work. It would be interesting to know what a report from a Select Committee that did not contain a Government majority would say, because this report pulls no punches. I commend Conservative Members who engaged constructively with the process to ensure that the Select Committee did its job of holding the Government to account.

Let me now deal with the matter that should, or perhaps should not, be at hand: the report on productivity. I do not wish to repeat what has been said by many

other Members at any great length, but there is clearly an issue. The general growth trend was 2% per annum before the financial crisis, and it is barely above that now, which the Office for National Statistics has described as unprecedented in the post-war period. As we have heard, ours is the second worst figure in the G7. It has been said that such comparisons may not give us all the detail, and that is certainly true, but there are some stark comparisons to be made in this context.

One of the most striking parts of the report, which was quoted by the hon. Member for Edinburgh West (Michelle Thomson) but which is worth repeating, concerns post-study work visas. It states:

“We recommend that the Government does not allow migration pressures to influence student or post-study visa decisions. Specifically, it should relax the post-study visa restrictions. It is illogical to educate foreign students to one of the highest standards in the world only for them to leave before they have had an opportunity to contribute to the UK economy.”

That, in a nutshell, is the critique of the Government's immigration policy, and I do not think that it could be put any better. During a period of stagnating productivity growth, we have seen economic growth. Perhaps the two should not go together, but the reason we have no productivity growth but do have GDP growth is largely due to immigration. Following the ending of free movement of people and the pulling up of the drawbridge to immigration, we shall have to get serious about productivity, because if we are not going to secure growth from immigration, I shall be concerned about how we are going to secure it.

My hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin) talked about tier 1 visas. I think that, in raising those two issues, my hon. Friends have nailed some of the imponderable follies surrounding an immigration system that does not work for our economy, and I fear that the situation will only get worse.

Of course, immigration is only part of the debate about our economy; productivity is also an important part of that debate. So how do we go about boosting productivity? I think there is a general consensus—although there are varying degrees of enthusiasm about the individual elements—that we need to invest in our infrastructure: our roads, railways, bridges and airports, and, crucially, our digital infrastructure. We need to invest in skills and training, we need pay growth, we need inclusivity in the workforce, and we need more internationalisation. The hon. Member for Bedford suggested that the SNP should get on with doing some of those things rather than criticising what others did. I can tell him that we have done them all, and that, as a result, Scottish productivity rose from 94.5% of the United Kingdom level at the time of the financial crisis in 2007 to 99.9% in 2015. In 2015, growth in Scotland was 3.5%, compared with 0.9% for the UK as a whole. The action we have taken has had a demonstrable benefit. I urge the Minister and his colleagues to look at what we have done in Scotland.

The right hon. Member for Wokingham (John Redwood) mentioned the oil and gas sector. Clearly, there are issues in the sector. The Scottish figures do not include figures for the offshore sector, but they do include many of the figures for the onshore activity in the oil and gas sector. That sector has a success story to tell. In the face of plummeting commodity prices, it has been able to bring down its costs dramatically. It has increased efficiency

[Callum McCaig]

dramatically and put its business on a firm footing. It is ready for growth. My hon. Friend the Member for Aberdeen North (Kirsty Blackman) asked the Chancellor about the Budget at Treasury questions earlier. The sector is ready for growth and, with support from the Government, who hold the key tools for boosting that sector, it will be able to grow further.

My hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin) mentioned avoiding working in a silo. The oil and gas sector has learned to look at other industries to see how it can boost its productivity. About a fortnight ago, I was at the opening of the Oil and Gas Technology Centre in Aberdeen, a collaboration through the city deal for Aberdeen between the Scottish and UK Governments, both universities and both local authorities in the region. The guest speaker was the chief executive of the Advanced Propulsion Centre in Coventry. The oil and gas industry is looking to learn how others have boosted their productivity in the face of difficult economic pressure.

As I say, the Scottish Government have invested in these things. One of the key things that has led to the boost in productivity in Scotland has been the introduction of the Scottish business pledge by the Scottish Government—some 330 businesses across all sectors have signed up to that. Its key component is the agreement to pay the living wage—that is the real living wage, as opposed to the national living wage. It has also agreed to sign up to two of the other options, which include no zero hours contracts, improved workforce engagement, investment in youth, having a balanced workforce, investment in innovation, internationalisation, connecting with the community and prompt payment of suppliers. Those moves are making a manifest difference.

May I draw attention to the living wage aspect? Earlier, the right hon. Member for East Yorkshire (Sir Greg Knight), who is no longer in his place, asked the Chairman of the Select Committee about workers and caravan parks and talked about the economy perhaps requiring low-skilled workers on low pay. I disagree with that premise. The tourism sector is vital to the UK, and is of specific importance to Scotland. Having well trained people who can welcome folk and explain things and who have built up experience is a benefit. When companies have higher wages—when they pay the minimum wage—they experience lower worker turnover. Those companies then have to spend less on training and on recruitment and they get a better outcome, so let us not diminish jobs that may seem to be unskilled. If we can invest in those, treat those people properly, with the respect they are due, and pay people a decent wage, they will have greater pride in their job and produce more.

I mentioned in my intervention on the Chairman of the Select Committee that there have been damaging changes in policy. I, too, welcome the production of the Government's industrial strategy. I hope that they will learn the lessons of previous mistakes. The constant moving of the goalposts was particularly acute in the energy sector, where expertise had been built up over a number of years, but the productivity increases were pulled away because of Government changes to the investment climate—onshore wind and solar PV have faced a headwind. The decision on carbon capture and storage was taken with zero consultation. That is not good for the economy or for productivity growth.

We also need to focus on Brexit. If we are serious about boosting productivity, let us ask ourselves how the productivity of our exporters is going to be increased by having to fill out forms because we have come out of the customs union. They will need to go through complex processes to export the same goods; more work for the same product. That will not boost productivity. How will the productivity of our university sector increase when students, academics and funding that had previously come from the European Union cease to arrive as a result of a hard Brexit? Our food and drink sector relies on the European Union for funding—through the common agricultural policy, for example. It exports a huge amount to the single market, and 8,000 nationals work in it. How is the productivity of that sector going to be boosted by Brexit? It is not, and we have to face that.

The Scottish Government, and my hon. Friends and I, have been clear about how we wish to proceed from a Scottish point of view. We have sought compromise over Brexit. We have sought to ensure that the UK as a whole stays in the single market and the customs union because we believe that that is the best thing for our economy and our productivity, for the reasons I have just outlined. Before we get too far down that road, however, I urge the Minister to look at the Scottish Government's policy paper, if he has not already done so, and to react to it and respectfully agree that we will pursue that aim. To boost productivity, we need to invest in all the areas that I have outlined, but above all, we need to avoid the hard Brexit that is facing us. I plead with the Minister and his Government to listen carefully and to protect Scotland's place in Europe.

4.11 pm

**Chi Onwurah** (Newcastle upon Tyne Central) (Lab): It is a real pleasure to speak in this debate and to follow so many excellent and well considered contributions. I must draw particular attention to the opening speech from my hon. Friend the Member for Hartlepool (Mr Wright), the Chair of the Business, Energy and Industrial Strategy Committee, who made almost all the points I intend to make but much more eloquently than I could ever hope to do. This is one occasion on which Newcastle will follow in Hartlepool's train.

As many Members have said, productivity is a key subject. It is one of the most important challenges facing our economy, as the hon. Member for Warwick and Leamington (Chris White) emphasised. High productivity is correlated with high wages and high skill levels. If we want a high-wage, high-skill economy—as we on the Labour Benches certainly do—improving our productivity must be a key goal. However, under this Government our productivity has fallen consistently. We are now 30% behind Germany, the US and France—the widest gap since 1992. That was decades ago, when there was another Tory Government with a small majority. Since 2010, UK productivity has grown on average by just 0.4% a year. The OECD, the CBI, the Office for Budget Responsibility and the Bank of England have all expressed concern that continued low productivity growth is holding back our economy.

How can we improve our productivity? It is quite simple, in a way. We need to get more out of the same inputs, and that is about either people or technology. The economist Mariana Mazzucato has said that productivity comes from allowing people

“to work more efficiently, with state of the art training, technologically advanced machinery, an innovative division of labour, and harmonious capital-labour relations.”

First, let me discuss people. As the hon. Member for Horsham (Jeremy Quin) said—I entirely agree with him on this point—people are the key asset of our economy and businesses. However, this Government consider labour to be a commodity, and commodities are not productive. Imagine a worker sitting at her desk feeling disempowered, unvalued, and disfranchised. Of course her productivity will be lower. But empower her and give her a sense of agency and her productivity will rise. Skills are an essential part of empowering workers and improving their productivity, as emphasised by the hon. Members for Kirkcaldy and Cowdenbeath (Roger Mullin), for Derby North (Amanda Solloway), and for Aberdeen South (Callum McCaig).

However, the productivity plan that we are debating with the estimates committed nothing to skills other than a promise to fund Charlie Mayfield's initiative to boost management skills to boost business—hardly an extensive investment. The BEIS Committee's report criticised that lack of commitment and argued for a renewed focus on upskilling the workforce. Unfortunately, the Government do not seem to have taken that criticism on board. It has been 18 months since the productivity plan and six months since the BEIS Committee's report, and last month's industrial strategy Green Paper did not recognise the criticisms at all, simply promising £170 million for higher-level technical education when the Government have already cut the further education budget by 14% in real terms in the last financial year alone. That hardly remedies the inequality of esteem between further and higher education highlighted by the Committee, never mind going some way to deliver the high skills that we need to be competitive on the global scene.

In an era of technological change and when people are living and working longer, lifelong learning should be a key part of any Government strategy to upskill workers and improve national productivity. People no longer have one job for their entire career. We need to be able to upskill and respond to changing technological requirements. However, the productivity plan and the Green Paper—220 pages in total—contain only a smattering of references to adult learning and not one specific policy commitment.

The second significant factor in productivity is technology. There is both opportunity and threat in the technological transformation that we are undergoing. Analysis from the Centre for Economic Policy Research demonstrates that industrial robots and information technology can increase both wages and productivity. It also found that the increased use of robots raised countries' average growth rates by about 0.4 percentage points between 1993 and 2007. It is clear that sustainable, long-term, smart growth requires significant investment in technology. The BEIS Committee report argued that “if the Government is serious about productivity and competitiveness, it needs to commit to a total level of public and private R&D investment”

of 3% of GDP. Labour has committed to that target. Will the Government? In advance of the Budget, will the Minister say today that he is proud to commit to a 3% target?

As has been mentioned, output in Germany is 34% higher than in the UK. Germany's R and D spend as a percentage of GDP has been at or near the 3% target for many

years. In contrast, our spend has languished at barely half the 3% target. However, the productivity question is not just about the development of new technologies; we must ensure that businesses can use them and utilise the productivity benefits that they bring. That is crucial in sectors such as retail.

**Richard Fuller:** The hon. Lady has talked a lot about the targets for how much we invest in R and D, but does she appreciate that there are other points of view that say that it is about the way we account for our R and D investment? If we look at the type of investments that we make in the UK, we see that the comparison between us and other countries is much more favourable. It is not just about the quantum of our investments but about the returns on those investments.

**Chi Onwurah:** I agree with the hon. Gentleman that it is not only about what we invest but about the returns and where those returns go. For example, it is about how the public sector ensures that it reaps those returns.

We can use statistics in many different ways, and I will not attempt a battle of statistics here, but I hope the hon. Gentleman is not arguing that the UK is leading the world. However we account for it, the UK is not leading the world in investment in technology, science and R and D, which is where our future lies. We need greater investment in that. *[Interruption.]* I am not sure what the Minister is saying from a sedentary position, but I hope to be enlightened at some point.

Again, the Government's industrial strategy has absolutely nothing to say about ensuring that sectors such as retail can take up technology. The Government chose to cherry-pick certain favoured sectors for backroom deals and failed to address the root cause of our productivity crisis, leaving the majority of British workers out in the cold.

Skills and technology are key to improving productivity, but we also need a strategic vision, which is notably absent from the Government's productivity plan. As the hon. Member for Cannock Chase (Amanda Milling) highlighted, we need a plan and a strategy. When the Government's industrial strategy came out, we saw that it had plenty of pillars but no vision. Adding the 10 pillars of the industrial strategy to the two pillars of the productivity plan results in 12 pillars and no vision. The Government are building pillars on hot air.

**Mr Stewart Jackson** (Peterborough) (Con): As the hon. Lady has represented a north-east seat for seven years, surely she understands that part of the problem is over-reliance and overdependence on financial services, construction and Government expenditure, which are concentrated in the greater south-east. Her Government did next to nothing about that when in power.

**Chi Onwurah:** The hon. Gentleman fails to recognise the work of the regional development agencies, which his Government abolished and which contributed significantly to changing the industrial landscape. He appears to be arguing against the financial sector, the construction sector and Government spending, and we do need to diversify, but the Government can aid that process. He fails to recognise the role that an intelligent, smart Government can play in supporting smart, sustainable

[Chi Onwurah]

economic growth. So long as Government Members fail to recognise that, we will not see smart growth in this country.

**Mr Jackson:** I am a fair-minded and generous person, so I will agree that it was more successful in the north-east than in other regions, but several academic studies have found that, in the period up to 2010, the inequalities both between and within regions were not ameliorated in any respect by the regional strategy of the Labour Government.

**Chi Onwurah:** It is interesting that the hon. Gentleman likes to concentrate on the record of the last Labour Government, which was more than seven years ago, instead of looking at the record of this Government, of the institutions that they have or have not put in place and of their success or absolute lack of success either in addressing regional imbalances or in addressing the debt. They have succeeded in increasing national debt, while also not generating any smart, long-term growth. I would be reluctant to get up to praise that record.

Despite the Prime Minister's rhetoric about a "new, active role" for the state in the economy, the average level of public investment in this Parliament is set to be 1.9% of GDP, which is lower than the level during the coalition's austerity agenda and barely half of what it was under Labour. This Government are, in effect, reducing private sector investment and public sector investment at the same time, taking away the lifeblood that our economy needs. Austerity did not deliver smart growth, and austerity in all but name will not do so either. The Labour party has committed to investing £250 billion in capital expenditure over 10 years, as well as committing to a national investment bank and regional development banks. I ask the Minister to say how he will be able to change our productivity and deliver on smart growth without those things.

In conclusion, our country's productivity problem will not solve itself. We need sustained, long-term investment in skills and technology. That will not be forthcoming unless the Government have a clear, strategic vision for the future. We need to mobilise both public and private actors, crowding in investment to boost skills and innovation, and tackle the root causes of our productivity crisis. Only by doing that can we create the high-wage, high-skill, high-productivity economy that this Government say they want, that the British people deserve and that only a Labour Government can deliver.

4.27 pm

**The Minister for Universities, Science, Research and Innovation (Joseph Johnson):** I thank the hon. Member for Hartlepool (Mr Wright) for opening this debate and the hon. Members who have taken part in this afternoon's excellent proceedings. I welcome the Committee's decision to focus on the challenge of boosting productivity in the UK; it is one of the Government's key economic priorities over this Parliament, as we of course recognise that this is the route to raising living standards for people in the UK. Since the financial crisis, we have focused on stabilising the economy, tackling the deficit and creating jobs. As hon. Members have said, the UK has seen strong growth since then: the economy has

grown by more than 14% since 2010—that is the second fastest growth rate among major advanced economies, after the United States; employment has reached a record high, with 2.8 million more people in work now than in the first quarter of 2010; and unemployment is at its lowest level for 11 years.

However, if we raised our productivity by just one percentage point every year, within a decade we would add £240 billion to the size of our economy—that is £9,000 for every household in Britain. That is why the Government have taken action to improve productivity in the UK economy. As hon. Members have noted, we published "Fixing the foundations: Creating a more prosperous nation", a plan for productivity growth in the UK over a decade. It outlines how we can encourage further investment in science, education, skills and infrastructure, and how we can promote a dynamic economy through reforming planning laws, boosting competition and creating a northern powerhouse.

Today, I will seek to address some of the Committee's concerns and report back to the House on some of the progress we have made in implementing the plan's commitments. Before doing so, I would like to tackle the questions the hon. Gentleman put about the status of "BIS 2020" and the impact of the machinery of government changes he mentioned on the delivery of the plan. The principles behind the "BIS 2020" work are still important: creating a simpler, cheaper and better Department by 2020. Recent events reaffirm the importance of our becoming increasingly flexible and able to respond rapidly to the demands of new priorities. Given the machinery of government changes, we will be considering in the coming months how the reform plans of BEIS—of its two predecessor Departments—should be best aligned.

**Mr Iain Wright:** The Minister is giving a similar answer to the one given by the Secretary of State before Christmas, but the new Department has now been in operation for seven months and the Minister still cannot say what the savings will be and what activities will be stopped. Does he really think that is good enough, seven months into the new Department's life?

**Joseph Johnson:** As I said, the alignment of the two Departments' work programmes is complex, but the process is well under way. Further reports will be made available to the Select Committee in due course.

In its report, the Select Committee expressed concerns about the clarity of the productivity plan's objectives and the extent to which it represented a new plan for productivity growth. The plan sets out clear objectives that directly target the high-level drivers of productivity performance. It also contains several innovative new policies, such as the commitments to set up a national roads fund and a network of prestigious institutes of technology.

The report also questioned the extent to which Ministers are engaged in the implementation of the plan's policies. The ministerial team regularly discusses issues relating to the main policies in the productivity plan at several Cabinet Committees, including the Economy and Industrial Strategy Committee. Alongside the Cabinet Committees, the Government have set up a series of implementation taskforces, which are attended by relevant Ministers and senior officials. For example, the earn or learn taskforce is supporting the Government's commitment

to reach 3 million apprenticeships starts in England by 2020, which is one of the many ways the Government are addressing the skills challenges the country faces.

As recommended by the Select Committee, our response includes an update that details the progress made on and future implementation of each of the plan's 172 commitments. It shows that more than a third of commitments have now been fully delivered, and that outstanding commitments remain on track. For example, we have published a new national infrastructure delivery plan, which details more than £100 billion of planned public investment in infrastructure to 2021; we finalised the funding policy for the apprenticeship levy ahead of its introduction in April 2017; and, through the Housing and Planning Act 2016, we legislated for key planning reforms, such as automatic permission in principle on brownfield sites.

Further mayoral devolution deals have been signed in Liverpool, Sheffield and the west midlands and we have increased the annual investment allowance to £200,000, which is its highest ever permanent level. We also announced at autumn statement a new national productivity investment fund, which will provide £23 billion of additional investment between 2017-18 and 2021-22. That will be targeted at four critical areas for improving productivity: housing, transport, digital communications, and R and D.

**Alan Brown** (Kilmarnock and Loudoun) (SNP): Some £7 billion of the £23 billion investment fund has been put back to 2021-22. If that money is so important to drive productivity and growth, why is it not being invested now?

**Joseph Johnson:** The plan is ambitious and involves the expenditure of an unprecedented sum of £23 billion between 2017 and 2021-22. The profile of that expenditure is optimised so that it has the greatest impact on productivity outcomes.

On 23 January this year we published a Green Paper, "Building our Industrial Strategy", which sets out our approach to developing the strategy. Its main goal is to improve living standards and economic growth by increasing productivity and driving growth throughout the whole economy. My hon. Friend the Member for Cannock Chase (Amanda Milling) asked what the relationship is between the two plans: they are part of the same family of work that sits beneath the long-term economic plan. The industrial strategy will form a key part of how the Government take forward the productivity agenda set out in the productivity plan.

Crucially, the Green Paper sets out three key challenges that we must face up to, now and in the years ahead. First, we must build on our strengths and extend excellence into the future. The UK has real strengths, but we cannot take them for granted. We need to invest in research and development, develop our infrastructure, and make ourselves ever more attractive to inward investment. That is why we announced an additional £4.7 billion by 2020-21 in R and D funding at the autumn statement. This extra £2 billion a year by the end of this Parliament is an increase of around 20% to total Government R and D spending, and more than any increase in any Parliament since 1979. The hon. Member for Newcastle upon Tyne Central (Chi Onwurah) offered empty promises, but we are delivering hard cash, and I know which I prefer.

The second challenge is to ensure that every place meets its potential by working to close the gap between our best performing companies, industries, places and people, and those that are less productive. We have sectors and businesses that are among the most productive in the world, but we also have too many that lie far behind the leaders. Driving up our productivity across the country means that we must enable those industries and regions that lag behind to achieve their potential. Members asked what it is that creates these divergences in regional productivity. This is a complex phenomenon, as many factors drive differences in growth and productivity, including weaknesses in infrastructure and connectivity, different levels of qualifications and skills, different levels of R and D investment, which tend to be correlated with lower levels of productivity, and many other factors.

It is important to note that there are other structural factors, including the quality of management in our companies, which is why the Government are providing significant resources to support the UK's business-led Productivity Council, which is to be chaired by Sir Charlie Mayfield. This will provide strong and sustained leadership, help support business-to-business engagement and improve productivity across the business community, which is something that my hon. Friend the Member for Bedford (Richard Fuller) wanted us to do.

Thirdly, we need to make sure that the UK is the best place in the world in which to start and grow a business. The UK has a strong record on business start-ups, but too many fail to scale up into the big employers of the future. Through the industrial strategy, we will aim to identify and address the barriers that many businesses face to scaling up and growing. We have invested an additional £400 million in the British Business Bank to catalyse later-stage capital investments by the private sector, and we will work with it further to understand the obstacles that firms face in accessing capital outside London and the south-east. By responding to all the challenges presented by each of the strategy's 10 pillars in a rigorous and strategic way, we will be able to achieve our objective, which is to improve living standards and economic growth by increasing productivity across the whole country.

If we want to create a country that really works for everyone, then we need to address this productivity issue. We want to see the same high level of success witnessed in Britain's best-performing companies, industries, people and places in those areas that are still lagging behind. We plan a bold, new and collaborative approach to industrial strategy in the UK. This is a new approach with the Government stepping up, not stepping back. I am talking about designing an industrial strategy in collaboration with people and organisations across the country, and not imposing it from Whitehall. We recognise our productivity challenges, and we also recognise where we can make improvements and build on our strengths to make the UK a more productive and prosperous economy.

4.38 pm

**Mr Iain Wright:** I reiterate what I said earlier about welcoming this debate on the Government's productivity plan, and I thank all hon. Members who have contributed to it. It seems curiously appropriate that, as we were debating this, news came through that Sir Philip Green is providing up to £363 million to sort out the pensions debacle that he himself created. Many Members of the Committee worked very hard to achieve that result—the

[Mr Iain Wright]

hon. Members for Horsham (Jeremy Quin), for Bedford (Richard Fuller), for Cannock Chase (Amanda Milling), for Derby North (Amanda Solloway) and for Edinburgh West (Michelle Thomson). They were forensic and professional, and they put aside party politics to all work as one in order to continue to put pressure on Sir Philip Green. They should be very proud of themselves today.

I find it appropriate that a great, great parliamentarian and a fantastic co-Chair, my right hon. Friend the Member for Birkenhead (Frank Field), is also in the Chamber. He especially provided leadership of the Joint Committee and put pressure on Sir Philip to do the right thing—to right the wrongs that he had put in place. I pay tribute to my right hon. Friend, who is also a great friend of mine.

We can see a theme in all this, which is that the economy does not work for everyone. There was a disconnect: at a time when BHS workers were facing redundancies or cuts to their pension entitlements, Sir Philip Green was getting ownership of a third yacht. There is something profoundly wrong, and structural weaknesses need to be addressed. I hope that that was the purpose behind the productivity plan and the Government's new industrial strategy. However, this cannot last just for 12 or 18 months. It must be long standing to ensure that we get permanent change and address the problems of inadequate investment in infrastructure, skills deficiencies and appalling regional imbalances in productivity and high growth. That is the challenge. I hope we can have a long-term view to ensure that the industrial strategy becomes embedded. The productivity plan seems to be last year's thing, frankly. I hope that the industrial strategy can persist and last for decades to come so that we can really have an economy that works for everyone.

*Question deferred (Standing Order No. 54).*

**Mike Kane** (Wythenshawe and Sale East) (Lab): On a point of order, Madam Deputy Speaker. The Department for Education briefed the media earlier today that it was planning to bring forward a change to the Children and Social Work Bill to introduce statutory sex and relationships education for pupils from key stage 1 onwards. It was also my understanding that there would be a written ministerial statement outlining the update to that Bill. However, I now understand—once again, from briefings to the press, rather than any written or oral statement to this House—that there will not be an announcement today. The House is being held in contempt. This matter relates to a Bill that will return to the Floor of the House next Tuesday and that has wide support across all parties. Hon. Members need clarity from the Government. Madam Deputy Speaker, will you tell me or the House what notice, if any, you have received of whether the written statement will go ahead? If you have not, when will it be put before the House?

**Madam Deputy Speaker (Natascha Engel):** I thank the hon. Gentleman for advance notice of his point of order but, as he knows, it really is not a matter for the Chair. The Clerk has shown me that notice of the written statement was scheduled on today's Order Paper. The hon. Gentleman has put his point on the record. The Government and the Whips have heard his point of order, so perhaps he will see some action

## DEPARTMENT FOR WORK AND PENSIONS

### Intergenerational Fairness

[*Relevant documents: Third Report of the Work and Pensions Committee, Intergenerational fairness, HC 59, and the Government response, HC 964.*]

*Motion made, and Question proposed,*

That, for the year ending with 31 March 2017, for expenditure by the Department for Work and Pensions:

(1) further resources, not exceeding £767,617,000, be authorised for use for current purposes as set out in HC 946,

(2) further resources, not exceeding £1,000, be authorised for use for capital purposes as so set out, and

(3) a further sum, not exceeding £1,290,930,000, be granted to Her Majesty to be issued by the Treasury out of the Consolidated Fund and applied for expenditure on the use of resources authorised by Parliament.—(*Mark Spencer*).

4.42 pm

**Frank Field** (Birkenhead) (Lab): In some ways, it could not be better that this debate is following the previous one, because, as was rather graciously referred to by the leader of the previous debate, the Chair of the Business, Energy and Industrial Strategy Committee, my hon. Friend the Member for Hartlepool (Mr Wright), we have had an announcement today from Sir Philip Green about part of a settlement to bring justice to BHS workers and pensioners. The inquiry on BHS showed how two Select Committees working together can be more powerful than the sum parts of each Committee. I continue to emphasise, as my hon. Friend did, that the announcement represents the first piece of the puzzle on pensions being put in place. We have not had a chance to read the small print, but one hopes it is good as the headline.

A number of reports are still outstanding, including from the Inland Revenue, which has arrested Dominic Chappell—the person who, wisely or foolishly, bought BHS for £1. There are outstanding reports from the liquidators, the Serious Fraud Office and the Insolvency Service. The Prime Minister has made it plain that she will make no move on making a recommendation to the Honours Forfeiture Committee that it should begin work on considering whether Sir Philip should keep his knighthood until she has access to all those reports. That is immensely sensible, as one would expect from somebody who is as careful as she is before taking such decisions. All I would add is that although we know that seeing justice as a result of the reports from the Revenue, the Serious Fraud Office, the liquidators and the Insolvency Service is much more important in the longer run than any knighthood, some in the country will look for sacramental changes that show that the Government have really taken on board how horrendous the BHS chaos was.

I am obviously not going to talk any more about that subject, Madam Deputy Speaker, because you have been kind in letting me make a follow-up statement on this of all days, when we are following a debate on a Business, Energy and Industrial Strategy Committee report with one on a Work and Pensions Committee report. Those Committees joined forces to look carefully at the beginnings of a longer-term solution for the pensioners and workers, and what these things mean for public companies, as well as a whole host of other issues.

The two Committees began that work together, and I am pleased that our two debates have, with providential luck, somehow been joined together.

We are using the privilege of occupying the Chamber of the House of Commons to debate the Work and Pensions Committee report on intergenerational fairness. I am pleased that a number of members of the Committee and others are here to make a contribution. If I keep disappearing, Madam Deputy Speaker, to make some comments on Sir Philip Green, I hope I will be allowed some leniency; normally I would stay in the Chamber for the whole three hours.

By way of introduction, I would stress two points. First, intergenerational fairness is a huge, huge topic. The problem for any Select Committee—or for Select Committees that have joined together—is where to begin in order to make sense of a topic. The Committee has looked at, and made recommendations to the House on, the triple lock, and that will be the main subject of my speech. I agree that we could have started with other topics and looked at other aspects of intergenerational fairness, but the triple lock was where we began our inquiry. As my speech unfolds, I hope that Members will see that while there were immediate pressures that pushed us to look at that area rather than other aspects of intergenerational fairness, those other aspects need to be considered.

**Peter Kyle** (Hove) (Lab): Does not my right hon. Friend agree that the fundamental core of this issue is that there are people in our society who will succeed because they have assets? However, someone who is talent-rich but asset-poor is unlikely to succeed in life, in terms of getting into the school they need to go to, educational attainment, and health and economic outcomes. The core challenge for our generation is to make sure that everybody has access to the best our economy can deliver, whether they are born into a family with assets or otherwise.

**Frank Field:** I could not agree more, but I hope that my hon. Friend will forgive me if I do not follow that up, because one of our colleagues wants to talk about how aspects of education affect intergenerational fairness.

The Committee decided democratically that it would look at the triple lock. However, I was also struck by the difference between my life chances and those of people who are the age that I was when I set out to earn a living after university. When I graduated, I was one of 3%. People might say, “Well, we can see which cohort you belonged to,” and it was a very privileged cohort. I went to university, but I did not pay fees—we expected county scholarships to see us through university, and we did not come away with debt. When we graduated, we interviewed big firms to see whether we wished to work for them, and now graduates are scrambling for jobs, so it is a very different world. I expected to get a job, I expected at least to own a house—if not more than one house—I expected to have savings and I expected to have a pension. One need only look at how privileged my life has been compared with that of people in their 20s who are graduating today to realise, as my hon. Friend the Member for Hove (Peter Kyle) said, that the wheel of fortune has turned. Whatever one wants to say about the golden oldies, we are in a very privileged position, and that has been reinforced by the Government. I shall return to that in a moment.

The Committee wanted to test whether the triple lock was viable for the next Parliament and beyond. If it was not, we wondered whether we could marshal a report on which all of us agreed, and behind which political parties could slowly move before deciding what policy they would stand on in the election, perhaps in 2020. We now see our role as a Select Committee as taking on controversial topics and letting the Government and Opposition judge for themselves what nuclear warfare should be employed against us. Then, if we are still standing to tell the tale, perhaps the Government can be a little more brave than they would otherwise have been.

I am not saying—the whole Committee was united on this—that there are not a number of very poor pensioners in all our constituencies, but the position of pensioner poverty has been transformed over the past 10 to 15 years through Gordon Brown’s pension credits and the coalition Government’s triple lock. If we were having this debate 10 years ago and talking about not making moves to benefit the vast majority of pensioners, we would be laughed out of court, but now the debate has significantly changed. Despite that, I do not want anybody to think that we do not have to rack our brains to think how we can sensitively, but equally effectively, ensure that we continue to deal with poor pensioners. One does not have to be a very bright Member of Parliament to know that we all have some very poor pensioners in our constituencies. However, we also now have a growing number of rich pensioners, thank God.

It was against that background that we considered the whole business of the triple lock. There are four ways in which the Government could deal with this issue. First, they could just ignore it and allow the public finances to let rip, depending on the international money markets to shovel us loans at very low rates of interest forever so that we can continue, right into the sunset, to live beyond our means. I do not think for a minute that the historically low interest rates that we have at the moment will last for very long, let alone that we would have a Government who would commit the next Parliament to the triple lock. I cannot see that our public finances will be secure unless the Government take a deep breath and think very carefully about our report.

I also make a plea to Labour Front Benchers. People are now saying that it is impossible to envisage another Labour Government in anybody’s lifetime, but funny things have happened this year—funnier things than the election of a Labour Government. I therefore would not bank on Labour being unelectable and our party therefore not having to consider how fiscally responsible we have to be as we approach an election.

The second approach to the triple lock would be to say, “We’re going to increase taxation.” If we were to go down that route, we would need to raise the same amount of money that we would otherwise have to borrow, so we would be talking about raising an additional £40 billion in today’s money. That is half the sum that we raise from income tax, so it would mean saying to the country, “We expect to be continuously elected on the basis of putting up your income tax by 50%.” I do not think we would be able to hold that position for very long. If we look at the marginal tax rates paid not by the rich, but by the working poor who draw benefit and then lose it as they work harder, we will see that the

[*Frank Field*]

idea of putting 10p on the standard rate of tax seems so absurd that there is hardly any point in suggesting it, but that is the second way in which we could square the circle of keeping the triple lock.

The third approach is to continue the policy of not just this Government but previous Governments of favouring pensioners and reducing the living standards of the working population. I do not believe that that is tenable now, but it is what will happen until the end of this Parliament. It is certainly not tenable beyond that point, however, because we are taking resources from the working population and giving them to many pensioners who are well off. People sometimes hear what they want to hear rather than what is being said, so I want to emphasise again that I am not denying that there are not too many poor pensioners. However, the standard of living of the vast majority of pensioners is of a kind that the pensioner population has never experienced before. Thank God for that, but cuts in the living standards of the working poor are already starting to result in people of working age being reduced to destitution.

**Ruth Smeeth** (Stoke-on-Trent North) (Lab): It is heart-breaking that 73% of working parents already go without a meal during the school holidays in order to feed their children. Is not that an indictment of exactly where we are going wrong as a country and society?

**Frank Field:** It is, and my hon. Friend's intervention could not be better timed. Members who followed closely the Archbishop of Canterbury's Christmas message will know of an example from Feeding Birkenhead. A family would lower their child into a supermarket waste bin to scavenge for food before rescuing them and seeing what food they had. The mother is suffering from cancer. She is now fed by Feeding Birkenhead with food that would otherwise go to the tip, but she says that she has never been better fed. Is this House prepared to continue policies that put so much pressure on working-age families that that example will no longer be exceptional? More and more of us will be troubled by examples of our constituents nobly not feeding themselves, as my hon. Friend says, and it will happen more regularly. Destitution is an issue.

**Dr Andrew Murrison** (South West Wiltshire) (Con): I agree with the argument that the right hon. Gentleman is developing, but what he is suggesting would be politically unpalatable. Given that the majority of healthcare costs that we generate in our lifetimes come at the extremes of life, does he agree that one way of selling this to the population, and especially those pensioners who are principally in the frame, would be to say that the £2.2 billion per annum that the 2.5% element of the triple lock will probably generate by the end of this decade might be hypothecated into the national health service? In that way, we might gain some level of acceptance from pensioners.

**Frank Field:** Again, I could not agree more. I did not want to fan out the debate—I wanted to keep it as tight as possible so that we might get some agreement—but these are proper options that have to be considered. There is no way, sadly, that we as pensioners can get all the goodies and expect other people to pay for them.

The issue of how we integrate care into the NHS will grow in importance as each month of this Parliament passes.

The fourth and last way in which we could keep the triple lock would be to raise the retirement age continually. Again, I make a plea to Front-Bench and Back-Bench colleagues, because such a policy would adversely affect our constituents almost more than any other. The Select Committee has published the names of the constituencies where the average life expectancy for males is such that they simply will not reach retirement age if we say that we will square the books by increasing the retirement age from 68, which is the figure that it is expected to rise to, to 70 or 71.

There is a commonality between the constituents of my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams), who leads for the Opposition on these matters, and my constituents. We do not say that no male in our constituencies will on average receive a pension if we raise the retirement age to 70 or 71, thank God, but we know that swathes of our poorer, older and frailer constituents will not actually reach the retirement line—the point at which they pick up the state retirement pension—at the age of 70 or 71, because they will simply have died.

**Mr Stewart Jackson** (Peterborough) (Con): As usual, the right hon. Gentleman is making an excellent and well considered speech. Notwithstanding what he says, given that average life expectancy has increased from 71 in 1960 to 81.5 now, and that 9.9 million people over 50 are working, people surely want to work longer—I know that the situation is different for those who work in heavy industry, which has killed a lot of people shortly after their retirement—and to be able to exercise their choice to do so.

**Frank Field:** I would not for a moment—look at me—say that people over the state retirement age should not be allowed to work; far from it. However, there is a difference when people have had jobs such as those in factories—I have not had such a job—and are simply worn out by the cost of such jobs, meaning that they will not make it to the finishing line if we keep extending that line. I am therefore making a plea that we do not go down the route of keeping the triple lock by just continuing to raise the retirement age, saying, “With fewer of you drawing the state retirement pension, we will balance the books.”

That approach was one of the alternatives, and I will go through the others again. One was just to continue putting all the cost on people of working age, and I have made a plea about why we should not do so. Another is to think we can just tax and tax again, but I simply do not think that Governments can get elected on that basis. They cannot put up income tax by 50% over a number of Parliaments and expect to be elected—and thanked in the process. Finally, I do not think that any party that wishes to be elected can let borrowing rip to the extent that would be needed to balance the books while keeping the triple lock.

I therefore make a plea to both the Government and the Opposition that they look carefully at the Select Committee's proposal for a double lock-plus. Pension credit and the coalition Government's triple lock have already—this will continue—raised the value of the

state retirement pension compared with average earnings to a historical high. The Select Committee report says that by 2020, we should peg the state pension against earnings at the level at that time. The double lock-plus would ensure that the state pension would never from that day forward fall relative to average earnings. As there will be—perhaps in the very short term—periods during which price inflation exceeds earnings, we should honour the prices link at those times, albeit coming back to the earnings link as soon as possible. In that way, we would not actually have to face many of the terrible scenarios I have painted.

As my hon. Friend the Member for Stoke-on-Trent North (Ruth Smeeth) said, the cost of the existing policy has been borne by people of working age. We should not pursue a policy of continuing to take money from that group, especially those who already find it difficult to put food on the table for their children for every meal in the way that our parents fed us when we were growing up.

This is not about begging both sides. If people came here with a script saying that they were going to reject the Select Committee's report, I ask them not to read that passage, but perhaps instead to enter into discussions more widely with the House of Commons about how we can guarantee standards of living against pensioners' earnings in 2020. We must ensure that they are never eroded, but we must also ensure that this policy of making increases at the expense of the working population ceases. We should all put such a programme to the electorate when the general election comes.

5.5 pm

**Justin Tomlinson** (North Swindon) (Con): It is a real pleasure to follow the widely respected and thoughtful comments of the right hon. Member for Birkenhead (Frank Field). Sometimes they are difficult for the Government and sometimes they are difficult for the Opposition, but we should always take heed of his comments and listen to them very carefully.

This debate nearly passed me by until I saw a quote in the report stating:

"An economy that is skewed towards baby boomers and against millennials".

That panicked me. We all have our own calling into politics. I went to a school that was bottom of the league tables in Kidderminster and my father died at an early age. Many of my friends did not fulfil their potential. I was always driven by the thought that, given the right opportunity, everybody can be successful if equipped with the right skills, sometimes the right luck, the right support and the right direction. All too many people—very, very good friends of mine—did not take that path and have missed out. That is bad for them, bad for the economy and bad for society.

I looked at that quote and I worried, because to me it was one versus the other, rather than the core principle that we have a duty to do our very best by everybody. I know a lot of people will focus their comments on the triple lock—whether it is right, whether we are doing too much for pensioners and whether we should be doing it in a different way. I would just gently say, because I wish to focus my comments on the younger generation, that we all welcomed the triple lock. There had been a long time when perhaps we had underserved those who had worked hard all their lives. I just urge caution.

