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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Monday 15 January 2018

House of Commons

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The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Armed Forces Covenant

1. **Mary Creagh** (Wakefield) (Lab): Whether he has plans to strengthen the armed forces covenant. [903255]

5. **Sir David Amess** (Southend West) (Con): What progress he has made on establishing an armed forces covenant and veterans board. [903259]

The Secretary of State for Defence (Gavin Williamson): The Ministry of Defence published the armed forces covenant annual report in December 2017, which outlined the progress made to strengthen the covenant. Notable achievements include the establishment of a new ministerial covenant and veterans board, which had its first meeting in October 2017. The next ministerial covenant and veterans board meeting is due in the spring.

Mary Creagh: I thank the Secretary of State for that reply. Before Christmas, I visited the Community Awareness Project in Wakefield, and many of its homeless clients are former armed services personnel. The Veterans Association UK estimates that there are 13,000 homeless veterans. They are guaranteed priority access to social housing under the armed forces covenant, but it is impossible to know that unless they are counted in the census. Will he commit—here, today—to count armed forces personnel and veterans in the census, as recommended by the Office for National Statistics?

Gavin Williamson: I thank the hon. Lady for highlighting that, and I assure her that, yes, we will do so.

Sir David Amess: Will my right hon. Friend tell the House what his Department is doing to support wonderful local charities, such as the Leigh-on-Sea branch of the Royal British Legion and Help for Heroes, in helping veterans to tackle isolation and loneliness?

Gavin Williamson: The point my hon. Friend raises is very valuable. We have to be reaching out to so many veterans, who have given so much to our country over so many years, and the work of Help for Heroes and the Leigh-on-Sea branch of the Royal British Legion is absolutely pivotal to that. We have recently seen investment of £2 million to create the veterans' gateway, which is there to make sure that veterans are signposted to the charities, support organisations and of course Government

organisations that can best support them if they are suffering from loneliness or need other additional help. May I take this opportunity to thank the Royal British Legion—at Leigh-on-Sea and at so many other branches across the country—which continues to do so much for our veterans, day in and day out?

Carol Monaghan (Glasgow North West) (SNP): The armed forces covenant is currently more of a statement of intent than a statement of action, and it does not guarantee the support that serving personnel and veterans require. Does the Secretary of State agree that putting an armed forces representative body on a statutory footing would be a bold commitment to ensure proper representation of personnel and veterans?

Gavin Williamson: What we have done is to create the veterans board. It was previously co-chaired by my right hon. Friend the Member for Ashford (Damian Green) and me, and it will now be co-chaired by me and the Minister for the Cabinet Office. We have found that the feedback about what we have been doing and trying to achieve in creating the board has been very positive. This is about not just the Ministry of Defence, but every Department, every local authority in the country and businesses helping and supporting our veterans and our service personnel.

Dr Andrew Murrison (South West Wiltshire) (Con): Housing regularly tops the list of concerns expressed by the Army Families Federation, as my right hon. Friend will know. Since 2014, CarillionAmey has been responsible for 50,000 service homes, and its website boasts that 1,500 calls are taken from concerned service families every day. What will he do, given that Carillion is about to collapse, to ensure that those calls are responded to appropriately in the immediate term and that service housing is dealt with in the longer term?

Gavin Williamson: I thank my hon. Friend for his question. There were some problems, and the Under-Secretary of State for Defence, my right hon. Friend the Member for Bournemouth East (Mr Ellwood), has done an awful lot of work with CarillionAmey to tackle these issues. We will be making every effort to ensure that the accommodation provided by the partners with which we work and from which our service personnel benefit is of the highest standards.

Nia Griffith (Llanelli) (Lab): Housing for our armed forces families is indeed an important part of the covenant. I recognise that CarillionAmey is a separate entity from the parent company, Carillion, but, given the concerns about its capacity and performance and today's worrying news, what contingency plans does the Minister have in the event of unforeseen knock-on effects on armed forces housing?

Gavin Williamson: I assure the House that we have been monitoring the situation closely and working with our industrial partners. There will be a Cobra meeting later today to discuss addressing some of the most immediate issues, and the Under-Secretary of State for Defence, my right hon. Friend the Member for Bournemouth East, will do what he can, working with Amey and the separate business, to make sure that standards are driven up and no one notices a fall in service.

Defence Industry

2. **Chris Green** (Bolton West) (Con): What steps his Department is taking to increase defence exports and protect defence industry jobs. [903256]

13. **Dan Carden** (Liverpool, Walton) (Lab): What steps he is taking to support the defence industry. [903267]

16. **Stephen Morgan** (Portsmouth South) (Lab): What steps he is taking to support the defence industry. [903270]

The Secretary of State for Defence (Gavin Williamson): The strategic defence and security review created a national security objective to promote our prosperity, supporting a thriving and competitive defence sector. We have now published our national shipbuilding strategy and refreshed defence industrial policy; industry has welcomed both. Exports are now also a defence core task, and I was delighted last month to sign the biggest Typhoon order in a decade, worth £6 billion.

Chris Green: Our NATO allies should be living up to their commitment to spend 2% of gross domestic product on defence, including 20% of defence expenditure being on major equipment, as agreed at the 2014 NATO Wales summit. Does my right hon. Friend agree that, if all members of NATO lived up to their commitments, there would be a boost to the British defence manufacturing sector and therefore to high-skilled British jobs?

Gavin Williamson: My hon. Friend makes a valuable point. He is right that, if everyone lived up their commitments on NATO spending and capital equipment, Britain could be a major beneficiary. I have made that point repeatedly to NATO Defence Ministers. It is about making sure that we have the right product on offer, so that we can sell it around the globe. That is something we in this country can be proud of as we continue to make significant and important deals across the globe.

Dan Carden: Will the Secretary of State confirm that, by 2020, 20% of our defence budget is set to be spent in the United States, not supporting UK jobs in design, engineering and manufacturing? Will he look again at defence procurement policy, which currently excludes social, economic and employment policies?

Gavin Williamson: We are proud that we continue to sell more and more to the United States that is British designed, manufactured and built, and we will continue to do that. We have some world-leading companies that continue to lead the way in this field.

Stephen Morgan: The defence industrial policy refresh was extremely disappointing, particularly in its failure to include a change to how the Ministry of Defence calculates value for money to include employment and economic impacts in cities such as Portsmouth, despite many defence companies urging the Ministry to make that change. Can the Secretary of State explain why?

Gavin Williamson: The refresh has broadly been welcomed by industry. I am sure that it will be followed by further refreshes, and we will be happy to look at different options.

Andrew Percy (Brigg and Goole) (Con): One way to support defence exports is to make more of the “Five Eyes” relationship and the sharing of platforms. A great way to do that would be to have three, or perhaps four of the “Five Eyes” powers operating the same platforms, potentially on the same frigates. Will my right hon. Friend assure me that every effort will be made at the top of Government to support Type 26 exports?

Gavin Williamson: My hon. Friend makes an important point about exploiting the “Five Eyes” relationship in terms of defence exports. I have raised that with my Australian and Canadian counterparts. We need to create a platform that uses not just British products, but Canadian and Australian products, to encourage them to purchase the platform.

Mr Stephen Hepburn (Jarrow) (Lab): In any defence contract, what conditions do the Government put in to ensure the use of British labour, new apprenticeships and British components?

Gavin Williamson: The Ministry of Defence has created 20,000 apprenticeship places in the past few years. Everything we do in our negotiations with firms, both UK based and international, aims to bring as much work content as possible into the United Kingdom.

Jeremy Quin (Horsham) (Con): Will my right hon. Friend welcome the often innovative work done in this field by smaller UK companies? Does he agree that they have a valuable role to play in procurement?

Gavin Williamson: We need to work out how to bring more small and medium-sized businesses into the MOD supply chain. Sterling work has been done in the past few years, but we have to double down on that and make sure that more small and mid-sized businesses benefit from MOD contracts.

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): As the Defence Secretary will know, the Government recently signed a letter of intent with the Qatari Government for six new Hawk aircraft, but workers at the BAE Brough plant say that, even if that deal goes through, there will still have to be a headcount reduction in line with future aircraft production rates. What can the Government say to reassure these workers about their jobs?

Gavin Williamson: Later this afternoon, I will be meeting the Qatari Defence Minister to try to push the issue of making sure that we deliver on the statement of intent and the deal in terms of the purchase of the six Hawk aircraft. I have also taken the opportunity to meet the Emir of Kuwait, as well as the Prime Minister and the Defence Secretary, to push the 12 Hawk aircraft that we are desperately hoping the Kuwaitis will look at purchasing. This will have an important impact on the hon. Lady’s constituency and so many others.

Wayne David (Caerphilly) (Lab): I congratulate the Minister with responsibility for defence procurement, the Under-Secretary of State for Defence, the hon. Member for Aberconwy (Guto Bebb), on his new job. I am sure he will do his best to ensure fairness in defence procurement. I very much hope that the Defence Secretary will dispel the rumours regarding the £3 billion contract for the new mechanised infantry vehicle. Will he take this opportunity to give a commitment that there will not be a cosy deal with the Germans, but a fair and open competition for the prime contract?

Gavin Williamson: What we have been doing is working to get a clear idea of what the Army needs going forward. The Under-Secretary of State for Defence, my hon. Friend the Member for Aberconwy, is new to the job. He will be looking at the options as to how we take this forward and making sure that we get the best deal and the best value, as well as the right equipment for the British Army. He will be looking at the details as he gets his feet under the desk.

Strategic Equality Objectives

3. **Dr Roberta Blackman-Woods** (City of Durham) (Lab): When his Department plans to publish its new strategic equality objectives. [903257]

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): The MOD increasingly strives to become a more diverse and inclusive organisation. The defence diversity and inclusion strategy is currently being reviewed to ensure it is continuing to have the desired impact on the organisation. I look forward to publishing a paper later this year.

Dr Blackman-Woods: Having more diverse armed forces clearly adds to their effectiveness, but, unfortunately, the latest figures show that the number of black, Asian and minority ethnic regular personnel has risen only 0.5% since 2015. What specific initiatives does the MOD have to improve on this?

Mr Ellwood: The hon. Lady will be aware of the latest advertising campaign that is going through. She is absolutely right that, if we are to reflect society, we must be able to recruit from right across society, and that includes BAME people and women as well. We have this target of 10% for BAME and 15% for women by 2020, and I hope we will achieve that.

James Gray (North Wiltshire) (Con): I strongly support the Minister's ambition to encourage more BAME people and women to join the armed forces, but what has led him to the conclusion that the new advertising campaign to which he alluded a moment ago, which is rather less than robust in my view, will be any more successful in doing that than the good old-fashioned "Be the Best"?

Mr Ellwood: I am grateful for my hon. Friend's question. He will be aware that the "Be the Best" campaign continues, but he will also be aware that we must recruit from a diverse footprint. That means that we have to dispel some of the messages that are out there, and that is exactly what this new campaign is seeking to do.

Douglas Chapman (Dunfermline and West Fife) (SNP): What assurances can the Minister give workers in Rosyth, in my constituency, about the future work programme for the dockyard there, following the carrier completion contracts? Would he be able to meet me in the constituency to discuss that future work programme with unions and the management?

Mr Speaker: Order. I struggle to identify the relationship between the question posed and that of which the House was treating, but I will charitably attribute this to my inability fully to hear the hon. Gentleman. If the Minister wishes to blurt out an extremely brief reply, I think we should indulge the fella.

Mr Ellwood: I hope I never blurt out anything in this Chamber, Mr Speaker, but I will say with courtesy to the hon. Gentleman that, if he would like to meet my hon. Friend the new procurement Minister, I am sure they can come to some arrangement.

Mr Speaker: That all sounds very encouraging. Now, on the matter of equality and diversity, let us hear from a Lincolnshire knight.

Sir Edward Leigh (Gainsborough) (Con): Of course the armed forces should be welcoming and open to all, irrespective of their gender, race or sexuality, but is it not better to state this in general terms? After all, we are all part of a minority—as you have alluded to, Mr Speaker, I am part of many minorities in my views—and the armed forces should be representative of the whole nation.

Mr Ellwood: They should be, and that is why, even within the time of this Government, we have seen the number of women in one-star postings or above increase from 10 to 20, for example, and why we have opened up every role in the armed forces to women as well.

Daesh (Syria and Iraq)

4. **Royston Smith** (Southampton, Itchen) (Con): What the Government's policy is on the use of drones to target Daesh fighters in Syria and Iraq. [903258]

The Secretary of State for Defence (Gavin Williamson): The Government's policy on the use of remotely piloted air systems to target Daesh fighters in Syria and Iraq is no different from targeting conducted by a manned aircraft. All UK targeting is conducted in accordance with UK and international law.

Royston Smith: Our drones are piloted in the same way as fixed-wing strike aircraft, but the pilots do not have the same service life as pilots in frontline squadrons. Some drone pilots find it difficult to switch between being on live operations and being at home with their families. Will the Secretary of State confirm what support we give to drone pilots, and does it recognise the peculiar circumstances of their role?

Gavin Williamson: We recognise that this is a new form of warfare, and we have been working very closely with those engaged in it, making sure they have that support and that it is put in place before they go on operations, during and after. We are also working very

closely with the United States air force to make sure we learn the lessons they have learned over the past few years so that our service personnel might benefit.

Dan Jarvis (Barnsley Central) (Lab): The one thing above all else that gives us legitimacy in using force under these circumstances is the rule of law. Further to what he just said, will the Secretary of State confirm that UK operations will always comply with both the rule of law—the law of armed conflict—and the Geneva convention?

Gavin Williamson: Yes, they do.

Armed Forces Compensation Scheme

6. **Melanie Onn** (Great Grimsby) (Lab): When the Government plan to publish their response to the armed forces compensation scheme review, published in February 2017. [903260]

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): The Ministry of Defence is carefully considering the recommendations of the armed forces compensation scheme review. It has always been the intention to publish a response a year after the publication of the review, which came out in February 2017.

Melanie Onn: As part of the Government's response to the consultation, will the Minister consider the fact that, since the establishment of the compensation scheme 11 years ago, only 56% of claimants have been given awards, that 96% of those have been in the lowest four levels of support and that 60% of those low-level awards that are then appealed receive an increase in award? That significant percentage demonstrates flaws in the original decision-making process. Will he commit to urgently improving that first-stage decision making to ensure that veterans are given the support they deserve?

Mr Ellwood: I am happy to look at the concerns the hon. Lady raises. The quinquennial review took place in 2016, and overall we were found to have remained on track and fit for purpose. We are making some changes, but they will be announced later in the year.

Fabian Hamilton (Leeds North East) (Lab): The Opposition strongly welcome reforms to the compensation scheme to make it fairer and easier to access, but we are concerned at Government proposals to prevent armed forces personnel and their families from seeking legal redress where there are failings that need to be highlighted. Not only would this remove an important legal right for injured service members, but it could prevent the MOD from learning lessons from past decisions. Will the Minister agree to think again and preserve the right of redress for personnel and their families?

Mr Ellwood: As I alluded to in my previous answer, no firm decisions have been made, but I will be presenting the results in due course, and I will bear in mind what the hon. Gentleman has said.

Royal Navy: Capability and Strength

7. **Kevin Foster** (Torbay) (Con): What recent assessment he has made of the capability and strength of the Royal Navy. [903261]

The Minister for the Armed Forces (Mark Lancaster): The Government are committed to increasing our maritime power to project our influence across the world and promote national prosperity. Growing for the first time in a generation, we will spend £63 billion on new ships and submarines over the next decade. We are also committed to increasing the number of personnel in the Royal Navy.

Kevin Foster: As the Minister will know, the strongest arm of the Royal Navy is the Royal Marines. Will he update the House on the work that is ongoing to transform the Royal Marines home base in south Devon into a world-leading facility and how it will enhance our national amphibious capability plans to ensure that we continue to meet our NATO and national priorities?

Mark Lancaster: In my previous role, I was responsible for the better defence estate strategy. I can confirm that it remains the intention to dispose of the Royal Citadel and Stonehouse in 2024 and Chivenor in 2027, and to provide units for the Royal Marines in either Plymouth or Torpoint. I cannot confirm exactly what form that will take at this stage, as further work is required, but I will update the House in due course.

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): The lack of clarity and the leaks and confusion surrounding the national security review are really hitting morale, and morale affects capability in the Royal Navy. Given the uncertainty over Plymouth's HMS Albion and HMS Bulwark and, now, the leaked proposal to merge the Royal Marines with the Parachute Regiment, will the Minister clear up the confusion and rule out those Navy cuts and the merger?

Mark Lancaster: I am sorry to have to disappoint the hon. Gentleman, but I can only repeat what has already been said: the Government take the security of our nation incredibly seriously. I think it is far more important to ensure that the review is robust, comprehensive and detailed than to rush to make announcements simply to appease the hon. Gentleman.

Dr Julian Lewis (New Forest East) (Con): May we take a moment to acknowledge the courageous service of Surgeon-Captain Rick Jolly, whose death has just been announced? He was the only person to be awarded a gallantry medal by both sides in the Falklands war.

Will the Minister please take back to those conducting the review the united opinion on both sides of the House that any loss of frigates and amphibious vessels before their due out-of-service dates would be totally unacceptable?

Mark Lancaster: I am grateful to my right hon. Friend for highlighting the very sad passing of Commander Rick Jolly. He was indeed an absolute legend, and the service that he provided in the Falklands is worth reading about. It is unique to have been given awards for gallantry by both the United Kingdom and the Argentine forces. I also note my right hon. Friend's other point.

Chris Bryant (Rhondda) (Lab): Does not the passage of the Russian frigate Admiral Gorshkov through the English channel over Christmas prove that the Russians are intent on constantly observing our capability on the high seas, and is it not vital for us to maintain that capability at as high a level as possible?

Mark Lancaster: Absolutely. The Russian activity in the north Atlantic is as high as it has been since the end of the cold war, which is why we constantly assess it and respond appropriately. I was delighted that, as ever, HMS St Albans accompanied that Russian vessel during its passage through the channel.

Mr Speaker: I call Richard Grosvenor Plunkett-Erle-Drax.

Richard Drax (South Dorset) (Con): Thank you very much, Mr Speaker.

May I reiterate what Members on both sides of the House have said so far, and add my concerns to those that have already been expressed about the future of the Royal Marines and the Royal Navy? I believe that any cutting of the Royal Marines or any further part of our amphibious fleet—HMS Ocean having already gone to the Brazilians—is absolutely out of order and totally unacceptable.

Mark Lancaster: My hon. Friend is a champion of the armed forces, and I am of course aware of his own service. I can only repeat what has already been said, but I entirely recognise the contribution made by both the Royal Marines and the Royal Navy. I was deeply honoured to be able to award green berets to our Royal Marines back in 2016, having accompanied them for a short run across the moor. I am only too well aware of what they are capable of, and I note my hon. Friend's concerns.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): What assessments have been undertaken of naval capability in response to the inevitable arms race in weapons of mass destruction which would follow the implementation of the United States' nuclear posture review?

Mark Lancaster: I am sorry, but I did not catch the question. If I may, I will review it and write to the hon. Gentleman.

Mr Speaker: I think it would be fair to say that it was tangential to the subject of the strength of the Royal Navy.

Nia Griffith (Llanelli) (Lab): We have heard from the Government ad nauseam that the Royal Navy is growing when that is demonstrably untrue. There continues to be a sharp divide between rhetoric and reality. It is utterly unacceptable that the House should hear about significant potential cuts from the newspapers, as we did yet again this weekend. Can the Minister refute those reports, and confirm that we will not see a repetition of the 2010 scale of cuts in our armed forces?

Mark Lancaster: It is deeply disappointing that the hon. Lady once again comes to the Dispatch Box almost trying to talk down our Royal Navy. As is clear from the opening comments, we are absolutely committed to some £63 billion-worth of investment in our Royal Navy. Only shortly before Christmas we saw the Queen Elizabeth arriving in Portsmouth, after £120 million worth of investment in Portsmouth. We have now laid the first contracts for the first three Type 26s, and we are looking at Type 31s, and there are also nine new P-8 aircraft.

The investment in our Royal Navy is significant, so for the hon. Lady to come to the Dispatch Box and simply try to talk it down is deeply disappointing.

Nia Griffith: Once again we do not seem to have very clear answers on that front. We also know that a lack of personnel is a driving factor for decisions in the Royal Navy. Capita is failing miserably on recruitment targets, failing to deliver savings, and is still bungling its IT systems, so what specific steps will the Minister be taking to get to grips with this situation?

Mark Lancaster: We seem to be switching seamlessly from the Navy to the Army. *[Interruption.]* If it is in order, that is fine, but there is continuing work on recruitment in the Army. I am pleased to say that compared with this period last year, applications are up about 20%. There have been some minor glitches in the new computer system, but they are being ironed out and I am confident that we will see recruitment into the Army increasing.

Future Accommodation Model

8. **Hugh Gaffney (Coatbridge, Chryston and Bellshill) (Lab):** What recent steps his Department has taken to develop the future accommodation model. [903262]

10. **Jeff Smith (Manchester, Withington) (Lab):** What recent steps his Department has taken to develop the future accommodation model. [903264]

18. **Carolyn Harris (Swansea East) (Lab):** Whether his Department plans to replace service family accommodation with a rental allowance. [903272]

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): The MOD is committed to giving personnel flexibility and choice in where, how and with whom they live. The future accommodation model programme is advancing a new way to offer choice to our armed forces, whether they wish to live on the garrison or rent or buy a house.

Hugh Gaffney: The families federations have made clear their concerns about the family accommodation model and a distinct lack of communication from the Department with forces families. When will this Government introduce some concrete proposals so that forces families have some clarity about their future?

Mr Ellwood: I agree that it is very important that we work closely with the families federations to make sure that we look after their interests, and we have explained the proposals to them. I meet them regularly and my right hon. Friend the Secretary of State has also met them recently to explain the roll-out of this pilot scheme, which will begin at the end of this year.

Jeff Smith: It has been suggested that this model has saved £500 million, but also that it will not reduce the total pot of money used to subsidise housing. Given that we are told that no decisions have been made, is it not true that this £500 million figure has just been plucked from the air and we do not actually know the financial implications of this?

Mr Ellwood: Let us turn this around: this is not about saving money; it is about offering choice to those whom we want to keep in our armed forces. One of the reasons why individuals choose to leave is that there is no choice; they look over their shoulders and see people in civilian streets able to invest in a house, or to rent or to buy and so forth, and that is exactly what we want to offer those in the armed forces.

Carolyn Harris: The Army Families Federation found that if service family accommodation was replaced with the rental model, only 22% of personnel surveyed would definitely remain in the Army. Does the Minister not agree that the future accommodation model risks having a devastating impact on already shaky retention rates?

Mr Ellwood: I do not quite recognise those figures. We have worked with the families federations to establish exactly what the armed forces want, and they want choice, particularly the youngsters who come in. Some will want to continue living on the garrison, but others will want to get on the housing ladder, and we need to help them; that is what we need to do for our armed forces.

Mr Mark Francois (Rayleigh and Wickford) (Con): The most pressing worry of service personnel tonight in terms of the future of their accommodation will be that the parent company of the company that provides the maintenance of their quarters has just gone bust. Given the great importance of its service to service personnel, particularly in the middle of winter, may I press the Minister further and ask what plan B has the Defence Infrastructure Organisation come up with to make sure that maintenance will continue for service personnel throughout the winter?

Mr Ellwood: My right hon. Friend is right to raise this important question. There will be questions about the future of Carillion, and I understand that a statement on the matter will follow Defence questions. From the Defence perspective, we should recognise that a plan B was inherent in all the contracts. These are joint ventures, and if one of the companies steps back, there is an obligation on the other company to move forward and fill the space. We have been working on this for some time, and we have been prepared for this moment.

Nigel Huddleston (Mid Worcestershire) (Con): I am fortunate enough to have visited several airbases recently as part of the armed forces parliamentary scheme, and many airmen and women have expressed their concern about the significant differences in off-base accommodation across the country. How can we address this concern if there is no differential in pay in the future accommodation model?

Mr Ellwood: First, I pay tribute to the armed forces parliamentary scheme. Looking round the Chamber, I hope that there is not a single person who has not either done the course or signed up for it, because it gives a fantastic and valuable insight into what our brave armed forces personnel are doing. In relation to the future accommodation model, it is important that people should not be disfranchised because of funding, and we need to ensure that, no matter where someone might rent, it will be about the same up and down the country. That will be the plan.

Stewart Malcolm McDonald (Glasgow South) (SNP): On behalf of the Scottish National party, I welcome the new Minister, the Under-Secretary of State for Defence, the hon. Member for Aberconwy (Guto Bebb), to his place. In response to an earlier question on CarillionAmey, it was stated that military families should not see a difference in the service they receive. Is it not the case, however, that they should see a difference? The 1,500 calls per day that the hon. Member for South West Wiltshire (Dr Murrison) mentioned earlier should tell us that something is deeply wrong with this private contract.

Mr Ellwood: First, I extend my welcome to the Under-Secretary of State for Defence, my hon. Friend the Member for Aberconwy, the new procurement Minister. He is very welcome indeed. In relation to the hon. Gentleman's question, we need to understand what those calls are. If someone is phoning up to get a lightbulb replaced, does that mean that they are dissatisfied with the service, or do they simply need a new lightbulb? Let us be honest about what those calls actually are. A process also exists so that when someone is prevented from, say, getting a new lightbulb, they are compensated for the inconvenience caused.

Stewart Malcolm McDonald: Let us be serious here. We know that this is not about lightbulbs. It is about people's hot water going off and their having to wait weeks to get it fixed. Is it any wonder that fewer than half our service families are happy with the current accommodation model? When does the Minister plan to get a grip of this and end the dreadful service that companies such as CarillionAmey are giving to military families?

Mr Ellwood: The hon. Gentleman is absolutely right; it should not be flippant about something that is so important. I should explain, however, that an awful lot of calls come through that relate to the everyday management of these locations. Yes, there are occasions when someone's boiler has gone and we need to ensure that the individual family is compensated. Under a former Defence Secretary a couple of years ago, we called the company in to say that standards were slipping and needed to be improved. The satisfaction surveys that have come back since then show that there has been a dramatic increase, but yes, we still need to keep working at this.

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): We know that the Conservatives have a poor record when it comes to making decisions on armed forces housing. The 1996 sell-off is the prime example of that. The Ministry of Defence is planning to sell a number of sites as part of its changes to the defence estate, but it is unclear what will happen to the housing stock on those sites. Will the Minister tell us what plans are in place for that housing when the sites are sold?

Mr Ellwood: Stepping back from Defence questions, I am sure that the hon. Gentleman will be aware of the need for more housing in this country. The Ministry of Defence owns 2% of UK land, and it is important that we do our job in freeing up land that we no longer need and that is surplus to requirements in order to make way for new housing. That is exactly what we are doing, and we have started off with an announcement on 91 sites.

European Defence Agency/Fund

9. **Kerry McCarthy** (Bristol East) (Lab): What discussions he has had with his EU counterparts on the UK's future participation in the European Defence Agency and the European Defence Fund. [903263]

The Parliamentary Under-Secretary of State for Defence (Guto Bebb): I thank Members on both sides of the House for their warm welcome. I should also like to take this opportunity to pay tribute to my predecessor for the work that she has done in this role for the past two years. Ministerial colleagues and I regularly discuss defence co-operation with our European partners. The Government are clear that they are seeking a deep and special partnership with the EU, including on security matters. It is important that UK and European industry can continue to work together to deliver the capabilities we need to keep us safe, and we look forward to discussing options for future co-operation during the next phase of the negotiations.

Kerry McCarthy: I thank the Minister for that response, although he does not make it clear whether we will still be part of the European defence fund or whether that is our ambition. He will be aware that negotiations on the next stage of the European defence industrial development programme, which is part of the EDF, are taking place, so what assessment has he made of the impact on jobs in our aerospace, defence and security industries if we do leave?

Guto Bebb: The impact would be significant, and everybody would recognise that. However, going back to my previous point, the Government's intention is to ensure that, despite leaving the European Union, our relationship with our European partners on security and defence is enhanced and strengthened.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister surely knows of the deep concern among our friends and allies across Europe, not just about the European defence fund, but about the fact that this country is running down its defence capacity. Our support for NATO is under threat from our leaving the European Union, and people believe that we will soon lose our seat on the UN Security Council. What does he say to our friends in Europe?

Guto Bebb: The hon. Gentleman is making a statement that I do not recognise. This country is still one of the largest defence spenders in the world and still meets its obligations within NATO, and our European partners are well aware that the United Kingdom has a huge amount to offer them moving forward. The picture painted by the hon. Gentleman does not reflect the reality.

Munitions Workers (First and Second World Wars)

11. **Henry Smith** (Crawley) (Con): If he will take steps to further recognise the work of munitions workers during the First and Second World Wars. [903265]

The Minister for the Armed Forces (Mark Lancaster): I am sure that the whole House will join me in paying tribute to the thousands who worked in munitions factories during both world wars. They produced vital

equipment that helped us to final victory. For practical reasons, it is not possible to pursue individual awards, but the Department for Business, Energy and Industrial Strategy would be happy to work with colleagues across the House to look at further ways of recognising the collective effort of former munitions workers.

Henry Smith: My constituent Sue Wickstead wrote to me about her aunt, who worked in a munitions factory during the second world war, and I urge my hon. Friend to work with BEIS to ensure that munitions workers are properly commemorated for their bravery on behalf of our country's freedom.

Mark Lancaster: I am delighted to say that we are already in negotiations with the Department and will happily pursue that work.

Ruth Smeeth (Stoke-on-Trent North) (Lab): Last year, I had the privilege and pleasure of meeting Ethel Parker, a 99-year-old former munitions worker from Swynnerton. She is incredibly proud of her service and will be 100 in May—I am sure she will forgive me for mentioning her age. For her and many others, time may well be running out, and they would very much want to be at the opening of a memorial, which would ideally not be in London so that they could visit it. Can we progress this issue as a matter of urgency, just as we have with other memorials, so that those involved can actually see the testament to their work to deliver victory in world war one and world war two?

Mark Lancaster: Once again, I can only pay tribute to those constituents who played such an important part in the second world war—those who took part in world war one are no longer around—and I absolutely recognise the urgency. We had a similar issue when it came to the French Légion d'Honneur, so mechanisms are in place, but I will pursue this as a matter of urgency.

War Widows

12. **Rosie Duffield** (Canterbury) (Lab): If he will reinstate the war widows' pension for widows who were required to surrender that pension due to remarriage or cohabitation. [903266]

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): May I group this question with Question 21?

Mr Speaker: The answer is that it was not grouped, but I think we ought to indulge the fella.

Mr Ellwood: I think I might go out and buy a lottery ticket, Mr Speaker, as I seem to be doing well here—

Mr Speaker: I think the right hon. Gentleman is getting a little confused. I know that his responsibility is for defence rather than arithmetic, but the grouping was between Questions 14 and 21, so it is rather difficult to put Question 12 with Question 21. The right hon. Gentleman should satisfy himself with what I am sure will be a high-quality answer to the hon. Member for Canterbury (Rosie Duffield).

Mr Ellwood: Mr Speaker, that is why you are the Speaker and I am just a Minister.

While much attention in defence debates focuses on those in uniform, we must recognise the unique commitment that families make to our country in supporting those who actually serve. I have met the War Widows' Association of Great Britain on several occasions and have listened carefully to its case for the reinstatement of war widows' pensions for those widows who remarried or cohabited before 1 April 2015. The Secretary of State is already apprised of the issue, and we are now considering a way forward.

Mr Speaker: I should just say that the right hon. Gentleman is a respected Minister. On a very serious note, and in recognition of the fact that I will have the whole House with me, we discovered not that long ago that the right hon. Gentleman is also a very brave man.

Rosie Duffield: As the Minister will know, arbitrary and unjust transitions in pension status can have dire consequences for those who depend on them, and it is particularly shameful when those affected are the families of those who were prepared to make the ultimate sacrifice for our country. Members of my own family have been affected, so will the Minister please meet me directly to discuss this issue?

Mr Ellwood: I would be delighted to meet the hon. Lady, particularly given her experience of this matter. It is a very difficult issue, and we must recognise that war widows' pensions are not compensation for the loss of a spouse but are paid to assist with maintenance. We must pay tribute to any family who have undertaken the burden of losing somebody in uniform to the service of this country.

Mr Speaker: We now come to Question 14. I hope someone will now volunteer to group it with Question 21.

Mr Ellwood: No one else is stepping forward, so I will jump in.

Armed Forces: Pay and Retention

14. **Jo Platt** (Leigh) (Lab/Co-op): What assessment he has made of the effect of delays to the 2018-19 pay negotiations on retention in the armed forces. [903268]

21. **Ellie Reeves** (Lewisham West and Penge) (Lab): What assessment he has made of the effect of delays to the 2018-19 pay negotiations on retention in the armed forces. [903277]

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): As the House is aware, pay rates are recommended by the independent Armed Forces Pay Review Body, and by the Senior Salaries Review Body for the most senior officers. The next set of recommendations are expected in the spring.

Jo Platt: Does the Minister share my concern that all three services are running below strength and that the delay in lifting the armed forces pay cap and in prioritising recruitment will only exacerbate the problem?

Mr Ellwood: I hope the whole House would agree that pay is not the reason why people join the armed forces. Nor is it the reason why people choose to leave the armed forces, but we do not want it to become one. That is why I am pleased that the Armed Forces Pay Review Body has been liberated from the 1% pay freeze that has existed for a number of years.

Ellie Reeves: The 2017 armed forces continuous attitude survey found that satisfaction with the basic rate of pay and pension is at the lowest level ever recorded, with nearly half of service personnel stating that their pay and benefits are not fair for the hard work they do. How bad do things have to get before the Government take this seriously?

Mr Ellwood: I repeat: the important situational change is that the 1% pay freeze has been lifted. It is up to the pay review body to make its recommendations. We should also recognise that it is not simple basic pay. There is a complex process involved in armed forces pay, including progression pay, the X factor and a variety of allowances that must also be incorporated and considered.

Armed Forces: Mental Health Support

17. **Jo Swinson** (East Dunbartonshire) (LD): What steps his Department is taking to improve mental health support for members of the armed forces. [903271]

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): There has been a comprehensive change in how we deal with mental health issues in the armed forces, as outlined in the mental health and wellbeing strategy, which I was privileged to launch last year. We are already seeing the start of a cultural change in removing the stigma that for so long has been associated with those wanting to raise mental health concerns during their service time.

Jo Swinson: I thank the Minister for that reply. A recent report found that just 31% of our armed forces personnel and veterans with recent mental health problems had accessed a mental health specialist. Does he agree that the high rates of medical discharge among UK personnel might prevent people from seeking help for fear it might end their career? What will the Government do to encourage service personnel with mental health issues to seek help?

Mr Ellwood: The hon. Lady is absolutely right, and it is why we had to introduce such a fundamental change in our strategy. People were not coming forward. If someone has a knee injury, they declare it, they show it, they get it sorted out and they get back into the line. If they had something wrong with their mind, soldiers, sailors and air personnel were reticent to step forward. That is now changing. We are changing the stigma, and we are grateful to the support of the Royal Foundation for providing funding for extra studies on this important matter.

Johnny Mercer (Plymouth, Moor View) (Con): Does my right hon. Friend agree that we need to be very careful with this narrative on veterans? If we go too far down the road of promoting the idea that we are all broken and contribute nothing, it will not help us to beat the challenge and to present mental health treatments on a fair and acceptable footing for our armed forces.

Mr Ellwood: I shall take this opportunity to explain that the absolute majority of the 14,000 who leave the armed forces every single year make the transition into civilian life without a problem. In fact, 90% or so are either in education or in a job within six months. However, some require support, and often that they do not know where to find that support. My right hon. Friend the Secretary of State mentioned the armed forces veterans' gateway, which is an important portal that opens up more than 400 military-facing charities that can provide that support for our deserving veterans.

Royal Air Force: Pilots

19. **John Grogan** (Keighley) (Lab): How many pilots have applied to leave the Royal Air Force in each of the last three years. [903274]

The Minister for the Armed Forces (Mark Lancaster): A total of 145 pilots formally applied to leave the Royal Air Force in the last three financial years.

John Grogan: Does the Minister agree that the RAF needs to do everything possible to retain its experienced pilots, particularly in the light of competition from the civil sector? Will he look at the case of 100 experienced pilots who have been disadvantaged in relation to their peers by the latest change to pay and conditions?

Mark Lancaster: I absolutely recognise that we need to retain our experienced pilots, and of course a number of financial retention schemes are in place to do that. Equally, pilots have the choice as to whether or not they remain flying, by going into a specialist flying scheme, or stop flying, by going into the general scheme. Since the announcement that we would be buying nine P-8s, I have been deeply encouraged by the number of commercial pilots who have left the RAF and now want to re-join.

Douglas Ross (Moray) (Con): RAF pilots from Lossiemouth and other military personnel in my constituency have contacted me about the Scottish National party's "nat tax", which makes Scotland the highest taxed part of the United Kingdom and potentially a less desirable posting. Does the Minister agree that the SNP should drop these dangerous plans? If it will not, what support could the Government give RAF personnel in Scotland, who will face paying more tax than their counterparts south of the border?

Mr Speaker: Don't bang on about SNP policy—we don't need to do that. The esteemed Minister should focus on the latter part of the question, which was orderly and did relate to the policy of the Government, for which he is responsible.

Mark Lancaster: I would not dream of banging on about the SNP, but it is of course for it to justify to our armed forces personnel its higher rate of income tax. I have yet to be contacted by any RAF pilots wishing to leave, and I will continue to do my best to ensure that they will want to stay in the RAF.

Fleet Solid Support Ships

20. **Mr Paul Sweeney** (Glasgow North East) (Lab/Co-op): If he will make an assessment of the potential merits of holding a UK-only competition to design and construct the new fleet solid support ships for the Royal Fleet Auxiliary. [903275]

The Parliamentary Under-Secretary of State for Defence (Guto Bebb): The national shipbuilding strategy made it clear that, as non-warships, the fleet solid support ships will be subject to international competition. There are clear cost and value-for-money advantages from maximising competition, which remains the cornerstone of defence procurement. UK companies are welcome to participate in the competition.

Mr Sweeney: Daewoo, of South Korea, which is currently building the Tide class tankers for the Royal Fleet Auxiliary, has benefited from unfair state aid assistance from the South Korean Government. Will the Minister give assurances that for the next batch of fleet solid support ships, any shipyard worldwide that is benefiting from unfair state aid will be excluded from the competition? Even better, will he make a commitment that UK shipbuilders will be able to bid for that on that basis?

Guto Bebb: I thank the hon. Gentleman for his question. The point I made in my initial answer is very clear: we believe that competition is a good thing. That means fair competition, so we will be more than happy to look into the details of his comments. However, we do believe that competition on this issue is the best way forward.

Topical Questions

T1. [903280] **Jim McMahon** (Oldham West and Royton) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

The Secretary of State for Defence (Gavin Williamson): Since becoming Defence Secretary, I have asked the Department to develop robust options for ensuring that defence can match the future threats and challenges facing the nation. Shortly, when the national security capability review finishes, the Prime Minister, with National Security Council colleagues, will decide how to take forward its conclusions, and I would not wish to pre-empt them. However, as the Prime Minister made clear in the speech at the Lord Mayor's banquet late last year, we face increasing and diversifying threats to this nation. Although the detail must wait until the NSCR concludes, I can assure this House that as long as I am Defence Secretary we will develop and sustain the capabilities necessary to maintain a continuous at-sea deterrence; a carrier force capable of striking globally; and the armed forces necessary to protect the north Atlantic, to properly support our NATO allies and to protect the United Kingdom and its global interests. That is why I continue to work with the Prime Minister and the Chancellor to secure a sustainable budget for defence to deliver the right capabilities, now and into the future.

Finally, I wish to thank all those service personnel who gave and did so much over Christmas and new year to make sure this country remained safe.

Jim McMahon: I thank the Secretary of State for his belated acceptance speech.

The Army recruitment centre in Oldham closed before the recruitment contract was handed over to Capita. Last year, only 7,000 of the 10,000 new entrants needed for the Army were recruited. Will the Department review the closure of those local offices to see whether it has affected the number of new entrants coming through?

Gavin Williamson: Yes, we will certainly always review anything that has an impact on local recruitment. We are always looking into this issue. We have seen a 15% increase in the number of people applying to join the Army. We want to build on that and make sure that more people join our armed forces.

T2. [903281] **Eddie Hughes** (Walsall North) (Con): As a proud civil engineer, I am excited by the prospect of this being the year of the engineer. Will the Secretary of State tell the House what plans his Department has to recruit more nuclear engineers for the Navy, more mechanical engineers for the Army and more aeronautical engineers for the RAF, to ensure that we will have sufficient numbers of these critical personnel in the years ahead?

The Parliamentary Under-Secretary of State for Defence (Guto Bebb): I thank my hon. Friend for the passion with which he asked his question. The Ministry of Defence supports and attracts engineers around the services. That work includes focusing on undergraduate apprenticeships in the Royal Navy to target submarine engineers; the Army's running science, technology, engineering and maths events to inspire young people; and enhanced digital marketing of the RAF to promote graduate engineering opportunities.

T3. [903282] **John Mann** (Bassetlaw) (Lab): Given the appalling state of some armed services accommodation and the amount of gold we have poured down Carillion's throat, is not this week a great opportunity to directly employ some of the maintenance and catering staff, who could be automatically taken on by the MOD today to provide a good service without the requirement for a profit to be made for Carillion or any other private sector company?

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): As I said earlier, plans are in place to make sure that, with respect to what is happening with Carillion, obligations are met and we continue to provide the important accommodation for service families, as well as single accommodation.

T4. [903283] **Bill Wiggin** (North Herefordshire) (Con): At this time, when there is so much pressure on the departmental budget, will the Minister make sure that cadets, who do so much to make sure that recruitment carries on, are properly protected and resourced?

The Minister for the Armed Forces (Mark Lancaster): My hon. Friend is a champion for the cadets. With more than 800 cadets and 125 adult volunteers in 20 detachments, the Hereford and Worcester Army Cadet Force demonstrates how the cadet experience provides opportunities for young people to develop self-discipline and resilience. I started my military career in the cadets, I am a great fan of the cadets, and we certainly continue to support the cadet expansion programme.

T7. [903286] **Mr Kevan Jones** (North Durham) (Lab): The national shipbuilding strategy states that overseas nations will order 40 Type 31 frigates. It is nearly 40 years since we last successfully exported any frigates,

so will the Minister explain how that figure was arrived at? Is there any fact behind it, or is it just optimistic spin?

Guto Bebb: Once again, the hon. Gentleman's comments are disparaging of our ability as a nation. This country aims to deal with past failures by ensuring that we have a platform that will appeal to nations around the world. The MOD is confident that the platform that we are developing for the Type 31e will appeal around the world. It would be good if some Members who claim to represent British industry were willing to support rather than attack it.

T5. [903284] **Henry Smith** (Crawley) (Con): Will my right hon. Friend the Secretary of State update the House on the Royal Navy's Crowsnest system and join me in paying tribute to Thales, which is based in my constituency, for the delivery of the project?

