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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Tuesday 23 January 2018**

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# House of Commons

*Tuesday 23 January 2018*

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

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### JUSTICE

*The Secretary of State was asked—*

#### Leaving the EU: Legal Systems

1. **Neil Gray** (Airdrie and Shotts) (SNP): What assessment his Department has made of the effect of the UK leaving the EU on the operation of the legal system in each legal jurisdiction in the UK. [903483]

4. **Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): What assessment his Department has made of the effect of the UK leaving the EU on the operation of the legal system in each legal jurisdiction in the UK. [903486]

13. **Ben Bradley** (Mansfield) (Con): What plans the Government have to ensure that the UK legal system continues to operate effectively after the UK leaves the EU. [903496]

**The Secretary of State for Justice and Lord Chancellor (Mr David Gauke):** The Government have made it a priority to ensure that there is a smooth legal transition both in our negotiations with the EU and in our domestic implementing legislation. I fully appreciate that Scotland and Northern Ireland have distinct legal systems, and that is why my Department has been working closely with the devolved Administrations, looking at how our legal and justice systems are affected by EU exit. The Government are clear that a good deal with the EU will be one that works for all parts of the United Kingdom.

**Neil Gray:** I welcome the new Secretary of State to his position, having shadowed him for a few months when he was Secretary of State for Work and Pensions.

The UK Government's position papers on judicial co-operation in civil matters, data protection and judicial oversight have been dismissed by EU interlocutors as unsatisfactory, due to their lack of realism and detail. Does the Secretary of State intend to respond to that by producing more realistic and detailed proposals?

**Mr Gauke:** First, I thank the hon. Gentleman for his words. It is pleasing to know that, wherever I go, he follows.

Regarding the hon. Gentleman's question, we are ambitious—we want to get the best deal. I appreciate that, in the course of negotiations, it is possible that our interlocutors will express an adverse opinion, but we will continue to engage and to be ambitious.

**Drew Hendry:** The Secretary of State has acknowledged Scotland's distinct legal and judicial system. The role of Lord Advocate in overseeing the investigation and prosecution of crime means that, in Scotland, there is direct co-operation between Scottish law enforcement agencies and their European counterparts. Will the Minister give details of the consultations between his Department, and the Scottish Government and Scottish Law Officers in that regard?

**Mr Gauke:** We continue to engage with the Scottish Government across the board, including on that implementation matter.

**Ben Bradley:** Will the Minister update the House on plans in relation to foreign criminals in UK prisons and on whether, after we leave the EU, we might be able to return those who break our laws to their country of origin, rather the UK taxpayer footing the bill for their stay at Her Majesty's pleasure?

**Mr Gauke:** Since 2010, we have removed more than 40,000 foreign national offenders from our prisons, immigration removal centres and indeed the community. There is a range of removal mechanisms that enable the return of foreign offenders to their home countries. The Government are now considering future criminal justice arrangements with the EU with the aim of continuing our close working relationship.

**Kate Green** (Stretford and Urmston) (Lab): The Secretary of State will be aware that in family law there are mutual and reciprocal arrangements between EU countries to ensure that judgments are recognised and enforced. How does he envisage the interests of children being protected after we exit the EU and are no longer able to rely on those mutual arrangements?

**Mr Gauke:** The hon. Lady raises an important point. Having satisfactory arrangements with the European Union in that and other matters is important. It is right that we are ambitious so that the interests of children are put at the heart of what we do.

**Robert Neill** (Bromley and Chislehurst) (Con): I welcome my right hon. Friend to his post—it is nice to see a lawyer there. I hope that he has a lengthy tenure, if not quite as long as that of the last lawyer from Ipswich who was Lord Chancellor, and with a better ending.

Much of the debate has been concentrated on criminal justice co-operation. In his speech on being sworn in, my right hon. Friend rightly referred to the importance of the UK as a jurisdiction of choice in civil and commercial litigation. Will he make sure that that aspect is not lost in our negotiations, in particular the importance to London and the UK's financial services sector of having contractual certainty?

**Mr Gauke:** I thank my hon. Friend. Given that the last Lord Chancellor from Ipswich was Cardinal Wolsey, who ran into some difficulties in negotiations with a

powerful European supranational body, I should tread carefully. It is important that in our negotiations we try as best we can to provide the certainty my hon. Friend seeks.

**Joanna Cherry** (Edinburgh South West) (SNP): I welcome the new Secretary of State for Justice to his place. Sir David Edward, a distinguished former judge in Scotland and at the European Court of Justice, has said that so far

“the UK Government has overlooked the significance of the separate Scottish legal system, the Scottish judicial system and the Scottish prosecution system in relation to justice and home affairs issues”

in their negotiations with the EU. Will the new Secretary of State undertake to meet me to discuss how those oversights might be rectified?

**Mr Gauke:** I am not sure that I would accept the hon. and learned Lady’s characterisation of the position as one of oversight. I made it clear in the very first answer I gave in this role that I fully appreciate that Scotland had a distinct legal system. However, I would certainly be delighted to discuss the matter with her further.

**Joanna Cherry:** I am grateful to the Secretary of State for agreeing to meet me, but that was not my characterisation; it was the characterisation of a senior judge in the Scottish courts and in the Court of Justice. The judge went on to describe the UK Government’s paper on enforcement and dispute resolution as

“an undergraduate essay which would have failed”.

He says that those who are writing the papers are not aware of the problems posed by the separate Scottish legal system and that they do not want to hear from the experts who have offered to help. This is a serious problem. Will the Secretary of State, in his new role, undertake to listen to those who know about the Scottish legal system and to take on board their concerns in his negotiations on these matters?

**Mr Gauke:** I want to ensure that we end up in a position that is good for the legal system and legal services in every part of the United Kingdom. That certainly includes Scotland, and of course I will want to engage with representations and representatives from all parts of the United Kingdom to ensure that we get the best possible deal.

**Mr Philip Hollobone** (Kettering) (Con): After Brexit, can we do something that we cannot do now? In other words, if an EU national is found guilty of an imprisonable offence, will we be able to deport them to serve their sentence in prison in their own country and ban them from ever returning?

**Mr Gauke:** As I said to my hon. Friend the Member for Mansfield (Ben Bradley), we are considering future criminal justice arrangements with the European Union. We want close working relationships, but we also need to work together to ensure that foreign national offenders can be removed when possible.

## Homelessness Reduction Act 2017

2. **Bob Blackman** (Harrow East) (Con): What progress he has made on implementing his duties under the Homelessness Reduction Act 2017. [903484]

**The Minister of State, Ministry of Justice (Rory Stewart):** I should like to begin by paying tribute to my hon. Friend the Member for Harrow East (Bob Blackman) for his work on the Homelessness Reduction Act 2017. With the agreement of colleagues from the Ministry of Housing, Communities and Local Government, the Act should come into operation in April. It is absolutely vital that every prisoner leaving custody has a home to go to.

**Bob Blackman:** I thank my hon. Friend and welcome him to his new position. As he rightly says, it is in our best interest that ex-offenders leaving prison do not reoffend. One of the key issues is to ensure that prison governors honour their commitment under the Homelessness Reduction Act to ensure that people are prepared for life outside prison. What action will he take to ensure that prison governors train offenders who are due to leave prison so that they do not reoffend?

**Rory Stewart:** There are two key things to do: first, to empower governors so that they have real flexibility and control over education budgets and career advice; and, secondly, to connect that to housing. There is an obligation under the Act that my hon. Friend has championed, and co-ordination with local authorities will be essential.

**Ruth Cadbury** (Brentford and Isleworth) (Lab): Why has the number of women who become homeless on release doubled in only a year? Is this not more evidence of the Government failing prisoners and probation policies?

**Rory Stewart:** There are a number of complex issues relating to homelessness, but we absolutely agree that this is unacceptable and shocking. We need to work much more closely with the Ministry of Housing, Communities and Local Government, with local authorities and with prisons to ensure that we cut those numbers.

## Legal Aid

3. **Derek Thomas** (St Ives) (Con): What steps he is taking to ensure that legal aid is available to people who are entitled to that aid. [903485]

**The Parliamentary Under-Secretary of State for Justice (Lucy Frazer):** The provision of legal aid to support the most vulnerable is an important part of our justice system. We spend £1.6 billion a year on legal aid, which is more than a fifth of the Ministry of Justice’s budget. In terms of accessing legal aid, there is an online tool at gov.uk to help people to check their entitlement to it.

**Derek Thomas:** I welcome that answer, but people in my constituency in west Cornwall find it hard to access the legal aid that they are entitled to. In fact, there is only one office there that holds a legal aid contract, and it deals only with family law. Will the Department assess how the changes in legal aid funding have affected rural people, and consider measures to address the shortage?

**Lucy Frazer:** Maintaining access to justice is extremely important, which is why the Legal Aid Agency regularly reviews the capacity of the legal aid market to cope with demand and takes action when regional shortfalls develop. Those in need of urgent advice in Cornwall and elsewhere can always use the civil legal aid specialist telephone service. In autumn 2017, the Legal Aid Agency began national tendering for new civil contracts to start in autumn 2018.

**Ellie Reeves** (Lewisham West and Penge) (Lab): I have received hundreds of emails from people in my constituency who face eviction, live in overcrowded conditions or rent properties that are in dire need of repair. Does the Minister agree that early legal advice in housing matters needs to be restored urgently, and that it is unacceptable that large parts of the country have no housing legal aid providers at all?

**Lucy Frazer:** As the hon. Lady will know, the previous Lord Chancellor committed to a review of legal aid later this year, and I also commit to reviewing the situation later this year. Legal aid for housing is always available and can be accessed through the telephone gateway.

**Yasmin Qureshi** (Bolton South East) (Lab): Judicial review is a key tool for ordinary people to challenge unjust and unlawful decisions by the state and other public bodies. Deep cuts to legal aid have undermined that ability, so will the Minister commit to reviewing legal aid funding for judicial review in the Government's forthcoming legal aid review?

**Lucy Frazer:** As I have already mentioned, a legal aid review is taking place later this year. As a matter of principle, legal aid is available for judicial review in certain circumstances when certain conditions are met.

### Oakhill Secure Training Centre

5. **Iain Stewart** (Milton Keynes South) (Con): What recent assessment he has made of standards at Oakhill secure training centre in Milton Keynes. [903487]

**The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee):** The findings of a recent Ofsted inspection report on Oakhill secure training centre are completely unacceptable. We took urgent action to address Ofsted's concerns. The Ministry of Justice's monitoring team has been carrying out further scrutiny to investigate Ofsted's findings.

**Iain Stewart:** The young people held in the centre often have complex, challenging needs and require considerable intervention to help their rehabilitation. By when can we hope to see some tangible improvement in that intervention?

**Dr Lee:** My hon. Friend is spot on. These vulnerable children require the very best care, particularly for their mental health. In negotiations with the main contractor, I rule out absolutely nothing if the contract obligations are not being met.

**David Hanson** (Delyn) (Lab) *rose—*

**Mr Speaker:** Order. The right hon. Gentleman needs to focus his supplementary question exclusively on the Oakhill secure training centre in Milton Keynes.

**David Hanson:** Absolutely, Mr Speaker. Has the Minister taken any view on reducing the financial arrangements with G4S for running Oakhill or imposed any sanctions? What does it take to lose a contract?

**Dr Lee:** The right hon. Gentleman, as a previous Minister responsible for the institution, will acknowledge that the contract is subject to a series of obligations. It was signed in 2004 and lasts for 25 years. I am fully aware of the need to improve standards at Oakhill. I rule absolutely nothing out, and I have already met senior people at G4S to point that out.

**Imran Hussain** (Bradford East) (Lab): Oakhill, which is run by G4S, was found last year to make use of high levels of force, but G4S is not the only private security company using high levels of force against vulnerable groups. Today's report into the Sodexo-run Peterborough Prison shows that it has become the first women's prison in years to be deemed not safe enough, with high levels of force and the overuse of strip searching, so is the Minister worried that profit is being put before prisoner safety?

**Dr Lee:** The children being held at Oakhill can sometimes be extremely challenging, and the staff have to be able to control them to protect not only themselves, but other children and staff. With reference to Sodexo and the report into Peterborough Prison, the situation is not acceptable. We have already engaged with Sodexo, particularly around strip searching, and I expect and have demanded improvements.

### Victim Impact Statements

6. **Tom Pursglove** (Corby) (Con): What steps he is taking to support people who make a victim impact statement. [903488]

**The Secretary of State for Justice and Lord Chancellor (Mr David Gauke):** It is critical that the voice of the victim is heard in the criminal justice system. The victims code is clear that victims are entitled to make a victim personal statement to explain in their own words, to a court or to the Parole Board, how the crime has affected them. We are spending £96 million this year to fund critical support services for victims of crime. Under the code, all victims are entitled to a needs assessment to determine what emotional and practical support they need.

**Tom Pursglove:** I know from a family in my constituency that making a victim impact statement, and having to do so regularly, is a very stressful and nerve-racking experience. What steps is he taking to ensure that in those situations the victim, rather than the offender, is the priority?

**Mr Gauke:** My hon. Friend has raised this with me before. We are committed to making sure that practical and emotional support is in place for victims throughout the criminal justice process, such as by providing independent sexual violence and domestic violence advisers. If victims wish to attend a parole hearing to present

their victim personal statement, a Secretary of State representative is allocated to provide support and guidance on the day.

**Paula Sherriff** (Dewsbury) (Lab): Steven Mullins was 12 years old when he was abducted, sexually assaulted and brutally murdered on his way home from school. His killer was released last month. Although the family submitted a victim impact statement, they feel extremely let down both by the Parole Board and by the victim liaison service, which have lost their letters, ignored their letters and left so many of their questions unanswered. It appears that a worrying pattern is emerging. Will the Minister please meet me and Mr and Mrs Mullins to give them some of the answers they deserve?

**Mr Gauke:** First, I express my sympathy with Mr and Mrs Mullins, who have experienced the most horrendous situation. In the context of another case, I have already made it clear that we need to look again at how the victim support process works. We want to look at that specific case and, more generally, at how we can improve the situation of victims. In this particular case, of course I am willing to meet the hon. Lady and Mr and Mrs Mullins to see if their concerns can be properly addressed.

**Mr Iain Duncan Smith** (Chingford and Woodford Green) (Con): I welcome my right hon. Friend to his post. In 2009, my constituent Mr Samuel was acquitted of common assault following an unsuccessful prosecution centred on a fabricated witness statement by the police. Since then, his efforts to seek redress through the courts have been frustrated by a cover-up that I believe reaches right to the top of the Crown Prosecution Service. Will my right hon. Friend please accept a meeting with me at his earliest convenience to discuss the real issues concerning this case?

**Mr Gauke:** I am happy to meet my right hon. Friend. I am not in a position to comment on that particular case, but I am of course willing to engage with him.

**Richard Burgon** (Leeds East) (Lab): I welcome the Secretary of State to his post. Victims must be at the heart of our justice system, but we have seen failings in enabling victims to give their impact statements in the Worboys case. We have seen the police failing victims, and victims are asking why there were no further prosecutions. In fact, victims feel let down throughout the process. I ask the Secretary of State once again to support victims, and to help to restore their faith and that of the wider public in our justice system. Will he agree today to an independent end-to-end review of the whole handling of this case?

**Mr Gauke:** As I announced to the House on Friday, Dame Glenys Stacey has agreed to undertake a fact-finding review of what happened with regard to victims in the Worboys case. It is important that we get to the bottom of precisely what happened and whether processes were followed. I am aware of conflicting evidence on that point, so it is important that we pursue it. I quite understand why the hon. Gentleman suggests an end-to-end review, and indeed there are questions that need to be considered about what happened in 2008-09 and so on. As I have said before, at the moment I want to focus on the immediate questions in front of us in terms of support for victims and the Parole Board process.

**Zac Goldsmith** (Richmond Park) (Con): The proposed release of John Worboys has absolutely horrified and terrified his many, many victims. Like me, they are appalled to learn today that he has been moved to London's category A Belmarsh Prison. Will my right hon. Friend assure us that he will do everything in his power to ensure that Worboys is released with strict licence conditions that keep him out of Greater London?

**Mr Gauke:** My hon. Friend has been tireless on this matter in recent weeks. The precise conditions are operational matters that are decided at operational level, but let me reassure him that nearly a fortnight ago I wrote to the relevant authorities and stressed the need to ensure that the concerns of victims are at the heart of the process and that the most stringent conditions are applied.

### HMP Liverpool

7. **Rosie Cooper** (West Lancashire) (Lab): What recent assessment he has made of the condition of prisoners' accommodation at HMP Liverpool. [903489]

**The Minister of State, Ministry of Justice (Rory Stewart):** I visited Liverpool prison yesterday. The inspector's report was genuinely disturbing, and of course that is reflected on the ground. There are some very good prison officers working there, but unfortunately the conditions are really shocking, particularly basic sanitation, with piles of garbage. We now have a new governor in place, millions of pounds are going into the infrastructure, and 172 places have been closed so that we can begin a proper refurbishment and maintenance programme. Most importantly, we must not allow this to happen again.

**Rosie Cooper:** These appalling conditions did not emerge overnight. Who will be held to account locally and nationally for failing to implement the recommendations of the many critical reports about the prison? How in 21st century Britain could this national disgrace be allowed to happen? Lack of adequate healthcare meant that lives were lost. What happened to the regulators and the leadership? Were they being paid while asleep?

**Rory Stewart:** Those are important questions that we will look at closely. We have published an action plan for Liverpool prison. There are two key things we need to do. The first is about leadership. The governor has now been replaced. The second is that we have put in place a new urgent notification process, so if anything like this happens again and inspectors raise it, we will be forced to reply within 28 days. But that is only the beginning, because this requires a complete change in culture that focuses on getting back to basics: cleaning the prison, reducing the violence, reducing the drugs and making sure the healthcare provision is in place.

20. [903503] **Charlie Elphicke** (Dover) (Ind): I congratulate my hon. Friend on his new post—the whole House knows of his passion for prisons and prisons policy. Will he hold to account those in the senior echelons of the Prison Service for the disgraceful and appalling conditions in the prison?

**Rory Stewart:** This is a big question of management. There are many very hard-working people at Liverpool prison who take their jobs very seriously and work very long hours, but we have to balance that with a recognition

that clearly there have been fundamental failings. People will be held to account. Above all, we need to work with the team at the prison to ensure that in future it is a clean and decent place, both to protect the public and to reduce reoffending.

**Dan Carden** (Liverpool, Walton) (Lab): I welcome the Minister's prompt visit to HMP Liverpool in his new role, and to Altcourse prison, which is in my constituency. His action plan states that there will be a full conditional survey and investment proposal for medium-term refurbishment. Given that Walton prison was built in 1855—some 15 years before this Palace was completed—is that the most realistic outcome for the future of the prison?

**Rory Stewart:** It is certainly true that there are challenges with older buildings, as we see with this place, but it is possible to keep them going—Westminster Hall was built in 1080. Stafford prison, which was built in the late 18th century, is a clean and decent prison. We will look carefully at the fabric, and in some cases there is reason to build a new wing. But in Liverpool prison we can make a huge difference simply with £2.5 million for new windows and for refurbishing individual cells.

**Richard Burgon** (Leeds East) (Lab): The inspectors described the conditions at HMP Liverpool as the worst they have seen, citing rat infestations and filthy conditions. Prison maintenance at Liverpool was outsourced to Amey. This shows that the problems with outsourcing go way beyond Carillion, which mismanaged maintenance at 50 different prisons. Will the Secretary of State commit to a review looking at bringing prison maintenance back in house, in Liverpool and at all prisons, as Labour has pledged to do?

**Rory Stewart:** We will look carefully at the maintenance issues in Liverpool, but sadly the problems are not only to do with Amey; they are also to do with relationships between management and the contractors and how prisoners were, or were not, used to clean the estate. We have made a huge amount of difference in just the past five weeks by changing not the Amey contract but the management approach and the focus on cleanliness.

**Richard Burgon:** I thank the Minister for his answer on Amey and contractors, but it is hard to have faith that he will address the problems at Liverpool or, in fact, any prison, because it has recently come to light that his Government handed £40 million to Carillion in 2017, even after the then prisons Minister had expressed concerns in Parliament about Carillion's performance in prisons. Will not poor maintenance in Liverpool continue to contribute to inhumane conditions while responsibility is left in the hands of private contractors who, in reality, put profit first?

**Rory Stewart:** We do not believe that this is fundamentally an ideological fight between the private and public sectors. Most of those people working for Carillion—70% of them—were public servants just three years ago, and most of those people working for Amey were public servants in the prison service. Most of the problems have been solved through basic management and leadership. There has been a deep clean, the yard units have been increased from five to 18, and the conditions have improved rapidly. In the end, a lot of this is about management, not a private/public debate.

## Offenders: Employment and Education

8. **Michael Fabricant** (Lichfield) (Con): What steps the Government are taking to improve access for offenders to employment and literacy education. [903491]

12. **Mrs Pauline Latham** (Mid Derbyshire) (Con): What steps the Government are taking to improve access for offenders to employment and education. [903495]

**The Minister of State, Ministry of Justice (Rory Stewart):** We have been doing three things on education: first, we have been making sure that governors are empowered to bring in their own education providers; secondly, we have been setting minimum standards, particularly on English language learning; and thirdly, through the new futures network, we have been connecting people to jobs.

**Mr Speaker:** I call Michael Fabricant; get in there, man.

**Michael Fabricant:** I will!

My hon. Friend the Minister knows that 46% of prisoners have a literacy age of only 11. That proportion is three times the national average, which is still too high. Does he agree that that lack of literacy is often the reason why people go to prison in the first place? Will he explain in a bit more detail how we can reduce the illiteracy level so that we do not get reoffending?

**Mr Speaker:** Not too much detail.

**Rory Stewart:** As the Speaker implies in his reprimand to me, the causes of offending are many and multiple. Literacy is one of them, along with many issues relating to people's health, education, social background and, indeed, our criminal justice system as a whole. Nevertheless, literacy is key to the reduction of reoffending because it is key to getting a good job. Good education provision in prisons, driven by governors, is going to be key to addressing this issue.

**Mr Speaker:** It was a gentle exhortation, I would say.

**Mrs Latham:** Can the Minister say anything more about the steps the Government are taking further to empower governors to deliver effective education and training in prisons?

**Rory Stewart:** Yes. We have empowered governors by having in place a new procurement contract, which means that we in the Ministry are going to do the central procurement bureaucracy, but the governors will be able to choose who they use to train and educate the prisoners. I saw a good example in Altcourse Prison in Liverpool of how governors are also going to be able to choose which companies to pair with. The excellent work on metal welding that I saw in Altcourse will really contribute to those prisoners getting jobs in the community.

**Helen Jones** (Warrington North) (Lab): Does the Minister agree that whatever plans he comes up with will require there to be enough prison officers on the estate so that they can release prisoners from their cells

and take them to education and training classes? Does he now accept that the Government's dash to reduce the number of prison officers has seriously hampered the chances of preventing prisoners from reoffending?

**Rory Stewart:** Among the many challenges that face education in prisons is the issue of numbers, which is why we have now committed to having 2,500 more prison officers on the estate, and we are delivering that ahead of target. That will allow us to have in place the key-worker programmes, in which each officer will be paired with six prisoners to guide them through the process.

**Mr Gregory Campbell** (East Londonderry) (DUP): Does the Minister accept that there are some good examples of literacy classes in prisons and reoffending rates thereby reducing? Will he undertake to ensure that best practice from throughout the United Kingdom is replicated so that reoffending rates fall across the UK?

**Rory Stewart:** That is absolutely true. An enormous number of programmes have huge success in reducing reoffending. For example, in Brixton prison, the Clink programme has reduced reoffending by 43%, but we can do much more to learn the lessons and have a proper standardised document that takes what works elsewhere and drives it through the entire system.

**Andrew Selous** (South West Bedfordshire) (Con): In order to encourage more businesses to take on ex-offenders, the Government need to lead by example and not just by exhortation. The Ban the Box initiative was brought in across Government a few years ago to encourage that. How is ex-offender employment going within Government and the public sector?

**Rory Stewart:** First, I wish to pay tribute to my predecessor, my hon. Friend the Member for South West Bedfordshire (Andrew Selous), who did this job far better than I will be able to do. One of the things that he introduced, which is going very well at the moment, is working with the Ministry of Defence. We are providing basic supplies for British military troops. It is something that is providing not just employment to prisoners, but the training and vocational skills they require for future employment.