Once people get to pension age, they have limited opportunities through which to change their circumstances. They have either fulfilled their potential or there is not really much more opportunity to do so. They have reached the finish line that the right hon. Member for Birkenhead talked about. We have to respect the fact that their incomes are predominantly fixed, and we have to do our best by them.

**Jeremy Quin** (Horsham) (Con): There is a lot in the report that I would recommend to my hon. Friend, but does he share my slight concern that we must not allow our long-term thoughts on pensions to be coloured by a particular cohort of pensioners retiring right now? In 10 or 15 years' time, defined benefit schemes will have gone and people may be in a much worse position than those retiring this year or in the next few years.

**Justin Tomlinson**: I am very grateful for the fact that we have a fantastic Pensions Minister who will be responding to the debate and who will no doubt comment in detail on that point.

The broader point, as I turn to the opportunities for younger people, is that we all collectively—the Government and the Opposition—have a responsibility to recognise that we have a habit of spending more money than we get in as tax revenue. Since the second world war, I think there have been only six years where the Government of the day have spent less money than they have collected. What that really means in plain English is that we, as the generations from most of those years, wish to have more than we can afford and we would like our children, or maybe our children's children, to pay for it. This applies to all Governments, except in those six years where, for whatever reason, the Government of the day were able to collect in more tax revenue than they spent. We have a moral duty and responsibility to future generations not always to take that easy decision.

I was doing a radio interview yesterday on a relatively contentious issue involving possible additional Government spending, and another MP said, "Well, if I was the Minister, I'd have taken the hit." The key point was that it was not they who would have taken the hit; it was everybody. Given that we already spend more money than we collect, what they were saying was, "I'd pass that one on to the next generation as well." We all know that. We would all like to balance the books immediately, but we also all have a long list of personal priorities we would like to spend money on—our inboxes are full of helpful requests from residents for where we could spend more money. Many of those are very important—a balance always needs to be struck—but I gently remind the House not to lose sight of the fact that if we wish to give the best opportunities to future generations, we must not saddle them with too much of our own overspending.

I am inherently a very positive person—I believe that if we equip people and give them the opportunity, they will seize it with both hands and make a huge success of it—so I am greatly encouraged that our Government have delivered 1.8 million more good or outstanding school places. As someone who went to a school at the bottom of the league tables, I understand the importance of equipping people with the right skills. In my constituency and across Swindon, we have had a difficult Ofsted report recently. We have fantastic teachers, headteachers

[Justin Tomlinson]

and governors all trying their best in Swindon and we have secured extra funding for our schools, but we are not quite there yet.

We all—the Government, MPs, the council, the schools collectively, the parents—have to look at what more can be done. I am encouraged that the schools Minister recently visited two of my local schools, Nova and Swindon Academy, both of which are transforming the opportunities for their children, having come from what not so long ago were very poor ratings. Frankly, they were failing the children who were relying on them to equip them for the future, but both have transformed their ratings through strong leadership, and I am delighted that yesterday Ofsted confirmed that Nova had moved to “good” in all categories. I pay tribute to Mr Barton, the headteacher, and all his staff who have worked incredibly hard to achieve that. Schools are the fundamental building block for equipping young people in life.

I am also a huge fan of the National Citizen Service, a new initiative giving young adults real, tangible life skills, and every summer, without fail, I visit every stage of the three to four-week programme. It takes a random collection of young people—the activities cost about £1,500—and sends them away for a week to learn teambuilding skills. They then come back, form teams and choose a charity. They learn about that charity, organise entrepreneurial and fundraising activities, volunteer for the charity to see it at first hand, learn presentation skills, haggling, engaging and so on, and at the end, they graduate as NCS students. There is an incredible transformation in all those young adults, who arrive well educated by their schools but perhaps not quite ready for the workplace. I ran my own business for 10 years and employed a lot of young people and I am encouraged to see the huge difference in those young adults. They take the time in their summer holiday, when it is tempting to do other less-constructive things, to go and engage. In doing so, they give themselves the best opportunity when entering the workplace.

University numbers continue to increase, but the Government have rightly put a huge emphasis on apprenticeships. For generations, Governments and Opposition parties got into an arms race on students going to university. Every general election, we would hear, “We sent 25%.”, “Well, we’d send 30%.”, “We’d do a third.”, “We’d do 45%.”, “We’ll break 50%.”. Everybody has a talent. David Beckham is not renowned for being academically gifted, but he has a gift that has earned him more money in a week than the majority of people in society will ever earn, and that was because somebody recognised his skill and allowed him to develop it.

We all have a talent. Every time I failed to make it on to a sports team, I wondered whether I did—perhaps that is why I am here—but everyone has a talent, and apprenticeships rightly recognise that. Workplace learning provides people with real, tangible skills and a fantastic opportunity to secure a long-term career with good career prospects. That is also vital for our growing economy, particularly where we have skills gaps.

In the last Parliament, we had a commitment to 2 million apprentices, which we have met, and in this Parliament we have rightly identified an even more ambitious target. It will be tough to get there, but it is right to have such challenging targets. I have spent, as I

am sure have all hon. Members, a lot of time meeting the young apprentices who are doing things that I have absolutely no idea about—advanced engineering, all sorts of complex things with computers. They are on the first rung on the ladder towards their brilliant careers. They will all go on to huge success.

Across the economy, this Government have now delivered record employment—2.7 million more people are in work than when we came to office in 2010. That is not just in London or the south-east, as has sometimes been seen in previous strong economic performances; it is in every single region of the country. In my town of Swindon, 8,400 more people are in work, which is greater than the number who currently go on a weekly basis to see Swindon Town bravely fighting the relegation battle. Thankfully, with the victory at the weekend, we have got a bit closer to achieving the objective.

There are now 865,000 fewer workless households, and youth unemployment is at its lowest since 2005. In Swindon—I know that people are keen to know how well we are doing—youth unemployment is down by 69.2% since 2010, which is a fantastic achievement. The Government have rightly introduced the national living wage so that we are looking at a wage of about £9-plus by 2020. That will help 6 million of the lowest earners to have a pay rise and to share in the proceeds of the strong economic growth that we have delivered. The increases in the personal tax threshold have taken the 3.2 million lowest earners out of paying any income tax at all, and we are continuing to raise that threshold to £12,500, after which it will be index linked, making sure that the lowest earners will never return to the point of having to pay income tax again.

**Mr Jackson:** My hon. Friend is making an excellent speech, based on his expertise as a former Minister. We share something in common, in that our towns and cities of Swindon and Peterborough are, unfortunately, the two largest conurbations in the UK without a university that was created from the beginning. Does he agree that, in that respect, it is important to build on apprenticeships, with university technical colleges, for instance, so that young people who are not of an academic bent can be persuaded to pursue a technical and vocational education, which is so important for our future economy?

**Justin Tomlinson:** I thank my hon. Friend for that powerful intervention. He is a real champion for his constituency. On his point about universities, my Swindon constituency benefits from having a huge influx of graduates, so we benefit from the network of local universities within striking distance of Swindon, which is why our area has seen such strong economic growth.

My hon. Friend is absolutely right to highlight the importance of university technical colleges. My constituency had one of the first UTCs—a £10 million facility in Swindon. It has had its teething problems, but the principle is fantastic, because it is identifying the people who would ultimately be doing advanced engineering and technical work, giving them a real focus on that. They are working with local businesses, which can help to shape the curriculum to fill the skills gaps that can be identified in the local economy. This means that young people will have the best chance of having a career at the end of their education.

The challenge with university technical colleges is how to attract the best and most able students for that type of education at the age of 14. Not unsurprisingly, schools, which are all judged by league tables, are not always brilliantly keen to encourage their most able students to transfer, because it will have a detrimental effect on their place in the league tables. I would urge the schools Minister to consider having a dual score in the league tables, whereby the student remains attributed to the original school, but the results can be shared with the UTC. That would get around the disincentive facing schools if they lose some of their best students. It will give them the opportunity to say, "Look, they are doing great; but they can do even greater with that type of specialist education". Undoubtedly, apprenticeships and UTCs are making a huge difference.

Not everybody has the opportunity to walk straight into work. As a society, we therefore have a duty to make sure that our jobcentre network is at its most able to support people. I was not the Minister responsible for jobcentres during my time in the Department for Work and Pensions but we had a lot of joint meetings and I got very excited about the need to refresh our jobcentre network. I had been on a number of visits and I was fundamentally depressed when I saw the 1960s and 1970s concrete structures and the security guards who are, understandably, needed. Let me imagine, though, that I am going to a jobcentre. I am almost certainly nervous, and I am then greeted by a security guard in bleak surroundings. There is no celebration of the successes, and no highlighting of those who have faced the same challenges that I fear but know that I must overcome.

I also visited a Shaw Trust community hub that helped a number of people who were a long way away from entering the workplace. There were bright colours and great furniture. This security guard had a different uniform to show that he was a welcomer: as soon as people arrived they were made to feel special, were congratulated on taking this step, and were made aware that he was there to be their anchor throughout the process. It was a real hub of activity. I could see nervous people coming into the building, but as soon as they met the guard they were at their ease, keen to engage in the process and fulfil their potential.

I am delighted that the Government have rolled out this system. When I visited the Swindon jobcentre a few weeks ago, I was not sure what to expect. I was greeted by senior members of staff, who told me excitedly that although the jobcentre had a budget of only about £3,000, they had painted the walls, changed the furniture around, changed the way the entrance worked, and provided work stations so that people could use computers to look for jobs independently after receiving support from the staff. Those staff members were excited because those improvements had transformed their morale and engagement among those with whom they sought to work.

The staff were then keen to talk to me about the difference that universal credit was making by simplifying what had been an incredibly complex benefits system. Under the old system, involving about 167 benefits, it was necessary to be a nuclear physicist to work out what people were or were not entitled to. All too often, through our casework, we would discover that, because of the complexity of that system, our constituents were missing out on support to which they should have been entitled.

Everyone supports the idea of a simplified single benefit that enshrines the principle that the more people work, the better off they will always be, and removes the ridiculous 16-hour cliff edge that prevented people from progressing from part-time to full-time work, to the frustration both of employers and of those whose circumstances were changing and who wished to build up their hours. Crucially, real-time technology now allows people with fluctuating health conditions to have a minimum income. As the condition goes up or down, the system automatically kicks in, so that people no longer constantly have to reapply and experience complicated bureaucracy when they want to focus on dealing with their health challenges and with remaining, or progressing, in work.

Often it is the simplest things that make the biggest difference. Another exciting development is that, for the first time, there are named work coaches. When people arrive at the jobcentre, they do not just need direct help with their search for work; there are a number of other challenges that they may need to navigate, such as securing childcare or additional training. The named coach will help them through that process, giving them significantly more time to concentrate on looking for the work that they would like. The coach will stay with people when they start work, which will also make a huge difference.

Many of us, looking back on our careers, will realise that we were probably driven mostly by our parents encouraging us to make progress—encouraging us not to be complacent; encouraging us to push ourselves—but that is not a given in life. When I was at school, it was a given that many people had no interest in going to work. That was a shame, because they were brilliant people, and with the right encouragement they could have made huge successes of themselves.

Often, people—especially those who have been out of work for a long time—will enter work, but on the lowest wage. Sometimes they will then stagnate, and will not have the confidence to kick on to higher levels. Let us suppose, for example, that I have been out of work for a long period, and have secured work in a supermarket. I am determined to make it a success, so I turn up every day, work my hours diligently, and stay there. Now, however, the named work coach would contact me and ask, "How is it going?" I would say, "For the last three months I have turned up every day and worked as hard as I possibly can." The named work coach might say, "Have you thought about asking to become the supervisor?" The reply would be, "I'm too shy to do that." The named coach would say, "No problem," and then ask the supervisors and managers in the store, "Is he ready to take that step up?" Therefore, the coaches help people to progress in the workplace.

It is great that we have 2.7 million more people in work and that we have introduced the national living wage, which has helped the 6 million lowest earners to get a pay rise, but the next challenge, as we move close to full structural employment, is to ensure that there is support for in-work progression, so that everyone can not just get a job but fulfil their potential. By working hard, they can then progress through those organisations.

**Richard Graham** (Gloucester) (Con): I want to come back to the subject of the debate, intergenerational fairness. My hon. Friend has made some points about

[Richard Graham]

working issues. Does he agree that for those who have retired or are working but are due a pension a key issue is not only intergenerational fairness but fairness between people who own and run companies and who have responsibilities to people in pension schemes? The news today is a good example of how this place can help to secure the best outcomes for those who are promised pensions in a not very rich retirement world.

**Justin Tomlinson:** I thank my hon. Friend for his intervention. I am always at a loss to understand why he is not a Minister. He is one of our most able MPs. In the debates that I have attended, time and again, he is so thoughtful. I had a brilliant time visiting his constituency as a Minister to see the great work that he had done to help to promote apprentices, before it became fashionable and all of us started to campaign for more apprenticeships. He is always ahead of the curve. Rightly, his intervention highlights that we have to look at people of all ages and at the opportunities. I was an employer myself, so I understand the responsibilities to staff in respect of pensions and other benefits and career progression. As ever, he makes a powerful point.

**Mr Jackson:** Before my hon. Friend finishes his speech, on a positive note, does he agree that it is important that we have done everything we can to remove the badge of shame in the way we treat disabled people who want to work, and that the Disability Confident scheme, with which he was very much involved at the Department for Work and Pensions, is going from strength to strength, so that more disabled people, who should not be put in the shadows but allowed to fulfil their potential are able to do so in the employment market?

**Justin Tomlinson:** I thank my hon. Friend for his intervention. I know that he personally supported the Disability Confident campaign. I am coming to that, if he can hold on for a few more seconds.

Another thing that the staff at the jobcentre highlighted was the great initiative of the school advisers from the jobcentre going into schools, starting to identify those who would need help at an earlier stage and working with them to prepare them for their final day in education and to have a smooth transition. Staff are very excited about the early stages of that initiative. I am delighted that the small employment offer, a pilot that I introduced, is making a difference in getting more businesses to engage directly with the jobcentres, which are now a hub of activity, creating more potential vacancies for those who are still looking for work.

As a former disability Minister, it would be remiss of me not to talk about the additional opportunities that have been created for disabled people. On all the visits I ever did, the most passion I saw from people was when I played my favourite game, which was to ask anyone I ever met, "You are the Minister—what would you do?" I was always looking for good ideas. Without a shadow of a doubt, the most passionate, enthusiastic and engaged cohort of people I talked to were young disabled people who wanted to have exactly the same chances and opportunities as their friends. These were highly talented, often highly educated, brilliant young people, but not all employers had the confidence to consider offering them an opportunity. Nearly always, the employer just

needed to make a relatively small change and they would benefit. As an employer, by accident—I am not looking for a halo—I employed people with a disability and it made a huge difference. Therefore, I welcome the fact that over the past three years 600,000 more disabled people have gone into work and that the Government are committed to delivering the disability apprenticeships. Those are real opportunities, predominantly for that younger generation.

I welcome this report, but I urge everyone to remember: it is not them versus us. We have a duty to do our best by people of all ages. I very much hope the Government continue their good work in this area.

**Several hon. Members rose—**

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. I have not yet suggested that Members limit the length of their speeches, because it appeared that we had plenty of time, given the number of Members who had indicated that they wish to speak. Such is the interest in the debate now, however, that there are more Members wishing to speak than there were an hour ago. They must have been prompted by the last two excellent, thoughtful speeches. As a result, I now ask Members to take 10 minutes or less. That would be helpful in allowing everyone an opportunity to speak.

5.30 pm

**Marion Fellows** (Motherwell and Wishaw) (SNP): It is a pleasure to follow the eloquent speech from the hon. Member for North Swindon (Justin Tomlinson). The report on intergenerational fairness by the Work and Pensions Committee, under the chairmanship of the right hon. Member for Birkenhead (Frank Field), raises some interesting points. The UK Government have built an economy that offers no long-term security for future generations. The Scottish National party's vision of economic development is, however, built on the idea of inclusive growth based on equal opportunities, a fair and inclusive job market and a safe, secure future for the younger generation.

I know you, Madam Deputy Speaker, will find it hard to believe that I am not a millennial, but I am apparently a baby boomer. To make my contribution more authentic, I shall use personal examples of what has happened either to me or to others of my generation. According to the report, my fellow pensioners and I are in danger of breaking the intergenerational contract, in that my state pension—which I will always assert is not a benefit but a contract between me and successive Governments—and those universal pensioner benefits that I receive come at too high a cost for today's working-age population.

I shall pause for a moment to consider the WASPI women, who have been treated abominably by this and previous Governments. Many of them have been required to wait far too long for their pension, which will come later than they were told, and this is causing them serious hardship. I was fortunate to be born when I was. I paid national insurance contributions until I was 60, and I continue to pay PAYE on my salary. I contribute to the national Exchequer. Indeed, over my lifetime, I have paid in more than I take out. I am happy for my fellow pensioners to be paid what they deserve, even if they have been unable to contribute as much as I have done. In Scotland, there are many more folk like me.

I welcome the report's conclusion that it is not the fault of the baby boomers that the economy has become skewed in their favour. This echoes a point made by the hon. Member for North Swindon. We should not be allocating blame. Believe me, Madam Deputy Speaker, there have definitely been times in my life when the economy was not skewed in my favour. Some people in the Chamber will remember 16 September 1992, and I certainly cannot forget that day. Two years previously, I had taken out my first mortgage at a rate of 7.5% and, after numerous increases on that day I found myself laughing hysterically on my drive home from work. I had just found out that the interest rate was now 15% and that it could rise even higher. Actually, it is not exactly true to say that I was laughing hysterically. I had stopped worrying by that point, because I figured out that no one else would be able to pay their mortgage at that rate either, and that my house would be repossessed and my three children made homeless only after the building society had repossessed the homes of all the people whose names began with the letters A to E.

The economy was definitely not skewed in my favour when the then Chancellor Gordon Brown's change to dividend taxation in 1997 sounded the death knell for defined benefit pensions. For many of my generation and for future generations, that has had an ongoing effect. After his decision, pension schemes became unable to reclaim the tax credit on dividends. Regular dividends are hugely important to overall investment returns, so having a significant chunk taken out of them at a stroke blew a huge hole in the schemes' finances, and the vast majority of them were frozen and closed to new entrants.

Speaking at his party conference in 2009, the right hon. Member for Tatton (Mr Osborne) said:

"Gordon Brown's disastrous tax raid on pensions heralded the start of the age of irresponsibility."

He also said that a Conservative Government would "reverse the effects of Gordon Brown's pensions tax raid and get our country saving again."

However, the right hon. Member for Tatton abolished the dividend tax credit altogether in 2010, making it impossible for him to reverse Mr Brown's raid by making the credit reclaimable in future. Thus, we now have the rise of money purchase schemes, which means that pension values are even more subject to the variations of the stock market. Indeed, many people of my generation suffered after their defined benefit pension schemes were frozen, and the money purchase schemes that they were forced into did not even hold the value of the contributions subsequently paid in. In one case, a pensioner and his employer paid in for more than 10 years, but he received less back when he retired because the market was at its lowest point on his retirement date. All generations will feel the effects of those calculated moves as they move towards retirement age.

When addressing working-age challenges, it is important to be mindful of generational gaps. It is the protections offered by the triple lock to the state pension that protects pensioners in their old age. With inflation set to rise further, the protections must be retained while we address the stress on younger generations. While the triple lock remains in place, we need cast-iron guarantees that it will not be abandoned after 2020.

**James Cartledge** (South Suffolk) (Con): The hon. Lady is making a captivating speech. None of us wants to make changes to the triple lock, but there must be

some recognition of what the country's finances can afford. That recognition must be balanced against the security for pensioners.

**Marion Fellows:** There certainly is recognition, but I totally disagree with some of the ideological truths held by those on the Government Benches. We have to look after pensioners just now and pensioners in the future. Indeed, Age UK told me to refer to the Pensions Policy Institute, which calculated that a younger person with lower earnings has a 63% chance of achieving an adequate retirement income if the new state pension is increased by the triple lock, but that could fall to 36% if it is linked to earnings. That is about future generations, not just me and my generation. Other parties should be united with the SNP on future protection. Notwithstanding the report's importance, we must be clear that addressing the challenges for working-age individuals does not mean deprioritising the safeguards for future pensioners. The way to tackle intergenerational fairness is through inclusive growth, ensuring that all generations can live in security in retirement.

The report also looks at universal pensioner benefits such as winter fuel payments, which are not index-linked and have dropped in value over the years. The Committee's opinion is that universal benefits should not be off limits when spending priorities are set by future Parliaments. However, some commentators have said that the cost of removing them from better-off pensioners could be more than the benefits themselves.

I have granddaughters and I might have grandsons one day, too—who knows? I want things to be better for them. I would like the UK Government to look closely at what can be done to improve matters for them. As I said, the UK Government have built an economy that offers no long-term security for future generations. The SNP's vision of economic development is to build on the idea of inclusive growth based on equal opportunities, a fair and inclusive jobs market, and a safe and secure future for the younger generation.

The Scottish Government are building a safe and secure future for future generations. They believe that a fair and inclusive labour market that provides sustainable and well-paid jobs is key to a more equal society and a more resilient economy. To achieve intergenerational fairness, we need to tackle the legacy effects of the economic recession, such as youth unemployment and in-work poverty. The Scottish Government are ambitious in their aim to reduce youth unemployment and are now implementing the Wood commission's recommendations through a youth employment strategy. Scotland has been a strong advocate of collective action at EU level and has supported initiatives such as the European youth initiative.

I might run out of time, but I will swiftly talk about home ownership and housing costs, which the Scottish Government have done a lot to improve. The Scottish Government will build 50,000 affordable homes, which will help the younger generation, and passed the Private Housing (Tenancies) (Scotland) Act 2016 to create simpler tenancies that offer stability and security to the 700,000 tenants who call the private rented sector home. The Act improves security for tenants, contains comprehensive and robust repossession grounds and includes an opportunity for local authorities to implement rent caps.

[*Marion Fellows*]

What we need for all generations is hope for the future and robust policies that do not pit one generation against another. My children and grandchildren do not begrudge what I have earned and paid for, and I want the best for them, too, but I have grave misgivings about their life chances under this Tory Government. Theresa May has indicated that the UK could follow down a road of deregulation.

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. The hon. Lady is fine for time, but I am sure she meant to say, “The Prime Minister.”

**Marion Fellows:** Yes. I beg your pardon, Madam Deputy Speaker.

A tax haven-style economy would deny opportunities and security to millennials and the generations to come. Finally, to pursue a deregulated tax haven charter is not only a futile race to the bottom that will affect businesses and harm the economy but a clear admission that the UK Government have not learned from mistakes made during the 2008 financial crisis and, more recently, the Panama papers.

5.41 pm

**John Penrose (Weston-super-Mare) (Con):** The Chair of the Select Committee, the right hon. Member for Birkenhead (Frank Field), in a typically assured and authoritative speech, began by saying, absolutely rightly, that intergenerational fairness is a huge issue. He said that the Select Committee, of necessity, had to focus on the particular area of the triple lock—it is a pretty big and important area—but that the issue is much broader than that.

Intergenerational fairness, or generational justice if we want to call it that, is not a brand-new concept, but it is gaining in political salience. It is an idea whose time is coming, if it has not already come. That is partly because of the changing demographics of this country, which underlie the Select Committee’s decision to consider the triple lock. We have had what some people call a “demographic time bomb” ticking away, and successive Governments of every stripe have had to deal with the arithmetic logic that that means for our fiscal future. There is an impact on the state pension, other state benefits and many other facets of our Government finances.

The concept of generational justice therefore provides us with an incredibly useful new moral prism through which to view our spending decisions today. My hon. Friend the Member for North Swindon (Justin Tomlinson) rightly said that it is extremely rare for Governments since the second world war to run a budget surplus. By and large, we have outspent ourselves as a nation—it does not matter who has been in government. We have overspent. We have been Mr Micawber, spending today and hoping that something will turn up tomorrow. That cannot go on because the notion of generational justice is increasingly in people’s minds, and rightly so.

We need to ask ourselves the moral question: if we are spending on things today that just help our lifestyle, how can it be fair on our children and grandchildren? If we borrow to support that spending, they are the ones who will have to pay for our lifestyle today, which

cannot be right or fair. We will have to justify that to them when we, in turn, come to claim our state pension or state benefits.

I am a little more generous than my hon. Friend, because I would say that there are a few occasions when it is justified to borrow more than we receive in tax revenue, particularly where we are borrowing to spend on things that are then going to be enjoyed by our children and grandchildren, as they are going to be able to use them. People in this country today benefit from the investments our predecessors made in railways and roads. We, in turn, are investing in digital infrastructure, which our children and grandchildren will be able to use. Those things last and will yield a benefit to not only us, but future generations. The moral prism that this new concept brings means that we can then start to distinguish between things that our children and grandchildren will be able to use for their own benefit, as well as for ours, and things that only we benefit from—things that subsidise our lifestyle today. That is the new moral prism, and we would not have heard many people in this Chamber or elsewhere in our national debate talking about it even five or 10 years ago—they certainly would not have been talking about it 20 years ago.

That is the new concept, and it is extremely powerful and important for us. Let us suppose we start to view things through that lens and start to apply the same kinds of fiscal and financial discipline that an independent pension fund would apply to its liabilities. Let us suppose we try to value the financial liabilities inherent and embedded in the state pension and the state benefits system, just as the trustees of the Rolls-Royce pension scheme or any other private or occupational pension scheme would. What happens if we then apply those actuarial calculations to the liabilities—to the cheques we are all collectively in this place writing on our own behalf and the costs that we are therefore imposing on future generations? We find that those actuarial liabilities look, feel, sound and are economically the same as a gilt, a Government bond, a long-term liability—and I suggest strongly that it is only generationally just that we should also treat them the same. If we apply those calculations, the Government’s balance sheet—the public’s balance sheet—and the Government’s overall commitments start to look very difficult indeed.

That is not a comment on the current Government or on the previous couple of Governments, either the coalition or Labour. This is a comment on the way this country has been thinking and behaving since the second world war—since we founded the welfare state. If we add those actuarially calculated liabilities on to what we normally call the national debt—the stock of gilts; the stock of Government bonds in issue—we do not just get the figure of about 90% of GDP that is projected for the national debt. That level already gives people like me a nosebleed, thinking about the altitude we are going to be operating at in due course. The strain on our Government balance sheet is already high, but we do not just get a figure of about 90% of GDP as Government debt; depending on which external valuations and assessments we choose to believe, we get a figure that is somewhere between 350% and 400% of GDP.

It is time we started being honest with ourselves, not just across the aisle here in this Chamber, but as a society and as a nation, about the scale of the cheque that we are asking our children and our grandchildren to cash on our behalf. It means that the Government’s

finances are a great deal more brittle, fragile and exposed to external shocks of the kind we suffered in the 2008 banking crisis than we have been willing to admit to ourselves. We have been a high-rolling economy of that kind since we first invented the welfare state.

The Select Committee Chair rightly pointed out that we could react in a number of different ways to this inconvenient truth—for example, by raising taxes or by ignoring the problem; he mentioned that, but I think his tongue was firmly in his cheek when he did so. I would like to offer for consideration one alternative that he did not mention. The only way we can deal with the generational injustice of charging our children and grandchildren for the liabilities we are building up under the state pension and state benefits system is to switch from the current pay-as-you-go system. That is a gulpingly large financial commitment, but it is also I am afraid unavoidable and inescapable once we have accepted that we have been kidding ourselves about the scale of the public liabilities that this country has been writing for itself for the past 50 years or more.

The only way to move from a pay-as-you-go system to a fully paid up system, which is what we already demand from the occupational schemes that we look at with some degree of envy and approval—the occupational schemes are held up by many as the apple of the pensions eye—is through a very slow and steady process. It would clearly be generationally unjust the other way around not only to charge the current generation of taxpayers the cost of supporting the pay-as-you-go system, in which we all pay for the current pensions liabilities, but to ask us to build up a fund to afford the future pensions liabilities so that we can wipe out the generational injustice. We would end up paying twice, which would be a generational injustice of a different kind and scale.

I make this point, then, to all those present and to everyone listening more widely: if we are serious about generational justice and about trying to make sure that we do not expect our children and grandchildren to fund our pensions and benefits, whatever we may need if we get sick or are out of work—those vital parts of our lifestyle—we need to make a long-term commitment to deal with their inheritance as well. Families do this all the time—they make commitments on behalf of their children and grandchildren. As a nation and as a society we need to start to be honest with ourselves about the size of the burden we have been and are placing on future generations, and about the fact that the generational time bomb is starting to impose ever heavier burdens. The only solution—to be approached slowly, carefully and over a very, very long timescale—is to make the commitment to switch from a pay-as-you-go system to a fully funded system, so that we can look our children and grandchildren in the eye and say, “We did not ask you to pay any more for our lifestyles.”

**Several hon. Members** *rose*—

**Madam Deputy Speaker (Mrs Eleanor Laing):** Order. Right, let us try for nine minutes or less.

5.52 pm

**Catherine West** (Hornsey and Wood Green) (Lab): I congratulate my right hon. Friend the Member for Birkenhead (Frank Field) on introducing this important debate on intergenerational fairness—or social mobility, as it may also be called.

We are, of course, not the only country dealing with longevity, which is a positive thing. I am the shadow Minister for the far east. China is, of course, the most populated country in the world, and its large, ageing population has created a massive question mark over how to proceed. We are therefore not the only ones questioning how the best policies and ideas might be brought forward.

Let us not forget that pension credit is one benefit that is under-claimed. When I meet older folk in my advice surgery, I am always surprised by just how many pensioners are living in poverty. One part of my constituency is one of the most well-to-do areas while the other part is one of the poorest. People in Wood Green live 10 years longer than my constituents in Muswell Hill—I think I have that the right way around. The important thing is that in just one constituency there can be a 10-year difference between the ages at which people pass away.

Members will have seen headlines today saying that people will have to work until they are 71. We know that a feature of older age is the scourge of loneliness. Many people might be quite well off but, in the end, it is the loneliness that is fatal for them. As we think about these intergenerational issues, we should consider the wonderful, cross-party memorial project for our former colleague, Jo Cox, which is all about dealing with loneliness.

Let me turn now to younger people. This dovetails nicely with our previous debate on productivity, because we know that if we had more effective childcare, many more working-age parents would be able to earn and make those steps in the workplace that the hon. Member for North Swindon (Justin Tomlinson) mentioned in his speech. Many women missed out on career opportunities because the childcare was simply not there when they needed it. That in turn meant that they were not able to get the pay increases that would have enabled them to have a better pension, and so it goes on.

The former Prime Minister Tony Blair said, “Education, education, education,” because he knew that better jobs would bring in more tax receipts. That is why it is so important that education is central to what we do in this place. It is a great pity that we are seeing the first real-terms cut to schools in 30 years. As the places that educate more than 90% of our children, state schools have to be at the forefront of what we do. The latest cut is very regressive indeed.

A cut of 50% to further education can only lead to a lowering of educational attainment and reduced opportunity within the general population. My right hon. Friend the Member for Tottenham (Mr Lammy) is now calling for something similar to working men’s colleges because of the lack of an opportunity to learn. When I go to my advice surgeries in Wood Green library, I am always delighted to see how many adults there are learning English, maths or another subject to give them that golden bit of education that will get them into a good job.

Let me turn briefly to the matter of university fees. The other day, a lecturer at London Metropolitan University, which educates nurses, told me that the average nurse now comes out of university with a debt of £54,000. If a nurse has a starting salary of £24,000, it is quite obvious that it will take them a very long time to pay off that debt, and they will end up as a victim of these intergenerational issues that we are debating.

[Catherine West]

Working-age families face increasing travel costs when commuting to work, as well as higher energy and telecoms bills. If three or four children in a family each have a mobile phone, things are much more expensive than when each house had just one landline, but phones are not considered to be a luxury anymore—they are just something that we need for our work. Many working-age families are therefore treading water, and some are even going backwards.

On the psychology of universal goods and services. I want briefly to relay an experience that I had as a council leader. As a council, we wanted to do something for older folk, so we introduced a £100-back scheme. I received the most interesting thank you letters—not that council leaders receive many of those; the letters are usually the opposite. People said, “Thank you. I am just over the benefit level. I have worked all my life, and it feels wonderful to have this recognition from the council. This £100 will help me to have a holiday or a day out.”

We know that the freedom pass, the concessionary travel scheme for older Londoners, is greatly cherished. I would like many more travel concessions for the regions. The fact that people cannot get on a bus in their village so that they can go shopping in the local town holds back our high streets and the economy enormously. A Labour Government would almost certainly address that issue. The NHS is, of course, a very popular universal service. If we followed the reasoning we have heard in several Members’ speeches, we would assume that targeting everything is the right way to go, but we know that universalism works.

Housing is the big divide between the higher and lower value areas of the country. People who want to take up a job in a high-value area such as London, Oxford or Bristol face difficulties because of the astronomical cost of renting. The best investment the state can make is in bricks and mortar—as we know, because every other wealthy investor is doing that. The average local authority home costs £100,000 in capital to build. If that cost is paid back at a rate of about £150 a week for a family, it is soon made up over a 10-year period. Social housing is a wonderful investment. In fact, housing in general is a wonderful investment, and the wonderful thing about housing stock is that it is there forever to use and let out again.

In conclusion, Madam Deputy Speaker—[*Interruption.*] Oh, Mr Speaker, you have slipped in unannounced; it is so unlike you to be so quiet.

My first point on social mobility was simply to reiterate that pension credit and benefits for pensioners are often under-claimed. We should not assume that everybody over the age of 65 is doing very well. My second point was about the increasing pressures on working families. There is a desperate need for affordable childcare, and people face increasing costs of commuting to work alongside flatlining wages or household debt, which is creeping up again, so we need to watch the situation carefully. Government investment in education and housing is the way forward. I hope that we will learn much more from the report of the Work and Pensions Committee, which is chaired by my right hon. Friend the Member for Birkenhead, but we must not forget the complexities of the situation.

Several hon. Members rose—

**Mr Speaker:** As far as I can see, there are four more would-be Back-Bench contributors. I should have thought that we will need to start the Front-Bench wind-ups no later than 6.30 pm. The right hon. Member for Birkenhead (Frank Field) might want to make a two-minute wind-up.

**Frank Field** *indicated dissent.*

**Mr Speaker:** No—well, the wind-ups should certainly start no later than 6.30 pm.

6.2 pm

**Mr Stewart Jackson** (Peterborough) (Con): This has been an excellent debate, which was brilliantly introduced by the right hon. Member for Birkenhead (Frank Field) and has included thoughtful and intelligent contributions from all hon. Members.

This debate is about poverty, wealth, the accretion of assets and life chances. My grandmother, Kathleen Woodman, was one of 13 children born in County Wexford in Ireland. Eleven of those children died of tuberculosis before Kathleen was taken to England in the late '40s to live out the rest of her life. I mention that because it is impossible not to remember that the reality of life for so many of our fellow citizens for so many hundreds of years was brutal, grinding poverty. We have come an enormous distance. I say to the right hon. Member for Birkenhead that, yes, there is much to be done, but we have done a great deal to right the wrong of the grinding poverty that afflicted so many people over so many years.

It is important to remember that the modern welfare state was debated after Lloyd George’s 1909 people’s Budget, which brought in social insurance, pensions and the pre-Beveridge foundations of the welfare state. For that reason, we ought to recognise that we have gone in the right direction over the years. To use another statistic, it is impossible to believe that 44% of the world lived in absolute poverty as recently as 1980. In 2015, that figure was 9.6%. We have done an enormous amount—through technology, science, innovation and advances in healthcare—to lift the burden of destitution, misery and poverty from our fellow man, and we should accept the importance of that.

I will confine my remarks to the specific issues raised in the report. The debate between the so-called millennials and the baby boomers does not have to be acrimonious and adversarial. None of us can do anything about the societal change inherent in it, which is essentially demographic. The number of over-85s will double in the next 25 years, and that is a fantastic piece of news. As recently as 30 years ago, people worked incredibly hard—often in manual work. They reached 70 and had a few years tending their plants or their budgie, and then they fell off their perch. That was the reality of our life then. People now are richer, happier and healthier, generally speaking, than they have ever been, and that is a good thing.

It is also true to say, though, that we have not always done the right thing in response to that significant demographic change. To go back to the points made by my hon. Friend the Member for North Swindon (Justin Tomlinson), we have made some policy mistakes. We had a fetish in the 1980s and 1990s for university

education—academic education. We did not consider the importance of technical and vocational education to young people who were not necessarily academically gifted. We drove the target of 50% of 18-year-olds going to university, which is great if someone goes to Harvard, Oxford or Cambridge, but not if they go to a less prestigious university and end up earning £7.50 an hour in a call centre, with £40,000 of student debt. We have to really consider whether we made the right decision. For instance, we turned polytechnics, which did a great job in providing technical education for young people, into universities. Was that the right thing? We are doing our best now to ameliorate those issues by, for instance, creating university technical colleges and a brilliant apprenticeship programme across the country, but I am not sure that is enough.

Housing is an important issue, and it was raised by the hon. Member for Hornsey and Wood Green (Catherine West)—I think she got her figures the wrong way round, unless Muswell Hill has gone downhill a lot since I last visited it, compared with Wood Green. It is absolutely right to point up the issue of older people, who are, in any case, better off, hoarding capital assets and, particularly in the planning system, preventing younger people from having what they themselves had. When someone who wants to buy a home has to be 37 years of age and to have something like £25,000 for a deposit, that cannot be right, and it distorts the system. We must build more homes, release more land and liberalise the planning system to address the specific issue of housing and intergenerational fairness.

We have to look at the triple lock, and we need a national debate about it. I am indebted to the Resolution Foundation for the paper it produced last year—“Stagnation Generation: the case for renewing the intergenerational contract”—and for the work of Lord Willetts, among a number of people. It is scarcely believable that the Resolution Foundation could say:

“Millennials are at risk of becoming the first ever generation to record lower lifetime earnings than their predecessors”.

That is the political inheritance we are potentially giving to people who are under 30 at the moment.

**Julian Knight** (Solihull) (Con): Does my hon. Friend therefore agree that we should reform pensions tax relief to enable younger people to save more? Three quarters of pensions tax relief goes to higher earners, who are often older. If we reformed it—moving to, say, 28p or 30p in the pound—lower-income people would have more bang for their buck.

**Mr Jackson:** I absolutely agree. In terms of fairness and social equity, that is an excellent fiscal policy, which we should look at.

As the Select Committee report said, we also need to look at the information gap. We need qualitative and quantitative data on what goes in and comes out across both generations. We need to publish that analysis and study it independently.

We need to look at universal pension benefits, such as the winter fuel allowance. With demographic change, it is inevitable that we need to make sure we marshal our public resources in the best way we can. We need to look at a smoothed earnings link—a nuance in terms of

prices-related indexing of benefits to pensioners. Life expectancy is increasing and health outcomes are getting better.

It is not that we have not done a good job, with automatic enrolment, changes in tax allowances, the national living wage, record employment of 74.6%, apprenticeships, and real incomes now rising by 2.6%. As we have heard, the number of those not in education, employment or training is reducing. Youth unemployment in my constituency has seen one of the biggest falls in any constituency in England—about 70%. Work means wealth. Work is the biggest determinant of getting out of poverty. Albeit that it might be low-paid and low-skilled work at the beginning, it is the No. 1 determinant of breaking the cycle of intergenerational welfare dependency. It is hugely impressive that the Government have taken 865,000 people out of workless households since 2010, although obviously they need to do more.