Guto Bebb: The Crowsnest project will deliver instructor and initial crew training in 2019, and it will be operational from mid-2020 to support the initial operating capability for HMS Queen Elizabeth. We are on track for Crowsnest to enter service, and I thank Thales—a key subcontractor—for its positive engagement and its collaborative approach to supporting this vital Royal Navy project.

T8. [903288] **Christian Matheson** (City of Chester) (Lab): When my hon. Friend the Member for Liverpool, Walton (Dan Carden) pointed out that 20% of our defence procurement budget is spent in the United States, the Secretary of State replied by suggesting that we were selling lots of big contracts to the USA. Will he say what they are?

Gavin Williamson: Just the other week I was learning about all the things that we do in terms of supporting the United States through the F-35 project. United Technologies Corporation, which employs more than 2,000 people near my constituency, is applying the actuators, as is Moog, another American company that employs a British workforce. We are making sure that we are an absolutely pivotal part of the supply chain for this important project that will generate many thousands of jobs.

T6. [903285] **Gordon Henderson** (Sittingbourne and Sheppey) (Con): What estimate has my hon. Friend made of the threat to Britain from Russia in the north Atlantic, and can he assure me that the Royal Navy's submarine service has the resources needed to meet any such threat and provide a continuous at-sea deterrent?

Mark Lancaster: As I mentioned earlier in answer to the hon. Member for Rhondda (Chris Bryant), the level of naval activity that we see from Russia is at its highest since the cold war, but I am sure that the House will appreciate that I cannot go into too much detail. I can assure the House that our independent nuclear deterrent is continuously on patrol, as it has been every day now for nearly 50 years.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): A constituent of mine and a veteran of two tours of Afghanistan, former Rifleman Lee Bagley, lost a leg after a non-theatre related injury incurred in February 2010.

His subsequent complaint about delays to his treatment was dismissed in part because he was out of time. Will the Minister, under proposals to improve the armed forces covenant, ensure that, in any such circumstances again, the victim will have available a full explanation of what they may expect from treatment, and their rights?

Mark Lancaster: Of course, the hon. Gentleman's constituent was the subject of an Adjournment debate that the hon. Gentleman and I discussed some 18 months ago. The advice at the time was that he should put in a complaint to the service complaints ombudsman. I am not sure whether that has been done. However, if I may, I will take this opportunity to review the case and come back to the hon. Gentleman.

T9. [903289] **Stephen Hammond** (Wimbledon) (Con): The ability to communicate is clearly key to our national, economic and security interests. Will the Minister say exactly what plans he has to protect those on the basis of the new threat posed by Russia to undersea communications and internet cables?

Mark Lancaster: This is a very delicate issue. However, I can absolutely reassure my hon. Friend that we do have the capability to protect these assets. It would probably be inappropriate to say any more in this House.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): As the Secretary of State assesses the effects of the delays to the 2018-19 pay negotiations on retention to the armed forces, do they not agree that the Ministry of Defence is actually giving squaddies a real-terms wage cut, while the Scottish Government are in fact putting money in their pockets through the new progressive tax system?

Gavin Williamson: I will be giving evidence to the independent pay review body next month, and we will be doing everything we can to ensure that members of the armed forces get paid as and when they expect to be paid. Let us not forget that the Scottish Government are taking money out of service personnel wages.

Tom Pursglove (Corby) (Con): I very much welcome the establishment of the veterans board. Will my right hon. Friend task it with ensuring that there is greater awareness among local government and public bodies of their duties and obligations under the covenant?

Gavin Williamson: My hon. Friend is absolutely right to highlight that. So often, local authorities do not understand the duties and obligations that rest on their shoulders. We are not only creating intentions to improve the lives of people who are serving in our armed forces, but putting money behind them, such as with the premium to ensure that service personnel get the right type of education for their children. However, we do need local authorities to work with the Department to ensure that service personnel benefit.

Mrs Madeleine Moon (Bridgend) (Lab): In 2013, the regulatory reserve scheme was introduced. Since then, we have paid out more than £29 million and benefited by only 480 deployable reservists. Would it not have

been better to use that money to improve the conditions, the pay and the benefits of those in our regular forces and to retain them?

Mark Lancaster: I am not quite sure whether I agree with the hon. Lady's figures, but I will go away and look at them, because I do not have them to hand. I absolutely defend what we have done quite successfully in increasing the size of the reserve. Compared with where we were three or four years ago, we now have a usable reserve, which is a very positive thing.

James Heapey (Wells) (Con): Will the Secretary of State join me in congratulating the Army on its new recruitment campaign, which shows the changing face and culture of our armed forces? Does he share my confidence that the corporals and colour sergeants who await those recruits in our training establishments, and the esprit de corps in our regiments that awaits thereafter, will ensure that our Army is no less professional, no less robust and no less lethal?

Gavin Williamson: I could not agree more with my hon. Friend. The British Army is the best in the world. What we want to do is recruit from every walk of life and every background; it does not matter where someone comes from, their sexuality or anything else. We want the best in our armed forces, and that is what we will achieve.

Diana Johnson (Kingston upon Hull North) (Lab): I welcome what the Secretary of State has said about his efforts to secure further Hawk orders. May I remind him that if we do not get those Hawk orders for BAE Systems and the jobs at Brough, his Department will not be able to renew the Red Arrows fleet, which flies Hawks, when the time comes?

Gavin Williamson: I thank the hon. Lady for reminding me of that. We have, I believe, 75 Hawk aircraft, which the Red Arrows pull from and which are due to go until 2030. This is why we are working so hard to secure future orders for the Hawk aircraft and we will continue to do so going forward.

Robert Courts (Witney) (Con): I welcome my hon. Friend the Member for Aberconwy (Guto Bebb) to his ministerial role. Will he begin by considering boosting exports by pairing the national shipbuilding strategy with the national aerospace strategy?

Guto Bebb: I thank my hon. Friend for welcoming me to my role. He makes a really important point; I will be more than happy to take his representations on board as we move forward.

John Cryer (Leyton and Wanstead) (Lab): How often does the Veterans Board meet and what powers has it got?

Gavin Williamson: It meets twice a year and has the ability to direct and ensure that Ministers right across the Government are doing what is needed. It will evolve and change, and that is what we want to see. I cannot remember such a body existing prior to 2010. I am very proud of what our party has done for veterans and we will continue to deliver for them, unlike other parties.

National Security Capability Review

3.37 pm

Dr Julian Lewis (New Forest East) (Con) (*Urgent Question*): I rise to request urgent clarification of the radical reductions in conventional military forces provisionally proposed by the national security capability review, together with an explanation of the reasons for undertaking the review and the financial constraints under which it is being conducted.

The Secretary of State for Defence (Gavin Williamson): In the 2015 strategic defence and security review, the Government identified four principal threats facing the UK and our allies in the coming decade: terrorism, extremism and instability; state-based threats and intensifying wider state competition; technology, especially cyber-threats; and the erosion of the rules-based international order.

As the Prime Minister made clear in her speech to the Lord Mayor's banquet late last year, these threats have diversified and grown in intensity. Russian hostility to the west is increasing—whether in weaponising information, attempting to undermine the democratic process or increased submarine activity in the north Atlantic. Regional instability in the middle east exacerbates the threat from Daesh and Islamic—Islamist terrorism, which has diversified and dispersed. Iran's well known proxy military presence in Iraq, Syria and elsewhere poses a clear threat to UK interests in the region and to our allies.

Like other Members, I have seen much of the work that our armed forces continue to do in dealing with these threats. It is because of these intensifying global security contexts that the Government initiated the national security capability review in July. Its purpose is to ensure that our investment in national security capabilities is joined up, effective and efficient. As I said in oral questions, since I became Defence Secretary I have asked the Department to develop robust options to ensure that defence can match the future threats and challenges facing the nation. Shortly, when the national security capability review finishes, the Prime Minister, with National Security Council colleagues, will decide how to take forward its conclusions. I would not wish to pre-empt that decision.

Although the detail must wait until after the NSCR concludes, I can assure the House that as long as I am Defence Secretary we will develop and sustain the capabilities necessary to maintain continuous at-sea nuclear deterrence, a carrier force that can strike anywhere around the globe and the armed forces necessary to protect the north Atlantic and Europe; and we will continue to work with our NATO allies. The Prime Minister, the Chancellor and I will be doing all we can to ensure that we have a sustainable budget, so that we can deliver the right capabilities for our armed forces.

Dr Lewis: I thank the current Defence Secretary—*[Laughter.]* That is not meant to be funny. I thank him for confirming what the previous Defence Secretary told the Defence Committee, namely that the capability review resulted from intensified threats to the United Kingdom. If the threats are intensifying, why has the review provisionally proposed radical reductions in our conventional armed forces, and why is it required to be

fiscally neutral, as the National Security Adviser recently told the Joint Committee on the National Security Strategy? Who has imposed that financial restriction? The Ministry of Defence? Unlikely. The Treasury? Almost certainly.

If new threats have intensified, is not more money needed, unless of course previous conventional threats have seriously diminished? If previous conventional threats have diminished, why did the National Security Adviser claim to the Defence Committee in a letter:

“Because the main decisions on Defence were taken during the 2015 SDSR, this review is not defence-focused”?

If this review is not defence-focused, and if the 2015 plan therefore still applies, why should thousands of soldiers, sailors and airmen be lost, elite units merged or aircraft frigates and vital amphibious vessels scrapped, long before their out-of-service dates?

Finally, is it not obvious that we are bound to face such unacceptable choices as long as we continue to spend barely 2% of GDP on defence? Even after the end of the cold war and the taking of the peace dividend cuts, we were spending fully 3% in the mid-1990s. Defence is our national insurance policy, and it is time for the Treasury to pay the premiums.

Gavin Williamson: I thank the current Chairman of the Defence Committee—I think we are only ever current—for raising those points. In the NSCR, we are looking at the threats that the country faces, and everything that was done in 2015 is relevant today. As I pointed out, the Prime Minister herself has highlighted the fact that the threats are increasing, and we are having very active discussions right across Government about how best we can deal with those threats. There is an awful lot of speculation and rumour in the press, but that is what we expect of the press.

As I mentioned earlier, we need to ensure that we have the right capability, whether that is a continuous at-sea nuclear deterrent, our special forces, or an Army, Navy and Air Force that have the right equipment and capability to strike in any part of the globe. That is what we have to deliver. I am afraid that I cannot be drawn on the details at the moment, but I will be sure to update the House regularly, as the national security capability review develops, on the conclusions of the review and how we can best deal with them.

Nia Griffith (Llanelli) (Lab): I am grateful to you, Mr Speaker, for allowing this urgent question, because Members on both sides of the Chamber have had enough of constantly reading about proposed defence cuts in the newspapers while Government Ministers stonewall questions in the House.

May I press the Secretary of State actually to answer the questions posed by the Chair of the Defence Committee about the national security capability review? Is it the case that the defence element of the review is to be hived off? If so, when can we expect that part to be published? We live in a time of deep global uncertainty, and the risks that we face continue to grow and evolve. Can the Secretary of State confirm that the review will carry out a thorough strategic analysis of those risks, and make a full assessment of the capabilities required to deal with them effectively? It is complete nonsense to have a review without also reviewing the funding, yet that is precisely what this Government propose to do.

Although we must develop and adapt our capabilities as the threats that we face continue to evolve, this review must not become a contest between cyber-security and more conventional elements. Will the Secretary of State recognise that Britain will always need strong conventional forces, and that money must be made available for both? He must not rob Peter to pay for Paul.

There is significant concern about cuts to personnel, with numbers already running behind the stated targets across all three services. The Government still maintain that they aim to be able to field a “warfighting division”, but will the Secretary of State admit that this simply will not be possible if the Army is reduced to the levels speculated? What is the Government’s target for the size of the Army? They broke their 2015 manifesto pledge to have an Army of over 82,000, and they have now broken their 2017 pledge to maintain the overall size of the armed forces because, in reality, numbers have fallen.

Finally, will the Secretary of State tell us what specific steps he is taking to stop defence cuts, beyond posing with dogs outside the MOD and briefing the papers about his stand-up rows with the Chancellor? The fact is that we cannot do security on the cheap, and the British public expect the Government to ensure that defence and the armed forces are properly resourced.

Gavin Williamson: I think that all Government Members recognise the importance of making sure that we maintain conventional forces, and the fact that we have to have a continuous at-sea nuclear deterrent; but we cannot have one and not the other. We have to ensure that we have that ability so that, if we are in a point of conflict, there is deterrence at so very many levels. That is why having robust armed forces—the Army, Navy and Air Force—is so incredibly vital.

The Government and the Conservative party made a clear commitment in our manifesto to maintaining numbers. We are working to ensure that we get the recruitment methods right, so that we can give many people right across the country the opportunity to be able to join the Army, Navy and Air Force. I have to say that if we are choosing between parties when it comes to who will prioritise defence, and who will ensure that our armed forces and this country’s national interests are protected, I know which party I would choose, and it sits on this side of the House.

I will continue to work with the Army, Navy and Air Force to ensure that we get the very best deal for our armed forces. We have a vision as to what we wish to deliver for this country: a robust, global Britain that can project its power right across the globe. We recognise that that is done not just through cyber-offensive capabilities, but the conventional armed forces. As I said earlier, as the national security capability review starts to conclude, I will update the House on the conclusions and how it will be developed.

Mr Mark Francois (Rayleigh and Wickford) (Con): There has been speculation over the weekend that the defence element of the NSCR is going to be effectively broken out, and dealt with separately slightly later. Given the immense amount of speculation, will the Secretary of State confirm whether this is true? Is he also aware that if he continues stoutly to fend off the pin-striped warriors of the Treasury, he will have very strong support on the Government Benches and, I suspect, even among the Opposition.

Gavin Williamson: I assure my right hon. Friend that we are working hard across Government and all Departments to make sure that we have the right resources for our armed forces not just this year and next year but going forward. On whether I can update the House, I am afraid that I do not have the ability to pre-empt the national security and capability review, but as soon as its conclusions have been brought forward and it has gone to the National Security Council, I will be sure to update this House as soon as I am able to do so.

Stewart Malcolm McDonald (Glasgow South) (SNP): Who would have thought that a national security review would become a proxy Conservative leadership contest between the Secretary of State and the Chancellor?

Will the Secretary of State answer the question that he has been asked by the Opposition and by Government Members? Is the review being split up into defence and security, is defence expected to come later in the year, and if so, when will that happen? What size will the Marines be by the time this concludes? Does he not agree that given all the speculation, and given that the SDSR is now effectively out of date because we are leaving the EU and because of major currency fluctuations, what is needed is a proper SDSR that he, at least, would be able to get a grip of?

Gavin Williamson: I apologise, Mr Speaker, but the hon. Gentleman seems not to have been listening to my previous answers. I am not in a position to comment on his question, but I have promised the Committee that I will update the House as soon as I am able to do so. Quite simply, I am not in a place where I can pre-empt the decisions of the National Security Council, and the national security and capability review is ongoing. As soon as I am in a position to be able to update him, I will certainly do so.

Bob Stewart (Beckenham) (Con): When I joined a conventional infantry battalion in 1969, there were 780 officers and soldiers. Now, in the same conventional infantry battalion, there are just over 500. That is a loss of a third in number. Does my right hon. Friend agree that doing that and still calling something a battalion is a great loss of capability?

Gavin Williamson: My hon. Friend makes a very valuable point, and I will certainly look into it. We want to make sure that battalions are properly and fully manned so that they are able to deliver the right capability with the right equipment and the right resources, but I take on board the points that he makes.

Mr Kevan Jones (North Durham) (Lab): In 2015, the Conservative party was very clear that the size of the Army should be 82,000. Will the Secretary of State give a commitment today that on his watch the size of the Army will not drop below 82,000, and if it does, will he resign?

Gavin Williamson: We are meeting all of our operational commitments. We have also made it clear that we want to deliver on the numbers that we outlined in the manifesto in keeping the forces at the levels that they are, and we will be doing everything we can to deliver on that.

Mr Keith Simpson (Broadland) (Con): Does my right hon. Friend agree that in some ways this is an unfair question for him, because given everything that he has said, he does not decide defence and security policy, as that has now been upped to the National Security Council and the National Security Adviser? At what point does the influence of the chiefs of staff come in? Is he able to veto any proposals being put forward by the Treasury or other Government Departments?

Gavin Williamson: The Chief of the Defence Staff acts as the Prime Minister's principal adviser on all defence issues. We will be putting forward our thoughts as to how best to make sure that our armed forces are best equipped to go forward. This national security capability review touches on 12 strands of work. I am keen to make sure that defence gets the very best deal. I will be very vocal in making sure that the interests of our armed forces are properly represented going forward.

Vernon Coaker (Gedling) (Lab): Does the Defence Secretary not realise that he has a real opportunity here? Both in the debate on Thursday and today, Parliament is saying that he should go to the Treasury and tell it we will not accept merging the Paras with the Marines, cuts to amphibious warfare capability or cuts to the Army of some 11,000. We are trying to support and help him, so instead of retreating into partisanship, will he embrace what Parliament is telling him, and go and tell the Chancellor and the Prime Minister that we want more money?

Gavin Williamson: I am always incredibly grateful for such cross-party support. In the arguments and the debates about our armed forces having the right resources, the fact that there is a real passion to make sure that they have the resources they need is apparent to everyone, not least me. As I have already said, I have made and will continue to make the arguments that need to be made to ensure we have the right resources to enable our armed forces to fulfil the asks that politicians in this House so often place on them.

Rebecca Pow (Taunton Deane) (Con): First, I commend the Government's commitment to defence: we spend the largest amount of money on defence in Europe. However, the money must be well spent if we are to deal with the security threat. Does the Secretary of State agree that for the Marines, such as 40 Commando in Taunton Deane, to function at the top of their game, they must have the correct amphibious capability, which includes retaining HMS Albion and HMS Bulwark? I know that he will give this due consideration, because it is very important not just for Taunton, but for the nation.

Gavin Williamson: I will most certainly give that proper consideration, and I would be very happy to meet my hon. Friend. I have just visited the commando training centre, and it is quite clear that exceptionally high levels of training go into preparing every marine, as they do into preparing every member of our services. It is absolutely vital to understand the capability we have—not just the Marines, but 16 Air Assault Brigade and so much more—and the benefits they can bring to and their immediate effect on the field of conflict. We will feed all these comments and thoughts into the national security capability review.

Dan Jarvis (Barnsley Central) (Lab): The Secretary of State says that he will not be drawn on the detail, and to an extent that is understandable. Is not the fundamental problem, however, that the review is already constrained in that we know it is fiscally neutral? Would not the best way to proceed be to look very carefully at the extensive range of threats we face as a country and to allocate resource and capability accordingly?

Gavin Williamson: The hon. Gentleman makes a very important point. I know that the first thing at the forefront of the minds of the Chancellor and the Prime Minister is making sure we get the right outcome. Everyone is very keen to listen and to look at how to get the right solutions for this country's needs. I thank the hon. Gentleman very much for his contribution.

Dr Sarah Wollaston (Totnes) (Con): The Liaison Committee was unanimous in supporting the request of the Chair of the Defence Committee, my right hon. Friend the Member for New Forest East (Dr Lewis), to have the National Security Adviser appear in front of the Committee. My right hon. Friend the Secretary of State will know that there are precedents for the National Security Adviser appearing in front of the Defence Committee, the Foreign Affairs Committee and elsewhere, and Parliament has never accepted the Osmotherly rules, so will he give permission for the National Security Adviser to appear?

Gavin Williamson: I am afraid that my hon. Friend is asking me something I cannot deliver. I can offer the Chief of the Defence Staff if she would like him, but I cannot offer the National Security Adviser. However, I will certainly pass on her request to Mr Sedwill.

Chris Bryant (Rhondda) (Lab): There is danger, is there not, of an ever-diminishing spiral? Governments and political parties say they will have 82,000 or 80,000 in the Army, but fail to recruit that many and end up saying, "All right, there'll be 75,000", and then the figure will be 70,000, and so it will go on and on. If we fail to recruit enough and the Government fail to fulfil their promises, this country will in the end be left without sufficient defence.

Gavin Williamson: Let us make it absolutely clear: the reason we are looking so clearly at how we go about our recruitment is to make sure we meet the target and fully recruit, and that is why we are changing our approach. As is often said, "If you always do what you always did, you will always get what you always got." We are trying to look at how to do this differently, so that we hit our numbers and get the right people who want to serve our country, and that is why we are going to do things differently. We have already seen a 15% increase in applications, and I hope that that will continue to rise.

James Gray (North Wiltshire) (Con): It is perfectly reasonable that the Secretary of State cannot say much until the national security capability review has been completed, so when will that be?

Gavin Williamson: I hope very soon, so that I do not have to sound quite so evasive. I hope it will happen in the very near future, but I am not yet at liberty to name a date.

Mr Speaker: Pursuant to a point made earlier, I would say to the Secretary of State that the appearance in the newspapers of briefings, which I am certainly not suggesting hail from him, is something that greatly irritates Members of the House. It is therefore very much to be hoped that before the conclusion of the review, there are no further such briefings. If there are, I rather imagine that I will be confronted with further requests for urgent questions, and I will feel unable, and in any case disinclined, to resist those requests.

Ruth Smeeth (Stoke-on-Trent North) (Lab): On that point, I stand here as chair of the all-party parliamentary group on the armed forces covenant. The reality is that the leaks to papers are undermining morale and the confidence of families, and sending completely the wrong message to our allies. We need answers and we need them now, if only for the people who are serving. They need to know whether they will be serving in Plymouth, or be moved to Colchester.

Gavin Williamson: The hon. Lady makes a powerful point on morale in the armed forces. To read speculation in the newspapers is not good for anyone. That is why I hope we can conclude the national security capability review at the earliest possible moment; then, we can make clear some of the options and what we want to do to take our armed forces forward and to make sure that they have the right investment, so that they continue to be the successful, vibrant organisations in which so many people take great pleasure and pride in serving.

Dr Andrew Murrison (South West Wiltshire) (Con): Does the Defence Secretary agree that the British Army headcount now is at an irreducible minimum? Does he also agree that the Sedwill review must deal principally with the threats that face this country—cyber and terrorism, and asymmetry—and will he reconcile the two?

Gavin Williamson: We will continue to do everything we can to fulfil our commitment. I confess that, probably like all Defence Secretaries, I am a little greedy: I would always prefer to have larger numbers in our armed forces. In the coming months, we will do all we can to drive up the numbers through the new recruitment campaign. We hope that will attract significant uptake and an increase in the number of people joining our forces.

Mrs Madeleine Moon (Bridgend) (Lab): Had the Secretary of State been able to join us last Thursday, he would have heard across the House a cry for reassurance. Many of us here are also members of the NATO Parliamentary Assembly and represent this House and this country across the NATO alliance. I have to tell the Secretary of State that that cry for reassurance, that demand to know that we are able and capable and have the people, the personnel and the equipment to defend the NATO alliance, is shared by our allies. They are also desperate to hear the results of the national security capability review. Are the Secretary of State and the Government aware of that and of the need to reassure our allies?

Gavin Williamson: Yes. We need to reassure our allies that Britain will continue to play a pivotal role not only in the defence of Europe, but in actions in every part of the world, where we bring unique capabilities—the ability

to make a difference, as we have done throughout our history. I am as keen as the hon. Lady to bring the national security capability review to a conclusion, so that we can set out our clear vision for our armed forces. They are the best in the world. We have to continue to invest in them. We are increasing the amount of money we spend on our armed forces, and we need to make sure that the whole world understands our commitment to delivering a global Britain.

John Redwood (Wokingham) (Con): The Secretary of State took over in a difficult situation, because there were a lot of vacancies in the armed forces. I was pleased to hear him say that he wishes to bring the totals back up and that that is mainly a recruitment problem, which he thinks he may be able to resolve. Does he have the money in the budget if all those people come forward?

Gavin Williamson: Yes, we do.

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): With Russia on the rise, our allies under threat and our northern flank vulnerable from Russian naval power, the threat from the Russian great bear is clear. Does the Defence Secretary understand that there is no support from any part of this House for any further cuts to our Royal Navy and our Royal Marines or for mergers that reduce the capabilities of our armed forces?

Gavin Williamson: The threat that the hon. Gentleman talks about is what prompted the security capability review, and that is why we are looking at how best we deal with that threat going forward.

Jack Lopresti (Filton and Bradley Stoke) (Con): I am proud that we are one of the few members of NATO to actually maintain the 2% of GDP and exceed it. What can we do to ensure that other NATO members actually pay their fair share?

Gavin Williamson: That point has been echoed by not just myself but the US Administration. We need to make sure that everyone understands that every country in NATO has to contribute towards the collective security of Europe and that that is not something that can be outsourced to another nation.

Tom Brake (Carshalton and Wallington) (LD): Our Prime Minister is meeting President Macron later this week in Sandhurst. The French are our major defence partners. Will they be consulted as part of the review, particularly in terms of the implications post Brexit for our ability to co-operate with them and other EU partners?

Gavin Williamson: It is a sovereign decision as to how we spend our money on our armed forces, and that decision should be made purely in this country. However, we have worked, and we continue to work, with the French, as we do with the United States, and they are important partners in ensuring we have the stability and security in Europe that benefits every European nation.

Mrs Anne Main (St Albans) (Con): I am pleased the Secretary of State is focusing on recruitment. May I put a plea in for the cadets? Many of our cadets go on to serve in the forces they support. However, many cadet units have disappeared from our schools, which is a

[Mrs Anne Main]

tragedy. May I put in a plea that the cadets are not left out when we are considering recruiting people into our armed forces?

Gavin Williamson: My hon. Friend is absolutely right in her analysis of the important role that cadets play. Some 20% of our armed forces served in the cadets. That is why the Government are committed to opening 500 new cadet forces in schools right around this country. Cadets are so incredibly vital for our armed forces, but they also make sure, in communities right across the country, that our armed forces play such an important role in the life of those local communities.

Toby Perkins (Chesterfield) (Lab): The Secretary of State has referred at least twice to the manifesto commitments on numbers that he and all his colleagues were elected on. He has been slightly vague about this, so will he be absolutely specific that it is the Government's policy, under the manifesto he stood on in 2017, that the British Army will not go below 82,000?

Gavin Williamson: Our commitment was to maintain the size of the armed forces, and we absolutely stick by that commitment.

Jeremy Lefroy (Stafford) (Con): On Saturday, together with my hon. Friend the Member for Lichfield (Michael Fabricant), the hon. Member for Stoke-on-Trent North (Ruth Smeeth) and several other colleagues, I had the honour to be at the laying-up of the colours of 3 Mercian, the Staffords, in Lichfield cathedral. It was a great privilege to be there and to recognise their service, but at the same time it was a reminder of the difficult decisions that had to be made. I agree with colleagues that 82,000 is an absolute minimum for the Army, and we must go higher—possibly to see the return of 3 Mercian—and certainly not lower.

Gavin Williamson: I would very much like to reintroduce the Staffordshire Regiment as part of any changes, and that is something I would like to look at going forward—I may have some more battles to win before I get to that stage. However, I take on board my hon. Friend's comments, and I am very conscious of the important role that the armed forces—especially the Royal Signals—play in Stafford, of how they are so involved in the local community and of how important the money we spend on our armed forces is to the economic prosperity of Stafford and Staffordshire.

Grahame Morris (Easington) (Lab): The Secretary of State listed areas that would be protected, including aircraft carriers. Could the red line be extended to the amphibious assault ships—the Albion-class ships—and may I respectfully point out that a reduction in our amphibious capability would fundamentally diminish our ability to carry out humanitarian missions?

Gavin Williamson: We need a broad range of capabilities, and I will certainly take on board the hon. Gentleman's comments. We must maximise our capability, make sure it is affordable and give our armed forces the right training and equipment for them to do their job right around the globe.

Sir Edward Leigh (Gainsborough) (Con): Many of us are sympathetic with the Secretary of State in his battle royal with the Treasury—after all, we are down to our last 13 frigates and six destroyers—and think that we should be spending 3% of gross national product, not 2%, but how many of us will support the Treasury when, having achieved our aims and we do spend 3% of GNP on defence, we cut the budgets of other Departments?

Gavin Williamson: I think that I will refer that question to Treasury questions as something the Chancellor might like to take up.

Diana Johnson (Kingston upon Hull North) (Lab): While we are talking about the Chancellor, will the Defence Secretary say what he thinks about the fact that early last month the Chancellor is understood to have told defence chiefs that an army only needs 50,000 full-time professional soldiers?

Gavin Williamson: As already touched on, there is an awful lot of speculation, and I am sure that much of it is not based on fact. The Chancellor was a great defender of the armed forces when he was Defence Secretary and is passionate about what they do. I am sure that that passion still burns in his heart today.

Kevin Foster (Torbay) (Con): The importance of amphibious capability is summed up by the famous quote: the British Army is a projectile to be fired by the British Navy. Will the Secretary of State reassure me that he will do everything in his power to make sure that at the end of the review that statement is still the case?

Gavin Williamson: We have seen how British forces have been consistently able to deploy effectively around the world using land, sea and air. That requires a broad range of capabilities. We have to look at new ideas: how do we fight differently; how do we get different equipment; how do we get more efficient and capable equipment? That is why we are doing a national security and capability review—to see whether we can get answers to some of those questions—but I am afraid that I cannot be drawn on specifics.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): What assessments are being undertaken as part of the review on the savings that could be made by home basing Welsh regiments in Wales, which would help with recruitment and post-service medical care?

Gavin Williamson: The Principality of Wales plays an important role in all we do in defence—it would be great to see national Armed Forces Day taking place in Wales. We are always looking at how to ensure an even distribution of resources in terms of the Army, Navy and Air Force—RAF Valley is an important part of our training capability for the Royal Air Force based in Wales—but we will always look at how we can do more in Wales. It contributes so much to everything we do in our armed forces—the Royal Welsh Fusiliers are currently serving in Estonia—and I am sure that that important role will only increase going forward.

Johnny Mercer (Plymouth, Moor View) (Con): We all understand why the Secretary of State cannot comment publicly, but there is a human element to all this: good men and women up and down this country and their families want somebody to come out and publicly refuse

the proposals that have come forward. Will the Secretary of State agree that now is a good opportunity to get a grip on this process and lay out a broad vision for UK defence post Brexit?

Gavin Williamson: My hon. Friend makes a powerful point. We need to draw these matters to a conclusion as swiftly as possible and make sure that people have a clear idea of our intent—how we are going to develop our armed forces and make sure they have the right resources to deliver everything we ask of them. That is what we aim to do. We have the best armed forces in the world; and we have to maintain that. If we want to ensure that Britain remains a global nation that can project power in every part of the globe, we need an armed forces with the resources and manpower to do that. That is what I aim to deliver.

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): The House learned from the defence debate on Thursday that one of the cruxes of the issue of defence budget pressures is the fact that the defence rate of inflation is considerably higher than the national rate. Year on year, it erodes the purchasing power of defence. However, the Ministry of Defence and the Treasury stopped measuring the defence inflation rate last year. As part of the review, will the Secretary of State commit himself to reinstating measurement of defence inflation, and, in order to be truly fiscally neutral, will he ensure that the annual defence budget increases are pegged to the defence rate of inflation?

Gavin Williamson: That is a very important comment. Foreign exchange rates have had an adverse effect on our ability to buy equipment such as the F-35 fighter. We will always be happy to look at suggestions such as the one made by the hon. Gentleman, and I will certainly raise it with the Treasury, but I cannot guarantee the response.

Mr Speaker: Richard Grosvenor Plunkett-Ernle-Erle-Drax.

Richard Drax (South Dorset) (Con): History, sadly, has shown us that politicians are all too easily tempted to cut our armed forces in order to spend money in other areas. May I urge my right hon. Friend not to do so? We are leaving the European Union, and I believe that our commitments and responsibilities will grow, not least because by the time 27 other countries have decided to do something, it will be too late.

Gavin Williamson: That is why the Government are committed to growing our efficiency budget from £36 billion to £40 billion, increasing the amount of money that we spend on equipment by 0.5% above inflation every single year. These are important points. The first duty of every Government is the defence of the nation, and that is why this Government take it so incredibly seriously.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): Much has been made of the Secretary of State's relative youth in comparison with that of their predecessors. With that in mind, I was reminded of a quotation from Dante at the weekend, when I was reading about their predicament. "In the middle of the journey of our life, I came to myself in a dark wood where the direct way was lost." Can the Secretary of State enlighten the House

about the instructions on the map showing the way out of the "selva oscura" in which he and his Prime Minister now find themselves?

Gavin Williamson: Probably not. I have not read much Dante. I am more of a Burns fan. I have felt a great deal older over the last two months, since starting this job: I think that it ages people an awful lot.

I believe that we are all simply committed to ensuring that we get the very best for our armed forces, and I am sure that the hon. Gentleman will be four-square behind our delivering it.

Mr Speaker: The hon. Member for West Dunbartonshire (Martin Docherty-Hughes) is of a notably literary turn, as is becoming increasingly apparent in the House. I expect that we will hear further expositions in due course.

Robert Courts (Witney) (Con): On Friday I visited Nos. 10 and 101 squadrons at Brize Norton in my constituency, and I could see how hard they were working. This morning my constituents were out providing tanking support for the Typhoons that were investigating the latest Russian reconnaissance. Does my right hon. Friend agree that now is the time when we need to match spending with the size of the threat, rather than scaling down our response to that threat in order to fall into line with spending?

Gavin Williamson: The review is very much about examining the threats and ensuring that we have the right resources, and that we deliver for the security of our country. Wherever we go, all around the globe, we so often see my hon. Friend's constituents playing a vital role in ensuring that our armed forces are able to function in every part of the world.

Nigel Huddleston (Mid Worcestershire) (Con): Thank you, Mr Speaker. This must be like opening a box of chocolates and realising that all your favourites have gone and there is just a strawberry cream left. However, I am glad that my patience has won out.

Earlier, the Secretary of State mentioned the changing nature of our security challenges. Does he agree with the Minister for Security and Economic Crime that the big tech companies must do more, and that they may face a special tax levy if they do not do more to help with combating terrorism?

Mr Speaker: The hon. Gentleman really should not do himself down. I have every expectation that the people of his constituency have been listening to the entirety of these exchanges principally for the purpose of waiting to hear him.

Gavin Williamson: My hon. Friend comes up with an innovative idea for hypothecation of tax in terms of the MOD, and I would be keen for him to expand that idea and push it with the Chancellor going forward.

Chris Bryant (Rhondda) (Lab): On a point of order, Mr Speaker. I am grateful to you for taking this point of order now, but the Secretary of State has a couple of times used the words "Islamic terrorists." I think he meant "Islamist terrorists"; I am certain he did, and it is important that we make that distinction in this House, as I am sure he would want to, and I just want to give him the opportunity to correct the record on that.

Gavin Williamson: I thank the hon. Gentleman for bringing that to the House's attention, and he is absolutely correct.

Mr Speaker: The hon. Member for Rhondda (Chris Bryant) has performed a notable public service; it will be recorded in the *Official Report*, and I am very grateful to the Secretary of State.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): On a point of order, Mr Speaker. The Secretary of State, who is a very nice man, referred to Wales as a Principality during the exchanges. He knows, of course, that Wales is a proud nation; will he please correct the record?

Gavin Williamson: I know of course that it is a very proud nation that contributes so much to our armed forces. I am not that great on my Welsh history, and I am sure the hon. Gentleman knows a lot more about it than me, but I think it has been referred to as a Principality for hundreds of years, but I could well be wrong.

Carillion

4.21 pm

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr David Lidington): With permission, Mr Speaker, I wish to make a statement to update the House on the situation relating to Carillion Plc.

Today the directors of Carillion concluded that the company is insolvent and that it is going into liquidation. The court has appointed the official receiver as the liquidator. It is regrettable that Carillion has not been able to find suitable financing options with its lenders, and I am disappointed that the company has become insolvent as a result. It is, however, the failure of a private sector company and it is the company's shareholders and lenders who will bear the brunt of the losses; taxpayers should not, and will not, bail out a private sector company for private sector losses or allow rewards for failure.

I fully understand that both members of the public and particularly employees of companies in the Carillion group will have concerns at this time, and the Government are doing everything possible to minimise any impact on employees. Let me be clear that all employees should continue to turn up to work confident in the knowledge that they will be paid for the public services they are providing. Additionally, in order to support staff—and in this instance this will apply to staff working for the private sector as well as for the public sector contracts of the Carillion group—we have established a helpline using Jobcentre Plus through its rapid response service.

The Government are also doing everything they can to minimise the impact on subcontractors and suppliers who, like employees, will continue to be paid through the official receiver. The action we have taken is designed to keep vital public services running, rather than to provide a bail-out on the failure of a commercial company. The role of the Government is to plan and prepare for the continuing delivery of public services that are dependent on these contracts, and that is what we have done.

The cause of Carillion's financial difficulties is, for the most part, connected not with its Government contracts, but with other parts of its business. Private sector contracts account for more than 60% of the company's revenue, and the vast majority of the problems the company has encountered come from these contracts rather than the public sector.

Our top priority is to safeguard the continuity of public services, and we have emphasised that to the official receiver. We are also laying a departmental minute today notifying the House of a contingent liability incurred by my Department in indemnifying the official receiver for his administrative and legal costs. The official receiver will now take over the running of services for a period following the insolvency of the company. The Government will support the official receiver to provide these public services until a suitable alternative is found, either through another contractor or through in-house provision. The court appointment of the official receiver will allow us to protect the uninterrupted delivery of public services—something that would not have been possible under a normal liquidation process.

The official receiver is also under a statutory duty to investigate the cause of failure of any company. He is under a duty to report any potential misconduct of the

directors to my right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy. My right hon. Friend has asked that the investigation look not only at the conduct of the directors at the point of the company's insolvency but also at that of any previous directors, to determine whether their actions might have caused detriment to the company's creditors. That includes detriment to any employees who are owed money. The investigation will also consider whether any action by directors has caused detriment to the pension schemes.

Carillion delivered a range of public services across a number of sectors, including health, education, justice, defence and transport, and in most cases the contracts have been running successfully. We have been monitoring Carillion closely since its first profit warning in July 2017, and since then we have planned extensively in case the current situation should arise. We have robust and deliverable contingency plans in place. These are being implemented immediately to minimise any disruption and to protect the integrity of public service delivery. Other public bodies have been preparing contingency plans for the contracts for which they are responsible. The majority of the small number of contracts awarded after the company's July profit warning were joint ventures, in which the other companies are now contractually bound to take on Carillion's share of the work. For example, the Kier group, one of the joint venture partners for HS2, confirmed this morning in a release to the stock exchange that it had now put in place its contingency plans for such an eventuality.

I recognise that this is also a difficult time for pension holders. The Pensions Advisory Service has set up a dedicated helpline number for staff and pensioners who have concerns about their pensions. Those who are already receiving their pensions will continue to receive payment from the various pension funds, including the Pension Protection Fund. For those people who have started an apprenticeship programme with Carillion, the Construction Industry Training Board has set up a taskforce to assist apprentices to seek new employment, while also working with the Education and Skills Funding Agency to find new training placements. The official receiver will be in contact with all apprentices. Companies and individuals in the supply chain working on public sector contracts have been asked to operate as usual. Normally, in the event of a company going into liquidation, the smaller firms working for it move across to the new contractor when it takes on the work.

The private sector plays an important and necessary role in delivering Government services—something recognised by this and previous Governments of all political parties. Currently, 700 private finance initiative and private finance 2 contracts reflecting capital investment of up to approximately £60 billion are being delivered successfully, and we also have a number of service provision contracts being delivered successfully by a range of companies. Such contracts allow us to leverage the expertise of specialist providers and to deliver value for money for taxpayers. I would like to reassure the House that we are doing all we can to ensure the continuity of the public services provided by Carillion and to support an orderly liquidation of the company.

I shall write to all right hon. and hon. Members today to summarise the situation and to inform colleagues of a helpline for the use of Members and their staff to provide answers in the fastest possible time to any

constituency problems that may arise. Along with other ministerial colleagues, I shall keep the House updated on developments as the official receiver starts to go about his work. I commend this statement to the House.

4.29 pm

Jon Trickett (Hemsworth) (Lab): I thank the Minister for an advance copy of the statement. The House will conclude that it was recklessly complacent for the Government to seek to avoid responsibility and to place it on to the company. After all, Carillion provides 450 separate taxpayer-funded contracts to the public, with 20,000 people working directly for it and many thousands more in the supply chain. All those thousands of people will have heard his reference to Jobcentre Plus with a shudder of fear for their futures at the beginning of a new year.

Will the Minister confirm that Carillion provides services to this Conservative Government in 50 prisons, 9,000 schools, 200 operating theatres and 11,000 hospital beds, as well as across a whole series of infrastructure works? Two fifths of Carillion's income is paid by the taxpayer, so when did the Government first realise that Carillion was in trouble? After all, it had three chief executive officers in a short space of time, made three separate profit warnings and its stock was already subject to short selling on the stock exchange back in 2015. The Minister says that the Government were monitoring the company, so why did they leave the position of the Crown representative observing Carillion vacant for more than three months? How can they explain that £2 billion-worth of Government contracts—taxpayers' money—was awarded despite all the information that has clearly been in the public domain? I have been asking questions about Carillion in this House for over three months. Why was it apparent to everyone except the Government that Carillion was in trouble? The Secretary of State for Transport in particular has questions to answer. Can the House be told what the Government knew about Carillion's financial health when they awarded a £1.4 billion contract for HS2 quite recently?

The Minister has failed to satisfy the House that the jobs of Carillion's employees and all those in the supply chain will be safeguarded. Will he confirm that the pay, conditions and jobs of those staff are the Government's priority? Why has he apparently not had a single conversation with representatives of the workforce about their jobs and pensions? Those people should be a higher priority than the executives' bonuses, which appear to have been safeguarded. Will he assure the House that Carillion is not the first in a series of suppliers that will fall one after the other like dominoes?

The Government have announced that public money will be given, presumably to the liquidator, to carry out vital public service contracts, but does that not mean that decisions about those contracts have now slipped out of the Government's control and into the hands of an unaccountable administrator? Would not the simplest, most effective and most democratic way to handle all the contracts have been to bring them back into the public sector, where the ethos of serving the public prevails, rather than that of private profit? Is it not the case that the Government themselves and the Conservative party have too cosy a relationship with the chair of Carillion's board who—believe it or not—is the

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Government's chosen corporate responsibility tsar? He also urged people to vote Tory during the 2015 election. It is a chumocracy.

Is it not time that we reversed the presumption in favour of outsourcing once and for all? After all, this is not about the failure of a single company, but of a whole ideological system of contracting out public services. The Government are incompetent in office, reckless with taxpayers' money and helpless with public services. Is it not time that they made way for an Administration that care, and will exercise due diligence?

Mr Lidington: First, may I correct the hon. Gentleman on one specific point about schools? He said that 9,000 schools have contracts with Carillion, but the figure I have is about 230—219 plus a small number of building contracts—which is much smaller than the exaggerated figure that he gave the House.

As I said in my statement, 60%—roughly three fifths—of Carillion's revenues are actually from contracts that have nothing to do with the United Kingdom Government. Indeed, the problems that Carillion faced arose in the most part from those contracts, not from Government contracts.