**Tony Lloyd** (Rochdale) (Lab): Prisoners move round the prison system and, in the end, they come out of the prison system. One thing that consistently goes wrong is the lack of consistency in education and training between different institutions and in institutions once the prisoner leaves. The Minister has talked about power to the governor, but governors must work within the construct of the wider environment. What will he do to ensure that we have that consistency?

**Rory Stewart:** This is of course a balance between empowering the governor so that they can have a tailored programme that is flexible and works for the prison and having decent national standards. That will mean setting the curriculum at a national level, having the area managers engaged over the governors and also giving the governors the ability to have education that is relevant to their areas—skills that are relevant to the jobs outside the prison gates.

## Parole Board

9. **Alberto Costa** (South Leicestershire) (Con): What steps he has taken to ensure that the Parole Board takes account of public safety in its decision on releasing a prisoner. [903492]

**The Secretary of State for Justice and Lord Chancellor (Mr David Gauke):** Public safety is the primary consideration in Parole Board decisions on releasing a prisoner. The law requires that the Parole Board may direct release only if it is satisfied that continued detention is no longer necessary for the protection of the public. Parole Board members are selected on account of their experience and ability to assess risk. Their decisions are based on a comprehensive assessment of the ongoing risk posed by the offender, using detailed reports produced by risk management professionals. More broadly, I have already announced that my Department will be carrying out a full review of the relevant processes and procedures in place for victims relating to Parole Board decisions, and we will consider whether they should be improved.

**Alberto Costa:** I welcome my right hon. Friend to his post. Both of us worked in the same City firm—Richards Butler—at different stages over a number of years. In light of the recent John Worboys case, my constituents have raised similar concerns with regard to the release of Colin Pitchfork who brutally raped and murdered two teenage girls in my constituency and pleaded not guilty. He was only found guilty as a result of DNA evidence, which was a first at the time. What assurances can my right hon. Friend provide for the safety of my constituents and others who have not been fully considered in this matter? Will he assure us that the Parole Board will take into account the safety of our citizens in regard to Mr Pitchfork's release?

**Mr Gauke:** I thank my hon. Friend for his remarks. The safety of the public is the Parole Board's overriding concern in considering whether a prisoner should be released, and that will be the Board's concern when it comes to reviewing Pitchfork's detention. I can confirm that the families of Pitchfork's victims are receiving regular contact under the Probation Service Victim Contact Scheme. Specifically, they have been given the opportunity to submit a victim personal statement to the Parole Board and to make representations regarding licence conditions for any upcoming parole hearing.

**Jim Shannon** (Strangford) (DUP): On the special protections in place for the release of sex offenders, does the Minister believe that releasing them to the same area that the attacks took place re-traumatises the victims and stirs up community anxiety?

**Mr Gauke:** Ultimately, these are operational decisions. A number of factors have to be taken into account in deciding what licensed conditions exist, but, clearly, the views and concerns of victims are an important part of that process.

**Justine Greening** (Putney) (Con): In relation to the Parole Board's review of public safety, for those of us with deeply concerned victims of John Worboys in our constituencies, can my right hon. Friend confirm that the Government will at least co-operate with the judicial review now being brought by victims?

**Mr Gauke:** In my statement to the House on Friday, I set out that I would not be pursuing a judicial review on behalf of the Government in this case, but I also made it very clear that I did not want to say or do anything that would in any way stand in the way of others who may have different routes into a judicial review. I maintain that position.

### Victims of Crime

10. **Neil Coyle** (Bermondsey and Old Southwark) (Lab): Whether the Government plan to introduce new legislative proposals on enshrining rights for victims. [903493]

15. **Gareth Johnson** (Dartford) (Con): What steps his Department is taking to support victims of crime. [903498]

**The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee):** The Government want victims to get the support they need to cope with, and as far as possible recover from, the effects of crime. We are spending £96 million in 2017-18 to fund critical support services for victims of crime. That includes £7.2 million for nationally commissioned rape support services.

**Neil Coyle:** John Worboys lived in Rotherhithe in my constituency and is not welcome back. He has not served the sentence he was given and was not prosecuted for the vast majority of his crimes. How are the Government working with victims, police authorities and the Crown Prosecution Service to ensure that sex attackers are prosecuted for their crimes, and how is the Ministry of Justice better ensuring that victims' rights are upheld in future parole decisions?

**Dr Lee:** The case of Worboys has troubled us all; it has troubled me personally—of course it has. In this particular case, Dame Glenys Stacey is investigating the review from a probation point of view. As the Secretary of State has already said, there are operational responsibilities with regard to where he is transferred to and the directions when he is released and where he can go. The Department is engaged with that on a daily basis.

**Gareth Johnson:** The biggest insult that can be given to a victim of crime is the imposition of a derisory sentence on the offender. Will my hon. Friend update the House on his plans to widen the scope of the unduly lenient sentence scheme, as set out in the Conservative party manifesto?

**Dr Lee:** As I am sure my hon. Friend is aware, the Government committed in their manifesto to consider the extension of the scope of the unduly lenient sentence scheme. My right hon. and learned Friend the Attorney General is reviewing that.

**Gloria De Piero** (Ashfield) (Lab): We all know that, too often, victims are failed by the criminal justice system. That is presumably why, in 2015, the Conservatives matched Labour's manifesto commitment to enshrine victims' rights in a victims law. It is three years on. Can Ministers give me a single good reason why it has not happened?

**Dr Lee:** After Easter my victims strategy will be published, as promised, and within it there will be recommendations on legislative and non-legislative measures, part of which will be the legislative underpinning of the victims code.

### Drones

11. **Jeremy Quin** (Horsham) (Con): What steps the Government are taking to stop the use of drones over prisons. [903494]

**The Minister of State, Ministry of Justice (Rory Stewart):** I first pay tribute to my predecessor, my hon. Friend the Member for East Surrey (Mr Gyimah), for his extraordinary work on drones. We have done a range of work, ranging from Operation Trenton with the police, which took place in 2016, through to the conviction of over 28 individuals for drone-related offences.

**Jeremy Quin:** What particular extra support is given to those prisons with a high incidence of drone attacks? Will the Minister agree to meet me to discuss potential improvements to the relevant legislation?

**Rory Stewart:** We have established specialist teams for prisons that have particular vulnerabilities to drone attacks. I am very happy to meet my hon. Friend to discuss some of the legislative issues. I also believe that there is much more we can do on basic issues such as netting and grills, as well as focusing on high technology.

**Richard Benyon** (Newbury) (Con): Drones are one of the ways in which mobile phones are got into prisons, where they can be used for criminality alongside drugs. What measures are being taken to use technology to limit the use of mobile phones in prison?

**Rory Stewart:** Two types of technology can be used on mobile telephones. One is jamming technology, and the second, which is more commonly used in prison, is a wand to detect mobile telephones. An astonishing number of phones—at over 20,000, there are far too many—are detected in prisons. We should be addressing this in two ways. The first is by making sure that they do not get in: these are closed environments and we should be able to massively reduce the amount coming in. The second is that, by putting phones in cells to allow people to talk to their families, we can monitor the calls and control the need for phones in the first place.

### Court Improvements

14. **Andrew Lewer** (Northampton South) (Con): What steps his Department is taking to improve the court experience for people who work in the justice system. [903497]

**The Parliamentary Under-Secretary of State for Justice (Lucy Frazer):** The Ministry of Justice has plans for a £1 billion modernisation programme for the courts. This will streamline and simplify processes using technology, helping those who work in the courts and those who use them.

**Andrew Lewer:** Will the Minister give an assessment of the Department's recent work in improving the performance of the alternative dispute resolution scheme,

which is intended to help consumers resolve disputes with traders but also to ease the volume of work in the courtroom?

**Lucy Frazer:** My hon. Friend is right to highlight the importance and value of alternative dispute resolutions. Her Majesty's Courts and Tribunals Service already runs a small claims mediation service to help parties resolve claims worth under £10,000 before a hearing. We are also working to offer an online mediation service for those who begin their claims online.

**Cat Smith (Lancaster and Fleetwood) (Lab):** Under this Government hundreds of courts have closed, and I now see that Fleetwood court is on the latest consultation list. How do these court closures contribute to a positive experience for "those who work in the courts and those who use them"?

**Lucy Frazer:** Last year, nationally, court and tribunal services were used at only 58% of their available hearing capacity. Moreover, as I have outlined, we are planning to spend £1 billion on modernising the courts service by using technology to put some processes online and employ video evidence more effectively. In those circumstances, it is appropriate to consider the best use of the money that we spend on the legal services system, as we are doing through a consultation that will include the hon. Lady's local magistrates court. We will listen closely. It is important to remember, however, that all the money saved through any court closures will be put back into the justice system, making sure that it works effectively for everybody in it.

### Topical Questions

T1. [903473] **Priti Patel (Witham) (Con):** If he will make a statement on his departmental responsibilities.

**The Secretary of State for Justice and Lord Chancellor (Mr David Gauke):** The Worboys case has made it clear to me that there are some aspects of the Parole Board's decision-making process that need to be examined and improved. It is crucial that we preserve the independence of the Parole Board, but equally important that these decisions can be scrutinised and, in some circumstances, reconsidered. That is why I announced on Friday the expansion of the scope of the review of the Parole Board to include not just transparency of decision making, but whether, in what circumstances, and how outcomes can be challenged. I will not rush to conclusions. This is a complex area where the rightful concerns of victims will be considered but also balanced with the legal rights of offenders. We will have completed the review by Easter, and I will report thereafter.

**Priti Patel:** The Lord Chancellor will be aware of the case of my constituent who was left blinded in one eye and unable to work because of her abusive ex-partner. The offender was sentenced by our court to a pathetically small 22 months and released early, and the Crown Prosecution Service could not be bothered to pursue a compensation order. Will he personally review how this case has been handled, the soft sentence given, and the failures of the criminal justice system to support the victim?

**Mr Gauke:** I am grateful to my right hon. Friend for raising what certainly appears to be an extremely distressing case. We are looking at options to strengthen our response to domestic abuse and hope to bring forward proposals soon. I cannot comment on individual sentencing decisions, and prosecution decisions are made by the CPS. I will, however, look at the role that my Department had in this case and write to her in response to her specific questions.

T2. [903474] **Mrs Emma Lewell-Buck (South Shields) (Lab):** My constituent Kim Mitchell was the victim of child sexual abuse in 1990 when she was only eight years old. Kim had to suffer the trauma of growing up with the authorities not believing her, yet after a long battle her abuser was eventually charged just last year. Sadly, Kim has been denied criminal injuries compensation due to a minor unspent criminal conviction. Does the Secretary of State think this is fair?

**The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee):** It sounds like an appalling case. I ask the hon. Lady to write to me about it and I am happy to meet her.

T4. [903476] **Martin Vickers (Cleethorpes) (Con):** Constituents repeatedly complain to me that dangerous criminals do not as a matter of course serve the sentence given by the courts. What action is the Department taking to ensure that sufficient prison places are available so that dangerous criminals can serve the sentence deemed appropriate by the courts?

**The Minister of State, Ministry of Justice (Rory Stewart):** We focus on making sure that we have a proper capital investment programme in place, so additional money has been allocated for the building of new prisons, two are currently being commissioned, and we currently have spare places in our prisons. To reassure my hon. Friend, it is absolutely vital that we have the places so that people can serve their sentence. Sentences should not be driven by availability of prison places.

T3. [903475] **Paul Blomfield (Sheffield Central) (Lab):** In my recent community consultation, real concern was expressed about the lack of access to legal aid, particularly for employment, housing and welfare cases. In an earlier exchange, the Under-Secretary of State, the hon. and learned Member for South East Cambridgeshire (Lucy Frazer) failed to acknowledge that, since the 2012 changes, there has been a 75% fall in the number of civil legal aid cases. With the Department facing cuts of £800 million, how confident is the Minister that the review she mentioned earlier will provide the access to justice that is currently being denied to hundreds of thousands of the most vulnerable?

**The Parliamentary Under-Secretary of State for Justice (Lucy Frazer):** It is very important that those who are most vulnerable get access to legal aid, and legal aid is available for those who are in need at the most critical moments in their life. The hon. Gentleman mentioned housing, and legal aid is available where there is homelessness or where disrepairs to the home seriously threaten an individual's life or health. We are reviewing legal aid, and we will update the House accordingly.

T8. [903481] **Dr Matthew Offord** (Hendon) (Con): Islamic and Jewish religious traditions insist that bodies be buried as soon as possible after death, so does the Minister agree with me that it is reprehensible for the north London coroner, Mary Hassell, independently to insist on a policy in which

“no death will be prioritised in any way over any other because of the religion of the deceased or family”?

**Dr Phillip Lee:** I thank my hon. Friend for his question. I am aware of the situation, having met representatives of the Board of Deputies of British Jews and Muslim burial representatives in October 2016. Coroners are independent of the Government, but I do recognise that there are some sensitivities around this issue and that there have been some difficulties in communication between the coroner and certain parties. That is why I would be very happy to meet my hon. Friend and, indeed, those representatives again in the Department.

T5. [903477] **Ruth George** (High Peak) (Lab): Does the Secretary of State think it right that the number of women experiencing domestic violence who are forced to represent themselves in court has doubled since 2012, and what steps is he taking to give them better access to legal representation?

**Mr Gauke:** First, as I said a moment or so ago, we are looking to say more about domestic violence in the near future. This is a matter that the Government take very seriously across the board. On legal aid, as the Under-Secretary of State, my hon. and learned Friend the Member for South East Cambridgeshire, has already pointed out, we are currently undertaking a review.

**Julia Lopez** (Hornchurch and Upminster) (Con): We know that conversion to a radical brand of Islamist thinking too often occurs in a prison setting. Will the Minister update the House on the work being done to address this issue and set out the procedures to vet religious officials working with the vulnerable prison population?

**Rory Stewart:** This is a hugely important issue for Members on both sides of the House. We know absolutely that extremism—we can see this in France, and we of course saw it in Iraq—can be driven in a prison setting. The problem is not simply the 230 prisoners arrested for terrorist offences, but others who can be influenced when they are in a prison setting. We are working very hard with colleagues in the Home Office on this issue, and it will be a priority for the Secretary of State and me during our time in office.

T6. [903478] **Eleanor Smith** (Wolverhampton South West) (Lab): Does the Minister believe that the funding gap in the NHS is having an impact on healthcare provision in our prisons?

**Dr Phillip Lee:** Healthcare in prisons was a priority for me when I took over in July 2016: it was the first thing I started to ask about. The Ministry of Justice now has a much closer relationship with the Department of Health with regard to the provision of healthcare. We have made advances in the transfer of patients' information—when prisoners come in, their patient data follow them—which was a problem in the past. I am under no illusions about the healthcare challenges still faced within the prison system, and that is why I

will continue to work actively with the Department of Health, which is ultimately the Department responsible for the provision of those services.

**Mr Philip Dunne** (Ludlow) (Con): I was pleased, along with other Shropshire and Telford MPs, to see last Friday that Telford magistrates court was not included in the list of courts to be consulted on, but will the Minister meet me and other Shropshire MPs to understand how important it is to retain the last magistrates court in our county?

**Lucy Frazer:** I would be very happy to meet my hon. Friend and other MPs from the area. There are two consultations taking place: one in relation to eight specific court closures, and a wider consultation on the future of our courts. I encourage my hon. Friend to participate in that, and to highlight any concerns he has about his local area or nationally.

T7. [903479] **Mary Glendon** (North Tyneside) (Lab): Can the Minister tell the House why Her Majesty's Courts and Tribunals Service is paying more than £30 million to PwC consultants for a digital court system that has not been subject to democratic processes, and is not backed by evidence that it will improve access to justice?

**Lucy Frazer:** As I have outlined, there is a £1 billion modernisation programme, which is very complex and which we need to get right. It involves a number of aspects that need scrutiny. PwC is replacing a number of smaller providers and fulfilling an important service.

**Robert Neill** (Bromley and Chislehurst) (Con): Recent reports by Her Majesty's inspectorate of prisons reveal a consistent failure by the Prison Service to act on recommendations made by the inspector in previous reports. Does the Minister agree that compliance with inspectorate reports should be the norm, rather than the exception?

**Rory Stewart:** Absolutely. Peter Clarke, the chief inspector of prisons, does an extraordinary job. We are doing two things to make sure that we implement those recommendations better. First, we have set up a special unit in the Ministry to follow up on every one of those recommendations. Secondly, we have introduced an urgent notification process, which requires us to reply within 28 days to any issues raised by the inspector.

T9. [903482] **Stephen Lloyd** (Eastbourne) (LD): Following the recent round of court closures, the MOJ committed to ensuring that there was adequate alternative provision after closing Eastbourne courts. That has not happened, despite the Courts and Tribunals Service saying that it had. Will the Minister agree to meet me and legal representatives from Eastbourne to resolve this wholly unsatisfactory situation?

**Lucy Frazer:** I would be very happy to meet the hon. Gentleman to discuss that issue.

**Mr Philip Hollobone** (Kettering) (Con): Pakistani nationals make up one of the largest national groups in our prisons, but the prisoner transfer agreement with Pakistan has been suspended for the last eight years. As a matter of urgency, can we get it up and running again?

**Rory Stewart:** My hon. Friend will be aware that the prisoner transfer agreement was suspended because of the corrupt release of prisoners from Pakistani prisons. We are addressing that at the moment with the Government of Pakistan, and we continue to work very closely with officials in the Foreign Office, the Department for International Development and the Home Office to make sure that we continue to return a record number of foreign national offenders—4,000 last year—to the places from which they came.

**Layla Moran** (Oxford West and Abingdon) (LD): In the 18 months prior to May 2017, three openly transgender women took their own lives while they were in custody in England. What is being done to ensure that staff have the right training and, critically, that prisoners have the right mental health support to head off such tragic events?

**Dr Phillip Lee:** The hon. Lady is right that such events are tragic. We are working extremely hard on training staff to recognise the particular needs of transgender offenders. The challenge for the system is that they are a relatively small number of people spread across a number of prisons. We are making some progress, but there is more to do.

**Paul Scully** (Sutton and Cheam) (Con): It is good to hear the Minister offer to speak to Members around the House about the courts in their patch. When she does so, will she explain to them about modernisation and digitisation, and how those changes may improve access to courts?

**Lucy Frazer:** My hon. Friend makes an important point. First, this is a consultation, and I am very happy to engage with any colleagues who would like to discuss it, because we are listening. Secondly, the future of our courts is exciting, and transformation will take place through technology. Interestingly, in a document entitled “Transforming Our Justice System”, the then Lord Chief Justice, the then Lord Chancellor and the Senior President of Tribunals highlighted the fact that as our courts and tribunals are modernised, we will need fewer buildings.

**Daniel Zeichner** (Cambridge) (Lab): I congratulate the hon. and learned Lady, my neighbour, on her appointment. She will have noticed the very strong and universally hostile reaction in Cambridge and Cambridgeshire to her plans to close the magistrates court. Can she reassure us that local people will be properly listened to, and better still, will she withdraw those plans today?

**Lucy Frazer:** As I have highlighted, these plans take place within the context of a £1 billion modernisation of the court system, and in circumstances where, nationally, courts and tribunal services are not used at capacity. As I have said, I will listen properly in the court closures consultation, although the Lord Chancellor will make the ultimate decision. I would like to point out that five sites identified in the last consultation on court closures remain open following the review. When strong cases are made, we will listen.

**Andrew Selous** (South West Bedfordshire) (Con): When a prisoner is released, they are not even at base camp in their rehabilitation unless they have accommodation. Some local authorities actively discriminate against

ex-offenders—for example, by claiming that they have no local connection because they have been sent to a prison a long way away. Fairness is what is required. Will the Minister challenge that behaviour with his counterparts in the Ministry of Housing, Communities and Local Government?

**Rory Stewart:** I pay tribute to my hon. Friend for his knowledge of this issue. There are three things we are doing to address this issue, but we can do much more. The first is having a statutory duty on governors to identify prisoners who are at risk of homelessness. The second is investing more in bail accommodation support services to provide temporary support and accommodation. The third is working with the Ministry of Housing, Communities and Local Government to make sure that, through the Housing First pilots, we can actually have homes available even for people with severe mental health needs. Housing is essential.

**Sarah Jones** (Croydon Central) (Lab): One of my constituents has a young son who is serving a very long prison sentence. He often spends 23 out of 24 hours locked up in his cell. How does the Minister think that is affecting his mental health and his chances of rehabilitation on release?

**Rory Stewart:** Clearly, this is not good. Prisoners need decent, purposeful activity. If they are locked up in their cell for too long, they are obviously not having educational opportunities. We should aim, as the chief inspector of prisons made clear, to make sure that people are spending eight or 10 hours a day outside their cells. That is partly about numbers of staff, which is why we have brought 250 more staff into the Prison Service. It is also about better scheduling of educational and vocational provision. However, the situation the hon. Lady describes is not acceptable.

**Liz McInnes** (Heywood and Middleton) (Lab): Following campaigns by victims’ families, the Government announced in October last year that they would bring in tougher sentences for those causing death or serious injury by dangerous driving, but still nothing has happened. Why the delay?

**Mr Gauke:** We will be reporting to the House in due course.

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): I would like to put on record my role as co-chair of the justice unions parliamentary group.

When north Wales’s only prison, HMP Berwyn, partially opened on 28 February last year, its regime of skills development and rehabilitation was lauded as pioneering, yet we now learn that, in its first six months, 27 staff members left, and I am told by the Prison Officers Association that morale is at rock bottom. I understand that, in the early months, prisoners assaulted staff on nine occasions, and only one was referred to police. How will the Minister improve offenders’ rehabilitation when recruitment, retention and, critically, staff safety at HMP Berwyn are in crisis?

**Rory Stewart:** I am very happy to speak in detail with the hon. Lady, who has put an enormous amount of passion and energy into studying issues in prisons in Wales. We believe there are some very positive signs now at HMP Berwyn, but we can talk those through.

Recruitment figures have actually been very positive—we are ahead on the recruitment of 2,500 people across England and Wales—but I am very happy to sit down and talk about Berwyn in particular.

**Several hon. Members** *rose*—

**Mr Speaker:** While the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) was ploughing through her question, the hon. Member for Hammersmith (Andy Slaughter) was doing his customary knee exercises, from which I hope he greatly profits. I call Mr Andrew Slaughter.

**Andy Slaughter** (Hammersmith) (Lab): Thank you very much, Mr Speaker.

Has the Secretary of State seen the investigation published at the weekend by *The Sun* into new allegations of misconduct by the west London coroner, including bullying, sexism and homophobic conduct towards staff? Despite previous findings of serious misconduct, three-year delays in issuing death certificates, secret inquests being held at night and important case papers being lost, he has been cleared by the Secretary of State to return to work. Will the Secretary of State meet west London MPs and council leaders to discuss this crisis?

**Mr Gauke:** I thank the hon. Gentleman for his question. I know that the Under-Secretary of State, my hon. Friend the hon. Member for Bracknell (Dr Lee), who is responsible for coroners, will be happy to meet him.

**Chris Ruane** (Vale of Clwyd) (Lab): The number and percentage of women given custodial sentences has dropped in many areas of the country. In north Wales,

the figure has increased by 57%. Will the Minister look into the reasons for this huge increase?

**Dr Phillip Lee:** I am very happy to. Will the hon. Gentleman please send me the information?

**Rachael Maskell** (York Central) (Lab/Co-op): Some women in York have been taken to the family courts on multiple occasions by former partners. This process is clearly being used as a form of emotional abuse, and is highly costly to constituents and the state. What steps is the Minister taking to recognise court abuse, and what actions will she take now?

**Lucy Frazer:** Using the court process to further any abuse is completely unacceptable, particularly in relation to domestic abuse. The court can already take actions if it thinks that there is abuse of process, by restricting litigants' ability to continue with further applications and further claims. New family court rules were introduced in November to make sure that vulnerable court users get the support they need in courtrooms.

**Dr Lisa Cameron** (East Kilbride, Strathaven and Lesmahagow) (SNP): Individuals with autism spectrum disorder are some of the most vulnerable inmates in prison and are often subject to bullying, abuse and victimisation, with high rates of suicide. What progress is being made on autism accreditation in prisons?

**Rory Stewart:** This is a hugely important issue. I would very much like to sit down with the hon. Lady, because the Scottish Prison Service has a lot that it can teach us. It is doing a very good job on many of these issues, and I think we can learn a great deal from it.