Before I conclude, may I be a little disobliging to the Scottish National party? The hon. Member for Motherwell and Wishaw (Marion Fellows), who is an excellent representative of her constituency, was rather churlish in the partisan point that she made. If we are talking about ideology, perhaps she can explain the £2,000 gap per head in public expenditure as a result of the Barnett formula, as between my constituents and hers. I will leave that in the air for her to think about.

My hon. Friend the Member for Weston-super-Mare (John Penrose) made a superb speech. In fact, we do not have an approach where we just put money in a biscuit tin and take it out when we are 68 or 70—we have a pay-as-you-go system. We must have a national consensus and a proper debate on this issue, because we cannot kick it into the long grass any longer. As I said at the beginning, grinding poverty, destitution, ill health and hidden mental illness are all things that we never want to go back to. The system we have is a price we are paying for a civilised society.

6.12 pm

**Steve McCabe** (Birmingham, Selly Oak) (Lab): I want to avoid seeing this as an issue of young versus old. I am conscious that there is a huge variation in the incomes of pensioner households, with some relatively affluent and others struggling to get by. I recognise the dangers of too much means-testing among elderly people, and particularly the risk that it can lead to people going without despite genuine need and entitlement.

However, I am also aware that this is not a great time to be young. Average household income, which has been rising for every successive generation since 1910, has stopped rising for those born in the 1980s, who are the first generation to start their working lives on an income lower than that of the previous generation. This younger generation will also do less well on pensions, both through the lack of access to defined-benefit schemes and the age at which they will be entitled to a state pension. It is true that, as we have heard, auto-enrolment will help, but it is hardly generous, and it will require a steady rise in employee contributions over the coming years. I would like the Government to take a good look at pension tax relief. In response to the hon. Member for Weston-super-Mare (John Penrose), I would like to see what can be done to incentivise those on lower incomes and at the early stages of their working lives to save in a pension pot. That would be a better use of

[*Steve McCabe*]

public money than a generous relief for those who have already built up a healthy and, in some cases, quite substantial pension pot.

We need to think about how hard it is for young people to get on the property ladder and the proportion of their already limited income that so many are forced to pay in rent and other housing costs. The Institute for Fiscal Studies reports that homeowners spend about 15% of their income on mortgage payments, which is about half the amount that renters are forced to spend in this country.

I was struck by a proposal in the report of a recent British Academy-IFS roundtable on intergenerational fairness, which suggested that one answer to the double dilemma of accommodation costs for the young and of the social care crisis would be to encourage a model of co-habiting with older people. That might provide benefits of increased companionship and new understandings between generations at a time when the idea of the extended family has all but ceased to be a feature of our society and so many people feel isolated. The arrangement could also afford a measure of care and have a positive impact on wellbeing. It might also help those who are property-rich but cash-poor. If costs could be set at a fair and realistic level, it might offer some hope to those whose accommodation costs mean that they have no prospect of saving to get on the property ladder.

I support the Chairman and other members of the Work and Pensions Committee in calling on the Government to come clean about their future plans for the triple lock, which I honestly do not think is sustainable. I do not want an election campaign to be fought on a false bidding war for pensioners, only to be followed by a harsh U-turn shortly afterwards, as we have already seen with tuition fees and expectations on social care.

I am aware that many pensioner groups will oppose what I have to say. I have already had a hard time from the West Midlands Pensioners Convention for being a member of a Committee that could dare look at this issue. I am also aware that Labour Front Benchers are currently committed to maintaining the triple lock for the whole of the next Parliament, but I ask them to look again and see whether there is a better way to both protect pensioners and hold the Government to account on their vague plans.

There are two problems with the triple lock. First, it has a ratchet effect, which means that it demands an ever greater share of GDP when we have seen no income growth in working-age households for the past 10 years. Secondly, the triple lock creates a trade-off that means that the state pension age will have to rise above 70, which means pushing it above average life expectancy in some of the poorer parts of the country. In some parts of Birmingham, average male life expectancy is already 70.4 years and healthy life expectancy is as low as 53 years. In many parts of the country, average life expectancy and healthy life expectancy are even worse. We have already seen the problems caused by the rising pension age for Women Against State Pension Inequality, a group that I think should get transitional help.

I wonder what the risks will be if we pursue a policy of an ever-rising pension age. A better alternative would be to link the state pension to average earnings, but with

added inflation protection in periods where price growth exceeds earnings. I ask my party's Front Benchers to think about that. As a politically acceptable sweetener for such a change, it might be worth considering replacing the hugely expensive 2.5% component of the triple lock with a pledge to set a different cap on care costs and more support for social care.

We have to accept that workless pensioner incomes—that is, those of people who are fully retired—have grown more rapidly than those of any other group since 2001. Today's young workers are set to be net contributors to the welfare state over the course of their lives, while the baby boomer generation, as we have heard, will be net beneficiaries. I want honesty for the future, fairness for current and future pensioners, and sustainable and affordable plans for the challenges that lie ahead.

6.19 pm

**James Cartlidge** (South Suffolk) (Con): It is a real pleasure to follow the hon. Member for Birmingham, Selly Oak (Steve McCabe), who is a very good member of the Select Committee on which we both serve. I will echo one of his key arguments, which is that we need to reform the triple lock and other pensioner benefits and to use the savings for adult social care and the NHS, given how much of those savings would go to those who are pensioners.

The key word used by the hon. Gentleman was “honesty”. We must level with the British people about the financial situation we are in. The way to look at it is to ask: if we had a blank canvas today, what would we keep of what we have now? No one starting a pensions system today would come up with the triple lock. No one would suggest a winter fuel allowance, costing £2.1 billion, which is paid to everyone regardless of their income or their national insurance record. In my view, no one would suggest a free bus pass, which costs £1.2 billion. No one would even suggest the £10 Christmas bonus, which Ted Heath introduced in 1972, costing £124 million at Christmas, at a time when the NHS is in crisis and needs more funding.

The essence of my argument is that 2020 is way too late. To have such a date is to use an arbitrary political timetable to enforce policy, at a time when the national interest requires us to look at the state of adult social care and the NHS and to find the money needed for them in a fair way. To me, the proposition that we are about to put more money into adult social care and the NHS but that none of it will come from existing pensioners is extraordinary. We have to look at pensioner benefits and the triple lock.

When it comes to the triple lock, we must remember that by 2050 the number of pensioners—the number of people over 65—will not be 10 million as it is today, but 19 million, which is almost twice as many. Look at the pressure our services are under today, let alone when there are almost twice as many pensioners. If we keep the triple lock, it will cost an extra £15 billion by 2050. My view is that we should recognise that the most vulnerable pensioners—those who need help from the state the most—are in the care system or in the NHS and in need of care.

I think we should look very hard at the winter fuel allowance. I would capitalise it for a year to invest in remediation measures, provide help with heating and so

on, and move people on to more competitive energy tariffs, and then I would wind it down and spend the money on the care system, because that is what pensioners need, particularly in the winter.

We should look at the free bus pass. We could put a nominal charge on the pass and allow pensioners to travel at peak time. According to my county council, that would be a huge saving. It is actually what many pensioners want, bearing in mind how many do not take advantage of the free pass, which costs the Exchequer £1.2 billion a year.

I have to add that we should look at free prescriptions. In England, we say that we pay for our prescriptions, but 90% of prescriptions in England are not paid for, because so many of them go to the over-60s. The cost of free prescriptions in England for the over-60s is £4.8 billion. I recently went to a pharmacy in the beautiful village of Clare in my constituency. Most of the over-60s there are relatively well-off and probably own their properties outright—of course, there are pensioners there who are not well-off—but the fact is that they receive free prescriptions while many far less well-off people of working age do not. That is the sort of moral issue we must talk about.

What would I use the savings on? People should be as open and honest about this as I and our Committee have been prepared to be.

**Julian Knight:** My hon. Friend is slaughtering sacred cows in such a steady fashion that I am wondering whether he is also considering looking at free BBC TV licences. Is that an expense we cannot afford?

**James Cartledge:** My understanding is that the BBC will be asked to pick up the tab for that shortly, which I think is fair enough.

As I say, none of us would introduce such things today. They were political measures that bear no relation to contributions to the national insurance system or to the incomes of the recipients. That is the sort of politics we simply cannot afford today. Instead, we should be prepared to look at these measures, and use the savings to support a fair deal for those who have assets and need the care system, as well as to support those in the care system who cannot support themselves. Raising money to support the care system offers the possibility of another aspect of intergenerational fairness. The care sector is desperately short of staff and too many are badly paid. If we raise the money to support the social care sector, which will not be hit by the robot employment era, we have a way to give better paid work to young people and to provide a better career structure to those who might otherwise be on relatively low pay.

I want to finish on the key point made, in an excellent speech, by my hon. Friend the Member for Weston-super-Mare (John Penrose). I strongly agree with him on the issue first raised by my right hon. Friend the Member for Hitchin and Harpenden (Mr Lilley) in relation to the basic pension plus in April 1997 that we should move to a funded system. All our constituents who are pensioners will make the point, “Why should you take this stuff away from me when I have paid into this all my life?” And quite right. Pensioners come to my surgeries worried about having low interest rates on their savings when council tax is going up. They are affected by that. I accept that many of them are not wealthy. In fact,

many are struggling. I accept that, but the root of the problem is that we have a pay-as-you-go system. We have vast freebies, such as prescriptions, and nobody feels any link to them. My hon. Friend is right that this is about the contrast between a Government who would be doing the right thing, even though it is not popular, of building towards a funded system, and those in the past who have given out vast freebies at the expense of future generations. The former is the model we should move towards. It may not be popular, but I think the public know that tough decisions have to be made. We should not shy away from them. If we want intergenerational fairness, we will have to have a little bit of intergenerational honesty.

6.26 pm

**Richard Graham (Gloucester) (Con):** It is a great pleasure to join the debate at this late stage, a debate introduced in a sense with the very good news about BHS pensioners. Many of us serving on the Select Committees chaired by the right hon. Member for Birkenhead (Frank Field) and the hon. Member for Hartlepool (Mr Wright) share the enthusiasm for that result.

On intergenerational fairness, let me start by putting the case for the prosecution, as it were, which was laid out in more detail in the Select Committee inquiry that I and many other Members here today were involved in. The Committee effectively said that the UK economy is skewed. We focused on some key elements: house prices; life expectancy; the burden of looking after the old financed by the young; the triple lock on pensions; and the implicit social contract between generations that we felt had become skewed. That triggered two or three specific recommendations, in particular on the new state pension tracking earnings and doing away with the triple lock.

The factual evidence behind the case for the prosecution is highlighted in the figure that the value of the full state pension as a percentage of average earnings is now the highest it has been since the late 1980s. However, there is of course more to it than that. Some of the points I would like to highlight include the fact that spending on pensioners as a percentage of GDP is falling. That is partly due to a growing economy, increases in the state pension age and the fact that the triple lock applies only to the basic state pension and new pensions. The statistics, therefore, are not always helpful in terms of anticipating the future. One other point is that there is a strong feeling among some of us that the basic state pension needed to increase quite sharply, particularly between 2010 and 2020, because it had fallen behind strongly in the previous decade. Everyone will remember the business of the 75p increase under a previous Government. This is, therefore, not quite as simple a proposition as it first appears.

Among our pensioners today are those who served this country in extremely difficult times, including world wars and other conflicts. Many were brought up in very difficult circumstances in a world far removed from the conditions that most people today can imagine. There is then the matter of the young. The young have always faced challenges; their challenges have just changed over time. One hundred years ago people leaving school at the age of 18 were facing extremely different challenges, many of them on the western front. My own grandparents, as young people, met shortly after the carnage on the

[Richard Graham]

Somme, where my grandfather had been severely injured. The woman who became his wife was nursing him. Although the challenges of today are considerable, we should not underestimate those of the past.

One of the ironies of our leaving the EU at this stage is that we are just beginning to adopt a more European approach to the homes we live in and to rent them for much longer, as they do on the continent. In a sense, the Government have recognised that in their ambition to create more social housing available for rent.

Other points have been well made, particularly by my hon. Friend the Member for North Swindon (Justin Tomlinson), who articulated much of what many of us feel about the National Citizen Service, which has so far cost about £1.2 billion—that is not on any balance sheet, of course, in terms of intergenerational fairness—apprenticeships and youth unemployment, which is at its lowest for 12 years, and the openings and opportunities in universities and further education colleges.

In that regard, I hope that the former right hon. Member for Havant, in his current role as chairman of the Resolution Foundation, when he is being provocative from that platform, does not try to set pensioners, those of working age and the young against each other, for that could be extremely counterproductive, as I will go on to set out. [Interruption.] Of course, things can be done to improve the balance in the relationship. Some of those were mentioned by my hon. Friend the Member for Weston-super-Mare (John Penrose), and we could look at a double, not a triple lock.

I can see that you are agitating, Mr Speaker, so I shall finish. In our efforts to make sure that the costs of old age do not cripple the future generations paying for them, we should never forget the hugely positive role that so many pensioners, grandparents and great grandparents play, looking after children and sharing their love and wisdom with their families, especially where the parents' own relationships have broken down and the children are often being guided by their grandparents. In many ways, older people are always helping out and passing on knowledge. Let us never forget that.

The Resolution Foundation wants to analyse the balance of fiscal contributions and withdrawals. It is right that that should be done by that foundation and not the Government. Let us not forget, however, that incredibly sensitive issues are at stake, some of which emerged as moral issues during our discussion of the Assisted Dying Bill. We do not want to end up inadvertently setting generations' interests against one another. At the end of the day, let us be mindful of what many in the House believe and the late Jo Cox articulated brilliantly: what we all have in common is so much more than what divides us, including across generations.

6.32 pm

**Kirsty Blackman** (Aberdeen North) (SNP): Hon. Members might have heard me talk before about my issues with the estimates process. I do not agree that we should do them in this way and I think that the Government should seriously consider the reforms recommended by the Procedure Committee in respect of how we deal with them. We should be allowed to discuss and scrutinise them at length.

That said, I want to talk specifically about the intergenerational fairness report—it works quite nicely that I and my hon. Friend the Member for Motherwell and Wishaw (Marion Fellows) are the SNP team on this. I want briefly to touch on my story and then talk about some of the issues that people my age face. My grandparents were part of the silent generation mentioned in the report, my parents were at the tail end of the baby boomer generation, I am a millennial and my children are of the generation called “the latest”, which I think is sometimes termed generation X, but I am not sure.

My grandparents are still alive and have spoken to me about their story and the hardships they faced. In my family, we have faced all the issues discussed in the report. Those issues that people my age face differ from those faced even by relatively recent generations. There are issues with precarious jobs and the gig economy. It has not been talked about a huge amount today, but it is important to note that there is no longer the job security that some people had in previous generations. Young people cannot expect to walk into a job and still be there in 20 or 30 years. They walk in wondering if they will still be there in six months, given the precarious nature of contracts these days.

Another thing that has not been discussed is the fact that people my age are delaying having children, which stores up even more problems for the future demographically. What we should have been doing is having more children 20 years ago; now the problem is exacerbated even more because people are pushing having children later into adulthood. This is causing a problem, because we will not have the working-age population to support us. I am not going to be able to retire for another 38 years, which is when I will hit state pension age. By that time, I will have been working full time for about 49 years. Other people of my age are in the same situation.

Let me touch briefly on housing costs. In 1990, around the time that my parents were buying houses, the average housing cost in Scotland was 2.4 times the average income. By 2010, it was 3.7 times, so buying a house is much more difficult for this generation than it was for previous generations. One of the biggest problems that I see coming through my door is the lack of council housing. That issue can be firmly placed with the Thatcher Government and the right to buy. That is absolutely and unequivocally the reason for this problem.

I was a local authority councillor for a long time before I became an MP, and almost everybody who walked through my door had concerns about the lack of council houses. In 2004, 2005 and 2006, Scotland saw six council houses built across the whole country in that three-year period. Since then, we have cancelled the right to buy, and the number of council houses being built in Scotland is back to being more than 1,000 a year. It is not high enough—I would like to see us building more—but we are getting there. We are trying to dismantle the legacy of the Tory right to buy that has caused such a huge problem for this generation.

Let me briefly touch on how to fix the problem. I have touched on social housing. “Inclusive growth” is really important. It is one of those buzz phrases that are talked about. What inclusive growth means is not just sitting down to work out how to grow the economy; it is about sitting down to work out how to grow the economy so that everybody benefits—not just the people at the

top of the pile. When we are thinking about how to grow that economy, we need to start by thinking about how it will benefit the people at the bottom of the pile who need it the most. That is what this Government have been lacking in their thinking about economic growth.

We need to have more children, but as I said we should have started doing that 20 years ago, and unfortunately we did not. What we need to do is ensure that we keep having the level of immigration that we have had. We should not have these attacks on immigration, particularly in respect of people who are coming here to study, for example, who then give us the benefit of that study by working in our economy, generating and paying taxes. It is important that people come here to study and then contribute to our economy. In many cases, they go back to their country, having paid taxes here, which is great and helps to support our older generations.

Finally—I know I am tight for time—as a millennial, I am not happy with the situation that people my age are facing: I am not happy with the precarious nature of the jobs market; I am not happy with expensive housing. However, I do not believe that we should take things away from the people who are currently pensioners in order to fix that. What we should do is to grow the economy inclusively, ensure that there are better workers' rights and ensure that companies spread their wealth so that everything is not just divvied out to shareholders who already have lots of money. We should ensure that there is a fairer and more balanced economy, rather than taking things away from pensioners who have worked for so many years.

6.38 pm

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab): It is a pleasure to speak in this important debate on behalf of the Opposition. I need to extend the apologies of my right hon. Friend the Member for Birkenhead (Frank Field), who I believe is doing media rounds following the news about BHS that we heard this afternoon.

I am a baby boomer, too. My girls are millennials. Many of the things that have been discussed today have been described up and down the country. How lucky I was to be able to go to university without the debt that my girls—and many other young people—are experiencing, and to be able to afford a mortgage in my late 20s, before we had our first daughter. My daughters simply do not have that opportunity. Their debt will be around their necks for a long while, and they are not in a position to buy their own homes, although they both work incredibly hard.

I absolutely agree with the premise of the Select Committee's report—we do need to address the intergenerational inequality that is being experienced throughout the country—but I differ with it on the solutions. The report suggests that the state pension triple lock should be targeted for expenditure savings. According to the OECD, the basic state pension was one of the world's lowest after the Thatcher Government broke the link between earnings and uprating in 1980. That led to a long decline in the value of pensions, which the last Labour Government strove to restore.

Although there have been positive efforts to ensure that the new single-tier state pension is fairer and of wider benefit to members of the current generation,

there are problems with it. Over the course of their retirement, those in their 40s will be £13,000 worse off than otherwise, those in their 30s will be £17,000 worse off, and those in their 20s will be £20,000 worse off. A continued above-inflation rise will not only benefit those who are retiring now, but will be enjoyed by generations who are to retire. That is one of the central reasons for Labour's commitment to maintaining the triple lock beyond 2020. I know that we differ from the Government in that regard, but underpinning our decision is the issue of inequalities within generations. We must not trade off the inequality of one generation against the poverty of another.

**Geoffrey Clifton-Brown** (The Cotswolds) (Con): Will the hon. Lady give way?

**Debbie Abrahams**: I hope that the hon. Gentleman will excuse me if I do not. I am incredibly pressed for time and I have already had to cut my speech considerably.

The Select Committee recognised that those who look solely at the intergenerational picture can lose sight of important inequalities within generations. It is important to protect the triple lock and universal pensioner benefits while making different choices to support other generations. The Labour Government made great strides—about 1 million pensioners were lifted out of poverty—but one in seven have remained in poverty since 2010. That level is still much too high, and it should worry us. That is not acceptable in one of the richest countries in the world, and we must do all that we can to ensure that the trend does not rise again. That extends to our commitment to the triple lock and universal pensioner benefits, and our commitment to act immediately on the fate of the 1950s WASPI campaigners. We are committed to ensuring that every older person has dignity and security in retirement.

What are the other choices that we believe should be made? Three specific policies could immediately help to address intergenerational imbalances in a way that would not deprive one generation while supporting another. First, we want to introduce a real living wage, based on what people actually need. After evaluating the effects of the national living wage that has been introduced, the Living Wage Commission said that it failed to meet the basic needs of low-income households. Analysis by the Institute for Fiscal Studies has shown that without significant policy change, real wages are likely to remain lower in 2021 than they were after the recession. Seven years of austerity have consistently failed to deliver pre-recession wages. The decline in the value of wages has been driven by what the Office for National Statistics has described as an unprecedented decline in productivity—unprecedented since world war two. At the same time, prices of basic household goods and services have risen dramatically.

That long squeeze has been coupled with repeated attacks by this Government and the coalition Government on income support provided through the social security system. Many Members have mentioned the issue of in-work poverty: 7.4 million people—one in eight—are living in poverty, including children. I beg to differ with the point that work is the route out of poverty. Four out of five people in low-paid work will still be in low-paid work 10 years later. Taken together, those dynamics have really impacted on standards of living.

[Debbie Abrahams]

Labour has therefore committed to intervene. At our party conference last year, the shadow Chancellor announced that he would introduce a real living wage of £10 an hour. That is what is anticipated will be needed in 2020. The second step is to invest in social and affordable housing. I mentioned my own experience and that of my daughters. It barely needs repeating that the rapid acceleration in house and rental prices, which is a direct result of the failure of all Governments, but especially this Government, to build social and affordable housing, is a key driver of the declining standard of living among those of working age. It might indeed be the fundamental dynamic driving intergenerational disparities.

The consensus is that we need to be delivering 200,000 homes a year, 80,000 of which should be at affordable social rent levels, if we are to keep up with household formation and address poverty levels. Last year, unfortunately, the Government got nowhere near that. Rather than raiding the state pension, the Government should invest in socially rented housing, or allow councils to replace stock sold under the right to buy. That would have a huge impact on intergenerational unfairness, as the Work and Pensions Committee recognises.

The third policy intervention to address the intergenerational imbalance is widening access to auto-enrolment saving. It is a testament to the previous Labour Government that 10 million additional workers are estimated to be newly saving or saving more as a result of auto-enrolment. A total of £17 billion of pension savings has been put away by low-income workers. However, 37% of women workers, 33% of workers with a disability and 28% of black and minority ethnic workers are still not eligible for auto-enrolment. That must be addressed in the review that will be undertaken. We will be pushing hard for that, as the Pensions Minister would expect.

We respect the hard work that the Work and Pensions Committee has put into producing its report. We broadly agree with its analysis, but we believe that there should be a different emphasis and different policy solutions to address the intergenerational inequalities that exist.

6.48 pm

**The Parliamentary Under-Secretary of State for Pensions (Richard Harrington):** Having learned a word from you earlier today, Mr Speaker, I can say that hope we have all learned from the sagaciousness of the right hon. Member for Birkenhead (Frank Field), the Chairman of the Select Committee, who started the debate. I am indebted to you, Mr Speaker. At least I have got that on the record—and many other words I have learned from you.

I seriously thank all Members, on both sides of the House, for their contributions, particularly the members of the Work and Pension Committee who spoke. I appreciate the comments that have been made about the Pensions Regulator securing the settlement with Philip Green. I am very pleased about that. It is good for scheme members, and it will bring peace of mind to the 19,000 BHS pensioners who have endured uncertainty following the company's collapse. I commend both Select Committees for the work they have done on that issue. I also commend the Pensions Regulator and its staff, who have worked very hard and done everything we could have expected of them.

This has been an informative and timely debate. Recent evidence shows that pensioner poverty is at a near record low, which is a good thing for a Pensions Minister to be able to say. We have seen a dramatic fall in the percentage of pensioners living in poverty from 40% in the early 1970s to 14% in 2014-15, but I hope that I never give the impression of complacency. Poverty is poverty, and there are still far too many pensioners living in poverty.

Intergenerational fairness is an easy thing to say. My hon. Friend the Member for Peterborough (Mr Jackson) talked about his grandparents, and I also come from a generation whose parents knew poverty. They knew unemployment, they knew the war and they knew poverty—[*Interruption.*] I beg your pardon, Mr Speaker; I was trying to be sagacious in my comments. I was about to mention my mother, who has a photograph of you on her mantelpiece.

We were brought up hearing people say, “You don’t know you’re born, you lot. You’re so lucky.” And we were a lucky generation. One aspect of the luckiness of my generation, as was mentioned by many Members, including the shadow Secretary of State, the hon. Member for Oldham East and Saddleworth (Debbie Abrahams), is that we were often the first generation to go to university. I want to make it clear that the answer to intergenerational fairness is not to make pensioners poorer; it is to concentrate on building the economy, building extra houses, and having better quality education and apprenticeships. All those things have been described eloquently by many Members, in most cases in what the Americans would call a bipartisan manner. I am pleased to be part of that debate.

The labour market is the strongest that it has been for years. The employment rate is at a record high, and in the past year we have seen nearly 300,000 more disabled people, over 200,000 more women and over 150,000 more black and minority ethnic people in work, so the signs are pretty good. Rightly, there is cross-party consensus that achieving lower levels of pensioner poverty is a worthy objective. Who would say that it was not? I recognise the valuable work of the Work and Pensions Committee in promoting such issues. It almost goes without saying that we want to ensure that pensioners are treated with the dignity and respect that they deserve in retirement. Anyone in the House, and in the country, would say that.

The right hon. Member for Birkenhead acknowledged that pensioner poverty had been hugely reduced over the past decade, but he and his Committee are right to look at the long-term alternatives. He said that budgetary matters are important. We cannot talk about the triple lock or any other system without considering the amount of public expenditure involved. I am sure everyone would agree that the Government's commitment to the triple lock is an invaluable element in addressing the issue of pensioners living on a low income. As a result of the triple lock, the value of the full basic state pension as a proportion of average earnings is at its highest since the 1980s. Since 2010, the triple lock has given current pensioners, more than 1 million of whom rely solely on the state for their income, up to £570 a year more than if their pension were just uprated by earnings. As I and others have stated, that was why we introduced the triple lock in 2011, and it is why we have committed to continuing it over this Parliament. It has protected the income of millions of people.

**Geoffrey Clifton-Brown:** Will my hon. Friend give way?

**Richard Harrington:** I am sorry, but I do not have time. Normally I would be happy to give way.

As my hon. Friend the Member for Weston-super-Mare (John Penrose) eloquently pointed out, we have to be careful about creating a burden for future generations by spending money today. He made an interesting, eloquent speech, and I hope to discuss his moral prism with him on many other occasions, within the Chamber and without. Achieving for the pensioners of today does not preclude us from ensuring a good deal for the pensioners of tomorrow. The Government are determined to build a country that works for everyone. The coalition Government took some difficult decisions to put the welfare system on a sustainable footing while still protecting the most vulnerable. It is important to remember that, since 2010, the Government have focused on reducing the deficit and getting public spending under control in order to protect future generations from unpayable public debt. It is important that that is recognised, and it fits in with what my hon. and right hon. Friends have been saying.

There are clear signs that we are prioritising the sustainability of this country's pension provision. In the limited time available, the best example that I can provide, which was mentioned by the hon. Member for Oldham East and Saddleworth, is the success of auto-enrolment, which the Department is currently reviewing. I am pleased that more than 7 million people have come under auto-enrolment which, I should say—the hon. Lady will jump up to say it otherwise—was introduced by a Labour Government. It was started through a cross-party arrangement and it has received cross-party support, but the hon. Lady is right to question the Government about the review, which we have been open about, because many categories of people have not been included. As for intergenerational fairness, the early success of auto-enrolment is a good sign for people who will be retiring in many years to come. They will be able to calculate their state pension plus their auto-enrolment workplace pension and get a clear idea of what they need to retire on. I am also pleased to say that the level of opting out is low at the moment, but that is not a cause for complacency.

While several hon. Members made this point, I want to highlight what my hon. Friend the Member for North Swindon (Justin Tomlinson) said about apprenticeships and UTCs, which are crucial for the future. As the Prime Minister's apprenticeship adviser when the pledge for 3 million apprenticeships was made, I am pleased to say that the Government are on course to meet that target. We have all seen in our constituencies how important that is. Prosperity often comes from skills, but skills come from not only university but the alternatives to university. I am pleased that that is becoming something real, not just a political promise.

The Government's approach to intergenerational fairness is based on ensuring that there is economic prosperity and security for working people at every stage of their life, including in retirement. The hon. Member for Motherwell and Wishaw (Marion Fellows), who I respectfully say is from my generation—[*Interruption.*] Okay, I know that I look a lot older than her, but I think that we are from roughly the same generation. She

eloquently made the point that our generation has not had a one-way bet. I, too, remember when interest rates shot up—I was also driving and thinking about my mortgage—so I understand her point perfectly. I agree that we cannot say, "It is all right for us lot but it is not good for the next lot," because life goes up and down. The Government have to take all that into consideration.

The Government are committed to improving productivity and innovation, which we all agree is to the benefit of everyone in society. We are acting to boost productivity, which is crucial to raising living standards, by investing in infrastructure, supporting job creation and reforming the markets.

I conclude by emphasising that Governments have to look at the whole picture. State pensioners and private pensioners are part of that picture, but achieving real intergenerational fairness for everybody—that is what we all want and it is why most of us stood for election—involves ensuring that people have long working lives, get prosperity from working, enjoy their work, and save for their future. It is for the Government to guide them, from the day they start work until the day they retire, on saving for their prosperity in the future.

*Question deferred (Standing Order No. 54).*

7 pm

*The Speaker put the deferred Questions (Standing Order No. 54(6)).*

## SUPPLEMENTARY ESTIMATES 2016-17

### DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

*Resolved,*

That, for the year ending with 31 March 2017, for expenditure by the Department for Environment, Food and Rural Affairs:

- (1) further resources, not exceeding £420,838,000, be authorised for use for current purposes as set out in HC 946,
- (2) further resources, not exceeding £61,363,000, be authorised for use for capital purposes as so set out, and
- (3) a further sum, not exceeding £100,109,000, be granted to Her Majesty to be issued by the Treasury out of the Consolidated Fund and applied for expenditure on the use of resources authorised by Parliament.

### DEPARTMENT OF HEALTH

*Resolved,*

That, for the year ending with 31 March 2017, for expenditure by the Department of Health:

- (1) further resources, not exceeding £8,716,216,000, be authorised for use for current purposes as set out in HC 946,
- (2) the resources authorised for use for capital purposes be reduced by £1,193,967,000, as so set out, and
- (3) the sum authorised for issue out of the Consolidated Fund be reduced by £1,038,424,000.

### DEPARTMENT FOR BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

*Resolved,*

That, for the year ending with 31 March 2017, for expenditure by the Department for Business, Energy and Industrial Strategy:

- (1) further resources, not exceeding £10,699,285,000, be authorised for use for current purposes as set out in HC 946,
- (2) the resources authorised for use for capital purposes be reduced by £10,543,207,000 as so set out, and
- (3) the sum authorised for issue out of the Consolidated Fund by reduced by £13,871,178,000.

## DEPARTMENT FOR WORK AND PENSIONS

*Resolved,*

That, for the year ending with 31 March 2017, for expenditure by the Department for Work and Pensions:

(1) further resources, not exceeding £767,617,000, be authorised for use for current purposes as set out in HC 946,

(2) further resources, not exceeding £1,000, be authorised for use for capital purposes as so set out, and

(3) a further sum, not exceeding £1,290,930,000, be granted to Her Majesty to be issued by the Treasury out of the Consolidated Fund and applied for expenditure on the use of resources authorised by Parliament. —(*Andrew Griffiths.*)

*The Speaker then put the Questions on the outstanding Estimates (Standing Order No. 55).*

**ESTIMATES 2017-18 (NAVY) VOTE A***Resolved,*

That, during the year ending with 31 March 2018, a number not exceeding 35,470 all ranks be maintained for Naval and Marine Service and that numbers in the Reserve Naval and Marines Forces be authorised for the purposes of Parts 1, 3, 4 and 5 of the Reserve Forces Act 1996 up to the maximum numbers set out in Votes A 2017–18, HC 968.—(*Andrew Griffiths.*)

**ESTIMATES 2017-18 (ARMY) VOTE A***Resolved,*

That, during the year ending with 31 March 2018, a number not exceeding 107,930 all ranks be maintained for Army Service and that numbers in the Reserve Land Forces be authorised for the purposes of Parts 1, 3, 4 and 5 of the Reserve Forces Act 1996 up to the maximum numbers set out in Votes A 2017–18, HC 968.—(*Andrew Griffiths.*)

**ESTIMATES 2017-18 (AIR) VOTE A***Resolved,*

That, during the year ending with 31 March 2018, a number not exceeding 35,130 all ranks be maintained for Air Force Service and that numbers in the Reserve Air Forces be authorised for the purposes of Parts 1, 3, 4 and 5 of the Reserve Forces Act 1996 up to the maximum numbers set out in Votes A 2017–18, HC 968.—(*Andrew Griffiths.*)

**ESTIMATES, EXCESSES, 2014-15***Resolved,*

That, for the year ending with 31 March 2015:

(1) resources, not exceeding £3,174,237,000, be authorised to make good excesses for use for current purposes as set out in Late Statement of Excesses 2014–15, HC 948, and

(2) resources, not exceeding £31,228,000, be authorised to make good excesses for use for capital purposes as set out in Late Statement of Excesses 2014–15, HC 948.—(*Andrew Griffiths.*)

**ESTIMATES, EXCESSES, 2015-16***Resolved,*

That, for the year ending with 31 March 2016:

(1) resources, not exceeding £175,116,000, be authorised to make good excesses for use for current purposes as set out in Statement of Excesses 2015–16, HC 948, and

(2) resources, not exceeding £115,855,000, be authorised to make good excesses for use for capital purposes as set out in Statement of Excesses 2015–16, HC 948.—(*Andrew Griffiths.*)

**SUPPLEMENTARY ESTIMATES 2016-17***Resolved,*

That, for the year ending with 31 March 2017:

(1) further resources, not exceeding £68,191,322,000, be authorised for use for current purposes, as set out in HC 946, HC 951 and HC 1001,

(2) further resources, not exceeding £10,800,390,000, be authorised for use for capital purposes as so set out, and

(3) a further sum, not exceeding £10,688,929,000, be granted to Her Majesty to be issued by the Treasury out of the Consolidated Fund and applied for expenditure on the use of resources authorised by Parliament.—(*Andrew Griffiths.*)

**ESTIMATES 2017-18 (VOTE ON ACCOUNT)***Resolved,*

That, for the year ending with 31 March 2018:

(1) resources, not exceeding £225,981,577,000, be authorised, on account, for use for current purposes as set out in HC 925, HC 947, HC 952, HC 966, HC 988 and HC 1002,

(2) resources, not exceeding £28,732,085,000, be authorised, on account, for use for capital purposes as so set out, and

(3) a sum, not exceeding £228,401,528,000, be granted to Her Majesty to be issued by the Treasury out of the Consolidated Fund, on account, and applied for expenditure on the use of resources authorised by Parliament.—(*Andrew Griffiths.*)

*Ordered,* That a Bill be brought in upon the foregoing Resolutions relating to Supplementary Estimates, 2016-17, Estimates, Excesses, 2014-15, Estimates, Excesses, 2015-16, and Estimates 2017-18 (Vote on Account);

That the Chairman of Ways and Means, Mr Chancellor of the Exchequer, Mr David Gauke, Simon Kirby and Jane Ellison bring in the Bill.

**SUPPLY AND APPROPRIATION (ANTICIPATION AND ADJUSTMENTS) BILL***Presentation and First Reading*

Jane Ellison accordingly presented a Bill to authorise the use of resources for the years ending with 31 March 2015, 31 March 2016, 31 March 2017 and 31 March 2018; to authorise the issue of sums out of the Consolidated Fund for the years ending 31 March 2017 and 31 March 2018; and to appropriate the supply authorised by this Act for the years ending with 31 March 2015, 31 March 2016 and 31 March 2017.

*Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 147).*

**Business without Debate****DELEGATED LEGISLATION**

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

**REGULATORY REFORM**

That the draft Business Impact Target (Relevant Regulators) Regulations 2017, which were laid before this House on 6 December 2016, be approved.—(*Andrew Griffiths.*)

*Question agreed to.*

*Motion made, and Question put forthwith (Standing Order No. 118(6)),*

**IMMIGRATION**

That the draft Immigration and Nationality (Fees) (Amendment) Order 2017, which was laid before this House on 11 January, be approved.—(*Andrew Griffiths.*)

*Question agreed to.*

**DELEGATED LEGISLATION (COMMITTEES)**

*Ordered,*

That the Motion in the name of Mr David Lidington relating to the appointment of Professor Elan Closs Stephens as an Electoral Commissioner shall be treated as if it related to an instrument subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice of a motion has been given that the instrument be approved.—(*Andrew Griffiths.*)

**PROCEDURE COMMITTEE**

*Ordered,*

That Holly Lynch be discharged from the Procedure Committee and Chris Elmore be added.—(*Bill Wiggin, on behalf of the Committee of Selection.*)

**WOMEN AND EQUALITIES COMMITTEE**

*Ordered,*

That Ruth Cadbury be discharged from the Women and Equalities Committee and Holly Lynch be added.—(*Bill Wiggin, on behalf of the Committee of Selection.*)

**PETITIONS****Closure of Jobcentres**

7.5 pm

**Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): I rise to present a petition with 300 signatures—a similar petition co-ordinated by the Public and Commercial Services Union has 309 signatures—that reflects the concern of hundreds of Liverpool residents at the proposed jobcentre closures in my constituency. If they are allowed to go ahead, they would deny more than 3,000 local people employment support and leave my constituency without a single jobcentre, having had three in 2010, despite our having the 41st highest level of unemployment in the UK.

The petition states:

The petition of residents of the UK,

Declares that the closure of the two remaining Jobcentres in Wavertree should not take place; and further that meaningful consultations should take place on proposals that consider the delivery of services to the public.

The petitioners therefore request that the House of Commons urges the Government to stop the closure of two remaining Jobcentres in Wavertree; and further that the Government should immediately halt all DWP Jobcentre/office closure proposals, undertake immediate Equality Impact Assessments, and enter into proper meaningful consultation on all proposals that affect communities and the delivery of services to the public.

And the petitioners remain, etc.

[P002017]

**Closure of Lloyds banks in St Blazey and Mevagissey**

7.7 pm

**Steve Double** (St Austell and Newquay) (Con): I rise to present two petitions on behalf of the people of the village of Mevagissey and the town of St Blazey, which

relate to the decision of Lloyds bank to close both its branches in those two communities. Lloyds was the last and only bank in both communities, so this decision leaves them without suitable banking facilities, putting great pressure on businesses and residents alike. The petitions state:

The petitioners therefore request the House of Commons to call upon Lloyds to reverse its decision or put alternative provision in place for those who need it most.

Following is the full text of the first petition:

*[The petition of residents of St Blazey,*

*Declares that on 10 November 2016 Lloyds announced it will be closing its branch in St Blazey; and further that this is a very well-established, much used branch, with many elderly or vulnerable customers who would have no alternative if this last bank in the village were to close.*

*The petitioners therefore request the House of Commons to call upon Lloyds to reverse its decision or put alternative provision in place for those who need it most.*

*And the petitioners remain, etc.]*

[P002018]

Following is the full text of the second petition:

*[The petition of residents of Mevagissey,*

*Declares that on 10th November 2016 Lloyds announced it will be closing its branch in Mevagissey; and further that this is a very well-established, much-used branch, with many elderly or vulnerable customers who would have no alternative if this branch were to close.*

*The petitioners therefore request the House of Commons to call upon Lloyds to reverse its decision or put alternative provision in place for those who need it most.*

*And the petitioners remain, etc.]*

[P002019]

**Traffic enforcement measures along the A52**

7.8 pm

**Anna Soubry** (Broxtowe) (Con): I rise to present a petition organised by my constituent Mr Tony Smith of Bramcote, which has been signed by 1,600 of my constituents in a very short time. It calls on Highways England to introduce traffic calming measures along the A52 between the Bramcote roundabout and Priory Island, following a fatal accident involving two people at the end of last year, where it is believed that excessive speed was the major factor.