The position of private sector employees is that they will not be getting the same protection that we are offering to public sector employees beyond a 48-hour period of grace, during which the Government will sustain the official receiver to give time for the private sector counter-parties to Carillion to decide whether they want to accept termination of those contracts or to pay for the ongoing costs. That is a reasonable gesture towards private sector employees.

As for those who have been employed by the Carillion group to deliver public service contracts, the Government are continuing to pay their wages for the services delivered—those payments are being made through the official receiver, instead of through Carillion. That money, of course, is budgeted for by various Departments, local authorities and NHS trusts. The best help that one can give to employees delivering vital public services is to give them the assurance that we are continuing to pay their wages and salaries, and not to indulge in the sort of scaremongering to which I am afraid the hon. Gentleman is prone.

The private sector employees are entitled to know that assistance will be there from Jobcentre Plus after the 48-hour period of grace runs out, when a number of them may face termination of the Carillion contracts through which they have been employed.

The hon. Gentleman asked about the contracts that were awarded after the first profits warning in 2017. As I said earlier, there was a small number of those contracts. The defence contracts were actually agreed and signed before the profits warning, although they were announced afterwards. The Government, quite rightly, have to operate a fair and transparent procurement process, guided by the Public Contracts Regulations 2015. There are a number of tests of financial capability for potential contractors. At the time when all those post-July 2017 contracts were bid for and awarded, Carillion met all the mandated tests, so it would have been, to put it mildly, a legal risk to have treated Carillion any differently from other bidders that were able to meet the tests.

In the light of what was in the public domain about Carillion's profits warning, the Government Departments responsible for the contracts ensured that there were arrangements, such as the joint venture provision, to give protection in the event of Carillion being unsuccessful in its attempts, about which it was confident, to secure an agreement with its bankers. I emphasise that no money is paid to Carillion, or to any other contractor, other than for services that are actually delivered, so there is no question of money being spent twice for the same service.

I am disappointed that the hon. Gentleman resorted to party politics in his response. It is worth reminding ourselves of who awarded Carillion its contracts. Of the Carillion contracts that, until this morning, were still active, roughly a third were awarded by the Conservative Government, roughly a third were awarded by the coalition Government when the right hon. Member for Twickenham (Sir Vince Cable) was Secretary of State for Business, Innovation and Skills, and the other third were awarded by the Labour Government, during which time the hon. Member for Hemsworth (Jon Trickett), as he knows, worked in the office of the then Prime Minister.

When the hon. Gentleman returns to this subject, I suggest he treats it with the seriousness it deserves and does not preach sermons without taking a long, hard look in the mirror.

Nicky Morgan (Loughborough) (Con): First, let me pay tribute to my right hon. Friend's calm and workmanlike approach in working through all the contracts and liabilities, which is absolutely the responsible thing to do. I note what he says about the financial capabilities, awarding and the public procurement rules, and I am sure there are many questions to be asked about that and about future arrangements. However, may I just ask him about the small and medium-sized enterprises in the supply chain? Many companies supply Carillion contractors and are in contracts, and they will be concerned about meeting liabilities, perhaps to Her Majesty's Revenue and Customs or to others. Has he or his Department had discussions with HMRC about things such as time to pay arrangements, so that SMEs are given time, rather than being under pressure to keep paying the taxman?

Mr Lidington: I am grateful to my right hon. Friend for that. Let me make two points in response to her. First, the Government, through the official receiver, are continuing to make provision for payments both to suppliers and subcontractors. If any subcontractor experiences any difficulties, I encourage them to talk in the first place to the Insolvency Service. This is exactly the sort of risk that led us to decide to set up a hotline for Members of Parliament and their staff, so that if anything does seem to be going wrong, Ministers can be alerted to it rapidly. May I also say to her that HMRC and the Treasury have been fully in the loop at all stages of these discussions, but I will make sure the point she has just made to the House is reinforced when I chair a meeting of interested Ministers later today?

Tommy Sheppard (Edinburgh East) (SNP): I thank the Minister for advance sight of his statement. Obviously, our immediate thoughts are with the workers involved and their families—those affected by this announcement directly and the many thousands more who are indirectly affected. I am aware that the Scottish Government are

working with the liquidator to try to work on contingency plans, and I seek an assurance from him that he will assist the Scottish Government in those endeavours. I also want to know what assurances he will give that UK-funded projects in Scotland will continue in light of Carillion's collapse. What assurances can he give to the workers involved that their jobs will be safe?

Since July last year, the Scottish Government have been setting about trying to manage the risk involved in these contracts, and we have to ask: given that since last July the UK Government have awarded more than £2 billion-worth of contracts to this company, despite it having had three profit warnings, what due diligence has been undertaken by UK Ministers? Is it incompetence or ideology that has led Ministers to sign off multi-million contracts to a company that was on the verge of going bust? It was not the employees or the communities that depend on these contracts that awarded the contracts, so it is for the Government to intervene and pick up the pieces when something like this happens. In recent years, we have had similar things happen in Scotland—we had Tata steel in Motherwell, BiFab engineering in Fife and others—and the Scottish Government worked night and day to save those jobs, and they succeeded. I would welcome a similar commitment from the UK Government to make that effort to try to protect these jobs.

In conclusion, many thousands of people are today worried about whether they will have a job next week and, if they do, who will be paying their wages and will their pension will be protected, so it is important that assurances are given that safeguards will be in place. There will be some joint venture projects, where other companies can take over the contract, and there may be some projects that can be easily transferred to another company. But there will also be some projects where the only solution will be to take the jobs and the project in-house and for them to be directly managed by the Government or their agencies. I seek an assurance from the Minister that where those circumstances pertain, that is what the Government will do in order to safeguard jobs and their services, which these contracts provide.

Mr Lidington: The hon. Gentleman spoke to this issue with the seriousness it deserved and in a constructive fashion. I can give him two assurances. The first is that the Government are certainly going to continue to pay the wages—salaries, as well as those of suppliers and subcontractors—in respect of UK Government contracts in Scotland, in the same fashion as occurs anywhere else in the UK. Secondly, as I think I said in my statement, the Government will be in discussions with the official receiver about the future provision of those services. I believe we will end up with a situation in which some are transferred to an alternative external contractor but others are taken in house by a Department or other agency of government.

On contact with the Scottish Government, we have had regular and constructive communications with them throughout the period in which the UK Government have been monitoring Carillion. Our priority has been to maintain public and essential services in every part of the UK, whether those are the responsibility of UK Government Departments or of devolved bodies. This morning, my right hon. Friend the Secretary of State for Scotland spoke to Keith Brown MSP, the Scottish Government Cabinet Secretary for the Economy, and assured him of the UK Government's determination to

support the Scottish Government in responding to the concerns of pension stakeholders, employees and contractors in Scotland, as well as those everywhere else in the UK.

Mr Iain Duncan Smith (Chingford and Woodford Green) (Con): I commend my right hon. Friend for his swift and urgent action on this issue. I urge him to pay no attention whatsoever to the politicking coming from the Opposition Benches, because it was of course Labour Members who, when in government, drove the process of private sector involvement hard. They did so for a very good reason: they said that it brought expertise that does not exist in the public sector to the running of these kinds of contracts.

Nevertheless, as we look into these matters—I am sure there will be a review—we should bear in mind two elements that when I was a Minister it always struck me were missing in the public sector. The first is direct contract management on a very regular basis, the lack of which was often the reason why some of these contracts drifted. That needs to be looked at very specifically. Secondly, the Government—probably the Cabinet Office—might want to think about having some kind of capability to review regularly the situation for companies that are engaged in large public contracts, to see what their status is on a wider basis.

Mr Lidington: I am grateful to my right hon. Friend for his suggestions. I note that the Chair of the Public Administration and Constitutional Affairs Committee, my hon. Friend the Member for Harwich and North Essex (Mr Jenkin), said today that his Committee is going to launch an inquiry into Government procurement. My right hon. Friend the Member for Chingford and Woodford Green (Mr Duncan Smith) makes some important points about the need to have a look at how successive Governments have conducted the procurement process. I hope he will understand if I say that today, and in the immediate future, my wish is for Ministers and officials to focus above everything else on the continuity of the provision of public services and on doing all that we can to give help and reassurance to employees, subcontractors, suppliers and pension holders. There will be an occasion to return to some of the broader questions posed by my right hon. Friend.

Eleanor Smith (Wolverhampton South West) (Lab): This morning, the 400 employees who work in the Carillion headquarters in my constituency in Wolverhampton, along with many others, woke up to the news that Carillion had gone into liquidation. It probably felt like a bomb had hit them. The Minister says that the Government are going to give them support, but what type of support will that be? It is absolutely not enough to say that people can ring the jobcentre. What other futures are there for those employees? I seek an urgent meeting with the Minister to discuss this issue, because the headquarters are in my constituency. Will the Government commit to investigating why contracts continued to be handed to Carillion despite the company's known difficulties?

Mr Lidington: On the hon. Lady's last point, I responded at quite some length to similar points made by her Front-Bench colleague, the hon. Member for Hemsworth (Jon Trickett). The Government are, as I have said more than once in these exchanges, not only offering advice

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but paying the wages and salaries of people who are involved in the delivery of public services, until such time as the official receiver has found an alternative provider, whether in the public or private sector. I am happy for either I or another Minister in my Department to meet the hon. Lady to talk about her particular constituency concerns.

Sir William Cash (Stone) (Con): On the HS2 aspect of this—my hon. Friend the Member for Stafford (Jeremy Lefroy) joins me in this question because HS2 carves straight through our constituencies—will my right hon. Friend make publicly available the assessment of the Government and HS2 Ltd of the impact of Carillion's collapse and the viability of the HS2 project itself and the substituted contracts and subcontracts, and also the effect that he believes it will have on my constituents and the constituents of my hon. Friend?

Mr Lidington: I can certainly well understand the importance of this issue to my hon. Friend's constituents and those of many other hon. and right hon. Members. The answer in respect of the particular contract that was awarded last year is that the two other private sector parties are now bound contractually to take over the responsibilities previously allotted to Carillion and to do so for exactly the same price as was set for the three-party consortium in the first place. I will refer his broader points about HS2 to my right hon. Friend the Secretary of State for Transport who I am sure will be in touch with him.

Emma Reynolds (Wolverhampton North East) (Lab): While 20,000 people across the UK, including 400 employees in Wolverhampton at Carillion's headquarters, are now at risk of losing their jobs, it seems that the senior management of Carillion have changed the rules so that they can keep hold of their exorbitant bonuses. Does the right hon. Gentleman think that that is fair, and if he does not, what will the Government do about it?

Mr Lidington: I can certainly well understand and appreciate that sense of unfairness on the part of the hon. Lady's constituents. It would be wrong for me from the Dispatch Box to pre-empt the inquiry that the official receiver will carry out into the conduct of both present and previous members of the board of directors, but I can say that the official receiver has the power not only to investigate, but to impose severe penalties if he finds that misconduct has taken place.

Dame Cheryl Gillan (Chesham and Amersham) (Con): The whole House will be concerned for the employees who are facing an uncertain future, and I preface my remarks by showing my concern as well. On 17 July, I brought the Secretary of State for Transport to this House at 10 o'clock at night to answer the questions that I raised about HS2 contractors and the unacceptable risks to the taxpayer, and that included Carillion. Unfortunately, those words seem to have come true. While my right hon. Friend is looking at the assessment of the effect on the constituency of my hon. Friend the Member for Stone (Sir William Cash), will he also look at the other failures of HS2, management and Government?

Would not he and his constituents, as well as my constituents and, perhaps, Mr Speaker, some of yours, feel that now is the time to cancel this ill-fated, poorly run project?

Mr Lidington: My right hon. Friend speaks, as always, both eloquently and forcefully on behalf not only of her constituents, but of very large numbers of people in the constituencies along the HS2 route. As I said in my response to my hon. Friend the Member for Stone (Sir William Cash), the particular HS2 contract that is at issue today will be covered by the joint venture arrangement. In that sense, Carillion's liquidation today will not make a difference to the cost of delivering those particular services to the HS2 project.

Rachel Reeves (Leeds West) (Lab): When Carillion collapsed at the weekend, it had debts of £900 million and a pension deficit of £600 million and yet, year after year after year, Carillion paid out dividends to its shareholders. Although the chief executive was jettisoned after the profits warning last July, he is still being paid a salary in excess of £600,000 a year until this coming October. Will the Government confirm that those payments to the former chief executive will stop as of today, and will the right hon. Gentleman agree that it is about time that we reformed our corporate governance laws so that companies cannot siphon off money to the detriment of suppliers, workers and, ultimately, the British taxpayer?

Mr Lidington: As I also said in response to the hon. Member for Wolverhampton North East (Emma Reynolds), I completely understand the concerns that pension contributors and existing pensioners will have. As I said earlier, the official receiver will consider potential detriment to the interests of pension contributors and pensioners as well as to employees of the company, and may seek to impose penalties. In addition, the Pensions Regulator has the powers to recover payments made to executives or others in the company if there is evidence that they have abused their responsibilities.

Sir Desmond Swayne (New Forest West) (Con): Is my right hon. Friend confident that we are capable of recognising when companies are bidding too aggressively?

Mr Lidington: As I said in response to my right hon. Friend the Member for Chingford and Wood Green, when the initial situation has stabilised there will be a need to take a fresh look at how the Government go about the contracting process. We will certainly wish to take into account the point that my right hon. Friend the Member for New Forest West (Sir Desmond Swayne) makes.

Mr Speaker: Order. I am sure that the people of Woodford Green would prefer to be known as the residents of Woodford Green rather than of Wood Green, and it may be that the residents of Wood Green would rather be known to reside in Wood Green than in Woodford Green.

Hilary Benn (Leeds Central) (Lab): Will the Secretary of State confirm that all annual fee payments made thus far by public authorities to Carillion in respect of private finance initiative contracts will now cease and that the liquidator will not be allowed to sell any of those contracts on to anyone else, so that there will not be a reward in the hands of others for the failures of this company?

Mr Lidington: I will look in more detail into that particular case and write to the right hon. Gentleman. The principle will be that one will need to find willing suppliers to take over the role of Carillion in a PFI, but on the basis of the information that I have been given today, no PFI faces an immediate crisis as a result of the liquidation.

James Duddridge (Rochford and Southend East) (Con): Southend constituents and those in broader Essex will be worrying about how the situation affects their public services. Will my right hon. Friend consider publishing a list—a spreadsheet—of all the contracts and all the affected constituencies and use that as a basis for updating the House on progress on individual projects as mitigation takes place?

Mr Lidington: We are seeking to analyse the spread of Carillion contracts so that we know which Members of Parliament are particularly affected. Some contracts, of course, are specific to a particular location while others provide a service across a much greater swathe of the country. What I can say is that so far today the reports from different Government Departments and agencies, whether one looks at schools, hospitals or other public sector providers, are that workers seem to be responding and services are being delivered as usual. I hope very much that that situation continues.

Stella Creasy (Walthamstow) (Lab/Co-op): The accounts show that in the last four years, on the PFI contracts alone, Carillion was part of deals that have made nearly £1 billion in profit directly from the public purse.

It is now clear that the notion, which all Governments have dealt with, that PFI is a good way to transfer risk to the private sector is a myth. Will the Government finally bring in a windfall tax to claw back the money so desperately needed for our public services from these companies? Or is it simply that they broke it but we will always end up fixing it?

Mr Lidington: The hon. Lady risks ignoring the £60 billion of capital investment that it has been possible to use to modernise and improve public services, and that would not have been available had this Government and their predecessors not used the PFI and PF2 approaches. The events of the past 24 hours have demonstrated that for private contractors this is not an easy ticket to riches; there are very real risks associated with taking on a contract. In this case it is—and rightly so—Carillion's shareholders and creditors who are suffering very substantial losses as a consequence of the financial difficulties into which the company has fallen.

Stephen Crabb (Preseli Pembrokeshire) (Con): Does my right hon. Friend agree that sad occasions such as this demonstrate the importance of the strength and resilience of our model of pension protection? They also serve to underline the real importance of not allowing individual directors who might have put at risk employees' pensions to walk away from their responsibilities. Will he assure the House that the investigation by the Pensions Regulator will be full and thorough?

Mr Lidington: My right hon. Friend makes a very good point. Obviously, the Pensions Regulator acts independently, but I am sure that both the Pensions

Regulator and the trustees of the individual pension schemes will respond appropriately to what has happened. In addition, as I said earlier, the official receiver can take account of detriment to pensioners and pension contributors as part of his analysis.

Mr Pat McFadden (Wolverhampton South East) (Lab): The Secretary of State has said that staff should continue to turn up to work and that they will continue to be paid, but he has also said that he is setting up a helpline at Jobcentre Plus. What assurance can he give the staff—I am thinking particularly of the 400 staff in the Wolverhampton headquarters, as well as staff around the country—that they should continue to turn up, when they face the prospect of that Jobcentre helpline? Also, can he say anything more about investigations into the company's changes in corporate governance in 2016, which appear to make the clawback of future bonuses more difficult?

Mr Lidington: On the second point that the right hon. Gentleman makes, the issue is covered by the scope of the advice that my right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy has given to the official receiver about how his inquiry into the conduct of existing and previous directors might develop.

On the right hon. Gentleman's first point, the situation for all employees of Carillion group companies is that for the next 48 hours—even for private sector employees, rather than those who are providing public services—there is that certainty that they can continue to turn up to work. After 48 hours, either the private sector counterparty must agree to fund future provision, including the fees of the official receiver, or those private sector contracts of Carillion's will be terminated. It is those people whom the helpline from Jobcentre Plus is particularly intended to help.

The Government will, as I said in my statement, continue for the time being to fund wages, salaries and payments to contractors and suppliers where that is necessary for the provision of key public services. That is to give the official receiver the time to arrange, in an orderly fashion, the transfer of service provision, either to a new contractor or to an in-house provider within Government.

Dr Andrew Murrison (South West Wiltshire) (Con): The Minister has offered reassurance in respect of joint venture partnerships with giants such as KBR and Kier Group, but what assessment has he made of arrangements such as CarillionAmey, which provides services to 50,000 MOD households—the homes of our brave men and women who serve in the armed forces?

Mr Lidington: The Ministry of Defence has been very closely involved in all the cross-Whitehall discussions about our contingency plans. The assessment by the Ministry of Defence is that that contingency planning means that the collapse of Carillion will have minimal impact on service personnel and their families. The facilities management contracts, which provide services to service personnel and their families, and which involved Carillion, are all through joint ventures. The other parties to those joint ventures are now contractually required to deliver all the requirements.

Chris Elmore (Ogmore) (Lab): Will the Chancellor of the Duchy of Lancaster confirm that by Government contracts he also means those within local government and the NHS? Contracts and running public services are not just about central Government.

Mr Lidington: Yes.

Mrs Anne Main (St Albans) (Con): I am very pleased that the Minister has mentioned apprentices, but the nature of apprentices is that they are young and they are training as well as working. I am concerned that many young people cannot bear the burden of not receiving any money, despite the low remuneration they get as part of the training process, and that it will not be easy midway between training schemes to find another appropriate training scheme for those young people to dovetail into. May I ask that special consideration is given to that particularly unique set of circumstances of being partly trained and having to find somewhere else to go?

Mr Lidington: My hon. Friend makes an important point. I can well understand why apprentices would be worried at the moment. Carillion has 11 training centres across England, with about 1,200 apprentices who are also Carillion employees and who are mostly 16 to 18-year-olds. The Construction Industry Training Board has now agreed to become the training provider for those apprentices, and it will assist apprentices accordingly in finding new employment as rapidly as possible.

Catherine West (Hornsey and Wood Green) (Lab): There are 1,200 16 to 18-year-old apprentices. May I suggest that the statement that the CITB is going to call together a taskforce does not match the urgency with which Members across the House have raised the issue of these young people, and the crucial question of their future in construction, which we desperately need to fix in advance of the Brexit debate?

Mr Lidington: The 1,200 apprentices obviously needed to be found both a training provider and an employer, and Carillion had been performing both those roles. The CITB has now stepped in and taken up the role of the training provider for all those young men and women. I assure the hon. Lady that the CITB is going to be extremely active—and will be pressed by Ministers to be very active—in ensuring that it reaches out to employers and finds spaces for those young men and women as rapidly as possible.

Mr Philip Dunne (Ludlow) (Con): This is a very serious day, with a most significant and unfortunate corporate collapse. I urge my right hon. Friend to give as much reassurance as he can to constituents such as mine, working in the Carillion headquarters in Wolverhampton, that there will be a continuing role for them under the administrator while a more permanent solution is put in place. I thank him, his colleagues and officials in the Department for their work in putting this statement together in order to reassure public sector providers of service within Carillion and its subcontractors that they will continue to provide service to the NHS hospitals in particular. Will he ensure that those construction projects where Carillion remains a prime contractor—I am particularly thinking about the NHS hospitals in Birmingham and Liverpool—will not suffer significant delays and that arrangements are put in place rapidly to maintain those contracts?

Mr Lidington: I am grateful to my hon. Friend for his comments. The Department of Health is looking at each of the different hospital construction contracts. Obviously, the way forward depends very much on the exact legal structure of those different contracts and on the stage that they have reached. For example, the chief executive of the Royal Liverpool and Broadgreen University Hospitals NHS Trust said earlier today that he saw no problem with moving forward to the completion of the new hospital construction work in Liverpool. The west midlands projects to which my hon. Friend refers are at a much earlier stage of development. However, I assure him that Health Ministers have this matter very much in their sights and I am sure that they will be in touch with him.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Despite the Minister's comments, I remain deeply concerned about the future of the new Royal Liverpool University Hospital. When will the new arrangements be made and when will the hospital be completed? The people of Liverpool must not pay the price for Carillion's failure.

Mr Lidington: I agree with the hon. Lady's final sentence. I refer her to the very strong words of reassurance from the chief executive of her hospital trust that things are in train to deliver the new hospital within the time that he was forecasting.

Peter Aldous (Waveney) (Con): Last week, under the ten-minute rule, I introduced, together with 11 colleagues, a Bill to tackle abuse of retentions in the construction industry. In preparing for that Bill, it very quickly became clear that Carillion was one of the worst offenders. Will the Minister give me an assurance that he will take this point into account in addressing the concerns of subcontractors? Will he also consider bringing forward my Bill during Government time?

Mr Lidington: On my hon. Friend's last point, I promise, on a "without prejudice" basis, to examine the case for doing so and to discuss it with ministerial colleagues. On his broader point, as I have said in response to a number of hon. Members across the House, there is a case for the Government to take a fresh look at the procurement process. However, I do not want that, in the next few days and weeks, to get in the way of our immediate responsibility to make life as easy as it can be made for employees, pensioners and others who are very worried about their futures.

John Spellar (Warley) (Lab): I echo the concerns of my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman). The new Midland Metropolitan Hospital now towers over the terraced housing in the Smethwick part of my constituency. Despite a delay due to a design failure, work is now proceeding apace and it is two thirds completed. What will the Government be doing about ensuring the flow of funding and work so that the contract can be completed and we can look forward to the opening of this new, much-needed hospital?

Mr Lidington: Discussions are taking place with the trusts, with Carillion managers and contractors, with PwC—as a special manager in the liquidation on behalf of the official receiver—and with the lenders to the project companies so that in coming days construction activities can continue without material disruption on crucial projects that the Government strongly support.

Robert Neill (Bromley and Chislehurst) (Con): Can my right hon. Friend specifically help us on what arrangements are being made to ensure continuity of the prison facilities management contracts, which, as he knows, already cause great problems, have only some two years to run, and are not joint ventures? Particular issues for staff and for prisoner security and welfare arise around those contracts.

Mr Lidington: I had better not trespass on the responsibilities of the new Secretary of State for Justice, but I can say that contingency plans at the Ministry of Justice included the creation of a Government company that is available to take on the provision of these services at any time.

Liz McInnes (Heywood and Middleton) (Lab): Carillion is responsible for 11,800 in-patient beds, so what action will the Government take immediately to avoid exacerbating the current NHS winter crisis?

Mr Lidington: The word from hospital trusts today so far has been that the work of hospitals has not been materially affected by the collapse of Carillion. The Department of Health has not been looking at this in isolation. In preparing contingency plans, it has been talking for some time to the NHS trusts that use Carillion as a contractor. The contingency plans address these issues with the aim of minimising disruption and making sure that services to patients continue both safely and to a high standard.

Craig Mackinlay (South Thanet) (Con): I highlighted the point I want to raise in a Westminster Hall debate on small businesses in November 2016. I am concerned about the consequences for subcontractors and suppliers down the supply chain that are now likely to be left unpaid by Carillion. This is what we would call a domino effect. Is it not time to change the insolvency rules to introduce an assumed Romalpa clause or similar, so that in the instance of the failure of a primary contractor such as Carillion, payments or the snatching back of recognisable goods and services are directed to the relevant companies down the supply chain by the receiver or the insolvency practitioner, rather than the primary client making post-insolvency payments into a likely black hole?

Mr Lidington: In the case of Carillion, the Government have made provision for payments to subcontractors to continue where those subcontractors are involved in the delivery of key public services. As far as my hon. Friend's broader points about insolvency law are concerned, he will have seen that my right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy is in his place on the Bench beside me, and I am sure that he, given his responsibilities for the Insolvency Service, will have taken careful note of my hon. Friend's request.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): This morning, I spoke to my local council, which is already acting fast to do all it can to ensure continuity of services and of staffing contracts. I am sure that the Minister will agree that the uncertainty ahead is hugely unsettling for employees and their families, but there is the further concern that valued employees with great expertise will start to look for new jobs, further compounding the risk to service delivery. Will he again

reassure the employees affected by local authority contracts, such as those in Hounslow, that the Government will not leave them in the lurch and that the commitment to protect public services and supplies will extend to local authority contracts and, indeed, to services such as prisons, including Feltham young offenders institution in my constituency?

Mr Lidington: Feltham young offenders institution is certainly covered by the overall contingency planning that the Ministry of Justice has put in place. As regards other local authority contracts, the same applies as with NHS trusts in that the Government's protection for payments of wages and salaries for suppliers and subcontractors extends to contracts where they are involved in the delivery of key public services. The Ministry of Housing, Communities and Local Government has been in touch with all the local authorities where we know Carillion contracts are in operation, and its Ministers and officials will be doing their very best to support those local authorities.

Several hon. Members *rose*—

Mr Speaker: Order. This is an extremely important matter, and it is hardly surprising that it has evoked intense interest in the House. As per usual, I am keen to accommodate the totality of the interest if possible, but if I am to have any prospect of doing so without jeopardising the time available for the Second Reading debate, may I advise Members—in respect of both questions and answers—that the abridged rather than the “War and Peace” version is to be preferred?

Kevin Foster (Torbay) (Con): I will bear that in mind, Mr Speaker. I thank my right hon. Friend for his reassurances, and it is right that this discussion should focus on workers and services, but I am concerned about pensioners. What reassurance can he give existing pensioners about their continuing to receive their payments, as planned?

Mr Lidington: The Insolvency Service or the official receiver will have to look at each of the 14 pension schemes forming part of the Carillion Group and assess their solvency and that of the companies with which they are associated. The backstop in all this is that the Pension Protection Fund will guarantee that pensions now in payment will continue to be paid at 100% of their value.

Paul Flynn (Newport West) (Lab): Do not the strong condemnation by both the National Audit Office and the Public Accounts Committee of the Government's decision to do a deal with EDF, a company that is €38 billion in debt, plus the Government's failure to see the warning signs in this case mean that the Government are earning a well-deserved reputation for financial incompetence?

Mr Lidington: As I said earlier, roughly one third of the Carillion contracts currently in force were awarded by this Government, and another third were awarded by Governments supported by the hon. Gentleman.

Mark Garnier (Wyre Forest) (Con): My right hon. Friend has made reference to the more recent contracts awarded to Carillion being done on the basis of a three-way partnership, and that seems a very pragmatic

[Mark Garnier]

approach to Carillion's recent problems, but with the collapse of Carillion, the financial burden will inevitably be passed on to the other partners. Will my right hon. Friend assure the House that when the Government did their due diligence on all the partners, they did it not just on the basis of one third of the risk, but of half of the risk and of 100% of the risk?

Mr Lidington: Yes, the Government did due diligence within the rules that I described earlier, and of course all the companies that signed up to those joint ventures knew that they were taking on that other potential risk, as well as the share to which they had definitely committed themselves.

Stephen Lloyd (Eastbourne) (LD): How many profit warnings does a major company have to issue before this Government decide that they will probably not award it major and significant contracts—more than three, perhaps?

Mr Lidington: A large number of companies issue profit warnings from time to time. If all potential contracting parties with such a company were suddenly to pull out and say it should have no more business in any circumstances, that would be guaranteed to block any chance of the company solving its problems. The Government's position is as I have described it: we operated at all times within the rules of public procurement as laid out in regulation and in law, but once Carillion had made the profit warnings, we took steps to ensure that greater degrees of protection were built into the small number of specific contracts that were awarded after July last year.

Mary Robinson (Cheadle) (Con): In 2013, Stockport council entered into a £100 million, 10-year contract with Carillion for the provision of services. In addition, Carillion is the lead contractor on the £290 million A6 to Manchester airport relief road, which is currently under construction and goes through my constituency. What advice and reassurance is my right hon. Friend giving local authorities as they sit down today to contemplate the way forward?

Mr Lidington: The Department for Transport is now activating its contingency plans to move key work and projects to other suppliers where possible and to ensure that the impact is kept to the minimum. Clearly, the response will vary, depending on the specific contract terms, the level of Carillion's involvement and whether it was contracted directly or through a joint venture, but I am sure that Transport Ministers will be happy to talk to my hon. Friend about her concerns in relation to the Stockport area.

Mr Kevan Jones (North Durham) (Lab): Carillion is notorious in the subcontracting industry as a company that pays its bills very late—over 90 days in most cases. The Minister has talked about public sector contractors that will need to be paid, but what support will the Government give small business in the north-east and elsewhere that are in non-Government contracts and are still waiting to be paid?

Mr Lidington: Companies in non-Government contracts that are not involved in the provision of public services would become creditors of Carillion. The responsibility

of the Government and the use of taxpayers' money should be first and foremost for protecting the delivery of key public services and the employees who deliver those services.

Vicky Ford (Chelmsford) (Con): I thank my right hon. Friend the Minister for wanting to minimise the impact on employees, pensioners, apprentices and subcontractors and for protecting vital services. Can he confirm that he will not fall into the Labour trap of dealing with corporate failure, as when the last Labour Government let bank investors pocket the profits for many years, but when the ship hit the rocks, the taxpayer had to pick up the bills while those same bond investors were let off scot-free?

Mr Lidington: My hon. Friend makes an important point. It is right that taxpayers' money is used to protect public services, not to bail out either creditors or shareholders of a private sector company that has made serious financial mistakes.

Dr David Drew (Stroud) (Lab/Co-op): Where Carillion has a public sector contract and is in dispute with householders, will the Government commit, if the settlement is in favour of the householders, to make payment to those householders?

Mr Lidington: I am sure that a constituency case lies behind that. I am very happy for myself or another Minister to talk to the hon. Gentleman about the precise circumstances.

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): South Tees NHS trust has substantial investment with Carillion as a result of PFI arrangements agreed under the last Labour Government. Carillion's supply chain is now horribly exposed, and Slater Refrigeration, which is a small firm based in my constituency that supplies cooling systems for one hospital's blood banks, its MRI scanner, its CT scanner, its mortuary and its operating theatres, has been told that, while its costs will be covered going forward, the £43,500 that it is already owed by Carillion is not covered, and that presents a critical threat to the business. Can the Minister provide reassurance that these outstanding liabilities will be paid, either via the PFI shell companies or, in extremis, via the Government themselves?

Mr Lidington: I would hope that the company in my hon. Friend's constituency will talk directly to the official receiver and the Insolvency Service, which is working with the official receiver. If there are still problems after that, I would invite him to talk to me or one of my team, and we will see what might be possible.

Louise Haigh (Sheffield, Heeley) (Lab): Will the Secretary of State confirm that when he references key public services that includes projects at their early stage, such as the Sheffield tram-train project and the flood defences in the Don Valley, or are they at risk of cancellation? Will he also provide a bit more detail on the accountability for decisions made by the official receiver in transferring contracts?

Mr Lidington: The official receiver is clearly an independent authority—rightly so—but where we are talking about a contract to provide services to a Government Department or a Government agency, obviously that

Department or agency has to decide whether the particular provider will deliver what is needed in terms of the quality and speed of public service. We are protecting the public service contracts on the basis of the value that they provide to the public, not where they might have got to in their development. Clearly, it is for the official receiver, in the first place, and for the relevant Departments to look at each project on its own merits and to assess how best to take it forward and through what type of provision.

Andrew Bridgen (North West Leicestershire) (Con): Does my right hon. Friend agree that companies do not fail—directors and management teams fail? Does he also agree that capitalism without bankruptcy is like Christianity without hell: there is nothing to keep us on the straight and narrow? Carillion is finished, but demand for its services continues. The jobs will be recreated, and in future the management will have to be better.

Mr Lidington: I cannot match my hon. Friend's theological knowledge, but the central point he made at the end is right: this work in providing public services will still need to be done. People will still need to be employed in the provision of support services, facilities management, repairs and maintenance, and so on. Although that will not be done by Carillion in future, it will be done by another provider, and the need to employ numbers of people will remain.

Alison Thewliss (Glasgow Central) (SNP): In Scotland, Carillion is in partnership with TIGERS—Training Initiatives Generating Effective Results Scotland—to provide a shared apprenticeship scheme, and my constituent Connor Mallon, from Toryglen, was taken on as the 1,000th apprentice as part of that scheme last year. What reassurance can the Minister give those such as Connor who are in the middle of an 18-month programme? Can he also tell me a bit more about the CIBT taskforce, how that interfaces with the Scottish Government and what is being done there?

Mr Lidington: The hon. Lady's point is an important one. I will brief myself, and I will write to her.

James Morris (Halesowen and Rowley Regis) (Con): The new Midland Metropolitan Hospital, which was referred to by the right hon. Member for Warley (John Spellar), will provide vital services to people in Rowley Regis and is due to open in 2019. Carillion is the principal contractor. Will the Minister commit to make sure that he speaks to his counterparts in the Treasury and the Department of Health to ensure that there is continuity in this construction project, which is now two thirds complete and needs to be gripped?

Mr Lidington: Certainly, the Government's wish and intention is that we can get on with construction work in the west midlands without material disruption. I will certainly pass the message very clearly to fellow Ministers in the two Departments my hon. Friend referred to.

Mike Kane (Wythenshawe and Sale East) (Lab): Carillion is a partner in an international joint venture to deliver Manchester airport city enterprise zone in my constituency. Does the Minister agree that what has happened gives a terrible signal to international investors about the state of UK plc?

Mr Lidington: No. There are few countries in which companies do not fail. What is important in this case is that responsibility and financial liability for that failure are seen very clearly to rest with the shareholders and creditors, not with the public purse, and that Government energy is directed towards ensuring that those public services continue to be provided.

Jeremy Quin (Horsham) (Con): Following on from the last question, once the official receiver's investigation into the specifics of the directors of Carillion is concluded, how will my right hon. Friend ensure that any more general lessons regarding corporate governance are taken up, considered and applied where necessary elsewhere?

Mr Lidington: Ministers will want to consider these questions at a senior level. I am sure that we will also look with interest at whatever report the Public Administration and Constitutional Affairs Committee produces. It might be helpful in contributing to our thinking on this.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): In Newcastle, Carillion bought Eaga, a successful, local and partly employee-owned energy company, which was then forced to shed thousands of jobs due to the Government's U-turn on renewable subsidies. Will the Minister agree that the people of Newcastle have been twice betrayed by his Government with regard to Carillion and commit absolutely to ensuring that jobs, pensions and our local economy do not suffer further? Let me be clear: a helpline will not cut it.

Mr Lidington: It is a lot more than a helpline; it is the continuation of payments, salaries, wages and payments to contractors and suppliers. I hope that that will be welcomed across the House.

Robert Courts (Witney) (Con): I thank the Minister for his statement and commend Oxfordshire County Council for the swift work it has undertaken today, particularly to ensure that schoolchildren have been fed all over Oxfordshire. Will he please offer some reassurance to the 400 staff employed at Oxford's John Radcliffe Hospital with regard to their jobs and to my constituents concerned about the continuity of services there?

Mr Lidington: Before coming to the House, I had a look at the latest briefing from the Department of Health and Social Care, and the John Radcliffe Hospital was reporting no disruption to services—we have had no notification of any problems. I am close enough in constituency terms to the John Radcliffe to know how important that modernisation project is. On schools, it is welcome that the message from Oxfordshire, Tameside and other local education authorities has been that business has been continuing as normal today.

Helen Goodman (Bishop Auckland) (Lab): This case is very similar to that of Southern Cross. We can see that, although we can transfer jobs, the provision of services and money to the private sector, ultimate responsibility and financial risk stay with the public sector. How high is the contingent liability set in the minute that the Minister is laying before the House today?

Mr Lidington: I question the premise on which the hon. Lady put her question. It is true that ultimate responsibility for the provision of public services remains

[*Mr Lidington*]

with the public sector, but as this case has demonstrated beyond any doubt, the financial risk really and truly is transferred to the private sector contractor.

Ross Thomson (Aberdeen South) (Con): The Aberdeen western peripheral route is being constructed through my constituency. Will my right hon. Friend advise the House on what discussions he has had with the Scottish Government and the next steps that have been agreed to give reassurance to the workers turning up on site about their jobs, pay and pensions? Does he agree that the Scottish Government should outline their contingency plans as soon as possible, given reports that they have been slow in their payments to the project consortium?

Mr Lidington: This is one of the projects in Scotland that has been the subject of conversations between UK and Scottish Government officials. Because it is a Transport Scotland project, it is indeed a matter for the devolved Government in Scotland to take forward in seeking alternative providers, but the Government will continue to do whatever they can to support the Scottish Government in that endeavour.

Stephen Kinnock (Aberavon) (Lab): This whole sorry tale is a textbook example of the privatisation of profit and the socialisation of risk. Companies such as Carillion have been taking taxpayers for a ride to the tune of billions of pounds of profit. Is not today the day when the case for a windfall tax on these sorts of companies became unanswerable?

Mr Lidington: I normally have time for the hon. Gentleman, but I am afraid that in this instance he wrote his script before listening to the statement. There have been no payments to Carillion except payments for services actually delivered by Carillion companies, in line with their contracts. What today has demonstrated is that the financial risk is transferred to the private sector contractor, and it is right that that should be the case while the Government concentrate on continuity of public services.

Alan Brown (Kilmarnock and Loudoun) (SNP): As was highlighted by the hon. Member for Waveney (Peter Aldous), hundreds of subcontractors risk losing money as a result of cash retentions on the part of Carillion. The Government could have legislated previously to end that practice. As part of the review, will the Government establish how much cash Carillion is withholding, and for how long the payments were due to subcontractors? Will the Minister try to ensure that the money is released, and legislate to end unprotected cash retentions? As a co-sponsor of the private Member's Bill presented by the hon. Member for Waveney, I should be happy if the Government adopted it.

Mr Lidington: I will not promise today to introduce legislation, but I assure the hon. Gentleman, as I assured my hon. Friend the Member for Waveney, that we will take a fresh look at those ideas.

Kate Green (Stretford and Urmston) (Lab): Carillion's performance in respect of the contract for facilities management in prisons has been extremely poor for a

number of years. Can the right hon. Gentleman confirm that penalties for performance failure have been extracted during the life of the contract, and that there will be no further payments when the contract has not been delivered as it should have been?

Mr Lidington: I will ask Justice Ministers to respond to the hon. Lady in writing about the details of her question. I have seen enough prison inspection reports to know that in some prisons there were serious questions about the quality of Carillion's provision. I am pleased to be able to reassure the hon. Lady that the Ministry of Justice has strong contingency plans not only to continue service, but to drive forward improvements. I know that my right hon. Friend the Secretary of State will be very committed to doing that.

Clive Efford (Eltham) (Lab): Although a hedge fund seems to have been able to bet against Carillion and make millions of pounds, the Government's due diligence gave it a clean bill of health. Can the Minister assure the House that at no stage did departmental officials advise Ministers against giving it further contracts following the profits warnings, and that Ministers did not act against any such advice?

Mr Lidington: As I have said more than once, different parts of the Government awarded the contracts in the light of the public procurement regulations and the principles of both United Kingdom and European law that underpin the public procurement process.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Across Wales, Carillion is involved in rail, road, energy and digital infrastructure projects. What discussions about exposure to Welsh projects took place between the UK and Welsh Governments before the events of the weekend, and what discussions have there been over the last few days?

Mr Lidington: Officials have been in contact with the Welsh Government. There is minimal exposure to jobs in Wales: there are about 40 Carillion workers there, but they do not work on any public sector contracts. Carillion has been subcontractor to two contracts in Wales for a design phase, and it was bidding as a subcontractor to a rail project, but as a subcontractor only. It is for the main contractor to find out who will take its place.

Andy Slaughter (Hammersmith) (Lab): The Minister has talked about continuity, but in many cases the current service provided by Carillion is appalling. Two independent reports on Wormwood Scrubs prison last month—to which the Minister may have just alluded—describe indecent living conditions involving broken toilets, showers, and heating, electric and fire safety equipment. What confidence can we have that the performance of Carillion contracts will be not only maintained, but rectified where it is failing?

Mr Lidington: I think it important that, whether a service is provided by the public or the private sector, every effort is made—both in the designing of the contract or in-house arrangements and subsequently, through management of those arrangements—to deliver a service of the highest possible quality. The hon. Gentleman cannot unfairly point to examples in which

the private sector has fallen down on the job, but it is equally possible to point to examples in which the public sector has done so. Many of us remember only too vividly the report on Mid Staffordshire hospital in recent years. It is not a question of private-public, one good and the other bad; it is a question of seeking to drive forward the highest standards, whatever the form of provision.

Toby Perkins (Chesterfield) (Lab): It is not new news that Carillion had financial difficulties, and the Minister himself has referred to the Government having taken a particular interest in the performance of Carillion in the period since July 2017. Why did the Government leave the position of the Crown representative to Carillion vacant from August to November when there was such concern about the performance and financial health of Carillion?

Mr Lidington: A Crown representative was appointed a little while ago—before my time at the Cabinet Office started—and we intend to announce the name as soon as possible.

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): Sheffield houses Carillion's customer experience centre, often known as the nerve centre of the UK operations, where 250 people are employed. What reassurances can the Minister give to the workforce about their short and long-term futures?

Mr Lidington: In the immediate future, people will still be needed to carry out that co-ordinating work, and the Government are funding such provision through the official receiver. In the longer term, it will depend upon exactly how the provision of public services takes place in respect of the various services currently looked after by the Sheffield centre.

Diana Johnson (Kingston upon Hull North) (Lab): Bosses at Carillion took steps to protect their £4 million-worth of bonuses shortly before £600 million was wiped off the share values of the company, and with Persimmon recently awarding an obscene bonus to its chief executive, is it not time for this Government to take action on the culture of excessive bonuses at the public expense, and especially, in this case, on rewarding failure?