## Personal Independence Payment

12.35 pm

**Peter Grant** (Glenrothes) (SNP) (*Urgent Question*): To ask the Secretary of State for Work and Pensions to make a statement on the recent ruling by the High Court over the judicial review on the application of personal independence payments to persons with mental health problems.

**The Secretary of State for Work and Pensions (Ms Esther McVey)**: After careful consideration, I took the decision not to appeal the High Court's judgment on this case. I informed the House of my decision immediately by tabling a written statement on Friday last week. The written statement set out my decision and the steps that my Department will now take to implement that judgment, although I welcome coming to the House today in addition to that.

I repeat once again my commitment to implementing this judgment in the best interests of our claimants and through working closely with disabled people and key stakeholders over the coming months. The Department for Work and Pensions will undertake an exercise to go through all affected cases in receipt of PIP and all decisions made following the judgment in the MH case to identify anyone who might be entitled to more as a result of the judgment. We will then write to the individuals affected and all payments will be backdated to the effective date in each individual's claim.

In accepting the outcome of the High Court judgment, the Department does not agree with some of the details in it. The 2017 amending regulations were introduced in response to an upper tribunal case that broadened the interpretation of eligibility for mobility 1—the ability to plan and follow a journey. Our intention has always been to deliver the original policy intent through clarifying how symptoms of overwhelming psychological distress should be assessed. We are not appealing the outcome of the recent High Court judgment to provide certainty to our claimants.

Our next steps will build on the positive work that the Government are already undertaking: spending on the main disability benefits—PIP, the disability living allowance and the attendance allowance—has risen by £4.2 billion since 2010 and real terms spending on disability benefits will be higher every year to 2020 than in 2010. The Government have commissioned two expert-led reviews and invested a record £11.6 billion in mental health services. Access to Work's mental health support service has been expanded with a two-year trial of targeted support for apprentices with mental health conditions. We have also accepted all the recommendations in the independent review by Lord Stevenson and Paul Farmer, including establishing a framework for large employers to voluntarily report on mental health and disability within their organisation.

With regard to the next steps following this judgment, the DWP will write to those who may be entitled to a higher rate of PIP. Where relevant, all payments will be backdated to the effective date in each individual claim.

PIP is a modern, dynamic and fairer benefit than its predecessor, DLA, and focuses the most support on those who are experiencing the greatest barriers to living independently. At the core of PIP's design is the principle that awards of the benefit should be made

according to the claimant's overall level of need, regardless of whether they suffer from physical or non-physical conditions. The Government are committed to furthering rights and opportunities for all disabled people and we continue to spend over £50 billion a year to support people with disabilities and health conditions.

**Peter Grant**: I am grateful to the Secretary of State for attending the House today and welcome her to her recent appointment. It seems that Secretaries of State for Work and Pensions change with astonishing regularity, but the Government's callous and chaotic attempt to attack the rights of the poor, sick and disabled continues unabated. Although the Secretary of State said that she is pleased to come to the House to make this statement, she did not take the two or three opportunities she had over the past few days to do so, without waiting for an urgent question. Instead, she waited for a month after the High Court decision and then submitted a written statement on a Friday morning, when she knew nobody would be here to read it.

The High Court has ruled yet again that the Government have been acting unlawfully in their incessant attack on the very people the DWP should be seeking to protect. We now know that up to 164,000 people will get higher disability payments—or, to put it another way, that the Government have unlawfully been seeking to withhold benefits from up to 164,000 people who are not only entitled to them but who need them if they are to have anything like the normal life that the more fortunate among us take for granted.

This is not the first time the Government have been overturned in the courts. We have previously seen the courts ruling against the Government on the imposition of benefits sanctions, where the Government were acting unlawfully, and before that on the iniquitous bedroom tax. That one is particularly poignant for my constituents just now because the man who stood up to the DWP over the bedroom tax and won, Davie Nelson, a Glenrothes man through and through, sadly died very suddenly last week. His family and friends will be pleased that others are continuing the campaign for social justice that Davie fought so bravely.

The Secretary of State has promised that her Department will now seek to identify anyone who should be receiving higher benefits. My office has estimated, on the basis of preliminary constituency casework, that there could be 71 people in my constituency alone not getting the money they are entitled to. Will she update us on how many people she now thinks have been underpaid? How long will it take to carry out the review? How much longer will these people have to wait to receive the money that they rely on and which is rightfully and lawfully theirs? Will she explain why her Department is amassing such an appalling record of defeats in the courts? Does that not tell the Government something about how they are making these cuts to benefits? Finally, will she now commit to delivering a social security system whose fundamental principle is not to work down to a budget but to protect and respect the dignity of those who rely on it, and not continue to punish people for having disabilities?

**Ms McVey**: There have been changes in the DWP. Some people have come back, having previously worked here and seen what the changes were, and I am back here, several years later, and hence was probably a good person to say that we would not be appealing the court case.

On the timetable, I made the judgment just a week and a half after being made Secretary of State. It took up most of my time. It was a Friday—and could not have been any other time—because that was the deadline I had to meet for the legal judgment. At the same time, I made sure, following all protocol, that there was a written statement on exactly what had been done.

The benefit was always intended to be a dynamic benefit. Hon. Members on both sides of the House understood that DLA was focused on physical disabilities, and all parties decided there needed to be a more dynamic benefit that reflected invisible disabilities, which we all know are very difficult to assess. The extra money and support went into acknowledging that.

There has been massive change, and also massive understanding, in terms of what is going on. When I stood here all those years ago in 2013 talking about what the budget would be, people said we were cutting it. I explained the matter very clearly, though it fell on deaf ears, and I was often vilified. People still said it was being cut, but it was not. When I arrived, the budget was just over £13 billion, and it has gone up every year since, and will continue to go up. That is in real terms. Much of the vilification, therefore, was not only unnecessary but deeply untrue, and that again is why I welcome the opportunity to come to the Dispatch Box to explain what is going on.

Changing benefits is not always easy. Expanding support is not always easy. We knew at the time we were taking on a very difficult change and that there would no doubt be legal challenges. When there are legal challenges, however, we must look at them, make a true and fair judgment and carry on along that path, and I believe that in this instance I made a fair judgment. Today, the *Glasgow Herald* welcomed the decision—although I accept that the piece in question picked on various other issues—and it was also welcomed by Paul Farmer, the chief executive of Mind. My hon. Friend the Minister for Disabled People, Health and Work has met her Scottish counterpart; they, too, welcome the decision and look forward to establishing closer working relationships and making plans for its implementation.

I hope that what I have said explains what we have done, and I hope that what we have done is welcomed by Members on both sides of the House. If the hon. Member for Glenrothes (Peter Grant) would like to talk to me about a specific case or constituent, my door is open, and I will meet him.

**Mr Iain Duncan Smith** (Chingford and Woodford Green) (Con): I welcome my right hon. Friend to her post, and I welcome her knowledge in making this decision. In supporting her, I remind the House that it was our predecessor Labour Government who put off changes in disability living allowance deliberately before the election and that afterwards we were faced with the decision to make those necessary changes. More money is now spent on disability benefits year on year, and more people, including those with mental health conditions, will receive them. DLA never delivered that to those people before.

**Ms McVey:** I thank my right hon. Friend. He spent many years working on social issues and cases, and established the Centre for Social Justice. The change that he brought about was not just about changing the

benefits, but about reaching out to people who are sometimes left alone. Some of those people did want to be helped to get back into work. They did want to talk about their hopes and aspirations. There are now over 600,000 more disabled people in work, because they chose that path towards self-determination and the fulfilment of their ambitions and hopes.

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab): Thank you for granting the urgent question, Mr Speaker, and I congratulate the hon. Member for Glenrothes (Peter Grant).

Any disabled person who listened to what was said by the Secretary of State will have been gobsmacked by the suggestion that there is a commitment to disabled people. The United Nations Committee on the Rights of Persons with Disabilities has described the Government's action as a "human catastrophe". The cuts that they have wrought on disabled people are an absolute disgrace.

As my hon. Friend the Member for Battersea (Marsha De Cordova) said when she raised a point of order yesterday, the Government sneaked out a written statement late on Friday, announcing that they would not appeal against the High Court judgment of 21 December, in effect reversing the emergency PIP regulations that they had introduced in February last year. Those regulations were introduced without a vote or a debate, despite two urgent questions and an emergency debate, and despite widespread concern about their impact. The Government's own Social Security Advisory Committee was not consulted. I warned at the time:

"The move to undermine and subvert independent tribunal judgments is unprecedented, and ... marks very troubling behaviour by the Government on cases they lose that could weaken such social security tribunal judgments' reach, influence and effectiveness in making independent decisions."—[*Official Report*, 28 March 2017; Vol. 624, c. 145.]

I am pleased that the Secretary of State and her Department have finally seen sense, but there are a number of questions that the Secretary of State must answer—questions that have already been put by my hon. Friend the Member for Battersea. How many people does her Department estimate have been affected? How quickly will her Department be able to identify affected claimants, and by what process? Given the issues relating to letters from that Department, it is a little worrying if that is the only means.

How soon after identification will the Department make back payments? Will there be an appeal process for PIP claimants who are not contacted by the Department and who believe they should receive such payments? Will the Department compensate claimants who have fallen into debt and accrued interest charges? Will applicants be entitled to a reassessment if they were given the standard rate of the PIP mobility component after the February 2017 changes to PIP regulations, when the cause of the claim was "psychological distress"?

Finally, just how much public money has been spent by the Department on lawyers and legal advice seeking to defend the indefensible in the initial tribunal and the more recent court case?

This sorry debacle should serve as a warning to the Government of the dangers of seeking to undermine and subvert the decisions of our independent judiciary and the House of Commons.

**Ms McVey:** Can we start the dialogue on a firm and factual footing, which I set out before, and dispel the myth about the spend on disabled people? The facts speak for themselves: in real terms, the money has gone up. In this place, we are supposed to have the definitive facts of an argument, so I seek to give those here.

This was not about a policy change; it was about implementing the correct regulation after a court case. It came about after taking advice from and working with experts in the field on how to help people with severe psychological disorders. It was about support by prompting and by aid and assistance; at the time, it was not deemed to be something for people with severe learning disabilities, who might want a constant companion. That was how the regulations were set down, after advice was sought on the best approach, because this is a tailor-made benefit. However, the judgment in the case went the other way. We will work with MIND and with charities and stakeholders in the field to implement this as quickly as possible, but it is not just about speed; it has to be right and effective and to work for the people it is made for. That will take some time, but we will do it as quickly as possible.

Up to 220,000 people could be affected. That is why we are taking the process very seriously. We as a Department will reach out to those people, once we know exactly what we are doing. I reiterate that, according to figures from 27 October, 66% of PIP recipients with mental health conditions get the enhanced daily living component, compared with 22% who received the highest DLA care component; and 31% of PIP recipients with mental health conditions get the enhanced mobility rate, compared with just 10% of DLA recipients. Those facts speak for themselves. We know that this is a highly emotive issue, but it would be helpful if all MPs when working with their constituents offered them the help and guidance they need, and not ramp up some of the rhetoric and incorrect information we have heard here.

Finally, I was asked about legal costs. The cost in these cases was £181,000, but a Department as big as the DWP expects the costs of court cases to be that high, and they are comparable with those of other Departments engaged in similar judicial review cases.

**Heidi Allen** (South Cambridgeshire) (Con): I am so pleased the new Secretary of State has decided to accept the court ruling, and I thank her very much indeed. As I and colleagues said last year, we should have listened to the message the courts were giving us. Accepting their ruling will be a significant step forward in achieving parity of esteem for mental and physical health. The Select Committee on Work and Pensions, of which I am a member, is about to publish a report on PIP and employment and support allowance. Will the Secretary of State seriously consider our recommendations on how to improve both those benefits? We all want the same thing—the best possible support for people who need it.

**Ms McVey:** I thank my hon. Friend, who is a vocal champion of people with disabilities, as is every other Conservative Back Bencher—and Members in all parts of the House. That is why this is sometimes such an emotive issue—everybody wants to be heard. I will indeed listen to her and take on board the recommendations of the Select Committee.

**Neil Gray** (Airdrie and Shotts) (SNP): Thank you, Mr Speaker, for granting this important urgent question. I congratulate my hon. and assiduous Friend the Member for Glenrothes (Peter Grant) on securing it.

The High Court ruled that the UK Government's PIP regulations were "blatantly discriminatory" against people with mental health impairments. That follows the damning report from the UN Committee on the Rights of Persons with Disabilities, which found "systematic violations" of disability rights. Although I welcome the Secretary of State's acceptance of the High Court ruling—a position I hope the Government will adopt more regularly in response to High Court defeats on social security policy—I was worried by an aspect of her written statement, which was sneaked out on Friday. She said on Friday and again today that

"Although I and my Department accept the High Court's judgment, we do not agree with some of the detail contained therein."—[*Official Report*, 19 January 2018; Vol. 634, c. 30WS.]

Will she clarify that she will implement the ruling in full? Will she make an oral statement on the Floor of the House, so that we can consider whether the response follows the High Court ruling? Will she answer the pertinent questions put by my hon. Friend regarding the timescales—a matter she has not covered? Finally, in the light of the ruling and other external interventions, will the Government admit that their policies are causing harm and commit to widescale review of the social security system in the United Kingdom?

**Ms McVey:** We will implement the judgment in full, but we will work with stakeholders and charities to understand and implement what was said. When we said we did not agree with the detail, it was a reference to the language and terminology that went above and beyond a legal ruling and judgment, but we saw through that to the facts and that is why we decided not to appeal.

I reiterate that I am not the kind of person who sneaks anything out. I have come to this House and answered every question. I set out the timetable. The matter had to go to the Court for a decision on Friday. The House was not sitting by the time I made the decision, so I put out a written statement. I hope that all hon. Members understand that it is better to get a decision right than to rush just to answer in a different way. Nothing was sneaked out.

Again, I reiterate the support the Government give and have said they will give to people with mental health conditions. The Prime Minister has made that a key issue that she wants to deal with, and she and I came to that decision to do so.

**Alex Burghart** (Brentwood and Ongar) (Con): I strongly welcome the Secretary of State's decision, which will benefit a lot of disabled people. We all know that DLA was a far worse benefit for people with mental health problems than PIP. Will my right hon. Friend confirm that, even before the ruling, far more disabled people were receiving PIP than had ever received DLA?

**Ms McVey:** Absolutely. I thank my hon. Friend, who knows a great deal about this subject and is also a member of the Work and Pensions Committee. He has given the correct facts. We as a compassionate Conservative Government will do as much as we can to help people who need our help.

**Frank Field** (Birkenhead) (Lab): I welcome the right hon. Lady to her place and I welcome her statement. Given the size of the task before her, with up to 220,000 people affected, may I again press her to give some sort of timetable for meeting that objective? Might she start by writing to the oldest claimants first, and might she put a monthly report in the House of Commons Library on progress to that end?

**Ms McVey:** The right hon. Gentleman is another champion for these causes. As he suggests, this is a mammoth task, and I will be working with experts in the field and doing things as sympathetically and effectively as possible. I will listen to all the advice that he has offered me.

**Frank Field:** And can we have a monthly statement?

**Ms McVey:** I will do the best I can to adhere to the right hon. Gentleman's requests.

**Philip Davies** (Shipley) (Con): I very much support the Secretary of State's decision, and I am sure that she is delighted that the Opposition parties called for an urgent question so that they could tell her how much they support her decision on the court case. Or at least I think that is what they were saying. I also very much welcome the fact that we are now spending far more money on people with disabilities than the last Labour Government did, which probably explains the anger with which the shadow Secretary of State gave her performance. Will my right hon. Friend look at measures to try to get the decision making on PIP right first time? In too many cases, the right decision is not made the first time, and I hope that she will look at that urgently, and early in her time in office.

**Ms McVey:** I thank my hon. Friend the Member for his comments. He always likes to see things in his own inimitable way, and he is quite right. Both sides of the House are meant to be supporting this decision, but listening to the tone and the noises coming from the Opposition Benches, it is difficult to believe that. He makes a fair point about getting the decisions right first time and helping the decision makers to get it right. There was an independent review—the Gray review—and we will be taking its advice on board.

**Ruth George** (High Peak) (Lab): I, too, welcome the right hon. Lady to her post. I also welcome the decision that she has made. Bearing in mind the fact that many disability benefit claimants with mental health issues struggle to get out of the house, does she share my concern and that of the Work and Pensions Committee about the great discrepancies between contractors and between regions? There are discrepancies relating to the number of people being allowed a home visit for their benefits assessments. Will she please review this, to ensure that those people can get the benefits they deserve and not be sanctioned because they cannot leave their house?

**Ms McVey:** The hon. Lady has raised a good point about how some people are visited while others have to go in for assessment and support. That was part of the freedoms of contracting, so that we could get best practice. Were some people better seen at home? Were

other people better seen in their local community? We constantly gauge and value that, and we will continue to do so.

**Justin Tomlinson** (North Swindon) (Con): Building on this very positive announcement, we all need to do more to support people with mental health conditions, and one of the biggest challenges is identifying people with those conditions. The PIP process can play a crucial role in that. Will the Secretary of State therefore bring forward plans to enable us to signpost those identified for the additional targeted support that is available across all parts of the Government, so that they can get the maximum amount of help?

**Ms McVey:** That is another good offer of support and advice from our side of the House from someone who knows his brief very well. We will look at the suggestion that my hon. Friend has put forward.

**Steve McCabe** (Birmingham, Selly Oak) (Lab): How many staff in the Department for Work and Pensions will be directly deployed on the rectification process? I ask because the evidence is that the number of staff in the DWP used to complete any kind of task involving a complaint or a rectification is directly relevant to how long it takes them to complete the process.

**Ms McVey:** Again, we have to consider these key practical points. We are actively recruiting hundreds of staff for this at the moment.

**Sir Desmond Swayne** (New Forest West) (Con): As for the comments from the United Nations, how do the figures that my right hon. Friend has given compare internationally?

**Ms McVey:** My right hon. Friend raises another good point. The UK is one of the most generous countries in the world when it comes to supporting its disabled people. In the G7, only Germany spends more. We spend what is deemed appropriate and available, which is more than £50 billion. I reiterate that we are one of the most generous countries in the world.

**Ben Lake** (Ceredigion) (PC): Vulnerable people with severe mental health problems in my constituency have had to resort to a distressing appeals process in order to secure the support they are entitled to. This is wholly inappropriate. Pursuant to the answer that the Secretary of State gave to the hon. Member for Shipley (Philip Davies), may I ask when we can expect to see some progress from her Department to ensure that individuals are assessed for psychological conditions by mental health clinicians in the first instance?

**Ms McVey:** We are constantly reviewing the numbers to support who is coming forward if we need further decisions or clarifications for people. That is part of the ongoing day-to-day process to make sure that we get this benefit right.

**Richard Drax** (South Dorset) (Con): I welcome my right hon. Friend to her place. We are all right behind her, whatever some people might say. From my experience as an MP in South Dorset, I suspect that the main problem relating to people slipping through the net is

[Richard Drax]

the lack of home visits. I agree with the hon. Member for High Peak (Ruth George) on this point. I suspect that such visits are more expensive, but I think that they would save money in the longer term because the assessment would be more accurate. Will my right hon. Friend look into this, to ensure that we hit the targets smack on, first time?

**Ms McVey:** I thank my hon. Friend for his kind words and support. Anyone in need of a home visit can have a home visit, and I will be looking at the communications relating to this, because perhaps people, including MPs, do not know that. This is something else that we need to work on.

**Chris Stephens** (Glasgow South West) (SNP): We on the DWP Select Committee heard some alarming evidence and unconvincing answers from contractors about the number of staff who had specialist knowledge of mental health. Can the Secretary of State confirm that she will take this up with the contractors and carry out a review of the assessment process?

**Ms McVey:** I have indeed got a date in the diary to be on a PIP decision-making process. I met the contractors last week. I had obviously done that when I was last in the House, but I need to be updated to see exactly what is going on. I have had meetings on this, but the hon. Gentleman is right to suggest that there is nothing quite like going through the process myself.

**Mary Robinson** (Cheadle) (Con): I am grateful to the Secretary of State for her statement. I recently visited my local jobcentre in Stockport and met the great work coaches there who are doing so much to help people back into work. Will she join me in congratulating them, and perhaps explain how this is going to help us in our quest to help a further 1 million people into work?

**Ms McVey:** My hon. Friend and neighbour rightly acknowledges the work that the work coaches do in her constituency and right across the country. The aim of the Government in carrying out this transformation was to get a tailor-made benefit service, whether through PIP or universal credit, so that the work coaches know who they are dealing with and therefore how they can help and support them in the best possible ways. The Government should be proud of what they are aiming to do.

**Stephen Timms** (East Ham) (Lab): This was an ill-advised attempt to reduce the amount of benefit payable to people with mental health problems, and I am glad that it has been abandoned. Will the Secretary of State take steps to ensure that, in future, her Department complies with its obligations under the Equality Act 2010?

**Ms McVey:** The right hon. Gentleman is very knowledgeable on this subject, and we spent hours debating these issues across the Dispatch Box when I was last in the House. He knows as well as I do that we always aim to fulfil all obligations. If we do not, this is what happens: we get a court case and we have to deal with the consequences. I hope that I have dealt with

them correctly today and received support across the House. I will not be seeking leave to appeal, and that is right on this occasion.

**Michael Tomlinson** (Mid Dorset and North Poole) (Con): I, too, warmly welcome the Secretary of State to her post. I am visiting my local jobcentre in Poole on Friday, so will the Secretary of State set out how our new jobcentres will support my constituents and others across the country with mental health challenges into work?

**Ms McVey:** As I said to my hon. Friend the Member for Cheadle (Mary Robinson), this is about tailor-made and flexible support. We are putting in place more training so that people understand mental health conditions, and we are giving our work coaches and mental health assistants as much support as possible. As I say, this is about tailor-made and flexible support.

**Chi Onwurah** (Newcastle upon Tyne Central) (Lab): The Secretary of State talks about the unnecessary vilification of her policies, but her Government were responsible for the vilification of so many mentally disabled people by presenting them as applying for benefits to which they were not entitled. I have seen the misery that such decisions caused many of my constituents, including those suffering from post-traumatic stress disorder as a consequence of sexual abuse. Will the Secretary of State now confirm the maximum amount of time that they will have to wait to have their cases reviewed?

**Ms McVey:** It is unfortunate when Opposition Members try to ratchet up the level of emotion in the Chamber, especially when the situation is as emotional as it is. Nobody has ever sought to vilify anyone, and we should get it on the record now that this is not about vilifying anybody—it is about the giving the right support to those who need it. Surely all of us want to focus resources and money on the most disabled people and on the disabled people who need that money. I hope that I can end on that note. The facts speak for themselves: we have spent more than Labour ever did.

**Johnny Mercer** (Plymouth, Moor View) (Con): I welcome the Secretary of State's decision. Does she agree that it is simply nonsense to suggest that the Government are not interested in this agenda? More money is going into the programme than ever. The life chances agenda, which has significantly challenged the welfare state that previously kept a lot of people out of work, is fundamentally changing our country, including communities such as Plymouth, for the better.

**Ms McVey:** My hon. Friend hits on an important point. The Conservative party and the law that it is bringing in are all about life chances. That is how we view the world. Social mobility, life chances, a foot on the ladder and a career ladder are what we aim to provide all the time.

This will sound like a bit of an advert, but I want to highlight the fact that the Minister for Disabled People holds PIP sessions that all MPs can attend. If anybody has anything that they want to bring to her, they can go to one of those sessions. The sessions take place regularly, and she is holding one today.

**Gareth Snell** (Stoke-on-Trent Central) (Lab/Co-op): What we are hearing about today is a court judgment that found the Government's policy wanting, but the Secretary of State has come to the House seeking plaudits for now not appealing that decision, and that is frankly unacceptable. While it is right for those who were not given the help and support that they needed to get a backdated payment, that payment does not remedy the trauma that they faced during the years when they did not have support. Will the Secretary of State offer an unequivocal apology from the Dispatch Box for the consequences of her Department's policy? Whether intended or not, it was her Government's decision that led to people struggling at home, and that is simply not right.

**Ms McVey:** That was another reason for making a written statement, as well as the time constraints and what we had to do to adhere to the legal ruling. I have not come here today for plaudits. I have come here to do what is right and to explain what is right. That is what I have done, and that is the key thing for all our constituents and the people who are watching this closely at home. We have made a decision. I believe that it has been accepted on both sides of the House, and we are going to get things right.