The petition states:

The petition of residents of Broxtowe,

Declares that as a result of the lack of traffic enforcement measures along the A52 road between the roundabouts known locally as Bardill's Island, which crosses with the B6003, and Priory Island, which is at a junction with the A6464, there is excessive speeding and as such the road is unsafe.

The petitioners therefore request that the House of Commons urges the Government to install traffic enforcement measures along the A52 between the two roundabouts known locally as Bardill's Island, which crosses with the B6003, and Priory Island, which is at a junction with the A6464.

And the petitioners remain, etc.

[P002020]

## Rationing of Surgery

*Motion made, and Question proposed,* That this House do now adjourn.—(*Andrew Griffiths.*)

7.9 pm

**Rachael Maskell** (York Central) (Lab/Co-op): I am grateful for the opportunity to debate the rationing of surgery. The reason this is such an urgent issue is threefold: first, it is causing detriment to the health of the people of York; secondly, it is discriminatory; and, thirdly, the policy now reaches beyond York.

I am sure the Minister will set out how, under the Health and Social Care Act 2012, matters of clinical decision making were devolved to clinical commissioning groups to make decisions about local need, but this matter is so serious that I urge him to take action, as the Secretary of State said he would. I have exhausted all routes to getting the policy reviewed, so I am now appealing, through this debate, for a complete review. NHS England has previously been clear that even time-limited bans on particular groups of patients receiving treatment is inconsistent with the NHS constitution. In the light of that, I trust it will commit to withdrawing its support for rationing now that evidence of its detriment is coming through.

The Vale of York CCG determined to delay surgery to patients who smoked or had a body mass index of more than 30. The policy came into force on 1 February 2017. It was first proposed in September last year, but then withdrawn and reintroduced in November. The reason: to delay immediate spend on surgery. However, it is a totally false economy, and although it may delay CCG spend now, in order to meet imposed spending restrictions, the Royal College of Surgeons says that it may actually increase NHS costs if patients develop complications while waiting for surgery. The college has been clear that rationing policies, such as those implemented by the Vale of York CCG, are unacceptable.

The York CCG's ability to make rationing decisions comes direct from the 2012 Act. The duty on the Secretary of State for Health to "provide or secure" the health service was removed from section 1 of the National Health Service Act 2006, thereby removing his responsibility, and replaced by a duty to make provision for the health service. The list of services that the NHS had to provide—a principle that had been embedded in the NHS since its inception—was also removed, meaning there no longer had to be a universal list of service provision, and that each CCG could determine its own. In other words, it became a complete postcode lottery: where someone lives determines the healthcare they can access.

Nevertheless, I was encouraged by the Secretary of State's response to a question on rationing from the Health Committee on 18 October 2016. He said:

"When we hear evidence of rationing happening, we do something about it...we are absolutely determined to give people the clinical care that they need."

In response to the Chair of the Committee, he said:

"When we hear of occasions when we think the wrong choices have been made, when an efficiency saving is proposed that we think would negatively impact on patient care, we step in, because, challenging though it is, our responsibility to the public is to make sure that we continue to make the NHS safer and higher quality and that it offers a higher standard of care".

Minister, it is time to step in.

Early on, the Vale of York CCG hit the headlines and became unstuck when it rationed interventions such as in vitro fertilisation treatments—a decision that was reversed—so this CCG has form. As we saw from yesterday's health and social care debate, the NHS financial model has failed. Not only does the funding formula fall short of real need, but the NHS now has the wrong financial drivers in place, resulting in a demanded approach to health provision and uncontrollable spend.

I could talk more on that, but the Vale of York CCG introduced a delay on surgery as a direct result of its failure to contain its spend within budget; it now has special measures bearing down on it. The CCG receives around £1,150 per patient, when demand seriously exceeds that. CCGs just down the road are receiving 50%-plus more. York has an ageing population demographic and areas of serious deprivation. I urge the Minister to look again at NHS funding, because it simply is not working and our CCG is being penalised for that.

The Vale of York CCG took the decision to ration surgery for up to a year for those overweight and up to six months for smokers. Having worked in the NHS as a clinician—I was a senior physiotherapist—I am all too aware of the risk factors created by people smoking and being overweight, not least when it comes to surgery, and I do not need the Minister, as a non-clinician, to spell them out to me today. I would see patients pre-operatively to provide advice, and would also treat them post-operatively to address the risks through respiratory therapy and mobilisation. All clinicians understand the risk factors, which is why it is so important that money is invested in public health services—something that the Government have failed to do.

A child receives, on average, 12 minutes a year of school nursing, which includes child protection work. That means that they get only a few minutes a year of advice on diet, exercise, smoking and sex education. Clearly, that is not enough, especially as PE has also been cut. Yesterday, I met local school nurses who set out how their service was being cut, and how school nurses are being downgraded and de-professionalised to make savings in York.

When the Government switched public health back to local authorities, which have had their grants slashed, public health services also suffered. The irony is that York's council completely cut funding for smoking cessation services and for NHS health checks. It also cut the health walks programme, which was a service to help people exercise more and lose weight. Therefore, public health measures to address smoking and weight were cut first, and then patients were denied surgery because they smoked or were overweight—you could not make it up. It again shows how fragmentation creates health detriment.

GPs are now actively writing to patients to ask them whether they smoke—not that they have a smoking cessation service to refer them to. They say that it is just "for their records". Patients who are seen by their GP and who are considered to be in need of an assessment by a specialist for surgery fill out a form. They have to declare their smoking and weight status. One would think that the surgeon would receive a letter, highlighting the risk, and then would make a clinical assessment of that risk—but no. The referral is diverted, and the patient is sent a standard letter and a leaflet, which does

not reflect on their own personal circumstances, but tells them that they smoke or are overweight and therefore need to change their ways. As a penalty, they are denied surgery. The specialist never gets the opportunity to assess the patient and make clinical judgments accordingly.

I am sure that the Minister will recall the narrative, which enticed some in this House to support the Health and Social Care Act 2012. We heard that doctors will be at the heart of the NHS and that they, not bureaucrats, will be the ones making the decisions. Then there was, “No decision about me without me.” Here we have a system where clinicians are being undermined by diktats from bureaucrats; patients and clinicians have no say; and clinical evidence is left wanting.

Before I progress, let me turn to this letter that patients are sent. First, it is generic and has no personal advice about the patient’s own clinical circumstances. By the time a patient reaches the third paragraph, they are told how obesity is costing the CCG £46 million and smoking £7.2 million a year, as if that is an issue for the patient who needs surgery. The penalties are then set out. Those who are obese have to lose 10% of their weight or reduce their BMI to under 30, or wait 12 months. Those who smoke have to stop smoking for eight weeks, or wait six months. Enclosed with the letter is a leaflet entitled “Stop before your op” and a web address so that people can find out how to get support. I went through this and the convoluted website. Any public health practitioner would tell you how inappropriate and ineffective this whole system is. There is no real help available.

The Royal College of Surgeons states that denying or significantly delaying access to NHS treatment does not help patients to lose weight or stop smoking. Now those being denied surgery are paying a heavy price. I have spent much time talking to GPs and surgeons about this matter, as well as to patients. I have also talked to the CCG, which knows that the system is totally wrong, but because it is in a financial hole and NHS England has waved it through, it is just complicit. It is not standing up for patients in York.

One more point on the process: in York, patients who were referred for surgery, ahead of this policy being introduced, had their referrals sat on. The first thing that they received was their refusal letter. It is shocking that those patients’ surgery was delayed by the CCG even though their referral was made before the policy came into effect. So what is the impact on patients? Well, it is devastating. We already know that waiting times for surgery are going up, and delay in itself creates detriment. It is true that some patients are exempt—I am talking about those needing urgent care, the removal of a tumour, or trauma surgery. However, if someone requires a joint replacement because they have not mobilised well for some time due to osteoarthritis, is in pain, and, as a result of not mobilising, have put on weight, things are very different. With a new joint, they will be back on their feet. A 12-month delay in being referred will exacerbate their problems. A year of degeneration, pain and not being able to mobilise, an initial clinical assessment and then the wait for surgery will result in a surgeon presented with a more complex operation, and a physiotherapist with a patient who is less mobile and weaker, needing more input and possibly longer in rehab. Bang!—there go all the savings from rationing and more, all at a cost to the patient and a risk that the long-term clinical outcomes will be worse.

The British Orthopaedic Association said:

“There is no clinical, or value for money, justification... Good outcomes can be achieved for patients regardless of whether they smoke or are obese”.

If someone were 20 stone, they would have to drop to 18 stone before having surgery, but if they were 18 stone, they would have to drop to 16 stone 2 lbs. One person asked why surgery is safe at 18 stone in one case, but not the other. I ask the same. A patient has presented to me who was prescribed medication that had a side effect of weight gain. They were on drugs that risked weight gain, required surgery and were denied by the same GPs who gave them the drugs.

I have had a patient who is active and works full time, but is over the weight threshold. She needs surgery to enable her to conceive. She is not young. Surgery is needed now, as recommended by her GP. However, it was denied and could result in her never having a family. A patient with hypothyroidism, a chronic condition that leads to weight gain, needs surgery for gastrointestinal abnormalities but, despite their condition, will be restricted. One patient was a very fit body builder, but was refused surgery because of their high BMI. The case for delay has not been evidenced.

From talking to epidemiologists and reading academic papers on the issue, we know that there is a strong correlation between smoking and obesity, and social and economic deprivation. As the British Medical Association said, this could also be seen as rationing on the basis of poverty. Those with mental health challenges have a higher propensity to smoke, and those with chronic conditions are more likely also to have elements of depression and possible weight gain. Many people find it difficult to lose weight or give up smoking. Minister, you know the figures. This policy is totally discriminatory.

**Madam Deputy Speaker (Mrs Eleanor Laing):** I am quite sure that the hon. Lady did not mean to address the Chair, but means to ask the Minister whether he knows the figures.

**Rachael Maskell:** Indeed that is the case.

This policy is totally discriminatory and is having further detriment for those with co-morbidities. It is creating problems, not solving them. All surgery carries a risk, and it is for clinicians to assess that risk. As the Royal College of Surgeons says,

“It risks preventing a patient from seeing a consultant who can advise them on the best form of treatment, which may not be surgery. Surgery may be needed to help someone lose weight.”

That point was also made by a patient who was able to mobilise after a joint replacement. This is why clinical decision making is needed. Patients have to be part of this too.

Public health programmes need restoring so that patients can properly engage with people to help to optimise their health. The passive approach of the CCG is setting patients up to fail. David Haslam, chair of the National Institute for Health and Care Excellence, said that rationing of surgery concerned him. He says that the NICE osteoarthritis guidelines make absolutely clear that decisions should be based on discussions between patients, clinicians and surgeons, and that issues such as smoking, obesity and so on should not be barriers to referral. These are the experts.

[*Rachael Maskell*]

The Vale of York CCG has gone down this route, and others are now following, with 34% of CCGs looking to ration on the basis of obesity or smoking. Harrogate and Rural District CCG and East Riding of Yorkshire CCG target smokers and those who are overweight with a six-month delay. Wyre Forest, Redditch and Bromsgrove, and South Worcestershire CCGs ration on the basis of pain impact. South Cheshire CCG requires a BMI of less than 35—not 30—as does Coventry and Rugby CCG. The policy is spreading. Although York is the worse example of rationing, every clinician knows that it is wrong and contravenes their professional duty of care.

I am blowing the whistle on this today because the policy is directly discriminatory, clinically contraindicated and financially perverse. I would be the first in this House to advocate health optimisation programmes supporting smoking cessation or providing help to improve diet, exercise, wellbeing and lifestyles, but to leave someone in pain or without a child brings our NHS into disrepute.

This evening, I have made a clear case for why the rationing of surgery must end. As the Secretary of State said to the Health Committee, it is time to step in.

7.24 pm

**The Minister of State, Department of Health (Mr Philip Dunne):** Madam Deputy Speaker, it is a pleasure to join you this evening. I would like to start by paying tribute to the hon. Member for York Central (*Rachael Maskell*), who speaks with considerable conviction on this subject. She takes a clear personal interest in it, and she does so as a former clinician, as she indicated, so she speaks with a degree of authority.

The hon. Lady has called this evening for a complete review of CCGs' decisions to amend their pathways for individuals who are smokers or who achieve a certain body mass index, and I will come on to that shortly. However, I would like to try to reassure her that there is no blanket ban in place in our NHS, and it is our intent to ensure that any decisions about individuals are taken according to the best clinical advice for those individuals.

Madam Deputy Speaker, you will be relieved to hear that, although my remarks will take us to the end of proceedings this evening, they will not necessarily take up the full allotted time. I want to start by talking a little about the fact that we are clearly facing challenges across the NHS, given the persistent increases in demand that our clinicians are seeing across all aspects of the NHS. As Members know, and as we discuss in this House seemingly every day, our attempts to meet that rising demand were set out in the "Five Year Forward View", and have been endorsed by the Government. They recognise three principal challenges facing the NHS: health and wellbeing, care and quality, and finance and efficiency, and there is an interplay between all those pressures.

We also recognised in the "Five Year Forward View" that different areas face different challenges, so the problems facing York and the Vale of York CCG are not necessarily the same as those facing Yeovil. It is an accident as much of history as anything else—a legacy of the development of services across the country and the patchwork that developed over 150 years or so—that

each area is dealing with different challenges. In part, of course, it is also a consequence of population, with those areas with greater populations facing different challenges from those with sparser populations and rural pressures.

We firmly believe that the best way to address local differences and challenges is through clinically led decision making taking place as close to the patient as possible. That is the answer the hon. Lady expected me to give, but it remains at the heart of our belief about the way the NHS should operate. GPs, as members of clinical commissioning groups, are better placed to understand the needs of their patients and the services available to them, and to shape them according to local priorities.

**Margaret Greenwood (Wirral West) (Lab):** The Minister is talking about clinically led decision making, but in Cheshire and Merseyside CCGs, there have been announcements about rationing particular services. Can he see that, from the point of view of the patient, it sounds like this is just about saving money, rather than clinical decisions? If someone has a condition, and they know the money for it is rationed, they have a real feeling that they are not being treated in the same way as someone with a condition for which the money is not being rationed.

**Mr Dunne:** I do not want to get into an argument about what rationing means, but I do not recognise that services are being rationed. There are pressures as a consequence of increasing demand, and the issue is how that demand is dealt with in relation to specific services, although the hon. Lady did not mention where the rationing—to use her word—applies. Does it apply to patients who have similar issues, as suggested by the hon. Member for York Central?

**Margaret Greenwood:** Wirral clinical commissioning group has said that there will be rationing for vasectomies, surgery for damaged skin, surgical face procedures, arthroscopy shoulder surgery—all sorts of things. There are particular conditions—

**Mr Dunne:** The hon. Lady has made the point that she is referring to different conditions. If she would like to write to me about that, then I can give her a considered answer in relation to her CCG.

We firmly believe that decisions about treatments should be made by clinicians as they determine them to be in the best interests of patients. I will go on to develop what I mean by that in this context. We agree with both hon. Members that blanket bans on treatment are not acceptable and that they are incompatible with the NHS constitution. Every person in England entitled to NHS care has the right to receive treatment that is appropriate to his or her needs, and not to be refused access on unreasonable grounds. CCGs have a statutory duty to meet the reasonable health needs of their local population. They also have a duty to have regard to the need to reduce health inequalities, and to act with a view to improve the safety outcomes of the services they commission. To ensure that they commission cost effectively, CCGs must have regard to NICE guidelines.

I am aware that, as both hon. Members have said, some CCGs have changed their commissioning policies in a way that may have been misunderstood. The hon.

Member for York Central referred to specific changes to commissioning policies on surgery, and the manner in which those changes were announced and introduced—in particular, asking patients who smoke or are obese to try to give up smoking or to lose weight in order to ensure that they have the best chances of successful treatment without complications.

It is not for me, particularly as someone without a clinical background, to comment on any of the individual cases that the hon. Lady mentioned. She did not go into specific detail, but she touched on a number of patients who have been offered an alternative pathway treatment—I think that is how the NHS would express the changed circumstances in which their treatment was offered. It is right that clinicians make decisions on an individual basis about the right treatment options for their patients as they present. In some cases, that may involve a direct route to surgery, while in others it may involve some other intervention that might put the patient into a better place to be able to respond most positively to the treatment. If that involves surgery in due course, putting themselves in a better place may lead to better outcomes.

To give an example, tomorrow I am hosting a roundtable on maternity with clinicians and leaders of the all-party parliamentary group on trying to prevent stillbirth. One of the key messages that we try to give expectant mothers is to stop smoking, because, as the hon. Lady recognises, there is a clear correlation between smoking, including smoking prior to pregnancy, and harm in pregnancy. As an ardent non-smoker, I am absolutely convinced that giving up smoking is a desirable outcome for as many of the population as possible who are able to do so. However, it is not for politicians, even those, if I may say so, who have been clinicians, to seek to take over the clinical pathway decision making for their constituents—although of course the hon. Lady was not trying to do that. It is right that clinicians make those decisions based on the individual circumstances.

In relation to Vale of York CCG, I understand that the policy development that the hon. Lady described was developed by Dr Alison Forrester, who is the CCG's healthcare public health adviser. It was agreed by the CCG clinical executive under the responsibility of Shaun O'Connell, who is the GP lead on the CCG. It was reviewed by NHS England, so the review of the Vale of York CCG's proposals that the hon. Lady has called for has taken place. NHS England has been working with it to ensure that its policies are in the best interests of patients.

**Rachael Maskell:** The reality is that since the policy has been introduced clinicians have not had jurisdiction over which pathway their patient should follow and which they believe is in their best interests. They are being diverted off that path due to the policy. Clinicians are therefore saying that they should be able to determine the right assessments and treatments for those patients. Also, as part of the NHS constitution, patients need to be part of the co-production of their own healthcare in the future.

**Mr Dunne:** I cannot speak for the CCG. I presume that the hon. Lady's comments are based on her conversations not only with the clinicians to whom she has referred, but with the CCG management. I assume that the CCG in her area is predominantly led by GPs, as is the case in most other areas. I have referred to the GP lead on the CCG and GPs are involved in making these decisions.

The hon. Lady has rightly said that patients who need an urgent intervention will not be affected by the policy. Patients who may have a need and are supported by their clinicians have an opportunity to apply for an individual funding request. She might like to encourage some of the patients to whom she has referred to do that, to see how that process goes. That might be a route for some of those individuals.

I am in danger of breaching my promise to conclude my remarks before the set time. I want to give the hon. Lady an appreciation of the pressures that her own area is under and put the issue in a national context. We recognise that the Vale of York has had some financial pressures in recent years. Its budget increased to £394 million this year—that 3% increase is close to the average across England—and it will rise to £402 million next year. However, we recognise that the CCG is in deficit this year. It was subject to directions from last September, as part of which an interim accountable officer was appointed and is working with NHS England to put together a medium-term financial strategy. NHS England recognises that there have been pressures in the area and it is seeking to get on top of them.

On procedures, across England as a whole—this gives an idea of the demand—there were 11.6 million operations in 2016, which was 1.9 million more than in 2010, meaning a 16% increase across the country. More locally, the York Teaching Hospital NHS Foundation Trust performed more than 106,000 operations in the last financial year, which was almost 53,000 more than in 2009-10.

**Rachael Maskell** *rose—*

**Mr Dunne:** I am afraid that I have to conclude. As far as the performance of referral to treatment is concerned, the Vale of York has performed better than many other areas in the country. The percentage of patients seen within 18 weeks of referral in the Vale of York was 94% in December 2015, compared with 92% in the north of England. In 2014, the figure was 95% compared with 94% in the north of England and 93% across England. It is therefore outperforming its peers in the area and across the country. I hope that the hon. Lady recognises that.

*Question put and agreed to.*

7.39 pm

*House adjourned.*



## Westminster Hall

Tuesday 28 February 2017

[MIKE GAPES *in the Chair*]

### Intellectual Property: British Economy

9.30 am

**Nigel Adams** (Selby and Ainsty) (Con): I beg to move,

That this House has considered the importance of intellectual property to the British economy.

Thank you for chairing the debate this morning, Mr Gapes. I also thank the Backbench Business Committee for allocating time to the important subject of British intellectual property. I was particularly keen to have the subject before the House again because we are in the midst of a number of important developments in the area of IP. I hope that we can report on and flesh out some of those today, but I also reiterate my desire to debate the subject in the main Chamber in due course.

Intellectual property is one of the major areas of competence that will revert from Brussels to the UK when we leave the European Union. I welcome the Prime Minister's plan to deal with that transition in part by converting the existing body of European law and regulation applicable to the UK into UK law for Parliament to debate, amend and repeal with sufficient time to consider each piece. I also understand her intention thus to create stability for business. Legislation, in particular in a complex area such as intellectual property, takes significant time to put in place, so it behoves us to start preparing to manage our own affairs in the area now, establishing what works, what does not and how we want to improve the latter.

**Chris White** (Warwick and Leamington) (Con): I congratulate my hon. Friend on securing this important debate. He talked about the transition and legislation, but does he also share my support for the inclusion of intellectual property in the industrial strategy, given that key sectors rely on it, such as the creative industries which are so well placed to contribute significantly to economic growth?

**Nigel Adams:** Absolutely. I completely share my hon. Friend's pleasure at IP's inclusion. That tells us that the Government are taking IP, which cuts across so much of our country's industrial policy, seriously. I am very much of his opinion.

The Digital Economy Bill, which is in the other place, has only three clauses on IP. I do not take the Government to task for that—it has been a long time since the previous legislation, the Digital Economy Act 2010, and there is much important ground to cover—but it serves to highlight the need to prioritise examination of the area in more detail.

To that end, I welcome the acknowledgement of IP's importance in the Green Paper on industrial strategy, which my hon. Friend the Member for Warwick and Leamington (Chris White) mentioned, and the allocation of this important brief to the Minister for Universities, Science, Research and Innovation, my hon. Friend the

Member for Orpington (Joseph Johnson), who is known for his seriousness and attention to detail, as well as his great cricketing prowess.

From established phenomena such as the Beatles and David Bowie to emerging superstars such as Stormzy and Skepta—a great favourite of the Minister for Digital and Culture, my right hon. Friend the Member for West Suffolk (Matt Hancock)—and from our brilliant film and television exports to our technological innovators, such as those who created the bagless vacuum cleaner and the worldwide web, the UK has never been short of ideas.

IP is critical to our growing our tech sector, but I will focus my remarks on the creative industries, in my capacity as chair of the all-party parliamentary group on music and as a member of the Select Committee on Culture, Media and Sport. Other hon. Members will, I hope, bring up other areas of interest during the debate. This month, for example, the all-party parliamentary group on intellectual property held an inquiry into IP enforcement, which was incredibly valuable. I believe the report has now been published. The APPG chair, the hon. Member for Perth and North Perthshire (Pete Wishart), is in his place, so I hope that he will share more of that report with us.

This debate is about the importance of IP to the British economy and, to give a brief reminder, the numbers speak for themselves: the creative industries account for approximately 7% of GDP; for £187.4 billion in gross value added, according to Department for Culture, Media and Sport estimates; and for exports worth almost £20 billion. That does not even account for the cultural soft power of having such a powerhouse in our creative and music industries. I would highlight the 35% growth in the export value of the live music sector between 2014 and 2015, and the fact that five of the 10 top-selling artists globally in 2015 were British. As anyone who has turned on the radio recently or watched the Brit awards last week will know, 2016 was surely another great year for the music industry.

Now to the problems. Piracy is obviously one of the biggest threats to creators being allowed to capitalise on their own efforts and to see returns on any growth in interest in their work. Without that, not only will they not be able to continue to create, but they will certainly not be able to invest in mentoring or developing new talent. We should keep in mind that all such issues are interconnected for the industry. We encourage record labels to advance social mobility through pioneering apprenticeship schemes or engagement with at-risk youth, for example, but it is harder for us credibly to ask them to put into society when we are not also making serious inroads into getting our laws and regulatory regimes up to scratch in dealing with the new threats to creative industry revenues.

In that vein, I welcome the agreement announced last week between the search engines, such as Google and Bing, and the Intellectual Property Office, with the aid of the DCMS, on an industry code of practice for tackling piracy. In changes that are expected to be rolled out by the summer, search engines will modify their algorithms to demote piracy sites in results, making them harder to find. That is a good first step.

**Kevin Brennan** (Cardiff West) (Lab): Does the hon. Gentleman agree that welcome as that change is—along with him, we pressed for that during the passage of the

[Kevin Brennan]

Digital Economy Bill through the Commons—it is important for the search engines to follow through and genuinely and sincerely enforce the code, even without the potential threat of legislation hanging over them?

**Nigel Adams:** I completely agree with the hon. Gentleman, but it is a start. I understand we are the first country in the world to put together such a code of practice, but enforcement is really important, because without the ability to take a stick to the problem we are somewhat limited. I very much welcome the agreement as a start, but he and I both tend to speak on the side of creators, who would like to see even bolder measures. It is only one piece of the puzzle, but we need to welcome positive changes when they are made, so I commend Google and Bing on their agreement with the IPO. It is easy to bash big companies, but they should be commended in this case. I hope they will monitor changes in traffic to such sites, to see if the measure is having the intended effect, and share those results with us and with the creative industries in due course.

Last July, I organised a debate here in Westminster Hall on one small part of the topic, which was artist remuneration for online streaming. I highlighted the example of a songwriter who had told me how he was entitled to 25% of the revenue from a song he had written. It had had 3.2 million plays on YouTube, but the young man was hardly likely to retire on the princely sum of £5.39, which was what he received for those 3.2 million views. I have to report that since then, I have continued to hear similar stories, so I am keen for that to change. The area is ripe for more engagement between the Government and content hosts.

On the legislative side, the basis of the music industry's concerns is the so-called safe harbour laws, which in the US, the European Union and the UK give user upload streaming services the same protection from copyright as host providers such as personal cloud locker services. That is despite the fact that they operate entirely differently and, more importantly, impact on the market in different ways. That is one area in which we could look now at what changes we might make once we have left, or while we are arranging to leave, the European Union. We need to build a consensus in the time available.

On the industry side, let me compare Spotify and the user-upload site Dailymotion. Both allow users to search for and listen to Adele's track "Hello", which is one of the fastest selling tracks of all time. Spotify is licensed to stream that track and therefore pays the artist, the songwriter, the producers, the musicians, the publishers and the labels—the people who are so crucial to the creation of that content. Dailymotion—rather an unfortunate name for a company—does not pay. Due to ambiguity in the safe harbour framework, user-upload services can claim to be mere hosts of their users' content. As such, they are not required to share with creators the wealth that they generate. That is simply unfair. It would be great if all streaming services were proactive about improvement, rather than appealing to the lowest common denominator. I was in business before coming here, so I understand that the competitive world can be a difficult place, especially for such sites, but that does not change the fact that they profit from

someone else's intellectual property without paying them. I am a free marketeer, but that is not the free market—that is simply theft.

I stand ready to praise, both inside and outside this House, any steps that the Government or the industry take to improve the situation. I understand that a previous attempt by creator groups to reach a deal on streaming revenues with the industry went through 17 drafts over almost two years and ultimately ended in stalemate. Given that, if the Minister committed the Government to similar work to facilitate action on this issue as they undertook for the search engine code of practice, I would happily congratulate him immediately.

I am pleased to commend the "Get It Right from a Genuine Site" campaign, which is backed by major industry players such as the British Phonographic Industry—I am pleased that I pronounced that properly—and the Motion Picture Association, as well as the Government. The campaign educates people about the harms and dangers of piracy to both creators and their own identity security, which is threatened by dodgy sites, but there is significant evidence that the law in relation to illicit streaming is not sufficient.

USB sticks such as the Amazon Fire stick and boxes with Kodi software, which are used to facilitate the streaming of pirated material direct to users' televisions, are a growing problem, because that material is made to look legitimate. A user buys such a device—on Amazon, ironically—which may be a legitimate tool for the storage and playback of purchased content, and then loads it with a program that sweeps the internet for high-quality streams. Such devices can also be bought fully loaded, with that software having been installed by a third party, many of which are criminal enterprises that profit from the mark-up that they charge.

As hon. Members who have seen demonstrations will know, the pirated content is well presented and well organised. There is a menu at the front end. One can have a brilliant array of television programmes and feature films, including those that were released in theatres only a matter of days beforehand or, in some cases, have not been released. One can even apply skins to the menus to make it look like the content is coming through a program such as iPlayer or a company such as Sky, even though every bit of content is pirated.

We normally go about agitating for legislative change by publicising a problem and then discussing solutions, but for a long time, companies affected by this problem have been reluctant to do even that, because it simply provides more air time for the instructions about how to load such programs and free advertising for fully loaded devices. Unfortunately, such devices are so widely known that trying to damp down publicity is no longer an option. Sky reported that six months ago, 14% of the population had access to a device that could be used for pirated technology. That figure is now nearer 19%. Uptake is highest among 30 to 50-year-olds, a group who were previously less likely to access pirated material because of the more dodgy nature of online streaming sites and file-sharing programs. As of only a couple of weeks ago, there were more than 2,000 search results for pre-loaded devices on Amazon Marketplace.

I understand that Amazon has taken action to require pre-approval to sell such devices and, if that is the case, I am pleased to hear it. I guess that it decided to do that because pirated streaming affects its own legitimate

streaming business. However, it is still incredibly easy to access such devices through other platforms, such as eBay and Facebook, and for users to load the software themselves. It does not take a genius to follow a guide and load all this stuff on to a box.

As the Minister is probably aware, there is no legislation that deals specifically with such devices and practices. Trading standards authorities and the police intellectual property crime unit have set out instances where they have been unable to prosecute due to a lack of specific legislation. There has been one criminal conviction for supply of IPTV boxes—that was late last year—but that relied on complex conspiracy-to-defraud legislation. We need to simplify the legislation and make it possible for PIPCU to tackle this problem more efficiently and directly.

As I understand it, when boxes are imported pre-loaded with piracy software, it is sometimes possible for customs agents to stop them because they have a criminal purpose. However, if boxes are imported without such software and then loaded by pirates in the UK and sold on to consumers, who often think they are buying a legitimate device, nothing can be done at the time of import. Although some products, such as the Amazon Fire stick, are created to comply with relevant consumer regulations, others are created with criminal intent and meant for piracy.

Several hon. Members met industry representatives, Sky in particular, yesterday to discuss this very problem. Those representatives brought an imported box and demonstrated the issue. They told us that they had brought a similar device to the House last week to test it in advance of their presentation. That device promptly began to emit a foul smell and smoke, and then sparked and exploded. I am sure that hon. Members appreciate that that was quite a dodgy bit of equipment, and that tells us entirely how shabby the entire piracy industry is. It is dominated by criminals who do unsavoury things with their proceeds and do not have a care in the world for consumers—much less for creators.

This issue has a huge impact on content creation. Some 19% of people have such boxes, and ownership is growing fast. Not receiving their just returns for their content has a huge impact on the creative industries' ability to reinvest. Will the Minister therefore agree urgently to engage with PIPCU and British film and television content creators on legislative action to combat this problem? I understand that in the other place recently, the noble Baroness Buscombe, on behalf of the Government, said that she would consider tabling an amendment to the Digital Economy Bill on Third Reading that would grant the Government powers to introduce new regulations on this issue, if needed. I do not know what more evidence I can give than exploding piracy boxes, but such regulations clearly are needed. Whether or not those are introduced through the Digital Economy Bill, we should get around the table as soon as possible to discuss this urgent matter.

I understand from my discussions that creators are broadly satisfied with the state of copyright law, so I have been talking broadly about enforcement issues and those to do with new technology. I am sure that other Members will expand on other areas. The Design and Artists Copyright Society believes that the artist's resale right is fit for purpose, and it is interested in seeing that keep functioning well for the visual arts sector. I understand

there is concern from authors to see the UK maintain and implement EU proposals giving them more access to information about the sale of their work and protecting them against unfair “take it or leave it” contracts, which see authors lose out when a book suddenly becomes a bestseller.

I understand that music producers would also welcome the introduction of a right to information regarding remuneration from copyright so that they can properly audit their royalties. That is really important. However, I want to emphasise that although there may be some improvements to be made in this area, I am not entirely sure that we need a complete overhaul—we may hear more on that from other hon. Members. Trade bodies such as the Publishers Association and UK Music have said that they would be grateful for a Government commitment to the current copyright regime following our exit from the EU. I hope that the Minister will take the opportunity to give everyone such an assurance.

9.51 am

**Kevin Brennan** (Cardiff West) (Lab): I will focus my remarks fairly narrowly on an area that the hon. Member for Selby and Ainsty (Nigel Adams) dealt with in his speech. I congratulate him not just on securing the debate but on his continuing efforts in this area. Although we sit on opposite sides of the House, we find ourselves agreeing more often than not on what needs to be done in relation to intellectual property.

The area I want to focus on is so-called IPTV devices. Hon. Members may well be aware that through such devices it is possible to access content, including television programmes, films and music, without paying for it. Such services are normally paid for in some way, shape or form, and ultimately the owners of the intellectual property receive some reward from such a payment. It is a serious matter when a technology emerges that enables consumers to access content without its creators being able to get a reward. Ultimately, that gives rewards to criminals, often located overseas, who effectively steal that content and enable people who do not always fully understand that what they are doing is illegal to consume it in the UK.

As the hon. Gentleman pointed out, use of these devices is growing like wildfire. I therefore say to the Minister that the time for inaction is over. The woods are burning out there. This is rapidly becoming a serious issue and, quite frankly, the Government's response so far has been too slow. I feel justified in saying that because this issue was raised in the Committee that considered the Digital Economy Bill last year—many months ago—when we tabled amendments to encourage the Government to focus on it. In fairness, the Government are well aware of it, because they have referred to it and to the need to do something about it in reports. Why they produced a piece of legislation—it is currently in the House of Lords—entitled the Digital Economy Bill containing all sorts of measures that are perhaps peripheral to the digital economy without tackling this issue is a question that the Minister might care to answer.

When the Government were reminded of their own awareness that there was a serious issue with IPTV devices, and when amendments were tabled in Committee, they took no action, which is another mystery. When, further down the line, they have been reminded of that

[Kevin Brennan]

in the other place—the Bill has also been debated extensively in the House of Lords—all they have come up with so far, many months later, is a call for views. The call was issued recently by the Intellectual Property Office, located in Newport, next door to the constituency of my hon. Friend the Member for Newport East (Jessica Morden).

**Jessica Morden** (Newport East) (Lab): The debate rightly focuses on the regulatory regime, and there are important points to be made about that, but can I put on record my appreciation of the staff at the Intellectual Property Office in Newport? They are a highly skilled, high-performing workforce, who are a big asset to the city. Does he agree that continuing to invest in developing the office and those staff is important, given the challenges highlighted earlier by the hon. Member for Selby and Ainsty (Nigel Adams)?

**Kevin Brennan:** Yes, my hon. Friend makes a good point. She is right to praise the workforce at the Intellectual Property Office and she is also right to point out that continuing investment in their work is extremely important. I have been concerned for many years about a culture in Government; I do not point the finger simply at the current Government, because it has existed for quite a long period of time, particularly in the old Department of Trade and Industry but also in the Department for Business, Innovation and Skills, in which I was a Minister for a short period. It is a culture that is rightly suspicious of regulation of business but too cautious about taking steps to regulate when to do so would be good for business. This is one instance in which it is quite clear that good regulation is good for business and good for a business and industry that is hugely important to this country.

It is welcome that the Government have gone from a position of denying that we need an industrial strategy, which was the ludicrous position before the current Prime Minister took over, to including the words “industrial strategy” in the title of the Department that the Minister represents, and even including the creative industries as part of our industrial strategy. There is recognition of the importance but not of the urgency of the action required.

**Nigel Adams:** Does the hon. Gentleman agree that the speed of uptake of IPTV devices is quite breathtaking? As he will know, a user can watch effectively any channel from more or less anywhere, including the public service broadcasters. What sort of a threat does he think that is to the PSBs?

**Kevin Brennan:** This is not just a problem with a few young guys who want to watch premier league football. Viewing content that has been illegally acquired is being normalised in households up and down the country, across the generations. The studies into that, which the hon. Gentleman mentioned in his speech, show that it is becoming an issue across the generations. People who would not have dreamed of going up to their bedroom with their laptop and illegally streaming something are, in the comfort of their living room, with other members of their family, across the generations, watching illegal content because the way in which it is presented makes

it look like they are watching Sky or Virgin Media and because they can buy the devices through reputable online retailers. People think, “Well, if I can buy it there, how on earth can I be doing anything wrong?” Quite frankly, who could blame them for thinking that? That is the scale of the challenge that the Government need to get to grips with.

I read with great interest what the Government said in response to Lords amendments to the Digital Economy Bill that were similar to those I tabled and the House of Commons Committee discussed, which I withdrew at the behest of the Government so that they could go away and do some more work. Quite frankly, we have not moved very far. Yes, we have had the call for views—I have a copy of it here—but according to Baroness Buscombe, whom the hon. Gentleman mentioned in his remarks:

“The call for views runs for six weeks, until 5 April 2017, at which time the Government will assess the responses and determine the best course of action. ... The Government fully understand the harm done by illegal set-top boxes and IPTV, which is why it is crucial that we have a robust evidence base for effectively tackling this problem.”—[*Official Report, House of Lords*, 22 February 2017; Vol. 779, c. 373.]

As the hon. Member for Selby and Ainsty pointed out, we already have a robust evidence base, and the Government acknowledged the problem some considerable time ago. It will be too late to do anything about it if the Government wait until the Bill passes through the House of Lords and returns to the House of Commons, with any amendments.

**Nigel Adams:** I am sure that the hon. Gentleman will agree that in other contexts the Government are rightly concerned about children getting access to pornography. Having seen yesterday’s demonstration and a previous one given by Sky, does he share my concern that on some of the platforms in question it is possible to access pornography alongside children’s television programmes? It seems to me that the Government should look at that area closely when they consider other measures on pornography in the Bill.

**Kevin Brennan:** There is no doubt that there are safeguarding issues, because material suitable for young children is presented on illegal set-top box platforms together with material that is suitable only for viewing by adults. Elsewhere in the Digital Economy Bill, as the hon. Gentleman will know, the Government are, with our support, creating powers to block sites that do not age-verify the sort of content that is restricted to adults. However, the platforms that we are considering are a lawless area—the wild west. The wild west is being imported into homes throughout the country. The problem is that it will become normalised to the extent that the Government will be too scared to do anything. They will be upsetting too many people, unless they act quickly; and that will damage our creative industries significantly. They are a serious, significant export earner. In this deeply regrettable era of Brexit, when we are trying to do individual trade deals around the world, it would be short-sighted for us to damage one of our most significant export earners.