Mr Lidington: In respect of Carillion it is perfectly within the scope of both the official receiver and the Pensions Regulator to look at those actions taken by either current or previous directors and, if they are persuaded by evidence, to impose quite stringent penalties upon those people.

Ruth Smeeth (Stoke-on-Trent North) (Lab): Every community represented in this place will be touched by the collapse of Carillion, including for me the Harplands Hospital in the constituency of my hon. Friend the Member for Stoke-on-Trent Central (Gareth Snell). My concern, however, relates to the wider impact on my county, which includes Army accommodation and over £1 billion nationally of Government funds that have been spent with Carillion both directly and through subsidiary companies. What assurances are you giving to them, and how are you communicating with service users from today to say that everything is going to be fine? One tweet from the Second Sea Lord is not enough.

Mr Speaker: That may well be so, but I am not offering any assurances to anybody, although the Minister might be able to do so, and we will be greatly obliged to him.

Mr Lidington: I am advised by the Ministry of Defence that the services provided by Carillion are provided through joint ventures, and therefore the other joint venture partners are required to come forward and shoulder the responsibilities that Carillion was exercising. The MOD is working with those partners to ensure the services continue to run effectively. If the hon. Lady has evidence of things going awry in her constituency or county in this respect, I encourage her to take that up with the Secretary of State for Defence and his team, because they are rightly determined to make sure that things go as smoothly as possible for our servicemen and women and their families.

Matt Western (Warwick and Leamington) (Lab): In the statement the Minister says, "We have been monitoring Carillion closely since its first profit warning in July 2017". For 18 months, however, from March 2016 until July 2017, Carillion was the most shorted stock on the UK stock exchange. In fact in July, after the 70% drop in share price, there was still a 21% shorting of the stock. Just how closely were the Government monitoring the situation—or did they for some reason have a blindspot?

Mr Lidington: There is no question of any blindspot. The Government, in common with any other party that was doing business with Carillion, clearly did not have access to the company's books. The evidence of our concern is the very fact that the relevant Departments and agencies ensured that there was protection through the creation of joint ventures on key contracts when it became a matter of public record that Carillion had difficulties.

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): The collapse of Carillion is the most appalling epitome of the worst kind of lemon socialism and corporate welfare, in which the socialisation of losses is underwritten by the state while private profits from state assets are siphoned off to shareholders. Given that these companies are responsible for huge swathes of critical national infrastructure and service provision, will the Minister give a guarantee that a new form of status will be granted to these companies whereby they will be forced to undergo much more onerous forms of regulation and supervision by the state, to ensure that any risk to the state's functions can be prevented?

Mr Lidington: The action that the Government are taking today is, so far, ensuring that there is no risk to the state's functions and that services are being provided as normal. As to the hon. Gentleman's opening comments, this case demonstrates that this is, rightly, not a one-way ticket for contracting companies. They have had to suffer serious financial loss to both creditors and shareholders. The risk was transferred.

David Linden (Glasgow East) (SNP): The West of Scotland Housing Association is headquartered in Barrowfield, which is part of my constituency. It is in the process of transitioning its maintenance contract

[David Linden]

from Carillion to Robertson FM, so there is no need for its tenants to worry, but what discussions has the Minister had with the Secretary of State for Housing, Communities and Local Government about the impact that this will have on other housing associations in these islands?

Mr Lidington: The Department for Housing, Communities and Local Government has been in touch with those housing associations that we think might have been affected by the collapse of Carillion. So far, we have not been alerted to any immediate difficulties, but this is something that the Secretary of State for Housing, Communities and Local Government will be keeping under close watch.

Space Industry Bill [Lords]

Second Reading

5.47 pm

The Minister of State, Department for Transport (Joseph Johnson): I beg to move, That the Bill be now read a Second time.

Very few people realise just how important the space industry is to our daily lives. Satellites, in particular, provide many critical services that we all take for granted. Navigation satellites provide the precision timing needed to enable global financial transactions. Weather satellites enable farmers and the emergency services to plan how best to protect people, property and produce from extreme weather, and provide unique insights into our changing climate. Communication and imaging satellites let us monitor disasters and threats to our national interests, and allow us to watch and react to live news events unfolding anywhere on earth.

Satellites, a specialty of the British space industry, play a crucial role in our economy, supporting more than £250 billion of our GDP. In the future, tens of thousands of new, smaller satellites are planned, creating a global launch opportunity worth £10 billion over the next 10 years. This is an opportunity that the UK is well placed to pursue. Our long coastline, aviation heritage, engineering capability, thriving space sector and business-friendly environment all make the UK attractive for new commercial launch services. We already license space activities that are carried out by UK companies from other countries, but we could carry out space activities from our own shores. We have already announced a £50 million programme to kick-start markets for small satellite launch and sub-orbital flight from UK spaceports as part of our industrial strategy, and we have received 26 separate proposals for grant funding.

Mr Nigel Evans (Ribble Valley) (Con): I am a small shareholder in ManSat and president of the parliamentary space committee. The Minister said that satellite technology is one of this country's specialities, but is he as concerned as I am by what I read in the newspapers about British companies being frozen out of bidding under the Galileo project owing to Brexit?

Joseph Johnson: I thank my hon. Friend for his question. That is a subject of some concern and one that I had occasion to raise on numerous occasions with Commissioner Bierkowska in my previous role as Science Minister. We want to ensure that our space sector continues to be able to compete on a level playing field, and, as long as we are full members of the European Union, we have every expectation that businesses should be able to bid and win contracts under programmes such as Galileo and Copernicus.

Through this Bill, we seek to be a global exemplar of good regulation by balancing the need for flexibility and foresight with an absolute commitment to public safety. As such, the Bill provides a framework for the development of more detailed rules in secondary legislation, supplemented by guidance and supported by a licensing regime. The Bill was developed by my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes) by drawing on expertise from across Government, including the Department for Transport, the Department for Business,

Energy and Industrial Strategy, the UK Space Agency, the Civil Aviation Authority and the Health and Safety Executive. I also express my thanks to the wide-ranging scrutiny carried out by noble Lords in the other place, which was done with enthusiasm as all parties acknowledged the importance of the Bill and wanted to make it a success. The Bill that is being considered by this House is now better as a result of their hard work. I hope that that collaborative attitude will govern the passage of the Bill through this House. The collegiate approach to the development of this Bill, which my right hon. Friend spearheaded, will continue as we develop secondary legislation, consulting on key issues and providing confidence to the public and investors that the UK will develop safe, business-friendly regulation in the public interest.

The Space Industry Bill is necessarily broad in scope, but it benefits from the experience and best practice of international launch, as well as our own world-class aviation regulator, resulting in a safe, proportionate and comprehensive enabling framework in one piece of legislation. In turn, the activities defined in this Bill and its subsequent regulatory framework would benefit many in the UK. Entrepreneurs would benefit from new opportunities to build innovative commercial enterprises. Local economies would benefit from the creation of spaceport sites with related jobs. Our small satellite industry would have direct access to domestic launch capacity, reducing dependence on foreign launch services.

Jim Shannon (Strangford) (DUP): Certain regions in the United Kingdom of Great Britain and Northern Ireland will be able to have specific projects, but Northern Ireland will not. Will there be job opportunities for those with the qualities and the talent, even if they reside outside where the opportunities for businesses to create projects are located?

Joseph Johnson: Indeed. I was in Belfast just a few weeks ago for one of the UK launch programme's roadshow events, where we gathered together small and medium-sized businesses in Northern Ireland with expertise in space to showcase all the benefits that are to be gained from participating in the programme and taking part in the activities that the Bill will enable.

Diana Johnson (Kingston upon Hull North) (Lab): If I am correct and the Bill will open the way for commercial spaceflights within the next 20 years, does the Minister realise that such flights will arrive many years quicker than Transport for the North's proposals for improvements to transport in the north, including rail electrification to Hull?

Joseph Johnson: We want to move forward on many fronts, and the Bill will enable us to capture some of the significant opportunities that are out there for British businesses in the space sector.

Vicky Ford (Chelmsford) (Con): Given the fast growth of the sector and the fact that its businesses create jobs three times faster than the average British company, does the Minister share my concern about the lack of interest in this Bill from the Labour party?

Joseph Johnson: The Bill has been developed collaboratively with the support and involvement of all parties, and I am grateful for the constructive approach taken by the Labour party. My hon. Friend is absolutely right,

however, to say that there are tremendous opportunities for British companies in the space sector. We have a market share of about 6.5% at the moment, but the Government's ambition is to increase that 10% by 2030, and the Bill will play an important role in enabling us to take advantage of the great opportunities.

Mark Garnier (Wyre Forest) (Con): The Minister is being generous with his time. Having worked with him for the past two years on helping to develop this country's space industry, I absolutely share his vision for how fantastic things can be for Great Britain. There are many technical details that can help us to achieve our target of 10% of the global space market, and one of those important details is the liability that space companies have on launches. We currently have unlimited liability, but were we to find a system whereby there could be limited liability on insuring spacecraft, that could bring a huge amount of space activity to this country.

Joseph Johnson: My hon. Friend raises an extremely important point that was the subject of considerable discussion when the Bill was in the other place, and we will return to it in detail in Committee. For the time being, I can say that we recognise that launch from the UK is an important new activity, and, given the risks involved, further work needs to be carried out on the appropriateness of capping either liability to Government or to third parties in prescribed circumstances. State aid issues must also be considered in relation to any such cap that we might want to introduce. However, we plan to announce a call for evidence on all issues relating to insurance and liabilities early this year following the Bill's Royal Assent.

John Howell (Henley) (Con): Does the Minister share my view that companies such as Reaction Engines, which is based in my constituency, hold the future for space vehicles that can be used over and over again?

Joseph Johnson: Indeed. Reaction Engines is a great example of the kind of British company that is well placed to take advantage of all the opportunities that the Bill will enable. We have been supporting Reaction Engines and its SABRE technology through Innovate UK and the Department for Business, Energy and Industrial Strategy, and, from memory, I believe that it has received around £55 million over recent years. We want it to be a great success, and have every confidence that it will be.

British-based scientists will benefit through increased access to microgravity and investment in institutional capability in launch, spaceflight and related sciences, attracting world-class scientists to the UK. Young people seeking careers in science, technology, engineering and maths will gain new opportunities and greater inspiration from an expanding UK space sector. The UK as a whole will benefit from access to a strategic small-satellite launch capability, contributing to our understanding of the world, the provision of public and commercial services, the delivery of national security and new opportunities for investment and export.

Robert Courts (Witney) (Con): The Minister has just referred to the skills that will be supported by the Bill. Does he agree that it presents a real opportunity to inspire the next generation, so that those growing up across Oxfordshire can look to ensure that this country really excels in an area in which it already takes a lead?

Joseph Johnson: Absolutely. There is nothing like space to generate STEM inspiration, which we saw when Tim Peake became one of the first British astronauts—if not the first British astronaut—to visit the International Space Station last year. We have seen on many occasions the power that space has to capture the imaginations of young people, and we have every confidence that the development of a domestic launch capability will have comparable effects over time.

The UK as a whole will benefit from access to a strategic launch capability. Today, we stand at the dawn of a new commercial space age. We can once more reach for the stars, but not at vast public expense or in a way that is dependent on the good will of others elsewhere in the world. We can do so in the best spirit of British innovation and by enabling commercial markets for small-satellite launch and sub-orbital flight from UK spaceports. The sky will no longer be the limit for our talented scientists, engineers and entrepreneur, and with modern, safe and supportive legislation, we will attract the capability, infrastructure and investment we need to make that a reality. I commend the Bill to the House.

6 pm

Andy McDonald (Middlesbrough) (Lab): It must be a blessed relief for Government Front Benchers to move their attention away from their trials and tribulations here on planet Earth and to lift their eyes up to the heavens. Much of the country is doing likewise, aghast in sheer disbelief at the Government's continued appalling judgment on our country's transport system.

It is perhaps no surprise that the Secretary of State for Transport is not present for the Second Reading of this important Bill—perhaps he is explaining to the Prime Minister how he came to the view in July 2017 that Carillion was a safe bet and fit to be awarded the High Speed 2 contract, despite dire profit warnings. He is making a habit of not being at the Dispatch Box when his decisions make the news for all the wrong reasons.

Just as the Secretary of State has today delegated responsibility for the Space Industry Bill to the newly appointed Minister of State, the Government have produced a Bill that delegates more powers than it has clauses. That said, I also pay tribute to the right hon. Member for South Holland and The Deepings (Mr Hayes) for his open attitude to producing the best possible legislation, which is consistent with his attitude throughout. I commend him for that, and I trust that the same arrangement will continue with his successor so that we can produce the best possible Bill.

The UK's space industry is an important and burgeoning part of our economy. It was valued at £13.7 billion in 2014-15, supporting almost 40,000 jobs. This Bill will establish a licensing regime for spaceports, spaceflights and satellite launches that is currently missing from the statute book and will put in place the regulatory framework to allow further expansion of the industry.

The UK Space Agency's assessment, published in 2016, showed that the UK had a 6.5% share of the global space industry, and we hope the Bill will help to increase that share as the space industry grows globally in the coming years. Accordingly, Labour will be supporting the Bill as it continues its passage into law, although not without reservation about certain aspects, which I will spell out.

I put on record my party's thanks to our Front-Bench colleagues in the other place for their valuable work on this Bill. They secured a number of important concessions from the Government, particularly the removal of the Henry VIII powers, which has much improved the Bill and for which we are grateful. However, we will still press Ministers on delegated powers and on the Bill's impact on the environment, health and safety regulation and land powers.

During the Bill's passage through the other place, the Government gave assurances that they would table amendments in this House on a duty to carry out full environmental impact assessments as part of the licensing process. We look forward to Ministers following up on that assurance in the Bill's later stages.

Similarly, the Government gave an assurance in the other place that a specific regulator, either the Civil Aviation Authority or the UK Space Agency, will be a single point of accountability for health and safety on each individual mission. However, we will seek further details from Ministers on the relationship between the Health and Safety Executive and the CAA or the UK Space Agency, and on how best practices will be shared.

In relation to joined-up thinking on health and safety matters, will the Minister illuminate us on whether the Government have put any thought into how this Bill and the recently introduced Laser Misuse (Vehicles) Bill will cover legislative issues relating to the pointing of lasers at suborbital spacecraft and horizontal-launching spacecraft?

Moreover, can the Minister shed light on the Government's thinking on clause 33(5), which addresses "provision for an operator licence to specify a limit on the amount of the licensee's liability"

in the unlikely event of "injury or damage" being caused by licensed spaceflight activities? My recollection is that a figure of £20 million was suggested in my previous discussions with Ministers. Will the Minister confirm whether that is the case? If it is, I suggest the Government reconsider the limit.

We recognise this is a highly technical and highly skilled environment and that the chances of something happening will hopefully be extremely remote, but, if it were to happen, the consequences could be dire. In those circumstances, £20 million may not be anywhere near sufficient. Two catastrophic injury cases could take a large share of that sum. In the case of brain injury or other catastrophic injury, the costs incurred by long-term support, accommodation or care would be considerable. I ask the Minister to think about how we might work around that difficulty.

The Government conceded in the other place that the wording of the Bill needs to be tightened to clarify that any restrictions over land would be temporary and would need to be established individually for each specific mission. Further clarity is also required on the ability of those affected by such restrictions to appeal against the decisions. We want Ministers now to outline how the Government expect the powers to be used and to ensure that the Bill provides an adequate legislative framework should the UK's space industry undergo significant growth in the future, as we all want to see.

Finally, returning to the point I outlined at the start, the Bill appears to have been introduced well before the Government have done sufficient work to allow Parliament

to scrutinise the legislation—the Bill contains 100 delegated powers in 71 clauses. Despite the Government’s concession to remove the potential Henry VIII power from clause 66, clause 67 still has a catch-all regulation-making power that allows the Government to make general provision for regulating space activities and “associated activities”. We look to the Government to better define those associated activities.

Furthermore, the Government appear determined that significant statutory instruments arising from the Bill’s delegated powers will be affirmative when they are first made, with negative procedures following afterwards. As the Bill progresses, we will seek to persuade the Government that such statutory instruments should be consistently affirmative each and every time they are made.

We will be supporting the Bill on Second Reading, but unfortunately the Government have introduced a Bill that is inadequately detailed and imprecisely worded. We will seek to change that as the Bill progresses, but sadly the Government have been too busy making a mess of our public transport by hiring failing companies to build national infrastructure projects and by bailing out private companies when they fail to run our rail network.

It is time that this Government made decisions in the interest of the UK economy and hard-pressed taxpayers, instead of dishing out corporate welfare. It is time they started focusing on the day job.

6.8 pm

Mr John Hayes (South Holland and The Deepings) (Con): It is an honour and a pleasure to speak from the Back Benches for the first time not quite in a lifetime but in very many years. It is a particular pleasure to speak in a debate on a Bill that I helped to shape, as the Minister generously acknowledged. I am grateful both for his words and for the words of the shadow Secretary of State. It has been a pleasure to work on this subject, and indeed on transport more widely, with colleagues on both sides of the House.

Reflecting during this sojourn on the Back Benches, I thought that parliamentary and political life constantly gives the impression, perhaps the illusion, of permanence, but in practice it offers the reality of impermanence; all things we do here are ephemeral. Knowing that guides and shapes how we behave; nothing lasts long. However, it is vital that Governments do things that are long lasting, far sighted and strategic, and not simply piecemeal or reactive. Of course Governments must deal with the day-to-day events, the week-to-week affairs of the nation, but they must also set their sights on a more distant horizon, what Kennedy called a “new frontier” and what popular culture called “the final frontier”—of course no frontiers are entirely final for me, as you know, Madam Deputy Speaker, but none the less it is important that Governments do just that.

Governments in democratic polities struggle to do that, partly because of those daily and weekly imperatives; partly because no one wants to take responsibility for big decisions that might go wrong and so it is easier to deal with small things that can be corrected quickly; and partly because the five-year electoral cycle means that they get no credit for planning and thinking through things that might bear fruit 10 years or more later.

Governments in democratic polities have a history of not doing those long-term things, so I am pleased to see that this Bill is an exception to that general thesis.

The Bill sets out a way forward for the space industry that is far sighted and strategic. It is vital that we should do so, but there is another challenge for Government in this respect: creating a legislative framework that is sufficient to allow and, indeed, encourage further investment, but not going so far as to attempt to predict an unpredictable future. This is a highly dynamic sector and the technology we are debating this evening will be unrecognisable by the time this Bill bears fruit those five or 10 years down the line, as it grows, alters and metamorphoses. Someone mentioned Reaction Engines earlier, and I was pleased and proud to go there as a Minister to see precisely what it is doing, and to witness and begin to understand—I say no more than that—the technological changes it envisages in propulsion. It is developing a whole new method of propulsion, which will change assumptions about the speed with which we travel and therefore open up all kinds of new chances to do so.

The speed and pace of technological change requires Governments to know when to be modest, as well as when to be bold. This Bill attempts to square that circle; to walk that tightrope, and it does so reasonably well. I acknowledge what the shadow Secretary of State said: when we do that, we risk—perhaps that is too strong and I should say open the possibility of—a great deal of secondary legislation. This Bill is, in essence, a framework, which will require further measures to bring it to life as we are clearer about what is required. That secondary legislation deserves proper scrutiny and should come to this House for consideration in exactly the same agreeable, convivial, co-operative and collaborative spirit that has engendered during the course of our considerations of these matters thus far. None the less, we need to have proper scrutiny, of a non-partisan kind, as we enjoyed in another area we have been debating recently—electric and autonomous vehicles. My legacy is so wide and deep that I hesitate to go further, because we could speak about so many things. I am a man of the future with an eye to the past.

Sir Oliver Letwin (West Dorset) (Con) *rose*—

Mr Hayes: Now I see the past coming back to haunt me.

Sir Oliver Letwin: I wish to echo my right hon. Friend’s tribute to himself, as he was indeed a visionary on electric vehicles and there will in due course be a Hayes electric vehicle launched in this country.

Mr Hayes: My right hon. Friend and I enjoyed many happy moments—it seemed much longer than that—on the Automated and Electric Vehicles Bill Committee recently. His contribution to that Committee, may I say with absolute seriousness, was very important. It helped to shape and hone the legislation in a way that, had he not been there would not have happened. I could say the same about colleagues on the other side of the Chamber, too. Proper scrutiny in this House does improve legislation and we should never assume that we are merely going through the motions—that is not what this House is about. At its best, it is the very apex of good democratic polities.

Mr Nigel Evans: Will my right hon. Friend give way?

Mr Hayes: This is going to be a relatively short speech, but I am happy to give way to my hon. Friend.

Mr Evans: I am more past than future, that is for certain, but I am as excited as my right hon. Friend about the potential for space development, particularly in a multi-billion industry in the UK, which is growing at an incredible 8% a year. As we have the desire to put more satellites into space, so that we can do all these wonderful things he has spoken about, is he happy and content that the Bill gives sufficient regard to debris mitigation to ensure that we are not just putting more junk for the future into space?

Mr Hayes: To avoid delaying the House unduly, I refer my hon. Friend to *Room, The Space Journal*, which contains an article that I was reading just this weekend on exactly that point. It is headed “Space debris break point” and sets out precisely the kind of risks and problems he highlights. It is unsurprising he does so, given his interest in this subject and the expertise he has gained in it over many years. I am sure that reading that will allow him to take the matter further, perhaps by tabling some difficult written questions for the new Minister, of the kind that my officials used to bring to me, not just often, but daily. I merely echo what he and others have said: that the UK space industry is indeed a leading world player. The income for the industry in 2014-15 was reported at £13.7 billion, which is equivalent to 6.5% of the global space economy. As has been said, it is a rapidly growing industry. It is growing much faster than the economy as a whole. This is something we do well and can do still better, but only if Government play their part.

So what is that part? It is definitely about creating the legal framework necessary to build certainty. Investors will not spend money in the UK space industry, or will not continue to do so, unless they know that the legal framework to provide appropriate protections is in place. Secondly, it is about facilitating and encouraging the co-operation that is at the heart of the industry. I refer to the co-operation between the world of academia, industry and Government. That is what Reaction Engines, for example, embodies; it is an example of such co-operation, and others are too. Thirdly, it is about trying to anticipate those future changes, although not to stipulate them and certainly not to constrain any of the organisations involved in the sector, because, as I have said, there will be secondary legislation. This is just the beginning of a journey—a journey into space, one might say—which is certainly not definitive. It could not be so, because of the nature and the character of the technology with which we are dealing.

There are, though, some challenges with the Bill. I acknowledged them as Minister and know that the current Minister will do so too. There are certainly challenges in respect of liability. I would be surprised if, in our scrutiny of the Bill, we did not face up to that and ensure that the sector feels no doubt about the effect on the wider public of any changes that follow the advent of launch facilities in the UK.

This is not a lesson to the current Minister, because he is already experienced, but it is a lesson to newer Ministers. It is true that some—they may even be civil servants—will say, “But what about state aid, Minister?”

There are those who will say, “But what about the Treasury, Minister?” These are always the stock lines. The first is, “The Secretary of State doesn’t agree with you,” to which one says, “I’ve cleared it with the Secretary of State.” They then say, “Downing Street’s not happy,” and one says, “I have been to Downing Street.” They then say, “The Treasury will never wear it,” and finally state aid gets pulled out—“It won’t pass the test of state aid.” I take the simple view that the purpose of a Government is to aid those whom they serve. We should support British industry and the British people. I have never been entirely convinced by the arguments about state aid; what is the purpose of a state if it does not aid the circumstances of the people it serves?

I urge caution—I put it no more strongly than that—that in our consideration of liability we do not allow ourselves to do less than we should. We must leave no third party worse off as a result of anything that occurs in this industry and which follows the Bill. We must leave no one feeling vulnerable and no business feeling that anything that results from the Bill might lead to a vulnerability that might prevent further development of or investment in a technology. The liability issue must be settled.

The second challenge is that of skills. It is known that I take a profound interest in the development of skills and we have made great progress in recalibrating our estimation of the importance of technical, vocational and practical skills. I have long believed that it is those skills, aptitudes, tastes and talents that will allow us to make the best of the opportunities that will grow as we increasingly develop as a high-tech, high-skilled nation. Our future lies in that direction, but we must have the people to make that future a reality.

Stephen Kerr (Stirling) (Con): I add my praise of my right hon. Friend to that already expressed. I served on the Automated and Electric Vehicles Bill Committee—one of my first—for which he was the Minister. It was an illuminating and inspiring experience to be on the same Bill Committee as him and my right hon. Friend the Member for West Dorset (Sir Oliver Letwin). Space has an inspirational value—there is something inspiring about it that really will turn on the younger generation to the study of the technical subjects that my right hon. Friend is describing.

Mr Hayes: Yes, it is true—I think the shadow Minister made this point, and perhaps the Minister did, too—that there is a particular allure to this kind of technology. It is exciting. We are reminded of that first space race when, as I said, Kennedy spoke of the new frontier. There is something wonderful and marvellous about looking to the heavens as men and women have looked to the heavens since men and women began, when God made Adam and Eve. It is certainly true that young people will be attracted to the industry, but if we are to take advantage of this opportunity, we need them in significant numbers indeed. It is still true that we underestimate the value of technical and vocational competencies.

Let me cite some figures. According to the OECD, fewer than 10% of the UK adult population aged between 20 and 45 have professional education and training qualifications, compared with more than 15% in the United States and Australia and almost 20% in Germany.

It is the mid-range technical qualifications, which lead to higher technical learning, that require greater attention and further progress. As I say, we have made strides, but we can do still more. To satisfy the needs of companies such as Reaction Engines and many others, we will need to do more, and that requires the collaboration that I described. That is the second challenge.

The final challenge is to continue the spirit in which this debate began. We must understand that across the House and throughout the nation there is a willingness to make this work; to make it happen. If we can maintain that kind of enthusiasm—if we can make this glitter and sparkle—we will retain, maintain and grow that spirit. This is a British success story, but we must not rest on our laurels. The Bill is indeed far-sighted, and if it passes Second Reading, receives the scrutiny that it deserves and becomes an Act, it will send a signal to the space industry that not only the Government but more still this House understands the industry's potential and what can be achieved.

In the end, it will be about changing lives by changing life chances. It is easy for us to define all such matters in technological terms, but really these are distinctly, profoundly human matters. How can space and space travel make lives richer? All that we do with the Bill in this House must be founded on the principle that our duty, indeed our mission, is to promote the common good and the national interest. This Bill does just that.

6.26 pm

Dr Philippa Whitford (Central Ayrshire) (SNP): It is an honour to follow the right hon. Member for South Holland and The Deepings (Mr Hayes). I, too, enjoyed a little glass of sherry in his office before Christmas, as we had assumed that he would be taking this Bill through the House. When the Hayes manual for the autonomous and electric vehicle becomes available, I am sure that he will have further cause to celebrate.

It is today two years exactly since Tim Peake did his spacewalk. Those who were Members then and active on space issues will remember that the day before that walk we had a Back-Bench debate in the Chamber to celebrate the UK space industry. I had the honour of opening that debate with a statement that I had been sent by William Shatner. I hope that in this debate we will have slightly fewer cheesy puns, but I tie no one down and make no promises. That debate highlighted the growth potential of the industry, which has increased massively in the past 10 to 15 years.

There is growing recognition that space is no longer, as I mentioned in that debate, something that the Americans and Russians do and nothing to do with anybody else. As the Minister said, nor is it about big, expensive expeditions to the moon or to Mars, much as they may go ahead. It is about the commercial potential of things such as space tourism, microgravity research and, eventually, hyperbolic flight over distance. The Reaction Engines air-breathing rocket engine has been mentioned. That company's aspiration is the Skylon space plane that could see us flying to Japan or Australia in literally a few hours, simply by using that technique of going up to touch the edge of space and coming back down.

One of the main industries in which the UK already leads is satellites. We have two types of satellite. Geostationary satellites sit 36,000 km up from the equator, which means that it takes them exactly 24 hours to

go around, so they stay above the same part of the Earth. These are the big guys, used for GPS, telecoms and television. We also have polar satellites, which orbit perpendicular to that orbit. They are much lower down—basically, 100 km to 200 km up—they are often smaller, and the Earth turns underneath them. They are looking at the Earth, so they give us information about weather and can monitor things such as trafficking. They can monitor fishing in marine protected areas by observing the transponders in fishing fleets. They are used for all sorts of things, including flooding, natural disasters, town planning and so on. That is where there is a huge growth going forward.

The UK has expertise in satellite production. Galileo, which has been mentioned, will eventually be a civil replacement for the military GPS, which is American. The first UK manufacturer of smaller satellites was Surrey Satellite Technology, which reduced a satellite from the size of a double-decker bus to that of a fridge. The satellite was eventually reduced to the size of a microwave, and now we are talking about something the size of a carton of milk. We have CubeSats and even micro-satellites, such as Unicorn. Glasgow, near where I live, has produced more satellites than any other city in Europe. We have Spire, Clyde Space and Alba Orbital. We are also lucky enough to have two universities in Glasgow and Strathclyde with major space research units, which obviously feed that development.

In these innovative industries, it is this combination of people who are adventurous and willing to try things and academics with their enabling abilities that brings about an ability to launch. At the moment, all launching is from overseas, most of it from Kazakhstan. Once a satellite has been made, it has to wait until there is a space—excuse the pun, I did not mean that one—where there is room for it to get into space. The problem is that that is keeping the cost high. I was told that if we get the launch of a satellite to below £50,000, the industry will literally burgeon. That is what we are looking to do with the smaller satellites. They are lower orbit, and they will eventually decay—they do not last forever. That is where the comment about space debris comes in. The smaller the satellite, the more that it will burn itself up when the time comes and its orbit starts to decay.

We have seen 71% growth in the industry since the UK Space Agency was set up in 2010. The turnover now is £14 billion and, as has been said, the aspiration is for it to be £40 billion by 2030, so essentially we want it to be three times bigger. Scotland punches above its weight. We have 18% of the UK space industry, but we need a launch site in the UK. When we debated this matter two years ago, we thought that moving to a launch site was imminent, but here we are, two years later, and, actually, we still do not have one. Unfortunately, that has created a bit of planning blight. There was a time back then when it was a competition. Part of what we did in that debate was to make the case that it should not be; that there should be a licensing system, because then it would not nail it down to only one site.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): I am honoured to represent a constituency where one of the shortlisted potential spaceport sites is located in Llanbedr. I am sure that the hon. Lady agrees that the space industry offers the potential to bring science, technology, engineering and maths jobs and STEM salaries to all

[Liz Saville Roberts]

UK nations and that the Westminster Government should play their part in enabling that through licensing and facilitating future projects.

Dr Whitford: I agree with everything the hon. Lady says. As I said, we will have tourism, hyperbolic flights and satellites. Different spaceports might develop different specialisms, so we should not be trying to shut down this industry. Although there will be a first—I am incredibly delighted that the site in my constituency in Prestwick has moved from being a rank outsider to one of the leading contenders—we should not have any sense of “there can be only one”. Prestwick was the first passenger airport in Scotland. We could not imagine Scotland now with only one airport. We do not know where this industry will be in 2030—perhaps hyperbolic flights for long distance will be the norm. Therefore, we do not want to shut down any site.

Of course, as the only place that Elvis put his feet down, Prestwick is already famous. From the point of view of being the first—I mean the first—UK spaceport, it is known for already having a long runway. It is particularly known for its clear weather, which is why it is the back-up airport for the whole UK. It has better visibility and less low cloud even than Newquay, which is hundreds of miles further south.

Mrs Sheryll Murray (South East Cornwall) (Con): Will the hon. Lady confirm that Prestwick has clear airspace and that there is not another commercial airport within the vicinity that shares that airspace, because that is quite important.

Dr Whitford: We actually have quite a lot of airspace in that we take off right across the Atlantic. National Air Traffic Services has its air traffic control centre based in our airport. It has already been consulted and has explained that there is no significant issue from the point of view of airspace and launching. Our airport has very good transport, with road and rail links. Having both the air traffic centre and an aerospace cluster onsite strengthens it. Although we talk a lot about the spaceport, what we do not yet have is the routine development of the launch vehicles, and they will evolve hugely in the next decade. Therefore, the more we have the ability to bring expertise together to do that, the stronger and the quicker we will achieve it.

Obviously, the aim of the Bill is to do with licensing, which I welcome because it allows any site to aim to become a spaceport, but it is also to create, as was mentioned, a regulatory framework for sub-orbital and outer space, or orbital spaceflight activities. It amends the Outer Space Act 1986 to make it simply apply outside the UK and be replaced by this Bill within the UK. The regulator is likely to be the Civil Aviation Authority for horizontal take-off and sub-orbital, and the UK Space Agency for vertical take-off and orbital or outer space missions.

Looking at the Bill itself, some issues have already been highlighted, but the biggest one is that of liability, which is causing real concern among the industry. It is the Government who compensate someone who is affected—either their property or their person—by a UK launch or satellite and the company must indemnify the Government. The cap is something that protects

that company. What the company has to do is find insurance. At the moment, the cap is set at €60 million per satellite launch under the Outer Space Act. It is important that a figure is arrived at, but we are talking about launches that will have quite a broad range of risk depending on the scale of the satellite.

There is discussion in the Bill and the explanatory notes about using red, amber and green to describe the types of missions, so there might well be slightly different caps. It will also be important that we no longer say “per satellite” because the micro-satellites, such as Unicorn or CubeSats, go up in clusters. If the figure were €60 million for every one of them, that would be prohibitive, but to get insurance for unlimited liability is not really possible, which is why, in the Deregulation Act 2015, this limit was introduced. Other states such as America, Australia and France have a cap on liability. I understand from the Minister that that matter will be discussed, but a cap will need to be set or people will still to choose launch from elsewhere.

It is also really important that we look at the regulations themselves. It is very disappointing that we have no draft regulations to scrutinise; we have instead this absolute burgeoning of delegated powers. I understand the need for flexibility, but the original target was launching in 2020, and there was mention in the Lords that the regulations might not be ready until two years after Royal Assent—the middle of 2020. How do we expect a spaceport to design itself to meet regulations that are not available? How do we expect people to invest in that? How do we expect people in the industry to raise money on the basis of regulations that, suddenly when they come out, might completely rule out a company, a project or even a spaceport site? It is really important that the decision on regulations gets a bit of rocket fuel under its bahookie and starts moving forward.

In general terms, there is the slippage of the timeline. We had a long time of planning blight when it was described as a competition, with all five—it was eight at the time—sites sitting waiting to see who would win, and so nothing happened for a year and a half. Now another year and a half has passed, with things moving forward slowly. We need a little bit of speed.

At the moment, the Government are supporting spaceport sites and launch companies with grants. It is crucial that domestic launch companies should be considered within that—and that includes Reaction Engines—to ensure that they get the funding to take forward the air-breathing rocket engine.

In my area, there is also the issue of orbital access. If our spaceports are just to be three-kilometre slabs of tarmac used by someone from the States once or twice a year, they will not stimulate the industry as we want them to. We need a domestic capability that can launch the satellites when the satellite companies want them to be launched. It is imperative that, in providing the seed money, we are not just sitting back and waiting for Virgin or XCOR to come in; we must invest in our domestic launch companies. We also want the manufacturing—the supply chain all the way through. We do not want just to be providing a piece of land to be used on one day.

As other Members have mentioned, we want the Bill to stimulate the whole industry and to be the key of innovation as well as the stimulus and inspiration for the next generation to take on the STEM subjects and see their future in a burgeoning space industry.

6.41 pm

Steve Double (St Austell and Newquay) (Con): It is a pleasure to speak about this important Bill and to follow the hon. Member for Central Ayrshire (Dr Whitford), who shares my keen interest in this matter.

I greatly welcome the Bill, which will set out the framework for the growth and development of this exciting sector. If we are to maintain and improve our national position as a global economic power, it is vital that we should participate fully in the expected growth of the space industry. It is absolutely right that the Government should be ambitious and that they are putting in place the necessary measures to ensure that our country benefits from the rise in demand for commercial satellites and the emerging sub-orbital spaceflights.

As we have heard, there is the potential for people to fly from this country to Australia in about four hours. I add something for the consideration of the Under-Secretary of State for Transport, my hon. Friend the Member for Hereford and South Herefordshire (Jesse Norman): that is quicker than it takes me to get from London to my constituency in Cornwall by train. Will my hon. Friend look favourably on the Peninsula Rail Task Force report on reducing train travel times to the west country so that I can get home as quickly as I hope to be able to get to Australia one day?

If the Government had not taken the opportunity to draw up the Bill and put the regulation and licensing framework in place, it would have been a dereliction of duty: the missing of a golden opportunity for the future of our nation. That is why I greatly welcome the Bill and am delighted to support it. We have to be ready to move quickly. We live in a fast-changing world in which we are surrounded by new and emerging technologies. We have already heard about the potential of autonomous vehicles, and I put the space sector alongside that technology—we are going to see rapid change and growth in the space sector, and we as a country need to be ready and to have the regulations in place. We need to support our businesses and industry so that we can make the most of the coming opportunities.

My one concern about the Bill, also mentioned by other Members, is about limited liability for operators. I have met a number of potential operators and all have raised the desperate need for clarity about the limit of liability. They cannot currently get insurance and that could be a brake on investment in this emerging industry. Will the Minister consider that quickly as the Bill progresses so that we can provide certainty to the industry and so that it can know the limits and get insurance cover? That would give it the confidence to develop further.

As many Members will be aware, I have a particular interest in this matter. Cornwall Airport Newquay is in the constituency that I have the honour of representing, and it is one of the potential sites for the UK's first spaceport. I was not going to go into detail about why I think Newquay should be the first spaceport, but as the hon. Member for Central Ayrshire promoted Prestwick, I feel duty bound to do the same for Newquay.

Mrs Sheryll Murray: Will my hon. Friend clarify what I think was misunderstood by the hon. Member for Central Ayrshire (Dr Whitford)? Unlike Prestwick,

which is near Glasgow airport, Newquay is not competing with another airport for airspace. Is that my hon. Friend's understanding as well?

Steve Double: Absolutely. Newquay has several things in its favour. It has a very large runway and easy access to uncongested airspace over the Atlantic. There are literally hundreds of acres of development land in an enterprise zone ready for developing the necessary business and manufacturing that would support a spaceport. Uniquely, I believe, we also have the space enterprise zone through our partnership with Goonhilly satellite station. That makes us in Newquay very well placed to be the first UK spaceport.

Although Newquay should be the first spaceport, it should not be the only one. As the hon. Member for Central Ayrshire said so well, there will be a need for further spaceports as the industry grows in our country. I believe that we will want to be launching satellites, putting people into space and operating sub-orbital flights from across the country, not just one location, much as I would love Newquay to be that location.

Mr Nigel Evans: My hon. Friend will be pleased to learn that I am not about to make a bid for the Ribble Valley.

Particularly if we get more than one spaceport, that will be a great boost to industries and SMEs that are interested in space. Some may be involved in contracts with the European Space Agency, to which we gave £1.4 billion in additional funding from 2016 for five years. Does my hon. Friend agree that, irrespective of what we do domestically and of our leaving the European Union, we should continue our investment in that agency? That is not a European Union issue.

Steve Double: I am grateful to my hon. Friend, who makes his point well. Another concern of the UK sector is our continued involvement in the European Space Agency post-Brexit. I join him in urging the Government to continue to play an active part and to participate in that agency, as that will be essential for the industry in this country.

Vicky Ford: Does my hon. Friend agree that it is absolutely vital that we continue to take part not just in the European Space Agency but in its downstream operations? I am thinking about data sharing and the ability to bid on downstream contracts.

Steve Double: I agree. We need to continue to participate in the industry on a global scale; probably more than any other, it cannot be restricted to just one country. It is essential for us to continue to participate in the global sector, whether in the EU or in other parts of the world.

If the spaceport came to Cornwall, it would give a huge economic benefit to one of the most deprived and lowest paid parts of the country. Cornwall is well known for its tourism and food and drink sectors, which are absolutely vital for our local economy. Who knows? One day, Cornwall could also be sending tourists into space. Generally, however, those sectors are regarded as low paid and providing limited career opportunities for people. We are trying to change that perception, but that is often how they are regarded.

[Steve Double]

Cornwall has an illustrious history when it comes to engineering and innovation. Let us remember that the steam engine, which brought about the industrial revolution, was invented there. The first ever transatlantic telegram—the forerunner of the modern communication revolution—was sent from Cornish soil. Now, Cornwall is ready to play its part at the heart of the space industry of the future. Newquay's bid is backed right across Cornwall by the business sector, the chamber of commerce, the local enterprise partnership and Cornwall Council. We are ambitious and we want to play our part to the full.

The LEP has estimated that bringing the spaceport to Cornwall would create some 1,000 new, well-paid jobs, which could be vital to our future economy. In addition, I believe that it would do something that is beyond economic measure, namely to inspire Cornish young people and provide them with the opportunities that they desperately need. For far too long, our Cornish young people have faced the choice of staying in Cornwall and lowering their aspirations, or leaving to fulfil their potential and pursue a career. Bringing such jobs to Cornwall would give our brightest and best the opportunity to have a well-paid job and a good career in an exciting sector in Cornwall, rather than having to leave.

Dr Whitford: Regardless of where the spaceport is, I would hope that the future space industry in the UK will be diffuse, just as we have Surrey satellites and Glasgow satellites. The idea is not for the whole industry to be where the spaceport is. I hope that that aspiration will remain, whether Cornwall is No. 1, is No. 2 or takes a bit longer to get a spaceport.

Steve Double: The hon. Lady makes a good point, and I agree with her. We cannot put a value on the inspiration that would be provided for our young people by having a spaceport, which they could see and interact with, on Cornish soil. As has been mentioned, we saw the inspiration that Tim Peake brought to schools across the country. We recently had the Bloodhound at Newquay airport, and 4,000 Cornish schoolchildren had the inspirational opportunity of going on a day out to see the rocket car going down the runway. That gave them an incredible sense of what was possible, and it inspired them to engage with science and engineering and pursue STEM subjects. Putting the spaceport in Cornwall would have a similar, ongoing effect on Cornish schoolchildren. We have lacked such ways of inspiring our young people for far too long.

I will bring my thoughts to a conclusion. I am happy to support the Bill, whether or not there is a vote this evening. I am delighted that the Government have introduced it at this point, and I believe we need to get on with it. I am absolutely delighted that the Government are backing the industry by giving it the confidence and framework that it needs to move forward, and that they are ambitious for our country to be a world leader in this sector. Cornwall is ambitious about playing its part to the full.

Several hon. Members *rose*—

Madam Deputy Speaker (Mrs Eleanor Laing): I call Carol Monaghan.

6.52 pm

Carol Monaghan (Glasgow North West) (SNP): Thank you, Madam Deputy Speaker, for making such a good choice. I welcome the new Under-Secretary of State for Transport, the hon. Member for Hereford and South Herefordshire (Jesse Norman), to his place. He has moved seamlessly from his previous role as a Minister with responsibility for science. When he held that role, we had many interactions about space and space legislation.

The SNP welcomes the Bill and supports its aim of ensuring that the UK and Scotland can take advantage of new markets, overcome our dependence on foreign launch sites and benefit from the development of new spaceports and supply chains. The space industry has the potential to be worth billions of pounds to the UK economy, but proper investment must be made and work undertaken by all sides to ensure that it is a success.