**Peter Heaton-Jones** (North Devon) (Con): I warmly welcome this decision, and it is worth noting that this new Secretary of State made it after only eight working days in her role, which represents a decisive course of action. Is it not the case that the entire focus of the Department, which I know well, is on ensuring that those with mental disabilities and challenges have opportunities to access the workplace and lead independent lives? In making this decision, the Secretary of State has shown that that is her focus.

**Ms McVey:** My hon. Friend puts his point so eloquently that I do not think that I can add much to it, but I reiterate that this is about opportunity and allowing everyone to lead an independent life.

**Jim Shannon** (Strangford) (DUP): I thank the hon. Member for Glenrothes (Peter Grant) for securing this urgent question, but I also thank the Secretary of State for her response and promise of action. In my office, transfers from DLA to PIP occupy a large proportion of my staff's time. For people with severe anxiety, depression and emotional and mental health issues, some of whom are suicidal, the system has pushed them to the very edge, even when there has been copious evidence and information from consultants, GPs and family members. I ask that the staff who process applications do so with more knowledge, more understanding and certainly more compassion.

**Ms McVey:** I said that the Minister for Disabled People holds meetings for MPs, but she does the same for caseworkers, so MPs' staff can attend those sessions, meet the Minister and ask relevant questions.

**Michael Fabricant** (Lichfield) (Con): The shadow Secretary of State said that she was gobsmacked by my right hon. Friend's response. I am gobsmacked by the vilification of my right hon. Friend on social media and by the threats from Opposition Members to string her up, which are more unacceptable. Just for clarification,

will she let the House know precisely by how much disability payments have risen since this Government came to power?

**Ms McVey:** I am glad that "gobsmacked" has become part of the language of the House. My hon. Friend is gobsmacked, but I was obviously greatly dismayed by the comments from the Opposition and by the personal attacks that I have suffered. However, I know that people make personal attacks only when they do not have workable policies to put forward, so that shows that the Opposition have no workable policies. We do not need to link politics with violence.

In answer to my hon. Friend's question, the increase has been £4.2 billion.

**Stephen Lloyd** (Eastbourne) (LD): I thank you, Mr Speaker, for allowing this urgent question, and I also thank the hon. Member for Glenrothes (Peter Grant) for requesting it. The Government have decided not to appeal only now, after putting many claimants with mental health problems through a year of hell. Does the Secretary of State really believe that that was a kind or fair way of treating people with mental health issues?

**Ms McVey:** This is a key issue for the Government. The Prime Minister has made supporting people with mental health issues a key pledge, and we have put in an extra £11 billion. Coming to the House with this decision is a step in the right direction towards helping people as best we can.

**Tom Pursglove** (Corby) (Con): I welcome my right hon. Friend's appointment, and my constituents, including those who come to my weekly advice surgeries, will welcome her announcement. Will she update the House on what steps are being taken to disseminate information about what all this means to local advice services so that they can best advise their clients about the next steps and the way forward?

**Ms McVey:** I thank my hon. Friend, because the point really is about the practicalities of getting this right. It is about engaging with stakeholders and charities. It is about working with our Department to get this right. Mind has welcomed the decision, as have other charities, and it is working with us. Once we have worked through that, obviously we will disseminate it through the whole system.

**Neil Coyle** (Bermondsey and Old Southwark) (Lab): The Secretary of State says that the Department will now be identifying the 164,000 disabled people who were wrongly denied the help to which they are entitled. Her Department also recently announced it is scrapping a target it previously denied existed—that of upholding 80% of initial decisions. When will the DWP be contacting the 83,000 disabled people who were potentially wrongly denied help under that equally dodgy practice?

**Ms McVey:** We will do everything systematically and coherently. We will get to people affected by any incorrect decision as soon as possible.

**Mr Philip Hollobone** (Kettering) (Con): I welcome my right hon. Friend to her post and congratulate her on her response to the urgent question. My constituents in Kettering would like to know whether there are more or fewer disabled people in work in 2018 than in 2010.

**Ms McVey:** There are considerably more people with disabilities in work than ever before, and particularly more than in 2010. That is true not just for people with disabilities but for all sorts of people, including young people and women. This Government have fundamentally achieved what we set out to do on life chances, social mobility and opportunities.

**Dr Lisa Cameron** (East Kilbride, Strathaven and Lesmahagow) (SNP): I refer the House to my entry in the Register of Members' Financial Interests. I welcome both the judgment and the response. However, this process has been extremely stressful for my constituents, many of whom have been plunged into poverty and absolute despair, with their mental health problems exacerbated along the way. What will the Secretary of State do to ensure that cognisance is taken of the opinion of professionals such as psychiatrists, who know what people are capable of doing and what support they need? How will she ensure that any further process does not add additional stress to those who have already been affected?

**Ms McVey:** As I have said in reply to many questions, we are actively recruiting more people, and we are doing more training on mental health conditions with our caseworkers. We have to make sure that we understand the judgment and that we work with partners to make sure that we can help people who come forward. I have heard the hon. Lady and, again, I would be happy to meet her if she would like to speak to me about anyone in particular.

**Paul Scully** (Sutton and Cheam) (Con): It must be through gritted teeth that the Opposition have to rely on citing the views on human rights of Saudi Arabian, Russian and Chinese members of the UN Committee on the Rights of Persons with Disabilities. Meanwhile, Conservative Members do not want bluster; they want action and support. Will my right hon. Friend confirm the proportion of PIP recipients with mental health conditions who receive the higher rate of benefit compared with the figure under the DLA regime it replaced?

**Ms McVey:** I reiterate that 66% of PIP recipients with mental health conditions got the enhanced rate of the daily living component in October 2017, compared with 22% who were on the highest rate of the DLA care component in May 2013. Some 31% of PIP recipients with mental health conditions got the enhanced rate of the mobility component in October 2017, compared with 10% who received the higher rate of the DLA mobility component in May 2013. I hope that that is clear.

**Chris Ruane** (Vale of Clwyd) (Lab): Two hundred sufferers of motor neurone disease have been interviewed by the Department in the past 18 months alone. In

addition to their physical disability, many will have mental ill health, which is increased by the stress and anxiety of the interviews. Some MND sufferers die within a year of diagnosis. Will the Secretary of State prioritise this group of sufferers when reviewing those cases?

**Ms McVey:** We will absolutely go via the people who are most in need.

**Julian Knight** (Solihull) (Con) *rose*—

**Jeremy Quin** (Horsham) (Con) *rose*—

**Mr Speaker:** I call Julian Knight.

**Julian Knight:** Thank you, Mr Speaker. I had a one-in-two chance.

I warmly welcome my right hon. Friend the Secretary of State to her place and welcome her talk of engagement. Will she commit to providing specific guidance to MPs' offices and council contact centres at the earliest possible opportunity?

**Ms McVey:** That is another good point about how people are going to know about the changes. We will indeed take that suggestion forward.

**Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): Many disabled people in the highlands, particularly those with mental health conditions, are often refused PIP appeals, despite overwhelming evidence from their doctors. Does the Secretary of State agree it is wrong and discriminatory—[*Interruption.*] Does she agree it is wrong—[*Laughter.*]—to accept a private company's decision over that of highly trained medical professionals who know their patients, and their conditions, well?

**Ms McVey:** I will keep to the word “discriminate”, and obviously we do not want to do that. Ultimately we will be making the decisions, but it is imperative that we get them right.

**Mr Speaker:** I call Jeremy Quin.

**Jeremy Quin:** And finally, Mr Speaker.

Will my right hon. Friend confirm that PIP claimants, including those who will benefit from her decision, which I warmly welcome, will not be subject to the benefit cap in respect of these payments, and that payments will continue to be untaxed and, indeed, will rise by the rate of inflation?

**Ms McVey:** My hon. Friend is right that PIP is not subject to the benefit cap. A person will get PIP irrespective of whether they are in work. PIP is also not means-tested.

## Sky/Fox Update

1.26 pm

**The Secretary of State for Digital, Culture, Media and Sport (Matt Hancock):** I am here in my capacity as the quasi-judicial decision maker on the proposed merger between 21st Century Fox and Sky to update the House on the interim report issued today by the Competition and Markets Authority.

The decision-making role is one that my right hon. Friend the Member for Staffordshire Moorlands (Karen Bradley) discharged, having met her commitment, which was given many times in this House, to the greatest possible transparency and openness allowed by the process. Although I come fresh to this, I intend to follow that approach of being as open as possible while respecting the quasi-judicial nature of the decision.

As the House well knows, after the proposed acquisition was formally notified to the competition authorities last year, my right hon. Friend issued an intervention notice on media public interest grounds, namely of media plurality and the genuine commitment to broadcasting standards. That triggered a phase 1 investigation, requiring Ofcom to report on the specified public interest grounds and the CMA to report on jurisdiction.

Having received advice from Ofcom and the CMA, in September 2017, my right hon. Friend referred the proposed Sky/Fox merger to the CMA for a phase 2 investigation on both grounds. The original statutory deadline for the final report was 6 March 2018, but the CMA has today confirmed that it will be extended by a further eight weeks and that the revised deadline is 1 May.

Once I have received the final report, I must come to a decision on whether the merger operates or may be expected to operate against the public interest, taking into account the specified public interest considerations of media plurality and genuine commitment to broadcasting standards. Following receipt of the final report, I will have 30 working days to publish my decision on the merger, so if I receive the CMA's report on 1 May, I will have until 14 June to publish my decision.

To be clear, the publication today is of the CMA's provisional findings. I have placed a copy in the Library. On the need for genuine commitment to broadcasting standards, the CMA provisionally finds that the merger is not expected to operate against the public interest. On media plurality grounds, the CMA's provisional finding is that the merger may be against the public interest. It cites concerns that the transaction could reduce the independence of Sky News and would reduce the diversity of viewpoints available to, and consumed by, the public. It also raises concerns that the Murdoch family trust would have increased influence over public opinion and the political agenda.

The CMA has identified three remedy approaches and seeks views from interested parties on them. The remedy approaches are: first, to prohibit the transaction; secondly, to undertake structural remedies—to recommend either the spin-off of Sky News into a new company, or the divestiture of Sky News—and thirdly, behavioural remedies, which could include, for example, enhanced requirements relating to the editorial independence of Sky News.

The CMA recognises that the proposed acquisition of Fox by Disney could address concerns set out in the provisional findings. However, the uncertainty about whether, when or how that transaction will complete means that the CMA has also set out potential approaches that include introducing remedies that would fall away subject to the Disney-Fox transaction completing. The CMA has invited written representations on the provisional report's findings, and the potential remedy approaches, with 21st Century Fox, Sky and other interested parties, before producing a final report.

As such, and given the quasi-judicial nature of the process, I hope that the House will understand that I cannot comment substantively on the provisional report and must wait for the final report before commenting. However, I am aware of the keen interest across the House in this important matter, and I know that Members will be closely scrutinising the CMA's provisional findings and will have views on them. The CMA's investigation will continue in the coming weeks. It has set out the process for making representations on the remedy options outlined, and on the provisional findings, with deadlines of 6 and 13 February respectively. I am sure that today's debate will provide helpful context for that work.

What I am able to confirm today is that I will undertake to keep the House fully informed and to follow the right and proper process, considering all the evidence carefully when the time comes to make my decision on receipt of the CMA's final report. I commend this statement to the House.

1.31 pm

**Tom Watson (West Bromwich East) (Lab):** I thank the Secretary of State for advance sight of his statement. This proposed merger has gone on for longer than the Murdochs ever expected, and for that I want to pay tribute to the Secretary of State's predecessor, the right hon. Member for Staffordshire Moorlands (Karen Bradley). She could have done what the Murdoch family expected by clearing a path for the bid to go ahead, but she took her quasi-judicial responsibility seriously. I hope that the new Secretary of State will have as strong a regard for his responsibilities and for the public interest as his predecessor. I can assure him that if he does the right thing, he will have the support of the Opposition.

The CMA says that if the Sky/Fox merger went ahead as proposed, it would be against the public interest. It would result in the Murdoch family having too much control over news providers in the UK, and too much influence over public opinion and the political agenda. Does the Secretary of State accept that assessment?

The CMA says that it is not concerned about the proposed merger on broadcasting standards grounds, but in order to reach a proper assessment of that we need to look at corporate governance issues through part 2 of the Leveson inquiry. The Government have not yet published their response to the consultation on that, so can the Secretary of State tell the House when they intend to do so, and will he give us plenty of notice?

The previous Secretary of State said last June that she was minded not to accept undertakings offered by Fox and Sky that were intended to safeguard the editorial independence of Sky News, which they put forward to mitigate Ofcom's media plurality concerns. Does the

[Tom Watson]

new Secretary of State share his predecessor's view of those undertakings? In November, Sky threatened to shut down Sky News if it proved to be a plurality obstacle in its bid. Will the Secretary of State reject any attempt by the Murdochs to blackmail him or the regulator by threatening Sky staff?

Just this weekend, "friends" of the Secretary of State were quoted in the newspapers as hinting at the outcome of a separate Department for Digital, Culture, Media and Sport review of gambling stakes and prizes. Will he undertake, in his quasi-judicial role, not to speak to his "friends" about his views on the takeover, and to discourage them from talking to the press about them?

When the Prime Minister took office 18 months ago, she stood on the steps of Downing Street and spoke directly to the country, saying:

"When we take the big calls, we'll think not of the powerful, but you".

This ambitious, thrusting new Secretary of State now has the opportunity to put her words into action. He can stand up to the rich and powerful, stand up to the Murdochs and act in the public interest. I hope that he will do the right thing.

**Matt Hancock:** I think that is the most cheerful response I have had from the hon. Gentleman, so I thank him for that. I will try to answer his questions in as much detail as possible. He asked a number of questions about the process. I am clear that we will follow due process; we will follow our statutory responsibilities and respect the quasi-judicial nature of the decision. My predecessor acted with great solidity and integrity in that regard, and I intend to do the same. In my previous role as Minister for Digital, I was outside the Chinese walls that the Department has on this subject, and therefore not involved in the internal discussions of the earlier stages. I will therefore follow the process by considering the CMA's final report, once it is published, and all the relevant evidence and information, and then I will make the decision.

The hon. Gentleman also mentioned Leveson. Although we will no doubt have debates on the future sustainability of the press in the coming months, this is a separate process under existing law in which I have a quasi-judicial role; it is not intertwined with the debates that we will have on the primary legislation that was just passed by the other place and received its First Reading in this House this week. Those two questions are separate. The question before us today is one in which I will operate fully in my quasi-judicial role, as I am required to do by law.

**Damian Collins** (Folkestone and Hythe) (Con): The Secretary of State rightly raised Disney's proposed takeover of Fox. If Disney wholly acquired Sky, Sky would of course be completely separate from the Murdoch family trust and in the ownership of a completely different company. However, does he believe that the Fox takeover of Sky must first be considered on its own merits, and that the future acquisition of Fox by Disney is a separate matter?

**Matt Hancock:** The CMA's report does address the fact that the proposed takeover by Disney is uncertain, and it sets out some details of potential options, given

that uncertainty. Anybody can make written representations in the next three weeks, based on that interim report, and I will consider the question when I see the full report in the months to come.

**Brendan O'Hara** (Argyll and Bute) (SNP): I thank the Secretary of State for advance sight of his statement. I have said many times in this place that plurality and diversity are vital components of an independent media, and therefore I welcome today's findings by the CMA, which have put on the record the valid concerns that many people have about the further concentration of media ownership in fewer and fewer hands. Although the CMA has said that the deal, as it currently stands, does not meet the public interest test, I am pleased that it references a number of possible remedies.

We have heard reports that the owners of Sky might look to close down Sky News if it becomes an impediment in the takeover deal, with the possible loss of 500 jobs. Can the Secretary of State confirm that he will not allow employees of Sky to be used as pawns in any takeover when the final decision comes before him? If the takeover deal between Disney and Fox is likely to be green-lit, what impact will that have on his final decision, given Disney's reported lack of interest in news broadcasting?

**Matt Hancock:** It is a matter of law that while consideration of the proposal is ongoing, Sky News cannot be shut down in advance of a decision—I can give the hon. Gentleman that assurance. He also made points about his views on the report published today; I shall reserve my judgement, see the final report and come to a conclusion based on that.

**Mr John Whittingdale** (Maldon) (Con): I welcome the Secretary of State's keeping the House informed, but of course he currently has no role. When the CMA presents the final report and he comes to address this matter, will he bear it in mind that, to date, no regulator that has carried out any objective assessment has found any reason to block the merger on the grounds of commitment to broadcasting standards, and also that the greatest disaster that could befall the plurality of the media in this country would be for Sky News, which is after all a loss-making enterprise, although extremely good, to be closed by its new owner?

**Matt Hancock:** Both those points are covered in the CMA report that was published today. If my right hon. Friend the former Secretary of State wishes to make to the CMA any further comments like those he just made, he has three weeks in which to do so, after which I will consider the final report in full.

**Edward Miliband** (Doncaster North) (Lab): I warmly welcome the CMA's strong set of findings on plurality. The CMA says explicitly that the deal would give the Murdoch family trust

"too much influence over public opinion and the political agenda."

I pay warm tribute to the Secretary of State's predecessor, the right hon. Member for Staffordshire Moorlands (Karen Bradley), because we would not be here had she not had the guts to stand up and say that this matter should be referred to the CMA. We all owe her a debt of gratitude for having done that.

I very much hope that the new Secretary of State, whom I welcome to his place, follows his predecessor's lead. He can do that by doing two things. First, it is important that he and the CMA should not allow a back-door attempt by the Murdochs to get control of Sky through the so-called remedies process. The simple way to stop the deal going ahead is to prohibit it, not to have some carve out or complicated process. Secondly, it is relevant to the context, so I think the Secretary of State was wrong to attack the other place for what it did on Leveson 2, which was promised by David Cameron, by me and by people from all parts of this House to the victims of phone hacking. If the Secretary of State is to stand up to the Murdochs, he has to allow Leveson 2 to go ahead to get at the truth, because that is what the victims were promised.

**Matt Hancock:** It was enjoyable to hear a rendition of the right hon. Gentleman's greatest hit on Leveson, but on the points relevant to today's statement and the decision on this deal, I intend fully to exercise my quasi-judicial decision-making role by taking into account all relevant considerations, based on the CMA's final report. It is in that straightforward and reasonable way that I intend to proceed.

**Philip Davies** (Shipley) (Con): May I say to the Secretary of State that this is personal? This is basically about lefties—particularly the Labour party—who do not like Murdoch. If this involved any other media organisation, the shadow Secretary of State and the Labour party would have nothing at all to say. This is personal, and the Secretary of State should bear that in mind. After all, Ofcom is there to make sure that Sky News is impartial in its coverage, and I am sure that Ofcom can be trusted to deliver on that. In the light of this provisional judgment, can we now expect the CMA to call for the BBC to be broken up, given its dominance over news output in the UK?

**Matt Hancock:** The report does go into detail on the different level of media dominance of different parties and sets that out clearly, but obviously I will take forward the views of the CMA's final report when it is published. My hon. Friend—like the former Secretary of State, my right hon. Friend the Member for Maldon (Mr Whittingdale)—has the opportunity to let the CMA know his views in writing in the next three weeks.

**Sir Vince Cable** (Twickenham) (LD): As the CMA acknowledges the importance of Sky News to media plurality, as well as the risks and threat of a forced closure, might the Secretary of State conceivably have a role in facilitating white-knight investors?

**Matt Hancock:** The most important thing that we in the Government can do is to execute on the law as it stands. The law has clear constraints and must be operated properly, above board, with integrity, in the quasi-judicial capacity that it sets out.

**Mr Philip Hollobone** (Kettering) (Con): My constituents in Kettering would like to know what Sky's audience share is compared with the BBC and ITV.

**Matt Hancock:** The BBC's audience share is the biggest, ITN is second and Sky is smaller than that. The details of that are covered in the report, which I am sure my hon. Friend's constituents will find illuminating.

**Ruth Cadbury** (Brentford and Isleworth) (Lab): I am honoured to have Sky and Sky News based in my constituency. Despite very serious instances of sexual and racial harassment at Fox News, the CMA has concluded that none of that, and none of the industrial-scale phone hacking at Murdoch's UK papers, is relevant to broadcast standards. Does the Secretary of State really agree with the CMA and think that none of that is relevant to how companies that are completely controlled by the Murdochs behave?

**Matt Hancock:** My position is not to agree or to disagree with the CMA; it is to consider the final report that the CMA produces in a couple of months' time.

**Mr Ranil Jayawardena** (North East Hampshire) (Con): Given the fact that Sky's audience share is dwarfed by that of both the BBC and ITV, will the Secretary of State confirm that the Government are committed to the high-quality journalism and the world-class British broadcasting sector that we know and love?

**Matt Hancock:** Yes. As my hon. Friend the Member for Kettering (Mr Hollobone) alluded to, the report does describe the market shares of the different broadcasters, including, of course, the BBC, which is the biggest. We are fully committed to ensuring a sustainable future for high-quality journalism. That is a policy question, and it is also a question of legislation that we will no doubt debate when the Data Protection Bill comes before the House, but it is separate from this decision, which is to be taken specifically within the rules and the law as it stands.

**Jo Stevens** (Cardiff Central) (Lab): Five years after the phone hacking scandal broke, some civil cases regarding alleged criminality in the Murdoch empire are still ongoing. There will be victims who were very disappointed with the Secretary of State's response to my right hon. Friend the Member for Doncaster North (Edward Miliband). The commencement of Leveson part 2 would be in the public interest, because it would finally reveal the full scale of hacking and the relationship between the press and the police. When will the Secretary of State follow the CMA's lead and act to protect the public interest by commencing Leveson part 2?

**Matt Hancock:** These two questions are separate. We have a consultation on the Leveson issues. In policy terms, I really care about making sure that we have a sustainable future for high-quality journalism, but that is separate from this quasi-judicial decision, which has to be done within the existing law, and that is how I will take it.

**Rebecca Pow** (Taunton Deane) (Con): I welcome the Secretary of State to his position and congratulate him on the transparency with which this process is being conducted. Does he agree that it was sensible to refer the merger of Sky and Fox to the CMA to avoid making it party political? Given the Government's commitment to high standards in broadcasting, will the Secretary of State assure my constituents in Taunton Deane that the Government will continue to maintain high standards in broadcasting and journalism? I have a vested interest as a former broadcaster, but it is also what the people on the street want.

**Matt Hancock:** I am not sure that the high-quality journalism of "Farming Today" will ever be the same again without my hon. Friend. Undoubtedly, the

[*Matt Hancock*]

importance of high-quality journalism, with a sustainable business model to fund it and plurality around it, are incredibly important policy questions. We will no doubt debate that in future, but it is a commitment to which I stick firmly.

**Mr Speaker:** Of course, “Farming Today”’s loss has been Taunton Deane’s gain, as we are all conscious.

**Ian C. Lucas** (Wrexham) (Lab): In his statement, the Secretary of State said that he will consider “all the evidence carefully” in his quasi-judicial role. How is it possible for him to consider all the evidence unless he goes forward with Leveson 2—thereby honouring the promise given by a Conservative Prime Minister—and hears the evidence that remains unheard so that he can properly judge the Murdochs’ capability and competence for governance?

**Matt Hancock:** As I think I mentioned earlier, the question that the hon. Gentleman raises is not relevant to what we are discussing, because the latter is about exercising a quasi-judicial decision within the law as it stands. As I might have mentioned already, I intend to exercise that quasi-judicial decision-making role very clearly within the process as laid out in the law as it stands.

## Point of Order

1.50 pm

**Mr Speaker:** We will move on, if there are no points of order. I did have an indication that there would be.

**Gareth Snell** (Stoke-on-Trent Central) (Lab/Co-op): On a point of order, Mr Speaker.

**Mr Speaker:** I think I have effectively solicited a point of order.

**Gareth Snell:** Thank you for the prompt, Mr Speaker.

Last Thursday, I was made aware by the office of my constituency neighbour, the hon. Member for Stoke-on-Trent South (Jack Brereton), that he was meeting the Transport Secretary in my constituency before heading to events in his own patch. Subsequently, it transpired that, while visiting Stoke-on-Trent, the Secretary of State held meetings in my constituency with the hon. Gentleman about matters that pertain to my constituency. Unfortunately, the hon. Gentleman did not tell me that information and I was not made aware of it by the Secretary of State himself. When I queried it with both their offices, I was told that no such meeting took place, yet the Twitter account of Stoke-on-Trent Conservatives has plastered pictures of the meeting across the social media website, saying how wonderful it was. How might I remedy the situation, Mr Speaker, and stop it happening again?