Towards the end of the Lords debate on the Digital Economy Bill, the Minister indicated that the Government might be able to consider further changes to the Bill, at some point—the stages of a Bill in the House of Lords

are different from ours. I understand that there is still an opportunity, under Lords procedure, for further changes to the Bill. My noble Friend Lord Stevenson of Balmacara pointed out at column 371 the danger that the Bill will run out of time in the Lords before the Government have an opportunity to consider what to do about the issue. Another legislative vehicle may not come along for some time. Bills of this kind are not like buses; they do not come along that often. My plea to the Minister is that he should talk to his DCMS colleagues about something that it is unusual for Opposition Members to suggest to the Government—whether it is time to take Henry VIII powers. Will he talk to Ministers about taking the present opportunity to pass the necessary measures to stop something that will seriously damage the creative sector?

**Mike Gapes (in the Chair):** Order. I hope to call the Front-Bench speakers just before half-past 10, so that there will be sufficient time for the winding-up speeches.

10.4 am

**Patrick Grady (Glasgow North) (SNP):** It is a pleasure to serve under your chairmanship, Mr Gapes. I congratulate the hon. Member for Selby and Ainsty (Nigel Adams) on securing a debate on an important subject that is, as we have heard, particularly relevant in the context of Brexit and the Government's industrial strategy consultation.

As hon. Members have said, the issue is a complex one. It is right that creatives—inventors, scientists, artists, musicians and writers—should have protection for their ideas and achievements and be allowed to benefit commercially from their endeavours, but it is important to get the balance right, so that products developed for the public good do not become the subject of overly restricted access, or profiteering, and so that the intellectual property controls do not end up having a counter-productive effect. I want to talk about that in the context of some constituency experiences in the creative, commercial, industrial and scientific sectors, and perhaps to finish with some questions to the Government.

I am proud to represent a constituency with a thriving creative sector, in the west end of Glasgow. There is a vibrant cultural scene, which by definition also benefits the local economy. Music venues and art galleries help to stimulate the cultural scene and of course they are an important source of income for artists and musicians. Indeed, Glasgow City Council as a whole benefits from Salvador Dalí's incredible painting "Christ of St John of the Cross" in Kelvingrove Art Gallery and Museum, just outside my constituency. The city acquired it at the cost of some £5,000, and at the time was heavily criticised for doing so. That work of art is now priceless, and control of the image as intellectual property has brought considerable wealth and income streams to the city. However, that has also been a challenge, because the image is so famous that it is often reproduced without the appropriate permissions. That is perhaps a good case study of some of the challenges that arise.

As I mentioned, the west end of Glasgow has a large number of small, vibrant venues, which provide a focus for a creative musical scene. I was approached by the owners of a small venue called the Hug and Pint, on Great Western Road. It is an intimate venue with approximately 100 covers a night, providing an important

showcase for up-and-coming bands. Like the hon. Member for Selby and Ainsty, I am now a proud political patron of the Music Venue Trust, which supports such small venues. The Hug and Pint, and similar venues, are required by the Performing Rights Society to pay a minimum fee of approximately £38 every time they host a band. That does not necessarily sound like much, but when a venue has only 100 covers, and has live bands six nights a week on average, 52 weeks a year, it adds up to a quite significant amount—about £12,000. That has a significant impact on its operating margin.

There is a bureaucratic element; it would be quicker and easier just to give the money directly to the bands on the night, rather than sending a cheque to London so that a cheque can go to the bands. However, the requirement also represents a squeeze on margins that could ultimately have an effect opposite to what the licence is intended to achieve. If such small venues cannot host up-and-coming bands, the bands miss their chance of a break in the first place, and the creative sector narrows rather than widening. I understand from the Music Venue Trust that some flexibility, or perhaps a system in which the fee is proportionate to the take on the door, would be welcomed not just by the venues but many of the bands that play in them. I appreciate that that is not necessarily the direct regulatory responsibility of the Government, but it would be interesting to know what discussions they have had or would be prepared to have with the various industry bodies about that issue.

I also have a constituency interest in the commercial, industrial and scientific sectors. I am proud that the West of Scotland Science Park and the University of Glasgow—home to world-leading commercial and academic research—are within my constituency boundaries. Last week, my hon. Friend the Member for Glasgow North West (Carol Monaghan) and I welcomed M Squared Lasers to a meeting of the all-party group on photonics at the House of Commons. There was a demonstration of just one aspect of its world-leading laser technology: a way of detecting chemical agents, which could be deployed either in military situations or to deal with hazardous spills and leaks in an industrial or commercial context. It is important that there should be an effective patenting system to protect such inventions, as well as clarity and streamlining in the system.

I also recently visited the Centre for Virus Research at the University of Glasgow's Garscube Campus. It undertakes world-class research into virus vectors to help to develop methods of control, prevention and vaccination. Again, an intellectual property system that is clear, easy to navigate and recognises and rewards discoveries is vital for that centre.

The hon. Member for Selby and Ainsty mentioned Sir Tim Berners-Lee, the UK citizen responsible for developing the world wide web at the CERN research centre in Switzerland. I had the immense privilege of visiting that incredible facility with the Science and Technology Facilities Council. Fascinatingly, that centre is at the other end of the intellectual property spectrum; it undertakes pure, Government-funded research, all of which is published online, with totally open access and available to anyone to make of it what they will. We were encouraged to take photographs of all of the machines and all of the research, and to speak in great detail to the researchers. Again, I recognise the role of Glasgow University in developing the large hadron

[Patrick Grady]

collider beauty detector and working on the ATLAS experiment, both of which were crucial to discovering the Higgs boson.

The world wide web was first invented to help CERN researchers and their partners around the world to communicate with each other. The decision was taken in 1993 to make the world wide web public domain software, making it free to access and free to develop. It is well worth bearing that in mind when hearing the contributions that have already been made about how the world wide web is now being exploited for, as the hon. Member for Selby and Ainsty described, the theft of other people's intellectual property. As an intellectual system that was set up and essentially gifted to the world, it really should not be used to profiteer from other people's endeavours without their benefiting.

I am also the Scottish National party's International Development spokesperson. Again, at the other end of the intellectual property spectrum, we see some of the challenges that can arise if the balance is not carefully managed, such as risks to corporate control of patenting—patenting of genetically modified organism crops, for example—and the impact that that can have in developing countries and on individual farmers. While researchers of course need to benefit from their endeavours, we have to look carefully at exactly how these things are controlled.

There is a spectrum of uses and challenges with regard to intellectual property, and it will be interesting to hear how the Government intend to take that into account as they develop their strategy. How will Brexit impact concerns about the existing bureaucracy, and are there any risks of duplication? How do the Government work with industry bodies such as the PRS for Music, and how do they support the Creative Commons licence concept for those who want to use it? I echo the points that were made about remuneration for artists from online streaming services. This is a complex but vital area to the development of our economy. I look forward to hearing from the Minister and to contributing to future similar debates.

10.12 am

**Ian Paisley** (North Antrim) (DUP): Thank you for calling me to speak, Mr Gapes. I congratulate the hon. Member for Selby and Ainsty (Nigel Adams) on getting the matter on the Order Paper. It is important that other hon. Members have touched on piracy—or the normalisation of theft, as it has been rightly called—as we also see it in many other sectors. For example, 25% of all cigarettes smoked in the UK are illicit. In my country, 40% of all petrol and diesel sales are illicit; in other parts of Great Britain, it is up to 20%.

Piracy is a huge problem, and the hon. Gentleman has really only touched on the tip of the iceberg of how deep that problem is. The people driving piracy are not Sunday school teachers; they form the most evil crime syndicate imaginable. They are gangsters, racketeers and criminals, and they will stop at nothing in pursuing their trade. We should call them out, and I hope that the Government recognise that they must address that—and fast.

**Nigel Adams:** Those are startling figures. Does the hon. Gentleman have any idea of the potential tax revenues—on 40% of fuel sales and 25% of cigarette sales—that the Government are losing out on? Those are extraordinary numbers.

**Ian Paisley:** On fuel sales alone it was half a billion pounds last year in Northern Ireland. The revenues are incalculable; they are measured in billions of pounds, not thousands. The Government really do therefore need to step up to the mark on these issues. It is something that has been called out many times.

I will focus on the music industry, in particular. I believe it has already been stated that the industry is worth billions of pounds to the UK economy; musicians alone contribute about £3.5 billion to the UK economy. It is therefore right and essential that musicians know that their rights and intellectual property are valued by this country and will be protected by Government action. I used to buy vinyl records and listen to Radio 1, but technological advances haven't driven change in the sector; the revolution started in 1987—I bought my first CD in February 1987—and the music industry changed. My children do not even know what a compact disc is; they stream music and use Spotify, which is something I hardly even begin to understand.

The potential now exists to reach billions of people easily all over the world and give them enjoyment and entertainment. However, that process also contains the potential to rip off musicians, songwriters and performers. Streaming services are part-owned by big record labels, which, as has already been said, license music under contract—the terms and conditions of which are hidden from many and are protected by special non-disclosure agreements. Such NDAs have the potential to obscure the basis and chain of payments, and it is only fair that performers and creators of the music that we so enjoy have knowledge of who benefits from their IP and where.

As the technology modernises, so too the chain of payments should be made transparent. As we move towards Brexit, I urge the Government to make the United Kingdom the gold standard for protection of performers' IP. It is essential that we do that to grab this generational opportunity to make the UK the best and the safest place for IP to be placed, contracted and protected. That would benefit performers and drive the industry, and would see that billion-pound industry grow. That is what we really want to see.

Since 2000, the music industry has undergone revolutionary change in how it does business, from physical sales of vinyl and CDs to digital downloads and subscription streaming. It is now essential that the UK makes the contract framework for streaming as equally modern, robust and revolutionary as the actual streaming services themselves. Streaming music is set to become the most significant revenue stream for recorded music. It is essential that the rules and contracts governing distribution keep all parties safe and protected from exploitation in that process.

We can see that being done, in terms of transparency of contracts. I have already touched on how NDAs should be open and transparent, so that performers, musicians and songwriters know who benefits from their IP. Payments to performers should be fairly calculated and easily understood by the performer, whose statutory

rights the Government should seek to protect in a robust manner so that they are encouraged to stay, perform and create in the UK, and to be part of the thriving industry. The UK could be recognised as the safest place to do business in this field—I think we can see that happening—and not a place where people get exploited. Giving a performer or artist the right to know who benefits from their IP is essential in my view.

There are three main music labels in the UK, which control 70% of the music market between them: Warner Brothers Records UK, Sony Music UK and Universal Music UK. They are not yet fully signed up to the fair digital deals declaration; I urge the Government to take this moment to encourage them to do so, so that there is a good agreement between the big labels and people who wish to perform. Streaming has opened up an exciting, rich vein and existing contracts could now be exploited. The Government need to put their mind to funding a contract adjustment mechanism that brings old contracts into sync with new technology in a fair way. If they do, we will see the industry thrive, and we will make the big licence controllers and big labels pay to do good business here in the UK. I again congratulate the hon. Member for Selby and Ainsty on getting this matter on the Order Paper and allowing us to get these issues out in the open and discuss them today.

10.19 am

**Pete Wishart** (Perth and North Perthshire) (SNP): I welcome your chairing, Mr Gapes. I also congratulate the hon. Member for Selby and Ainsty (Nigel Adams) on the fantastic work he does in stewarding and chairing the all-party parliamentary group on music. I refer Members to my entry in the Register of Members' Financial Interests.

We do not do much wrong when it comes to intellectual property. We are an IP-rich and creative nation, with an IP framework that is pretty much the envy of most comparable nations around the world. Based on any global IP indexes, the UK is about the top country in all areas, such as protection of copyright, looking after patents and enforcement. We need that because we are an IP-rich nation with a thriving creative sector and an abundance of world-class creative industries. In any of the major disciplines in the creative environment—whether it is music, TV, design or fashion—the UK is among the top three. It is imperative that we create the optimum conditions for our inventors, creators, designers and wonderful artists to develop their businesses and grow, so that we can continue to do well as a nation.

Intellectual property affects every single one of us and impacts on nearly every aspect of our day-to-day lives. The content we consume, support for our small businesses and the research and development arms of our multinational companies are all predicated on a successful IP framework. We tinker and mess with it at our own risk. It is vital to economic prosperity in the UK and is the foundation from which people can derive value from their innovation and investments.

The statistics speak for themselves. As the hon. Member for Selby and Ainsty said, the creative industries alone are worth £87.4 billion a year in gross value added. They employ almost 1.5 million people in the UK, and about £1 out of every £10 of UK exports is predicated on IP-supported industries. It is perhaps the fastest

growing sector in our economy. Is it not a wonderful way to reindustrialise our nation, by building and growing our economy on the imagination, creativity and talent of the people of this country? What a fantastic way to grow our economy.

It is particularly good to see the Minister in his place. He is the first Conservative Minister with responsibility for intellectual property we have had in this House; all the others have been in the House of Lords. That is a welcome development, because it allows hon. Members with an interest to debate these critical issues with the Minister and question him at departmental questions. I think he is the first IP Minister in this House since the right hon. Member for Tottenham (Mr Lammy) back in 2008. I look forward, as chair of the all-party parliamentary group on intellectual property, to working closely with the Minister. I would not say that it has been chaotic, but there has been an issue with how intellectual property has been stewarded by this Government. It has been shunted between various Departments, with no clear chain of command. At last, we have that, and I hope the Minister will take full advantage of the opportunities it presents.

As well as being valuable to our economy, our IP framework is constantly evolving, and we have to deal with current issues and new ones that await us around the corner. That is because IP and most of the things it is responsible for stewarding and looking after exist on the very cutting edge of technological innovation. We have to remain vigilant about where the dangers will next appear and how they will present themselves.

I am on my second Digital Economy Bill since joining the House. Looking around the Chamber, I note that the hon. Member for Cardiff West (Kevin Brennan) and the right hon. Member for Wantage (Mr Vaizey), who has just taken his place, bear the scars of the previous Digital Economy Act 2010. We just about managed to escape that one unhindered and in one piece. We now have a second Digital Economy Bill going through Parliament. There have also been two significant reviews of our IP framework over that period: the Gowers review and the Hargreaves review, which concluded a few years ago. Both of those have flavoured the Government's response to the big issues in intellectual property.

The APPG on intellectual property has produced a series of reports and reviews, one of which was published today, about protecting intellectual property. I hope the Minister will give a considered response to the many things we discovered in the conversations we had with many stakeholders. I will turn to some of the conclusions we reached in the course of my contribution.

First, I want to look at the big external issues that impact significantly on our intellectual property framework. They do not come bigger than leaving the European Union. The most significant innovation in the European Union is the delivery of the digital single market. So much effort and energy has been put into that really important work over the past few years, and we are coming close to its conclusion.

While the digital single market has presented a number of difficulties and issues for our creative industries in the United Kingdom, it would be better to be in there, shaping that agenda, than to have to respond to what has been decided by others. Leaving the European Union will mean we have no access to shaping the

[*Pete Wishart*]

agenda for the digital single market. The UK has been a strong pro-content industry voice in those EU deliberations, which sometimes balances the views of other member states that do not have the same sort of interests we do in ensuring that the content agenda and industry are properly protected. That will be lost when the UK leaves the European Union.

**Ian Paisley:** Does the hon. Gentleman agree that the single largest market for digital is actually not a country but the cloud? Where the legal protection resides for people who put their IP on to the cloud is really important, so making the UK the home of legal enforcement will therefore be essential.

**Pete Wishart:** It is difficult to disagree with the hon. Gentleman on that. We have to look at where the force of traffic is going, particularly when it comes to things like copyright, which is critical for a number of our creative industries. The copyright directives we have signed up to were designed within the European Union, but we are leaving the EU at a critical moment in the development of the digital single market. That could have a massive impact on our own IP legislation.

Most people we spoke to in the course of the APPG's inquiry said that they would prefer to see the existing legislative framework maintained. We also looked at identifying some of the gaps in legislation that will have to be fixed in order to ensure that UK creators and businesses are properly able to protect their IP in a global market. For example, the erosion and loss of access to EU design rights for our design industry post-Brexit would have a significant and negative impact on our designers.

I also chair the all-party parliamentary writers group. We have great concerns about retaining the harmonisation of copyright across Europe. Europe is the largest market for books and will continue to be an important market for book publishers and writers in the future. It is therefore imperative that the UK's copyright legislation is consistent with remaining EU members, to reduce additional costs for business.

We have two years left at the top table when it comes to the negotiations, consultations and conversations about the shaping of the digital single market. I encourage the Minister to use those two years as productively as possible, to ensure that the UK's content industry will be properly looked after and represented after we leave the European Union. I hope he will reassure me today that IP rights and IP-supported business will be at the heart of any new trade arrangements and agreements we have with other nations throughout the world in the next few months and years.

As well as concerns about the EU and external issues, the APPG on intellectual property heard from witnesses about a number of emerging threats being faced by IP owners. What concerned us more than anything was the sheer range of those threats and how quickly they are emerging and developing. While technology provides huge opportunities for businesses to expand their market and access new customers, it can also undermine a creator's ability to commercialise their intellectual property.

Those who seek to profit from IP infringement are more than prepared to exploit new technological developments to challenge the law, and they do not

come any bigger than digital TV piracy. It is absolutely right for hon. Members today to have focused their remarks on the real threat of digital TV piracy. The hon. Member for Cardiff West is right that the Digital Economy Bill presents an opportunity to put that right. He is also right to say how slow Government seem to be to respond to those emerging threats and challenges. He and I both remember the early days of the music industry, which faced the same range of challenges, being at the forefront of technical innovation. The first Digital Economy Act, of 2010, probably had the music industry in mind more than anything else when it tried to deal with the issues of piracy by the sending of notifications and by talking about certain measures that could ensure that rights holders and artists would be properly protected. The Government have an opportunity with the current Digital Economy Bill to deal with the threat that has emerged and is now completely apparent. Nineteen per cent. of households have access to IPTV boxes. It is now television—production companies and satellite broadcasters—that is at the forefront of the challenges, and the Government have an opportunity to deal with that and put it right.

Another threat to intellectual property that we have heard about in the all-party groups is stream ripping. That is an increasing problem for the music sector and threatens not only musicians, but the new, legitimate safe-harbour streaming services. Again, the hon. Member for Selby and Ainsty was right to raise it as a concern.

What concerns me more than most of the things that we have heard about is the parasitic or copycat packaging used by competitors to boost sales by confusing and misleading consumers. That is not a new or emerging threat; it has existed for a long time, and we constantly hear about and return to it in the all-party IP group. However, something has to be done about it now. When we go to a supermarket and look for our favourite products, we see all the poor copies sitting right next to them—the packaging is deliberately designed to confuse customers. The Government now have to challenge this. It is totally legal at the moment, but it short-changes consumers and lets down some of our famous brands, which would expect customers to be able to go straight to them.

We have heard about a few issues with 3D printing. That offers immense opportunities for creators, businesses and consumers, but also presents many risks, which we are understanding more and more. Responding to the challenges is not easy, but I think that we have a means of doing that with the Digital Economy Bill. It is some six years since the last digital economy legislation and, if possible, the Government should look to do what they can to address some of the new challenges in the current Bill. It certainly provides an opportunity to tackle digital TV piracy.

There are some positive developments, as we have heard. The new voluntary code of practice agreed by the Government and some of the web hosts is progress. It does not solve or deal with the problem conclusively, but it is right to characterise that arrangement and agreement as progress. The code, which has been signed by Google, Bing, BPI, the Motion Picture Association and the Alliance for Intellectual Property, seeks to demote links to websites that are dedicated to infringing content for consumers in the UK.

While I was listening carefully and intently to my colleagues today, I had a look at some of the sites again. We still find that illegal sites selling artists' works appear at the top of any searches too regularly, so the code is welcome and is clear progress. It shows what can happen when we consistently and continually ask the Government to do something. It was a Conservative party manifesto commitment. It is right to encourage Government as much as possible to focus on how this is all going to work out and not to rule out the prospect of legislation if it does not work. I think it was the hon. Member for Cardiff West who said that if there is no stick to encourage some of the web hosts, a further sanction will be needed—the Government should consider legislation if the current measure does not look as though it will work.

I also want to support the hon. Member for Selby and Ainsty on what we refer to as the value gap. We must ensure that the artists who produce all the wonderful works that we admire and appreciate are properly rewarded for the work that they do. Too many services use copyright-protected content to build businesses. They do not actually create any of the works—they just host them—but they seem to be earning the huge profits on the back of the artists and creators. They create that gap whereby they are earning millions and millions of pounds, while we still see struggling artists in our communities. We need to see the likes of Facebook, YouTube, Dailymotion, Bandcamp, Vimeo and Metacafe properly dealt with and see whether we can reduce the value gap. UK Music's "Measuring Music" report, which we have heard about, highlighted the fact that one service, YouTube, increased its payments to music rights holders in 2015 by 11%, despite consumption on the service growing by 132%. That clearly demonstrates a value gap.

**Nigel Adams:** The hon. Gentleman highlights a very important issue. Would he welcome, for example, YouTube developing a subscription service so that creators could benefit more widely from any income driven through there?

**Pete Wishart:** The hon. Gentleman makes a fantastic suggestion. We have to encourage YouTube, which is, as we can see from the figures, one of the key players in all this, to see what it can do to ensure that musicians and artists are properly rewarded.

The growing significance of the music streaming market must not go unremarked. In the last four years, the UK music industry has grown by 17%, and the same period has seen a massive shift from consumers owning music to streaming it. The value of subscription streaming services jumped from £168 million in 2014 to £251 million in 2015. Consumers can access content by a means that was unavailable to our generation—I think I am roughly the same generation as the hon. Member for North Antrim (Ian Paisley)—while we were growing up. There are several means and methods whereby people can access the finest, newest content in the most convenient way, but as we consider all these things, and great though they are, please let us never forget the artists who produce those fantastic, wonderful works. What is the point of having all these hosts and all these things available to us if we do not treat properly those who produce the content? When we consider things such as the value gap, it is very important that we put the

musician at the heart of all this. IP rights exist to protect our artists, creators, inventors and scientists, but it is vital that we get the IP framework right and remain vigilant for new threats and challenges.

10.36 am

**Bill Esterson** (Sefton Central) (Lab): I congratulate the hon. Member for Selby and Ainsty (Nigel Adams) on securing this important debate. There has been a large amount of agreement across the Chamber on the nature of the challenges and what we are asking the Government to address.

Intellectual property is the sum of a person's or a business's creativity and unique knowledge: their industrial designs, trademarks and inventions. Intellectual property gives ownership to ideas. It secures, for the creator, a stake in the value generated by their creations. Whether we are talking about the knowledge economy, the digital sector, high-end manufacturing or renewable energy, the UK has a deserved global status in all those fields. We have that status not just because British people are particularly good at having ideas, but because we are very good at safeguarding the ownership of those ideas, although, as we heard in great detail from hon. Members, we have a significant amount more to do to protect that ownership. Intellectual property is a catalyst for growth and jobs—for a successful economy. That is becoming increasingly apparent and it will be increasingly important if we are to be an economy of high pay and prosperity, and not an economy of low skill and low wages, competing on the basis of price alone, in an uncertain world.

As the hon. Member for Selby and Ainsty said, the Digital Economy Bill has only three clauses on intellectual property. He is right to make that point and to say that the Government need to give the area of IP far greater attention. He, along with a number of other hon. Members, spoke about the impact of piracy on investment and emerging talent, the threat to the creative industries' revenues that that brings, and the importance of the code of practice. As my hon. Friend the Member for Cardiff West (Kevin Brennan) pointed out, if we have a code, there needs to be proper enforcement, and the Government have a vital role in ensuring that enforcement takes place.

As the hon. Member for Selby and Ainsty said, it is easy to bash big companies. We need to be careful about doing that and should praise them when they get things right—the code of practice is a prime example—although I hope he agrees that those big companies should pay their taxes where they generate their profits. He spoke about the safe harbour laws and touched on some of the challenges for IP as we leave the European Union. He was right to raise those challenges, which I look to the Minister to respond on. I will come back to that a bit later.

My hon. Friend the Member for Cardiff West made the point that there is large-scale agreement on the need for IP policy. He mentioned IPTV, which gives access to content without rewards to the creators but with enormous rewards to criminals who are out of our reach overseas. While he was speaking I searched on Google for IPTV and came up with Amazon, eBay and Gumtree offering very low-priced mechanisms for accessing such content. It is there, easily available in front of us, and hon. Members have pointed out just how widespread access to it is.

[*Bill Esterson*]

I am afraid that I have to agree with Members about the slow response in the Digital Economy Bill, which has happened despite the Government accepting the need for action. My hon. Friend the Member for Cardiff West raised the seriousness of the problem and expressed frustration about the lack of action on Members' amendments tabled during the Commons stages of the Bill. Will the Minister tell us why there is such a lack of action?

My hon. Friend the Member for Newport East (Jessica Morden) rightly praised the staff based in her constituency and the excellent work they do at the Intellectual Property Office. She said, importantly, that the Government need to invest in the staff's work for the long term because of the critical nature of IP to the success of our economy. I hope the Government will do just that.

My hon. Friend the Member for Cardiff West talked about the difference between good and bad regulation. Good regulation helps business and the economy, and that includes the need to protect smaller businesses when it comes to copyright and unregistered design rights. He and the hon. Member for Selby and Ainsty rightly highlighted the need for a proper approach from the Government on safeguarding online. That point was extremely well made and well heard; I believe it is also understood by Government. My hon. Friend talked about the damage to exports if we do not get our approach to IP right. As we leave the EU, trade deals will be important for exports, and IP is a crucial part of that agenda. The hon. Member for Glasgow North (Patrick Grady) rightly talked about the exploitation we have seen of the world wide web, and the challenges that have grown since 1993.

The hon. Member for North Antrim (Ian Paisley) spoke of the loss of revenues to the Government from illicit fuel sales—I think he said that 40% of fuel sales in Northern Ireland are illicit—and made the comparison between fuel sales and the importance of preventing illicit sales online. I was grateful to him for expressing his lack of understanding of technology and products such as Spotify—I am glad I am not the only one in the room who faces such challenges with my children and their access online.

The hon. Gentleman and others spoke of the need for fairness to the performer in benefiting from their own intellectual property. He said that there is an opportunity for the UK to provide the gold standard for IP as we leave the EU. I think we should be doing that anyway—that should have been our priority regardless of whether we were staying or leaving. It is crucial we do so in the time we have left before we finally leave. We should not be waiting to leave to achieve that goal. He made a very important point about the case for a Government role in creating a fair market and a level playing field so that industry can thrive and performers can receive the appropriate rewards for their industry, innovation, creativity and hard work.

The hon. Member for Perth and North Perthshire (Pete Wishart) was the second member of MP4 to speak in the debate. I did wonder whether he was going to contribute for the other two members as he went on, to make up for them not being here. He made some good points. He spoke about the challenge of leaving the EU and the importance of the digital single market,

and called on the Government to use our remaining time to help shape the agenda before we leave. He repeated the concerns of my hon. Friend the Member for Cardiff West about how slow the Government have been in responding to protection against theft.

The UK's system of regulating IP is considered to be one of the finest in the world, rated number three by business in the 2016 Taylor Wessing global IP index in respect of obtaining, exploiting and enforcing the main types of IP rights: trademarks, patents and design rights. The investment pays off—intellectual property makes a significant and growing contribution to the UK economy. As the Intellectual Property Office notes, UK investment in intangible assets protected by intellectual property rights has risen from £47 billion in 2000 to £70 billion in 2014 and has been estimated at 4.2% of total GDP. It is therefore clear that intellectual property is of great importance to the UK economy.

We welcome the Government's recognition of the importance of IP in the industrial strategy Green Paper. Investment in science, research and innovation is one of the 10 pillars of the Green Paper and, as part of that, the Government are

“reviewing how to maximise the incentives created by the Intellectual Property system to stimulate collaborative innovation and licensing opportunities”.

I hope that that is going to include university spin-outs and making sure that we make full benefit of the commercial applications that come from them.

Labour is committed to investing the full 3% of GDP in research and development, and has long called for the Government to improve their record. That is the level of investment needed to place rocket boosters under the R and D pillar of the industrial strategy, and I hope we will see more of it from Government. Sadly, we have seen a decline in Government spending on R and D from 0.56% of GDP in 2009 to 0.49% in 2013. That is considerably lower than the OECD average of 0.7% and the EU average of 0.64%, so more needs to be done by the Government on investment in R and D.

IP is crucial to the success of the economy and business, and to those in industry—especially those in the creative industries, as we have heard. Clear, early action is needed on piracy, on arrangements for leaving the European Union and on making IP a key part of the success of our economy. I look forward to the Minister's reply.

10.49 am

**The Minister for Universities, Science, Research and Innovation (Joseph Johnson):** It is a pleasure to serve under your chairmanship in this debate, Mr Gapes. I am grateful to my hon. Friend the Member for Selby and Ainsty (Nigel Adams) for securing this important debate and welcome the contributions of many of the hon. Members who have spoken.

During this important debate we have already heard about some of the many ways in which intellectual property and the creators and creative minds behind it contribute to the British economy. The Government recognise the importance of IP, as we expressed in our manifesto, in which we committed to making the UK the best place to patent, innovate and grow a business and to protecting IP online by working with internet

service providers. I will use this opportunity to outline some of the steps that we are taking to make that happen.

It is clear that IP influences many parts of our daily lives and has an undeniable role to play across the economy. As hon. Members have noted, we as a country are rightly proud of our creative and innovative heritage. Our TV and film industries continue to enjoy worldwide success and, as anybody who watched the Brit awards last week knows, the same is very much true of our music industry, which produces what seems like an endless supply of chart-topping talent. The likes of Stormzy and Skepta were mentioned by my hon. Friend the Member for Selby and Ainsty, but there are others, such as Rag'n'Bone Man and Ed Sheeran, all of whom delivered great performances last week.

Our cutting-edge research base stands at the forefront of global innovation. The hon. Member for Sefton Central (Bill Esterson) asked what commitment the Government were making to support that R and D base. I ask him to look at the recent autumn statement, in which we delivered the single largest increase in research and development expenditure in 40 years, and we are committing a further £2 billion a year by the end of this spending review period to R and D. That clearly underlines the Government's commitment to this country's remaining at the cutting edge of science and innovation for years to come.

This is not just about pride; the statistics speak for themselves. Every year since 2001, investment in intangible assets has outstripped investment in physical assets. In 2014, UK businesses invested over £130 billion in intangible assets—£11 billion more than in physical assets. Over half of that £130 billion was protected by IP rights. That not only highlights the sheer demand for UK IP rights, but demonstrates the fact that many businesses, innovators and creators already recognise the benefits of IP protection, of which there are many.

IP rights encourage investment in research and innovation, reward original design and branding, and support all types of creativity. Businesses that manage their IP well grow faster and are more resilient. The use of patents, trademarks and designs is linked with the better creation, transfer and use of knowledge and higher firm productivity. One reason behind that is that the UK's robust IP regime plays an essential role in improving the balance between risk and reward for innovation and creativity.

Hon. Members have noted that IP enjoys a prominent place in our industrial strategy Green Paper, in which the Government touch on IP in several ways. For example, we have announced a new piece of independent research on approaches to commercialisation in universities, as the hon. Member for Sefton Central mentioned. That will look at approaches to commercialisation, including how universities approach licensing intellectual property. That is just one of a number of announcements that were made in the Green Paper, which sets out the Government's plans for a long-term strategy that builds on our strengths and prepares us for the years ahead.

The Prime Minister has been clear that we need an economy that works for everyone. The Green Paper marks the beginning of a dialogue to develop a strategy to deliver that. The UK already boasts one of the best independently judged IP systems in the world—the hon. Gentleman mentioned the Taylor Wessing ranking,

which puts us third—but the Green Paper clearly signals the steps that the Government are taking to ensure that our IP system is not just fit for purpose, but unlocks the potential for creativity and innovation up and down the country. That includes a commitment to review how to maximise the incentives created by the IP system to stimulate collaborative innovation and licensing opportunities. The emphasis is on developing a strategy that spreads the benefits of our economic success across the UK. That is why the Government have also announced that IP representatives will be placed in UK cities in the northern powerhouse and the midlands engine—Manchester and Birmingham—to build local capability to commercialise intellectual property.

Let me turn to the importance of IP enforcement, which was a theme in several hon. Members' remarks. Wherever the market—at home or overseas—the success and economic value of the UK's intellectual assets highlights the potential risks when IP rights are not respected. The Government take IP enforcement seriously and believe that effective enforcement plays a vital part in supporting our creative and innovative industries. Effective IP enforcement also plays a vital part in denying funds to the many organised criminal gangs involved in counterfeiting, and in mitigating the harm—mentioned, for example, by the hon. Member for North Antrim (Ian Paisley)—caused by unlicensed manufacturing, which often goes hand in hand with labour abuse and environmental abuse.

The UK boasts one of the most innovative IP enforcement networks in the world, but we can never afford to rest on our laurels.

**Pete Wishart:** In our inquiry into protecting intellectual property, we heard just how threadbare trading standards is now, with the smallest resources that have ever been applied when it comes to protecting some of these areas. Will the Minister promise to look at that and perhaps to address some of the failings in resourcing trading standards?

**Joseph Johnson:** We certainly want trading standards to perform the function that we need it to perform, and we believe that the resources are in place to enable it to do so.

As I was saying, the UK boasts one of the most effective and innovative IP enforcement networks in the world, but we cannot afford to rest on our laurels. There are always new challenges to address. My hon. Friend the Member for Selby and Ainsty and the hon. Members for Cardiff West (Kevin Brennan), for North Antrim, and for Perth and North Perthshire (Pete Wishart) were right to recognise the serious challenge that illicit TV streaming and IPTV boxes pose to our creative industries. We will vigorously combat the normalisation, as the hon. Member for Cardiff West put it, of that harmful activity. It is theft. Last Thursday, the Government published a call for views, as Members have mentioned, to determine whether the existing legislation is working to tackle this important issue. It would not be appropriate to pre-empt the outcome of the call for views, but if the case is made that legislative change is required, the Government will take the necessary steps.

**Kevin Brennan:** I again urge the Minister to consider trying to do something about this issue in the Digital Economy Bill before it completes its stages in the House of Lords.

**Joseph Johnson:** I am pressed for time, so I will give the hon. Gentleman a short reply. A number of cases in the legal system are currently testing whether we have sufficient legal powers to take the kind of action that we all want. Bits of legislation are potentially relevant—including the Copyright, Designs and Patents Act 1988, the Fraud Act 2006, the Proceeds of Crime Act 2002 and others—and we need to see whether they will prove adequate for the task at hand. Cases that are in the pipeline will give us a good sense of whether further legislation is needed.

More broadly, we continue to build on our success in the area of IP enforcement, guided by the new IP enforcement strategy, which was launched in May last year. Innovative solutions that are already in place include the IP intelligence hub and a wide range of voluntary initiatives with partners. Being active on so many fronts has enabled the Government to ensure that UK rights holders have a system that they can rely on.

One of our strongest assets is the police intellectual property crime unit, which is an operationally independent body that works with industry, Government and other law enforcement agencies to counter IP crime, such as counterfeit goods of the kind so graphically described by the hon. Member for North Antrim, which are so detrimental to the economy and businesses and which can be harmful to consumers. The Government are in the process of discussing how PIPCU will be funded in future and will make a statement in the coming weeks. However, the unit is just one aspect of the work that the Government are supporting to address IP crime. We remain committed to tackling the multiple challenges that are posed by IP infringement.

The hon. Member for Glasgow North (Patrick Grady) asked about the Government's role with respect to the Performing Right Society and the minimum £38 tariff for live music concerts, and that is primarily a commercial negotiation between the rights holders and licensees. I know that the Music Venue Trust has been active in that area. Licensees and their representatives can bring a case to the Copyright Tribunal, which is an independent judicial body, if they are unhappy with the terms of a licence.

Turning to the point made by the hon. Member for North Antrim with respect to whether Governments should create a contract adjustment mechanism, we are currently looking at that issue at a European level, as he knows. Intervention on freedom to contract needs careful consideration before Governments weigh in. The risks of reducing the incentives for businesses to invest in new talent are ones that we must take exceptionally seriously, but we need to listen to creatives too. In particular, I welcome the hon. Gentleman's support for the digital deals declaration—

**Mike Gapes (in the Chair):** Order.

*Motion lapsed (Standing Order No. 10(6)).*

## Sri Lanka: UN Human Rights Council

11 am

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

That this House has considered human rights in Sri Lanka and the 34th session of the UN Human Rights Council.

It is a pleasure to serve under your chairmanship, Mr Gapes, not only because it will be wonderfully fair and impartial but because I know that you take an interest in the issue. It is also a pleasure to be joined by so many members of the all-party parliamentary group for Tamils, in which I have seen, since my election, genuinely cross-party work on an issue of importance to many of our constituents.

It is timely that we are holding this debate the day after the opening of the 34th session of the United Nations Human Rights Council in Geneva. In fact, our first debate on this subject, in October 2015, was on the day before the start of the session. I hope that we can make our views clear as our Ministers go in to represent the UK at the Human Rights Council. The Minister with responsibility for Sri Lanka, my hon. Friend the Member for Reading West (Alok Sharma), is not here today; I understand that he is in Geneva and was at the opening of the session, which is welcome. However, I am pleased that the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Bournemouth East (Mr Ellwood)—not the B-team—is here to respond for the Government.

**Joan Ryan** (Enfield North) (Lab): I congratulate the hon. Gentleman on securing what I agree is a timely debate. Many of the key promises made by the Government of Sri Lanka in 2015—justice, accountability, human rights protections, reconciliation—have not been fulfilled. Does he agree that the UK Government must support a follow-up resolution in Geneva calling on Sri Lanka to provide a clear timetable for the implementation of all outstanding commitments?

**James Berry:** I could not agree more with the right hon. Lady. I am sure that the Minister will listen to the all-party group's concerns about human rights in Sri Lanka. I have not just my own concerns as the chair of the all-party parliamentary group but concerns that my Tamil constituents have raised with me. They are concerned that UN Human Rights Council resolution 30/1 should not be just one more in a long catalogue of unfulfilled promises of justice for the atrocities suffered in the 2009 civil war.

Resolution 30/1 was a consensual resolution reached in October 2015, and the Government of Sri Lanka agreed to it. It was something of a watershed moment: before the United Nations and the international community, the Government of Sri Lanka, under a new President, made a series of solemn commitments on human rights in Sri Lanka, effectively in return for being brought in from the cold in diplomatic circles. The hon. Member for Ilford North (Wes Streeting) was there, as well as my hon. Friend the Member for Twickenham (Dr Mathias) and me.

We were all clear that the resolution did not go as far as the Tamil community wanted but that without consensus, there would have been no resolution at all. It was

accepted with good grace that it was a compromise, but we were clear at the time and remain clear that as a compromise, it should be delivered in full, without equivocation and without backsliding, to answer the point made by the right hon. Member for Enfield North (Joan Ryan).

Ahead of the June session of the Human Rights Council, our all-party parliamentary group produced a report, which I hope was fair and balanced, on the progress against the various clauses in resolution 30/1. We acknowledged that progress had been made on the return of land seized by the military and on the ratification of the international convention for the protection of all persons from enforced disappearance, albeit at the last minute before the session in Geneva.

**Siobhain McDonagh** (Mitcham and Morden) (Lab): On that point, does the hon. Gentleman share my concern that failed asylum seekers returned to Sri Lanka since the election of the new Government in January 2015 have reportedly been tortured, and that that continues? Information from Freedom from Torture indicates that we must keep pursuing the Government of Sri Lanka.

**James Berry:** The reports by Freedom from Torture, whose No. 1 referral group is Tamils in Sri Lanka, are shocking. I know that the Government of Sri Lanka dispute what Freedom from Torture says, but even if we do not necessarily consider that, we must consider the recent report by the UN special rapporteur on torture, which was critical of how the Sri Lankan Government handle torture and the fact that the impunity of the security services allows it to continue. I hope that the UN special rapporteur's report will be considered at this session.