As a number of Members have mentioned, space is an inspiration. I suppose the first big space development that people are aware of—if we disregard Sputnik, which is possibly not fair—is the Apollo missions to the moon. They were slightly before my time, but I understand their impact. The 1980s were the era of the space shuttle, and I remember as a child the great excitement around a space shuttle launch. An event in 1983 probably shaped my future career as a physics teacher. The space shuttle took part in a European tour, piggybacked on a jumbo jet, and—I do not know how many Members remember this—it flew over Glasgow. On that day in 1983, we heard the jumbo jet from our primary school classroom and ran outside to the playground, where we saw the most spectacular sight. It was quite incredible to see the size of the jumbo jet with this tiny thing stuck on the back, and even more incredible to think that that tiny thing was able to go into space.

The next big development, which happened when I was a young teacher, was the Cassini-Huygens mission to Saturn. It was launched just over 20 years ago, in 1997, to investigate Saturn and its moons. The mission was supposed to be quite short, but it was extended several times because of the discoveries that were made and the volume of data. One of the big discoveries concerned the moon Enceladus. Until that point, Enceladus had been seen as a tiny, icy and fairly nondescript rock in space, but the mission discovered that jets of water vapour were firing from the surface of the moon into space. Liquid water is incredibly important, as we all know; liquid water is the foundation of life. Suddenly, this icy and seemingly irrelevant moon became very important in our consideration of the potential for life in other places.

Finally, I want to mention Tim Peake. I was already a Member of this place when Tim Peake was launched into space, and his mission has inspired a new generation of young people to consider STEM careers and careers in the space industry. Over the years of the space race, we have moved from looking out the way and trying to see what is out there to looking in the way and providing data for us here on Earth. Increasingly, satellites—several Members have mentioned them—provide just such information, and they have become fundamental to our way of life. From maps and navigation systems to up-to-date weather forecasting, those satellites offer us information that we could not previously get.

Despite some embarrassing comments—I am sorry to bring the tone down slightly—last summer from a member of the Scottish Conservative party who described the industry as “science fiction”, the space industry in Scotland is flourishing. The first company was Clyde Space, which was founded in 2005 by Craig Clark. It was named after the River Clyde, on the banks of which it sits. Craig Clark had the ambition that it took to set up Clyde Space. He knew that there was the talent required in Glasgow, and that the universities—Strathclyde, Glasgow and the West of Scotland—had space-facing courses. They have been adapted to work with the satellite industries in Glasgow, and that has been a huge success.

Clyde Space has a vision. At one point, 25% of all ships were built in Glasgow, and the company has a similar vision for spacecraft—a vision that we in Glasgow are well placed to fulfil. When Clyde Space came to Glasgow, it had a multiplier effect. Alba Orbital, only a mile and a half away from Clyde Space, makes pocketcube satellites, which are tiny satellites that weigh about half a kilogram. Unicorn-1, the first pocketcube satellite, was developed in partnership with the European Space Agency and is due for launch this year.

Another company, Spire Global, is coincidentally located in the same building in the centre of Glasgow as Clyde Space. Spire’s headquarters are actually in San Francisco, but it was looking to expand and chose Glasgow for some very good reasons. The chief executive talked about the high quality research taking place in Glasgow, and the skilled technicians. Spire develops its own satellites and, unlike the other satellite manufacturers, launches them and sells on the data, including data about weather and tracking ships at sea. It does something different. These three companies together have ensured that Glasgow is now a European hub for CubeSats, and is now building more than any other place in Europe.

All hon. Members will, of course, champion their own constituencies as the potential location of the spaceport. But, just like the ambition of Clyde Space and Craig Clark, we should look further; we should look into having a number of spaceports. Scotland is absolutely spoilt for choice. Machrihanish in the Kintyre peninsula, and Stornoway airport in Na h-Eileanan Iar have potential. The A’Mhoine peninsula in Sutherland is another entrant to the spaceport race. More recently, it has been suggested that Unst in Shetland offers the opportunity of launching north straight into orbit, without passing over any centres of population. And, of course, as my hon. Friend the Member for Central Ayrshire (Dr Whitford) has already mentioned, Prestwick airport has an extra-long runway and fog-free facilities, which give it a huge advantage.

The educational opportunities of having a spaceport cannot be underestimated. As a teacher, I had the real privilege of working with the Scottish Space School at the University of Strathclyde, which sent students from Scotland to Houston in Texas for a week-long programme of activities about space; in fact, those trips still happen. If we get this legislation right, we have the potential to do that again here in the UK—in Scotland.

The regulation must support the work that companies are doing. A number of Members have mentioned launch sites. Manufacturers will always launch from the most economically viable location. The difficulty with the UK just now is that it is considered to be far more

stringent in its jurisdiction than other locations. The third party liability cap has also been mentioned. The cap must be in place and it must be realistic in order for operators to get the insurance. Without it, CubeSats currently manufactured in Glasgow will continue to be transported to other locations, even when we have a spaceport. The difficulty for the UK space industry is that some countries will require the satellites to be manufactured there in order for them to get the licences to launch. Although that is not currently a big issue, it could be an issue for future investment. If restricted regulation causes the developers to invest elsewhere, we will lose out on future business, regardless of the attractiveness of locations such as Glasgow.

I wrote to the Secretary of State for Business, Energy and Industrial Strategy in August last year, and I got a reply from the then Science Minister, who is in his place today. He said that

“some small satellites can represent an increased risk over larger satellites as they often operate in the most congested regions of space, they rarely have any means of propulsion and can be difficult to track”.

Now, that is the case regardless of where we launch from, so we must get the legislation right to ensure that we can launch from the UK. The Minister went on to say:

“The UK Space Agency is also reviewing the UK’s approach to third party liability insurance, in particular with regard to small satellites and large constellations.”

I hope that this will ensure that a reasonable cap is placed on the liability for operators. Without it, they cannot get insurance; and without insurance, there will be no launches.

The Government have a duty to support this industry. Reaction Engines has been mentioned a number of times. The Minister has already mentioned the £65 million investment that I believe Reaction Engines finally received in 2016, but it was promised that money in 2013, so the company was trying to develop for three years without getting funding. We need to be realistic about the funding.

Brexit poses some threats to the space industry, to which collaborations and people are key. These people need assurances, not the ongoing uncertainty of the current situation. I found myself in the strange position a few moments ago of agreeing with the hon. Member for Ribble Valley (Mr Evans) when he raised concerns about the Galileo project. We must ensure that we protect UK industries in that project. If suppliers for Galileo must be part of an EU state, our suppliers are under threat. There must be protections in place for them. The Galileo and Copernicus programmes were both designed by the European Space Agency, but they have been built with EU funds. This money is funnelled through member states of the single market only. The UK currently receives about 15% of inward investment from the European space budget, but its contributions account for only 12%. The UK Government must make up the difference to ensure that there is continued financial support for space-related activities.

There is a great potential in space, and great potential for us to get the legislation right. Let us hope that we can work together to ensure that the UK space industry gets what it needs. This is one area of UK Government policy that has the potential to be frictionless.

7.7 pm

Mrs Sheryll Murray (South East Cornwall) (Con): It is an absolute delight to follow the hon. Member for Glasgow North West (Carol Monaghan). At least Scottish National Members are here taking an interest. It is really strange that there is now only one MP—who has just come into the Chamber—on the Back Benches from the official Opposition, and that is the Opposition Whip. Obviously, the Labour party has no interest in the future prosperity of the country.

I thank the Department for Transport for having the foresight and ambition for the country to bring forward this important Bill. There are many small steps and, indeed, giant leaps that need to be taken as we, as beings, explore the frontier that lies beyond the atmosphere.

I am proud to be Cornish, and I am very proud of the fact that Cornwall has always been at the forefront of new innovation. As my hon. Friend the Member for St Austell and Newquay (Steve Double) has already said—I do not apologise for repeating it—Cornwall has done that throughout its history, with inventors and engineers such as Richard Trevithick, who built the first steam locomotive; Jonathan Hornblower, who invented the compound engine and the steam valve; and Arthur Woolf, who invented the high pressure compound steam engine. Cornwall has a history of innovators when it comes to engines.

Cornwall has also been at the cutting edge of communications. Porthcurno, before it was used as a location for “Poldark”, was the point at which many submarine telegraph cables—transatlantic and to other locations—came ashore, and was at the centre of UK-international communications. Cornwall was the home of the world’s first parabolic satellite communications antenna at Goonhilly—at one time, the largest satellite earth station in the world. More recently, Cornwall has seen great steps forward as the Bloodhound team attempts to create the fastest car. I was fortunate enough to meet the team in Parliament and have a go in their simulator. I have to confess that I was not very good, and I am sure they would not employ me as a driver, but I wish them well with their goals.

In this light, I want to see Cornwall at the forefront of moving forward as we reach into space. Cornwall would be the perfect location for a spaceport. Newquay airport shares its airspace with no one else—the nearest other commercial airport is Exeter, and beyond that, Bristol. Therefore, Newquay airport, with its very large runway, has an ideal opportunity to be the location for the first spaceport. I thank Cornwall Council and the local enterprise partnership for all the fantastic work they have done in putting forward the case that Cornwall should host the spaceport and making sure it has the capacity to do so. The potential for any such facility is great. We have seen an ever-increasing demand in satellites, and that is expected to grow by over 10% over the next decade. However, the true growth will come as we undertake more research. We have already seen massive growth in research, which is, in itself, a growing sector. I want Cornwall to be at the centre of that. This research is where the true advances and the real value will come from.

I look forward to the future and the advances that we are yet to know about. I believe the future is bright—unlike, obviously, the Opposition. It is becoming clear that a

lot of this future development will come as we go boldly beyond our atmosphere into the next stage of our progression as human beings. I look forward to this transformation and want to see Cornwall at the centre of it.

7.12 pm

Justin Tomlinson (North Swindon) (Con): It is an absolute pleasure to follow my hon. Friend the Member for South East Cornwall (Mrs Murray), who has put a very strong case for why her constituency should benefit—

Mrs Murray: Cornwall!

Justin Tomlinson: She has put a very strong case for why the whole of Cornwall should benefit from this very exciting Bill.

I very much welcome the Bill. It is an interstellar element of our modern industrial strategy setting out how the UK will become a leading player in the commercial space age. This is really exciting. I am delighted to hear all the MPs, right across the House, pitching for why their constituencies should host future spaceports. *[Interruption.]* My right hon. Friend the Member for Wantage (Mr Vaizey) suggests that I am pitching for North Swindon. I am delighted to say that Swindon proudly hosts the UK Space Agency head office. We have the power; we are the strategic decision makers. I can assure hon. Members that all the key bodies at the head office will be listening to this debate eagerly as each MP pitches for their constituency to be at the forefront of this fantastic advancement in our modern industrial strategy.

I was very excited to visit the UK Space Agency again very recently, meeting the chief executive, Graham Turnock. It was one of my favourite visits. He was incredibly passionate, and patient with the 8 million questions that I had, including where we had got to in finding aliens. There are 120 employees at the head office. I was struck by how passionate they were, from the chief executive right down to the apprentices, who had fought for that unique, truly exciting and inspirational opportunity that they wanted to seize and have a career connected with space. It was a really memorable visit. As a constituency MP, I am very proud that we are at the heart of that head office. I was fascinated as they set out how this industry impacts not just on the obvious areas but on the energy sector, the finance sector, the health sector, defence, telecoms and transport. It is cutting edge in terms of climate change and dealing with natural disasters. It is right back on our streets with local authorities, helping with bin collections, planning applications and planning development. It is amazing how diverse the impact can be.

There is huge potential, with 8% growth year on year in the past decade. The Government are rightly committed to getting a 10% share of the global space economy by 2030, worth £40 billion. I suspect that that is why there is so much cross-party support for this very important Bill, which will benefit the UK. The UK’s aerospace supply chain, manufacturers and service providers will benefit from opportunities to participate in the new market for small satellite launch and sub-orbital flight. Local jobs and economies will benefit from the creation of spaceport sites and the businesses needed to support them, such as tourism, hospitality and construction.

There will be a real boost to UK science and innovation, with cutting-edge research. North Swindon hosts all the research councils that help determine where research grants should be spent, so yet again my constituency will help to influence this. Young people seeking careers in science, technology, engineering and maths will gain new opportunities, and entrepreneurs will benefit from increased opportunities to build innovative commercial enterprises—no doubt helped by Innovate UK, also hosted by North Swindon. In effect, I am making a pitch for the Minister to visit. It is just one hour away on the train—as he, a Transport Minister, will be very much aware.

Finally, I want to concentrate on a point flagged up by the hon. Member for Glasgow North West (Carol Monaghan), who spoke of her former role as a physics teacher, and how space inspires young people through their learning, as it genuinely does. It catches their imagination. That is why there are so many films, books and TV shows connected with space. Initially, my knowledge of space was based on that very good, popular TV programme “The Big Bang Theory”, but having had that very exciting and interesting visit to the UK Space Agency, I am now far more knowledgeable.

The focus of young people’s recent inspiration has been on Tim Peake’s six months on the international space station. For example, 600,000 children took part in the seed experiment organised by the UK Space Agency, with Tim Peake’s help, comparing seed growth in space with that back on earth. It is a good job that I did not participate—with my gardening skills, I might have messed up their results. The Tim Peake primary project uses space to increase primary-age children’s engagement with science, numeracy and literacy. When I visit my local schools and talk to teachers about the work that the UK Space Agency does with its school visits and helping to inspire children, they are all really keen to take advantage of those resources. I urge the Minister to talk to his colleagues in the Department for Education to try to use this further, because it is genuinely inspirational. Tim Peake himself sets individual challenges. Young people from Swindon Academy, a secondary school in my constituency, pedalled and ran a combined 400 km, which is the altitude of the international space station as it orbits around the earth. That was a really good way to connect space with a way of learning.

This is a truly exciting Bill. It has huge potential financially for the UK in creating jobs and growth, inspiring the next generation, and uniting all political parties across the House. Together with all colleagues, I look forward to supporting the Bill as it progresses through the House.

7.18 pm

Sir Paul Beresford (Mole Valley) (Con): I certainly agree with the parting shot that I heard from my hon. Friend the Member for North Swindon (Justin Tomlinson).

I am tiptoeing into this debate from a position of enthusiasm but not very much knowledge. I am learning quietly and quickly, and have been for some weeks. I am very aware of the Bill’s importance, but also, as others have said, of having a spaceport—or two. The thought of the All Blacks flying on an A380 for two or three hours to Australia and for four hours from Australia to this country, and then landing in Devon or Cornwall and tiptoeing on to a train to take another four hours to

reach London is an exciting one. However, from the knowledge I have been learning, it seems to me that we need more than one site—and, because the Bill is going through, we need this urgently—and they should have facilities for vertical launch, horizontal launch or both.

Space and the space industry have been of considerable interest to me ever since I was a lad in New Zealand. I hasten to add that, as I have already said, my interest is not matched by knowledge. My knowledge has been further stimulated, however, by discovering and visiting on several occasions not just the Surrey satellite business that was mentioned, but—closer to home for me—the Mullard Space Science Laboratory in my constituency. It is part of University College London, and has been working on that site in Holmbury St Mary for over 70 years. I would be delighted to take the Minister, and even the Secretary of State, for a visit—if we can find it; it is hidden away.

Mullard is in an old manor house with beautiful grounds in the hills above and beyond Dorking. As one enters through the archway with its double doors into the foyer, one sees standing—alongside the ancient chandelier, and heading up into the wooden stairwell—two rockets from a bygone day. One only has to be there a wee while, however, to feel the pulse of the IQ of the scientific intelligence, which is quite staggering, of the people all around the site. There are modern buildings at the back, including a fantastic laboratory, and room for a little bit more building.

Mullard supports the Bill. At present, anything developed by the Mullard centre or other commercial or research organisations—this has been mentioned—is taken away from the UK to be launched. As the Mullard people have explained to me, this often means a loss of control. With the Bill and the development of our launch sites, which must go hand in hand and promptly, we will now be able to utilise British research and expertise in Britain to the benefit of Britain.

To give a feel of the importance of that, I wish to dwell for a few moments on the broad spectrum of the research going on. Just at this centre, there are 180 people—academics, engineers, post-doctoral researchers, postgraduate students and support staff. The research areas are staggering: they are doing astrophysics, solar physics, space plasma physics and planetary science, and researching climate extremes on earth, space medicine, space imaging analysis and detection systems. They are world-renowned experts in manufacturing scientific space instruments, although those instruments go not into our satellites but elsewhere.

Those at the centre have contributed equipment and expertise to projects such as Euclid, which is studying dark matter, the ExoMars rover, the solar orbiter—a large spacecraft mission that includes three Mullard-built plasma instruments—and the ESA solar wind electronic instrument. Additionally, they are partners in the team building an instrument containing three extreme ultraviolet telescopes. The Mullard team are building the electronics that will make them work. Perhaps most interestingly at the moment—this has been mentioned—they are building miniature instruments on QB50 CubeSats, which are small satellites of 30 cm by 10 cm by 10 cm. They are being deployed from the international space station, not from the United Kingdom. With the Bill and the development of the launch sites, I hope that UK firms will soon be able to directly operate the satellites they

[Sir Paul Beresford]

build and the instruments within them. Reaction Engines has been touched on, and it is vital that such British inventions remain in our hands.

I want to mention a few other points, some of which have also been touched on. Anyone with any knowledge, even if it is as limited as mine, can see there is a huge future in space technology. Alongside the Bill, we need to establish the structure for launching spacecraft from the United Kingdom, whether those launches are vertical or horizontal. This will enable the development of commercial applications, of which the most talked about—it has been mentioned several times today—is of course space tourism. However, other considerable commercial prospects are being developed. The most understandable is the launching worldwide of constellations of satellites, particularly those to provide worldwide broadband facilities. I understand this is commercially in the offing, and it should be helped in the United Kingdom both by the Bill and—if I may repeat myself—by the provision of at least one site and possibly two or more sites. The Minister will be aware of that, and we have clearly rubbed it in throughout this debate.

In looking at the Bill, we must make sure that the new legislation does not hold back commercial and scientific development and research. The way in which the Opposition spokesman, the hon. Member for Middlesbrough (Andy McDonald), talked made me feel gloomy, because regulation can cripple just such developments. For example, a huge effort is now being put into developing nano-satellites and constellations of satellites, and there is a realistic prospect of the world benefiting from constellations of satellites across the world.

We must, however, be careful for two reasons. First, there has been some mention of space debris and its generation, and the dangers of collisions are obvious. All the equipment shot into space has an end to its operational life, which may be a considerable number of years; indeed, some of the Mullard equipment is still running extremely successfully 15 years after its launch. I understand that this is under discussion and that the Minister may feel it is not appropriate to pass legislation at this time. However, if he is going to do something, I hope he does so with a certain freedom and looks at making the equipment disintegrate by design, so that it burns up as it returns towards the earth.

The second point, which has also been mentioned several times, is indemnifying insurance, a subject in which I have a little interest. We of course need it in case of accidents, which may happen, but we should recognise that we need not be stringent in the level of protection applied. I believe that the negative effect on any firm or research organisation of something going wrong would be far more damaging and would create a bigger hole than the actual financial one. At the moment, because of the cost, the prospect is that the Mullard laboratory will have to transfer the ownership of its developments to countries that have more appropriate arrangements to avert insurance costs and will therefore lose control of the project. That would be disastrous: if we provided the sites and took through the Bill, but then crippled such organisations with insurance liabilities, we would have wasted our time.

I note that, in certain circumstances, the Secretary of State will provide at least part of the indemnity. I am keen for the Government to recognise that they could

consider providing more, if not total, cover for research organisations, such as Mullard, developing this equipment—nano-satellites, CubeSats—in carefully selected research projects. In many ways, the UK leads the world in space research and technology, but this problem of indemnity is threatening that position.

I was reminded by a very elderly gentleman that before the second world war rockets were banned in the UK and, I believe, in America, so there was no progress, but they were not banned in Germany, and Germany produced the V2. We need to think and move ahead positively, and I most certainly support the Bill.

7.28 pm

Mr Edward Vaizey (Wantage) (Con): I am grateful to you, Madam Deputy Speaker, for the chance to speak in this important debate, and indeed to follow my hon. Friend the Member for Mole Valley (Sir Paul Beresford). He started his speech by saying that he knew very little about the subject, but I must say that I would hate to hear a speech of his when he knows a lot about the subject. I thought his speech was very thoughtful and insightful, particularly in raising the two topics of space debris and insurance. His speech indicated that the space industry is very sophisticated. When we think about space, all of us—well, me; I would not presume to extend my failings to my hon. Friends and other hon. Members—think about men landing on the moon, but the space industry, like any other, is now on earth. It is very sophisticated, and may be very lucrative and beneficial to countries specialising in it.

I pay tribute to the Minister for introducing this important Bill. Of course, we have to thank George Osborne, who focused on the space industry and many other pioneering industries in his time as Chancellor of the Exchequer. How we miss his forward thinking and sophisticated approach to our economy. Luckily, we have part of his legacy before the House tonight. The Bill builds on previous legislation. It was a Conservative Government who passed the Outer Space Act 1986, and it is a Conservative Government who have brought forward this forward-thinking Bill on the future. That is why the Government Benches are full of people wanting to speak and the Opposition Benches are completely empty.

At first, I wondered why we needed legislation, but anyone who looks at the Bill will see that, through it, we are creating the regulatory framework that will allow the space industry to flourish in the UK, in particular by allowing us to build spaceports and have our own launch sites for satellites. At present, too many UK companies that build satellites rely on finding slots in other jurisdictions, so this will be a big change that helps the micro-satellite industry, as well as emerging industries such as commercial spaceflight and microgravity science. The Bill will create the framework that will help to realise the Government's ambition for the UK to be one of the world's leading space economy countries, and help the value of the space economy to quadruple in the next couple of decades.

I remember when many years ago, as a young man, I said I thought I should become a lawyer, and my godfather advised me to become a space lawyer. He was ahead of his time, but the Bill will give opportunities in the growing discipline of space law. I was interested to

see in the Bill, for example, the application of criminal law to spacecraft. If that does not herald spaceflight soon becoming mainstream, nothing will.

I wanted to speak in the debate because I represent the wonderful constituency of Wantage, which is 20 minutes closer to London than Swindon—an important point to make to my hon. Friend the Member for North Swindon (Justin Tomlinson). Although Swindon is, rightly, a centre for space industry, it is still 20 minutes too far away for the Minister, so I know that when he decides to head west, he will come to Harwell, where he has visited previously to see the extraordinary space industries that are burgeoning there.

It is hard to believe, but none the less true, that 80 space organisations are based in the Harwell space cluster. They include start-ups, small and medium-sized enterprises, public sector organisations and major companies such as Airbus, Lockheed Martin and Thales. Some 800 people work on the Harwell campus, their number having grown by approximately 13% every year. The Harwell campus as a whole has benefited from extensive Government investment over many years, with more than £2 billion-worth of scientific facilities employing 5,500 highly skilled people in places such as the diamond synchrotron and neutron spallation source, which is managed by the Science and Technology Facilities Council. I will focus on a few of the organisations found on the campus.

RAL Space—Rutherford Appleton Laboratory's space arm—has built more than 220 space instruments and ground-based telescopes. In 2015, it opened its national assembly, integration and test facility, which enables satellites ranging in size from CubeSats, which are the size of a whiskey bottle, up to 3 metres in length to be tested and calibrated; they can then be used to observe the Earth, carry satellite communications or help with navigation. I was delighted when the Government announced recently that the £99 million national satellite test facility, which will open in 2020, would be based at Harwell. I thank the Minister for that.

We also have the Satellite Applications Catapult, opened under the last Government as part of the Catapult programme, with more than 120 personnel. A useful organisation, it brings home to a range of companies that might not have thought that satellites were relevant to them ways in which satellite technology can help them. One of the most mundane examples I heard of—but fascinating because it is so random—was that supermarkets can use satellites to monitor their car parks to make more efficient use of the space. My point is that companies large and small that may think space has nothing to do with them beyond powering the satnav in their company cars can use satellite imagery in innovative ways, particularly firms working in agriculture and shipping navigation.

I am also delighted to have the European Space Agency's European centre for space applications and telecommunications at Harwell. You will be delighted to learn, Madam Deputy Speaker, that the ESA is not part of the European Union, so the Brexiteers cannot mess up the European Space Agency. It will survive the carnage of Brexit. It employs more than 100 people drawn from 17 countries; I hope they will be able to remain here. It also provides support for the development of new products and services: for example, the Pioneer programme supports the setting up of space mission providers, which will facilitate access to space by other

developers. The first SMP is the Harwell-based UK company Open Cosmos. The ESA also has a highly successful business incubation centre.

The Space Industry Bill is vital to my constituency. It is an important step to enable spaceflight from the UK. No doubt spaceports will be self-selecting, and I have heard various people make a pitch for one. It would be political suicide for me to pitch my own constituency, where there is large piece of open land that is always the subject of great conflict. People have proposed building a garden town there; others proposed a reservoir, and some residents, in an attempt to stop the reservoir, proposed an airport. However, were their MP to propose a spaceport, I think he would be out on his ear, so I will not nominate my constituency to be the home of a spaceport. None the less, my constituency will benefit from the growth of the space industry enabled by the Bill.

I will make one final point—I see some of my hon. Friends yawning as I reach my peroration. At the end of last year, my good friend Rajeev Chand from Rutberg sent me a fascinating report produced by Morgan Stanley on space disruption. Space is now a thing—we talk about tech disruption and banking disruption, but now space is so well developed that we are getting space disruption. We talk about the UK economy and Government intervention, but it is interesting to see that there is a big private economy in space now, with \$2.5 billion invested in companies wholly devoted to space last year alone. Those companies include names we are all familiar with, such as Blue Origin, owned by Jeff Bezos, OneWeb, and SpaceX, which is Elon Musk's company.

The report points out the different industries operating in space. Landing on the moon is just the sexy part—the tip of the iceberg. Space industries include satellite launches, satellite communications, deep space exploration and lunar landing as well as Earth observation, asteroid mining, space debris—mentioned by my hon. Friend the Member for Mole Valley—space tourism, space research, manufacturing in space, and so on. Countries all round the world have an interest. Morgan Stanley identifies 90 companies, mainly from the US but also from Israel, India, Korea, Finland and many other countries. There is only one British company on the list of 90 space companies to watch, but—happily confirming my thesis that Harwell is the home of UK space—it is Oxford Space Systems, which is based in Harwell and builds small satellites. It is run by an extraordinary man called Mike Lawton. The first time I met him, he was powering buses with vegetable oil; now, he is building small cube satellites to be launched as a light payload delivering extraordinary benefits.

It is exciting to be debating the Space Industry Bill in the Chamber tonight. I am glad to see that it will not be opposed—nor should it be. It is a pioneering Bill, which builds on work done by this Government over many years to put the UK at the heart of a growing and vital global industry, namely space.

7.39 pm

David Morris (Morecambe and Lunesdale) (Con): This is quite a great day for me because I have been the chairman of the parliamentary space committee for nearly four years. When I was elected in 2010, it was the first all-party group I joined, so I have been watching

[David Morris]

with interest over the past few years how this Bill has proceeded from its embryonic stages—from being just an idea—through various stages of development, to the point we are at today.

I have mentioned the space sector many times before, and that has brought a smile to some people's faces because they do not realise just what the sector actually means for the UK economy. The space sector brings in £13.7 billion—nearly £14 billion—a year. It has outgrown every other sector by approximately 10% all the way through the recession and the austerity measures. The figure I think we heard tonight is that it has seen 6.5% continual growth over a period of about six years. It has therefore outperformed any other sector in the United Kingdom.

A lot has been said about Brexit issues and about how space will progress. ESA is actually separate from the Brexit issues and the EU, so I hope the projects we have already designed and agreed with ESA will carry on after the United Kingdom has embarked on its solo voyage away from the rest of the EU.

Having a spaceport is extremely important, because the space industry in the United Kingdom is very scattered, but very prolific. We have installations in the seat of my right hon. Friend the Member for Wantage (Mr Vaizey), who has just spoken, and in the Leicestershire area. We even have them in my constituency; in fact, there is one above my office, and I often joke that when the phones go off we know that the teleport system is being engaged upstairs.

This is a vast industry. The industries in my area are looking to put satellites into orbit to provide better navigation for ambulance services in the NHS. People do not realise just how big an industry space is and how our everyday lives are affected by it. Satellite navigation in cars, which is taken for granted, comes from the military applications that NASA first sent up back in the 1960s. These things are now trickling down and being used in our everyday lives.

What would I like to see in the future? I think—these are personal, not informed thoughts—that our first spaceport will more than likely be in the Cornwall area. That is purely and simply because of Virgin Galactic and our space industry being opened up on a tourism basis. However, it is important that we branch out to places such as Prestwick; we have to look towards having ballistic installations, so that we can capitalise on deep-space orbits and not just sub-orbital, as we would with space tourism. We have to look towards the future, and this Bill is facilitating our footsteps on the great journey that we are taking.

Kourou in French Guiana is where ESA has a spaceport, and even the former Soviet Union sends up its Soyuz from there. We can therefore see that space is not really a political industry; it is actually for the greater good of humanity.

Bob Stewart (Beckenham) (Con): It may come as a surprise to the House that I have run a satellite business. We launched our satellites from French Guiana, and one reason why we as a company did that was its closeness to the equator, which is terribly important. That is a factor in where people put space launch sites. Near the equator is the best place to launch from.

David Morris: I thank my hon. Friend for that very knowledgeable interjection.

Dr Whitford: As I said in my speech—I think the hon. Member for Beckenham (Bob Stewart) was not in his place—we have both geostationary and polar satellites. Polar satellites are for earth observation, weather and so on, so you do not need to be near the equator; you want to be near the pole, as Prestwick is.

David Morris: I thank the hon. Lady for that great intervention.

We are talking about £14 billion per annum going into our economy and about 38,000 people being employed in the sector, so it is huge, and it is expanding. Most of the technology that has been utilised, especially by American companies, has come from Great Britain—even in the early stages of space exploration—so we have a lot to offer. We are taking a huge leap into the future by putting this Bill forward. Over the next few years, the equivalent of £1 billion will go into these projects, and that will be welcomed by the space industry.

I thank you, Madam Deputy Speaker, for letting me speak in the debate. I urge that the Bill go forward in the best way it can and that Members on both sides vote for it.

7.46 pm

Stephen Hammond (Wimbledon) (Con): It is a great pleasure to follow my hon. Friend the Member for Morecambe and Lunesdale (David Morris), who is the chairman of the parliamentary space committee.

When I listened to the opening remarks of my right hon. Friend the Member for Wantage (Mr Vaizey), who said that my hon. Friend the Member for Mole Valley (Sir Paul Beresford) had tiptoed into the debate, I realised that I was about to do exactly what the Bill is not intended to do, which is to crash into the debate. There are moments when I think I know a little about transport, but listening to the erudite, learned and extensive speeches so far, I realise that I know almost nothing about the sector. However, I want to make three very basic points, if I may.

When doing some thinking about what I should say tonight, I looked at the industrial strategy. Its strapline is: “Building a Britain...for the future”. That is exactly what this Bill is all about, and that is why it deserves our support.

Quite rightly, there have been a lot of comments from Members tonight about the size and growth of the sector. Quite rightly, in his opening remarks the Minister set out the Government's ambition that the UK should be at the forefront of the opportunities that arise from this technology, and our excellence in the small satellite market. Overall, however, the key thing is that not only the Government but the private sector will invest in this industry. Therefore, if we want to see that investment, it is key that certain things happen. One is that the Government are in favour of it and create the right environment for businesses to succeed. Part of that is about putting in place the legal certainty for investment, as mentioned previously.

Whichever way we look at the current regulatory environment, it is in need of updating, so the Bill is particularly appropriate. That brings me to my first

substantive point, which is that many people in the House will know that, in fast-developing technologies and industries—particularly across the transport and infrastructure sector—not only is the regulatory environment lagging, as it is currently in the space sector, but the Government make no attempt to bring it up to date or to set in place a framework that will anticipate developments. One of the great advantages of this Bill is not just that it sets out a regulatory framework, but that it sets out one that is likely to future-proof the industry's development over the next few years. I commend that thinking because, in so many other areas of infrastructure and technology, we have seen regulatory environments that frustrate future development.

From my quite cursory look at the Bill, it seems that there are a couple of issues that the Minister will particularly want to look at. I should start by saying that I particularly commend clause 1(4), which makes the point I have just been making. Normally, Back Benchers say to Ministers, “The last thing we want is for sweeping and inclusive powers to be given to Ministers”, but that is what we need in this sector. We need forward thinking and examples that can future-proof regulation. The demand for small satellites, the expansion of markets, the technology and global competition mean we need a relatively free and loose regulatory environment that can anticipate developments—within the context, of course, of ensuring safety and room for development. That said, there are issues with clause 1 that the Minister will want to explore later: for instance, some of the language, particularly some of the geographic restrictions, might prove to contain rather than allow development.

I also want to guide the Minister towards clause 8. There are two things there on which he will want to reassure the House if he really does want a forward-thinking regulatory environment and development in the sector. The phrase

“contrary to the national interest”

could easily be defined where an activity threatens either security or legal aspects, but he will want to ensure that activities are not regulated on the basis of prejudice. If one were to follow previous regulatory systems, there could be a whole proliferation of opportunities, in the area of economics, caught by the phrase. It must not stifle development.

The Minister will also want to reassure the House about the phrase in clause 8:

“the applicant has the financial and technical resources”

to undertake activities. The applicant should, of course, be able to fund its activities and must ensure that it is technically competent in this area, and it must ensure it has the right liability insurance and all aspects of safety in place, but—if I may guide the Minister to other regulatory systems, particularly in the financial services world—such statements elsewhere can be used to stifle small firms and initiative and prevent smaller companies from competing against larger companies. That sort of phraseology is often used to put in place relatively superfluous information requirements that prove to be overly exacting. I ask him to think carefully about that phrase when regulations are made so that his ambition and, I am sure, the whole House's ambition—that the industry might thrive and opportunities be made available to firms both large and small—might be achieved.

Secondly, many colleagues have spoken about the marvellous opportunities in their constituencies, and it would be foolish of me not to take the same opportunity. Many would perceive Wimbledon as a leafy suburb in south-west London, which indeed it is, but I also like to think of it as tech suburb. Our small high-tech and biotech companies exemplify what is true of the opportunities in the Bill for all Members and their constituencies. Members might not have the space for a spaceport, but they will have the opportunity to bring forward and sponsor the inspiration that space brings to many and to create opportunities in the supply chain. That is what I will be doing in my constituency.

Many concentrate on spaceports and the large companies, but one forgets the opportunities for the small high-tech firms that will arise from the expansion of the satellite market and sub-orbital spaceflight. It is incumbent on us to ensure plenty of opportunities for the supply chain and small companies and to ensure that the skills required are given the appropriate boost. In the latter part of his speech, my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes) talked about skills. It is clear that a greater emphasis needs to be placed, both at secondary school and university level, on the skills that will allow industries such as the space industry to develop.

Finally, as I have mentioned extensively already, it is often the smaller firms that produce the ideas that enable big leaps forward such as those we expect in the space sector. It is often those accelerator institutions that push the technology forward. I hope that the Minister and the Treasury will have due regard to ensuring that those institutions can prosper and succeed so that the developments in technology, some of which we cannot anticipate, can come forward and so that sub-orbital spaceflight and space activities can succeed in the future. The Bill will future-proof the regulatory environment and could make a significant difference to investment and innovation in transport over the next decade.

7.55 pm

Paul Masterton (East Renfrewshire) (Con): I am pleased to see that in the Bill the Government are continuing to take the necessary steps to make this country a world leader in burgeoning industries. They have a great track record on getting Britain to the front of the race when it comes to science and technology, and the Bill maintains that record. Companies such as Virgin Galactic, SpaceX and Boeing are drawing closer and closer to running manned commercial spaceflights, which reportedly could start as early as this year. The industry has the potential to go far—in more ways than one—and Britain should be at the forefront of it. With our world-class universities, business-friendly environment and infrastructure, we have the capacity to become a world leader in this industry.

I will leave it to my hon. Friend the Member for Ayr, Carrick and Cumnock (Bill Grant) to add his voice to the case for a spaceport at Prestwick, but I will say as an MP from the west of Scotland, in anticipation of his remarks, that I associate myself wholly with them, and indeed those of the hon. Member for Central Ayrshire (Dr Whitford). I should also point to the strong industry presence in Glasgow. Companies such as Clyde Space and Spire, with which some of my constituents are involved, are innovating at a remarkable pace, as the hon. Member for Glasgow North West (Carol Monaghan) mentioned earlier.

[Paul Masterton]

The commercial space industry, should we seize the opportunities it presents, could bring billions of pounds a year into the UK economy, and the Government are right to set the ambitious target of occupying 10% of the entire global sector. To achieve this, however, we need the right laws and regulations, and right now our laws and regulations are not ready. The current set-up dates from a time when commercial space travel was a laughable, virtually inconceivable idea, other than on television. On the eve of the advent of commercial space travel, our current legal and regulatory frameworks are just not fit for purpose. As there are no detailed international or EU regulations to adopt or copy into domestic law, it is our responsibility to make them. Indeed, it could be to our advantage to make them: Britain can and should be among the first, not the last, to institute proper regulations for the commercial space industry so that we can start benefiting from it as soon as possible, and as much as possible.

That is why the Bill is necessary. It will put in place the regulations we need to ensure that, when it develops in the coming years, the commercial space industry thrives in a safe and orderly manner. It will ensure, for instance, that a licence is needed for sub-orbital spaceflight activity, just as it is for flying an ordinary plane or driving a car. Likewise, it will provide for regulations relating to the area where spaceflight takes place in order to ensure that spaceflight is conducted safely. It will allow for the establishment of a whole raft of necessary safety and security regulations—regulations that will become more and more important as the industry grows. By giving effect to new offences such as hijacking, destroying, damaging or endangering a UK-launched spacecraft, it will ensure that nobody is put at risk. In recent years, we have rightly become scrupulous about regulating conventional air travel to ensure that people can fly as safely as possible and that people on the ground are as safe as possible from aircraft. It should go without saying that we must take the same careful approach to commercial space travel. The Bill will allow us to do so.

Bob Stewart: One problem is that there are 500,000 pieces of space junk running around, sometimes at very high speeds. My point is that we do not just need to regulate in this country; we need international regulations for how we approach space. For example, in 1996 the French satellite *Cerise* was destroyed by space junk from an Ariane rocket. We do not just require domestic legislation; we need to fit it into international legislation.

Paul Masterton: My hon. Friend is absolutely right. Space will be an international issue, and countries throughout the globe will seek to take advantage of the future opportunities. However, as he says, if we do not work together on an international basis, there may be trouble ahead.

In this quickly developing and highly technical industry, it is especially important to be flexible in how we regulate and how we amend regulations. What is right in one year could prove to be either irrelevant or imperfect in the next. We should avoid scenarios in which we make amending regulations a difficult or long-winded process. Circumstances are likely to change, and changes

in the regulations are likely to have to happen. We should be able to deal with them smoothly rather than awkwardly.

The Bill represents a positive step by a Government who are clearly not content to limit their vision to “global Britain”. Space presents us with an enormous opportunity in the coming years and decades, and, with manned commercial spaceflights possibly just months away, now is exactly the right time to pass this necessary legislation and pave the way for “interplanetary Britain”. That may sound a bit glib, but, as many other Members have pointed out, the Bill is about something quite special. It has the potential to help reshape the ambitions and broaden the horizons of young people throughout the country, so that being an astronaut may be transformed from a momentary childhood dream to a tangible possibility. It could bring about a whole new scope for involvement in technology, causing a new generation of women, in particular, to become excited about science, technology, engineering and mathematics. It really could constitute a step change.

My constituent Emily Clark attends Strathclyde University. Along with about 100 other students, she gained a place in the university’s space school—which was mentioned earlier by the hon. Member for Glasgow North West—where they were visited by NASA astronauts and scientists. She was one of only 10 who were then chosen to visit NASA in Houston. We exchanged correspondence, and her excitement and joy about her experience flew off the page. She told me all about meeting astronauts including Fred Haise from Apollo 13, and about her VIP tour of mission control and building 9, which is where the mock-up of the international space station and the moon rover are kept. Now Emily is off to become a vet, but she said that her experience had changed her life ambition ever so slightly. She said that her interest in space exploration simply as a Trekkie had developed, and she thought that she might like to be Britain’s own Richard Linnehan. I suspect that most people do not know who Richard Linnehan is, but he is actually NASA’s space veterinarian.

For me, the Bill is not just about rules and regulations. It is about putting the UK at the forefront of space exploration, making it an industry in which we lead, and, in doing so, open up new jobs and new possibilities for future generations. I am delighted to support it this evening.

8.2 pm

Matt Warman (Boston and Skegness) (Con): I shall speak briefly in support of the Bill.

In my constituency, we talk about space far more than people might think. That is not because there is a lot of it in the open fenland and marsh country, but because, as one might expect, we talk about foreign aid an awful lot, and the question that always arises is why we give money to certain countries. They have space programmes. That is, in a sense, the definition of a country that is a thriving great nation: an economy that is looking to the future and does not need the help of others to thrive and travel to infinity and beyond—to the final frontier. I think the very existence of the Bill demonstrates that Britain today is a nation that looks forward to the future with confidence. This is not just empty rhetoric; it is something that the Government are doing in real detail.

Before the general election, I was privileged to serve on the Science and Technology Committee. We had a quick look at what was then a draft Bill; there was a limited amount of time for the full parliamentary process because of the impending election. We made a number of recommendations, most of which were prefaced by a declaration of our support for the Bill, for two reasons.

First, there is the huge economic potential that a thriving space industry brings to the country as a whole. We talk about artificial intelligence as an issue that will bring broad and widespread benefits throughout the growing new economy in this country, but we do not talk about space in the same way. It is a cliché to say that Teflon, which is now ubiquitous in every kitchen, was invented because of the American space programme. We should think of the forthcoming space industry in the United Kingdom in the same way. The Bill represents the beginning of a huge new economic element that will have huge tangential benefits, whether they are CubeSats or the satellites that will power a host of other industries. The point that the Committee sought to make at almost every opportunity was that the Bill was not simply about bringing the benefits of a spaceport to Newquay or Prestwick—or possibly to both areas, and to many more. Indeed, there is space in Lincolnshire, although it is very good agricultural land, so it would be a difficult decision to make.

There is not just the question of where we should put the individual assets that will be crucial to the development of an industry, but the vital question of how we should be trying to foster the benefits of an economy that is wrapped up in new technologies so that they can be extended beyond the technology that gets CubeSats up into space, and the research that will ensure that we do not end up with a space industry that pushes debris out into the ether, treating space as previous generations have treated parts of China, where we offloaded our own waste pretending that we could ignore the consequences for the planet. We must be mindful of what is going on, not only on this planet but beyond it, and I think that the Bill does that to some extent. We must begin to think of ourselves not only as global citizens, but as intergalactic citizens. We must consider the consequences of what we do as a human race, not only beyond our country's shores but beyond our atmosphere. That is what real global responsibility looks like.