**Mr Speaker:** I am very grateful to the hon. Gentleman for his point of order and for his characteristic courtesy in giving me advance notice of his intention to raise it. There is a sense in which it can credibly be said that he has found his own salvation. He asks me how he can, in a sense, achieve restitution for the situation from which he has been suffering—as he sees it. He has chosen to raise the matter in a point of order, and it has been registered with Members on the Treasury Bench. I confess that I am not familiar with the Twitter accounts concerned, still less have I surveyed them, but I will take it from him that this material is there.

All levity aside, perhaps I can reiterate what I said yesterday in response to a point of order from—if memory serves me correctly—the hon. Member for Ilford South (Mike Gapes), who was deprecating an unannounced visit by a Cabinet Minister to his constituency on, as I understand it, public business, of which he had no advance notice. Members intending to visit their colleagues’ constituencies on public business, as opposed to going to some private engagement, should give the colleague whose constituency they are visiting reasonable notice of the intention. This is not a matter of law, it is not even a rule, but it is a very strong convention in this place and I think it is a courtesy that we should observe. I do not know whether the hon. Member for Stoke-on-Trent Central (Gareth Snell) will make further inquiries, but I trust that this exchange will be heard by the Secretary of State. I hope that it will not be necessary for Members repeatedly to raise these matters on the Floor of the House. It should be possible for colleagues to operate in a mature and courteous way.

## Pedicabs (London)

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

1.52 pm

**Paul Scully** (Sutton and Cheam) (Con): I beg to move,

That leave be given to bring in a Bill to provide for the regulation of the carrying of passengers in Greater London by pedal cycles and power-assisted pedal cycles for hire or reward; and for connected purposes.

I welcome the Under-Secretary of State for Transport, my hon. Friend the Member for Wealden (Ms Ghani), to her place—literally, as I see that she is taking her place now.

I am pleased that enabling the regulation of pedicabs through this Bill has attracted the support of Members from all three parties represented in London in this place and from Members representing London constituencies. Support was so readily given from across the House that I was not even able to accommodate the hon. Member for Ilford North (Wes Streeting), who has done much work in his role as chairman of the all-party group on taxis, on which I also serve. Although we do not always agree on the solutions for taxis and private hire vehicles, we both know that there is much that we can work on together to improve our hail and ride and pre-booked transport services in a way that is both fair to providers and protects customers.

Both Transport for London and the Department for Transport have been keen to see the simple change proposed in my Bill. The current and previous Mayors of London and Westminster Council also support the move. A group of leading businesses and organisations have come together to push for change under the umbrella of the Regulate Pedicabs Coalition, including the London Taxi Drivers' Association, the Mayfair residents group, the Hippodrome Casino, the New West End Company, the London Chinatown Chinese Association, as well as many other residents associations and theatre groups representing interests across the west end, so I hope that I am pushing against an open door.

Pedicabs and pedal rickshaws are currently unregulated in London—and solely in London. As a result, there is no requirement for insurance, fares are not fixed or consistent, and neither vehicle condition nor driver quality are assessed. The behaviour of some pedicab operators causes problems for businesses, as they block highways, harass customers and cause serious risk to visitors and workers. In fact, they are the only form of public transport in the capital that is not regulated in any way.

One provider, London Pedicabs, estimates that there are around 1,400 pedicabs on the roads and pavements of London. It states on its website that it has pushed hard to get pedicabs fully licensed and accountable, so, in my mind, we have a great opportunity to make this happen in the coming months by the leave of this House and the other place.

I have said that pedicabs are not insured and that neither drivers nor their vehicles are regulated. Injuries to passengers have become frequent and lives may be at risk. One man told the *Evening Standard* in 2016 how he had been knocked out and left with a broken cheekbone here in London after being hit by a rickshaw whose

driver allegedly spat in the face of a member of staff in Covent Garden before pedalling away in a midnight hit and run.

I am not aware of any deaths of passengers in London as yet, but the fact that an off-duty soldier died after falling out of a pedicab in Edinburgh back in 2010 shows that it is very possible. Of course, accidents can happen whatever regime exists, but even the most basic checks will reduce the likelihood.

London is a global city with a positive international reputation. Some 20 million people come to our capital—my home town—every year. It vies with Bangkok each year to be the most visited city on the planet. Although London has so much to offer visitors, we should not take our tourism industry for granted. Making sure that visitors have a wonderful experience, feel safe, get value for money and have a great time is vital to keeping those figures up and ensuring that people share positive stories about their trips with their friends and keep coming back.

In 2016, an undercover filmmaker revealed examples of rickshaw drivers boasting about charging three Chinese tourists £350 each for a 35-minute ride, and about charging £200 to £300 to go the half mile from Oxford Circus to Piccadilly Circus. Groups of pedicabs frequently block streets, increasing traffic delays and pollution, while disrupting legitimate businesses in the west end. Many play loud music, and their drivers shout and swear and park in doorways and on pavements. Clearly not all do so, but, as on many occasions, there are enough to ruin the reputation of those simply trying to earn a living in a reasonable and conscientious way.

Many cities across the world have looked to regulate pedicabs. Despite different contexts, several themes recur, such as pedicabs' legal status as bicycles, passenger safety concerns and fare transparency. New York and Rome failed in their attempts to introduce a blanket ban, but San Diego successfully introduced comprehensive regulation, which is what I am asking for today. San Diego City Council voted to strengthen regulations on pedicab operators following the death of a tourist in an accident. Pedicab operators there are required by law to display fares openly, and numbers are capped in high-traffic areas. They are banned from using metered parking spaces and drivers are required to carry proof of insurance and ensure that seatbelts are worn. Operators with criminal convictions are banned.

In 2016, the Government stated that they were concerned about passenger safety. They wanted to take dangerous pedicabs off the road and regulate pedicab drivers so that they are allowed to charge only reasonable fares and must meet minimum safety standards. They proposed that Transport for London be responsible for creating detailed rules, such as setting out what is a reasonable amount to charge for a short journey, and that the licensing scheme would operate in a similar way to the rules for taxis and private hire vehicles. In setting out the approach that TfL would take, the Mayor of London said:

“Every Londoner and visitor to our city deserves a world-class service, whatever mode of transport they use. And this move will allow us to ensure that pedicabs must make big improvements to the way they operate. They are going to need to match up to important safety standards and we will be able to crack down on any attempts to charge rip-off fares.”

I happily disagree with Sadiq Khan on many issues, but he is absolutely on the money on this one.

[Paul Scully]

The Bill would enable TfL to develop a regulation system, but does not prescribe what that system should be. However, there is every indication that TfL will conduct a background check of the driver and a safety inspection of vehicles, which are usually bought or rented from a few providers; place a cap on fares or rates charged; and set out sensible rules as to where and how drivers can park and tout for business.

Under the current law, pedicabs can be licensed as hackney carriages in every part of England and Wales apart from London. In a legal anomaly, pedicabs are treated as stage carriages in London, rather than licensed hackney carriages, under section 4 of the Metropolitan Public Carriage Act 1869. The leading court case about pedicabs in London reaches the opposite conclusion to case law relating to the rest of England and Wales, and Mr Justice Pitchford, in *Oddy v. Bugbugs Ltd*, commented that, in his view,

“primary legislation will probably be required.”

That case was in 2003. The Greater London Assembly looked at the pedicab business as long ago as 2005. The 2014 Law Commission inquiry into taxi and private hire services made clear recommendations that pedicabs should be brought into a revised regulatory regime.

It is 15 years since the court case that brought this anomaly to our attention, and successive Governments have not found a suitable Bill to which to attach the proposed change, nor have we been able to get it through the private Members’ Bill maze. I am only too aware that Members can vote this Bill down, shout “Object”, or talk it out of time, but I hope that colleagues will understand that it simply irons out an anomaly and that it is supported across the political divide at every level of government. It will allow Transport for London to give consumers, whether they are Londoners or visitors, protection against excessive fares and safety protection through driver and vehicle checks, and to give others, including pedestrians, local businesses and nearby residents, some peace through reasonable and proportionate

regulation. Before they pipe up at any stage with any objection, however principled, I ask Members to consider the ordinary Londoner, who may scratch their head at the glacial progress we have made on a simple point that has near-unanimous agreement.

Some people want to ban pedicabs entirely, but looking around London in the open air on a rickshaw gives people a chance to see the city in a way that few other modes of transport allow—although the weather needs to be better than it is at present. Instead, we can help reputable pedicab drivers to develop a good, popular and sustainable business through sensible regulation.

Some Government Members may be concerned that it is a Labour Mayor who would oversee the design and implementation of the regulatory system, but I caution against taking a partisan view. London has a mature system of regulation for public and private hire, an experienced team to enforce transgression through fixed penalty notices and, in the most serious cases, an operating ban. We also have the London Assembly to scrutinise Transport for London and the Mayor, and all of its members are accountable to Londoners through the ballot box.

I hope that I can count on the support of this House to tidy up the law in scrapping this legal anomaly, and to tidy up London’s west end by ensuring that responsible rickshaw drivers ply for business by offering a safe and reasonably priced service that does not obstruct others from going about their business. I commend this Bill to the House.

*Question put and agreed to.*

*Ordered,*

That Paul Scully, Julia Lopez, Stephen Hammond, Bob Blackman, Robert Neill, Dr Matthew Offord, Zac Goldsmith, Tom Brake, Mike Gapes, Jim Fitzpatrick, Ms Karen Buck and Mr Virendra Sharma present the Bill.

Paul Scully accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 16 March, and to be printed (Bill 154).*

## Nuclear Safeguards Bill

*Consideration of Bill, not amended in the Public Bill Committee.*

### New Clause 1

#### TRANSITION PERIOD

“(1) The Secretary of State shall, upon laying any statement under subsection (3A) of section 76A of the Energy Act 2013, seek to secure a transition period prior to the implementation of withdrawal from EURATOM of not less than two years.

(2) During a transition period under subsection (1), any—

- (a) conditions under which the UK is a member of EURATOM before exit day shall continue to apply;
- (b) obligations upon the UK which derive from membership of EURATOM before exit day shall continue to apply;
- (c) structures for UK participation in EURATOM that are in place before exit day shall be maintained; and
- (d) financial commitment to EURATOM made by the UK during the course of UK membership of EURATOM before exit day shall be honoured.”.—  
(*Dr Whitehead.*)

*This new clause would aim to put in place a transition period, during which the UK could seek to secure an association to EURATOM*

*Brought up, and read the First time.*

2.3 pm

**Dr Alan Whitehead** (Southampton, Test) (Lab): I beg to move, That the clause be read a Second time.

**Madam Deputy Speaker (Dame Rosie Winterton):** With this it will be convenient to discuss the following:

New clause 2—*Purpose*—

“The purpose of this Act is to provide for a contingent arrangement for nuclear safeguarding arrangements under the terms of the Nuclear Non-Proliferation Treaty in the event that the United Kingdom no longer has membership or associate membership of EURATOM, to ensure that qualifying nuclear material, facilities or equipment are only available for use for civil activities (whether in the United Kingdom or elsewhere).”

*This new clause would be a purpose clause, to establish that the provisions of the Bill are contingency arrangements if it proves impossible to establish an association with EURATOM after the UK's withdrawal from the EU.*

New clause 3—*EURATOM: maintenance of nuclear safeguarding arrangements*—

“No power to make regulations under this Act shall be exercised until the Secretary of State has laid before Parliament a report on his or her efforts to—

- (a) seek associate membership of EURATOM, or
- (b) otherwise maintain the implementation of nuclear safeguarding arrangements in the UK through EURATOM

after the UK has left the European Union.”

*This new clause would require the Secretary of State to report to Parliament on his or her efforts to maintain the implementation of nuclear safeguarding arrangements through EURATOM after the UK has left the EU.*

Amendment 3, in clause 1, page 2, line 14, at end insert—

“(3A) No regulations may be made under this section unless the Secretary of State has laid before both Houses of Parliament a statement certifying that, in his or her opinion, it is no longer possible to retain membership of EURATOM or establish an

association with EURATOM that permits the operation of nuclear safeguarding activity through its administrative arrangements.”

*This amendment would require the Secretary of State to certify, before making any regulations to provide for nuclear safeguarding regulations, that it was not possible to remain a member of EURATOM or have an association with it.*

Amendment 2, page 3, line 3, at end insert—

“(11) Regulations may not be made under this section unless the Secretary of State has laid before both Houses of Parliament a report detailing his strategy for seeking associate membership of EURATOM or setting out his reasons for choosing to make nuclear safeguards regulations under this Act rather than seeking associate membership of EURATOM.”

*This amendment would prevent the Secretary of State from using the powers under Clause 1 to set out a nuclear safeguards regime through regulations until a report has been laid before each House setting out a strategy for seeking associate membership of EURATOM or explaining why the UK cannot seek associate membership of EURATOM.*

Amendment 7, in clause 4, page 5, line 6, at end insert—

“(5) No regulations may be made under this section until—

- (a) the Government has laid before Parliament a strategy for maintaining those protections, safeguards, programmes for participation in nuclear research and development, and trading or other arrangements which will lapse as a result of the UK's withdrawal from membership of and participation in EURATOM, and
- (b) the strategy has been considered by both Houses of Parliament.”

*This amendment would require the Secretary of State to lay a report before Parliament on the protection and trading arrangements that arise from membership of EURATOM, and his strategy for maintaining them prior to making regulations concerning nuclear safeguarding.*

**Dr Whitehead:** The proposed new clauses and amendments appear in my name and those of my hon. Friends the Members for Salford and Eccles (Rebecca Long Bailey), who is the shadow Secretary of State, and for Sheffield Central (Paul Blomfield) and others.

First and foremost, I want to set down a marker on new clause 2, because it represents the dividing line between us and the Government on membership, associate or otherwise, of Euratom. This purpose clause makes explicit that this is a contingency Bill. In other words, it is being enacted to deal with circumstances that may never arise—namely, that we as a country have no future association or membership with Euratom that would enable us to continue to reap the benefits of association or membership in a way that I think is almost universally agreed.

I think that it is agreed—the Minister has stated as much during the passage of this Bill—that Euratom has served well our purposes as a nuclear nation over the past 40 years, and nuclear safeguarding has worked very well in inspecting and representing our obligations to international agencies such as the International Atomic Energy Authority.

It is clear that our interests as a country would be best served by continuing our membership of Euratom, which was founded by a different treaty from that which brought about the EU. Indeed, during evidence to the Public Bill Committee, we heard strong arguments along those lines from eminent lawyers who had been called as witnesses. However, we appear to be in the position

[*Dr Whitehead*]

of assuming that our future membership of Euratom is not possible, because essentially the Prime Minister, as a matter of choice, included exit from Euratom in her letter to the Commission informing it that we were invoking article 50.

**Stephen Kerr** (Stirling) (Con): The treaty on Euratom membership is part of the set of treaties described in the treaty of Lisbon. Therefore, as we leave the European Union, we will, de facto, leave our membership of Euratom. It is as simple as that.

**Dr Whitehead:** I am afraid that it is not as simple as that. A considerable body of legal opinion states that, because Euratom was founded by a treaty other than the treaty of Rome—it was, in fact, founded before the EU came together—it can and should be dealt with separately. Although arrangements relating to association with and membership of various EU bodies have changed over time as a result of changes in EU regulations, that has not been the case with Euratom. The articles relating to associate membership and arrangements are identical to those that were in place when Euratom was founded. There is no case to answer as far as separate arrangements for Euratom are concerned.

**Albert Owen** (Ynys Môn) (Lab): My hon. Friend is making a strong case for associate membership. He will recall a Westminster Hall debate that I held only last year, during which there was broad consensus on the issue, including among Conservative Members. I think that the Minister was the only Member who did not agree. The only reasons the Government have given relate to the legal position and the European Court of Justice. If Conservative Members were not whipped, they would understand the logic of the very sensible new clause.

**Dr Whitehead:** I thank my hon. Friend for making that strong point. I recall that even the hon. Member for Stone (Sir William Cash) suggested during that debate that associate membership of Euratom could be effective in continuing those arrangements, which have served us so well over many years.

**Rebecca Pow** (Taunton Deane) (Con): The hon. Gentleman has referred to the International Atomic Energy Authority. The Government have made it clear that we will be seeking new arrangements with it and that they will follow exactly the same principles as the current arrangements—that is, the right to inspect civil nuclear facilities and to continue to receive all the safeguards and reports. We should be confident that this Government are going about the issue in a serious, sensible and meticulous way.

**Dr Whitehead:** The hon. Lady makes the case for our new clause. If the Government are going about their business in a sensible and coherent way—I note the Secretary of State's statement on 11 January on how the Government intend to go about conducting relationships with Euratom—it would be a good idea to place that procedure into the Bill, so that we can be clear about what we are about, what we want to achieve and how we will do so.

After all, it has been stated that this is a contingency Bill. We want to know what it is a contingency against and therefore how it should be framed in terms of what we should be doing in contemplating whether to bring it into operation. If we had either membership of Euratom or an associate form of membership, which might be fairly similar to that enjoyed currently by Ukraine but with a number of additional factors, this Bill would not be needed. The arrangements with Euratom would continue to be in place, rendering the Bill superfluous. We need to be clear about what we are debating.

**James Heapey** (Wells) (Con): The shadow Minister knows that he and I often agree on stuff, but I wonder whether today he might concede this point. At worst, his new clauses would merely render the Bill superfluous if we manage to achieve associate membership of Euratom, but at best we are providing the contingency plan that gives industry the certainty that it says that it so much wants. The Bill is therefore relevant and necessary in that sense, even if it may ultimately prove to be superfluous because we achieve Euratom membership.

**Dr Whitehead:** Yes, indeed. I suspect that the hon. Gentleman and I are going to agree substantially on this. We regard the Bill as necessary in the context of the possibility that, after Brexit, no arrangements can be brought about with Euratom, either associate membership or full membership. The Bill will then ensure that the nuclear industry is clear about its future and that the arrangements for our international obligations can be properly carried out in the absence of those arrangements. We have indeed been constructive and helpful during the Bill's whole passage through Parliament. However, that does not detract from our thinking that a number of its procedural elements should be strengthened in relation to what we do while it is gestating and coming to potential fruition after the point at which the things that we are doing may not have had any success.

The hon. Gentleman will see that in some of our amendments we are also trying to make sure that Parliament is fully informed of what processes are under way while we get to the position that the Bill could, or could not, come into operation. That is important for Parliament's sake. After all, we are in new territory with regard to this Bill, and we therefore have to do a number of new things in legislation that fit the bill for our future arrangements. That is essentially the beginning and end of what we are trying to do through this group of amendments.

**Richard Graham** (Gloucester) (Con): I am puzzled why new clause 1 is necessary. All its ingredients are issues that form part of the transition negotiations that our country is going through with the European Commission. It therefore seems bizarre to try to legislate that

“conditions under which the UK is a member of EURATOM before exit day shall continue to apply”

during the transition. On that basis, we would be legislating for all sorts of things that form part of the negotiations to continue during the transition. What would the hon. Gentleman say to that?

**Dr Whitehead:** The hon. Gentleman has slightly got ahead of me, because I started by talking about new clause 2, and I am about to start talking about new clause 1. He thinks that new clause 1 may be superfluous.

I would suggest that because this Bill is about procedure as much as fact, the new clause sets out a procedure that we need to undertake in the event of certain things not happening, and it is important that a number of those possible events are covered in the Bill. Should it not prove possible to remain a member of Euratom, for various reasons, it is important to consider the idea of a transition period after which we would then be in a position to fully carry out our obligations to the IAEA and other agencies separate from Euratom. That, indeed, is what the Bill is essentially trying to bring about. The Bill is predicated on the notion that membership or association with Euratom will not be possible, and it is therefore necessary to recreate the arrangements for nuclear safeguarding that have served us so well in a solely domestic form and thereby enabled us to negotiate separate voluntary arrangements with the IAEA and, indeed, separate bilateral agreements with a number of other countries, including the United States, Australia, Japan, and Canada.

2.15 pm

The proposition that the Bill is prepared on a contingency basis is not something that the Opposition have made up. On Second Reading, the Secretary of State stated explicitly that

“the Bill has been prepared on a contingency basis. The discussions around our continued arrangements with Euratom and with the rest of the European Union have not been concluded, but it is right to put in place in good time any commitments that are needed in primary legislation. Euratom has served the United Kingdom and our nuclear industries well, so we want to see maximum continuity of those arrangements.”—[*Official Report*, 16 October 2017; Vol. 629, c. 617.]

However, this central point regarding the Bill is not stated within it. That is why it is so important to have a purpose clause, and that is what new clause 2 does. It provides that the Bill is operational only in the event that other arrangements are impossible to achieve.

**Rachel Maclean (Redditch) (Con):** I accept that there was a vast amount of legal argument on our membership, or not, of Euratom. Indeed, it is not a simple point. However, we have now triggered our leaving Euratom. The treaties are uniquely joined, so it is a fact that we have left Euratom and will no longer be members. As we go forward with negotiations, putting the word “contingent” into the Bill would create uncertainty for our partners in the EU, given that the negotiations are two-sided. Those negotiations have yet to progress, so we need this Bill to be a clear signal or statement to our EU partners to achieve what we want. I fear that having the word “contingent” in the Bill will muddy the waters in our negotiations with our partners. Does the hon. Gentleman agree?

**Dr Whitehead:** I would have thought that the Bill, in whatever form it eventually emerges, demonstrates the opposite. Yes, there are a number of negotiations to be undertaken. We do not yet know the results of those negotiations. We have not left Euratom, which, it is generally agreed, has served our purposes very well. The new clause would enable us to signal, in the event of all those negotiations not working, that we are nevertheless still able to fulfil our obligations to the IAEA and to show it that we have a regime in place that does the business with regard to nuclear safeguarding from the

point of view of the IAEA’s concerns. Putting forward this Bill as a contingency measure, as the Secretary of State said was the case, is important in the uncertain position we are in at the moment. Nevertheless, we will need certainty, over a relatively short period, with the bodies that are responsible for policing and organising the nuclear non-proliferation treaties and the whole arrangements relating to nuclear safeguarding. I think, if I may say so, that that is the right way to do it as far as putting a Bill before the House is concerned. The Opposition do not dispute that: we think it is right to have the Bill as a contingency. Our concern, however, is whether there are sufficient elements to the process part of the Bill to ensure that it works as well as it could. That is really the point of difference on the Bill at the moment.

**Richard Graham:** The hon. Gentleman knows that this is incredibly important to him and several of his colleagues, and it is incredibly important to me, with EDF Energy’s operational headquarters for nuclear in my constituency and Horizon just down the road, so we are all coming from the same point. His specific proposal—I am talking about new clause 1 again—is very specific. It even mentions a period of two years, although the transition period that is being negotiated may well come to an end at the end of 2020. In effect, he is asking the Government to legislate on something over which they do not have control. Surely the better approach is to plan for the contingency, as he has already agreed, and recognise that the other elements—Euratom and other agencies—are all subject to a negotiation that this House cannot, by its nature, control.

**Dr Whitehead:** That is a little strange in that the Prime Minister referred to transition periods for the overall EU negotiations in her Florence speech, and the Secretary of State did so strongly in his written statement on 11 January. If the hon. Gentleman wants to be assured, as far as the nuclear industry is concerned, that there will be a seamless transition at the point at which we are no longer a member of Euratom, I would have thought he ought to be strongly in favour of aspiring to a transition period. As he knows and we know, the process of recreating in the UK all the things that have been done by Euratom for 40 years—we will discuss that later—will be extremely difficult, lengthy and problematic. It will certainly, in the opinion of many people, be extremely difficult to achieve in the period ahead if we corral those negotiations and are to complete them by March 2019. If he thought about it for a moment, he would recognise that the last thing we could conceivably want is a period of, in effect, nuclear shutdown, or of defaulting on our international obligations because we are not ready to carry them out on Brexit. That is why a transition period may be so important.