**Ian Paisley** (North Antrim) (DUP): As somebody who has been part of a post-conflict society, I remind hon. Members that building a peace process is incredibly difficult, slow and arduous. Significant progress has been made—admittedly not as much as some Members would like, but we should recognise that slow progress has been made towards a new, changed and beneficial society.

**James Berry:** As I just outlined, the all-party parliamentary group for Tamils has indeed recognised the progress that has been made, but it is right to scrutinise the areas in which there has been a lack of progress and, as I will explain, a clear policy by the Government of Sri Lanka to undermine one of the key tenets of the resolution. I will come to that in a moment.

We also highlighted areas in which there had not been progress, including the demilitarisation of the north and east and the torture on which the UN special rapporteur has reported in the last few months, but of most concern was the lack of progress on truth-seeking, justice and reparations. In resolution 30/1, the Government of Sri Lanka agreed to a clause that included the words “the importance of participation in a Sri Lankan judicial mechanism, including the Special Counsel's office, of Commonwealth and other foreign judges, defence lawyers, and authorised prosecutors and investigators”.

There been scant progress towards the establishment of that tribunal—the judicial mechanism. I take the point made by the hon. Member for North Antrim (Ian

Paisley) that these things take time. Our own child sex abuse inquiry took two years from announcement to set-up. I accept that it takes time to set up a tribunal, and I do not necessarily criticise the Sri Lankan Government for not yet having started to hold hearings; what I criticise them for is not having a timetable for setting up the judicial mechanism. Most importantly, the Government of Sri Lanka—the President, the Prime Minister and other senior Ministers—have made clear comments that they do not intend to involve foreign and Commonwealth judges, prosecutors and defence counsel. They want it to be a purely domestic tribunal. Senior Ministers have also commented that the military will be protected.

**Wes Streeting** (Ilford North) (Lab): The hon. Gentleman does an outstanding job chairing the all-party parliamentary group for Tamils, as did his predecessor and mine. Further to the point made by the hon. Member for North Antrim (Ian Paisley), who knows probably better than most here the painful and important process of seeking peace, the issue is the Sri Lankan Government's refusal to adhere to the commitments they signed up to on international involvement in the prosecution of historic war crimes. It is not about the wording of the resolution but about their unwillingness to follow what they signed up to.

**James Berry:** I agree. That brings us to the nub of the issue: the concern that the Government of Sri Lanka intend to turn up to Geneva this week and over the next few weeks to dazzle the international community with a list of clauses in the resolution on which they have made progress and a list of UN conventions that they have ratified, but to weasel out of the justice mechanism by saying that it is all rather difficult and hoping that Sri Lanka will simply drop off the UN Human Rights Council's agenda and the whole business will be forgotten.

I think that we all understand, from the Iraq historic abuse inquiry and the inquiries in Northern Ireland, that such things are difficult to sell domestically. That is why the scrutiny of the UN Human Rights Council is necessary to show that the international community requires it.

**Sir Hugo Swire** (East Devon) (Con): My hon. Friend makes some very interesting points, but his last point is the most important: we are dealing with a Government of national unity, and President Sirisena and Prime Minister Wickremesinghe are trying to maintain a delicate balance. Without that Government of national unity, we would not be seeing progress on any front at all. Everything that we say, maintain and argue for has to be done with a greater understanding of the domestic political situation in Sri Lanka.

**James Berry:** I well understand the domestic political situation in Sri Lanka, but the fact is that President Sirisena signed up to the resolution in order to bring Sri Lanka back in from the cold on the world stage. He received congratulatory comments at the time from a number of world leaders and from Secretary of State Kerry, and he now needs to deliver his side of the bargain, not say “This is all very difficult to deliver domestically.” He has made a commitment to the UN on behalf of his country and he must now deliver it.

**Siobhain McDonagh:** Our stance is one of assistance to President Sirisena, because he needs some countervailing pressure; it is only with that pressure that he can say to some of the forces pitted against these changes that he and Sri Lanka need to do something.

**James Berry:** I entirely agree. The last pronouncement made on the issue by my right hon. Friend the Member for East Devon (Sir Hugo Swire), when he held the ministerial brief that my hon. Friend the Member for Reading West now holds, was that Sri Lanka had not yet met its commitments to the international community. Not only does that remain the case, but we are concerned that the Sri Lankan Government have demonstrated a clear intention to defy their commitments to the international community. That cannot be allowed to happen.

**Ian Paisley:** On international oversight, we in this country have to be careful not to be accused of hypocrisy. The Government rightly resisted all calls to make the Bloody Sunday and Iraq inquiries international in any way, because they were domestic inquiries into events that had an international impact. We need to be careful not to tell another country that it must now have an international inquiry on a domestic issue.

**James Berry:** I would agree with the hon. Gentleman, were it not that in this case we are not demanding anything of the Sri Lankan Government that the UN Human Rights Council has not already demanded and that they have not already agreed to. We are only trying to get them to deliver what they have already agreed to.

**Wes Streeting:** I am conscious that I may be indirectly having a debate with the hon. Member for North Antrim (Ian Paisley). I understand his point, but the Sri Lankan judicial system is not equipped to investigate and prosecute crimes of this nature. The international mechanism was seen as critical for confidence building, both for the Tamil community in Sri Lanka and for the diaspora around the world. As the hon. Member for Kingston and Surbiton (James Berry) said, the Sri Lankan Government have signed up to this.

**James Berry:** I accept that the immediacy of the terrible situations in Syria and in Yemen will preoccupy the UN Human Rights Council, and rightly so. However, having failed to act in the closing stages of the Sri Lankan civil war in 2009, which may now seem a long time ago but was probably the world's darkest hour since world war two, it is now incumbent on the international community to ensure that the victims on both sides of that war receive the justice they deserve.

The UN estimate of the number of civilians, mainly Tamil, who died in the closing stages of the civil war between January and May 2009 is 40,000. There is evidence that no-fire zones that the Government encouraged civilians to go to were systematically shelled by Government forces.

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood):** The then Government.

**James Berry:** The then Government—the Minister quite rightly corrects me. There is evidence that a UN food distribution hub in a no-fire zone was systematically shelled by the then Government's forces after UN field

workers provided the co-ordinates to the Government. There is also evidence that a field hospital in an abandoned school was shelled 65 times by Government forces—so consistently that the doctors there actually asked the International Committee of the Red Cross not to provide their GPS co-ordinates to the Government, contrary to usual procedure. I make no case for the LTTE, which is a banned terrorist organisation, but there is evidence of LTTE fighters being shot while holding the white flag of surrender. There are videos of men, hog-tied, blindfolded and on their knees, being shot in the back of the head. Most disgustingly, there is video evidence, which members of the all-party group have seen, of female Tamil civilians being sexually abused and raped before being shot.

The world turned its back in 2009. It is incumbent on us not to do so now.

**Joan Ryan:** The hon. Gentleman is making a very powerful case. Given everything that was suffered by the Tamil community—others as well, but predominantly the Tamil community—and the huge loss of life, I think it is amazing that the Tamils managed to come together in a Government of national unity, but that is absolutely dependent on keeping the promises about transparency and accountability. The national unity Government are at risk if those promises are not fulfilled.

**James Berry:** I entirely agree. As I have already outlined, resolution 30/1 was very much a consensual resolution. It fell well short of what many members of the Tamil community, who undoubtedly suffered terribly throughout the civil war, actually wanted—a fully independent international inquiry. The limited element of international involvement that the Sri Lankan Government have agreed to must be fulfilled.

The UN's 2011 panel of inquiry—not a Tamil rights group, but the UN's own commission of inquiry—found credible allegations that, if proven, indicate that a wide range of serious violations of international humanitarian law and international human rights law were committed by the Government of Sri Lanka and the LTTE, some of which would amount to war crimes and crimes against humanity. Indeed, the prosecution of the war represented a grave assault on the entire regime of international law designed to protect individual dignity during war and peace. There can be no question but that violations of that kind, of which evidence was found by the UN, must be investigated in a thorough, impartial and timely way.

Resolution 30/1 does not provide the independent international inquiry that many called for and that I think there was a watertight case for, but it does provide a mechanism that could enjoy the confidence both of survivors and of alleged perpetrators if set up and run in the right way to give people the confidence that justice will be done.

**Ian Paisley:** The atrocities that the hon. Gentleman has outlined are almost legend now, in terms of how serious those allegations are, but does he accept that there are equally serious allegations, which also have to be investigated, that Tamils used the people of Sri Lanka as human shields in that war, especially in its closing days?

**James Berry:** That is exactly why I said that both sides need to have confidence in the process. Whatever the LTTE did, which was no doubt disgraceful, the victims who were used as human shields, for instance, were mainly civilians—indeed, mainly Tamil civilians. They are the ones for whom I speak when I say that justice must be done.

Sadly, the Government of Sri Lanka have made no progress, as far as I can see, towards the establishment of a credible justice mechanism. On the contrary, they have made a number of bombastic statements to the media that there will be no foreign involvement. I call on all members of the UN Human Rights Council, including our own Government, to make it clear that that simply will not stand. We need to see a firm timetable put in place for the opening of this tribunal; a renewed commitment to the involvement of foreign judges, prosecutors and defence lawyers; and a firm commitment to the UNHRC, keeping Sri Lanka and these issues on its agenda until there is substantive fulfilment of UNHRC resolution 30/1.

I will end, as I did in our debate in this Chamber on September 2015, by saying that the Tamil people in Sri Lanka and our Tamil constituents in the UK want reconciliation, but reconciliation cannot take place without proper accountability. Let me quote again what the then Prime Minister, David Cameron, said after the 2014 UNHRC session:

“Ultimately all of this is about reconciliation... It is about bringing justice and closure and healing to this country which now has a chance of a much brighter future. That will only happen by dealing with these issues and not ignoring them.”

I once again call on all members of the UN Human Rights Council, including our own Government, to lead the world in seeking proper accountability for human rights abuses in Sri Lanka and full delivery of the hard-won commitment in resolution 30/1 to an independent, or at least international, tribunal with the involvement of foreign and Commonwealth judges, prosecutors and defence lawyers.

11.20 am

**Sir Hugo Swire (East Devon) (Con):** I have listened with care to what my hon. Friend the Member for, Kingston and Surbiton (James Berry) has said, and I find myself mostly in agreement. I thank him for reminding me of what I said when I was the Minister.

I have read again, with interest, the remarks made by the Sri Lankan Foreign Minister, Mangala Samaraweera, at the Royal Institute of International Affairs—Chatham House—back in January. He ended his comments by saying:

“Festina lente; slowly but surely Sri Lanka is making haste towards a new beginning.”

Having been to the UN Human Rights Council, spoken on Sri Lanka a number of times, worked closely with Prince Zeid al-Husseini on the matter, and witnessed and argued for and against the postponements we had, I look upon this as something that now needs to be driven forward. I repeat my earlier remarks: we must pay tribute to the progress that has been made in Sri Lanka. It is a delicate political balance between the two parties: the Sri Lanka Freedom party, headed by President Sirisena, and the United National party, headed by Prime Minister Ranil Wickremesinghe. It is worth

remembering that if the two parties are not in coalition the alternative is probably a return to the days of former President Rajapaksa, under whose presidency many of the atrocities were committed, on both sides.

Regarding what the Sri Lankan Government have achieved, they are quick to point out that they have reintroduced a two-term limit to the presidency, reduced the term itself from six to five years, established a constitutional council, restored independent commissions, recognised the right to information as a fundamental right and recognised the promotion of national reconciliation and integration as duties of the President. All those things are good, but they are not good enough.

On land restitution, I am aware that much of the land, particularly in the north, has been returned to the local community, but a lot of it has not been and we need to see greater progress on that. The Government have said that they are setting up an office of missing persons, which is absolutely key, but to date there is no evidence that it has been done. I hope that, in Geneva, the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for Reading West (Alok Sharma), will congratulate the Sri Lankan Government on what they have achieved to date but also point out that the commitments they have made on which, by and large, they are falling short. They still have tremendous good will from the international community.

**Ian Paisley:** Will the right hon. Gentleman give way?

**Mike Gapes (in the Chair):** I would be really grateful if we did not prolong this speech because the Minister has just a few minutes left to respond. Although Sir Hugo has permission to speak, he is not speaking on behalf of the Government. I want the Government to have the opportunity to speak and I would therefore be grateful if there were no interventions and we came to the Minister as soon as possible.

**Sir Hugo Swire:** I will just say, in conclusion, therefore, that what is important for all parts of Sri Lanka—the Tamil, Sinhala and Muslim communities—is economic prosperity. I am glad that there is a tilt away from Chinese investment. I very much welcome the fact that the Sri Lankan Government are sending two Ministers to the Commonwealth Trade Ministers meeting next week, because I believe that the UK can do much more bilateral trade with Sri Lanka. Finally, a call I made quietly as a Minister is that although I welcome the hugely important diaspora Tamil community here—many Members have a large number of Tamil constituents—when we are looking at one Sri Lanka trying to reintegrate all the different communities I believe that there should be one all-party Sri Lanka group, not a division between the Tamils and the others.

11.24 am

**The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood):** It is a pleasure to work under your chairmanship, Mr Gapes. I am pleased to be able to squeeze a word in edgeways in this important debate. May I do as is common but important, and pay tribute to my hon. Friend the Member for Kingston and Surbiton (James Berry) who has brought the debate to the fore? I apologise that the

[Mr Tobias Ellwood]

Under-Secretary of State who deals with such matters, my hon. Friend the Member for Reading West (Alok Sharma), is unable to be here but, as has been pointed out, he is in Geneva at the Human Rights Council, having a meeting with the Foreign Minister of Sri Lanka. If there is an excuse to be had, I hope that that one will be accepted.

There have been important contributions to the debate, not least from the former Minister for this area, my right hon. Friend the Member for East Devon (Sir Hugo Swire), who shows not only his interest in and determination to pursue some of the aspects of the matter that he took up when in office but also that we must continue to push forward here today.

Sri Lanka's co-sponsorship of Human Rights Council resolution 30/1 was a historic moment. It signalled the Sri Lankan Government's determination to address the legacy of the devastating civil war and to move the country away from division and distrust and towards reconciliation and, indeed, prosperity. Important progress has been made but, as has been highlighted, much more needs to be done. The progress includes increased engagement with the UN, ratification of the convention on enforced disappearances, the start of a process of constitutional reform, the passing of a law to establish an office of missing persons, a nationwide consultation on transitional justice, an improved environment for civil society and human rights defenders, and the return of some of the land held by the military to its civilian owners. Although we should recognise that those are all important developments and that progress was not made under the previous Government, more clearly needs to be done.

Many of the steps that Sri Lanka committed to take under resolution 30/1 are yet to be implemented, as has become clear from the debate. The Sri Lankan Foreign Minister has said that the Government need more time to deliver on the outstanding commitments and my hon. Friend the Under-Secretary will discuss that with him today and encourage the further progress for which we have been calling. That is part of our ongoing policy of support and encouragement to the Government of Sri Lanka to deliver on their commitments.

The UK has played an important role in shining the international spotlight on the human rights situation in Sri Lanka. We were a long-time advocate for the investigation into human rights violations during Sri Lanka's civil war, carried out by the Office of the UN High

Commissioner for Human Rights. The report of that investigation was published in 2015. We also co-sponsored the important resolution 30/1.

**Wes Streeting:** Will the Minister give way very quickly?

**Mr Ellwood:** I will not; I have only a minute and a half. I apologise.

Our efforts continue, and we are now discussing a follow up to resolution 30/1, in partnership with the Government of Sri Lanka and the other countries that presented the original resolution. Our guiding principle in the negotiations will be that Sri Lanka should implement its existing commitments in full. In addition to the work at the Human Rights Council, we have also been encouraging progress in Sri Lanka through high level engagement and programme funding.

In the short time I have available, we need to focus on some key areas. First, there is the constitutional reform that delivers the devolution required to build the foundations for future stability and prosperity. The inclusive consultation process that has taken place is encouraging, and we urge all parties to work together to find a way forward that is acceptable to all communities in Sri Lanka.

Secondly, there are the very important land returns. The UK has consistently called for the release of private land occupied by the military in the north and east of Sri Lanka, and we will continue to do so. Third are the transitional justice mechanisms. We are encouraged by the progress of legislation to establish an office of missing persons but the Sri Lankan Government must now take the necessary steps, including providing funding, to get it up and running. Finally, work is being done on prevention of terrorism legislation, but clearly there is more to be done.

In conclusion, it is clear that bringing about reconciliation and the conditions for lasting peace in Sri Lanka will require a concerted effort from the Government, the Opposition, civil society and everyone who has an interest in supporting a brighter future for the country. For our part, the Government will continue to support and encourage the people and Government of Sri Lanka along that path. We will recognise and welcome progress when it is made and will continue to urge the Sri Lankan Government to deliver in full on their commitments, for the benefit of the people.

*Motion lapsed ( Standing Order No. 10(6) ).*

11.30 am

*Sitting suspended.*

## LGBT History Month

[NADINE DORRIES *in the Chair*]

2.30 pm

**Richard Arkless** (Dumfries and Galloway) (SNP): I beg to move,

That this House has considered LGBT History Month.

I am proud to have been selected to bring forward this debate on an important issue. Lesbian, Gay, Bisexual and Trans History Month is an important month, but it is only one month. It is not merely a month in which prejudice should stop; it is a month when we should all celebrate ordinary people being allowed to express who they are and, frankly, who it is that God made them, but that should last for more than a month. As the website clearly states, the work to educate out prejudice continues throughout the year, because almost exclusively, intolerance of the LGBT community, although in decline, is steeped in the most hideous ignorance. We must all be advocates for tolerance and normality.

I have always been passionate about tolerating diversity. There is no more normal strand of diversity than being part of the LGBT community. At the risk of inducing some sighs from my colleagues, I would like to announce that I am not gay. I am simply not that cool. I suppose it is either disappointing or encouraging that there are not more Members here today. I think the issue is worthy of debate, but perhaps the absence of some Members indicates that they do not think the issue is worth debating, because it is no big deal any more. I sincerely hope it is the latter, and I suspect that it would be.

Nevertheless, it is an honour to lead this debate on such an important issue. For me, it strikes at the very meaning of the word “equality”. It is the type of issue upon which we will all be judged as parliamentarians. I am ashamed to say that our forefathers, not only in this country, but across the world, got it so wrong. How on earth did we ever think that being gay was wrong or a choice that people made? How on earth did we ever think that it was a good idea to close down discussions in school about being gay, with the imposition of section 28 as recently as 1988? What on earth were we thinking? How on earth do some people now think that being a boy trapped inside a girl’s body is somehow a choice that they have made? I have heard it called a fashion statement—my goodness! Do people honestly think that young adults would put themselves through such stress to make a fashion statement? It just goes to show the depths of that hideous ignorance.

I see LGBT equality alongside issues such as black people or women not being allowed to vote—issues where society has got it so wrong in the past. It is not a matter of opinion; our attitude in bygone generations was plain wrong, and we all have a duty to do everything possible to make up for it and ensure that those who have suffered in the interim receive vindication. In that respect, I am incredibly proud of what Scotland and the rest of the UK have done on the issue over the last 15 to 20 years. Scotland is a world-leader on lesbian, gay, bisexual, transgender and intersex equality and rights, being rated the best country in Europe for two years in a row. Scotland continues to be marginally ahead of the

rest of the UK. That said, the UK is rated third on the latest index after being first last year, and that deserves great credit and praise.

Scotland’s same-sex marriage legislation is widely seen as one of the most progressive equal marriage laws in the world, specifically because of the provisions on gender identity and gender reassignment equality. However, we are of course committed to doing more. There is no place in Scotland or the UK for prejudice or discrimination. Everyone deserves to be treated fairly regardless of age, disability, gender, gender identity, pregnancy and maternity, race, religion or sexual orientation. However—this is the crucial point—we simply cannot allow ourselves to think that because we have made all that progress, we have somehow achieved equality for LGBT people. We still have a long way to go, particularly in the field of transgender and non-binary rights.

Only yesterday, the Scottish Parliament became the first Parliament in the world where the majority has expressed its support for the inclusion of LGBTI issues in the school curriculum. Great credit ought to go to the “Time for Inclusive Education” campaign for that. Scotland was the first country in Europe to provide national government funding for transgender rights. We continue to fund third-sector organisations to help us work towards a greater level of equality, but we still need to do more.

The Scottish Parliament will be reviewing and reforming our gender recognition law so that it is in line with international best practice for people who are transgender or intersex. That is why the Scottish National party MPs at Westminster are calling on the UK Government to amend the Equality Act 2010 to ensure that trans and non-binary people are covered by discrimination protections. We are also pushing for reform of the Gender Recognition Act 2004 and the scrapping of the spousal veto in England and Wales. That would ensure that all trans and non-binary people could fully and more easily access their human right to legal gender recognition, in line with international best practice.

Transgender and non-binary equality is the new frontier of LGBT equality, and we must deal with it more swiftly than our predecessors dealt with prior issues. I politely refer the Minister—I know she cares deeply about these issues—to a report in *The Observer* on Sunday that outlined new Home Office guidance used when sending LGBT Afghanis back to Afghanistan. It read:

“While space for being openly gay is limited, subject to individual factors, a practising gay man who, on return to Kabul, would not attract or seek to cause public outrage, would not face a real risk of persecution”.

In other words, if they stay in the closet, they will be fine. Will the Minister make urgent inquiries on the guidance and push the idea that no LGBT person should ever be sent back to a state that does not tolerate who they are? That scenario should be enough to trigger asylum. We are no better than them if we allow that sort of repatriation to occur.

I am proud to be a Member of the gayest party in Westminster. Of our 54 MPs, eight, or 15%, are openly gay, compared with 5.4% of Labour MPs and 4.6% of Tory MPs. In the Scottish Parliament, the gayest party is the Conservatives. Some 13% of their MSPs are openly gay. I suggest that might be their only endearing feature.

[Richard Arkless]

The movement has come a long way and I am hopeful that some members of the LGBT community will speak in the debate and outline some of their personal experiences, which I obviously cannot muster. We must never forget the prejudice that people have suffered just for wanting to express who they are. We have had the Sexual Offences Act 1967, which decriminalised some acts, and the repeal of section 28, which banned the promotion of homosexuality and the

“teaching in any maintained school of the acceptability of homosexuality as a pretended family relationship.”

What an affront that was. We have come a long way, but we need to travel further. I pay tribute to every LGBT person who has experienced prejudice over the years. If that prejudice derived from rules made by this place, this place should formally apologise. If I have the gift to apologise on behalf of this place, then I do so now, formally.

I should not need to spell this out, but unfortunately I feel I must for some. The love a man can feel for a man, or a woman for a woman, is real. It is so very real and sincere, and it is indistinguishable from the love I feel for my wife. The conclusion for everybody should be clear. For those who believe in God, the conclusion must be that that love comes from God. A woman trapped in a man's body is not making a statement when expressing who they are—they simply do not feel how their body looks. That feeling is very genuine. It is never manufactured, and that person has the right to be who I believe God made them. They are who they are. They have not chosen to be anyone or anything, and we should all respect that.

One of my closest and most loyal party campaigners in my constituency is a lady called Wilma. She had been trapped in Bill's body her entire life. She is now free, I am pleased to say. She is confident and is finally able to express exactly who she is. I am very, very proud of Wilma and will always, but always, defend her choice to be who she is. Being gay or transgender is not an affront to any person or to anyone's religion. The only affront left is for those who still hold those prejudiced views.

The real panacea for LGBT equality is the day when there is no need for a distinct community, when we do not even think it worth mentioning and when there is no need for debates such as this. I long for the day when the Backbench Business Committee would laugh at such an application for a debate because the issue had been consigned to history and was not worthy of discussion.

**Peter Kyle** (Hove) (Lab): The hon. Gentleman is making an incredibly important point. I am an openly gay Member of Parliament, but all through my campaign my sexuality was never mentioned. Does the hon. Gentleman agree that it is more empowering than people might realise for young people to find out that somebody is gay, and for that to be the fourth, fifth or sixth thing that they have heard about that person?

**Richard Arkless:** I completely and wholeheartedly agree. That brings me to consider the point last year when the Secretary of State for Scotland, the right hon. Member for Dumfriesshire, Clydesdale and Tweeddale (David Mundell) was brave enough to come out and

admit that he was gay. I went to meet him to congratulate him on having the courage, although I did not think that courage ought to be needed to make such an admission. I remember being struck when I put a post on Facebook, acknowledging that the chap was my political opponent, but that he deserved some praise. I received a volume of comments—I would not say abusive—that basically said, “So what? Now back to his politics.” That said it all. Everybody who read that thought, “That is not even worth mentioning. Forget him. Do not even give him credit for it. Get back to his politics,” which it is our job to argue about.

So I agree completely with the hon. Gentleman. The point where it becomes completely normal and is not even worth mentioning is the panacea to be reached. Society is not quite there yet, but I am proud to say that I am. When I leave here today, I will not have any gay or transgender friends—I will just have friends.

2.41 pm

**Stewart Malcolm McDonald** (Glasgow South) (SNP): It is always a pleasure to see you in the Chair, Ms Dorries. An honour it is to follow my hon. Friend the Member for Dumfries and Galloway (Richard Arkless). I am not sure that his constituency has a gay bar as such, as the city of Glasgow does, but it does have the fantastic Beltie Books bookshop in Wigtown, run by a fantastic gay couple, Andrew and Nick. On my first visit there, when they were not entirely sure if my partner and I were a couple, they told me that the place was very much for the “friends of Dorothy”. That was my first ever hearing of that phrase as a way to know that it was a welcoming place in that part of the world for folk like us.

It is slightly depressing to pick up on what my hon. Friend said about the low interest that there seems to be in this debate when we look around the Chamber right now. This is the last day of LGBT History Month 2017. There is a lot to consider and to reflect on, in terms of both the history and what we collectively, as a Parliament and as a country, wish to achieve, not just on these islands but around the world for which this Parliament bears some responsibility.

Before the debate began, I mentioned to the Minister that I had taken some time, if not a lot of time, to look through the *Hansard* for the 1966 debate on the Sexual Offences Bill. If you have a spare 20 or 30 minutes, Ms Dorries, and you fancy a laugh at the past, go through that *Hansard*. It will make you laugh, but it will also make you slightly depressed. I would not wish to quote all of the comments that caused me to wince, but I will pick up one or two particular howlers.

Mr Humphrey Berkeley, at the time the Member for Lancaster, said that it was

“clear that homosexuals have a choice.”—[*Official Report*, 11 February 1966; Vol. 724, c. 785.]

Sir Cyril Black made, from what I read, some of the most astonishing contributions. He said:

“We also, if we pass the Bill, give a new view of this form of sin”—

that being homosexuality—

“to the great mass of the nation. This fine argument of the difference between sin and crime is not an argument that is understood by the great mass of the people.”—[*Official Report*, 11 February 1966; Vol. 724, c. 800.]

Mr William Shepherd, the Member for Cheadle at the time, is one of the few Members who made any reference to the “L” in LGBT. He said that lesbians were different, because they

“do no physical damage by their acts. They are not proselytisers as homosexuals are and, on the whole, they find it agreeable and acceptable”.—[*Official Report*, 11 February 1966; Vol. 724, c. 816.]

**Peter Kyle:** The hon. Gentleman refers to 1966, but many of us can remember similar comments made very recently. In all of the debates in this place about legalisation on the age of consent, gays being able to serve in the military and the abolition of section 28, similar and worse comments have been made. Rather than dismiss them as part of a bygone era, it is important that we recognise that they are still representative of people’s views in wider society. That is why events such as today, marking LGBT History Month, and challenging and engaging with such views in order to shape them is incredibly important, as well as reflecting on the historical aspect.

**Stewart Malcolm McDonald:** The hon. Gentleman is absolutely right. We can laugh at some of this stuff, but in reality I did not have to go back to 1966 to find such views—we could probably take a walk around some of our constituencies and find some of these views.

**Peter Kyle:** Not in Hove.

**Stewart Malcolm McDonald:** Perhaps not in the hon. Gentleman’s constituency—I accept that! Let us not pretend that the progress that we celebrate is universally celebrated across the country.

I will perhaps touch on that later on, but I want to reflect on some of the history and the landmarks that have gone by. There is a lot more to it than what was achieved in this or that year. Last week, I took part in Queer Question Time in the Royal Vauxhall Tavern, which is I think the oldest gay bar anywhere in Britain. I was on a panel with two guys in their seventies and two others. The two guys in their seventies had helped set up the Gay Liberation Front. One is now chair of the Sexual Avengers; the other is involved in the International Radical Pink Fairies. They had done loads so that I could campaign as an openly gay man in my election campaign, and I have never felt so unqualified to talk about gay history in my entire life as I felt on that night. [*Interruption.*] I hear my hon. Friend the Member for West Aberdeenshire and Kincardine (Stuart Blair Donaldson) saying from a sedentary position that I am not!

I want to mention a few of the key elements in UK history. In the 1950s, the Wolfenden committee was formed after a succession of well-known men were convicted of indecency, which called into question the legitimacy of the law. Its report recommended that homosexual behaviour be legalised, which was rejected at the time by the Government.

In 1967, the Sexual Offences Act 1967 decriminalised sex between two men over 21 and in private, but that did not extend to the merchant navy, the armed forces, Scotland, Northern Ireland, the Channel Islands or the Isle of Man. It has to be said that Scotland was, to an extent, dragged kicking and screaming to catch up with our counterparts south of the border in this regard. It was in 1980 that sex between two men over the age of 21 and in private was decriminalised in Scotland.

In 1992, the World Health Organisation declassified same-sex attraction as a mental illness. In 1999, the European Court of Human Rights unanimously found that the investigation into and subsequent discharge of two personnel from the Royal Navy on the basis of their sexual orientation was a breach of their right to a private life under article 8 of the European convention on human rights. That historic ruling is what causes so many LGBT people across this country great concern about the Government’s plans on European human rights as we move forward next year—there is a lot floating around about how the Prime Minister wishes to see that legislation go. It would be most welcome if the Minister could shed some light on that.

In 2000, the ban on lesbians, gay men and bisexual people serving in the armed forces was lifted, under a Labour Government—that was a great achievement of the Labour Government. I do not want to be partisan, but let us not forget that they went to court to try to prevent that from happening.

In 2003, section 28 was repealed in England. We had a brutal and horrifying debate on that issue up in Scotland. One of my earliest memories is going to school and seeing the big “Keep the clause” posters and the campaign trucks that were being driven around towns and cities across Scotland. From 2004 onwards, we started to move into an era when civil partnerships became legalised. We now have full equality of marriage under the law in Scotland, England and Wales. Northern Ireland always feels a wee bit left out. It is the last place on these islands that still does not have same-sex marriage. It falls on all of us who believe in progress to stand in solidarity with those in Northern Ireland campaigning for reform and to offer practical support so that they can have equal marriage. I am proud to say—I am not sure whether this is still the case—that when the Scottish Parliament passed the same-sex marriage legislation in 2014 it did so with the largest majority of any legislature in the world.

There are a couple of things that we need to consider as we move forward. My hon. Friend the Member for Dumfries and Galloway rightly mentioned the recent case of the Afghan asylum seeker, but there is a wider issue about how LGBT people’s asylum claims are handled. I shall be interested to know what reforms the Minister intends to put forward to improve the way we handle the cases of people who identify as LGBT and could be sent back to countries where that is a crime.

My hon. Friend also rightly mentioned transgender rights, which, as I said last week at the panel event I mentioned earlier, are hugely important. Too often, gay and bisexual men seem to think that the fight is done. When we talk about transgender rights, people say, “Yeah, yeah, of course I am in favour of that,” but they will not be caught on a march or joining a campaign to lobby Parliament. We gay men can be a bit self-centred at times, so we need to get out of that box and join with transgender people in campaigning for the changes they wish to see.

My hon. Friend rightly mentioned education, which is a devolved matter. England is the largest constituent nation on these islands, and I want us all to marry up our education systems so that, when someone goes to school and receives personal and sexual education, it reflects the person they are. The only thing I can remember from the sexual education I got at school is that it is not

[Stewart Malcolm McDonald]

sex unless you are lying down. In many ways, it has not moved on. How on earth is a young transgender, bisexual, lesbian or gay person sitting in school listening to that kind of stuff supposed to learn anything about what a healthy sexual relationship looks like, about issues of consent, and about how to build emotional relationships with other people?

An issue I am campaigning on along with the excellent organisation Freedom To Donate and the all-party parliamentary group on blood donation is that of gay men giving blood. At the moment, I do not believe that our policy reflects modern science. I welcome the Government review that is taking place at the moment, and I hope that the report that we aim to produce by the middle of this year goes some way to informing its conclusions. I would like to see a system in which we say to people, “If you can safely give blood”—there are millions of men who have had sex with men across this country who can—“you should be able to do so.” That is something I would like to see progress on.

The final thing I want to mention—to my shame, I had no idea that this was the case until I met my two friends from the International Radical Pink Fairies and the Sexual Avengers last week—is that there is no AIDS memorial anywhere in the UK. I was in Berlin at new year, and it has one. There are AIDS memorials in Washington DC, New York, San Francisco—all over north America and in different parts of Europe.

**Peter Kyle** *rose*—

**Stewart Malcolm McDonald:** The hon. Member for Hove (Peter Kyle) is now going to tell me that there is one in Brighton.

**Peter Kyle:** I am very grateful to the hon. Gentleman for giving way again; it is very generous of him. I invite him to come and visit Brighton, where in New Steine there is a very beautiful memorial designed by an architect called Romany Bruce. It is one of the most beautiful testimonies to love and to the legacy caused by the AIDS/HIV epidemic. We meet at it regularly to hold vigils and to celebrate the life of the gay community in Brighton and Hove. I invite the hon. Gentleman to come down at his earliest opportunity to see it for himself.

**Stewart Malcolm McDonald:** The hon. Gentleman has bagged himself a Scotsman for the weekend. I cannot wait to come and see it. Having spent some time in his constituency two years ago—I hate to say that it was washed out by rain the entire time in the middle of August—I know it is indeed an excellent place for LGBT people.

We need a national memorial. The London Assembly has recently had a debate on that issue and has agreed to establish one, and I hope that Sadiq Khan will take that forward. Not to be political, I have a different view of what the nation is, so I would like to see one in Scotland, and I do not see why there cannot be memorials in Cardiff and Belfast, too. It strikes me as slightly odd that none of our major cities have one. I do not want to cause any offence—I have perhaps just lost my invitation to the constituency of the hon. Member for Hove. It is bizarre that in London, Edinburgh, Belfast and Cardiff

there is no acknowledgment of the AIDS crisis and what it means to the LGBT community. Although it does not affect only our community, it is undeniable that it had a massive impact.

LGBT History Month is hugely important, but we have to reflect on how we move forward. I have covered a lot of issues, but there are a lot that I have not covered, including the need to seek decriminalisation in other parts of the world, where we have enforced the laws that people now have to live under. I would be interested to hear anything on that issue from the Minister. Let us ensure that, when we come back here to debate LGBT History Month in 2018, I can tick something off my list of what I would like to see achieved.

2.57 pm

**Angela Crawley** (Lanark and Hamilton East) (SNP): It is a pleasure to serve under your chairship, Ms Dorries. I congratulate my hon. Friend the Member for Dumfries and Galloway (Richard Arkless) on securing this debate. He is indeed a champion of equality for all. This debate gives us the opportunity, before the end of the month, to celebrate in the House the successes in the struggle for LGBTI equality in the UK. It also gives us the opportunity to reflect on past failures and injustices. That is exactly what LGBT History Month should serve to do.

I have just returned from an interview with the *Financial Times*. It is not an institution that I considered to be the most progressive institution on this front, but it turns out that it also celebrates LGBT History Month. It reminded me of the Stonewall movement and the progress that was made over many decades to ensure the equality that I enjoy as an openly gay woman today. I echo my hon. Friend's sentiments: February should not be the only month in which we celebrate LGBT people. We need more allies like him.

Although there are very few Members here, I am grateful that we are having this debate in this Chamber. It is not so long ago that section 28 was in force and homosexuality was still a criminal act. In fact, as my hon. Friend the Member for Glasgow South (Stewart Malcolm McDonald) outlined, England and Wales decriminalised it only in 1967—that does not sound so long ago—and Scotland decriminalised it in 1980. That is not the only reason why we should celebrate LGBT History Month, but we should remember where we have come from and where we have to go. The UK has an important role to play as a global actor. It is important to remember that in far too many countries in the world homosexuality is a criminal act and many individuals face death for loving the person they choose to love.

As well as considering where the LGBT movement has come from, we must consider where it is going in future. I hate to say this, but as a young gay woman I remember, while watching the equal marriage debate in this House only a few years ago, that sinking feeling from listening to MPs who did not reflect me as an individual or as a young woman. Clearly, this Parliament has already changed my perception of this building, of this place and the kind of debates that we can have here.

In recent years great progress has been made, and many members of the LGBT community—less so in the transgender community—feel that they are more adequately represented in Parliament. Equal marriage is perhaps one of the most significant pieces of legislation that the

House has ever passed, allowing love to be recognised in marriage, and families to be recognised in law. More recently, my hon. Friend the Member for East Dunbartonshire (John Nicolson) promoted legislation to pardon all gay and bisexual men convicted under now-abolished sexual offences. Such a policy has been adopted by the Scottish Government and will be soon by the UK Government. Progress has opened up opportunities and cleared barriers for people in LGBT communities to make the most of their lives and to live them to the fullest. We can see evidence in the House of Commons, where we now have more out LGBT MPs than ever before, that the debate is changing and that young people may look to this place to see role models and those whom they can feel represent who they are as people.

Much more remains to be done, however, for those who identify as LGBT and, for example, as non-binary individuals. Members of some communities feel frustration at the lack of progress, in particular for transgender, intersex and non-binary individuals. We only have to look at the statistics from the mental health charities to qualify any statement. In Scotland one in four children who identifies as trans faces bullying, discrimination and hate crime every day. I pay tribute to Jordan Daly and Liam Stevenson of the TIE campaign in Scotland—“Time for Inclusive Education consistency”—and I am absolutely proud that the Scottish Parliament has for the first time secured a cross-party majority to ensure that inclusive education is on its agenda. I would like to see that throughout the UK.

Transphobia is endemic in the workplace, schools, healthcare, public services, the media and the criminal justice system. Transphobia becomes a daily fact of life for those who experience it. With that in mind, the first ever inquiry of the Women and Equalities Committee focused on transgender equality. We heard statements about harrowing experiences from individuals who had gone to other countries to seek surgery, because of the waiting list in this one, and who had failed to achieve recognition of their new gender identity or of a relationship. I recognise the Minister's passion in that regard—she seeks the same progress as I do—but I still feel that UK Government action has been lacking.

Two pieces of legislation need to be updated. We can celebrate the historic successes of the Gender Recognition Act 2004 and the Equality Act 2010, but they are fast becoming outdated. For its time the Gender Recognition Act was a most progressive piece of legislation and made the UK a world leader, but the UK can do much more. The Act allows transgender people to have their gender recognised by certificate, but it still requires medicalised and arduous procedures. It is essential for us to follow countries such as Ireland, Malta and—soon—Scotland, and to allow individuals to self-declare their gender. That sort of change could be made easily by the Government and it would make a huge and positive difference to individuals in their work, life and leisure. The clinical routes and the psychological diagnosis of gender dysphoria are no longer relevant. Even the medical community agrees that such changes are easily made and could allow for self-declaration instead of the previous pathological route. The Equality Act also uses outdated terminology such as “gender reassignment” or “transsexual” in a way that makes things unclear to transgender people and those who

identify as non-binary. Such changes would be simple to make and I am sure the Government will proceed to do so in due course.