The Committee's recommendations constitute an attempt to be genuinely mindful of the regulations that we need for an industry whose full scale does not yet exist. One of our aims was to come up with principles that would not be overtaken by events. For instance, we discussed drafting a memorandum of understanding between the two agencies that we expect to regulate the two principal types of spaceflight. I was pleased that the Government accepted a number of our recommendations, but the point of that particular recommendation was not that we thought it sensible to come up with hard and fast rules that should never be broken—as the Bill proposed at that point—but that we were asking the Government to be cognisant of the fact that the rules that we needed could not be made immediately. I think that the Bill tries to strike a balance between setting those valuable principles and identifying the baselines that will not allow us to imagine that it is sensible to clutter up the outer atmosphere with bits of kit that will be of little value in years to come.

What I must praise about the Government's approach to the Bill is that they sought to involve the industry, and sought to involve Select Committees. They also sought to make sure that we did not simply have a single principle that was so broad that it was almost meaningless—that we would also have principles embodied in legislation that were broad enough to allow industries to grow and flourish and did not constrain them too much.

I, like other Members across this House, support this Bill, but I do so specifically because it does not embody every single regulation in statute; it looks optimistically to the future and acknowledges that not only is this the industry that will in the first instance take affluent tourists a long way from home, or people very quickly from one part of the country or the world to another, but that it will foster an entire new industry that can be plugged into our existing economy and will bring many benefits that go way beyond the invention simply of technologies such as Teflon—although I hope this Bill has all the material benefits of Teflon and we do not allow ourselves to get stuck on the details and instead stick, in a non-stick Teflon kind of way, to the beautiful principles that will allow us to see more of space in the future. I am glad to support the Bill this evening.

8.11 pm

Luke Graham (Ochil and South Perthshire) (Con): As a lifelong devotee of "Star Trek" and an avowed Trekkie, I cannot communicate how delighted I am to speak in this debate. Growing up, I always imagined that by 2018 the United Kingdom would already have a well-established, even thriving, space industry, with regular trips to the moon, Mars, or even galaxies "far, far away." Sadly, that is not the case and in the absence of Starfleet I have had to join the next best positive forward-looking organisation: the Conservative party. To have the opportunity to help make it so here tonight is very exciting for me and, I believe, for the entire United Kingdom.

It should therefore come as no surprise to anyone that I rise to speak in support of the Space Industry Bill. The Bill aims to establish a new regulatory framework for UK-based spaceflight activities, including the operation of UK-based spaceports and the launch of new space vehicles.

The UK space industry already impacts on many sectors of the United Kingdom's economy, services and even everyday life. From weather reporting to, as has been said, satellite navigation, telecommunications and financial services, our space industry has positively impacted on all walks of life. In 2016 an assessment by London Economics to the UK Space Agency estimated that over £250 billion, or 13.8%, of non-financial UK industrial activities were supported by satellite services. More specifically, as recently as 2015, income from the UK space industry was estimated at £13.7 billion, the equivalent of 6.5% of the global space economy. With the ever-decreasing cost of small satellites and launches enabling increased usage of satellites, the already substantial economic impact of the UK space industry is only going to increase further.

Even as we speak, a number of potential spaceports and launch companies are developing plans to offer UK launch services, but they currently have no legal framework within which to plan future operations. With the Government aiming to grow the UK space industry to an annual turnover of £19 billion by 2020, and for it to

[*Luke Graham*]

be 10% of the global space market by 2030, the Space Industry Bill represents an opportunity to strike while the iron is hot.

Moving on to the contents of the Bill, as things currently stand neither international aviation law nor space law are suitable for commercial spaceflight in the UK, thus impeding the UK space industry's development. Indeed, following its review of UK commercial spaceplane operations in 2014, the Civil Aviation Authority recommended that the regulations for spaceflight activities be updated. Therefore, legislation is required to put in place this enabling regulatory framework.

The Bill seeks to address three areas of policy: the promotion of the UK space industry; ensuring the safety of all space-related activities; and ensuring the UK's international obligations are reflected in UK law. Towards these three objectives, the Bill proposes seven areas of legislative framework, which the Minister outlined earlier.

Stephen Kerr: My hon. Friend is about to describe frameworks that apply to the whole of the UK, and what lies ahead of us over the next two days is an outstanding example of why we often need UK frameworks.

Luke Graham: I could not agree more; frameworks are very important. As outlined in "Star Trek", the Federation represents a united principle with very little nationalism present, and I hope that is the future we will all strive for this evening.

There is nothing in essence with which I disagree in this Bill, which is why I support its principles. However, that does not mean that there is not more that can be done. Pre-legislative scrutiny by the Science and Technology Committee, which largely welcomed the draft Bill, highlighted some areas in which the Government could provide more policy detail, particularly environmental protections, delegated powers and the licensing and insurance provisions in the Bill. It also recommended an updated impact assessment, as the previous assessment had not been updated since the Government decided to legislate for spaceflight separately in the modern transport Bill.

I shall therefore highlight two areas of concern which I would like to see addressed, and which hon. Members on both sides of the House have referred to; I hope the Minister will respond to the concerns raised in summing up. I note that the Government consider that existing environmental and planning laws provide sufficient protections, but that they were considering adding an amendment which would require licence applicants to submit a noise and emissions assessment during the licence application process. I ask for the amendment to be introduced and to address specifically the environmental concerns raised by the Committee and in this House, so that our national environment can continue to develop, live and prosper for many years to come.

The second area of concern is the lack of a liability cap, and I urge the Government to introduce one. This would bring our space industry into line with those of Australia, France and the USA, which, of course, is the world space industry leader. The purpose of the liability caps in clauses 33(5) and 11(2) is to allow spaceflight operators to obtain affordable insurance. Without it, the prohibitive cost of obtaining insurance for unlimited

liability would undermine the growth of the space industry in the UK, which, for me, is the key point of this Bill.

I accept that there is a need for flexibility within the legislation to allow for future technological advancements and changes to the international legal landscape. None the less, I believe there is still scope for some middle ground to be found between the Bill in its current state and increased clarity around the issues I have raised, while still allowing for the flexibility which is required. I therefore ask the Minister to consider the concerns raised by industry and the Committee, and the clauses I have highlighted for further consideration.

I would like to make one final point: with no existing spaceport or launch site in the UK, there is a glaring gap in the UK space industry market. However, this Bill provides an opportunity for Scotland, which is well placed to support, and benefit from, the growth in the UK space industry. Scotland has a strong heritage in the space sector. Companies such as Clyde Space and Spire have helped Scotland to become a hub of space activity, with Glasgow building more satellites in the last two years than any other city in Europe. Furthermore, future space innovations are being created by institutions such as the national Astronomy Technology Centre in Edinburgh and Strathclyde University, while it should be noted that Scotland's geography is well suited to a number of different launch operations including vertical-launched rockets. The potential to launch satellites from traditional rockets has seen organisations across Scotland develop business cases for spaceports in their regions.

As a proud constituency MP, I highlight the burgeoning aerospace industry in the Kinross-shire area of Ochil and South Perthshire, which I also hope will benefit from investment through the upcoming Tay Cities Deal, making it ripe to maximise the future benefits we hope will come from this Bill.

This Bill is vital to establish the foundation for the British space industry. We have an opportunity to capitalise on our technological edge, leveraging investment from our financial powerhouses in London and Edinburgh to fund companies and infrastructure to bring the UK truly into the space age.

8.19 pm

Bill Grant (Ayr, Carrick and Cumnock) (Con): It is my privilege to follow my hon. Friend the Member for Ochil and South Perthshire (Luke Graham). My early connection with space was before his, and it came from the *Eagle* comic's characters such as Flash Gordon and Dan Dare, who are probably known only to a few here in the Chamber today. It is my pleasure to speak in support of the Bill this evening. It will pave the way for the next steps in British innovation and engineering. The UK space industry is already thriving, as we have heard. It is worth somewhere in the region of £14 billion and directly contributes more than £5 billion to this country's economic output. It supports a staggering 40,000 jobs throughout the United Kingdom, and I was delighted to learn that our space sector accounts for around 6.5% of the global space economy.

This success is the perfect launch pad for our ambitions. It has long been the UK Government's goal to become one of the leading players in, and indeed out of, the world when it comes to the space industry. That is why I was delighted to see such strong support for the aerospace

industry in the Government's recent industrial strategy White Paper. The aerospace growth partnership, the collaboration between the Government and industry, is rightly focused on growing the UK's aerospace capabilities, of which there are many. It instils the confidence necessary for future investment. We have already seen almost £4 billion committed to the industry between now and 2026, and I am sure that it will attract significantly more finance.

The passage of the Bill on to the statute book cannot come soon enough. The aerospace industry is currently regulated by, strangely enough, the Outer Space Act 1986, which was passed more than 30 years ago by a progressive and thoughtful Conservative Government. We are doing a similar thing today. In 1986, spaceports and commercial space journeys were the stuff of science fiction, not of legislation. If we are to take our position as a global leader in space technologies, as I am sure we will, we must ensure that the regulations are fit for now and for the future. Under the current regulations, for example, the development of spaceports in the UK is restricted, and the only licences that have been granted were for launches outwith the UK. The current system is also woefully lacking when it comes to the safety and security of spacecraft, of space infrastructure and of the people involved in the industry. International and EU rules simply have not been able to keep pace, and there is no detailed regulation in this area.

The Bill will establish a new regulatory framework and allow us to close some of the gaps. The Science and Technology Committee, of which I am now a member, undertook an assessment of the Bill. That was before my time in the House, but I was delighted to note that the Committee gave its broad support to the Bill and also heard from several representatives of the space industry. Organisations such as the Royal Aeronautical Society and companies such as Virgin Galactic and Airbus welcomed the Bill and the positive impact that it will have on the UK space sector.

The Bill will allow for the operation of UK-based spaceports. This is extremely important for Ayrshire—and, I am sure, for Cornwall—where we are proud to be the home of the Prestwick international aerospace park, located in the constituency of the hon. Member for Central Ayrshire (Dr Whitford), which neighbours my own. Glasgow is fortunate to be a close neighbour to Ayrshire. As has been mentioned, Glasgow is a European centre of excellence for the construction and assembly of high-tech satellites, so there is a good partnership there.

Prestwick aerospace park is home to more than 3,000 employees and some of the UK's largest aerospace companies, such as BAE Systems and Spirit AeroSystems, to name but two. It is Scotland's only aerospace enterprise area, and it is noted as a centre of innovation and technical excellence in aviation, not only locally and throughout the UK but globally. There are, for example, 8,000 engineering graduates living within a 45-minute commute of Prestwick, including many who live in my own constituency. The airport at Prestwick is currently developing a plan to make it one of the first spaceports in the United Kingdom and Europe. I emphasise the word "first"; we do not mind who comes second. The large site is ideally suited for such a purpose, with a concrete base runway that stretches for almost 3,000 metres. It is one of the largest runways in the United Kingdom.

Luke Graham: My hon. Friend is making a fantastic speech, and Prestwick is a fantastic site. Does he agree that the benefits of locating a spaceport there would encourage wider infrastructure investment, including in high-speed rail, as well as more connectivity and improved investment into Scotland and the north of England? Would it not be great to have a more connected United Kingdom?

Bill Grant: Absolutely. We are well connected by rail and road, but any improvements would be most welcome. We are not an isolated part of the United Kingdom; we are very much connected. I thank my hon. Friend for his intervention.

We also have favourable weather 52 weeks a year, and there are no congestion issues. When we take off to the west, we are across the Firth of Clyde and into the open space of the north Atlantic. If we go east, we find open farmland and we are away across. Prestwick is a wonderful airport, but it could do with more traffic. I am sure that it will get that in time. Success in securing a spaceport operator's licence will lead to the creation of a further 2,000 jobs and generate an additional £320 million for the UK economy. It will place south Ayrshire—and Ayrshire and the west of Scotland as a whole—at the heart of the global space industry. More importantly, it will attract and retain some of the brightest and best minds in the world to Scotland, UK.

The Bill will benefit Prestwick, as well as other sites with similar ambitions all around the UK. We have heard mention of some of those tonight, and they are quite right to be ambitious, but we are equally ambitious for Prestwick, which is the best site in the United Kingdom. The Bill will allow us to take the next step and bring us closer to operating commercial spaceports. It will unlock untold opportunities and investment into Ayrshire and Scotland, and allow the UK to cement its place as a world leader in space technology. I am delighted to support the Bill's progress today.

8.26 pm

Stephen Kerr (Stirling) (Con): I rise to make a short contribution to the debate, not on the basis of any kind of knowledge or technical insight but simply as an enthusiast. I was unsure whether I, as the Member of Parliament for Stirling, could stand here and speak with any authority about such matters as the European Space Agency, but such is the marvel of the days we live in that I have received a communication while I have been in the Chamber from a constituent, Mr Gordon Honeyman, who tells me that I have a constituent who works for the European Space Agency—it happens to be his wife—so I now feel flush with authority to address these subjects, perhaps with an even greater degree of enthusiasm.

I should like to speak in support of the Bill. I am reliably informed that to achieve escape velocity from the Earth, a vehicle must be travelling at 25,020 mph. That is quite fast. The need for speed in rocketry and space engineering is a well-documented fact. The vast distances of space and the physics of gravity make such speed a requirement.

Carol Monaghan: That escape velocity applies if the vehicle is pinged from the surface of the Earth and no further propulsion is used. Actually, if we could continually move upwards at 1 metre per second, we would eventually get into space.

Stephen Kerr: I am the better for that intervention, but I am now worried about what else I will say. I am grateful for the fact that the hon. Lady, who is a physics teacher, is in the Chamber today to provide that illuminating insight. I hope that we can agree that 25,020 mph is very fast, but such speeds are difficult for us to assess with our 70 mph motorways, which make it difficult to imagine a speed 357 times faster. Even the HS2 line, operating at 250 mph, pales into insignificance. I am obviously deploying parliamentary understatement when I say that we are dealing with something out of the ordinary as a means of transport.

It is the need for speed that necessitates this Bill, not in the physical sense that I have been discussing, but in the legislative sense. Prescriptive legislation that annotates all aspects of regulation is doomed to fail in the fast-moving and changing world in which we live, especially in this fast-moving industry. I made similar comments about the need to move quickly to keep up with the times in the context of the Automated and Electric Vehicles Bill and data protection legislation.

Dr Whitford: I totally accept the point that we need flexibility to keep up with innovation, but do the hon. Gentleman and his colleagues recognise that the industry is anxious because it cannot see draft regulations a mere two years before the Government would like to see launches?

Stephen Kerr: I thank the hon. Lady for her intervention, and I agree. It is important to establish a framework in which policy is laid out so that, as mentioned in her excellent speech, investors can have some view of the future and there can be certainty for investment decisions. Going back to what I was saying about the other Bills, it is important that legislation keeps up with the rate of change, and technological change in particular.

Several Members have mentioned the vital importance of spaceports and their location and the opportunity for this country to have satellite launch facilities within its borders instead of sending satellites abroad, and that issue has been well discussed throughout the debate. It is frequently pointed that the United Kingdom has some attractive geographic advantages when it comes to launch facilities. If someone is intent on launching satellites into polar orbit, launching them over an ocean at a good angle is what they are looking for, and Scotland has a good number of ideal locations for vertically launching satellites into polar orbit.

A space race is going on, but it is not the same as the space race of the past; this race is about establishing new spaceports. The competition is not just between locations in the United Kingdom—I totally subscribe to the view that there should be as many spaceports as demand requires—but between the United Kingdom and other northern European countries. This Bill allows the possibility of the UK getting into this game early, getting head and staying ahead.

Madam Deputy Speaker, you will not be surprised to hear me say that Scotland is indeed the ideal location for spaceports, and its candidate locations are competing to become Britain's first spaceport. In a really good speech, my hon. Friend the Member for Ayr, Carrick and Cumnock (Bill Grant) spelled out the advantages of Prestwick, as did the hon. Member for Central Ayrshire (Dr Whitford), and one of the attractive features

of the Prestwick proposal, apart from the geographic and meteorological advantages, is the community and cross-party unity on the matter. I cannot think of a more inspirational happening for the young people of the west of Scotland than the announcement of the building of a spaceport in Ayrshire—right on the doorstep of the vast majority of Scotland's population.

I belong to the generation where the word space immediately conjures up the three-word phrase “the final frontier”, which has been referred to several times, but we are talking about something far more real than the science fiction and television series of my boyhood. As an eight-year-old boy in 1969, I remember watching in wonder at the flickering black and white images on our family television as the astronauts of Apollo 11, Neil Armstrong and Buzz Aldrin—names that will live forever in the history of mankind—stepped out of the lunar module and on to the lunar surface, famously taking that

“one small step for a man, one giant leap for mankind.”

It was an exciting time and the possibilities of space exploration seemed limitless, and every young mind in the country was seized with the excitement of that possibility.

Sadly, before I had even reached my first year at secondary school, manned flight to the moon, which was such an exciting prospect, had lost the attention of the vast majority of people. It is sad to say that the only time in recent memory that the British public really embraced, in a popular way, the concept of space exploration was Christmas day 2003, when Colin Pillinger and his team attempted to land Beagle 2 on the surface of Mars, as I am sure we all remember. Perhaps in the best traditions of noble first endeavours, it did not quite come off. Colin sadly passed away without knowing that he had come very near to achieving the objective of the mission.

I am most excited about this Bill, this subject matter and what it does to fire the imaginations of our young people.

Luke Graham: My hon. Friend refers to the moon landings in the 1960s. It was a small step for a man, but does he agree that this Bill is a chance to invigorate everyone in our country and to show how much they can contribute not only to the future economy but to the future development of the entire globe?

Stephen Kerr: Absolutely. This is about firing the imagination of all of us to the possibilities of space exploration.

I am mindful of the time, so I will press on. The fact is that we need this legislation, because without it we would create real risks for people. We have discussed the economic risk, but there is also the physical risk of injury. The risks of unlicensed or unregulated space activity happening in the skies above us are real. It is essential that we ensure the UK has a licensing regime that enables innovation and entrepreneurship but prohibits high-risk ventures that could do real damage.

With this Bill we are protecting not only the life and limb of our citizens but the communications and forecasting equipment that keep our country moving. There is no real difference between a major motorway that moves people around the country and a satellite that connects

two different parts of a business with a high-speed link—they both need protection to ensure that we have functioning national infrastructure. The Bill envisages an uncomplicated process for doing that by allowing for schemes and ideas to be given an indicative rating as to whether they can be licensed simply, thereby allowing everyday activities to proceed quickly, or whether there is a need to alter the programme or plan. The way that will change and update with changes in technology means that what is a high-risk madcap stunt today becomes standard operating procedure tomorrow. We need a framework to allow for such change.

As I mentioned earlier, let us not forget the inspirational and uplifting elements of space travel, and we have heard quite a few references to space tourism and the possibilities it might bring. These are inspiring technologies, not only from the point of view of seeing a large rocket blast off into space but from the results and benefits we will get from such launches. Space radar that penetrates the atmosphere to scan the surface of Earth in huge detail, photographic data at different wavelengths that can tell how healthy crops are and satellites that connect communities around the world are all part of a picture that shows what humanity can do when it puts its mind to something.

We need to travel at great speed to escape the legislative atrophy that often grips us as a nation. We cannot rely on 18th-century legislative engineering to support 21st-century endeavour. We must allow our entrepreneurs and business people not only to see the sky as the limit but to look beyond even that. Our job is to give them the frameworks and the ability to do so, unconstrained by the surly bonds of outdated regulation.

I urge the House to support the Bill.

8.38 pm

Vicky Ford (Chelmsford) (Con): It is a great pleasure to be the last Back Bencher to be called to speak tonight on this enormously exciting part of our economy. The space industry is the fastest growing part of our economy, and it is key to jobs and growth. The sector has trebled in the UK since 2010, and the global industry is set to more than double. The jobs are high skilled, high value and highly productive, and that is not all. Investing in space boosts productivity, increases exports and ignites passion for science and technology. In this the Year of Engineering and the centenary of women first getting the vote, exciting that passion for engineering, especially among women, is key.

I remember that the science wall at school had a picture of the Earth, Archimedes and a lever, and the quote said, “Give me a lever and a place to stand and I will move the Earth.” I contest that the satellites we have put up into space give us the ability to understand the movements in and on our Earth like never before. It is key that this is looking not only out to space, but at what is happening on our planet. This technology is changing all the time. I am a bit of a geek and just before Christmas I went to the annual meeting of the quantum technologies group. In my constituency, the company Teledyne e2v has invented a little box containing a gravity sensor which will go up in a satellite and from there, using quantum technology, will be able to understand what is happening inside and underneath the shell of our planet. We will be detecting earthquakes, understanding geology like never before and seeing what is happening

in the heart of a volcano. This is not just cool—this is super cool; this is absolute zero being developed in Britain, in Chelmsford, for the future of our planet—it is great.

It is important that we think about not only the future of great big satellites, but about the development of the smaller satellites, the downstream applications and the state-of-the-art technology. In my previous job, I worked a lot with the European Space Agency. We have paid for the Galileo and Copernicus satellites, and we must make sure that British businesses benefit from being able to take part in the downstream applications and work on the data that we have. Space assets are also key to our modern communications, especially in security, but the UK is the only G7 economy that does not have its own Earth imagery assets. So it is important that we can continue to share data with other nations of the world.

We in Britain have a reputation for high-quality engineering. Another part of my local company Teledyne e2v is working in Leeds, where it is making the highly engineered filters, switches and converters that are critical technology for the OneWeb group of satellites. If something goes wrong once we have set it up in the sky, we cannot bring it down to mend it, so the quality of the engineering is key. This type of small satellite will provide the global network coverage so that we will have internet coverage from space, not just from cables. Being able to launch those small satellites from the UK has great benefits. So I thank the Government for this Bill. Our businesses have carried a lot of business risk in trying to carry out those launches from other parts of the world.

I was delighted when all of the representatives of the British space sector came for a roundtable in Chelmsford to examine this Bill. They are really pleased with it. It is giving a proper legal framework for their development and it is making Britain the go-to destination for investment in the space sector. Yes, there are some issues to address. The unlimited liability regime makes it impossible for insurers to provide coverage. It is not that they do not want to; it is that it is often outside their *modus operandi*. So let us look again at that. There is also a huge amount of interest in using this Bill to develop a mergers and acquisitions culture and framework, so that once we have put the satellites in the sky, it might be that they can be sold on to other investors. That will mean not only that Britain is the place for investment on Earth for our space sector, but we also become the place to invest for the universe. So I say thank you for the Bill.

8.43 pm

Karl Turner (Kingston upon Hull East) (Lab): This has been a good debate, with some good and knowledgeable contributions. Members rightly made strong bids for their constituencies as potential candidates for spaceports, and I commend them for that. Given the time allowed, I do not intend to refer to every speech, but it would be remiss if I did not mention at least the right hon. Member for South Holland and The Deepings (Mr Hayes), not least for his collegiate approach to this debate. Generally, as a Minister, his approach worked well. It certainly improved the ability to legislate in this place and I was grateful for that.

As my hon. Friend the shadow Secretary of State has said, the Opposition are broadly supportive of this Bill and welcome it. I must pay tribute to our colleagues in

[Karl Turner]

the other place, who have successfully secured crucial concessions from the Government that have ensured that this Bill is now in a much better place than it was at the start of its passage through the other place.

It is, though, a skeleton Bill, and the detail is not ready. It has only 71 clauses, yet it provides for 100 delegated powers. We accept that it is not possible to provide all the necessary regulations in primary legislation, but the Government could perhaps have dealt with some of the industry's concerns. This is yet another example of the Government introducing skeleton legislation while they flail around on Brexit.

The Opposition intend to support the Bill, but we may in Committee need to table amendments on issues on which we have concerns, one of which is the delegated powers that the Bill will give to the Secretary of State. That was one of the matters on which our colleagues in the other place forced the Government to back down, thereby removing the Henry VIII powers. Nevertheless, the catch-all regulation-making power could weaken judicial oversight and may render other delegated powers less meaningful, so we may need to revisit it in Committee.

As the Bill stands, clause 2 limits the environmental objectives that must be considered to those set by the Secretary of State. We intend to probe the Government on that in Committee. There is still a worry that the powers set out in clauses 38 and 40, which deal with powers in relation to land use, may encroach on devolved planning powers. We may need to make reference in the Bill to the devolved Administration giving their consent to the use of the powers.

Again as the Bill stands, there is currently a lack of judicial oversight for emergency orders. The Constitution Committee and the Delegated Powers and Regulatory Reform Committee in the other place have expressed concerns about enforcement authorisation, with the former describing the powers in clause 32 as “wide-ranging and potentially draconian”. We may need to table an amendment in Committee to deal with that.

Industry stakeholders' main worry with the Bill is the absence of a mandatory liability cap for spaceflight operators—a point made time and again in the debate. We will definitely probe further into this matter in Committee and ask the Government to clarify their position. The Government have given an assurance that a specific regulator—either the Civil Aviation Authority or the UK Space Agency—will act as a single point of accountability for safety on each individual mission. However, there is no detail on how that would work in practice and what the relationship will be with the Health and Safety Executive. That is something else to investigate further in Committee.

The Opposition very much share the Government's ambition for the UK to be a leading player in the global space industry. To achieve the Government's aim to grow the UK space industry from its current 6.5% of the global space economy to 10% by 2030, it is important that the industry has a spaceport facility, which is why it is crucial that we get the regulatory framework right.

As I have said already, the Opposition broadly support the Bill, but I hope the Government will work with us to make this legislation the best we can make it, by supporting the very helpful amendments we table in Committee.

8.48 pm

The Parliamentary Under-Secretary of State for Transport (Jesse Norman): It is a great pleasure to be able to respond to this Second Reading debate. We have heard some wonderful speeches and a wide range of expertise, ranging from my hon. Friend the Member for Mole Valley (Sir Paul Beresford), who spoke of his enthusiasm but downplayed his knowledge, only to display a considerable amount of knowledge, to that bravura turn from my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes), who spoke for what is for him, as the House knows, a mere canapé in the smorgasbord of oratory, a throat-clearing before the tenor really begins, a tiny 18 minutes—one felt that the poor man had barely got into his stride. I, along with my colleagues, pay tribute to him. In his relatively brief remarks, he was able to speak eloquently of the surely temporary interlude that he is planning to spend on the Back Benches of this House. In his poetic tone, he reminded me of Walt Whitman's poem, his famous centrepiece in “Leaves of Grass”, which is entitled, as the House will know, “Song of Myself”. It includes the famous sentence:

“I am large, I contain multitudes.”

The multitudes raised by my right hon. Friend include President Kennedy and the cast of “Star Trek”. It is fair to say that we all enjoyed what turned out to be a quite wide-ranging tour of his own achievements.

It has been a very positive debate today, and I thank all those who have taken part. I am also grateful to the Minister of State, my hon. Friend the Member for Orpington (Joseph Johnson), who opened this debate with such insight into the UK space sector and the opportunities that lie ahead. His continued close involvement in this programme of work and the knowledge and experience that he brings are a great asset to this Bill and to the work going on outside this House to realise spaceflight and its true potential, which was so well spoken of by so many Members across the House today.

Today's debate has made it clear that this Bill is not politically charged or divisive and its ambition has not prompted serious disagreement or division, but invited reflection. In the best traditions of the House, it is reflection on the achievements of one of this country's largely unsung success stories, our thriving space industry, and reflection on how best to ensure that this success continues for generations to come. Indeed, in the best tradition of pioneering space missions, this Bill has inspired collaboration, not contest, at all stages of its development and debate, which is a testament to the bold, exciting and important ambition that lies beneath it. We must now honour that ambition with legislation that is fit for purpose in the modern commercial space age—legislation that will make the UK the most attractive destination in Europe to operate a profitable and responsible space business.

As many Members have noted, the UK space industry is not short of ambition. The global launch and servicing of small satellites, of which there may be thousands in the coming years, could exceed £10 billion in revenues over the next decade, with an untapped European regional market potentially worth around one third of that. Nowhere in the world is this market more fully exploited by a sustainable, commercial offering until now.

Bob Stewart: Having run a satellite industry company, for me one of the worries is to do with the amount of launching that we are doing. That is great, but what we have to think about is how to get rid of the junk. There is so much junk up in space now that it is becoming incredibly dangerous. Internationally, we need regulations on how we destroy a satellite when its life is over. It should be brought down rather than left up, and the way to bring it down is to put it into the Pacific graveyard, which already exists. We bring the satellite down, and it either burns up or it goes into a very remote area of the ocean. We must think about that; otherwise, we are producing an environmental catastrophe in space, which is almost there now.

Jesse Norman: My hon. Friend speaks for all of us from a great base of experience. Everyone in this House feels that the issue of space debris is a serious one. It is not only a serious one, but one that the Government believe they will be operating in line with international best practice in addressing in the course of the implementation of this Bill.

The UK has a variety of factors that support it in this great ambition, including the right geography and the right environment in which to deliver new launch services. The Government's industrial strategy, published last year, will continue to help our successful, competitive, open economy to grow.

Finally, we have the right industry ready to support and exploit new launch opportunities. Our pioneering space and aerospace sectors are home to many thriving companies and capabilities, including small satellite technology companies and the most innovative advanced manufacturing capabilities.

Half a century ago, the British rocket programme was considered unviable, but as the last rocket had already been built it was given permission to launch. Prospero, the small satellite it successfully transported into space, was the first and only satellite so far to reach orbit on a British launch. No longer. As Prospero said,

"The hour's now come;

The very minute bids thee ope thine ear".

Once more, we can reach for the stars and put an end to that lonely record—not at vast public expense or in a way that depends on the hospitality of others, but in the best spirit of British innovation: by enabling, attracting and empowering commercial markets for small satellite launch and sub-orbital flights from UK spaceports. In response to the vigorous pre-competition that has taken place, I should say that there may be more than one spaceport; they may be located in the north of this country and in the south-west. We welcome that open spirit of competition and possibility.

There will be many benefits. Entrepreneurs will benefit from new opportunities to build their enterprises. Local economies will benefit from the creation of spaceport sites with related jobs and opportunities in construction. Our small satellite industry will have direct access to domestic launch capacity. British space scientists will benefit. Young people seeking careers in science and technology, engineering and maths will gain new opportunities and—perhaps even more importantly—greater inspiration from an expanding UK spaceflight industry. How many of my colleagues have picked up on the importance of bringing the best and brightest

young and old brains to work! The UK as a whole will benefit from access to a strategic small site launch capability, contributing to our understanding of the world, greater commercial and public services, national security and opportunities for new investment and export.

I could go into many other aspects, Madam Deputy Speaker, but let me turn to some of the comments made today. I am grateful for the points made by the Opposition. On issues environmental, the Government are committed to tabling environmental amendments in the Commons at Committee stage, and we look forward to working with the Labour party on that. Many Members mentioned a liability limit. There is no such limit in the Bill, and we expect that crucial point of discussion and debate to be addressed in Committee to the extent that it is necessary. The hon. Member for Kingston upon Hull East (Karl Turner) sought confirmation that there would be a single point of accountability for each spaceflight, and I can confirm that.

The House has focused on the importance of urgent regulation. As I mentioned, we are currently aiming to lay statutory instruments from summer 2019. That will allow time for more detailed policy development, consultation and drafting. My hon. Friend the Member for St Austell and Newquay (Steve Double) asked for reassurance that there would be continued involvement with the European Space Agency post-Brexit. Brexit will, of course, not affect the UK's membership of that agency at all; it is entirely independent and includes non-EU member states such as Norway and Switzerland. We expect to collaborate closely with it.

Will there be adequate protection? The hon. Member for Glasgow North West (Carol Monaghan) asked for Galileo and Copernicus. The answer is yes. The joint report issued by the negotiating teams was clear in December last year: UK entities will be able to continue to participate in all EU programmes, including those I have just mentioned. My hon. Friend the Member for Wimbledon (Stephen Hammond) raised concerns that certain terms in clause 8 might be used to constrain the space flight market. As many Members have mentioned, the whole point is that in this case regulation is enabling us and building markets—it is not constraining markets, but creating them. That creative idea lies behind the Bill and the commercial possibilities unleashed by it.

We have talked about inspiration, and about debris. Let me wind up relatively quickly. There will be three main statutory instruments, as I have discussed, covering sub-orbital activity, space activity, and spaceports and range. They will be subject to the affirmative procedure, and they will therefore allow full parliamentary scrutiny and debate. *[Interruption.]* I am being encouraged by colleagues to mention Wantage.

Mr Vaizey: Harwell.

Jesse Norman: There are other places that one could mention very happily, but Harwell in the constituency of Wantage is particularly close to my right hon. Friend's heart. Therefore, I mention it with great delight.

Today we are taking forward a Bill that will pave the way for a modern, safe and supportive regulatory framework for small satellite launch and sub-orbital spaceflight from UK spaceports.

Mr Vaizey: Will the Minister give way?

Jesse Norman: I can only salute my right hon. Friend's ambition. Spaceflight will provide new growth and employment opportunities across the UK. This is a fine and important piece of legislation. It has what Tom Wolfe referred to as "The Right Stuff", and I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

SPACE INDUSTRY BILL [LORDS] (PROGRAMME)

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

That the following shall apply to the provisions of the Space Industry Bill [Lords]:

Committal

(1) The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

(2) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 30 January 2018.

(3) The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Proceedings on Consideration and up to and including Third Reading

(4) Proceedings on Consideration and any proceedings in legislative grand committee shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

(5) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption that day.

(6) Standing Order No. 83B (programming sub-committees) shall not apply to proceedings on Consideration and Third Reading.

Other proceedings

(7) Any other proceedings on the Bill may be programmed.—
(*Chris Heaton-Harris.*)

Question agreed to.

SPACE INDUSTRY BILL [LORDS] (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Space Industry Bill [Lords], it is expedient to authorise the payment out of money provided by Parliament of:

(1) amounts paid by the Secretary of State by way of indemnity in respect of the liability of holders of licences under the Act for injury or damage,

(2) amounts paid by the Secretary of State under the terms of any insurance or reinsurance made available by the Secretary of State, and

(3) any other expenditure incurred by the Secretary of State under or by virtue of the Act.—(*Chris Heaton-Harris.*)

Question agreed to.

SPACE INDUSTRY BILL [LORDS] (WAYS AND MEANS)

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Space Industry Bill [Lords], it is expedient to authorise:

(1) the making of charges in respect of the performance of functions under the Act or the Outer Space Act 1986, and

(2) the payment of sums into the Consolidated Fund.—
(*Chris Heaton-Harris.*)

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Madam Deputy Speaker (Dame Rosie Winterton): With the leave of the House, we will take motions 5 to 7 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

TRANSPORT

That the draft Sub-national Transport Body (Transport for the North) Regulations 2017, which were laid before this House on 16 November, be approved.

HOUSING

That the draft Housing and Planning Act 2016 (Banning Order Offences) Regulations 2017, which were laid before this House on 29 November, be approved.

POLICE

That the draft Policing and Crime Act 2017 (Maritime Enforcement Powers: Code of Practice) Regulations 2017, which were laid before this House on 16 November, be approved.—(*Chris Heaton-Harris.*)

Question agreed to.

PUBLIC ADMINISTRATION AND CONSTITUTIONAL AFFAIRS COMMITTEE

Ordered,

That Sarah Champion be a member of the Public Administration and Constitutional Affairs Committee.—(*Bill Wiggin, on behalf of the Selection Committee.*)

Misuse of Xanax

Motion made, and Question proposed, That this House do now adjourn.—(Chris Heaton-Harris.)

9.2 pm

Bambos Charalambous (Enfield, Southgate) (Lab): Until five months ago, I was oblivious to the existence of the drug Xanax. It was only after I was contacted by a concerned mother that I became fully aware of the problem that is going on right under our noses. I am holding the first debate about Xanax in Parliament to raise awareness about a problem that could be widespread.

Xanax, or alprazolam, is a sedative from the benzodiazepine family of drugs. It is physically and psychologically highly addictive. Its sedative effects start 15 minutes after consumption and can last for between 10 and 20 hours. When it is taken with alcohol, the impact is multiplied, and one of the side effects is memory loss.

Xanax is licensed in the UK, but it is not prescribed on the NHS. It can, however, be prescribed privately by a doctor. Unsurprisingly, it is hardly ever prescribed in the UK, but it is widely available and prescribed to treat anxiety and panic attacks in the United States of America. It is reported to be the eighth most prescribed drug in the USA. Popular culture is glamorising the drug and creating curiosity and demand in the UK, and the drug is available online for as little as £1 a pill. It is causing a problem that seems to be spreading. That brings me back to my initial interest, which was the result of some casework I picked up in my constituency.

A concerned mother told me about how her 14-year-old daughter—I will call her Zoe for the purposes of this debate—had become a regular user of Xanax and how this had, in just five months, resulted in a downward spiral leading to Zoe's permanent exclusion from school. This is Zoe's story.

Zoe was a bright and popular girl and had a wide group of friends when she started at a local secondary school in 2013. As is sometimes the case with early teenagers, Zoe had some fallings out with her group of friends and was eager to do exciting things. In July of last year, Zoe and her best friend were approached by an older girl at school and introduced to an ex-pupil whom they started hanging out with, together with a group of slightly older people, some of whom were adults. Zoe and her friend started going to private raves with the crowd and to parties in houses across north London where, swept up in the whirl of the excitement of this new lifestyle, Zoe was introduced to Xanax.

Throughout July and August, Zoe and her best friend would be out regularly with this crowd, taking Xanax, mixing it with alcohol, and getting sedated and into a zombie-like state. On some occasions, Zoe would come home from a night out with marks and bruises on her arms and legs, and no recollection of how she got them. At best, she had a hazy notion as to what had happened. One of the side effects of Xanax is amnesia, and there is always a risk that users become extremely vulnerable to abuse when under the influence of the drug, and although there was no certainty about whether Zoe was sexually abused, the concern was there.

Over the summer Zoe had completely transformed. Her mother, like most parents, was absolutely horrified at the change in her daughter since she started hanging

around with this new crowd. She started rowing with Zoe. On one occasion, with Zoe under the influence of Xanax, she tried to stop Zoe going out. Another side effect of Xanax is aggressive behaviour, so, in addition to the normal behaviour that teenagers express when rebelling against their parents, in this instance Zoe physically and violently attacked her mother, leaving her with bruises on her arms and legs. Zoe then ran out of the flat. Zoe's mother was desperate and frightened, and had no option but to call the police to restrain her daughter. At the same time, she rushed out barefoot into the street to make sure that Zoe came to no harm, and watched in horror as Zoe stepped out in front of cars and a bus. The police came quickly and arrested Zoe, which seemed to calm the situation down; no charges were brought. The next day, after spending a night in the cells, Zoe had no recollection of what had happened, nor of her arrest.

The problems continued. Zoe's mother discovered that Zoe and her best friend were visiting various houses across north London where kids were taking drugs and drinking. Zoe's mother then found out some of the names of the older people Zoe was mixing with. It transpired that some of those people were known to the police. With the help of the police, Zoe's mother managed to get abduction warning notices served on six people so that they could be arrested if they were found to be associating with Zoe. An even more worrying discovery by Zoe's mother were some baggies—small plastic bags used by drug dealers for neatly holding small amounts of drugs—hidden in Zoe's bedroom. Zoe was now hiding things for her new friends.

In conversations I have had with the NSPCC, its staff have told me that Zoe's behaviour is typical of someone who is being groomed. Zoe had been cut off from her school friends and had been warmly embraced by this new crowd, who promised excitement. Having been initiated, she was now doing favours for them. Zoe was now at risk of being exploited by people who were drug dealers, whom she regarded as her new friends.

Despite Zoe's mother's heroic efforts, Zoe continued to find ways of accessing Xanax. Things took a turn for the worse when, in September, Zoe and her best friend were found to be high on drugs in a zombie-like state, with dishevelled clothes and messed-up hair, on the school premises. As anyone who has a connection to a school will know, being drunk or intoxicated by drugs on school premises leads to a permanent exclusion. Despite this and after being implored not to exclude Zoe, the school allowed her to stay on and some support services were provided for her.

The pressure on Zoe's mother was unbearable. She was so desperate and struggling to manage that she asked the local council if it could step in and find temporary foster parents for Zoe. Zoe was placed in foster care for just over a week. Although that seemed to shake her up, she was soon back to her old routine when she returned home. Despite Zoe's mother and the school trying their best to help, Zoe was still able easily to get hold of Xanax, which was being peddled by a dealer from a booth in a McDonald's restaurant two minutes away from the school. At £1 a pill, it was well within what is affordable to some young people. To make matters even starker, the McDonald's is next to a police station. All the information that had been pieced together was passed on to the police. Following pressure

[*Bambos Charalambous*]

from the school, Zoe's mother and me, in December the police arrested three people on drug-related charges. This was not, however, before Zoe and her best friend were found to be drunk on school premises and then permanently excluded from school.

Zoe's case is not the only one of its kind. On researching the subject, I discovered that on 9 May 2017, some 20 15-year-olds and 16-year-olds were taken ill in Salisbury, Wiltshire and received medical treatment after taking Xanax. A further eight young people were hospitalised in Sussex over the Christmas period after taking the drug, and in Scotland in the past month there has been an unconfirmed cluster of deaths from people injecting Xanax. Since securing this debate, I have been informed by hon. Members of further cases of Xanax abuse that have resulted in the hospitalisation of teenagers. Data about how widespread the misuse is of Xanax is patchy at best.

Last week, I met King's College London's emeritus professor of clinical psychopharmacology, Malcolm Lader OBE, who has over 50 years' experience of working in this field. He told me more about the effects of Xanax. He said that Xanax was a powerful benzodiazepine which, if overused, could lead to a constantly dazed, zombie-like state and cause amnesia, depression, psychiatric disorders, rage and aggression. Taking it with alcohol would result in faster metabolism absorption of the drug and an amplification of the symptoms. He added that it was highly addictive—more difficult to come off than heroin—with prolonged psychological and physical reactions of muscle tensions, tremors, and perception disorders in relation to light, sound and noise. He added that in serious cases of overdose, it could lead to death due to slowing down of the heart and breathing problems.

So why has Xanax become so popular recently? Apart from being cheap—I mentioned that it is being sold for £1 a pill in my constituency—and just a click away on the internet, it has been glamorised in American rap music. The rapper Future has referred to Xanax in songs such as “Xanny Family” and “Perkys Calling”. Lil Uzi Vert has done the same in his song “XO Tour Llif3”, also known as “Push me to the edge”, which, as of today, has been viewed 147 million times on YouTube. The artist 6ix9ine, who has over 1.5 million Instagram followers, often makes references to Xanax in his songs, as does Lil Wayne, such as in his song “I Feel Like Dying”. The list of rap songs mentioning Xanax, or “Xannies”, is endless. I wish to thank my nephew Alex for enlightening me about rap music.

Alex Sobel (Leeds North West) (Lab/Co-op): This is not a new issue. Body Count, rapper Ice-T's rock band, sang in their 1997 song, “Dr K”:

“Need some (X)anax...want some pills..I want the grim reaper as my guest!”