**Richard Graham:** Yes, of course we all want a transition period, which is precisely a part of the negotiations. What I struggle to understand is that the scenario the hon. Gentleman describes is in effect not within our control. The transition we are seeking is being negotiated—in fact, the Minister and other Front Benchers have made it absolutely clear several times that we want to continue the relationship with Euratom as deeply as possible—but I cannot see the need, in a legislative context, for his proposed new clause 1. In fact, I do not believe it would be possible for any Government conceivably to agree to it.

**Dr Whitehead:** I repeat my suggestion that, because the Bill is about process as much as content, it is important that it is guided by the sort of considerations we want to take place in order to achieve, as we are all agreed, the best outcome—[*Interruption.*] Indeed, yes, the best outcome. We must make sure that the negotiations not only proceed with the best outcome in mind, but cover the fact that it may be the case—again, this is out of our control—that if we stick to a position, with the provisions of the Bill, in which everything essentially stops in March 2019, that would be just catastrophic for our nuclear industry and our international nuclear safeguarding obligations. We must get this right, and we must have continuity of arrangements inside or outside Euratom. It is in those circumstances that a transition period is suggested.

The arrangements for the founding of Euratom and its articles suggest that a period of transition for negotiating our way out of Euratom may not be identical to the period for the arrangements for negotiating our way out of the EU as a whole. It is quite possible to conceive the circumstances in which we do not have a transition period beyond March 2019 for negotiating our general withdrawal from the EU, but we do have a transition period for negotiating our way out of Euratom. It is at the least strongly arguable that that may be the case in the future, and it is another reason why such a provision should be in the Bill.

**Trudy Harrison (Copeland) (Con):** I feel I must pull up the hon. Gentleman because he has twice referred to Euratom having been around for 40 years, but it began in 1957. It was born out of the civil nuclear industry that began in my constituency of Copeland when Calder Hall was first constructed. I thought that I should make it clear that this was from Britain and by Britain back in 1957. We have actually had it for 70 years, although there was the merger in 1967.

**Dr Whitehead:** I was referring to the length of time that we have been a member of Euratom, not the length of time that Euratom has been around. Indeed, the hon. Lady will know that when Euratom was founded, the UK was not a member of it. I am sure she will also know that the founders of Euratom, particularly one of them—Mr Spaak—wrote a substantial report at the time of the founding of Euratom that strongly envisaged, setting out in chapter and verse, how an associate relationship of Euratom with the UK could come about. The arrangements that Mr Spaak considered in the report for associate membership are identical to those that exist today. I thank the hon. Lady for reminding us that Euratom has been around a lot longer than the period during which the UK's relationship with Euratom has existed, but I am sure she will agree that even at the outset of Euratom, an association with the UK was envisaged before the UK joined to facilitate nuclear exchange, nuclear development and—although the nuclear non-proliferation treaty was not around at the time—joint endeavours in civil and defence nuclear work.

I fear, Madam Deputy Speaker, that I have tested the patience of the House, particularly, given the number of interventions I have taken, because of the necessity of ensuring that I responded to them fully. I will end by telling the House that we need to remember that this Bill covers just one aspect of our relationship with

Euratom over the period during which we have been a member of it. Our relationship with Euratom also includes participation in nuclear research, the transportation of nuclear materials, the development of nuclear arrangements, the trading of nuclear materials and a number of other arrangements, all of which will lapse on our exit from participation in Euratom and all of which will need to be secured for the future. They are not the subject of the Bill, but they will have to be dealt with at some stage if we are not to have a close association with Euratom after Brexit. Amendment 7 would provide for at least an understanding that we will move forward to secure working arrangements for a future outside Euratom, not just making provision for our treaty obligations concerning nuclear safeguarding.

The Opposition think that the suite of connected amendments to the Bill will strengthen it enormously so that it is a fully fit-for-purpose contingency arrangement. I therefore commend these new clauses and amendments to the House.

2.30 pm

**Trudy Harrison:** New clause 1 concerns me, because it seems to me to be a delaying tactic. As I have mentioned, Euratom and the IAEA were really formed in 1957, when Calder Hall was built in my constituency. There are now 70-something businesses operating in the nuclear industry in my constituency alone. I have spoken to each and every one of them, as well as to Sellafield, the Low Level Waste Repository and the National Nuclear Laboratory. They all say that it is absolutely critical that we get on with the job swiftly and provide certainty so that when we leave the European Union on 29 March 2019, we know exactly where we are.

I come back to the point that Euratom was formed in 1957, and I find it somewhat disappointing that Opposition Members are not crediting our country with the ability to do what is necessary. I have been reassured by the Minister on several occasions about the timescales, and about the process that is already in place for recruiting new safeguards inspectors to the Office for Nuclear Regulation. There are clear synergies inherent in having the ONR, which is the overarching umbrella organisation, working on safeguarding, security and safety.

When it comes to the transition, the Prime Minister has already said that there will be a transition arrangement after we leave the European Union on 29 March 2019. Therefore, the most important thing is to get on with the job, and the Bill enables us to do just that.

**Stephen Kerr:** Does my hon. Friend agree that in the new clause, great uncertainty is built into the very thing—the contingency—that was intended to give certainty to people such as those in her constituency?

**Trudy Harrison:** That is exactly my point. This is about certainty and getting on with the job. Not having the Bill in place would be absolutely catastrophic for my constituency and the whole county of Cumbria.

**Rachel Reeves (Leeds West) (Lab):** I know that the hon. Lady cares hugely about this issue, because it matters a great deal for her constituency. She and I have been in meetings with the Office for Nuclear Regulation, in which it has said very clearly that it will not be able to meet Euratom standards for safety inspections by March

2019. Indeed, even to meet IAEA standards will be very challenging. Does she not agree that new clause 1 would provide certainty, rather than the other way around, because it would ensure that in March 2019 we were in a transition period in which we could still rely on Euratom to perform the inspections that are so crucial in her constituency?

**Trudy Harrison:** It is not just my constituency, though; this is about the whole country. Today, more than 20% of our electricity is provided by nuclear power stations. The hon. Lady is not quite correct. My memory of the meeting she mentions is that we were told we would have sufficient aspects in place to be able to have the regime, there or thereabouts, to continue with our existing—[*Interruption.*]

**Rachel Maclean:** As the hon. Member for Leeds West (Rachel Reeves) will know, Dr Golshan said in evidence to the Select Committee:

“My current project plan is that we establish a regime that intends to meet UK international obligations when we leave”.

That is achievable. She said that there were challenges, but not that they were insurmountable. She added that she intended to

“build upon that to achieve a system that is equivalent to Euratom.”  
So my hon. Friend is correct.

**Trudy Harrison:** I thank my hon. Friend. It is important that we hold the Minister and the Department to account, and that we focus on the critical path of recruiting the right number of staff into the ONR and ensuring that the regime is in place when we leave. We need to get on with the job, and the 70-something businesses in my constituency absolutely want us to do that.

**Alex Norris** (Nottingham North) (Lab/Co-op): The hon. Lady and I were both in the evidence-gathering sitting of the Bill Committee, in which Dr Golshan said that

“we will not be able to replicate Euratom standards on day one.”—[*Official Report, Nuclear Safeguards Public Bill Committee, 31 October 2017; c. 7, Q9.*]

Is this perhaps a matter of fact, rather than a question of confidence in Britain? In taking this course of action without the safeguard that my hon. Friend the Member for Southampton, Test (Dr Whitehead) has proposed, we will leave ourselves without the coverage that we need.

**Trudy Harrison:** I have already said that I believe the transition period will happen, as the Prime Minister has indicated. New clause 1 is a delaying tactic, and that is absolutely not what the industry needs. We need certainty, and we need it today. I am pleased that the Department is already acting to recruit to the ONR safeguarding inspectors, who will also have responsibility for safety and security. That seems to me to provide vital synergies of shared knowledge and shared experience across the board in the nuclear sector.

**Albert Owen:** I want to speak briefly in support of new clause 1. We have debated whether there will be negotiations during the transition period, but I hope that the Minister will respond to this question when he winds up: does he intend to negotiate associate membership

of Euratom? We are asking for associate membership, but we have been given no clear idea of whether he intends to seek such membership. We all want the safeguards to be in place from day one. Negotiating over Euratom standards is not in our gift, but we now have in place the highest standards in the world and co-operation with other world leaders.

**Stephen Kerr:** Having sat through a number of evidence sessions with me, as a fellow member of the Business, Energy and Industrial Strategy Committee, the hon. Gentleman well knows that there is no such thing as associate membership of Euratom. The Minister has repeatedly said that the Government intend to seek some form of close association with Euratom—I do not want to dwell on the semantics, but that is obviously a different thing—and to maintain a continuity of relationship with it. The new clause is therefore totally unnecessary, given the Prime Minister’s commitment to a two-year implementation period.

**Albert Owen:** I often agreed with the hon. Gentleman in Committee, but I think that he is completely wrong on that point. There is such a thing as associate membership—of Euratom, and of the European Union—and there are different levels of membership.

**Stephen Kerr** *indicated dissent.*

**Albert Owen:** Yes, there is. We need to negotiate from a position of clarity and strength, and I do not see us doing so. Without the proposed commitment in the Bill, I do not see the Government saying that they intend to go for third-party or associate membership of Euratom. We have not even seen the legal opinion that the Government were given about the need to leave Euratom in the first place. I support the need for nuclear safeguarding, and I will support the Bill on Third Reading, but new clause 1 is sensible, because it suggests that the Government should approach Euratom members and ask for associate membership, to give us the continuity and certainty that we want.

**Ben Bradley** (Mansfield) (Con): The hon. Gentleman says that he wants continuity and certainty, but can he not understand the difficulty involved in writing into the Bill the outcome of negotiations that have not yet happened? How can Parliament effectively write into law that we are going to have a transitional period when the negotiations have not yet happened?

**Albert Owen:** The Government say that we need a transitional period for EU withdrawal, and it is obvious to me that we also need one for Euratom. The Government have said that we need to leave Euratom at the same time as we leave the European Union, but I stress again—I hope that the Minister will clarify the position—that nobody other than the Government has seen the legal advice that tells us that we need to exit Euratom. My hon. Friend the Member for Southampton, Test (Dr Whitehead) was absolutely right to say that there is universal support for the idea of our having associate membership. I have not met anyone who works in the industry who says that we should move away from Euratom. If we do, they—the workers; Prospect, the union; many of the experts who gave evidence to us; and the Nuclear Industry Association, which is the

[*Albert Owen*]

umbrella body—feel that we should have associate membership. The new clause therefore speaks on behalf of the industry in the first instance, and we as legislators should listen to what the industry is saying; we should not listen to the Government's ideological grounds. The only reason why the Government want to leave Euratom is that they do not want to be under the European Court of Justice—that is the crux of it.

**James Heapey:** The hon. Gentleman, like me, will have received the briefing from the Nuclear Industry Association. Paragraph 5, on legal implications, clearly says that the treaties are entwined—that is the EU's position and the UK Government's position—and that it is not possible to remain a member of Euratom while leaving the EU.

**Albert Owen:** Well, let us clear this up now. I invite the Minister to say on behalf of the Government whether it is his intention—or their intention, if he is not in his post at the time—to negotiate associate membership. Yes or no? Otherwise, we are just guessing that the Government will negotiate some form of associate or third-party membership. I need to know these things from the Government, because we do not have anything in front of us. What we have today is a group of new clauses and amendments that would give us the certainty that we need. The industry is crying out for that, so I want to hear from the Minister.

**Richard Graham** *rose*—

**Albert Owen:** I am sure that the hon. Gentleman cannot speak on behalf of the Minister, but I will be interested to hear what he has to say.

**Richard Graham:** It strikes me as bizarre that the hon. Gentleman and his colleagues are taking their current line. I can only assume that that is either because they want to try to make the political point that the Government and the Conservative party do not want to have a future relationship with Euratom, which is clearly wrong—the Minister will confirm that when he speaks—or because the hon. Gentleman wants to score a political point with an industry that I know is dear to his heart by suggesting that, somehow, he is being more supportive by trying to write into law something that cannot be written into law. What is needed today—we will hear this from the Minister—is absolute confirmation of the Government's intention to continue to have as close a relationship with Euratom as possible. That is what will be negotiated. It cannot be legislated for, otherwise we would do the same thing for all the many other organisations in Europe with which we might want to have a future relationship. All of that will be covered in the transition talks in Brussels.

**Albert Owen:** I am grateful to the hon. Gentleman. He knows me quite well, and I do not think he would accuse me of scoring political points. I have said consistently since before the Bill was introduced that we need clarity, whether we have full membership of Euratom, associate membership, or a third-party agreement.

**The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Richard Harrington)**  
*rose*—

**Albert Owen:** At this stage, I do not know what will happen, but I am going to find out from the Minister now.

**Richard Harrington:** I must apologise for my hesitancy when the hon. Gentleman asked me a question. I was not sure whether I was allowed to intervene on him, so I had intended to reply in my speech. Just to make matters clear, however, it is a statement of fact that the Government have served the article 50 notice to leave Euratom, the argument being that the two treaties were so interleaved that we had to. Secondly, there is no such thing as associate membership. Some countries have agreements on certain matters—associate membership on research and development, for example, in the case of Ukraine—but there is no legal category of associate membership. Thirdly, the Government intend to seek as close an association with Euratom as is possible. If it is acceptable to the hon. Gentleman—I attended his Westminster Hall debate, and I have listened very carefully to what he has said today—I will continue my remarks at the end of this debate.

**Albert Owen:** I am grateful, because that is helpful, but there is associate membership—it is just in different sections, whether that is research and development or various other—[*Laughter.*] There is. Conservative Members laugh, but when we had a debate in Westminster Hall, both sides were in agreement that we needed to strengthen our relationship through an associate or alternative membership.

**Rachel Reeves:** Like other hon. Members, my hon. Friend has a close constituency interest in this issue. Ukraine has associate membership for the research and development programme. One thing my hon. Friend and I are particularly interested in is whether we are seeking to have what Ukraine has: associate membership specifically for research and development.

2.45 pm

**Albert Owen:** That is an important point. However, let me repeat that it is not Labour Back Benchers who are asking for this; it is the industry itself. We need to listen to the industry. Its members are not stupid. They know the technical and legal differences between associate membership and part-associate membership. What they want is certainty. If someone is in a position of strength, they do not go into negotiations, one against the rest, and say, "What are you going to give us?" We have to go to the negotiations with a firm belief that we want a strong associate membership, but I have not heard the Government say that, even in the Minister's intervention.

**James Heapey:** I think that we are all pulling in the same direction, but we need to be careful about the language. There is not an on-the-shelf associate membership that we can just pick up and run with. There are associated countries, and there are countries that have associate arrangements, but those are bespoke, and thus far all of them have required the free movement of people and a contribution to the EU budget. It is therefore likely that whatever our associated membership might be, it will be different from that of countries that already have an associated membership. However, those countries are not "associate members", in the sense that there is an associate membership class.

**Albert Owen:** I think the hon. Gentleman is agreeing with me, but we do not know our position or what our starting point is.

I would like to hear from the Minister—he will have enough time—that the British Government, on behalf of the nuclear industry, are looking for certainty. To say that they are looking for something as close as associate membership is not good enough. Are we looking for a specific British agreement with the rest of Euratom that gives us the same certainty as we have now? If so, we should support the new clause, because it strengthens the hand of the Government, rather than weakens it.

We should look at the comparison with the European Union (Withdrawal) Bill and phase 1, at the 11th hour waiting for the Irish to reach some sort of agreement. We cannot do that with Euratom and nuclear, because of its nature. Let us be absolutely firm. We are all pulling in the same direction. We want the best for the British nuclear industry. The nuclear industry wants an associate membership, so let us fight for it.

**Mr Ranil Jayawardena** (North East Hampshire) (Con): Although I have not spoken on the Bill to date, I have been following its progress from afar. I rise, unsurprisingly perhaps, in opposition to the proposals that have been tabled by the hon. Member for Southampton, Test (Dr Whitehead). As his county colleague, I have a great deal of time for him, but on this occasion I have to say, with regret, that I believe that the measures would delay the implementation of the vital nuclear safeguarding measures that are facilitated by the Bill and extend lobbying for associate membership of Euratom.

Notwithstanding the uncertainty, instability and safeguarding risks that these new clauses and amendments implicitly condone, the association they appear to grasp at seems to be ideologically driven. Those who still worship membership of the customs union or the single market above all else should see the impossible implications of the measures.

Euratom, which was established by the Euratom treaty, as we have already heard, is uniquely joined to the European Union. It has the same membership. Its budget is part of the general budget of the EU. Importantly, it also makes use of the same institutions and entities: the Commission, the Council and, contrary to everything that we voted leave for—to take back control—the European Court of Justice. That is why this Bill, which will create our own version of things, is so crucial. Providing certainty as we leave is crucial, whatever the deal.

I note that the measures seek some association, but that is no silver bullet. As we have heard already, there is no such thing as associate membership, and hon. Members do not have to trust me on that. If we cannot trust the views of a former president of the Union of European Federalists, who can we trust? I speak, of course, of the former Liberal Democrat MEP, Andrew Duff, and he wrote:

“Euratom is therefore a fundamental building block of the European Union and not an accessory. It cannot be separated out from the rest of the Union. Joining the EU means joining Euratom; leaving the EU means leaving Euratom... There is no such thing as associate membership of Euratom.”

**Layla Moran** (Oxford West and Abingdon) (LD): I simply say that that is not the Liberal Democrat party's position, even though Andrew Duff may indeed at one point have been a Liberal Democrat MEP.

**Mr Jayawardena:** My life is greatly enhanced by that clarification. Let me turn to another source that the hon. Lady might put greater trust in—Professor David Phinnemore of Queen's University Belfast. He agreed with the former Liberal Democrat MEP:

“Andrew Duff has been quick to point out, correctly, that there is in fact no such thing as ‘associate membership’ of Euratom or, indeed, of the EU for that matter. Non-member states can only be ‘associates’ of the EU.”

That is an academic's view, as well as an MEP's view.

The hon. Member for Ynys Môn (Albert Owen), in an exchange with my hon. Friend the Member for Wells (James Heapey), considered the notion of associated country status. Switzerland has associated country status. That is different from associate membership; it covers only research and development, and as my hon. Friend made clear, it is contingent on free movement. People in this country have said in a referendum that free movement must be controlled. Given the impossibility of the deal that the new clauses seek time to negotiate—to say nothing of its undesirability—it is pure folly to mandate years of uncertainty in a nuclear safeguarding transition period. I contend, rather, that the safeguards, inspections of nuclear facilities and monitoring that the amendments purport to support would be harmed more by a safeguarding transition period—especially since, once we have left the European Union, our Euratom membership cannot apply—than by moving forward immediately to new safeguards.

**Albert Owen:** Is the hon. Gentleman honestly telling the House that the British public do not want experts from other countries to move freely in the nuclear industry? We are talking about not just nuclear installations but research centres in this country that need international co-operation.

**Mr Jayawardena:** Although I like the hon. Gentleman very much and value his contributions to the House, I think he is missing the point and trying to undermine what the British people have clearly told us politicians. It is uncontrolled immigration that they seek to remedy.

**Mr Edward Vaizey** (Wantage) (Con): I hate to rise to disagree with my hon. Friend, but the British people did not vote to leave Euratom. It is a separate treaty and it was not on the ballot paper. We are aware that we are leaving Euratom because of a technicality. I am also aware that if the Government Front-Bench team could wave a magic wand, they would remain in Euratom. Can we please not wrap up our departure from Euratom into some kind of Brexit dream of sticking it to the continent? We want free movement of our nuclear workers, not least because we are building a multibillion-pound nuclear power station at Hinkley Point.

**Mr Jayawardena:** In disagreeing with me, my right hon. Friend has made my point: specific deals can be done to make sure that the people that this country needs and wants to see here in Britain can come here.

**Rachel Reeves:** Will the hon. Gentleman give way?

**Rebecca Pow:** Will my hon. Friend give way?

**Mr Jayawardena:** I will make some progress first.

The people we want to see in Britain—those who can contribute to our society, our economy and our communities—should be able to come here and contribute

[Mr Jayawardena]

to our national life and national industries. Indeed, that is how we will continue to make sure that our nuclear industry goes from strength to strength.

**Rebecca Pow:** Would my hon. Friend give way on that point?

**Mr Jayawardena:** Okay.

**Rebecca Pow:** I knew he would, because my hon. Friend knows that my constituency is adjacent to the enormous new nuclear power station that is being built. We will get a large knock-on effect on employment, and indeed we have the first nuclear degree at the University Centre Somerset, which is in my constituency and the adjacent constituency. Does he agree that we need to keep these brains coming and ensure that this industry is growing and booming as we go forward? We are encouraging young people to go into it, and they want to know that there is a safe future.

**Mr Jayawardena:** My hon. Friend has guessed what is coming later in my remarks. I will come on to the future, but I want to focus now on the importance of nuclear, which I think everyone agrees is of key strategic importance to the United Kingdom. I am therefore pleased that Her Majesty's Government have been clear that they aim to seek to maintain close and effective arrangements for civil nuclear co-operation with Europe and the rest of the world.

As we leave the European Union and enter, in my view—I accept that it might not be everyone's view—an exciting and prosperous new phase in our kingdom's history, where we are free to do what we need to do to put our people first and seek trade deals with friends around the world, it is through the cultivation of open, willing and free global markets, interested in innovation from Britain and the revenues that that trade will bring, that we will help to stabilise and boost the UK economy. In this new industrial revolution—perhaps the fourth industrial revolution, as has been championed by my hon. Friend the Member for Havant (Alan Mak)—nuclear power will form a vital part of the UK's long-term energy mix.

In that context, I want to inform the House of how little of our energy comes from nuclear. Some 72.3% of France's energy comes from nuclear, compared with 54.1% of Slovakia's, 51.7% of Belgium's, 51.3% of Hungary's and 40% of Sweden's. We are at less than half that percentage. I would be delighted to be told that I am wrong—I would be delighted if it were higher—but I am informed that it is less than 20%. Nuclear power, as a source of electricity to power millions of homes and businesses for decades to come, is not only clean, low-carbon energy, but reliable. It will also secure our energy, environmental and economic futures. It is therefore absolutely critical to get the regulation of it right.

We have heard about the deal to secure our first new nuclear power station for a generation. It will be built without resort to the public purse and will mean the creation of 26,000 new jobs. It is the sort of industry we want to incentivise in this country to create good new jobs for young people now and in the future. It will also mean energy security, as I have said, which is absolutely critical for our kingdom's future prosperity, so it is critical that the right safeguards are in place.

It is important that the nuclear safeguards provided under the Bill are distinct from both nuclear safety measures and nuclear security measures. Those measures, which are respectively intended to prevent accidents and to put in place physical protection measures at nuclear sites—are not under the purview of the Bill. They are unaffected by our leaving the EU, because they are not responsibilities provided primarily by Euratom. Euratom has no role in setting security standards or in regulating or inspecting security arrangements in our civil nuclear sector.

Nuclear safety and security are regulated by the Office for Nuclear Regulation—very effectively to date, I might add—and it is the ONR that will assume responsibility for running our effectively equivalent domestic nuclear safeguards regime created under the Bill. That is why, again, I believe that the Bill should stand unamended. Furthermore—international safety and security considerations have been mentioned—the UK will remain a member of the International Atomic Energy Agency, of which we were one of the founding members in July 1957 and remain one of the board members. Our leading role in the IAEA, our work developing and complying fully with international standards and obligations on nuclear safety and security, and our commitment to responsible nuclear non-proliferation thus demonstrate that the UK has no intention of retreating from international standards in our new domestic safeguards regime.

**Rachel Reeves:** I am sure that the hon. Gentleman is aware of this, but I clarify to the House that IAEA standards are not as high as Euratom's. The Office for Nuclear Regulation has said that it will not be able to meet Euratom's standards on day one of our exit from the European Union, so that would mean a dilution of the standards that we have today. Does the hon. Gentleman understand and acknowledge that?

**Mr Jayawardena:** My point about the IEA—I mean the IAEA; what a tongue-twister!—was not about the standards it provides. It was that we will remain part of the IAEA and will continue to comply fully with the international standards set out and our obligations in relation to nuclear safety and security.