Ultimately, it would be remiss of me to celebrate the achievements marked in LGBT History Month without pointing to where we must still go and how we must move forward. The rights I enjoy today are thanks to the people who fought so hard for them, so it is incumbent on me as an LGBT member of the community to stand up for those rights and to keep fighting for transgender individuals and those who identify as non-binary.

Today marks the end of LGBT History Month, but it is a chance to look at the public petition to reform the law and to secure greater equality for transgender and non-binary people. The petition takes note of the unacceptable levels of discrimination that some in society face. It is essential for the UK to reform the law, to extend discrimination protections and to improve gender recognition rights. The Scottish Government have already committed to doing so and it would be remiss of us not to keep up that progress throughout the UK. Tragically, in some parts of the UK not all individuals can enjoy the same rights of recognition for their marriage or love in law, as my hon. Friend the Member for Glasgow South said. That is something that must be changed.

We stand on the shoulders of giants: the people who fought for the rights that we enjoy today. The LGBT community requires more allies, such as my hon. Friend the Member for Dumfries and Galloway and the hon. Member for Rotherham (Sarah Champion), who is indeed a champion for change. This is a civil rights movement and we must keep up the progress.

3.5 pm

**Sarah Champion** (Rotherham) (Lab): It is a pleasure to serve under your chairmanship as ever, Ms Dorries, and I know that this is an area about which you, too, care. I thank the hon. Member for Dumfries and Galloway (Richard Arkless) for securing such an important debate. Like him, I am disappointed that more people are not present, because so much more needs to be done.

LGBT History Month gives us the opportunity to reflect on key achievements in the long and ongoing struggle for LGBT rights and equality. It offers us a chance to celebrate those individuals, collectives and movements who fought so hard for so long to win recognition and rights, and to realise and respect the debt that we owe them. It gives us the impetus to share their incredible stories of struggle and progress, which enrich young people's awareness and understanding of LGBT people and issues. In particular, I thank the hon. Members for Glasgow South (Stewart Malcolm McDonald) and for Lanark and Hamilton East (Angela Crawley) for talking about just how far we have to go still, while at the same time respecting and honouring the struggles that we have overcome to get to this point. I will focus on some of the issues they raised.

Despite having much to celebrate in the UK and indeed worldwide, we still have a long way to go before we truly achieve LGBT equality. In this country, the experience of young LGBT people is often marred by terrible bullying and isolation, and LGBT people at work suffer discrimination and harassment. Around the world, LGBT people are still the subject of state-sponsored hate, and in 10 countries homosexuality is punishable by death. I will speak to each of those points.

[Sarah Champion]

Young LGBT people still suffer bullying and discrimination simply because of their sexuality or gender identity. Stonewall's "The School Report" found that more than half of lesbian, gay and bisexual pupils in Britain have experienced direct bullying in school. Almost all gay young people hear such phrases as, "That's so gay", or "You're so gay", used in a derogatory way in school. METRO's "Youth Chances" survey of almost 1,000 trans young people found that 83% of them had experienced verbal abuse and 28% physical abuse in school.

The consequences of that are severe: two in five gay, lesbian or bisexual young people have attempted or thought about taking their own life because of bullying, although by comparison the Samaritans says that only 7% of young people in general attempt to take their own life; and 59% of trans youth said they had deliberately hurt themselves, compared with 8.9% of all 16 to 24-year-olds. Yet the interventions that we could be making to ensure that LGBT young people receive the support and advice they need to thrive are simply not in place.

LGBT young people are more isolated than their peers and less able to meet other young people with similar experiences, a situation only made worse by the near abolition of youth services across the country as a result of Government cuts. According to a report released last year by Unison, 93% of youth service employees said that their local authority had cut youth services, creating particular problems for LGBT young people. Does the Minister agree with me that youth services are vital in offering young people trusted support and advice away from the school and home environments? If so, will she tell us what communication the Government have had with local authorities about the provision of youth services, in particular LGBT specialist services?

Of further significant concern is the impact that poor quality and patchy personal, social and health education and sex and relationships education has on young people. Research by the Terrence Higgins Trust on young people aged between 16 and 24 found that 95% of respondents had not learned about LGBT sex and relationships, and 97% had not learned about issues relating to gender identity. Failure to provide such LGBT-inclusive PSHE and sex and relationships education can have serious impacts on the health and wellbeing of LGBT young people. By not embedding LGBT issues within the curriculum, negative perceptions of and myths about LGBT people may persist and become reinforced, fuelling homophobic, biphobic and transphobic bullying. It also leaves young people vulnerable by causing them to turn to the internet and myriad unreliable sources, and may unintentionally leave them to fall victim to grooming or exploitation.

The Government, including the Minister before us, have made commitments on numerous occasions to bring forward changes relating to statutory sex and relationships education. Can the Minister tell us when the Government intend to table amendments to the Children and Social Work Bill to see those changes come into law? Can the Minister tell us which stakeholder groups the Government are consulting on this issue, and whether they include LGBT specialist organisations?

LGBT young people make up 24% of the youth homeless population, often as a direct result of parental rejection and abuse within the family. Will the Minister

tell us what the Government have done to understand the prevalence of LGBT youth homelessness? Can she say where it is most prevalent, or which local authorities require the most support?

According to the Albert Kennedy Trust's research, conducted in 2014, only 13% of housing providers recognised the unique needs of LGBT youth, and only 3.9% of those providers had implemented initiatives to address those needs. What are the Government doing to help local authorities and housing providers understand the unique experiences and needs of LGBT young people?

Many LGBT people experience terrible workplace bullying and harassment. According to Stonewall, almost a third of LGBT people who have experienced bullying have been bullied by their manager; more than half by people in their team; and a quarter by people junior to them. Nearly half of trans people who are not living permanently in their preferred gender role state they are prevented from doing so because they fear it will threaten their employment status. Yet the Government are shutting down the routes to challenging discrimination at work. The introduction of employment tribunal fees has hindered access for many people, especially those from diverse communities, and flies in the face of our core principles of fair access to justice. Worse still, the Government know that.

In January this year, the Government snuck out their review of employment tribunal fees, admitting that the fall in claims has been significantly greater than was estimated when the fees were introduced. They are consulting retrospectively on proposals for an adjustment to the "help with fees" scheme to extend the scope of support available to people on low incomes. Does the Minister really believe that reviewing fees for the lowest paid is good enough, or does she accept that the Government have priced people out of enforcing their rights?

I want to turn to the international context, where huge progress has been made in the struggle for LGBT equality. Nineteen countries now recognise marriage as a legal right, but there are many countries where homosexuality is punishable by death and many more where homophobic and transphobic hatred and violence are commonplace. Just as we ask no one to be a bystander to LGBT hate crime here in the UK, the Government cannot be a bystander to the regressive and backward policies of nation states around the world. We look to this Government to take a zero-tolerance approach to violence and discrimination against LGBT people in all its forms. Can the Minister tell us what work is being undertaken by the Government to promote LGBT rights abroad, both through the UN and in regular interactions with individual nation states?

**Stewart Malcolm McDonald:** The hon. Lady will recall that our parties' manifestos at the general election laid out plans for an envoy who would report directly to the Prime Minister on LGBT progress. I think her party's candidate was Lord Cashman, whom we would have been delighted to support. Does she agree that that should still be under active consideration by the Government? It would be relatively simple and straightforward and could deliver enormous benefits.

**Sarah Champion:** I completely agree with the hon. Gentleman. It would be a simple thing to put in place. We have a Victims' Commissioner, for example. It would

not be an expensive intervention, but it would both send out messages and provide helpful scrutiny of the issue for the Government. I suggest the Minister looks into that.

Reflecting on the year just gone, it is important to reiterate that when it comes to the rights of LGBT people here and around the world, the status quo is never enough. If LGBT equality does not progress, we are not simply at a standstill, but going backwards. That is why LGBT History Month is so important. It shows us how far we have come as a society, but it also highlights how far we have to go.

3.15 pm

**The Parliamentary Under-Secretary of State for Women and Equalities (Caroline Dinenage):** It is an enormous pleasure to serve under your chairmanship, Ms Dorries. I congratulate the hon. Member for Dumfries and Galloway (Richard Arkless) on securing this really important debate and on opening it with his charismatic warmth, wit and eloquence. It is such an important debate. LGBT History Month is so important. As he said, the question is why we have to hold back a month every year to talk about this when we should talk about it every day. It is important that we do. Other Members here today have articulated beautifully how far we have come, but also how far we still have to go.

LGBT History Month gives us an opportunity to reflect on and celebrate the numerous achievements in furthering LGBT equality and the numerous individuals and groups who have brought them about. It is also an opportunity for us to take a moment to remember that there is still much more that we can do.

LGBT equality remains a subject of great importance for the Government. I am incredibly proud to serve as the Minister responsible for LGBT policy. It is a role I take very seriously. We are committed to exploring all avenues in eradicating barriers that prevent anybody from achieving their full potential and living full, happy and healthy lives. I will talk a little more about that in a moment, but first I want to touch on the journey that this country has taken on the route towards LGBT equality.

Historically, progress on equality has often involved small steps driven forward by the tireless efforts of devoted individuals in the face of what might often seem insurmountable obstacles and setbacks. However, looking back at the steps we have taken in the UK, it is clear that our country has a strong record of furthering equal rights for all, including those who identify as lesbian, gay, bi and trans, or who have another minority sexual orientation or gender identity. It is a record we should be proud of. It has made the UK a beacon of hope for many people around the world, particularly, as the shadow Minister, the hon. Member for Rotherham (Sarah Champion), pointed out, in those places in the world where, tragically, people can be put to death because of their sexuality. For them we are a beacon of hope as they move forward on their journey.

This year marks the 50th anniversary of the partial decriminalisation of male homosexuality in England and Wales. As we know, it was never illegal to be a lesbian; apparently, they did not exist. The 1957 Wolfenden report on prostitution and homosexual offences laid the foundations for all LGBT equality legislation. Its recommendations first led to the passing of the Sexual

Offences Act 1967, when homosexual acts between two men were legalised in England and Wales. For Scotland, it would be another 13 years, and one more for Northern Ireland.

Some of the most progressive changes have occurred only in the past two decades, as hon. Members have articulated. The age of consent was equalised in 2000, and in 2002 same-sex couples were afforded the right to adopt. Two years later the Government introduced the Civil Partnership Act 2004, which granted same-sex couples legal recognition of their relationships for the first time, as well as the Gender Recognition Act 2004, which, as the hon. Member for Lanark and Hamilton East (Angela Crawley) pointed out, was a strong first step forward that enabled people to change their gender legally. These are but a few of the historical achievements on our journey in progressing equality for LGBT people over the past 60 years.

The journey has none the less enabled the UK to become a global leader in this area. It has created a space in which we can be proud to say, for example, that we have the highest number of openly LGB parliamentarians in the world. In 2015, 36 MPs from across the political spectrum described themselves as gay, lesbian or bisexual. That journey paved the way for equal marriage, which became a reality with the first same-sex marriages in March 2014. Today, more and more same-sex couples are choosing to marry, finally able to celebrate their relationships in the way other couples have done for centuries.

Without the commitment and achievements of the very people whom we celebrate during LGBT History Month, the UK would not be the world leader in LGBT equality that it is today. We have set the bar unashamedly high and have become an exemplar of best practice for other countries. We continue to be recognised as one of the most progressive countries in Europe for LGBT rights by the International Lesbian, Gay, Bisexual, Trans and Intersex Association. As the hon. Member for Dumfries and Galloway pointed out, in 2016 the UK came third behind Malta and Belgium. The ILGA has not provided a breakdown for each of the home nations. The scoring for Scotland, based on ILGA criteria, was determined by a Scottish LGBT charity, which ranked Scotland as top of the list. That underlines how we must continue to learn from each other and share best practice. Our placing is a testament to the myriad achievements made in recent decades.

With the Equality Act 2010, the Gender Recognition Act 2004, and hate crime legislation, to name a few, we are immensely proud to have one of the world's strongest legislative frameworks to prevent and tackle discrimination, including on the grounds of sexual orientation and gender reassignment. Additionally, more and more LGBT people are becoming adoptive parents and giving children the much needed stable family environment that so many of them crave and deserve.

The Government are none the less determined to continue to build on those successes in securing and furthering the rights of LGBT people. We are rightly committed to championing equality and are therefore working across the whole of government to improve the experiences of LGBT people throughout their lives. Our focus between now and 2020 will be on a number of areas, including ensuring that LGBT people do not face barriers in health, safety and education, and that they receive high quality services.

**Stewart Malcolm McDonald:** The Minister mentions health barriers. I am keen to hear what her thinking is about provision of pre-exposure prophylaxis, which I am sure she is aware of. It strikes me and many in the LGBT community that if it were a drug for heterosexual people—of course it is also for heterosexual people; but if the issue of HIV were as big an issue in the heterosexual community as it is in the gay community—we would not even be having the debate and PrEP would be available already. Can she update us on the Government's exact position? I think there is a pilot, and it would be helpful if she could update us.

**Caroline Dinenge:** The hon. Gentleman is right to raise that important issue. PrEP is potentially a life-saving development. We are aware that it could make a difference to the health outcomes of people living with HIV and AIDS. The Court of Appeal recently ruled that NHS England has the legal power to commission PrEP. That means that it has to consider providing it on the NHS. It has committed to consulting on enabling it to be assessed as part of the annual prioritisation round for specialised commissioning. That consultation is expected to start shortly.

I have outlined how we want to focus on issues such as health, safety and education for LGTB people, but other hon. Members have also spoken about the importance of showcasing our work internationally, to ensure that we bring other countries with us in our efforts for equality. We are a founder member of the Equal Rights Coalition, which has an important role.

A couple of Members mentioned the disturbing reports about an Afghan asylum seeker. We remain committed to improving the asylum process for those claiming asylum on the basis of their sexual orientation and gender identity. Decision makers and caseworkers are provided with dedicated guidance and training on the management of such claims, but they consider every case individually. The asylum claims made in the UK, including those made on the ground of sexuality, are carefully considered in accordance with our international obligations under the 1951 refugee convention and the European convention on human rights. However, no one who is found to be at risk of persecution or serious harm in their country of origin, because of their sexuality or gender identity, will be returned.

We recognise that our progress in achieving acceptance and recognition of trans people has not kept pace with that in respect of the LGB population, and that transgender people, as many hon. Members have mentioned, continue to suffer from high levels of inequality. We want Britain to be a place that works for transgender citizens. We recognise that there is a long way to go on trans equality. Last week I met with trans ambassadors from the youth charity Fixers to hear what they think can be done in healthcare and education to improve services that they receive. I was very touched when the hon. Member for Dumfries and Galloway said that no one would choose to be trans. It is not a fashion statement. It takes enormous strength of character and awe-inspiring courage to make that change in one's life. In some cases it is a very long and particularly tricky journey. A young trans person in England today is nearly twice as likely to have attempted suicide, and nearly three times as likely to have self-harmed, as their non-trans peers. Moreover, the number of police-recorded transgender

hate crimes in England and Wales rose by more than 41% in the past two years. Those are unacceptable figures.

From mental health to hate crime, and from bullying in schools to discrimination in the workplace, there is more to do. That is why, in 2015, the Government published guidance for employers and service providers that gave a clear explanation of the Equality Act 2010 and how it should be interpreted when supporting and recruiting transgender people. We have also increased sentences for transgender hate crimes, bringing them into line with those for other hate crimes. In addition, we recently issued instructions to offender management services to improve the treatment and management of transgender offenders. The new guidelines state that all transgender prisoners must be allowed to express the gender with which they identify.

Last year, we received the thoughtful, thorough and wide-ranging report on trans equality from the Select Committee on Women and Equalities. We are taking a number of the recommendations forward. We have committed to a range of actions, including reviewing the Gender Recognition Act 2004 with a view to demedicalising and streamlining the process of changing legal gender. As the hon. Member for Lanark and Hamilton East pointed out, that Act was ahead of its time, but the world has moved on quickly and we need to review it. We have committed to conducting a review to find ways to reduce unnecessary demands for gender markers in official documents. We are writing to all relevant heads of public sector bodies and professions to highlight the need for introducing and monitoring the effectiveness of training on transgender issues. We are also committed to improving training for NHS staff, as well as the service specification for gender identity and children and young people's services.

We are already making progress in relation to that commitment. NHS England has committed an additional £2.2 million to young people's gender identity services to respond to an increased demand. It is working closely with the Tavistock and Portman NHS Foundation Trust, the only gender identity clinic specialising in young people, and with other organisations to develop a workforce and training plan for transgender identity services. The commitments given in our response to the Select Committee will mark a step forward in equality for trans people. We are committed to delivering positive change and will continue to work with transgender citizens to review and improve our policies as we move forward.

As other hon. Members have articulated, we are unfortunately all too aware that individuals perceived to be LGB or trans are disproportionately affected by bullying. In 2014, 86% of secondary school teachers and 45% of primary school teachers reported that pupils experienced homophobic bullying or name calling in their schools. That is totally unacceptable, which is why the Government have made £3 million available to tackle homophobic, biphobic and transphobic bullying in schools. We are funding six initiatives that have so far reached more than 1,200 primary and secondary schools in England, or will do in the next three years, building on the previous £2 million grant that the programme announced in October 2014.

The shadow Minister was right to point out that having the right sex and relationship education and PSHE is also really important to equipping young

people with the tools they need to face the challenges of the modern world. As she knows, my colleague the Secretary of State for Education has committed to bringing forward her suggestions very shortly as part of the Children and Social Work Bill.

On youth services, improving mental health starts with ensuring that children and young people get the help and support that they need and deserve. That is why we are doing an enormous piece of work with the Department of Health to find suitable partners to deliver projects to extend training pilots for single points of contact in education and child and adolescent mental health services to up to 1,200 more schools and colleges. Through that work, we will also pilot a range of peer support programmes and approaches for schools, colleges, community groups and online, and launch a programme of randomised controlled trials of preventive programmes across three different approaches to mental health promotion and preservation.

In their 2015 manifestos, the Conservative and other parties committed to building on the posthumous pardon of the Enigma code breaker Alan Turing. I am delighted to say that only last month, we secured a tremendous achievement and another move forward for LGBT equality when our Policing and Crime Bill received Royal Assent. The so-called Turing's law has become a reality. That allows posthumous pardons to be issued to people convicted of consensual same-sex activity and enables statutory pardons for the living. It is right that individuals should not have a criminal record because they had a sexual relationship with someone of the same sex.

The hon. Member for Glasgow South (Stewart Malcolm McDonald) mentioned the fear that some people—particularly some members of the LGBT community—have about Brexit. In these uncertain times, it is really important to stress that the Government are firmly committed to maintaining protection of LGBT people during and after the process of leaving the European Union. The hard-earned progress that we have made in so many areas must not be eroded. We are proud that the UK has some of the strongest equality legislation in the world and want to continue to address discrimination in all its forms.

Relevant EU directives and European Court of Justice judgments have already been incorporated into domestic law through the Equality Act 2010. We have begun to provide a strong framework to ensure that the UK is well positioned to continue to drive forward LGBT equality post-Brexit. On legislative protection, we aim to maintain stability and continuity for the LGBT community. The Government have made a clear commitment that all protections in equality legislation will continue to apply once the UK has left the EU, and there will be no going back on that commitment.

The individuals and achievements we celebrate during LGBT History Month remind us that we have made real progress in advancing the rights of LGBT people, but we should be inspired to maintain the momentum of recent years to bring about positive change, which for many felt almost inconceivable just decades ago. We recognise the importance of these issues and will continue to explore effective means to improve the lives of LGBT people. The Government are acting in education, health, safety, the workplace and other areas to ensure that no

one is left behind. The work is complex and it sometimes takes time to see the benefits, but we are committed to ensuring equality for all and eradicating discrimination in all its forms because that is simply the right thing to do.

May I once again congratulate the hon. Member for Dumfries and Galloway on securing the space to consider these issues? I thank all Members who have taken part in this historic and important debate.

3.33 pm

**Richard Arkless:** I was initially disappointed that so few Members were here, but then I thought, "Perhaps that's a positive thing and they don't think there's an issue worth mentioning." I was struck by the comments by my hon. Friend the Member for Glasgow South (Stewart Malcolm McDonald)—these are his words, not mine—that gay men could be a little self-centred and perhaps think they have already won this battle. It has come across loud and clear from all the contributions today that this battle is not won and there is still a big fight to be had. It is incumbent on my hon. Friend and friends in the community—[*Interruption.*] He chunters, "Friends of Dorothy," from a sedentary position. It is for them to take the baton up once more. A huge, effective movement has evolved over years, and it needs to come together again to face the new frontier of the challenges that we face.

I thank the Minister for her detailed response. I repeat that I know she cares deeply about this subject. She might not join another party or change her constitutional views, but I suggest that these issues will be in safe hands as she gets on with her work over the next three or four years, and I wish her all the very best.

The hon. Member for—is it Rochdale?

**Sarah Champion:** Rotherham.

**Richard Arkless:** Many apologies—that is almost sacrilege. The hon. Member for Rotherham (Sarah Champion) made the important point that it is not only legislation and policies to do with the LGBT community that make a difference. She talked about employment tribunal fees, which clearly are not targeted at the LGBT community in any way, but it is an unintended consequence that LGBT people are on the margins of those who suffer from such policies. We therefore need to look not only at LGBT-directed policies, but at the unintended consequences across a range of policies.

I was very impressed when I met the Minister last week and she said that she is in the process of embedding equality in every aspect of the Department for Education. I suggest that she should become a champion—pardon the pun—to embed equality not just in the Department for Education but across all Departments. If she drives that change, she will have done great things with her tenure.

*Question put and agreed to.*

*Resolved,*

That this House has considered LGBT History Month.

3.35 pm

*Sitting suspended.*

## Heathrow Expansion: Surface Access

[SIR EDWARD LEIGH *in the Chair*]

4 pm

**Sarah Olney** (Richmond Park) (LD): I beg to move,

That this House has considered Heathrow expansion and surface access.

It is a great pleasure to conduct my first Westminster Hall debate. I thank the Minister for his engagement on this issue, which will greatly impact upon my constituents in Richmond Park and north Kingston. I welcome every opportunity to discuss the matter of Heathrow expansion with the Department for Transport.

On 2 February, the Government launched consultations relating to the proposed expansion of Heathrow airport. While many issues relating to the decision to build a third runway concern me, this afternoon I shall remain focused on the surface access strategy, which is not yet something we are able to consider.

Heathrow airport has pledged that its landside road traffic will be no greater than it is today if planning permission is granted for a third runway. It is not entirely clear which day “today” is supposed to refer to, but logic demands that 2 February should be treated as “today” for the purpose of benchmarking, being the date that the national policy statement was published. If the pledge has any prospect of being honoured, the public have a right to know what benchmarks are being used to measure landside road traffic.

Assuming that “today” is in fact 2 February, will the Minister confirm that detailed measurement and analysis of the landside road traffic was conducted on that day, for the purposes of comparison? Will he further confirm the extent of the area that was included within the measurement boundaries; whether that included my constituency; and that that analysis will be published without delay, so that the information is available to the public during the consultation period?

**Dr Tania Mathias** (Twickenham) (Con): I congratulate the hon. Lady on securing this important debate and agree with the important points she is making. Does she agree that on 2 February, pollutant levels should have been documented for the NPS? In London, we have already breached our annual air pollution limits.

**Sarah Olney:** The hon. Lady is absolutely right. Air quality is another very important issue, alongside surface access, when considering whether the decision to expand Heathrow is the right one or not. The focus of my attention today is the surface access strategy, but she is correct, and I shall address that point later.

If, by some chance, the analysis of current landside road traffic was not carried out on 2 February or on any other day prior to today, will the Minister give details of exactly how Heathrow airport will be held to its pledge that there will be no increase in landside road traffic? I am sure he will agree that the possible increase in road traffic across a wide area of west London is a source of considerable anxiety for local residents, and that evidence of the Government’s commitment to hold Heathrow airport to its pledge that there will be no increase in traffic would set a great many minds at ease.

**Ruth Cadbury** (Brentford and Isleworth) (Lab): May I also congratulate the hon. Lady, my neighbouring MP, on securing this debate, so soon after being elected. Does she agree that many minds would be put at ease by knowing not only that Heathrow will not need to increase road access but that the crazy proposal to expand the M4 from four lanes to eight between junctions 3 and 2 will be pushed into the long grass as a result?

**Sarah Olney:** I thank the hon. Lady for her intervention. We really need to see detailed plans of the surface access strategy before we can properly consider the consultation.

On 23 February, the Environmental Audit Committee published its follow-up report to the Airports Commission report, looking at carbon emissions, air quality and noise. The report directly quotes the Secretary of State for Transport’s evidence to the Committee. He said:

“the air quality issue, even around Heathrow itself, is about the traffic on our roads.”

In his statement to the House of Commons on 2 February, the Secretary of State said:

“Heathrow airport will be required to demonstrate that the scheme can be delivered within legal air quality obligations.”—[*Official Report*, 2 February 2017; Vol. 620, c. 1182.]

It seems crucial therefore that the questions surrounding surface access links to Heathrow airport are resolved before any undertakings are made in relation to air quality targets. The Environmental Audit Committee agrees, stating in one of its conclusions:

“The Government has not yet published a comprehensive assessment of the infrastructure requirements of an expanded Heathrow, including an outline of costs, responsibilities and accountability. The Government must publish such an assessment and consult on it before publishing a final National Policy Statement.”

Will the Minister today confirm that his Department is working on detailed plans for surface access upgrade, in response to the Environmental Audit Committee’s report, and that those will be made public before the consultation period ends? I am sure he will agree that no meaningful consultation can take place on the ability of Heathrow airport to meet its landside traffic pledge or its air quality targets without publication of those plans.

**Ruth Cadbury:** The hon. Lady is absolutely right about the need for the Government to be clear. Yesterday I went to Hounslow civic centre to see the Department for Transport’s exhibition on the proposals there and talk to very senior and expert officials of the DfT about the surface access plans. I was surprised that they could not answer questions about the expectation of traffic increases, given the different types of traffic that will be going to Heathrow should expansion go ahead, with a 47% increase in air traffic. Does she agree that that makes the consultation somewhat of a sham?

**Sarah Olney:** I thank the hon. Lady for once again underlining the importance of making available these plans to the public in order that a meaningful consultation can take place.

Details of these plans may well affect how people respond to the consultation. One project being discussed as part of the surface access plans is the southern rail access project to improve rail links to Heathrow airport. My constituents living in Mortlake and Barnes will be particularly interested to know whether rail upgrade

plans will increase the length of time that level crossing gates block the roads in their area. One current estimate is that Mortlake is currently blocked for three quarters of an hour, every hour, to allow trains to cross. Residents are entitled to know whether the plans for Heathrow expansion mean that level crossing gates will be down for even longer. That will surely affect how they respond to the consultation.

Of particular interest to those who live not only in my constituency and the surrounding areas but much further afield is the cost of surface access upgrade and how that is to be funded. In the absence thus far of any detailed figures from the Department for Transport, our best guess of the cost of surface access upgrades is that provided by Transport for London, which estimates the cost at between £15 billion and £20 billion. Heathrow has committed to meeting just £1 billion of that cost, leaving a black hole of between £14 billion and £19 billion. I have twice challenged the Secretary of State to tell me how that shortfall will be funded, but both times he has responded only to say that he does not accept TfL's figures. That is all very well, and I eagerly await the publication of his Department's own estimates, as requested earlier, but he has failed to answer the key part of the question about who will pay for that cost.

The business case for Heathrow expansion rests on delivering £61 billion of benefit to the UK over 60 years. That number has already been substantially revised downwards from Heathrow's previous estimate of £147 billion over 60 years. If it should be proved that up to £19 billion of costs have not been brought into consideration, the business case for expanding Heathrow weakens even further. Should Heathrow airport be required to fund the bulk of the surface access upgrade itself, it may find it difficult to interest investors and shareholders in its revised business case. If the costs of funding upgraded surface access should fall to the taxpayer, that may affect the level of support that Heathrow expansion is currently enjoying around the country. The public are entitled to ask whether or not that additional £19 billion could be better spent elsewhere, which is why it is vital that these detailed plans are available before the end of the consultation period.

One other point I would like to make is about freight. There are warm words in the national policy statement about increasing the number of cycling and walking journeys made to the airport and of moving passenger journeys on to public transport.

**James Berry** (Kingston and Surbiton) (Con): Does the hon. Lady agree that they are indeed warm words because, as anyone who has children knows—I do not, actually—a family of four will undoubtedly drive or get a taxi to the airport and not use a cycle or a train?

**Sir Edward Leigh** (in the Chair): Order. Just as a matter of courtesy, hon. Members wishing to intervene should arrive on time for the beginning of the debate.

**Sarah Olney**: I thank the hon. Member for Kingston and Surbiton (James Berry) for his intervention. I accept that there will always be people who choose to make their passenger journeys to the airport by car, and I agree that walking journeys are not likely, given the vast expanse of Heathrow airport and the limited amount of housing around it, so they surely are no more than

warm words. However, I would like to think that a great deal more could be done to move passenger journeys to the airport on to public transport, and I support any plans that enable that to happen.

The economic case for expanding Heathrow airport also rests on being able to increase the amount of freight that will pass through the airport. It is difficult to imagine that that increased freight will be transported to the airport on the backs of bicycles or carried on the tube. Can the Minister confirm that the plans for no net increase in road journeys will therefore include a sufficient reduction in passenger journeys to compensate for the increased number of freight movements, and that steps will be taken to ensure, where possible, that those freight movements are made by low-emission vehicles to limit the impact on air pollution?

In conclusion, I believe that the Government need to produce without delay their own detailed estimates for the upgrade of surface access to an expanded Heathrow airport in order for the public to be properly informed during the consultation process. I would go as far as to say that the consultation process will be completely invalid if the Department's own figures for the surface access upgrade are not made available for the public to consider. All the most critical elements of the decision to award planning permission—traffic, air quality and cost—will be affected by those plans. I call on the Minister to respond urgently to that request.

4.11 pm

**The Minister of State, Department for Transport (Mr John Hayes)**: What a delight it is to serve under your chairmanship, Sir Edward, and to respond to this short but significant debate. I congratulate the hon. Member for Richmond Park (Sarah Olney) on securing it. I know that she cares about this issue a great deal. She follows in the footsteps of a Member who, one might say, was a champion of this cause.

Other Members who have contributed—notably my hon. Friend the Member for Twickenham (Dr Mathias), but also my hon. Friend the Member for Kingston and Surbiton (James Berry) and the hon. Member for Brentford and Isleworth (Ruth Cadbury)—have raised these matters regularly and vehemently. It is right that hon. Members should do that. All those I have mentioned are tireless workers for the interests of their constituents, and they are right to press the Government in the way they have done and continue to do.

**Dr Mathias**: I greatly appreciate my right hon. Friend the Minister's words. Does he agree that there is now cross-party unity on the need for better information in these consultations, as was so ably expressed by the hon. Member for Richmond Park (Sarah Olney)?

**Mr Hayes**: Yes. It is important, as I said, that the Government are held to account. That is the purpose of debates such as this. I take a plain view about these debates—I do not know whether all Ministers follow my lead, but would that they did, frankly—which is that they must have a purpose beyond the Minister coming with some prepared speech that he reads out, rather like reading the lesson at church, and being unaffected by the contributions made before he speaks. It is important that these debates are a proper opportunity to challenge

[*Mr John Hayes*]

the Government, to scrutinise what we are doing and to elicit from the Minister a meaningful response, which is what I hope to give today.

To that end, let me start by saying that there is a proper debate to be had about the character of the consultation. We have begun to speak today about whether, in the national policy statement, we should have come to a conclusion about the detailed plans for surface access, and should then have consulted on those plans, or whether one should have a consultation based on the NPS and, from that consultation, discern what is right and go into rather more detail later. That is about how one sees a consultation. One criticism often made of consultations is that they are foregone conclusions. This one clearly is not a foregone conclusion; it is a legitimate consultation exercise, designed, as I have said, to give people the opportunity to make their case, to take their argument to the Government, and the Government will then cogitate, consider and draw conclusions. Hon. Members on both sides of the House would have had every right to complain had we come to a definitive conclusion about these things prior to the consultation and then gone through the motions of a consultation without meaning to take any notice of what local people said. That is not our approach, and it is certainly not my approach.

That said, it is important that we recognise some of the arguments that have been made in this debate, so let us be clear: it is fundamentally important in relation to expansion that Heathrow provides a detailed application, built on a detailed transport assessment, including a surface access strategy. That should be part of the process as we go forward, and it will be. That detailed analysis should be based on the latest available evidence on how the requirements in the airports national policy statement will be met. It is important to appreciate that, as we move to the point at which Heathrow Airport Ltd lodges its planning application, it will be expected to provide that kind of detailed analysis as part of the planning process.

Moreover, the Government have been clear that it would be for Heathrow to meet the full costs of any surface access that was required only for airport expansion. That is set out in the draft airports national policy statement. As has been said, we are carrying out a full consultation, because we want to hear everyone's views about the detail of that, but I repeat that we are committed to the principle that Heathrow must meet the costs of any surface access changes necessitated by its plans for expansion.

Let me go further and say that the hon. Member for Richmond Park and others are right to point out, in relation to the way people get to the airport, that although no final plans or designs have been approved for the runway and there is a series of options, those changes will require us to think about the public transport needs of those who want to get to the airport. It is certainly our view that a greater proportion of people could be encouraged to use public transport to get to the airport.

The huge investment that is already planned or under way for the provision of better public transport services will play its part. The Elizabeth line—Crossrail—will significantly improve links between Heathrow and central

London destinations. From May 2018, four trains an hour will run between Paddington and Heathrow airport, replacing the existing two-train-per-hour Heathrow Connect service. From December 2019, Elizabeth line trains will run from the airport directly to central London destinations, including Bond Street, Liverpool Street and Canary Wharf.

High Speed 2, of course, will connect directly to the airport via the interchange with the Elizabeth line at Old Oak Common, providing a new express route to the midlands and the north from 2026. Transport for London plans to increase capacity and upgrade trains on the Piccadilly line. Network Rail is developing plans for a new rail link from the Great Western main line to Heathrow, which will allow passengers to travel directly to the airport from Reading and Slough, and a new southern rail link from Heathrow to south-west London and the south-west trains network is being developed. My right hon. Friend the Secretary of State for Transport has expressed his ambition to accelerate that scheme, and we are taking that into account as part of the planning process for the next funding period. There is no doubt that with the improved services to which I have referred, we will make available new means by which people can get to and from Heathrow from a range of destinations around London and well beyond it.

I emphasise that it is also true that the draft airports national policy statement recognises that expansion of the airport would have a range of potential impacts on the transport networks around it. Improvements would be needed to make Heathrow's transport links adequate to support the increased numbers of people needing to access the expanded facility there. The proposition in the draft airports NPS for service access is to require the applicant to develop and implement a surface access strategy, which would mitigate the impact of expansion on the transport network.

That is a clear statement that we recognise the arguments of the hon. Member for Richmond Park about understanding that surface access is a critical part of the development and that its success will depend on getting surface access right. I entirely accept that. That does not seem to be an argument against expanding the airport, but it is an argument in favour of doing so in a way that is sustainable and that links the airport and growth there with the developments that will take place in and around its vicinity, and beyond.

**Sarah Olney:** Could you answer the point I made about freight, because so far your answer has focused specifically on passenger transport—

**Sir Edward Leigh (in the Chair):** Order. I am sorry, but I have not given an answer to the hon. Lady.

**Sarah Olney:** Could the Minister respond on the point about freight?

**Mr Hayes:** I will come to the issue of freight, but before I do I want to make a couple more points on passengers and then say something about air quality, which the hon. Lady also mentioned.

As part of the regulatory process, the Civil Aviation Authority is expected to decide how the costs of any capacity-related surface access schemes would be treated as part of the regulatory settlement, including which of

the costs would be recoverable from airport users. That is an important additional point that was not specifically dealt with in the hon. Lady's initial remarks, but she will be reassured that it is a further element in the package of proposals that the Government are bringing forward.

I know that many others have views and estimates of what they believe the surface access costs might be. We do not accept some of the estimates. Some people have said—others might say surprisingly, but I will go so far as to say amazingly—that they might cost £18 billion. We do not accept some of the more extravagant estimates, because no final plans or designs have been approved for the runway. While there is a range of potential options for surface access improvements, it is for the developers to produce the detailed plan, as I said earlier, as part of the development consent order, which will be properly considered through the normal statutory planning processes. In a sense, we cannot prejudge exactly what the needs will be, nor what will be necessary to meet them, but we are clear that, in principle, surface access has to be part of the process that will now take place.

**Ruth Cadbury:** Does the Minister agree that with the known 47% increase in flights that a third runway will bring, it is actually not that difficult to predict the expected increase in passengers, staff movements, freight and air surfacing? Will he consider in a little more depth whether those calculations could be done now within reasonable tolerances?

**Mr Hayes:** Yes, it is true that we could model some of the anticipated increase. I accept that, with the caveat that it is dependent on some of the other things I have already mentioned: the exact design, the balance between access by car and access by public transport, the additional investment we are making in rail, and the whole range of other variables that will affect the character of demand. It is important as we come to the end of the consultation process and listen to what people have to say, and as the application moves forward, that we get greater clarity about some of that modelling. However, at this juncture I would not want to be prescriptive about the character, the shape or, less still, the substance of that. I take the hon. Lady's point, which was well made, but there are still a lot of variables that prohibit us from being too definitive about some of the modelling at this stage.

I am conscious of time, but I want to say a word about the Environmental Audit Committee's report on air quality, to which the hon. Member for Richmond Park referred. I recognise the points made about both air quality and surface access following the publication of the Committee's most recent report last week. To contextualise that, the hon. Lady will know that the Government are considering their air quality plan. We intend to bring a draft plan forward in the spring, with a final plan by the end of July in the summer. It will clearly take into account the recommendations of the Select Committee. All kinds of possibilities are being considered and there has been some speculation on what the shape and character of that air quality plan might be.

Let me be crystal clear, Sir Edward, as I know you would expect me to be: it is very important that we grasp the challenge associated with the relationship between air quality and wellbeing. I discussed exactly that with the British Lung Foundation this morning. The relationship between poor air quality and poor health is well established, and it persuasively argued the case that a range of pulmonary conditions are exacerbated and worsened by poor air quality. We take that very seriously indeed. This is not some high-flown theory about what might happen in centuries' time; this is about the health and wellbeing of our children, in particular, and of older people and ill people who are especially affected by poor air quality.

We have been clear that as the application for the expansion of Heathrow proceeds, air quality will be salient in all we do. We have been clear that it is important that Heathrow will not proceed unless it meets legal air quality requirements. The Secretary of State made that clear on 25 October in his statement to the House, and I affirmed it in this place in an earlier debate on precisely such matters.

**Sarah Olney:** We were not specifically talking about air quality, but since the Minister has raised it, will the air quality plan include details of any penalties for Heathrow should the third runway go ahead and it is then found to breach the air quality targets that have been set?

**Mr Hayes:** The hon. Lady is eager—eagerness is often a feature of new Members and I congratulate her on it—but she must wait to see what the plan looks like. Then we will be able to debate it at great, but not inordinate, length. She will not expect me to say more about it and what it will include now.