Ice-T's social commentary was a way of getting to the heart of the issue 20 years ago. Does my hon. Friend agree that some rappers, like Ice-T, do not glorify Xanax but give the grim reality?

Bambos Charalambous: My hon. Friend makes an excellent point. I am about to come on to how some rappers have been dealing with the issue of Xanax in a very different way.

Some rap artists have even allowed themselves to be filmed in a zombie-like state, after claiming to have taken Xanax, before they eventually lose consciousness. But even in the world of American rap, things are changing. On 15 November 2017, American rap artist Lil Peep bragged about taking six Xanax pills on camera. Hours later, he was found dead on his tour bus as the result of an overdose. The clip of him bragging is still available for all to see on YouTube and other social media. Following the death of Lil Peep, the rapper Lil Pump, who previously had a song called “4 Xans” and other songs with references to Xanax, and who had posed for a picture with a Xanax cake to celebrate achieving 1 million followers on Instagram, announced on new year's day that he would no longer be taking Xanax. Three-time Grammy winning artist Chance the Rapper has also been candid about his addiction to Xanax up until 2014. He told his 6 million Twitter followers—I am paraphrasing—that Xanax was the new heroin and not to be fooled. He has gone on to do interviews where he talks about the damaging effects of Xanax on him and his recovery from addiction.

Whether this is a matter of art imitating life or of life imitating art, the problem is certainly a real one in the UK. Having questioned adults over the age of 30, I found that very few had heard of Xanax, yet those who are younger, ranging from 12 to 24 years of age, had heard of it and would sometimes mock my ignorance and that of their parents. At the older end of the range, users are self-medicating with Xanax to ease their anxiety.

The truth is that there is a cultural and age divide, and whatever the reason, the fact remains that Xanax is certainly the drug of choice for some young people. It may be because it helps to numb the pain, because it is a fashionable drug, or because it is cheap and easy to get hold of—I can only speculate—but what I do know is that not enough is being done about the problem, which I believe is likely to get worse. Xanax is the drug of choice for the young generation. If steps are not taken now to tackle the problem, we will suffer the consequences both in the cost to the NHS and in personal tragedies.

Although it is pleasing to find that Xanax is the No. 1 news item on the Government's “Talk to Frank” website, which is designed to be accessed by young people, much more needs to be done. In the United States of America, abuse of Xanax is endemic and even some of those who were legally prescribed Xanax are dependent on the drug.

There is widespread ignorance of Xanax among the general public. There is very little, if any, research into or data on the misuse of Xanax and the reasons people use it, and very little is being done for those dependent on it. There are also enormous pressures on children's and young people's mental health services. There is a mental health crisis in our classrooms, and funding for child and adolescent mental health services has been cut. There is a window for early intervention, and that is key because half of all mental health problems are established by age 14 and three quarters by age 24.

If the Government want to do something about the problem, I would strongly suggest that they do three things. First, they should be running campaigns to raise awareness of the dangers of misusing and abusing Xanax to inform the public. The lack of knowledge about Xanax and its side effects is startling. Secondly, they should be providing more support, via specialist

drop-in centres, for young people who develop a dependency on Xanax. They should not be relying on existing addiction centres because adult drug and substance misuse services are not appropriate for young people. Children and young people's mental health services also need to be better resourced to cover this need. Thirdly, the Government should commission, carry out and publish research into the prevalence of Xanax use and its effects. We do not know how big this problem is nationally, yet we know that young people are attending local A&E units suffering from the effects of Xanax.

Those three actions will go some way to help to alleviate some of the immediate problems caused by Xanax. They will not help Zoe, who has been robbed of six months of her life with potentially life-changing consequences, but they may help others, and that is something that we should all be striving to do.

9.17 pm

The Parliamentary Under-Secretary of State for Health (Steve Brine): I congratulate the hon. Member for Enfield, Southgate (Bambos Charalambous) on securing this important debate on the misuse of Xanax. His telling of Zoe's story was an example of how we should bring some of our constituency casework to the Floor of the House, and I thought he did it very well. He has raised awareness of an issue that I do not think has previously been discussed in the House of Commons, so well done to him for that.

Last July, the Government published an ambitious new drug strategy. As the Home Secretary compellingly set out in her foreword, the harms caused by drug misuse are far-reaching and affect lives at almost every level. This includes crime committed to fuel drug dependence; the organised criminality, violence and exploitation that go hand in hand with production and supply; and, of course, the irreparable damage and loss to the families and individuals whose lives it destroys. As somebody who has young children, listening to Zoe's story filled me with horror about what could be to come, with the parent's sense of panic that we all know.

Concerns about the misuse of Xanax and its potential for harm have been very clearly expressed by the hon. Gentleman. I want to set out some of the facts. Xanax is an anti-anxiety drug in the benzodiazepine family, as he rightly said. It is similar to, but—I am told—20 times stronger than Valium, and it has a quicker, shorter-acting effect. It is not licensed for use in the UK and it is not prescribable on the national health service, but doctors can prescribe it privately and, as he said, it can of course be obtained from internet pharmacies or bought illicitly online.

In the United States Xanax is widely used to treat anxiety disorders, panic disorders and anxiety caused by depression. Its increased use in the UK is related in part to its use being associated with or written about by some celebrities—the hon. Gentleman and the hon. Member for Leeds North West (Alex Sobel) both mentioned Future and “Dr.K”. Rappers have great power and bring great pleasure to many, but they have a great responsibility in the position they hold. However, the hon. Member for Enfield, Southgate also rightly mentioned a rapper with whose work I am sure you are familiar, Madam Deputy Speaker: Lil Pump, who took that responsibility seriously and tweeted just after new year that he will not be taking Xanax in 2018. The cockpit of

the nation, the House of Commons, might possibly have less impact on the behaviour of young people than what Lil Pump says on his Twitter feed.

There is a serious risk of harm from the misuse of Xanax. Its long-term use can lead to dependence and severe withdrawal symptoms if use is stopped suddenly. There have been reports in the UK of recreational misuse of Xanax among young people. The hon. Gentleman said that people have been bringing such reports to him since he secured the debate. They include accounts of hospitalisation of young people, particularly where they have combined use of the drug with drinking large amounts of alcohol. Young people's substance misuse services have reported an increase in misuse of Xanax among the young people accessing their support services. There was a story in *The Guardian* about activity in Sussex on new year's eve.

Prescription-only medicines such as Xanax are, by their very nature, potent and should be prescribed—and indeed “unprescribed”—only by a doctor or appropriate healthcare professional. Prescribers can assess an individual's condition and medical history, consider possible risks associated with taking a particular medicine, and monitor recovery.

The regulation of human medicines in our country is the responsibility of the Medicines and Healthcare Regulatory Agency, for which I have ministerial responsibility in this House. The MHRA has identified an issue relating to the large-scale diversion of benzodiazepines and other hypnotics from the regulated supply chain to the criminal market. The latest information, which I obtained before coming to the House tonight, is that around 130 million tablets have been so diverted since January 2014. There is evidence of extensive criminality involving a number of businesses. The MHRA is working with regulatory and law enforcement colleagues, including the Home Office, the General Pharmaceutical Council and the Care Quality Commission, to identify how that has occurred, to prosecute those involved in criminal activity—rightly so—and to implement preventive measures.

Given the potential for harm presented by the misuse of prescription drugs, including Xanax, the MHRA is taking a range of measures to tackle the illegal online sale and supply of medicines, including public awareness campaigns to deter people from buying medicines from unregulated sources. In addition, the CQC will continue to monitor how controlled drugs are managed within health and care services as part of its inspection processes, taking account of the latest guidelines from the National Institute for Health and Care Excellence.

The hon. Gentleman talked about education. Patterns of drug use in the UK and beyond change over time, particularly amongst young people, where fashions move fast. Public Health England continually updates Frank, the Government's very successful drug information and advisory website, to reflect new and emerging patterns of drug use, but I think PHE would admit that it is constantly chasing the next fad. That work has included revising the benzodiazepine pages to raise awareness of the dangers of Xanax misuse, and the pages on Xanax are the top-visited and top read news story on the home page right now, which tells its own story. The Frank service remains a key element in providing accurate factual advice on the risks and effects of a range of

[*Steve Brine*]

drugs and alcohol, as well as broader advice around substance abuse, including signposting to relevant local services for young people.

As part of the Government's updated drug strategy, Public Health England is supporting programmes that have a positive impact on young people and adults, giving them the confidence, resilience and risk-management skills to resist drug use in the first place, which must be our aim if we are to prevent constituents such as Zoe, whom the hon. Gentleman represents, from being in the situation she was put in.

The Government's drug strategy makes it clear that we are committed to reducing both the number of young people using drugs and under-age drinking. A recent report published by NHS Digital found that in 2016 24% of pupils—11 to 15-year-olds—reported that they had taken drugs. That is compared with 15% in 2014. There has been progress, but there is clearly a long, long way to go.

That is why drug education is a statutory part of the new national curriculum for science at key stage 2 and key stage 3, and rightly so. Pupils should be taught about the effects of recreational drugs, including substance misuse, on their behaviour, their health and their life chances. Provision in this area can be further strengthened through personal, social and health and economic education, and I know that it is.

Launched in April 2013, ADEPIS, the Alcohol and Drug Education and Prevention Information Service—we do like our acronyms in the health service—is a drug and alcohol information and advice service for teachers and practitioners, providing accurate and up-to-date evidence-based information and resources for alcohol and drug education and prevention in schools. This service is delivered by Mentor UK.

Since the 2010 strategy was published, we have made progress. Drug use in England and Wales is lower than it was a decade ago. In 2016-17, 8.5% of adults had used a drug in the last year, compared with 10.1 % of adults

in 2006-07. More adults are leaving treatment successfully than in 2009-10, and the average waiting time to access treatment is just two days.

Obviously, funding decisions on drug and alcohol treatment budgets for adults and young people have been devolved to local authorities through the Health and Social Care Act 2012. We think local authorities are best placed to understand the support and treatment needs of their specific populations. Of course I recognise that there are concerns about funding and that there are pressures on local authority budgets, and authorities need to make difficult choices about how they spend their resources. This is why we are extending the ring-fenced public health grant until at least April 2019 and retaining the specific condition to improve drug and alcohol treatment uptake and outcomes as part of that.

While the intention remains to give local authorities more control over the money they raise, such as business rates, we are actively considering the options for 2019 onwards with my colleagues in the Department for Housing, Communities and Local Government. We remain committed to protecting and improving the outcomes from core services such as those dealing with substance misuse, and we will involve the key stakeholders I work with in discussions about how we achieve that.

While we have made strong progress in tackling the misuse of drugs, we are not complacent, and we know there is a huge amount more to do. There are new fashions being invented all the time. There are fundamental challenges, such as drug-related deaths, which we need to tackle, as well as newer issues, such as the misuse of Xanax, which the hon. Gentleman has raised so successfully in the House this evening. We will tackle those challenges with the full range of partners, who are essential to making the strategy a success and enabling us to maintain and build on what we have already achieved. I thank the hon. Gentleman for bringing the issue to the House this evening and especially for the way he has done so.

Question put and agreed to.

9.28 pm

House adjourned.

Westminster Hall

Monday 15 January 2018

[MR ADRIAN BAILEY *in the Chair*]

Childcare Vouchers

4.30 pm

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I beg to move,

That this House has considered e-petition 200585 relating to childcare vouchers.

I am pleased to serve under your chairmanship, Mr Bailey, and to lead this debate as a member of the Petitions Committee. I must also declare an interest as a beneficiary of the childcare vouchers scheme.

The e-petition, entitled “Keep childcare vouchers open beyond April 2018”, was signed by more than 116,000 people, including almost 400 across my own city. It reads:

“Hundreds of thousands of parents will lose out under the new tax-free childcare. The voucher schemes should be kept open alongside tax-free childcare to give parents a genuine choice for the support that best suits their family.”

The creator of the e-petition, Ellie Symonds-Lloyd, is in the gallery with her family. I am particularly pleased to be leading this debate, given the importance of the wider issue to our society and to the economy as a whole. Increasing the availability of affordable childcare, particularly for younger children, is one of the key issues for many of Britain’s families, with a huge impact on their standard of living.

As the Joseph Rowntree Foundation highlighted after the publication of the 2017 childcare survey by the Family and Childcare Trust last March:

“The biggest cost for many working households with children, after housing, is childcare. The cost of all types of childcare has risen much faster than overall inflation. The cost of childcare can affect the real increase in disposable income gained by a parent taking a job or working for more hours. This can affect families’ living standards directly and also indirectly by influencing whether parents work at all, what jobs they take and how much they work.”

The Family and Childcare Trust commented:

“British parents now pay an eye-watering average of £116 per week for a part-time nursery place—or over £6,000 every year, more than double what families spend on food and drink... It is a disgrace that so many parents are effectively shut out of the workplace by crippling childcare costs. Recent Governments have rightfully invested in childcare, but too many parents are still struggling to find and pay for childcare that they and their children need.”

Alex Cunningham (Stockton North) (Lab): I am pleased to have the opportunity to debate this issue. Does my hon. Friend recollect that when we were both on the Childcare Bill Committee, there was much discussion of the costs associated with provision for disabled children? It is therefore all the more important that we place on the record how tremendous the additional pressure is on parents in such circumstances.

Catherine McKinnell: My hon. Friend is right. Some of the changes introduced by the Government have been positive in that regard, but far more still needs to

be done to support families with disabled children. He is absolutely right to raise the issue so early in the debate, and I will return to it as we progress.

It is critical, if we are to tackle increasing rates of child poverty and a lack of social mobility, that we address this issue. Increasing the availability of good-quality, affordable childcare clearly enables more parents to get into or return to work or access education and training, while also improving educational outcomes for their children. It is not just an issue for individual families; it is of critical importance to our whole economy and our productivity levels.

That is why the Treasury Committee, of which I am a member, recently announced that we will be holding an inquiry into childcare policy and its influence on the economy. While examining the role that high-quality, accessible, flexible and affordable childcare can play in supporting labour productivity, our inquiry will also scrutinise the processes for delivering childcare schemes and the overall package of Government initiatives aimed at making childcare affordable, as well as how the individual initiatives interact with each other and their effectiveness and whether they have delivered an adequate provision of affordable childcare that facilitates parental employment.

I am delighted that we will be investigating that crucial issue. As the Family and Childcare Trust has commented:

“Childcare is as vital as the rails and roads for helping our country to run”.

I am not quite sure whether the Government have fully made that link, given that childcare received the briefest of mentions in the recently published industrial strategy, and no mention whatsoever in the autumn Budget speech, despite the Chancellor’s stated commitment to tackling the UK’s poor and downgraded productivity levels.

There is a raft of early years and childcare-related concerns that I could touch on, starting with the cuts to Sure Start. Funding for Sure Start services has fallen by a staggering 46% since 2010 across the north-east, which is my region. Parents were promised that 30 hours of free childcare would be in place for their three and four-year-olds by last September, but the Pre-School Learning Alliance recently reported that 18% of families registered for the scheme still cannot access that support. The long-term sustainability of the childcare sector is also at risk due to underfunding—more than 1,100 nurseries and childminders have gone out of business since 2015. However, this debate focuses on childcare vouchers and the new system of tax-free childcare, and whether one must replace the other, or indeed whether the two can coexist.

As hon. Members will be aware, the childcare voucher scheme was introduced in 2005 under the Labour Government, as part of the wider system of employer-supported childcare. Working parents signing up to the childcare voucher scheme agree to sacrifice up to £55 of their salary a week, or £243 a month, before tax and national insurance deductions, receiving in exchange vouchers that must be used to pay for Ofsted-registered childcare providers—nurseries, childminders, pre-schools, after-school clubs or holiday schemes—for children aged up to 15, or up to 16 for children with a disability. That equates to a maximum saving of £77.76 per month

[Catherine McKinnell]

per parent for basic rate taxpayers, or £1,866 per year for a working couple who are both in receipt of childcare vouchers.

The Childcare Voucher Providers Association calculates that some 780,000 parents are currently using vouchers, with millions of parents having received support since the scheme was introduced almost 13 years ago. According to a Library briefing paper, the Government state that more than 50,000 employers offer childcare vouchers to their staff, which the CVPA estimates equates to between 20 million and 26 million of the 31 million UK employees working for organisations that offer the scheme. Indeed, one of the benefits of childcare vouchers has been that employers have used their membership of the voucher scheme as an incentive to attract potential staff, which has helped organisations to recognise the importance of childcare and family life for their workforce, often leading them to consider what more they can do to support the working parents they employ. The CVPA highlights that childcare vouchers are the second most popular company benefit; only workplace pensions, which employers must offer by law, are more popular.

However, there are a number of well-documented flaws in the current childcare voucher scheme. A person's ability to receive that support depends on their employer being registered for the scheme, which means that those whose employers are not registered cannot receive it. That includes the ever-increasing number of self-employed people in our economy, which the membership organisation IPSE, the Association of Independent Professional and the Self Employed, estimates at around 4.8 million people in the UK.

A further concern is that the level of support available per family via childcare vouchers is linked to the number of parents, rather than the number of children. For example, a lone parent with three young children working full-time and facing high childcare costs is entitled to less tax relief than a couple, both claiming vouchers, with one older child who only attends an after-school club twice a week.

Dr Rupa Huq (Ealing Central and Acton) (Lab): My hon. Friend mentioned lone parents. I wanted to flag the launch last week of a new all-party parliamentary group on single-parent families. There are all-party groups for every subject under the sun, but this is the first time that anyone has managed to create one on this subject. It is a fairly common form of family nowadays: according to figures from Gingerbread, more than 51% of families in some London seats are single-parent families. People talk about a benefits trap. Under tax-free childcare, some lower-paid single parents will automatically lose tax credits and universal credit. Does my hon. Friend not agree that the systems must be worked out better, so as to apply to all forms of family?

Catherine McKinnell: My hon. Friend makes a crucial point and I will go on to highlight that key concern. She is right that we must focus on all types of families, not just the notional two-parent family that this childcare scheme seems to benefit most.

As I have outlined, there are many downsides to the voucher scheme, which the Government cited to justify the introduction of the tax-free childcare alternative that was announced in March 2013. At that time, Ministers pledged that the new scheme would be phased

in from autumn 2015 and that it would be available to families where all parents were in work and each earned less than £150,000 per year, as long as they were not in receipt of support for their childcare costs via tax credits or, when introduced, universal credit, as mentioned by my hon. Friend the Member for Ealing Central and Acton (Dr Huq). Such families would receive 20% of their annual childcare costs up to a fixed limit, which was set at £6,000 per child, so parents would receive a payment of up to £1,200 per child per year. Eventually, that would cover all children aged up to 12, or up to 17 for children with disabilities.

Tax-free childcare is entirely independent of the parent's employer, thereby dealing with the problems associated with the requirement for organisations to be registered for childcare vouchers. The value of the support available is linked to the number of children in the family and, therefore, to the likely childcare costs rather than to the number of eligible parents.

In March 2014 the Government published the outcome of their consultation into how tax-free childcare would work. They stated that the scheme was still on track to roll out from autumn 2015; that it would be rolled out much more quickly than previously announced so that all parents with children aged up to 12 would be covered in the first year; and that they would provide 20% of support for childcare costs up to £10,000 per year per child instead of the previous limit of up to £6,000, which equates to support of up to £2,000 per child per year, or £4,000 per year for disabled children.

Crucially, the Government confirmed that although existing members of childcare voucher schemes could choose to remain in receipt of vouchers, those schemes would close to new entrants once tax-free childcare was introduced. Quite understandably, it would not be possible for parents to benefit from both.

However, the original timescale for the introduction of tax-free childcare was significantly pushed back, partly due to the unsuccessful legal challenge from childcare voucher providers who were unhappy about the way in which the contract was awarded to National Savings and Investments. That meant that the new scheme could not be rolled out until April 2017, and then only for children born on or after 1 April 2013.

Eligibility requirements for tax-free childcare also changed. Each parent must now earn less than £100,000 per year to receive the support instead of the £150,000 limit previously envisaged. In addition, to access tax-free childcare, eligible parents must open an online account through the Childcare Choices website, pay money towards their childcare costs into that account, and have those payments topped up automatically by the Government at a rate of 20p for every 80p paid in by the parent, subject to the maximum limit. Parents then allocate that money to the qualifying childcare provider of their choice and the account provider makes the payment directly to that provider.

The ability for other parties to make contributions to those accounts and for parents to withdraw money from their childcare account—minus the Government's contributions—should they need to do so, is clearly an advantage over the childcare voucher system. However, as we all know, the Childcare Choices website has been beset by technical difficulties since it launched in spring 2017 and many parents have been unable to access their tax-free childcare account or the 30 hours of free childcare that the website also supports.

As a consequence, Ministers confirmed to the House on 15 November that tax-free childcare would be rolled out for children aged six or under on 24 November. The assumption was that it would not be available to children aged 12 and under until the end of March 2018. That anticipated schedule has changed again, however: the Chief Secretary to the Treasury confirmed this morning—coincidentally—by written ministerial statement, that the scheme will be open to children aged nine and under from today and that all remaining eligible families will be able to access it from 14 February. If all that represents a simplification of the childcare support system, I would be interested to see how the Government could make it more complicated.

In July, the *Financial Times*' personal finance, digital and communities editor, Lucy Warwick-Ching, published an article, "Why tax-free childcare account website makes me want to bawl", that succinctly summed up the situation. She commented:

"What do you get when you take one frazzled parent and sit them in front of an officious government website? Answer: confusion. Add technical glitches to the mix and that bewilderment quickly turns to anger and frustration... No matter what time of day or night I tried to sign up, things kept going wrong. Once I had found the correct web page I had multiple problems logging on.

First, I had to set up a username and password. Then HMRC set me up with a government gateway user ID (via my mobile phone and email). This is a 12-digit number which you will need every time I log in... (you will need both parents' national insurance numbers, payslips and/or your passport details—plus details of parental employment). If you go away to look for any of these, guess what happens? The website logs you out.

The last straw was the failure of the website. Even when I had the documents to hand, it repeatedly kicked me out, citing 'technical difficulties' and directed me to the government helpline instead... I finally managed to sign up to the tax-free childcare account. Can I sit back and relax now? No chance. HMRC says I must 'manage' my childcare service account, reconfirming my eligibility (by filling in a form) every three months.

If one of its aims is to encourage parents to stay in work, the new system appears to fall woefully short. Without rapid improvement, it risks becoming another chapter of disappointment in the saga of digital government."

Crucially, the author highlighted that it is not possible to avoid those issues by signing up via post or over the phone; it must be done online. That leads me to ask the Minister: how many parents eligible to receive tax-free childcare will be prevented from receiving that support because they do not have easy, regular, and—crucially, given the type of data being provided—secure access to the internet?

When I was a member of the Finance Bill Committee in 2014, alongside my hon. Friend the Member for Stockton North (Alex Cunningham), I asked the then Exchequer Secretary to the Treasury, the right hon. Member for Witham (Priti Patel), how many families would lose out as a result of that requirement. I received the answer that the Government estimated that as many as 9% of those eligible—up to 200,000 parents—did not have access to the internet, and therefore would be unable to receive tax-free childcare. Will the Minister set out whether that figure has changed and, if not, explain what the Government intend to do about it?

Concerns around the tax-free childcare scheme are not restricted to its digital woes but include the inescapable fact that it provides the greatest benefits to families who can afford to spend the most on childcare, because it is effectively linked to parents' expenditure rather than income.

That could mean that some families, such as a lone parent of two disabled children with high childcare costs, receive more support than under vouchers, which I strongly welcome, or that a couple earning a joint income of £195,000 receive £2,000 towards the costs of their childcare.

As the CVPA has pointed out, the way that tax-free childcare is structured means that it disproportionately favours wealthier families living in London and the south-east, who are more likely to have higher childcare costs and be higher earners. Tax-free childcare provides the same rate of saving on childcare costs irrespective of income—whether a family earns £240 per week or just under £200,000 per year.

Ruth George (High Peak) (Lab): I must declare an interest, as my husband and I both claimed childcare vouchers when our two children were young, after I had gone back to work and needed to support our children through childcare while on a very average wage. I certainly would not have been able to do that without childcare vouchers, and I know from working with retail workers in Tesco and the Co-op, who also have access to childcare vouchers, that they are in the same boat. Does my hon. Friend agree that in order to keep women in work it is very important to allow the voucher scheme to continue?

Catherine McKinnell: My hon. Friend makes the point very well, because ordinary working families are more likely to be better off using childcare vouchers than using tax-free childcare. The vouchers are tapered, so that basic rate taxpayers save more than higher rate taxpayers, who in turn save more than additional rate taxpayers. Also, as we have already touched upon, lower-income families can benefit from accessing childcare vouchers alongside other forms of support for working families, including working tax credits and universal credit, while those using tax-free childcare cannot.

Crucially, tax-free childcare requires all parents in the family to be in work within each three-month qualifying period, meaning that any change in circumstances, for example one parent leaving work to care for an elderly relative, results in the family losing all eligibility for childcare support. That is not the case with childcare vouchers.

So how popular is tax-free childcare proving? The Office for Budget Responsibility has previously estimated that the tax-free childcare case load would reach 415,000 by October 2017. Instead, the case load was just 30,000 by that point. We were informed in today's timely written statement by the Chief Secretary to the Treasury that the figure now stands at 170,000, which is still well below half the number forecast by the OBR for October last year. It would be helpful to have an explanation from the Minister about the ongoing issues with take-up of this flagship policy. I would be particularly interested to know what proportion of eligible self-employed parents have registered for tax-free childcare to date, given that an increase in uptake is one of the main reasons cited for moving to the new system.

When I challenged the Chancellor on the uptake in the Treasury Committee shortly after his autumn Budget, he said:

"There have been some IT issues around the early rollout of the programme. It is in a much better place now. The Government have not yet conducted a paid-for advertising campaign to raise awareness of the tax-free childcare programme. We are doing

[Catherine McKinnell]

social media advertising, but not a wider paid-for programme. There will be such a programme in the new year, and we expect that to increase registrations and use of the programme.”

Tellingly, he went on to say that

“it is also the case that the childcare vouchers scheme closes to new entrants in April next year. Once that scheme closes, because the tax-free childcare scheme will then become the most attractive scheme available to parents, we expect that that will increase the level of interest and take-up of the scheme as well.”

He also said:

“The voucher scheme is closing next year, and we expect that uptake of the tax-free childcare scheme will then increase. At the moment, they are alternatives to each other. There will be one route available.”

In other words, the Government accept that the only way to make tax-free childcare more attractive than the childcare vouchers scheme is to close the childcare voucher scheme to new entrants, forcing people to register for tax-free childcare instead.

In conclusion, this debate could perhaps be best summed up by early-day motion 755, which was tabled earlier this month by the hon. Member for Brighton, Pavilion (Caroline Lucas) and has now been signed by around 50 hon. Members, including myself. It states:

“That this House notes that childcare vouchers are a widely-used benefit that are popular with parents and employers alike, with more than 60,000 businesses of all sizes offering vouchers to more than 750,000 parents; further notes that, with childcare costs having risen faster than incomes in recent years, a large majority of parents still find their decision to work dependent on the availability of good quality, affordable childcare; regrets the Government’s decision to close childcare vouchers to new entrants from April 2018; is concerned that the lack of any formal role for employers in the new Tax-Free Childcare scheme will lead to falling levels of engagement by employers in the support of working parents around their work-life balance and childcare needs; calls on the Government to keep childcare vouchers open alongside Tax-Free Childcare, so that parents can choose the scheme that is most suitable to their needs and offers the most support to their family; and further calls on the Government to consider how childcare vouchers could be extended to the self-employed.”

Like the instigators of the petition, the early-day motion is not arguing against tax-free childcare; it simply calls on the Government to allow childcare vouchers to co-exist alongside tax-free childcare for new entrants and existing recipients alike, to enable families to make a choice about the form of childcare that best suits their individual circumstances and their families’ needs, and that is a call that I support.

4.54 pm

Emma Little Pengelly (Belfast South) (DUP): I welcome this debate. I will speak from a Northern Ireland perspective and contribute to it in that regard, but many of the issues are relevant across the United Kingdom.

In Northern Ireland, as across the rest of the UK, childcare costs are one of the most significant challenges faced by young and working families. Affordable childcare comes up time and time again when I talk to parents, when I rap on the doors and when I listen to constituents, because of the significant burden that it puts on young families and working parents.

I worked as a policy adviser to the First Minister of Northern Ireland for around 10 years and had the privilege to have policy responsibility for childcare and

affordable childcare. I have sympathy with the Treasury and others who have worked on this problem because it is very difficult to find solutions. One of the issues that came across very strongly in the Office of the First Minister and Deputy First Minister was that the complexity of the problem is partly because of the different variables of the families who need childcare within the overall cohort. There is no one solution that fits all, which is critical when it comes to childcare vouchers.

From that work and from listening to parents, I am absolutely convinced that we need a comprehensive and holistic range of solutions to address the market challenges faced by parents. The reality is that families requiring childcare come in so many different varieties—I will touch on just some of those different types of families and how they are impacted. The variety of incomes and situations has been outlined well—single-parent families, families with two parents working, unemployed families and families with one parent working—so I do not want to go into too much detail. However, I will touch on the range of different families and the challenges that they face. I will do so because I believe that, dependent on the variables, there are good policy reasons why there needs to be a set of tailored solutions for all of those groups and not just for one or two of the groups within the overall cohort.

I am strongly convinced that there needs to be not just a Northern Ireland solution or a Scottish solution or an English solution. We need a United Kingdom solution that provides affordable, good-quality and accessible childcare for all families.

I preface my comments by agreeing with those already made. The childcare vouchers system was not a perfect system—I know that from looking at it from a Government Department perspective and from listening to parents—but flaws within a process can be addressed. The existence of such flaws is not a good reason to throw out the scheme and impact detrimentally on a significant number of parents, including in my own constituency of Belfast South, where well over 200 parents have signed the petition that is the basis of the debate.

Low-income working families—single-income families or families with two very low incomes—is very much the group at which tax-free childcare was targeted. Undoubtedly, that group requires the most support and help in terms of a Government intervention—hon. Members from all parties would agree with that. We need to keep those low-income families in work, and also to keep them progressing and advancing so that they move out of being a low-income family and in to being a middle-income family.

There is no doubt that childcare is a significant barrier for those low-income families. It is not just a barrier in terms of the normal nine to five. Again, I know that we will all be aware of this, but many of those low-income families work in shift-work, work at night and work at weekends, whether they are nurses, care assistants or working in Tesco or other stores. It can be even more challenging for them to find childcare that is flexible, accessible and affordable outside what would be termed normal working hours. We want and need to support those families, which, for me, are a priority group.

I commend the efforts that have been made to look at tax-free childcare, acknowledging the complexity of the childcare voucher system and how it depended on employers. I welcome how the new initiative has been framed to target and support those parents. However,

that some parents might lose their eligibility for tax credits or universal credit if they claim tax-free childcare seems, to many, absolutely bizarre—it makes little or no sense. It is not clear whether there is a flaw in the system, but an urgent examination is needed. I suggest that the scheduled closure of the childcare voucher scheme be delayed to enable all the issues to be identified and considered in detail.

The second group is unemployed parents or those on very low incomes. When looking at the policy area of affordable childcare, it did not strike me that that group required childcare, but when I went out to speak to parents—to groups working within communities—they made it clear that the lack of affordable childcare was a barrier to getting qualifications, doing apprenticeships, and accessing and fully participating in the range of back-to-work and into-work schemes they need to get on to the first step of being a working family. In particular, it was a significant barrier for women in their late teens and early 20s who were single parents. I give huge credit to the many groups across Belfast and Northern Ireland—and, I am sure, across the United Kingdom—that have found creative ways to support those women by partnering them up with settings that can provide affordable childcare.

The second issue that became very clear when talking to people in this cohort—families facing challenges, teenage parents, and unemployed parents, with perhaps transgenerational unemployment—was the huge benefit to child development of a good-quality childcare setting. I am passionate about tackling educational underachievement, and what has struck me starkly in my work in that area is that, if a child is a certain percentage behind at the age of three or four, that continues to be the case right through primary school and post-primary, unless there is significant intervention. Early intervention is critical, and a huge amount of evidence shows that a good-quality childcare setting is absolutely instrumental in supporting a child's development. It is an invest-to-save policy: we are investing in early education, which will hopefully prevent the need for significant educational intervention at a later stage. There is no doubt that the affordability of childcare comes into play when a parent is motivated to seek work. We need to ask how we can remove the barrier of childcare. Looking at affordability and accessibility is critical. It is also important to offer that cohort of families support and a solution within a holistic childcare setting.

I thank Employers for Childcare, which has been a huge support right from when I started working on childcare policy, feeding through data and information to parents and encouraging knowledge about childcare vouchers and other initiatives. It has supported huge numbers of families in Northern Ireland to take up childcare vouchers in a flawed system that was very complicated for parents. It has also encouraged employers to offer the scheme to their employees.

Finally, the group I believe is most affected by the proposed scheme closure is what would be termed the middle-income families. We know, as do I from talking to families in my constituency, that those families often feel the pressures and the squeeze, particularly if they have two or three children requiring childcare. Childcare is a huge cost for families who are struggling to pay their mortgages and are fearful about what will happen, with bills going up. They pay a huge range of bills and are under a lot of pressure.

A big issue here is keeping women in the workplace. Unfortunately, all the evidence indicates that it is still very much the case that, when it comes to caring responsibilities, it is much more likely the woman who decides to opt out of the workplace to look after children. When we looked at the research in Northern Ireland, those women were third-level educated with good qualifications—perhaps working as teachers or in other professions. The Government had invested right across the United Kingdom in that third-level education, and yet women were having to make a choice. They said to me: “I’m simply working to pay the childminder, to pay for childcare. There’s such a small margin that it’s not worth my while, so I’ll opt out of the workforce to look after the children”. We need to avoid that, for a number of reasons. As has been indicated, to grow our economy and productivity we need to keep those strong, intelligent, capable women in our workforce, and contributing to our economy. There has been investment in third-level education, and losing those women from the workforce is detrimental to the economy.

The second issue is gender equal pay. When we looked into that, it came out that caring responsibilities affect women's decision to go to part-time work because of childcare costs or to opt out of their employment setting in their 20s and 30s, before coming back in their late 30s and early 40s. They miss a significant amount of time, during which their male colleagues get promotions and apply for managerial positions. In highly skilled and professional posts, that is a huge factor in the gender pay gap. We want, and I think we need, women to stay within the workforce, build their careers and apply for managerial and board positions as appropriate, as opposed to losing at least five if not 10 or more years of their working lives. The third issue is that a significant percentage of women who come back into the workplace decide to come in part time, and we know that part-time work is a significant factor in the gender pay gap.

In summary, middle-income families, for a range of reasons, are squeezed and are under huge pressure and we need to look at solutions for them. There is an agreement that there is a market dysfunctionality in relation to finding both affordable and flexible childcare, and that is an important issue in equal gender participation in the workforce and in the roll-out of tax-free childcare. It has become apparent that a number of families—not particularly high-income families—will be worse off, and issues need to be addressed regarding the targeting of the roll-out for that group.

Those two fundamental issues should at least give the Government something to think about in relation to pushing back the proposed closure to allow for a full inquiry—I understand an inquiry is taking place—and to have conversations and discussions about how we introduce a truly holistic and comprehensive childcare strategy that deals with all the variables and component parts, in order to grow our economy and support all our hardworking families across the United Kingdom.

5.8 pm

Alex Cunningham (Stockton North) (Lab): It is a pleasure to speak under your chairmanship, Mr Bailey. I congratulate the hon. Member for Belfast South (Emma Little Pengelly) on her wide-ranging and thorough speech, and my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) on her opening speech, which clearly demonstrated that she understands

[Alex Cunningham]

the issues and has tremendous knowledge in this area. I wish the new Minister, who I think is the third Children's Minister we have had—I suspect he is the Children's Minister.

The Economic Secretary to the Treasury (John Glen)
indicated dissent.

Alex Cunningham: He is not the Children's Minister. I understand that we do have a new Children's Minister, but I am sure that the Treasury Minister wants to understand childcare as much as anyone else does. Believe me, he has some way to go, being a member of the Tory Government.

Childcare delivered fairly for all children plays a major role in ensuring that no individual fails to get the chance of having a better start in life, even before they get into the school classroom. It also helps parents to realise their potential and make the most of their lives. I served as the cabinet member for children and young people at Stockton Council, and I well remember speaking with head teachers after Labour's groundbreaking Sure Start centres were developed and nursery provision was expanded beyond all recognition. They told me how children were far better equipped and ready for school than the groups that came before them. Their social skills were better, they were used to structure, they were already participating in activities and they had a level of confidence that made them ready to learn. That was all great stuff. The hon. Member for Belfast South spoke about how much more possible educational attainment is for children who have had proper childcare and proper nursery provision. We must not lose sight of that, as it drives results. We see those results in our primary schools and secondary schools today. The children coming out of secondary schools now were among the first to benefit from the Sure Start programme.

I always acknowledge that the coalition Government and the last Conservative Government helped build on Labour's legacy—children continue to benefit even more—but it is crucial that that success is not undermined by the gap between the haves and the have-nots being widened. We have always had a two-tier system. Even when Governments of the past got sensible and first offered free childcare, those who could afford more and better provision gave some children an advantage. I doubt that will ever change, but surely there is no need for the current Government to make changes that will disadvantage those least likely to be able to afford top-up fees, effectively creating a two-tier system.

When discussing areas of policy relating to childcare and the education of children, it is vital that we focus not only on cost, but on outcome. We know that the early years are one of the most formative times of a person's life and have significant influence over their development. That is why I urge the Government not to treat childcare as something that can be cut back. By cutting back or reducing access, we put a stop sign in front of the poorest children in our country. From what I see, the changes proposed around the voucher scheme will effectively do just that: reduce provision.

I have looked at the childcare voucher scheme, as other Members have—they have already talked about it—and I compared it with the tax-free childcare system that parents will have no choice but to use if they sign

up after April. From my observations, tax-free childcare is considerably the less favourable of the two options. Existing users of childcare vouchers will be able to choose the system that benefits them most, whereas applicants after April will have no such choice. That creates a two-tier system, where some children will be disadvantaged, depending on the amount their parents can afford to pay.

The Prime Minister's words on the steps of Downing Street 18 months ago are much quoted. She said:

"We will do everything we can to help anybody, whatever your background, to go as far as your talents will take you."

It is a well-worn quote. I have to believe that those words applied to young children as much as to anyone else, and I just wonder if the Prime Minister knows how these particular proposals fly in the face of her pledge and affect the families she may have once described as "just about managing". I doubt the new Education Secretary, with whom I served on the Education Select Committee and with whom I share a passion for early years' provision, would really want to see his first few months in office marred by the creation of a system that was far from equal. Has he even had the chance to reconsider the policy ahead of today's debate? Since we are debating childcare vouchers, I am sure many of us would tell the Prime Minister and her new Secretary of State that the new tax-free childcare service is not fit for purpose. It does not fairly replace childcare vouchers and they should think again.

There is a real opportunity for the new Secretary of State and the new Children's Minister—it is a shame he is not here to debate with us today—to demonstrate their listening credentials and order a review of the whole policy area. Potential inequality is not just about the ability to pay; it is also very much about the status of an individual or couple. In the gig economy we are now living in, are we putting the provision for some children at risk because their parents are likely to face rapidly changing working environments? I raised that with the Minister of the day, the right hon. Member for Witham (Priti Patel), when the policy was being developed in 2014. I said:

"For many, particularly those with fluctuating incomes such as the self-employed, or those likely to have a change in circumstances later in the year, the complexity will be so great that it is likely to be impossible to provide a better off calculator that can cover many of the situations in which claimants find themselves."—[*Official Report*, 17 November 2014; Vol. 588, c. 90.]

My hon. Friend the Member for Newcastle upon Tyne North, who has spoken widely today, also spoke in that debate. She said:

"It is worth remembering that some 520,000 families currently benefit from ESC vouchers. The Government's impact assessment sets out a number of case studies where families might be better off or, indeed, worse off under the new top-up payments."—[*Official Report*, 17 November 2014; Vol. 588, c. 68.]

That was three years ago, so the Government have had enough time to find answers to those problems and inequalities.

The Childcare Vouchers Providers Association highlighted that some families will actually lose money under tax-free childcare compared with vouchers. That point has been repeated several times today, but it is worth repeating: people will lose out. Does the Minister know who will lose out and who will benefit? What is he doing about those who will lose out? Are there any

plans to ensure equality of opportunity and access to provision? What happens when a parent in the gig economy earns less than £120 week for a while? At what point do they lose that tax-free childcare? I do not know the answer to that; I hope the Minister does. It seems to me that the system is a wee bit messy and confused. Until there is proper understanding of the change to a complete tax-free childcare system, the Government should at least extend the deadline for childcare vouchers. Has the Minister or the new Secretary of State considered that?

I also note the difference regarding the age of a child receiving tax-free childcare. Vouchers can be used for children up until the September following their 15th birthday, but that figure drops to the September following their 11th birthday under the tax-free system. Can the Minister share with me the logic behind that decision? Are the Government suggesting that 11-year-olds can be left home alone while their parents are at work? Are they assuming that everybody has grandparents and other family members to stay with, or do they have to find the cash themselves to help pay for childcare? We cannot escape the fact that this all boils down to cash: the cash that the Government are prepared to invest in childcare and the cash that some parents will have to find if their children are to be looked after so that they can have peace of mind while they are at work.

Catherine McKinnell: I am very much enjoying my hon. Friend's speech. He raises an important point that I did not elaborate on in my speech, which is the age difference between tax-free childcare and the vouchers scheme. That change seems to totally ignore the reality for the many working families who use the vouchers to fund activities for their children to keep them safe and occupied during the school holidays. Those activities not only have educational and social mobility benefits, but keep their children safe. I do not think the Government recognise that there are ongoing childcare costs up to a much later age than 12.

Alex Cunningham: For me, it boils down to a matter of equality. Why should one person at one end of a street have their children cared for until the age of 15 while a person at the other end of the street has to apply under the new system and does not get the same provision? Surely there must be some sort of equality law associated with that. The Government should recognise that issue and take action.

We should not forget that these challenges for parents come at a time when working families are finding life very tough. We have public sector pay freezes, the increased cost of living, escalating transport costs and a lack of wage growth generally. Parents cannot afford to pay extra money over and above what everyone else is paying. I come back to the word "equality"—we should have equality of provision for everyone. Things should not be different from one person to another. It is time not for the Government to add to the burden of some families and exacerbate inequality, but for the Treasury Minister, the new Children's Minister and the Secretary of State to step back and think again.

5.19 pm

Ruth George (High Peak) (Lab): I thank my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) for introducing this important debate, and all the people who set up and have supported

the petition on childcare vouchers. I have been making this argument to hon. Members and Ministers for several years now, since tax-free childcare was first proposed. At that time I was working for the Union of Shop, Distributive and Allied Workers, and was responsible for speaking to employers about childcare vouchers. Many members of their staff benefited from the vouchers, particularly those looking to increase their level of seniority from that of a shop-floor worker, paid an hourly wage and often better off claiming tax credits, by stepping up into a management role that required much more flexibility in terms of hours. In retail, 24/7 flexibility is often required to undertake even a junior management position, so childcare is a very important factor in those decisions that are so important for parents' social mobility and for ending child poverty in so many families.