3 pm

I wish to turn to some other concerns. One of the most common misconceptions is that leaving Euratom will affect the supply of medical radioisotopes. That is simply not correct. Medical radioisotopes are not classed as special fissile material and are not therefore subject to nuclear safeguards. Consequently, the UK's ability to import medical isotopes from Europe and the rest of the world will not be affected. Further, I understand—if I am wrong, I am sure the Minister will correct me—that the Government are fully committed to supporting nuclear collaboration in our scientific and research communities, having already underwritten the UK's share of one of the biggest EU nuclear projects last year. Such misunderstandings—and perhaps misinformation—highlight exactly why certainty is necessary. We need to enact the new rules as soon as possible so that medical isotope coverage can continue, and so that people know it continues, unaffected.

Research and development is critical, and it is underpinned by the Bill. I welcome the Government's emphasising that the decision to withdraw from Euratom

in no way diminishes their nuclear research and development ambitions. In fact, I understand they have stated that maintaining and building on our world-leading fusion expertise and securing alternative routes into the international fusion R&D projects will remain a priority. One example is the Joint European Torus programme, a fusion project based in Oxfordshire—my right hon. Friend the Member for Wantage (Mr Vaizey) may want to comment on it later. The contract is due to end in 2018, but I understand that discussions are already under way with the UK's European partners to extend it to 2020. If the Government are committed to it, it is right that they continue to guarantee that they will provide their fair share of JET funding up to 2020 in order to extend the contract.

**Layla Moran:** My constituency lies on the boundary of the Culham centre. The point the staff there are making to me is that this is about not just funding but being able to access the crucial networks of researchers and get the right talent in the right places. Does the hon. Gentleman concede that this will suffer in the short term, unless we get certainty now?

**Mr Jayawardena:** I will perhaps answer the hon. Lady's point in a roundabout way. When I visited Switzerland—I should refer Members to my entry in the Register of Members' Financial Interests—I was impressed to understand that Switzerland, despite having never been part of the EU, was one of the largest recipients of joint funding, because it had the brains to excel at driving technological innovation forward. One of the other biggest recipients of such funding was the UK. A third was Israel, which has never been part of the EU and has very few agreements of the sort that Switzerland has with the EU. Switzerland has some agreements with the EU, and we are leaving the EU. All three nations have great expertise and should continue to strive to ensure access to the networks that this technology and these innovations rely on.

Another such project is the international thermonuclear experimental reactor, a project to build a magnetic fusion device. The agreement was signed multilaterally by China, the EU, India, Japan, South Korea, Russia and the US. It is absolutely right that the UK continues to support such projects. I also understand that the Government have announced an £86 million investment to establish a nuclear fusion technology platform with the aim of supporting UK industry in obtaining contracts for just such projects.

We need to underpin that commitment and funding with some clarity today, however, which is why an additional transition period would be the worst of both worlds. The unique legal status of the EU and Euratom during that period would mean we would not be part of Euratom but would simply be seeking an association with it, or indeed an R&D-only association contingent on free movement and the European Court of Justice—if we are to base our position on Switzerland and refer to it in the wrong terms, as some Opposition Members have done. At the same time, however, we would be unable to enact our own safeguarding measures to underpin all that is good about our nuclear industry—the innovation we have supported and the jobs our young people deserve. I do not believe the new clause stacks up, and I will not be supporting it today.

**John Woodcock** (Barrow and Furness) (Lab/Co-op): It is a pleasure to rise to speak in favour of new clause 1. As far as I could follow the argument of the hon. Member for North East Hampshire (Mr Jayawardena) at the end there, he was saying that it would create instability to have an increased transition period for a treaty that has served the UK well for 40 years and that we want to replicate in as much detail as possible in the future arrangements. That is Alice in Wonderland logic and not the kind of rigour we ought to bring to this incredibly serious debate.

This fellow Andrew Duff, a former Liberal Democrat MEP, has been mentioned several times in the Chamber. It is, to my mind, the first time a former Liberal Democrat MEP has been taken as a great authority on any matter by Conservative Members, and possibly by his own party as well. I want to briefly and gently warn Conservative Members on the wisdom of taking former leaders' pronouncements as general facts. For obvious reasons, I do not seek to dwell on my own party's predicament on the matter, or that of the Liberal Democrats, given the recent well-publicised difficulties of their former leader in matters of faith. Are we to agree, however, with every pronouncement from Lord Hague, a former leader of the Conservative party, on issues on which he remains an expert? Are we to agree without question that Brexit will undoubtedly diminish Britain's influence on the world stage, as he has made clear? No, of course we are not, so can we please put that argument to one side and move on to the substance of the debate.

**Mr Jayawardena:** Hooray.

**John Woodcock:** The hon. Gentleman bored the Chamber senseless for three times as long—by my count—as was necessary.

**Mr Jayawardena** *rose*—

**John Woodcock:** Of course I will give way, as long as the hon. Gentleman does not go on for quite as long as he did last time.

**Mr Jayawardena:** I am sorry if I bored the hon. Gentleman, but he might not have been listening fully.

**John Woodcock:** I did try.

I would never accuse the Minister of complacency—he is not a complacent man—and I know that as Energy Minister he is giving much time to this matter, but although I do not think there is complacency from Ministers themselves, I am profoundly worried about the capacity in the system to deliver the new arrangements by the time set out. I agree with my neighbour, the hon. Member for Copeland (Trudy Harrison), on so much and we have worked together, but the idea that it is okay to be there or thereabouts in March 2019, at the time of transfer, is, I am afraid, bunkum. A level of certainty has to be written into our nuclear safeguarding regulatory arrangements.

Many Labour Members want our membership of Euratom to continue, howsoever it might be delivered in the future. The alternative at the moment is to rely on a Department for Business, Energy and Industrial Strategy that is bursting at the seams with all the things it has to deliver on Britain's exit from the EU. I had a conversation

[John Woodcock]

a few months ago with someone whom I knew from my time as an adviser and who remains in the system. What he had to say about the number of staff looking at the Euratom issue in particular was frightening. There is not remotely the level of assurance that the House ought to expect if it is to give its blessing to the Government and not seek to write into the Bill a commitment to a transition period, which is eminently sensible while we try to work out whether we can stay for good.

Some Members have said that there is no certainty because a negotiation is in progress, but the new clause gives a degree of strength to Ministers, enabling them to say, “Parliament has willed that there needs to be a transition arrangement. Our Act—which is, of course, a contingency Act—makes clear that there must be contingency arrangements, and that is what we require from these negotiations.”

**Rebecca Pow:** Might I suggest that the new clause actually seeks to confuse? It appears to specify what should happen during the transition period, but it is unclear whether it is specifying what the United Kingdom should seek to be negotiating, or whether it is attempting to mandate the terms. It seems to be the opposite of what the Prime Minister set out in her excellent Florence speech. All the Opposition are doing is confusing the issue, which is leading to a lack of clarification for the nuclear industry which wants, needs and deserves it.

**John Woodcock:** The hon. Lady may be confused, but we are not, and the industry is not. The industry is strongly urging the Government—as they will know, if they are listening—and all Members to get behind a transition period while we examine the position, to decide whether we can reverse the wrongheaded decision to leave Euratom that was made—in all probability, unnecessarily—when article 50 was served. The alternative is to face a dire cliff edge that could do deep damage to civil nuclear production throughout the United Kingdom. I understand that the Minister is due to visit Sellafield for the first time later this week—

**Richard Harrington** *indicated dissent.*

**John Woodcock:** The Minister looks surprised by that.

**Richard Harrington:** It is imminent.

**John Woodcock:** Well, I hope that when the Minister does come up to Sellafield, he will put his voice and the full voice of his Department behind the campaign that the hon. Member for Copeland (Trudy Harrison) and I are shaping to improve our transport infrastructure. It will take him an absolute age to get there, but I hope that when he is there, he will listen closely to what people say. I hope that he will listen to those in my constituency and that of the hon. Lady who will be relying on the new civil nuclear jobs that will come through the NuGen project in Moorside and think again about how our Parliament can strengthen his hand in creating a seamless transition from the existing arrangements to something which we strongly believe needs to look identical. New clause 1 would do that and, even at this late stage, Members in all parts of the House ought to support it.

**Rachel Maclean:** I rise to speak on this Third Reading debate in the full knowledge that I am not a nuclear expert; nor do I have a considerable nuclear presence in my constituency. However, like millions of other people up and down the country, I rely on nuclear energy to keep my lights on.

**Madam Deputy Speaker (Dame Rosie Winterton):** Order. I should point out to the hon. Lady that this is not the Third Reading debate. We are dealing with the new clauses and amendments.

**Rachel Maclean:** Thank you for that clarification, Madam Deputy Speaker. I shall turn directly to new clause 1. I do not support the new clause, because it seeks to introduce a transition period to delay the UK’s departure from Euratom. When the proposal was tabled in Committee as new clause 2, we engaged in detailed scrutiny. I applaud the forensic questioning by the hon. Members for Southampton, Test (Dr Whitehead) and for Sheffield Central (Paul Blomfield), who probed the Minister in great detail. We heard numerous lengthy arguments about why the new clause was unnecessary.

3.15 pm

While I understand the Opposition’s desire for a completely smooth transition to new arrangements after we leave the EU and hence Euratom, I do not think that the new clause would achieve that purpose. The Government have made it very clear that they are already making progress on the arrangements for the UK’s safeguarding regime after we leave Euratom, and we have heard considerable evidence of the dangers of putting that at risk. The Bill’s purpose is to minimise any risk to our civil nuclear industry, to jobs in constituencies such as that of my hon. Friend the Member for Copeland (Trudy Harrison), and to our international treaties. It is critical that the safeguarding regimes are maintained, because civil nuclear is an essential part of our national energy strategy. We have 15 operating reactors, generating about 21% of the country’s electricity, and 36 licensed nuclear sites.

As we have heard, membership of Euratom has served us well, and the Secretary of State has made it clear that he wants maximum continuity to enable as close an association as possible to continue with Euratom after we leave the EU. This is not the place to get into arguments about whether or not we should have left Euratom; the fact is that we are in the process of leaving it, and I am sure all Members agree that we must look to the future.

The new clause is redundant, but if it were only redundant, I would accept that that was a weak argument and that the Opposition might argue that it would strengthen the Bill. However, I believe that it is not only redundant, but would be counterproductive. The Government have made a clear commitment to a transition period after we leave the EU. In the Prime Minister’s Florence speech, she committed herself to a transition period, which has been extensively debated in the House. It is widely agreed that during that period we would work within existing EU frameworks, such as Euratom, to avoid the creation of damaging cliff edges in business and in our essential nuclear industry.

On 11 January, the Secretary of State for Business, Energy and Industrial Strategy made a written statement in which he said that any transition period agreed as

part of the EU negotiations would include Euratom. It is surely wrong to try to implement two transition periods with EU bodies, one that would take place before we leave the EU on 29 March 2019 and one that would take place after that. That would create considerable confusion over what our negotiating stance would be. I am sure that most people would accept that with a process as complex as leaving the EU, a transition period is a sensible idea because it gives businesses and organisations time to plan. However, requiring a second type of transition period before we leave a EU-related body would leave us open to much questioning about the terms and about what the UK would be trying to achieve in negotiations.

When the Business, Energy and Industrial Strategy Committee heard from Dr Golshan of the Office for Nuclear Regulation, the body that will take on the safeguarding role after we leave Euratom, she told us that the challenges faced by her organisation in implementing a new function were not negligible, but she did not say that they were insuperable. I believe therefore that we must continue with the Bill as it stands to avoid further delay in putting in place a nuclear safeguards regime, which must be ready in good time.

Given the legal arguments, which have been well rehearsed, it is difficult to see how we could continue to be a full member of Euratom after leaving the EU, as triggering article 50 obliged us to leave associated bodies, as set out in the European treaties. If we accepted the new clause, logically we could not leave the EU on exit day, as Parliament has voted to do, because we would be bound into a form of association with Euratom. The two objectives are logically impossible.

Furthermore, placing such an obligation on the Government would create considerable uncertainty in the negotiations and weaken our negotiating stance. It would also create uncertainty for businesses and people working in the sector, when Members on both sides of the House have made it clear that what they need is certainty. By definition, certainty would be hard to come by were the new clause to be accepted. For the reasons I have given, this proposal was defeated in the Public Bill Committee, and I will not support it on Report.

**Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): I am delighted to be here with the Minister, who is a genial and hard-working man. I know that he will try to answer some of my questions, and I hope his answers are clear.

When the Secretary of State launched the Bill, he said it was “straightforward”, but the amendments are required because there is nothing straightforward about leaving Euratom. The Scottish National party is concerned about the whole process. The hon. Member for Copeland (Trudy Harrison) talked about us being “there or thereabouts”, but that is not good enough when it comes to nuclear safeguards. As it stands, the Bill is a safeguards Bill without any safeguards; there is no contingency for anything going wrong, yet Ministers have failed to convince not just hon. Members in this Chamber, but industry and the people. Leaving Euratom will result in more cost and less value, and the opinion of many in the industry is that it will be impossible to set up an equivalent UK authority within the timescales outlined. That is the view of industry, the Office for

Nuclear Regulation, the Nuclear Industry Association and the Nuclear Decommissioning Authority, all of which gave evidence to the BEIS Committee. I was delighted to hear the Chair of that Committee, the hon. Member for Leeds West (Rachel Reeves), point out the great concern about the Government’s ability to do as they propose. All the nuclear industry and all those bodies do not want us to leave Euratom; either they see no benefit in our doing so, or they are actively concerned about the consequences.

Ministers have simply ignored the difficulties and the overwhelming evidence before them. They have plodded ahead, and when asked “How?” they use their favourite word: hope. They hope that things will be in place—that agreements, funding and people will be available. Despite the impending loss of influence in developing policy in Europe on future nuclear decisions, the unanswered questions about cost, the difficulties in training or even recruiting replacement inspectors, they plod ahead. As the Minister said in response to questions on these matters in the Select Committee, “They don’t really know and we don’t really know.”

There are a lot of unknowns in the Bill, which is why it is imperative to amend it. The ONR says plainly that it might need more than a two-year transition period after 2019, yet the Government still provide no assurance.

**Stephen Kerr:** The hon. Gentleman says the Government give no assurance, but the Prime Minister, in her Florence speech, was explicit about the Government’s agenda in respect of a two-year implementation period. I cannot help concluding that the reason the hon. Gentleman advances this line of argument is that he has a destructive attitude toward the whole process, and his ultimate aim is to create a constitutional and ongoing sense of crisis. In fact, the Bill guarantees some continuity, including the two-year period.

**Drew Hendry:** The hon. Gentleman, like many of his colleagues in Scotland, likes to try to go to a happy place when faced with harsh realities. The fact is that a two-year transition period is viewed by virtually nobody as a responsible timescale in which to get up and running.

**Stephen Kerr:** Will the hon. Gentleman give way?

**Drew Hendry:** No, I am going to make some progress.

The UK, as it presses ahead with the folly of Hinckley C, will need thousands of workers, many skilled in the nuclear industries.

**Rebecca Pow:** Will the hon. Gentleman give way?

**Drew Hendry:** No, I am going to make some progress. I may come back to the hon. Lady, but we will have to see.

Many of those workers will need to be skilled in the nuclear industries, yet current policy does not support the ability to get those workers if there is no concession on the movement of people, but achieving even that is put into a harsh light when it comes to getting highly specialist staff to meet the new safeguarding functions. Those positions are already challenging to fill. Nuclear inspectors do not live on every street—in fact, they are very rare—and they are in global demand. The Minister

[Drew Hendry]

says that such staff are required only in the tens, but can he tell me today how many are in place? I offer him the opportunity to intervene. He was asked in November about recruitment. I am trying to get his attention, Madam Deputy Speaker. Will he tell us how the first phase has gone? I will offer him another opportunity to intervene and tell us how many recruits are in place. Is it 15? Is it 10? Is it five? Is it one? Is it none? How many nuclear safeguard inspectors have been set up?

Prospect and Unite the union have given evidence, and Ms Ferns from Prospect said:

“A reasonable approximation is several years—it is not a matter of months but years for people to be able to do that job...It is a small talent pool...even in the best of times.”

Many Members today have cited the testimony of Dr Mina Golshan, the deputy chief inspector and the director of the Sellafield decommissioning, fuel and waste division in the Office for Nuclear Regulation. She has said:

“I have been very clear from the outset in previous evidence sessions, and in discussions with industry as well as BEIS, that it would be unrealistic for us to expect to achieve an equivalent regime to what is in place currently by the time we officially leave Euratom, and that is March 2019.”

The BEIS Committee report, “Leaving the EU: implications for the civil nuclear sector”, states:

“To deliver the new domestic regime the ONR will need to double the number of its inspectors by 2019, and triple its numbers by 2021. Skilling-up the new recruits on time will present additional challenges, as even existing specialists will require 12-18 months of training to become an inspector, and generalists may need five years.”

Those are hefty timescales.

Let us look at the cost. So far, the Government have earmarked £10 million for all the operations in Euratom, yet we can already see that there are going to be much more expensive consequences for the UK. That £10 million figure is dwarfed by the £50 million of Euratom funding that the UK receives for the Joint European Torus project—JET—so it will be interesting to hear from the Minister how that funding is going to be replaced. Leaving Euratom and the JET project has been described as “bonkers” by Steven Cowley, a physicist at the University of Oxford and a former director of the Culham centre for fusion energy, which hosts JET. He is absolutely right. Can the Minister tell us how that funding will be maintained?

Can the Minister also tell us about our future in ITER, the project to build the world’s largest tokamak? The ITER agreement was signed in 2006 by China, the EU, India, Japan, South Korea, Russia and the US, and the building of the tokamak has been under way in France since 2010. The official start of ITER’s operation is scheduled for December 2025. Euratom also funds DEMO, a demonstration fusion power reactor planned to follow ITER by 2050. The UK is a key participant in ITER and sends information, results and design studies from its JET programme to the French site. This co-operation will continue throughout the Brexit process, but it is unclear what the impact of Brexit will be on this co-operation and the continuation of these programmes. Perhaps the Minister can advise us on that. We need to know all this information. Without it, we will need safeguards in place.

The hon. Member for North East Hampshire (Mr Jayawardena), who is no longer in its place, mentioned medical isotopes. He said that it was scaremongering to say that they would no longer be available, and that treaties would be in place to allow access to them. However, the critical point is not whether people can get the isotopes; it is that they have a very short half-life. Sometimes they have to be used within hours of being produced in order to maintain their effectiveness. If they are sitting at a border point because there is no customs agreement, they will be completely useless. Will the Minister tell us how we are going to put in place the necessary customs arrangements to prevent that from happening?

**Layla Moran:** The issue is that we are leaving the single market and the customs union. Does the hon. Gentleman agree that, even if we have a customs arrangement, the fact that we are leaving the single market is what will cause the delays? As he rightly points out, the half-life of those radioisotopes will mean that fewer people will be able to be treated by them.

**Drew Hendry:** Without alternative arrangements to allow the free movement of such goods across borders, there will be considerable complication and delay, which could affect patients.

As it stands, it is a risk too far to leave Euratom without cast-iron guarantees. I respect the Minister and heard his messages of hope about having people in place. I heard him say that he would like to ensure that that will happen, but we have had no guarantees about the set-up or whether it will be in place. There are no figures and no definite timescales, and we have heard nothing from the industry to suggest that it is satisfied. Without cast-iron guarantees to protect such things, we know that the new arrangement will cost us more, deliver less and diminish our influence. Given the evidence, it is hard to see even how it could be delivered.

3.30 pm

The amendments and new clauses would allow us to look for an opportunity to maintain some kind of associate membership of Euratom. We are talking about doing something with which I completely disagree, but this is a new venture that has never been done before, so we have the opportunity to do new things and to strike new agreements. We could look at an arrangement like the one we had with Ukraine to see whether we could have the same with Euratom. If we are going to make this foolish decision to come out of the EU and Euratom and to leave all these things up to chance, it is incumbent on the UK Government to seek the associations that are required in order to keep things moving. The amendments and new clauses should be taken by the Minister and embraced by those on the Government Benches.

**Ben Bradley:** I am again a bit disappointed to hear wildly misleading statements from those on the Opposition Benches, including the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), about medical isotopes, which are nothing to do with this Bill.

**Stephen Kerr:** The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) accused Government Members, and Scottish Conservatives in

particular, of seeking to find a happy place. Does my hon. Friend agree that that could never be said of the hon. Member for Inverness, Nairn, Badenoch and Strathspey? He is more inclined to find a depressing place, which I do not recognise in my native land of Scotland.

**Ben Bradley:** I thank my hon. Friend, who will know much more than me about SNP Members and their outlook on life.

Our relationship with Euratom is a subject for negotiation. The Government have been clear that they will seek continuity, and they obviously want standards to remain as high as possible. How that connects directly with Euratom is not for this Bill; it is for negotiation directly with the EU. The exact nature of the relationship will of course be closely connected to trade, customs and countless other arrangements.

In Committee, we saw Labour's attempts to get either a commitment to Euratom, which cannot be given in this Bill, or associate membership, which does not exist and this Bill cannot create. We need to build our own framework so that we are prepared to incorporate whatever kind of relationship with Euratom results from the negotiation. The Government have been clear that that is the most helpful and connected relationship that we can have, so we cannot lay out in this forum what that will look like. We need certainty and structure and to have our own plans in place—not just on paper, but well developed and physically in place—so that we can have continuity regardless of what happens further down the line, meaning that we need to crack on with things now to be ready in time. We heard evidence in Committee about the time needed to put things in place, so we need to crack on now.

I do not understand where the hon. Member for Ynys Môn (Albert Owen) was coming from in his speech. While very eloquent, he did not seem to grasp that we cannot write into the Bill things that have not yet happened or are not yet agreed. We cannot include a transitional period, and the Government cannot accept an amendment that foresees a future negotiation with another party, the result of which we just do not know. We need to be ready on exit day. We need to ensure that we cannot be taken by surprise and that continuity is ensured.

**Albert Owen:** I understand that the hon. Gentleman is on message, but the message is wrong. The words that I used in my contribution, which was echoed by SNP Members, were not mine, but those of the industry and the experts within it. For once, will the Government start listening to those who understand the industry, rather than bantering about who on which side of the House might be wrong?

**Ben Bradley:** I am sure the Minister will agree that we need to support the industry and that we need to do what the industry asks. My point is nothing other than that. My point is that we cannot make that decision in this Bill. It is for the negotiation to decide at a later date.

New clause 1 neglects to recognise that an implementation period is subject to negotiation and must be agreed directly with the EU—we cannot do it unilaterally. The idea of implementation before withdrawal also does not fit with broader plans and discussions that have been

mooted for transition out of the EU after withdrawal in March 2019. It simply does not fit. The Government clearly cannot include in a Bill the outcome of a discussion that has not happened.

We need to decide the basic framework now and act accordingly.

**Mr Jim Cunningham** (Coventry South) (Lab): We understand that there are certain things the Government cannot say about the negotiations, but ultimately we want to know the outcome of those negotiations before withdrawal so that Parliament can have a view on it, rather than the Government operating a Henry VIII clause.

**Ben Bradley:** I do not know the hon. Gentleman's background, but I guess, by the sounds of it, it probably is not business.

We cannot fix the plan for withdrawal and implementation in stone now. The Labour party wants to build into the Bill a clause saying that the Bill is contingency only. Our relationship with Euratom is subject to negotiation. No one has written anything off. We want a positive relationship, but we might have to develop and rely on our own framework, and the work to put it in place needs to happen now. An amendment to say that the Bill is merely a contingency would achieve the opposite of its intention by reducing impetus and leading to delays in the process of getting our safeguards in place, which is only bad for the industry and for all the things the hon. Member for Southampton, Test (Dr Whitehead) tried to raise.

That is why I oppose new clause 1, and I hope to speak later about my support for the Bill more broadly.

**Alex Norris:** I enjoyed serving on the Public Bill Committee, and I rise to speak in support of new clauses 1 and 2, and amendment 3.

On new clause 1, while I have slightly buried the lead by referencing this earlier, it needs full consideration in this place. Members need to know the judgment of Dr Golshan, who is responsible at the ONR for recreating Euratom in this country:

“Our aim, currently, is to have a system in place that enables the UK to fulfil its international obligations by March 2019, which is when we intend to leave Euratom. I have been very clear in the past—I will repeat it here—that we will not be able to replicate Euratom standards on day one.”—[*Official Report, Nuclear Safeguards Public Bill Committee*, 31 October 2017; c. 7, Q9.]

Members should reflect on that, whatever the political knockabout, because it makes a compelling case for a transition period. Otherwise we will be saying that our nuclear safeguards regime should not be as good as it is today, and I have not heard anyone suggesting that—I do not believe that it would be tolerable.