The hon. Lady asked about freight, and it is important to be clear that freight traffic will play a key part in the development of Heathrow—I have no doubt of that. It is absolutely right that a plan anticipating changes in freight movements is made and is subject to scrutiny and debate. We will inspect that plan, and the Government will expect the developers at Heathrow to deliver a cogent, well argued, proper assessment of the impact of any changes in the volume or character of freight traffic and how they might affect congestion, road safety, air quality and all those other matters that are dear to my heart and of concern to this Chamber and the whole House.

I see that I have only a moment or two before we conclude. In summary, I will write to hon. Members about any other matters raised that I have not dealt with. Let me be crystal clear: we will proceed with the expansion of Heathrow only on the basis that it is conducted in a diligent, thorough and sustainable way; for that is the responsible position taken by this Government on all such matters.

*Motion lapsed (Standing Order No. 10(6)).*

## CSC: Redundancies

4.30 pm

**Toby Perkins** (Chesterfield) (Lab): I beg to move,  
That this House has considered redundancies at CSC.

It is a pleasure to serve under your chairmanship, Sir Edward. I want to talk today about the redundancy programme that has been introduced by Computer Sciences Corporation; the impact of the redundancies on my constituency and on services provided to the UK Government and the wider economy; the management of CSC and its financial and service performance; and the way in which CSC performs its functions and how that fits into the UK's economic interests. I am also keen to explore the plan to merge with Hewlett Packard Enterprise Services to create one of the world's biggest IT services conglomerates, and whether the rush to deliver that change and the attached bonuses might be becoming a paramount concern over the long-term interests of the business and the impact that it has on the services that it provides in the UK.

CSC is a Texas-headquartered IT services software and outsourcing corporation employing 70,000 people worldwide—that number has gone down 26,000 in the last five years. The company designs, builds, runs and maintains major critical IT systems for many UK private and public sector organisations, including—but not limited to—the Metropolitan police, the national health service, Network Rail, civil nuclear fuels, BAE Systems, HM Passport Office, the Department for Work and Pensions and many other Government Departments. It also has specialisms in other industries, such as insurance.

CSC employs around 5,500 people in the UK. Its latest round of redundancies, which will see about 1,100 more people laid off on top of the 499 redundancies that were recently announced, means that around 2,350 people will have been made redundant in the last financial year. CSC has many employees who work from home—so, in potentially every single constituency in the country—and major offices in Aldershot, Banbury, Chorley, Leeds, London, Preston and in my constituency. Those jobs are high-skilled, with people predominantly employed on salaries that are considerably above the average national wage—we might say that those jobs are precisely the kind that the UK economy needs more of. The move follows the announcement that CSC will merge with Hewlett Packard Enterprise Services to form DXC Technology, which will, with revenues worth \$26 billion dollars, be one of the world's largest IT services companies. I will refer more to the merger shortly, but first I will tell the House about CSC and its impact on Chesterfield, as I think that will put the firm's performance and actions into context.

CSC has been based in Chesterfield since 2003, when it won the Royal Mail outsourcing contract to provide IT services to Royal Mail. At the time, Royal Mail IT employed around 1,500 people in Chesterfield. Royal Mail has been a very significant Chesterfield employer since the 1960s, when Harold Wilson's Government set out on a programme of moving Government institutions out of London. Thousands of staff moved to or were recruited into Chesterfield.

The Royal Mail contract was awarded to CSC in 2003. In Chesterfield, 1,500 staff were TUPE-ed across and in the 13 years since the awarding of the contract,

around 80% of those staff have left the business. Others have been recruited and about 500 staff now work in Chesterfield on services relating to the NHS contract, BAE Systems, the HM Passport Office, Aviva, Department for Work and Pensions, the Ministry of Defence and others. The 500 employees mean that CSC is still one of the biggest private sector employers in Chesterfield and the jobs make a significant contribution to our economy. I have no idea what the exact cost has been to the Chesterfield economy of the 1,000 skilled, well-paid posts that we have lost over the last 13 years, since CSC took over the Royal Mail contract, but it is very substantial and should not be overlooked.

As we all know in this place, jobs come and go. Tough as it is for a local area—even more so for the families and individuals involved—global businesses will organise their affairs in a way that suits them, and as long as the rules of consultation and severance are followed, there is often not all that much of a role in that for Government. However, elements of this programme of redundancies should concern us in this place.

It is useful to understand and consider how CSC has grown its business to such a significant size in the United Kingdom. The growth has come from winning predominantly outsourcing contracts with a range of companies, including a large number of Government contracts. I have alluded to how 80% of the staff on the Royal Mail contract in Chesterfield are no longer there. CSC's work with the Department of Health has attracted considerable previous scrutiny, and the last report that I read in *The Guardian* suggested that its NHS contract was still worth about £2.2 billion. CSC has contracts in a huge variety of sensitive Government and corporate installations, including police services, HM Passport Office, civil nuclear and aerospace. I think it is fair to say that when CSC moves in, jobs often move out. It is not like many firms in my constituency that have moved in, grown exponentially and recruited more as they go. What CSC has done in Chesterfield is move into an existing contract and, over a 13-year period, gradually reduce the number of jobs in the local community.

As well as the impact of CSC's operating methods, there are legitimate questions about its performance. Managerial and accounting failures led to the business being fined \$190 million for over-reporting profits on its NHS work, and it is currently on its fourth UK head in the last two years, having reported very disappointing figures recently. Notwithstanding those reports, the UK management repeatedly advised Unite the union throughout the first 11 months of 2016 that the UK business was healthy and profitable. Given the extent to which there appears to be a constant cycle of change, panic and retrenchment, the unions are understandably concerned.

Unite believes that the company is making redundancies in the UK of such a significant size that it is critically endangering its ability to continue to provide those services. Unite says:

“What is most alarming with this programme is both the scale and the speed with which the company is seeking to achieve the reductions, the sense of chaos it has created within the delivery functions of the company—and the sense of impending catastrophe within the staff body.”

I think that we should take that very seriously. It says:

“The staff cuts are being made seemingly without regard for the impact on staff and services. Senior managers of large parts of the UK business who have questioned the breakneck speed or the business logic”—

of the cuts—

“have been removed, and much of the UK organisation is being managed by managers brought in from elsewhere globally, who know nothing of the day to day running of the UK business, and care little of the significance to the country of the services delivered by the company.”

Under any circumstances, redundancies of that scale should be a cause for real concern. However, when the company has experienced so much upheaval and has gone from one failure to another, and given the sensitivity and national importance of CSC’s work, I think that the Government should be very interested indeed. I would like to know from the Minister what cross-Government work is going on to monitor service delivery, whether there have been any further breaches of contract with Government since the Department of Health found CSC in breach in 2011, and what work she is doing to ensure that the Cabinet Office is aware of the potential impact on Government services if the fears of the unions are borne out.

Members of the House will be aware of the Prime Minister’s suggestion that, although her Government would work to defend free markets and to promote the UK as a place where industry and enterprise is encouraged and thrives, she would expect business and government to work closely together to root out the worst excesses of capitalism. In that context, what interest are the Government taking in the motivations behind CSC’s decisions? The driver seems to be entirely about ensuring that the right financial targets are hit to ensure a merger on the most favourable terms for CSC shareholders. Figures published for the US stock exchange show that 12 individual directors stand to make bonuses of \$90 million on successful completion of the merger. How can we be confident that directors who stand to accrue untold riches in the short term will take a long-term view about the best interests of the business, its employees and the customers who rely on it?

Although the tale of CSC’s recent past includes rounds of redundancies, lost contracts, service failures and missed profit targets, followed by further redundancies and the whole cycle repeating itself, one area of CSC’s business has seemed to grow. Many Government contracts paid for by UK tax money are now being serviced by huge offshoring operations in India. An article on CSC’s own website describes how 25% to 30% of its global employees are now employed in India. There is a question for us in the House about how much GDP the UK is losing by allowing the Government to outsource work to an American company that then effectively lays off UK staff in order to provide services to the UK Government from India.

**Mr David Hanson** (Delyn) (Lab): I have constituents who have been made redundant by CSC and who have found that their jobs have gone offshore. My question to the Minister, via my hon. Friend, is whether the Government knew about the offshoring when it occurred, as part of the contract. Did the Government make representations on that issue, and are they concerned for future employment in the UK in such a highly skilled, highly confidential and highly sensitive business?

**Toby Perkins:** My right hon. Friend makes the point excellently. There is a strategic question for us and for the Department for Business, Energy and Industrial Strategy about co-ordination with other Departments

on how services are provided. He sums up perfectly the fact that it substantially affects the UK economy if such highly paid and skilled jobs disappear overseas. Presumably, cheaper contracts save Government money, but the impact on GDP and the fall in tax revenue then hit our economy.

Given the sensitivity of some of the contracts provided by CSC to the Ministry of Defence and other organisations, what national security implications should be considered when they are serviced overseas? I would be interested to hear the Minister’s response to that question. I am also interested in how CSC, run by global operators, sees its responsibilities to the UK and to our employees and constituents. For a company that employs so many people in my constituency and provides services to so many Government institutions, its interest in engaging with MPs seems minuscule. I have had no contact with CSC in advance of this debate, despite attempting to contact the company, and with the exception of a discussion about car parking on Old Road in Chesterfield, I have had no contact from CSC in my six years as an MP. I cannot think of a single company in Chesterfield that employs as many people that has not contacted me.

I would like the Government to take a close interest in the services being provided by CSC, and in whether CSC operations and activities in the run-up to the merger pass the Prime Minister’s test, as part of her grand contract between business and the Government, for how businesses should act. What discussions has the Minister had with CSC regarding its UK operations, and what steps is she taking to support the jobs of my constituents and those at the other CSC sites in the UK?

4.43 pm

**Mr Mark Hendrick** (Preston) (Lab/Co-op): I congratulate my hon. Friend the Member for Chesterfield (Toby Perkins) on securing this debate, which is particularly important given the number of jobs involved throughout the country at many different sites.

The CSC office in my constituency is located opposite my parliamentary office. I am concerned that many local people known to me who work there could well be out of a job soon. There are 79 jobs in Preston—four managerial, 28 professional and 47 technical—and around 500 jobs in central Lancashire as a whole. My staff have noticed that the signage on the CSC building on Marsh Lane in Preston was removed some weeks ago. None of the staff were told why, and we had heard recently about the extra job losses. That leads me to believe that the company management have known about them for some time, and are perhaps already setting about dismantling the Preston facilities, without bothering to tell the staff still working there.

As my hon. Friend said, CSC is responsible for many critical IT systems. In my constituency, we have BAE Systems at Warton and Samlesbury, civil nuclear power rod production at Westinghouse near Springfields and, like everybody else in the country, NHS facilities. All of those important employers, facilities and public services operating on behalf of Government or indirectly on Government contracts depend on the work of CSC. The redundancies announced are bound to have an impact on their ability to provide those services.

A recent announcement mentioned 1,100 redundancies, in addition to the 499 announced in December. That is roughly 1,500 redundancies announced over the last

[Mr Mark Hendrick]

few months. We know that CSC has made 2,355 people redundant in this financial year alone, which is more than 20% of its staff. As my hon. Friend the Member for Chesterfield said, the company will merge with Hewlett Packard. We have already lost Hewlett Packard jobs in and around Preston in recent years, and that company is carrying out similar manoeuvres, we believe to exercise its share price in a way that keeps shareholders happy, as well as companies that might want to merge with it in future. HP has just announced 785 redundancies UK-wide, and has not given its workforce a pay rise for four years.

Many of us feel that the redundancies are being made as a knee-jerk reaction following disappointing financial figures for CSC, in order to prop up its share price before a merger with HP. I am sure that when the merger takes place, many managers will exercise their share options to ensure that they make a good deal of money. Meanwhile, the workforce producing the goods and services is being sold down the river by selfish management.

I have three quick questions for the Minister. Can she look into the impact, quality and delivery time of the Government contracts, whether NHS or Ministry of Defence orders from BAE, that might be affected by CSC's provision of services either to the Government directly, to Government agencies or through companies such as BAE? Secondly—this is important in relation not just to CSC but to other companies providing outsourced services for Government—are staff and expertise being lost that could be critical in future to the maintenance and possible modification of those systems if and when change is required? As legislation changes, such as for DWP projects, software must clearly change. In order for software to be maintained, expertise must be kept close at hand, and often in house.

Finally, a related matter—also mentioned by my colleagues—is the question of offshoring. If we are losing staff at UK companies providing services for Government contracts, and if those jobs are disappearing offshore, that has implications for the deliverability and maintenance of those projects, which in many cases are critical to the country's defence, as with BAE; to the country's power, as with Westinghouse; or to the health of the nation, as with the NHS.

4.49 pm

**Neil Gray** (Airdrie and Shotts) (SNP): It is a pleasure to see you in the Chair, Sir Edward. I congratulate my UK Parliament football club teammate, the hon. Member for Chesterfield (Toby Perkins), on securing this debate. I do not know about him, but it is certainly a while since I have been able to turn out for the team, and it appears results have been improving in that time—I am sure there is no correlation.

The hon. Gentleman's excellent and powerful contribution brought a very important issue to the attention of hon. Members. He highlighted well the impact that the redundancies will have on his constituency and across the public sector. In Chesterfield, as he stated clearly, where CSC moves in, jobs move out. The size of the new company and its likely dominance of the market will therefore be of concern. Equally concerning is CSC's lack of contact with its local Member of

Parliament, particularly when it was about to become the subject of this debate. The hon. Gentleman raised some very concerning issues for the Minister to address.

**Catherine McKinnell** (Newcastle upon Tyne North) (Lab): Since I am a Newcastle Member of Parliament, it may seem that my constituents are not directly affected by this debate. However, I have been contacted by a constituent who is employed by the company, is very concerned about the news and wants some reassurance from the Minister about the support that will be provided for those being made redundant. They may not all be at specific employment sites; they may be employed remotely around the country.

**Neil Gray:** I thank the hon. Lady for raising a salient point, which relates to some questions that I will put to the Minister later.

The hon. Member for Preston (Mr Hendrick) highlighted the fact that the behaviour of CSC in Preston suggests that it knew about the recently announced redundancies long before it notified staff. He also said that 20% of staff had been made redundant this year alone, which is a very concerning trend for a large Government contractor.

As the hon. Member for Chesterfield said, CSC is headquartered in Texas and provides IT services for a large chunk of UK Government organisations, including Network Rail, the Metropolitan police, the NHS, the civil nuclear fuels and the Departments he mentioned, particularly the DWP. It is clearly an important public sector contractor that works in sensitive organisations, so the current issues have far-reaching consequences. At the end of this month, CSC will merge with HP Enterprise Services to form DXC Technology and the new company is likely to be the largest single IT services supplier by some margin. In the run-up to the merger, CSC has announced two redundancy programmes under which 1,600 out of just under 5,500 staff will be out of the company by the end of March. Those are the latest cuts at a firm that has had nine separate redundancy rounds in this financial year. In parallel, it is also running a contractor reduction programme from a starting point of around 700 contractors.

Unite, the largest union that serves CSC employees, has stated that it believes that

“the company is critically endangering its own ability to continue to provide these services.”

It appears that many of the jobs will be moved abroad. That alone should be of concern to the UK Government, and not just because CSC is an important public sector contractor. As we approach the Brexit Britain landscape, how will we ensure that such jobs are not only retained but attracted here? The job cuts do not appear to be about the performance of the business in the UK, which appears to be doing well, as briefings have outlined. The UK Government must be concerned about the implications for the public sector organisations that rely on CSC services.

I hope the Minister will advise us whether the Government are concerned about the speed of these cuts; what support they will provide to try to protect as many of the threatened jobs as possible; what support they will provide to anyone who is made redundant, as the hon. Member for Newcastle upon Tyne North (Catherine McKinnell) asked; and what contingency plans they have to deal with the impact of the cuts on the services provided to major public sector bodies.

4.54 pm

**Gill Furniss** (Sheffield, Brightside and Hillsborough) (Lab): It is a pleasure to serve under your chairmanship, Sir Edward. I thank my hon. Friend the Member for Chesterfield (Toby Perkins) for securing this debate and for his eloquent words. From the level of detail that he went into, we can be in no doubt about his passion for the subject; I will not repeat everything he said. I also note the excellent points made by many other hon. Members, especially the remarks from my hon. Friend the Member for Preston (Mr Hendrick) about his experiences in his constituency, which has already had the hard knock of job losses at Hewlett Packard, where workers have not received a pay rise for four years.

Labour is the party of working people and we will always stand up for them. My hon. Friend the Member for Chesterfield set out plainly the impact that the redundancies will have on CSC workers and the potential knock-on effect on public services. By March, the company intends to make 1,600 working people—a third of its UK workforce—redundant. At the end of March, it will merge with HP Enterprise Services to form DXC Technology, and the new company will be the largest single IT services supplier by quite a long way. In the run-up to the merger, CSC announced two redundancy programmes totalling 1,600 redundancies from 5,400 staff. Those are just the latest in a long line of cuts at CSC, which has had nine separate redundancy rounds this financial year as well as reducing its contractor programme.

The cuts are being rushed through, causing chaos within the company and huge dismay for CSC workers. Some of the roles are being offshored, but that is usually done in a controlled manner. We must consider that, with the scale and the speed of the cuts, CSC will endanger its own ability to provide its IT services; that is the view that we have heard from other hon. Members today, as well as from Unite, the union that represents many CSC workers. CSC provides critical IT systems for many private and public sector organisations, including the Metropolitan police, the NHS, Network Rail, civil nuclear fuels, and the Passport Office. Any knock-on effect to critical IT services could have very serious consequences.

Let us be clear about what is happening. The redundancy programme seems to be a knee-jerk reaction in order to reach arbitrary financial targets and ensure a favourable merger for CSC shareholders, which are largely US financial institutions, pension funds and hedge funds. If the targets are achieved, CSC's senior executive team, which is based in the USA, will share out \$90 million in bonuses. The chief executive officer, the chairman and the president will get between \$37 million and \$44 million—that is just one person, by the way. Needless to say, the nine members of the executive leadership team are all men, as are eight out of the nine directors. Senior managers of large parts of the UK business who have questioned the process have been removed. I have heard from Unite, the largest union in CSC, that throughout 2016 CSC's UK management repeatedly advised it that the UK business was healthy and profitable. So this is not about emergency measures to save a failing business; it is corporate greed that will have an enormous impact on the CSC workers who face redundancy and potentially on the public services that depend on CSC's IT systems.

In June 2013, the then Chair of the Public Accounts Committee, my right hon. Friend the Member for Barking

(Dame Margaret Hodge), described CSC as a “rotten company”. Sadly, it seems that nothing has changed. It certainly appears that CSC is dangerously and negligently putting critical parts of UK infrastructure, Government services and private industry at risk, as well as unceremoniously getting rid of 1,600 workers in a quest for a successful merger and bumper bonuses.

I look forward to hearing the Minister outline how she will protect British workers and public services. Will she be willing to carry out an impact assessment of the critical IT provision that CSC currently delivers for many Government services? Also, will she please tell us how she will support the workers who face redundancy? Finally, I would like the Minister to comment on how supporting a company that often makes redundancies and then outsources the jobs overseas can possibly benefit our community, and how it can possibly be described as looking after UK workers.

5 pm

**The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James)**: It is a pleasure to serve under your chairmanship, Sir Edward. I congratulate the hon. Member for Chesterfield (Toby Perkins) on securing the debate and on the detailed knowledge he has accumulated, despite the fact that the company does not seem to be in contact with him. Given the number of people it employs in his constituency, I must say that that is a surprise.

Business change is an inevitable consequence of modern competitive markets, and commercial and economic opportunities mean that companies will need to reorganise, merge, expand, and sometimes contract, in response. But what we have heard today is, indeed, a worrying picture, and I will do my best to respond to the key points about the security of the public sector contracts and the way in which the Government support people faced with redundancy. I will also try to address some of the corporate governance issues that have been raised.

Employers should want to implement changes as swiftly and efficiently as possible, to limit the impact on productivity and morale. Businesses need the flexibility to respond to the particular circumstances of their restructuring situation, but the number of rounds of redundancies that this company has engaged in causes one to ask in whose interest it is working. At the same time, employees will want to know how the changes are likely to affect them in this very fast-moving picture, and what their options are for the future. It is therefore vital that there is effective consultation with employees about the potential for collective redundancies.

I shall just remind right hon. and hon. Members what our legal obligations are. Collective redundancy legislation strikes a balance between the needs of the business and those of the employees. Collective redundancy occurs when 20 or more employees may be made redundant at one establishment within a 90-day period. In that situation, employers are under a statutory duty to consult employee representatives about the proposed redundancies. The length of a consultation period prior to the first dismissal depends on the total number of proposed redundancies. The consultation must be with the employees' trade union representatives, or other elected employee representatives where there is no recognised trade union in place, and it must be completed before any dismissal notices can take effect. Importantly, it must be undertaken

[Margot James]

with a view to reaching agreement, even though sometimes agreement may not be possible. Therefore, any consultation should include consideration of ways of avoiding dismissals, reducing the numbers to be made redundant and mitigating the effect of the dismissals.

There are also a number of obligations on employers, including a requirement to notify the Secretary of State for Business, Energy and Industrial Strategy of the proposed collective redundancies before the start of statutory consultation. Employees who feel their rights have been denied may complain to an employment tribunal, which may make a protective award of up to 90 days' pay to each of those affected. The ACAS helpline can provide advice to employees on their individual situation. ACAS has also produced a guide for employers on handling large-scale redundancies.

Government support is available for the many employees who have been made redundant or are likely to be faced with redundancy. Throughout the redundancy process, employers still have obligations to their employees and should be thinking about the help they can offer. First, employees with two years' service under notice of redundancy have the right to reasonable time off to look for a new job or to arrange training. Employers in redundancy situations should contact Jobcentre Plus as soon as possible to discuss appropriate support that can be delivered locally. Jobcentre Plus has, indeed, made contact with CSC in this case to provide support, and that includes support for staff who work remotely, as may be the case with the constituent of the hon. Member for Newcastle upon Tyne North (Catherine McKinnell). The Jobcentre Plus rapid response service is delivered in partnership with a range of national and local partners, including Her Majesty's Revenue and Customs. Where no partner support is available, dedicated funding may be used to fill gaps in provision.

All decisions about appropriate support are made locally. That is because a decision that is based on the specific redundancy situation, in particular on an individual's own transferable skills and experience and the availability of jobs in the local area, is more likely to be the right decision and in the interests of the individual concerned.

**Mr Hendrick:** The Minister is giving an excellent exposition of the rights of employees and employers in the handling of the redundancy process, but will she try—and if she cannot, will she write to me later—to address the points I raised about ensuring that the services provided to Departments are maintained and are still deliverable? Her current contribution looks like she is talking about what employers and employees can or cannot do under legislation, rather than about how we address the problem of losing jobs that are of value to the Government.

**Margot James:** I thank the hon. Gentleman for his intervention. I will come on to talk about the effect on the public sector contracts that the company has contracted to provide. I mentioned that at the beginning. I first just wanted to cover the rights of the employees in these circumstances and the support that the Government are trying to offer through Jobcentre Plus. I will, indeed, come on to the important matter that the hon. Gentleman just raised.

To conclude on the employment support that we are able to provide, I am hopeful that the rapid response service will be able to assist those workers who have been made redundant in finding alternative employment. Officials at the Department for International Trade have also contacted CSC and are in close contact with Jobcentre Plus.

I will now move on to the potential impact on public services that various right hon. and hon. Members have mentioned. CSC has undertaken numerous contracts with vital services such as, as we have heard, Royal Mail, the police, civil nuclear and the NHS, and it is indeed of concern to us all that the skills and the contractual obligations given by CSC are honoured. Given the situation, I can well understand right hon. and hon. Members' concerns about the future. The Cabinet Office has assumed responsibility in Government for dealing with CSC on these matters, and is in regular contact with the company about the viability of the contracts it has assumed. It has been given every assurance that the business will be ongoing and unaffected.

**Toby Perkins:** I am pleased with the tone of the Minister's remarks. However, I wonder whether she shares my concern—I suspect she does from what she has said. We are being given assurances by an organisation that has had four different leaders in the past two years and has gone, as the Minister has rightly identified, through nine rounds of redundancies. The trade unions have reported that the workplace is in chaos and there is a catastrophe of employee confidence. In that kind of environment, where there is a huge financial incentive to deliver in the short term and a track record of failure, does the Minister agree that there is a real need for the Government to pursue the matter and ensure that the assurances are worth the paper they are written on?

**Margot James:** I have sympathy with the hon. Gentleman. I have the assurances from the Cabinet Office, which is in regular contact with CSC, and I am sure that my Cabinet Office colleagues are wary of the information they are being given in the climate that has been described this afternoon. I will undertake to have a direct conversation with my counterpart in the Cabinet Office to test out the assurances that he or she has been given. In the past, I have been exposed to corporations that have been going through this process of rapid change. That can be very worrying, especially where software and computer contracts are the main focus, because there could be a loss of the skills vital to the delivery of such contracts. In this country, we have had many concerns about public sector contracting for IT systems. It would be a reckless Minister who assumed that all was well, given the circumstances we have heard about this afternoon.

**Mr Hanson:** To be clear, my constituents have been made redundant, but the jobs are not redundant; the jobs have been offshored to other countries. Have the Government got a view in any way, shape or form on not only the company's current performance but its future performance, which is equally important for my hon. Friend the Member for Chesterfield (Toby Perkins) and others?

**Margot James:** I thank the right hon. Gentleman, because I note that the hon. Member for Chesterfield said in his opening remarks that a lot of jobs had gone

offshore to India. The Government have to be cautious in how we respond to that. Business change is an inevitable consequence, and it is not for the Government to direct companies as to how they fulfil their contracts. Unless contracts have certain stipulations within them from the outset, it is difficult for a Government to intervene. Once those contracts have been agreed, it is for the company to fulfil that contract and organise itself in the best way possible.

Having said that, I will say a couple of words about how the Government view public sector contracting. I am responsible for small business, and I am conscious that the Government have set a target that a third of all public sector contracts of a decent size should go to small and medium-sized enterprises. In committing ourselves to that goal, I do not think we meant SMEs in India; I think we meant SMEs in the United Kingdom. Members raise pertinent points. However, once a contract is agreed, if it does not have stipulations on the supply chain, how the company fulfils the contract using its own employees and where those employees are located, it is difficult to intervene part way through.

I reassure Members that suppliers are contractually obliged to meet their performance requirements. Those obligations remain in place regardless of any internal changes that a supplier implements. Through the Cabinet Office, the Crown representative for CSC regularly monitors the company's performance across all its Government contracts. CSC currently delivers services for a variety of important public sector organisations. It has been formally requested to offer reassurance that the current redundancy programme will not impact on that service. CSC provided verbal assurance during a programme board at the beginning of February. NHS Digital and the Department of Health continue to seek full written assurances. The Cabinet Office are in regular contact.

I understand the concerns that have been expressed this afternoon, not only about redundancies but about their impact on public sector contracts. Every collective redundancy situation, large or small, involves individuals and needs to be managed carefully. It is a very difficult time for CSC employees and their families. It is therefore important that individual workers receive the information and support they need as and when they need it. I am clear that we cannot stand in the way of certain changes, but we have a reasonable hope that companies will act in the long-term interests of their communities and employees. As Members know, the Government recently

issued a Green Paper on corporate governance. One thing we are looking at is extending the responsibilities of publicly quoted companies to large private companies. The facts that have emerged during the debate underline the importance of the Green Paper. I am sure that Members will want to debate the Government's response to it in due course. I thank Members for all their contributions.

**Sir Edward Leigh (in the Chair):** Mr Perkins, do you wish to say anything to sum up?

5.15 pm

**Toby Perkins:** It seems rude to say no, so I will briefly sum up.

**Sir Edward Leigh (in the Chair):** It is always lovely to hear from you.

**Toby Perkins:** In conclusion, I am pleased with the tone of the Minister's response. I am grateful for her undertaking to pursue with the Cabinet Office the points that have been discussed. We are all conscious that we have had a history of people being put out of work by machines. We know that; it is progress. We are not all still riding on horseback; we have cars now. It seems a shame that we move from the people to the machines, and the machines get ever more efficient, with the outsourcing organisations coming in and saying, "We can provide the same services with many fewer machines." Even then, the pursuit of profit means that those jobs, funded by the British taxpayer, are ending up offshore, and that poses serious questions for all political parties and for Governments about how we ensure that the desire to get the best value for taxpayer money does not come at too great a cost to the UK economy.

As the Minister has correctly reflected, we have genuine reasons to be concerned by the decision-making processes that have been pursued at CSC. As it lurches from one failure to another, there is concern about the implications not only for those employees and the communities left behind, but for those services that rely on CSC.

*Question put and agreed to.*

*Resolved,*

That this House has considered redundancies at CSC.

5.17 pm

*Sitting adjourned.*



# Written Statements

*Tuesday 28 February 2017*

## EDUCATION

### Children and Social Work Bill

**The Minister for Vulnerable Children and Families (Edward Timpson):** At the Commons Committee stage for the Children and Social Work Bill, I agreed to investigate whether there were any gaps in the legal aid eligibility for parents where the local authority was applying for an adoption placement order for their child.

My officials and officials from the Ministry of Justice have investigated this, and found that there are a very small group of parents who are at risk of having their child permanently removed via an adoption placement order, but who are not entitled to non-means and non-merits tested legal aid to challenge this decision in the courts. This is because the Regulations which define 'parents' (or those with 'parental responsibilities') say that free legal aid must be given for parents going through 'care proceedings'. Most adoption placement order decisions are made within wider care proceedings. But a small number of adoption placement order applications are made on their own.

I have discussed these issues with the Minister for Courts and Justice, my right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald). The Ministry of Justice holds responsibility for the legal aid budget, and has agreed to make a change to the eligibility rules.

The change will ensure that all parents who are subject to any court proceedings which could result in their child being placed for adoption will now be entitled to non-means and non-merits tested legal aid, so that they can access appropriate legal representation in all cases.

These changes will come into effect later this year.

[HCWS506]

## HEALTH

### Regulation of Herbal Medicines and Practitioners

**The Parliamentary Under-Secretary of State for Health (Nicola Blackwood):** The issues around the regulation of herbal medicines and practitioners are longstanding and complex. To understand and fully consider all the relevant issues, the coalition Government commissioned an independent working group, led by Professor David Walker, to provide advice on options for the assurance of herbal medicines and practitioners. This report was published in March 2015.

I thank Professor Walker for his report, as well as my hon. Friend the Member for Bosworth (David Tredinnick) and other members of the herbal medicines and practitioners working group whose work informed the

report. I would also like to thank those individuals and organisations who contributed to the report by providing information and advice to Professor Walker.

This statement sets out the appropriate level of assurance for herbal medicines supplied by herbal practitioners based on available information and advice, including that provided by Professor Walker's report. Any system of assurance needs to be proportionate and appropriate to the risks presented to public safety, and enforceable and effective.

Professor Walker recommended: more research into the level of assurance required to ensure public protection (recommendation 6); and that the sector considers seeking accreditation of its voluntary registers by the Professional Standards Authority (recommendation 5).

The Government support these recommendations and encourage the sector to take them forward. Delivery of recommendations 5 and 6 by the sector supports the development of standards for education, training and conduct, and would allow for collaboration on the collection of safety data and the establishment of an academic infrastructure to develop training and research into herbal medicines.

The report, whilst recognising the value of the current system for regulating the supply of herbal medicines, explored the scope for further changes to enhance public protection and access, and made recommendations for more work to: identify known potent or toxic herbs (recommendation 1); and consider if learning can be applied from a review of food lists (recommendation 2).

In response to recommendation 1, the Government are proposing a review to identify potentially potent or toxic herbal ingredients. This is with a view to restricting the use of potent or toxic ingredients through existing mechanisms such as the Human Medicines Regulations 2012. This would link to a scheduled review of toxic ingredients in Schedule 20 of the Medicines Regulations 2012 enabling a targeted approach to be taken with a clear focus on protecting the public. Scoping work will commence in 2017 with a view to commencing any detailed scientific assessment work as soon as practicable thereafter.

While they accept the intention of recommendation 2, the Government believe that existing food lists have little relevance when considering substances used by herbal practitioners, which can be significantly more potent. Case law requires that the classification of a medicinal product must proceed on a case-by-case basis, a point which is made in the body of Professor Walker's report. The suggestion that food lists (which relate to the safety and availability of products under food law) could be used to classify medicinal products conflicts with this.

Rather than reviewing food lists, which are not applicable to herbal remedies, the Government believe that more benefit will be gained by working with the sector to increase understanding of existing regulatory controls. To deliver this, the Medicines and Healthcare Products Regulatory Agency and the Department of Health will produce a joint communications and engagement plan setting out proposed work with the sector in 2017.

The report also recognises the impact of the EU's herbal directive on access to some herbal medicinal products by recommending consideration of: a system to allow small scale assembly of products off-site on a

named patient basis (recommendation 3); and inviting a review by the European Commission on the operation of the herbal directive (recommendation 4).

In due course, the United Kingdom will be leaving the European Union. The outcome of the exit negotiations will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU.

The Government do not accept recommendation 3. The UK already operates a permissive regime for herbal practitioners which allows them to make up preparations on their own premises for named patients following one to one consultations. Those that are permitted to dispense (pharmacists, other registered medical professionals), and the premises they use, are heavily regulated for safety reasons.

The Human Medicines Regulations 2012 permit herbal medicinal products to be manufactured or assembled by people other than registered nurses, midwives, doctors and dentists provided that preparations are made up on premises they occupy and from which the public can be excluded, that preparations are made up on a named patient basis, and that these preparations do not contain specifically prohibited substances as listed in domestic legislation.

Practitioners therefore may make up preparations on their own premises for individual patients but they may not import or sell any mass-produced products which

do not hold a traditional herbal registration or marketing authorisation. Allowing people with no qualifications to put together medicines and carry this out on unregulated premises conflicts with everything else the MHRA does and could cause confusion to the public.

The Government note recommendation 4. The Government are open to further consideration of the case for statutory regulation once there is further evidence to understand the risk and confirm what level of assurance is appropriate and proportionate. This evidence would be obtained from experience of voluntary registration accredited by the Professional Standards Authority and further research undertaken by the sector.

One reason for wishing to consider the evidence is because the range of products has changed following amended regulations in 2011. This has revised the risks presented. Another change is that the development and delivery of the process for independent accreditation of voluntary registers provides an alternative option for the assurance of herbal practitioners.

Consideration of the evidence will support the public, employers and commissioners to make an informed choice about an individual practitioner as they will have demonstrated their commitment to upholding standards relevant to their practice.

[HCWS505]

# Petition

*Tuesday 28 February 2017*

## OBSERVATIONS

### EDUCATION

#### **English Language and English Literature GCSE-Level Examinations**

*The petition of residents of the UK,*

Declares that in independent schools, pupils sitting iGCSEs in English Language and English Literature can still take advantage of 40% coursework as part of their final mark and have the option of sitting their examinations in January or June; and further that this is not comparable to state-funded schools and offers an unfair advantage to independent schools.

The petitioners therefore request that the House of Commons urges the Government to provide a level playing field in the rules applied to English Language and English Literature GCSE-level examinations in state-funded schools and independent schools, including provision for coursework and opportunities for sitting examinations.

And the petitioners remain, etc.—[Presented by *Phil Wilson, Official Report*, 1 February 2017; Vol. 620, c. 1145.]

[P002004]

*Observations from the Minister for School Standards (Mr Nick Gibb):*

The Government have extensively reformed GCSEs. We did so precisely to ensure that they are the gold standard qualification at 16 and in particular to bring them into line with expected standards in countries with the highest performing education systems. In reforming GCSEs we decided that internal assessment should be kept to a minimum and only used where there is a compelling case to do so. This allows more time for teaching and avoids the previous trend towards bite-size modules. Ensuring that the qualifications that our young people hold are rigorous and stand comparison with the best in the world is important to ensuring the widest opportunities in life and enable them to compete in a global economy.

England's independent schools do remain free to offer any qualification, regulated or unregulated: this is consistent with the general freedom from Government control that the independent sector has.

In the future, however, only reformed GCSEs will count in school performance tables as each new GCSE subject is introduced; so while independent schools will remain free to offer alternative qualifications, the performance tables will only reflect achievement in reformed GCSEs.

We are confident that our reformed GCSEs will match the expectations set in the highest performing jurisdictions internationally, and will be rewarding for teachers and pupils. To include qualifications which do not have to go through the same extensive regulatory approval process in performance tables would undermine the rigour of the new GCSEs and the hard work of students and teachers.



# ORAL ANSWERS

Tuesday 28 February 2017

	<i>Col. No.</i>		<i>Col. No.</i>
<b>TREASURY</b> .....	139	<b>TREASURY—continued</b>	
Ayrshire Growth Deal.....	153	National Insurance Revenues: Health and Social Care .....	143
Beer Duty .....	146	Regional Infrastructure Development .....	144
British Wine Industry.....	153	Small Businesses .....	147
Department of Health: Funding.....	139	Social Care Funding .....	152
Depreciation of the Pound: Disposable Income.....	154	Topical Questions .....	155
Digital Infrastructure .....	150	UK Financial Services: Passporting into the EU ...	153
Economic Growth: Yorkshire.....	141		
Long-term Infrastructure.....	150		

# WRITTEN STATEMENTS

Tuesday 28 February 2017

	<i>Col. No.</i>		<i>Col. No.</i>
<b>EDUCATION</b> .....	5WS	<b>HEALTH</b> .....	5WS
Children and Social Work Bill.....	5WS	Regulation of Herbal Medicines and Practitioners .....	5WS

# PETITION

Tuesday 28 February 2017

	<i>Col. No.</i>
<b>EDUCATION</b> .....	3P
English Language and English Literature GCSE-Level Examinations .....	3P

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  
Tuesday 7 March 2017**

STRICT ADHERENCE TO THIS ARRANGEMENT GREATLY FACILITATES THE  
PROMPT PUBLICATION OF BOUND VOLUMES

Members may obtain excerpts of their speeches from the Official Report (within one month from the date of publication), by applying to the Editor of the Official Report, House of Commons.

---

CONTENTS

Tuesday 28 February 2017

**Oral Answers to Questions [Col. 139] [see index inside back page]**  
*Chancellor of the Exchequer*

**Prison Officers Association: Withdrawal from Voluntary Tasks [Col. 162]**  
*Answer to urgent question—(Mr Gyimah)*

**Personal Independence Payments [Col. 170]**  
*Answer to urgent question—(Damian Green)*

**Careers Guidance (Access to Schools) [Col. 184]**  
*Motion for leave to bring in Bill—(Nic Dakin)—agreed to  
Bill presented, and read the First time*

**Estimates Day (3rd allotted day)**  
**The Government's Productivity Plan [Col. 188]**  
**Intergenerational Fairness [Col. 230]**  
*Estimates agreed to*

**Petitions [Col. 267]**

**Rationing of Surgery [Col. 269]**  
*Debate on motion for Adjournment*

**Westminster Hall**  
**Intellectual Property: British Economy [Col. 23WH]**  
**Sri Lanka: UN Human Rights Council [Col. 46WH]**  
**LGBT History Month [Col. 55WH]**  
**Heathrow Expansion: Surface Access [Col. 73WH]**  
**CSC: Redundancies [Col. 81WH]**  
*General Debates*

**Written Statements [Col. 5WS]**

**Petition [Col. 3P]**  
*Observations*

**Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]**

---