At the moment, when parents do the sums, it all comes down to the basic family economics of whether it is worth taking an extra job. For too many parents—those who do not have access to childcare vouchers and can claim only the lower rate of relief available under tax-free childcare—taking on a junior management position paid between £18,000 and £20,000 per year is simply not worth their while. That sort of decision stops people, particularly women, single parents and second partners in a couple, increasing their family incomes, their prosperity and that of their children.

The difference between childcare vouchers and tax-free childcare—relief can be obtained at 32% under childcare vouchers, with national insurance relief as well as tax relief—is key for the majority of parents when it comes to childcare costs. As my hon. Friend the Member for Newcastle upon Tyne North said, each family can claim for costs of up to £243 a month per parent—£2,900 per year of childcare costs in a one-earner family, or up to £5,800 in a two-earner family, where the relief is at 32% under the childcare voucher scheme. Under tax-free childcare, someone may be able to claim for costs up to a higher amount, but at the lower rate of 20%.

Families with one earner are better off under childcare vouchers if their childcare costs are less than £4,660 per year, which the vast majority are, because the average cost of childcare is, I think, £3,796 per year. Two earners who can both claim vouchers, with childcare costs of up to £9,320 per year, will still be better off under vouchers than tax-free childcare. The vast majority of parents will therefore be better off under childcare vouchers. It is true that some people, such as those who earn a much lower rate—those people will be better off under tax credits, or universal credit as it will be—and those who have significantly high childcare costs may be better off with tax-free childcare. However, anyone paying childcare costs of more than £9,300 per year will also be earning a significant amount.

In the current economic climate, it is particularly important that childcare vouchers are kept on, for three key reasons. First, we have seen childcare costs increase by 48% since 2008—seven times the rate at which wages have gone up. The basic economics of scale regarding whether someone can stay in work within a family and still pay for childcare have simply gone, because the costs have increased so much. It is therefore important that they can receive the higher rate of relief on the costs they pay.

Secondly, there has been reduced eligibility for in-work support since the 2010 emergency Budget, which froze working tax credit, and child tax credit rates since the

[Ruth George]

Welfare Benefits Up-rating Act 2013. Whereas a family with one child could claim tax credits up to an income of about £24,000 per year three years ago, it is now down to £22,800 per year. Under universal credit, the threshold will be £15,100 per year, above which people will not be able to claim universal credit. There is a huge group of families earning between about £15,000 and £22,000 per year that used to be able to claim in-work support, who did not need childcare vouchers and childcare support. Such support will now become crucial, enabling those parents to stay in work and to get a necessary reduction in the costs of their childcare.

Thirdly, there are the rising levels of child poverty and in-work poverty. The Child Poverty Action Group predicts that by 2020 an extra 1 million children will fall into poverty due to the reduced levels of support under universal credit. I would have thought that now more than ever it is crucial that the Government do all they possibly can to support families on low to middle incomes, to enable them to stay out of poverty and to give their children the best start in life. I therefore ask the Minister to please keep open the childcare voucher scheme that enables so many families to do that.

5.26 pm

Steve McCabe (Birmingham, Selly Oak) (Lab): It is always a pleasure to serve under your chairmanship, Mr Bailey. I congratulate my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) on the comprehensive case she made in support of the petition, which is essentially about allowing parents to continue to join the employer-supported childcare scheme after April this year. As we have heard in all the contributions so far, that is basically because the existing scheme is more generous to those on lower and modest incomes than the changes that the Government propose. I will not go through all the figures again, but clearly a basic rate taxpayer in a family with one parent working does reasonably well under the childcare vouchers scheme, but not at all well under TFC. If both parents are working and paying the rate and have average childcare costs, they can expect about £1,800 under childcare vouchers, but less than half that under the new arrangements.

Another important point that has been made today is that the scheme seems to be skewed towards London and the south-east. It is a bit difficult to make sense of that, given the Prime Minister's expressed desire to create a fairer and more just society, and the Government's oft-repeated claims that they want to narrow regional disparities. I am not quite sure in the design stage how the Government thought they were helping by creating a scheme that would be less generous to those struggling to get by and trying to do the right thing, and why they thought it was important to skew childcare support towards those living in London and the south-east rather than in the rest of the country.

My hon. Friend the Member for Newcastle upon Tyne North said that 50,000 employers offer childcare voucher schemes, according to a Library briefing paper. I saw in another briefing that it was about 60,000. The correct figure may be somewhere in the middle—I do not know—but I think the reality is that about two thirds of employees in this country are working for businesses that offer the existing scheme. That is the important point; it is a relatively well-established scheme.

It has shortcomings, as my hon. Friend and the hon. Member for Belfast South (Emma Little Pengelly) pointed out, but in essence it is a well-supported scheme.

Employers, particularly some smaller businesses, are interested in the scheme because they argue that it has benefits for them, particularly when there are labour or skills shortages. It is a recruitment and retention tool for many of the very businesses that the Government are trying to encourage with things such as the northern powerhouse and the midlands engine—in other words, businesses outside London. Employers say that it is very easy to administer. A survey conducted by the Childcare Voucher Providers Association reported that 77% of employers said that it takes them less than 30 minutes per month to administer the scheme, so it does not exactly sound massively onerous.

In contrast, we have heard that there are problems with the policy and the technical design of the new scheme. As many hon. Members said, the Department for Education's figures show that many families are going to be worse off under the new scheme than under the existing one. To obtain the full £2,000—the Government may not have advertised that figure widely, but it is a strapline that they have been happy to be associated with, and it is the benefit that most people will have seen to date—a family needs to be spending about £10,000 per year on childcare. Very few people on low and modest incomes are in a position to spend that sort of money, so it is obvious how skewed the scheme is.

My hon. Friend the Member for Stockton North (Alex Cunningham) made an important point about the difference in availability depending on age. As someone who spends a lot of time listening to parents and other members of the community talking about the care that needs to be taken with teenagers to ensure they do not go off the rails and that they do the things we expect of them, I am not sure how the judgment could have arisen that it is all right to provide childcare support up to the age of 11, but that after that it does not matter. My hon. Friend put that issue to the Minister, and I hope the Minister will give some kind of an explanation for that rationale, because it does not just affect this policy, but has much wider implications if it is a reflection of current Government thinking.

On the technical front, I cannot quite get my head around the figures I have seen, so I wonder whether the Minister can explain them. I am not saying that I have got them all right. The Government initially told us that about 1 million people would register and benefit from the scheme but, as my hon. Friend the Member for Newcastle upon Tyne North said, it was announced this morning that about 170,000 are registered. It does not take a genius to work out that there is a bit of a gap there, and I cannot see it being made up in the next couple of months. In addition, I understand that only about 30,000 of those who have registered can expect to receive a payment this year. That implies that the system is in a bit of difficulty. The Government have had some problems with the introduction of other schemes and programmes, and I would hate to see them go down a road that leads to another problem. Certainly, Lord Bates has indicated that he thinks that there are problems that could go on for some time.

When I was reading up on the scheme, I noticed that Atos—like Carillion, it is one of these parastatal organisations, and of course it provided such an outstanding

service in relation to work capability assessments—is building what is being called the Childcare Choices platform. As we have heard, there are problems with that website. There are reports of the release of sensitive personal information, which will not do much for people's confidence in the system, and of system crashes. My hon. Friend gave a startling account of one person's difficulties with trying to access the system. That is not the way to build confidence and give people assurance.

There also seems to be some confusion relating to communication, which is reminiscent of the Government's problems with universal credit and their communication difficulties with the WASPI women—Women Against State Pension Inequality—as they have become known. It seems that Her Majesty's Revenue and Customs has been writing to parents to tell them that they must leave the childcare vouchers scheme in order to access the Government's promised 30 hours of free childcare. Parents have left the scheme, only to discover that that is not actually the case, but once they have done so on the basis of that inaccurate information, they are not able to rejoin it. Can the Minister shed any light on what has happened here? Is there an investigation ongoing? How will the Government offer redress in those circumstances?

Can the Minister give us any hard information about the number of self-employed parents who will receive TFC this year and in future years? The Government argued that one of the major benefits of the new scheme is that it is more effective to introduce an entirely new scheme than to adjust childcare vouchers to accommodate the self-employed. At the moment, we have no idea whether it is having any impact at all, so it would be useful to know that.

The point is, as other hon. Members said, that we are still in the roll-out phase. HMRC has not even published the final guidance, although I understood that the whole thing was meant to be live by April, and the legislation to close the existing voucher scheme has not yet been brought before the House. There is plenty of scope to make changes, if Ministers wanted to do so, without causing massive difficulty and without anyone losing face. The intention, as I understand it, is to grandfather the existing scheme for those currently in receipt of childcare vouchers, so it is obvious that there will be a need to retain this apparatus for some time, although interestingly those currently in receipt automatically lose their rights if they happen to change job. Again, that sounds rather punitive—I am not sure that is the intention.

Would it not make sense to let the existing voucher scheme operate alongside the new TFC scheme? Would it not make sense to give people a choice? There was once a time when the Conservative party was in favour of choice—in fact, the Minister is supposed to be in favour of choice. At the very least, would it not make sense to have a longer phasing-out period so that the problems that everyone has identified can be addressed, and so we do not do away with something that is working well for parents up and down the country and replace it with a scheme that will only cause problems that the Government are already aware of?

5.39 pm

Martin Whitfield (East Lothian) (Lab): It is always a pleasure to serve under your chairmanship, Mr Bailey, and it is a particular pleasure in respect of this debate, which was brought to the Chamber through the

Petitions Committee. I thank everyone who signed the petition—267 of my constituents, including Christopher Thomson, Steve Gibson, and Karen and Allen Kelly, who not only signed it but took the opportunity to write to me about how the changes will affect them as individuals and as families.

We have heard a lot about the problems, potential problems and inequity of the system that is coming down the line, so I will not rehearse those arguments, except to say that I support them. A particular inequity is that the lowest earners will be the ones who are hit hardest by the changes.

My constituents have asked me to raise a number of matters, and I am more than pleased to do so. First, I sincerely hope that we all agree that quality childcare is hugely important to this nation. There can be a 14-month difference between some children before they start school, because of their experiences and the income of the families they are growing up in. Both Governments, north and south of the border, have strongly advocated support for additional hours of childcare, which is hugely important to the future of the country. More free childcare is an easy and attractive promise to families who are struggling, but it is wrong to make that promise unless it has behind it the necessary investment. That goes for Governments both north and south of the border, as I say. It is important to this country, to families and, most of all, to children who are growing up that they have good-quality, safe childcare.

The second matter is the affordability and flexibility of the childcare needed today. As the hon. Member for Belfast South (Emma Little Pengelly) highlighted, people's work patterns are so different from those of two or even one generation ago, and therefore the childcare system needs to be massively flexible to answer the needs of all families across the nation. I also raise the issue of internet blackspots—for the third time, I confess, in this Chamber—and problems that occur with a wholehearted shift to using the internet when the structure people need to use is not only inadequate but, at times, as some of my constituents feel, incapable of remedy. On a cautionary note, I suggest that care should be taken before rushing down the path of having another internet-based platform.

Finally, I will make a point that has been made by a number of my constituents but not yet in this debate. Childcare vouchers allow the opportunity for a discussion to take place between the employer and the employee about the needs of that specific family. As one of my constituents said, without that discussion, they would not have found out how flexible their employer was prepared to be about childcare needs; and as the employer said, they would not have been aware of the individual's childcare responsibilities. In this day and age, when less and less face-to-face discussion takes place, and more and more problems are raised, we lose that opportunity for discussion at our peril. It is important for employers to understand and appreciate the family position of those who work for them.

In areas where there are skills shortages and employers struggle to recruit, it is important for employers to make the widest choices available. If it is right that a country and an employer should have choices, is it not right that a family has choices about the childcare provision, or funding for such provision, available to them? In 2018, is it too much to ask that that choice be made available and, if at all possible, expanded?

5.45 pm

Christine Jardine (Edinburgh West) (LD): It is an honour, Mr Bailey, to serve under your chairmanship again. I congratulate hon. Members on the breadth of the case they have put so far. With that in mind, I will keep my remarks brief and focus them on one specific area.

Much of our time as politicians is spent finding solutions to problems, whereas at the moment we are in danger of creating a problem for which a solution is already in place. It is a solution to a problem, the cost of childcare, from which more than 75,000 parents and families benefit. As we have heard, there are clearly advantages for many parents to the new system, which was always intended to replace childcare vouchers. By sticking with the proposal, however, we will create the problem of which I speak, a problem with tax-free childcare, to which the existing childcare vouchers are the answer.

We must also remember that often those most affected by the cost of childcare are those least able to access the new system. As we have heard, to qualify for the £2,000 cash saving, families must spend £10,000, but the Department for Education has shown that the average family spend is about £3,276 a year on childcare. From my own experience of returning to work, the cost of having a child looked after pre-school or, once at school, after hours can make a major dent in a family's income, and that cost might make it more difficult for those on lower incomes to return to work than for those on larger salaries. Indeed, they might not be able to afford to return to work at all if the proposals go ahead, because they will not be able to earn enough to reach the £10,000 threshold. Therefore, returning to work is not in their interest or best for their family. Those are the families to whom childcare vouchers make the biggest difference. Those are the families who will probably not be able to access the tax credits, because they will not spend enough to qualify.

The Liberal Democrats believe that there needs to be a more flexible system. The Government's decision to close the voucher scheme in April of this year needs to be revisited. As other Members have said, we need to give parents the choice, the flexibility to find the scheme that best suits them. That may be tax-free childcare or childcare vouchers. I know that the vouchers were originally intended to be replaced, but surely having the schemes running side by side is evidently more sensible. That way we could provide the best, most flexible and wide-ranging support for all families needing help with childcare.

5.48 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): Thank you, Mr Bailey, for calling me to speak on behalf of the Opposition in this important debate. I declare an interest, as someone who has personally benefited from the childcare vouchers scheme.

I thank my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) for introducing the debate. I also add my thanks to that of my colleagues to the tens of thousands of people who have made their opinions on this issue clear by signing the childcare vouchers petition. All those signatories have stated clearly that they are opposed to the closure of the scheme to new applicants and, as has been mentioned, to existing applicants merely because they have the misfortune of

changing jobs. In addition, as colleagues have said, the petition has been echoed by early-day motion 755, which indicates that 49 Members of this House are displeased by the scheme closure scheduled for April.

I also thank my hon. Friend the Member for Batley and Spenningsdale (Tracy Brabin), who has been working hard on behalf of the Opposition to raise the profile of this issue, as well as other problems with the delivery of Government promises on childcare, not least the patchy implementation of the 30 hours' free childcare pledge, as my hon. Friend the Member for East Lothian (Martin Whitfield) has rightly underlined.

I congratulate the hon. Member for Salisbury (John Glen) on his appointment as Economic Secretary to the Treasury, rather than as Children's Minister. It is good to see him in this debate and I am looking forward to his response to the very detailed points made by my colleagues. Evidently, as a number of colleagues have made the point, we need a Government response on the extent to which childcare costs are outstripping wages. My hon. Friend the Member for High Peak (Ruth George) maintained that the cost of childcare has risen at seven times the rate of the increase in wages in recent years. Therefore, it is necessary for the Government to offer stretched parents more support.

I am sure that the Economic Secretary will refer to today's announcement about the extension of tax-free childcare. I, like others, was absolutely astonished to see that announcement being made today, given the context of this debate.

I take on board the points made by colleagues that the tax-free childcare scheme benefits some parents. For some self-employed people who were not able to access the childcare vouchers scheme, there had to be some kind of new approach, although I underline the comments made by hon. Friends that we need to see figures on how many self-employed people benefit. Many will also see, to an extent, an increase in the support that they can obtain but, as my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) pointed out, most of the gainers will be those who are already better off. That is very concerning. None the less, although some people have benefited, there are still significant problems with the roll-out of tax-free childcare, some of which may be shorter run and some longer run problems. It is disappointing to see the Government going ahead with cancelling childcare vouchers for new entrants and those changing jobs and not acknowledging those continuing problems.

I do not want to go on at too much length, but I shall reprise some of the comments made by colleagues and pose questions directly to the Minister. I hope that we will have some answers to the important points. First, there are the substantial IT failures that have accompanied the provision of tax-free childcare. Unfortunately, they are very similar to the problems that have been experienced by people trying to ensure access to 30 hours' free childcare. As we saw in the media again this morning, thousands of people have been unable to access their 30 hours for this term because of technical glitches. My hon. Friend the Member for Batley and Spenningsdale informed me that one nursery owner she is in touch with understands that one of her parents has had to call the helpline more than 100 times.

It was reassuring that the technology underlying the childcare vouchers appears to work—certainly, in my experience and that of parents I have talked to. Sadly, the

complete opposite has been the case for tax-free childcare. It shares the same platform, as colleagues have mentioned, with the delivery of the 30 hours provision and sadly, it has experienced many similar problems. We have heard many examples of those problems already. My hon. Friend the Member for Birmingham, Selly Oak talked about how he had heard that there was inappropriate release of data, which was worrying to hear. As a member of the shadow Treasury team, I have been contacted about some of those problems.

One person who contacted me said that it has been a “Kafkaesque nightmare”. He is a single parent—a widower—and he stated an issue that others have referred to:

“The government childcare service requires those who are claiming government support with childcare costs to reconfirm every three months. This requires going through a number of screens on the relevant website and pressing a button to either confirm that nothing has changed or to outline changes. The trouble is that there is a serious bug in the system.”

The bug was so serious that every time he pressed this button, it reset the system. It was a complete and utter system breakdown.

Tulip Siddiq (Hampstead and Kilburn) (Lab): My hon. Friend is making a passionate argument about why the system has failed so many families in our constituencies. Is she aware that the Childcare Voucher Providers Association said that thousands of parents will have no access to any form of childcare support come April 2018, because of the system failing? Does she share my shock and astonishment about that?

Anneliese Dodds: I absolutely share those concerns and I am grateful to my hon. Friend for mentioning that fact. There is a worrying combination of technical glitches, many of which seem to be ongoing and many of which have lost parents thousands of pounds—we are not talking about small amounts of money. Those parents are so frustrated; they have continually contacted helplines and different team managers, who have just said, “I’m very sorry; there are technical problems that we have been raising with those more senior.”

As well as that side of the issue, as we have heard from other colleagues, many parents do not have access to the kind of internet service that they need for the application every three months. As my hon. Friend the Member for Newcastle upon Tyne North and my hon. Friend the Member for East Lothian underlined, people need a secure, reliable and high-speed internet connection every three months to make this application. Parents I have talked to have told me that this is not a one-shot application, because of the numerous technical glitches that people have experienced.

Can the Minister offer us an iron-clad guarantee that no parent will be locked out of access to tax-free childcare, either because of IT glitches or because of a lack of access to safe, secure and permanent internet services? I would be grateful if he let us know what precisely he has done or will do, given he has just got his feet under the table, to push Atos in particular to speedily resolve these very concerning technical issues. I have no doubt that these kinds of technical problems, as well as many of the others that were referred to by colleagues, offer part of the reason for the low take-up of tax-free childcare.

There are nearly 800,000 families using childcare vouchers, as my colleagues mentioned, and the vouchers are provided by more than 60,000 businesses and employers, including every Government Department. Occasionally, the Government maintain that there is a low proportion of employers offering vouchers. That is the case for one-man and one-woman bands, but if we take them and very small businesses out of the equation, there is a much higher proportion of businesses that offer those childcare voucher schemes. There is an enormous gulf between the usership rate of childcare vouchers and that of tax-free childcare, even with existing restrictions.

Colleagues mentioned that the OBR report before the Budget indicated that the Government would pay out only £37 million this year for tax-free childcare, despite setting aside £800 million for it. There is also a strange issue of exactly how many people actually benefit from tax-free childcare. I am slightly confused, as are colleagues, about today’s announcement and what the figure of 170,000 referred to. In her statement, the Chief Secretary to the Treasury, maintained that 170,000 people have opened an account for tax-free childcare. I am interested to know whether those are live accounts—whether those accounts have paid anything out—because I understand that, as of November, only 30,000 accounts were actually live: a tiny proportion of the people who could have accessed the scheme have done so.

I am also concerned that the parents of disabled children may be considerably under-claiming. I was pleased that my hon. Friend the Member for Stockton North (Alex Cunningham) mentioned that, as well as my hon. Friend the Member for Newcastle upon Tyne North. I was surprised to hear in the response to a parliamentary question by my hon. Friend the Member for Batley and Spen that there are only 1,187 tax-free childcare accounts registered for disabled children. Of course, tax-free childcare is already fully rolled out for disabled children, so it would be helpful to hear the Minister’s assessment of the number of parents of disabled children who used tax-free childcare, compared with those who used vouchers, and why there is a disparity, as I expect there will be. I would also be interested to hear what the Minister has to say about the disincentive effect of the design of the tax-free childcare system. As many colleagues mentioned, parents need to pay around £10,000 into their account before they can receive the headline £2,000 per year. That enormous sum is simply impossible for the vast majority of parents to afford. It does not reflect their working patterns or their wages.

[MARK PRITCHARD *in the Chair*]

For that and other reasons, tax-free childcare will benefit people on large incomes who consume large amounts of childcare the most. As many colleagues said, the new scheme will generally leave people on lower incomes worse off. Indeed, the charity Employers for Childcare calculated that approximately 70% of the parents who approach it for help would be better off with childcare vouchers, tax credits or universal credit, or with a combination of those things, than with tax-free childcare. My hon. Friend the Member for Ealing Central and Acton (Dr Huq) rightly mentioned that the new system may negatively impact low-income single parents in particular.

[Anneliese Dodds]

Further calculations indicate that people in lower paid areas and people on lower wages generally are more likely to lose out as a result of losing access to childcare vouchers following the adoption of tax-free childcare. That is because—we might have discussed this issue more—tax-free childcare does not incorporate the progressive elements of the voucher scheme, which enables basic rate taxpayers to save more than higher rate taxpayers, who may in turn save more than additional rate taxpayers. In her insightful speech, my hon. Friend the Member for High Peak pointed out some of the disbenefits of tax-free childcare for low-income parents compared with people on low incomes who are already in the voucher scheme.

I would be grateful if the Minister indicated whether any impact assessment has been undertaken of how the closure of the childcare vouchers scheme will affect people who spend an average amount—not the very high amounts in Government projections—on childcare. It would also help to hear how the Minister expects the new system to affect people on lower incomes, who will largely see the support they receive proportionately reduced by these changes. That assessment should take into account the impact on employees' ability to progress to higher paid jobs that require them to be more flexible with their working hours, which my hon. Friend rightly mentioned.

I would also be grateful if the Minister explained how the Government are promoting activity by employers to support employees who are parents. A number of colleagues made the point that childcare vouchers start a conversation about employers' responsibility to consider their employees' childcare responsibilities. Along with other benefits for working parents, vouchers often play a key part in recruitment and retention. Given that we will lose the vouchers scheme, will the Minister indicate what other measures the Government are putting in place?

We also need a response to the question that my hon. Friend the Member for Stockton North asked: why is there a tighter age restriction for tax-free childcare than for childcare vouchers? Have the Government considered the impact of that on parents who want to ensure that their children are properly cared for when they are not at school? My hon. Friend the Member for Birmingham, Selly Oak ably underlined that point—his speech was very important in that regard.

Given the low take-up of tax-free childcare, the extensive technical problems with its roll-out, its regressive impact and the apparent problems that parents with disabled children are having with accessing it, will the Minister see sense and keep the vouchers scheme open, as the petitioners request?

6.3 pm

The Economic Secretary to the Treasury (John Glen): I am pleased to serve under your chairmanship, Mr Pritchard. I thank everyone who signed the petition and made their views heard. I understand that the petition has attracted more than 115,000 signatures, which goes to show the importance of the Government's support for childcare costs. This is a key issue, and we have had a thorough debate. Seven Members made very full and thoughtful contributions, and I will respond to as many of their points as I can.

For many parents, being able to afford good-quality childcare is essential to working and supporting their families, so it is right that we have this debate. I am responding to the debate rather than the Minister with responsibility for childcare because tax-free childcare and childcare vouchers operate through the tax system. The Government have introduced tax-free childcare, which will benefit more than 1 million working households and mean that parents are eligible for up to £2,000 per child per year to help towards childcare costs.

Ruth George: Will the Minister give way?

John Glen: No, I want to make some progress. The hon. Lady can come in—

Ruth George: I have just a quick question.

John Glen: Let me make my introductory remarks, and then I will give way.

Let me draw Members' attention to the three key reasons why we support the replacement of childcare vouchers with tax-free childcare. First, the Government believe that childcare vouchers are unfair. Tax-free childcare is fairer and better targeted than the voucher scheme. For example, only about 5% of employers offer vouchers, which limits their reach to about half of working parents, not to mention that self-employed parents are completely excluded from the scheme, which pays no regard to the number of children in each family and disadvantages lone-parent families.

Secondly, tax-free childcare has a broader reach. It is open to all working families with children aged under 12 that meet the earnings criteria. That ensures that families who were excluded from childcare vouchers can be brought into tax-free childcare, and benefits families with the highest childcare costs—namely, most of those with young children.

Thirdly, tax-free childcare is simpler to use—I will come to the IT issues that Members raised. Employers usually pay third-party providers to administer childcare voucher schemes. The Government do not believe that paying third-party providers is a good use of taxpayers' money. Some £220 million has gone on such administration since the scheme began. A voucher scheme is therefore an ineffective way of delivering support to families. Under tax-free childcare, parents manage their own accounts online. The case for change is clear, as it was to the Labour party when it announced at its 2009 conference, when it was in government, that the existing system would be shut down.

I will now happily give way to the hon. Lady.

Ruth George: I thank the Minister for giving way. I was simply going to ask about his earlier comment that 1 million families will benefit from tax-free childcare. Is that the number who will benefit in comparison with having no support with childcare at all, or does it take into account the approximately 550,000 families who would actually be better off under vouchers than under tax-free childcare?

John Glen: Clearly, in any benefit system there will be those who are better off and those who are not better off, but the bottom line is that the current system prevents large numbers of parents from accessing childcare support. That is why we are making the change.

Alex Cunningham: I have a simple question: is the Minister content that we should have inequality in the system and that some parents should receive a greater benefit than others?

John Glen: I am certainly very discontent with a situation where only half of employees are able to access childcare support and no self-employed parents can access any childcare.

Catherine McKinnell: Will the Minister give way?

John Glen: I am going to make a little progress, and then—*[Interruption.]* Go on, I will take a third intervention, as the hon. Lady opened the debate.

Catherine McKinnell: I thank the Minister for giving way. He is making an argument for broadening access to support with childcare, with which no one would disagree, but he is not making a compelling case for closing down the support that hundreds of thousands of working families already access. He needs to explain that before he can convince anyone, in the Chamber or outside, that it is a good idea to shut the voucher scheme.

John Glen: I thank the hon. Lady for her remarks and for the way in which she introduced the debate. She must reflect on the fact that the Government are closing the scheme, but not to existing recipients. There is no question of existing recipients not being able to continue making their current arrangements. It is unrealistic to say that that is the case—we are not shutting it down to existing claimants.

Let me make some progress. As the hon. Lady said in her remarks, tax-free childcare will be rolled out by 14 February 2018, and HMRC has done extensive work to ensure that the childcare system is ready for full roll-out. The advent of tax-free childcare will bring greater benefits to British families: it is better targeted and simpler than childcare vouchers. It is therefore right that we continue with the reform as planned, to the benefit of millions of households. The Government recognise that working parents have to make difficult financial decisions, and we are committed to supporting families to ensure that the cost of childcare does not deter them from working, or working more, if they wish to.

The hon. Member for Belfast South (Emma Little Pengelly) made a thoughtful point about female employment and the gender pay gap. The female employment rate is at a joint-record high of 70.8%. Since 2010, the number of women in work has increased by 1.4 million. I acknowledge that there is more work to be done, but the gender pay gap for full-time employment is at a record low. While I am not complacent—three days into my job at the Treasury, I am already focused on pay equality—we must acknowledge that some progress has been made.

Beyond introducing tax-free childcare, we have demonstrated our commitment to supporting families through multiple measures, to ease the burden that bit more. That is why the Government will be spending more money on childcare support than ever before. By 2020, we will be spending about £6 billion to help parents with the cost of childcare. That includes doubling the free childcare hours for working parents of three

and four-year-olds from 15 to 30 hours a week, saving families around £5,000 per year per child. That is making a real difference to the lives of families across the country.

We are supporting working families on the lowest incomes who receive universal credit. We have increased the amount that working parents can get towards their childcare costs through universal credit from 70% to 85%. As wages increase, parents can use the online calculator to decide which offer best meets their needs: staying on universal credit or moving to tax-free childcare.

The Government have been gradually introducing tax-free childcare to replace childcare vouchers since April 2017 and, as I have said, tax-free childcare has a greater reach than childcare vouchers. Today, we announced that the offer is now open to families whose youngest child is under nine, and on 14 February it will open to all families with children aged under 12 who meet the earnings criteria. Each parent in the household must earn the equivalent of 16 hours at minimum wage a week—about £120 a week—and each parent must earn less than £100,000 per annum. Those criteria will ensure that the majority of working households will benefit, and it means that those working parents who are excluded from childcare vouchers because they earn at or just above the minimum wage will be able to access tax-free childcare.

Because tax-free childcare does not require any input from an employer, many self-employed parents will be able to get help with childcare costs for the very first time. Tax-free childcare is also a simpler system for parents to navigate. Parents open an online account and manage their deposits and childcare payments through it themselves. The system will also be easier and simpler for childcare providers to manage as they will no longer have to deal with multiple voucher providers. Tax-free childcare also offers more generous support for parents of disabled children, who can get up to £4,000 a year and remain eligible for tax-free childcare until the age of 17.

I will have to look into the assessments and write to the hon. Member for Birmingham, Selly Oak (Steve McCabe). At this point, I do not know whether that data exists. However, once tax-free childcare is open to all eligible parents and fully established, we expect it to be worth around £1,100 a year per household. That additional support is essential for many parents to return to work. It is clear that the replacement of childcare vouchers with tax-free childcare will bring huge benefits to parents.

I want to address points made by a number of hon. Members on delivery. The childcare service is a groundbreaking new digital service and, as of today, more than 300,000 parents have opened an online account. The hon. Members for East Lothian (Martin Whitfield) and for Newcastle upon Tyne North (Catherine McKinnell) referred to internet access, and the hon. Gentleman referred to banking issues, which we discussed on Thursday. The childcare service helpline can be called when online access cannot be secured.

We have seen a reduction in errors on screen down to 2%—it was 5% to 6% last summer. Enormous progress has therefore been made. The hon. Member for Oxford East (Anneliese Dodds) asked about an iron-clad guarantee, which is a little unrealistic given what has happened to Government IT projects for all parties over all generations

[John Glen]

since we have had IT. However, HMRC is working closely in partnership with National Savings and Investments, and with Atos as a delivery partner. Significant progress is being made to reduce those error screens significantly, to give a greater level of confidence on the roll-out of the new scheme.

While the vast majority of parents have used the service without difficulties, I acknowledge that some have experienced them. I can only apologise to those individuals. HMRC has apologised to those parents and has already made significant improvements to the childcare service, as I just set out. Overall, parents are receiving eligibility results more quickly, with the vast majority receiving a response within five working days, if not immediately, and fewer parents are experiencing technical difficulties.

HMRC will continue to implement technical updates to improve further the experience for all customers. It has arrangements in place to ensure that no parents miss out as a result of technical issues, and it is providing payments directly to parents in lieu of the Government top-up. Where individuals have missed out, compensation is available for those sums missed out on due to those technical issues. As I mentioned, a dedicated helpline is provided.

I want to address the reach of tax-free childcare. The scheme is designed to be responsive to parents' needs. All parents who would have been eligible for childcare vouchers will be eligible for tax-free childcare provided that they have a child aged under 12 and that they and their partner, if they have one, earn around £120 a week. The generous upper earnings limit of £100,000 per parent means that the vast majority of working parents will be able to claim help with childcare costs.

However, the Government recognise that a small number of parents who were eligible for vouchers will not be eligible for tax-free childcare. Most of those parents will no longer be eligible as they are couples with only one partner in work, or where one is earning over £100,000 a year. Government spending has to be prioritised where it will have the biggest impact. We have struck a balance between universal childcare offers and those targeted to support families who need help the most with the costs of childcare. Tax-free childcare is better targeted than vouchers, where support is dependent on who a parent works for rather than the needs of their household.

Alex Cunningham: I sense that the Minister is getting towards the end of his speech. People in the gig economy see tremendous fluctuations in their income and might not meet the £120-a-week threshold at any one time. What will the Government do about such people? Will they just drop out?

John Glen: The hon. Gentleman makes a characteristically sensible point, and I am happy to look into the matter and write to him. I do not have a detailed answer that I am happy to give him now.

Emma Little Pengelly: Although I welcome the fact that female participation in the workforce is at record high levels of about 70%, male participation in the same age cohort is about 79% to 80%—a significant gap.

The Minister has outlined the targeting of measures at those most in need, but has the Treasury given consideration to the productivity gap between males and females? Research has indicated that a significant percentage of women, when asked about participation, give caring for children in the home as the primary reason, but there is a significant economic impact. That policy agenda should also be targeted by a childcare policy.

John Glen: As a former policy person, I acknowledge the detail of the hon. Lady's analysis, and that there is more work to be done. I shall take that back to the Treasury as we try to address all dimensions of the productivity challenge.

The Government think it is right that we replace childcare vouchers with tax-free childcare from April 2018. However, I would like to reassure any parent who is currently receiving vouchers but is not eligible for tax-free childcare that there will be no automatic withdrawal of the voucher scheme. If they currently receive vouchers and their employer continues to provide them, they can continue to receive vouchers as long as they stay with that employer.

Steve McCabe: I acknowledge what the Minister says, but what will he do about parents who may change their employer? Presumably those parents will be discriminated against.

John Glen: I think they will be eligible for the tax-free childcare scheme.

Again, I thank all those who signed the petition, and all hon. Members who spoke this afternoon. As I have set out, tax-free childcare will help more households, and is better targeted and simpler, than childcare vouchers. HMRC has done extensive work to ensure that the childcare system is ready for full roll-out. It is therefore right that we continue with the reform as planned, to the benefit of millions of households around the country.

6.22 pm

Catherine McKinnell: Although I welcome the Minister to his new post, I do not think that anyone listening to the debate will be impressed by that response. It does not provide the reassurance that people are looking for—they want reassurance that the Government are serious about providing options so that families with children can meet and manage their childcare costs. I pay tribute to every Member who made a speech today, because if this was a football match, although we do not quite have the numbers, it would be 9-0 given the arguments that have been rehearsed. The Minister's response does not adequately address the sincere and genuine concerns expressed by hon. Members, and by 116,000 members of the public who signed the petition.

I and hon. Members thank the person who started the petition, and everyone who signed it. They are right: the Government are wrong to close the voucher scheme to new members. The Minister is not being entirely clear when he says that it will remain open and that those within it should retain their confidence in it, because the Government's actions are undermining it. Obviously, the numbers in the scheme will diminish. Who knows what the future holds? How far will employers be able to remain involved in the scheme as numbers

inevitably diminish when the children currently benefiting from it grow up and no longer require the vouchers, and there are no new entrants?

That is obviously the Government's strategy, but it is a mistake to close a scheme that works for so many families. Each of those families currently has the option to sign up for the tax-free childcare scheme, yet they either choose not to, or would not be eligible. The Government do not seem to acknowledge that, potentially, they are letting a huge number of those parents down. Unless they can give a cast-iron guarantee—the Minister has already said they cannot give one on the IT system—that every parent currently benefiting from the voucher scheme will benefit by the same amount or more from the tax-free childcare scheme, they are doing the wrong thing in closing it to new entrants. They should retain both schemes and give a much longer period to see how

the tax-free childcare scheme performs. The issue is ultimately the children and the benefit that they will get if their parents can go to work and be provided with high-quality, affordable, or at least supported, childcare by the Government.

I make a final plea: I hope that the Minister can take this away and come back with a different answer. I hope he will hold the voucher scheme open for the huge number of parents and children who currently benefit from it, and that the Government will not undermine it.

Question put and agreed to.

Resolved,

That this House has considered e-petition 200585 relating to childcare vouchers.

6.25 pm

Sitting adjourned.

Written Statements

Monday 15 January 2018

TREASURY

Tax-free Childcare Roll-out: Update

The Chief Secretary to the Treasury (Elizabeth Truss): In April 2017 the Government launched tax-free childcare, which helps working parents with the cost of childcare with up to £2,000 of support per child. Today we will open the scheme to parents whose youngest child is under nine, or who turn nine today. We will be opening the scheme to all remaining eligible families on 14 February. This means all eligible parents will be able to apply for tax-free childcare before the end of this financial year.

The Government are giving more help with the cost of childcare to working parents than ever before. We introduced tax-free childcare in April 2017, and have doubled the free childcare available to working parents of three and four-year-olds to 30 hours a week. In 2019-20 we will be spending around £6 billion on childcare support—a record amount of support.

Since opening the childcare service, through which parents apply for 30 hours free childcare and tax-free childcare, more than 325,000 customers have successfully applied and are now using the service. Of these, more than 295,000 parents are eligible for 30 hours free childcare. Over 170,000 have a tax-free childcare account and we have begun activity to further raise awareness of tax-free childcare. We want to encourage more parents to take up the offer they are entitled to.

[HCWS401]

DEFENCE

War Pensions Scheme Up-rating 2017

The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood): The new rates of war pensions and allowances proposed from April 2018 are set out in the tables below. The annual up-rating of war pensions and allowances for 2018 will take place from the week beginning 9 April. Rates for 2018 are increasing by 3.0% in line with the September 2017 consumer prices index.

<i>War Pensions Rates</i>		
(Weekly rates unless otherwise shown)	<i>RATES</i> 2017	<i>RATES</i> 2018
<i>War Pensions</i>		
<i>Disablement Pension (100% rates)</i>		
officer (£ per annum)	9,392.00	9,674.00
other ranks (weekly amount)	180.00	185.40
<i>Age Allowances Payable from Age 65</i>		
40% - 50%	12.05	12.40
over 50% but not over 70%	18.55	19.10
over 70% but not over 90%	26.35	27.15
over 90%	37.10	38.20
<i>Disablement Gratuity (one-off payment)</i>		
specified minor injury (min.)	1,147.00	1,181.00
specified minor injury (max.)	8,559.00	8,816.00

<i>War Pensions Rates</i>		
(Weekly rates unless otherwise shown)	<i>RATES</i> 2017	<i>RATES</i> 2018
1% - 5% gratuity	2,862.00	2,948.00
6% - 14% gratuity	6,363.00	6,554.00
15% - 19% gratuity	11,128.00	11,462.00
<i>Supplementary Allowances</i>		
<i>Unemployability Allowance</i>		
personal	111.20	114.55
adult dependency increase	61.80	63.65
increase for first child	14.35	14.80
increase for subsequent children	16.90	17.40
<i>Invalidity Allowance</i>		
higher rate	22.00	22.65
middle rate	14.30	14.70
lower rate	7.15	7.35
<i>Constant Attendance Allowance</i>		
exceptional rate	135.80	139.80
intermediate rate	101.85	104.85
full day rate	67.90	69.90
part-day rate	33.95	34.95
<i>Comforts Allowance</i>		
higher rate	29.20	30.10
lower rate	14.60	15.05
mobility supplement	64.80	66.75
allowance for lowered standard of occupation (maximum)	67.88	69.92
therapeutic earnings limit (annual rate)	6,240.00	6,526.00
exceptional severe disablement allowance	67.90	69.90
severe disablement occupational allowance	33.95	34.95
clothing allowance (£ per annum)	232.00	239.00
education allowance (£ per annum) (maximum)	120.00	120.00
<i>Widow(er)s Benefits</i>		
widow(ers)-other ranks (basic with children) (weekly amount)	136.50	140.60
widow(er)-officer higher rate both wars (basic with children) (£ per annum)	7,259.00	7,477.00
childless widow(er)s-u-40 (other ranks) (weekly amount)	32.69	33.67
widow(er)-officer lower rate both wars (£ per annum)	2,521.00	2,597.00
supplementary pension	91.31	94.05
<i>Age Allowance</i>		
(a) age 65 to 69	15.55	16.00
(b) age 70 to 79	29.90	30.80
(c) age 80 and over	44.35	45.70
<i>Children's Allowance</i>		
increase for first child	21.40	22.05
increase for subsequent children	24.00	24.70
<i>Orphan's Pension</i>		
increase for first child	24.50	25.25
increase for subsequent children	26.80	27.60
unmarried dependant living as spouse (max)	134.15	138.25
rent allowance (maximum)	51.40	52.95
adult orphan's pension (maximum)	104.90	108.05

[HCWS402]

Ministerial Corrections

Monday 15 January 2018

EDUCATION Apprenticeships

The following is an extract from an answer given by the Minister for Apprenticeships and Skills to the hon. Member for Havant (Alan Mak) during Oral Answers to Questions to Education Ministers on 11 December 2017:

Alan Mak (Havant) (Con): Will the Minister update the House on her Department's work to encourage more people with learning disabilities to get involved in apprenticeships and join the labour market?

Anne Milton: Yes. We are doing a huge amount of work; I know that my hon. Friend, as chairman of the all-party group on apprenticeships, is doing a lot of work himself. We have specific targets: we want people with learning disabilities to represent 20% of all apprenticeship starts by 2020. We have made progress, and the trajectory for people with learning disabilities is going up. [*Official Report, 11 December 2017, Vol. 633, c. 15.*]

Letter of correction from Anne Milton:

An error has been identified in the Oral Answer given to the hon. Member for Havant (Alan Mak).

The correct response should have been:

Anne Milton: Yes. We are doing a huge amount of work; I know that my hon. Friend, as chairman of the all-party group on apprenticeships, is doing a lot of

work himself. **We have specific targets: we want the proportion of people with learning disabilities starting apprenticeships to increase by 20% by 2020.** We have made progress, and the trajectory for people with learning disabilities is going up.

Topical Questions

The following is an extract from an answer given by the Minister for Apprenticeships and Skills to the hon. Member for Coventry South (Mr Cunningham) during Topical Questions to Education Ministers on 11 December 2017:

Mr Jim Cunningham (Coventry South) (Lab): What is the Minister doing to help young people with hearing difficulties to obtain apprenticeships?

Anne Milton: A lot of work and a lot of money is going into making sure that young people with learning difficulties can access apprenticeships. That is why we have set targets so that 20% of all apprenticeship starts will be people with learning difficulties by 2020. [*Official Report, 11 December 2017, Vol. 633, c. 23.*]

Letter of correction from Anne Milton:

An error has been identified in the Oral Answer given to the hon. Member for Coventry South (Mr Cunningham).

The correct response should have been:

Anne Milton: A lot of work and a lot of money is going into making sure that young people with learning difficulties can access apprenticeships. **That is why we have set a target of a 20% increase in the proportion of apprenticeship starts by people with learning difficulties by 2020.**

ORAL ANSWERS

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