A week is a long time in politics, and three months is a lifetime in the Brexit process—perhaps it just feels like that—but over that period we have seen the Government move on this point. Conservative Members asked how we can talk about this hypothetical idea. Well, the Secretary of State for Business, Energy and Industrial Strategy himself said less than two weeks ago that the Government want Euratom to be involved in the implementation period. Now is the time to make good on that.

In a similar vein, on new clause 2, if I had £1 for every time someone mentioned in Committee that this is a contingency Bill, I would be able to meet the Foreign

[Alex Norris]

Secretary's new financial commitment to the NHS. The Under-Secretary of State for Business, Energy and Industrial Strategy, the hon. Member for Watford (Richard Harrington), would be a particularly significant donor, having mentioned that many times.

If this is a contingency Bill, we really should say what it is contingent on, and we should say that in the Bill. Otherwise it is not a contingency Bill, but a Bill that will be law until the Minister decides on the 19.52 train home that it is not law any more. That is not a satisfactory way to legislate.

Finally, on amendment 3, one issue that has developed since Second Reading is whether we actually have to do any of this. Ministers clearly said on Second Reading that leaving Euratom is legally necessary as part of leaving the EU. We tested that in Committee. I asked two senior lawyers in this area, Jonathan Leech and Rupert Cowan from Prospect Law, whether triggering article 50 necessitates leaving Euratom and if they would have advised the Government to follow this path. To the first question they answered "No" and "Absolutely not" respectively. Jonathan Leech's answer to the second question was:

"The advice would be that you do not have to accept this and it may not be in your interests to do so."—[*Official Report, Nuclear Safeguards Public Bill Committee*, 31 October 2017; c. 12, Q23.]

That is significant, and it is a departure from where we were on Second Reading.

I represent a leave constituency, and I am always mindful of that when dealing with anything relating to Brexit. I have spent a lot of time knocking on doors and have heard every conceivable argument for remaining or leaving. Funnily enough, I never heard the argument—I suspect no one in this Chamber did—that our membership of Euratom is undesirable, or that there is a desire for a diminution of our nuclear safeguards regime. There is not much of a case for doing this if we do not have to. If we are doing it only because of an arbitrary red line drawn up in Downing Street that we could cross while still delivering Brexit, we are fools to do so. Either way, as amendment 3 states, Ministers ought to come to this place to justify their approach, because once again this is not a decision for the 19.52 train.

Lots of work has gone into the Bill and I have enjoyed participating in its consideration. I believe that we should all support the Opposition proposals, because they would make the Bill better and then we might not need it at all.

**Richard Harrington:** I thank all Members who have contributed to the debate. Those who have heard our consideration of the Bill for the first time today will not realise, given that most of our discussion has been about one or two new clauses, that many other aspects were discussed in Committee. I pay tribute to the Opposition Members who have participated, as well Government Members, and particularly the hon. Members for Southampton, Test (Dr Whitehead), for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), and for Sheffield Central (Paul Blomfield), whose cameo Brexit role has been well appreciated. Many points were dealt with by consensus in Committee and in our discussions afterwards. Today's debate has focused on new clause 1, but I will also speak to the other new clauses and amendments in the group.

The overall strategy for withdrawal from Euratom, and our ambitions for our future relationship with it, were the subject of a comprehensive written statement made by my right hon. Friend the Secretary of State on 11 January. I think that most Members on both sides of the House would agree that, as I have stated publicly in Committee and privately afterwards, we are seeking the closest and most effective association with Euratom. We are therefore putting in place all the measures necessary to ensure that the UK can operate as an independent and responsible nuclear state from day one.

As Members will be fully aware, the nature of our future relationship with Euratom is part of the next phase of negotiations, which is yet to start. The written statement set out the principles upon which our strategy is based, many of which have been discussed today: to aim for continuity with current relevant Euratom arrangements; to ensure that the UK maintains its leading role in European nuclear research; and to ensure that the nuclear industry in the UK has the necessary skilled workforce. We will be seeking: a close association with Euratom's research and training programme, which includes the JET project and the international thermonuclear experimental reactor project; continuity of open trade arrangements to ensure that the nuclear industry can continue to trade across EU borders; and maintenance of close and effective co-operation with Euratom on nuclear safety.

**Rachel Reeves** *rose*—

**Richard Harrington:** It is a pleasure to give way to the Chair of the Business, Energy and Industrial Strategy Committee.

**Rachel Reeves:** I thank the Minister and particularly the Secretary of State for the written ministerial statement published on 11 January, which gave much more clarity on the Government's aims and ambitions in this area. On the seventh day of consideration of the European Union (Withdrawal) Bill by the Committee of the whole House, Ministers gave a commitment to publish a timetable with milestones that the Government will need to achieve to meet the objectives set out in the written statement. When does the Department plan to publish that timetable, because I really think it is crucial? Can we also have an update on progress towards a voluntary agreement with the IAEA for safeguarding inspections, and on how discussions are going regarding the nuclear co-operation agreements, which are crucial to getting the association we need?

**Richard Harrington:** If the hon. Lady will have a bit of patience, I will come to those points, all of which are valid, later in my speech. Progress on many of those points will be included in the quarterly statements, which are the result of discussions in Committee.

I have been through the important points covered in the written statement, so let me turn to the point about associate membership made by the hon. Member for Ynys Môn (Albert Owen)—I learned how to pronounce his constituency in the Westminster Hall debate; I hope he realises that I am showing off now—and others. As I have already stated at the Dispatch Box, we cannot be an associate member of Euratom because there is no

such concept in the treaty as it stands. We have had a lot of discussions about whether we could. The hon. Member for Leeds East—

**Rachel Reeves:** West.

3.45 pm

**Richard Harrington:** I am sorry; I come from Leeds, so I should have known the difference.

The hon. Member for Leeds West (Rachel Reeves) mentioned Ukraine, which has been mentioned many times. Ukraine has association agreements on specific parts of Euratom's activities, with research and development being the classic one. We must work within the existing legal framework, which allows for close association but not this theoretical category of associate membership.

**Albert Owen:** I am grateful to the Minister and the Secretary of State for the clarifications they have given today and previously in writing. I understand what the Minister is saying, but my point is that we are in uncharted waters. We need to get on the front foot, and the best way to do that is by acting on behalf of the UK nuclear industry, which is asking for associate membership. Will the Minister therefore please assure us that he will fight for an associate type of membership?

**Richard Harrington:** With all due respect to the hon. Gentleman, this quite amuses me, because last week I was berated for being a mouthpiece for the nuclear industry—something with which I was pleased to agree, by the way. The important point is that the language of whether we can have associate membership or not is not important; the important thing is what we come up with. People inside and outside the House can call it what they want, but effectively we all want the same thing. It is just not correct to call it associate membership, however, because there is no such thing. I have made that clear absolutely beyond doubt, as has the Secretary of State.

**Dr Whitehead:** In the light of what the Minister has just said, will he confirm that in his view an associated status in relation to nuclear safeguards would be distinctly possible?

**Richard Harrington:** I hope and believe that a very close association to do with nuclear safeguards absolutely will be possible, but I do not think it helps just to bandy language between one side and the other. We all know what we want, and I am delighted that everybody—it seems to me—on the Opposition and Government Benches wants exactly the same thing. We have all made our points about the language, but I think we all want the same thing. That is very unusual in this House and it really is a credit to everybody.

It is essential that projects and investments are not adversely affected by our withdrawal from the EU and can continue to operate in the certainty that nuclear safeguards arrangements will be in place. That is why we are putting in place arrangements for a new domestic nuclear safeguards regime, regulated by the Office for Nuclear Regulation, as well as negotiating new bilateral agreements with the IAEA and nuclear co-operation agreements with priority third countries. Those arrangements are not dependent on the EU negotiations and the UK Government's work is well advanced.

The Bill and the regulations that will be made under its powers are crucial. They will enable us to establish a domestic nuclear safeguards regime to meet international safeguards and nuclear non-proliferation standards when Euratom safeguards arrangements no longer apply in the UK. As Members have noted, it will take time to develop and implement the new regime, so it is absolutely imperative that we maintain the momentum of the work needed to deliver it in the timescale required. However well meaning the new clauses and amendments are—I accept in good faith the reasons why they were tabled—the reality is that they could delay our domestic preparations and lead to uncertainty in our discussions with international partners. There can be no question of our waiting until we know the outcome of negotiations before we put in place our own arrangements. The implications of not having the right systems operating from when Euratom safeguards arrangements no longer apply are too serious for the industry and for our position in the international safeguards regime.

On the implementation period, we intend to ensure continuity for the nuclear industry and to avoid the possibility of a cliff edge for the industry on the date of exit. Members will be aware—if they were not listening at the time, this has been mentioned several times already today, so they will be aware now—that the Prime Minister set out in her Florence speech her desire for an implementation period after the UK ceases to be a member of the EU. If the European Commission agrees to an implementation period of around two years, the UK will not be a member state of the European Union during that period. None the less, the *acquis* will continue to apply, which means that, for the duration of that implementation period, the UK will expect to continue to pay into the EU, to be bound by its rules and to benefit from access to its market. The European Commission's draft guidelines are explicit that, in its view, this *acquis* would include Euratom matters. The implication of that—I accept that it is an implication because it has to be tested in negotiations—is that the current Euratom regime could continue to apply during any transition period.

I have to reiterate that a transition period prior to our withdrawal, as proposed by new clause 1, is not a situation envisaged in the proposals for the implementation period. Both parties to the discussions agree that it would be helpful to have the matter agreed as speedily as possible—again, there is no disagreement over that—so as to provide the certainty that we need. Whatever the outcome of the talks about an implementation period, let me emphasise that the UK's overarching objective remains to maintain as close and effective an association with Euratom for the long term as possible.

New clause 1, which was tabled by the hon. Member for Southampton, Test, proposes not an implementation period after exit, but a transitional period before exit. That would delay the UK's exit from Euratom, but that situation is not envisaged in the proposals for the implementation period, or in the article 50 notification that has already been passed by Parliament.

Let me briefly raise quarterly reporting, which I mentioned in reply to the question asked by the hon. Member for Leeds West. It is very important to give Parliament clarity about the progress that the Government are making. That was why my right hon. Friend the Secretary of State made a commitment in the written

[Richard Harrington]

statement to provide quarterly updates on progress, which will include updates on the negotiations and progress made by the ONR on establishing the UK's domestic safeguard regime.

I hope that those arguments will persuade Opposition Members not to press the amendments and new clauses to a Division.

**Dr Whitehead:** We will not be pressing any measure to a vote, except for new clause 1, which has been debated in a very unsatisfactory way this afternoon. We are not convinced by the responses that we have received, so we will be pressing it to a Division.

*Question put, That the clause be read a Second time.*

*The House divided: Ayes 255, Noes 294.*

**Division No. 106]**

**[3.52 pm**

**AYES**

Abbott, rh Ms Diane  
 Abrahams, Debbie  
 Alexander, Heidi  
 Ali, Rushanara  
 Amesbury, Mike  
 Antoniazzi, Tonia  
 Ashworth, Jonathan  
 Austin, Ian  
 Bailey, Mr Adrian  
 Barron, rh Sir Kevin  
 Benn, rh Hilary  
 Betts, Mr Clive  
 Black, Mhairi  
 Blackford, rh Ian  
 Blackman, Kirsty  
 Blackman-Woods, Dr Roberta  
 Blomfield, Paul  
 Brabin, Tracy  
 Bradshaw, rh Mr Ben  
 Brake, rh Tom  
 Brennan, Kevin  
 Brock, Deidre  
 Brown, Alan  
 Brown, Lyn  
 Brown, rh Mr Nicholas  
 Bryant, Chris  
 Buck, Ms Karen  
 Burden, Richard  
 Burgon, Richard  
 Butler, Dawn  
 Cable, rh Sir Vince  
 Cadbury, Ruth  
 Cameron, Dr Lisa  
 Campbell, rh Mr Alan  
 Campbell, Mr Ronnie  
 Carden, Dan  
 Carmichael, rh Mr Alistair  
 Champion, Sarah  
 Chapman, Douglas  
 Chapman, Jenny  
 Charalambous, Bambos  
 Cherry, Joanna  
 Clwyd, rh Ann  
 Cooper, Julie  
 Cooper, Rosie  
 Cooper, rh Yvette  
 Cowan, Ronnie  
 Coyle, Neil  
 Crausby, Sir David

Crawley, Angela  
 Creagh, Mary  
 Cruddas, Jon  
 Cryer, John  
 Cummins, Judith  
 Cunningham, Alex  
 Cunningham, Mr Jim  
 Dakin, Nic  
 David, Wayne  
 Day, Martyn  
 De Piero, Gloria  
 Debbonaire, Thangam  
 Dent Coad, Emma  
 Dhesi, Mr Tanmanjeet Singh  
 Docherty-Hughes, Martin  
 Dodds, Anneliese  
 Doughty, Stephen  
 Dowd, Peter  
 Drew, Dr David  
 Dromey, Jack  
 Duffield, Rosie  
 Eagle, Maria  
 Edwards, Jonathan  
 Elliott, Julie  
 Ellman, Mrs Louise  
 Elmore, Chris  
 Esterson, Bill  
 Evans, Chris  
 Farrelly, Paul  
 Farron, Tim  
 Field, rh Frank  
 Fitzpatrick, Jim  
 Flynn, Paul  
 Fovargue, Yvonne  
 Foxcroft, Vicky  
 Frith, James  
 Gaffney, Hugh  
 Gapes, Mike  
 Gardiner, Barry  
 George, Ruth  
 Gethins, Stephen  
 Gibson, Patricia  
 Gill, Preet Kaur  
 Glindon, Mary  
 Godsiff, Mr Roger  
 Goodman, Helen  
 Grady, Patrick  
 Grant, Peter  
 Gray, Neil

Green, Kate  
 Greenwood, Margaret  
 Griffith, Nia  
 Grogan, John  
 Gwynne, Andrew  
 Haigh, Louise  
 Hamilton, Fabian  
 Hardy, Emma  
 Harman, rh Ms Harriet  
 Harris, Carolyn  
 Hayes, Helen  
 Healey, rh John  
 Hendrick, Sir Mark  
 Hendry, Drew  
 Hepburn, Mr Stephen  
 Hermon, Lady  
 Hill, Mike  
 Hillier, Meg  
 Hobhouse, Wera  
 Hodge, rh Dame Margaret  
 Hodgson, Mrs Sharon  
 Hollern, Kate  
 Hopkins, Kelvin  
 Hosie, Stewart  
 Huq, Dr Rupa  
 Hussain, Imran  
 Jardine, Christine  
 Jarvis, Dan  
 Johnson, Diana  
 Jones, Darren  
 Jones, Gerald  
 Jones, Graham P.  
 Jones, Helen  
 Jones, Sarah  
 Kane, Mike  
 Keeley, Barbara  
 Kendall, Liz  
 Khan, Afzal  
 Killen, Ged  
 Kinnock, Stephen  
 Laird, Lesley  
 Lake, Ben  
 Lamb, rh Norman  
 Lavery, Ian  
 Lee, Karen  
 Leslie, Mr Chris  
 Lewell-Buck, Mrs Emma  
 Lewis, Clive  
 Lewis, Mr Ivan  
 Linden, David  
 Lloyd, Stephen  
 Lloyd, Tony  
 Long Bailey, Rebecca  
 Lucas, Caroline  
 Lucas, Ian C.  
 Lynch, Holly  
 MacNeil, Angus Brendan  
 Madders, Justin  
 Mann, John  
 Marsden, Gordon  
 Martin, Sandy  
 Maskell, Rachael  
 Matheson, Christian  
 Mc Nally, John  
 McDonagh, Siobhain  
 McDonald, Andy  
 McDonald, Stewart Malcolm  
 McDonald, Stuart C.  
 McDonnell, rh John  
 McFadden, rh Mr Pat  
 McGovern, Alison  
 McInnes, Liz

McKinnell, Catherine  
 McMahon, Jim  
 McMorris, Anna  
 Mearns, Ian  
 Miliband, rh Edward  
 Monaghan, Carol  
 Moon, Mrs Madeleine  
 Moran, Layla  
 Morden, Jessica  
 Morgan, Stephen  
 Morris, Grahame  
 Murray, Ian  
 Newlands, Gavin  
 Norris, Alex  
 O'Hara, Brendan  
 Onasanya, Fiona  
 Onn, Melanie  
 Owen, Albert  
 Peacock, Stephanie  
 Pearce, Teresa  
 Pennycook, Matthew  
 Perkins, Toby  
 Phillips, Jess  
 Phillipson, Bridget  
 Pidcock, Laura  
 Platt, Jo  
 Pollard, Luke  
 Pound, Stephen  
 Powell, Lucy  
 Qureshi, Yasmin  
 Rashid, Faisal  
 Reed, Mr Steve  
 Rees, Christina  
 Reeves, Ellie  
 Reeves, Rachel  
 Reynolds, Jonathan  
 Rimmer, Ms Marie  
 Robinson, Mr Geoffrey  
 Rowley, Danielle  
 Ruane, Chris  
 Russell-Moyle, Lloyd  
 Saville Roberts, Liz  
 Shah, Naz  
 Sherriff, Paula  
 Shuker, Mr Gavin  
 Slaughter, Andy  
 Smeeth, Ruth  
 Smith, Cat  
 Smith, Eleanor  
 Smith, Laura  
 Smith, Nick  
 Smyth, Karin  
 Snell, Gareth  
 Sobel, Alex  
 Spellar, rh John  
 Starmer, rh Keir  
 Stephens, Chris  
 Stevens, Jo  
 Streeting, Wes  
 Sweeney, Mr Paul  
 Swinson, Jo  
 Thewliss, Alison  
 Thomas, Gareth  
 Thomas-Symonds, Nick  
 Thornberry, rh Emily  
 Timms, rh Stephen  
 Turley, Anna  
 Turner, Karl  
 Twigg, Stephen  
 Twist, Liz  
 Umunna, Chuka  
 Vaz, Valerie

Walker, Thelma  
Watson, Tom  
West, Catherine  
Western, Matt  
Whitehead, Dr Alan  
Whitford, Dr Philippa  
Williams, Hywel  
Williams, Dr Paul

Williamson, Chris  
Wishart, Pete  
Woodcock, John  
Yasin, Mohammad  
Zeichner, Daniel

**Tellers for the Ayes:**  
**Jeff Smith and**  
**Colleen Fletcher**

#### NOES

Adams, Nigel  
Afolami, Bim  
Afriyie, Adam  
Aldous, Peter  
Allan, Lucy  
Allen, Heidi  
Amess, Sir David  
Andrew, Stuart  
Argar, Edward  
Atkins, Victoria  
Bacon, Mr Richard  
Badenoch, Mrs Kemi  
Baker, Mr Steve  
Baldwin, Harriett  
Barclay, Stephen  
Baron, Mr John  
Bebb, Guto  
Bellingham, Sir Henry  
Beresford, Sir Paul  
Berry, Jake  
Blackman, Bob  
Blunt, Crispin  
Boles, Nick  
Bone, Mr Peter  
Bottomley, Sir Peter  
Bowie, Andrew  
Bradley, Ben  
Bradley, rh Karen  
Brady, Sir Graham  
Bridgen, Andrew  
Brine, Steve  
Bruce, Fiona  
Buckland, Robert  
Burghart, Alex  
Burns, Conor  
Cairns, rh Alun  
Campbell, Mr Gregory  
Cartledge, James  
Cash, Sir William  
Caulfield, Maria  
Chalk, Alex  
Chishty, Rehman  
Clark, Colin  
Clark, rh Greg  
Clarke, Mr Simon  
Cleverly, James  
Clifton-Brown, Sir Geoffrey  
Coffey, Dr Thérèse  
Collins, Damian  
Costa, Alberto  
Courts, Robert  
Cox, Mr Geoffrey  
Crabb, rh Stephen  
Crouch, Tracey  
Davies, Chris  
Davies, Glyn  
Davies, Mims  
Davies, Philip  
Davis, rh Mr David  
Dinenege, Caroline  
Djanogly, Mr Jonathan

Docherty, Leo  
Donelan, Michelle  
Double, Steve  
Dowden, Oliver  
Doyle-Price, Jackie  
Drax, Richard  
Duddridge, James  
Duguid, David  
Duncan, rh Sir Alan  
Duncan Smith, rh Mr Iain  
Dunne, Mr Philip  
Ellis, Michael  
Ellwood, rh Mr Tobias  
Elphicke, Charlie  
Eustice, George  
Evennett, rh David  
Fabricant, Michael  
Fallon, rh Sir Michael  
Fernandes, Suella  
Field, rh Mark  
Ford, Vicky  
Foster, Kevin  
Francois, rh Mr Mark  
Frazer, Lucy  
Freeman, George  
Freer, Mike  
Fysh, Mr Marcus  
Garnier, Mark  
Gauke, rh Mr David  
Ghani, Ms Nusrat  
Gibb, rh Nick  
Girvan, Paul  
Glen, John  
Goldsmith, Zac  
Goodwill, Mr Robert  
Gove, rh Michael  
Graham, Luke  
Graham, Richard  
Grant, Bill  
Grant, Mrs Helen  
Grayling, rh Chris  
Green, Chris  
Green, rh Damian  
Greening, rh Justine  
Griffiths, Andrew  
Gyimah, Mr Sam  
Hair, Kirstene  
Halfon, rh Robert  
Hall, Luke  
Hammond, Stephen  
Hancock, rh Matt  
Hands, rh Greg  
Harper, rh Mr Mark  
Harrington, Richard  
Harris, Rebecca  
Harrison, Trudy  
Hart, Simon  
Hayes, rh Mr John  
Heald, rh Sir Oliver  
Heappey, James  
Heaton-Harris, Chris

Heaton-Jones, Peter  
Henderson, Gordon  
Herbert, rh Nick  
Hinds, rh Damian  
Hoare, Simon  
Hollingbery, George  
Hollinrake, Kevin  
Hollobone, Mr Philip  
Holloway, Adam  
Huddleston, Nigel  
Hughes, Eddie  
Hurd, rh Mr Nick  
James, Margot  
Javid, rh Sajid  
Jayawardena, Mr Ranil  
Jenkin, Mr Bernard  
Jenkyns, Andrea  
Jenrick, Robert  
Johnson, Dr Caroline  
Johnson, Gareth  
Johnson, Joseph  
Jones, Andrew  
Jones, rh Mr David  
Jones, Mr Marcus  
Kawczynski, Daniel  
Keegan, Gillian  
Kennedy, Seema  
Kerr, Stephen  
Knight, rh Sir Greg  
Knight, Julian  
Kwarteng, Kwasi  
Lamont, John  
Lancaster, rh Mark  
Latham, Mrs Pauline  
Leadsom, rh Andrea  
Lee, Dr Phillip  
Lefroy, Jeremy  
Letwin, rh Sir Oliver  
Lewer, Andrew  
Lewis, rh Brandon  
Lewis, rh Dr Julian  
Lidington, rh Mr David  
Little Pengelly, Emma  
Lopez, Julia  
Lopresti, Jack  
Loughton, Tim  
Mackinlay, Craig  
Maclean, Rachel  
Main, Mrs Anne  
Mak, Alan  
Malthouse, Kit  
Mann, Scott  
Masterton, Paul  
McLoughlin, rh Sir Patrick  
McVey, rh Ms Esther  
Menzies, Mark  
Mercer, Johnny  
Merriman, Huw  
Metcalf, Stephen  
Miller, rh Mrs Maria  
Milling, Amanda  
Mills, Nigel  
Milton, rh Anne  
Mitchell, rh Mr Andrew  
Moore, Damien  
Mordaunt, rh Penny  
Morgan, rh Nicky  
Morris, Anne Marie  
Morris, David  
Morris, James  
Morton, Wendy  
Mundell, rh David

Murray, Mrs Sheryll  
Murrison, Dr Andrew  
Neill, Robert  
Newton, Sarah  
Nokes, rh Caroline  
Norman, Jesse  
O'Brien, Neil  
Offord, Dr Matthew  
Opperman, Guy  
Paisley, Ian  
Parish, Neil  
Patel, rh Priti  
Paterson, rh Mr Owen  
Pawsey, Mark  
Penning, rh Sir Mike  
Penrose, John  
Percy, Andrew  
Perry, rh Claire  
Philp, Chris  
Pincher, Christopher  
Poulter, Dr Dan  
Pow, Rebecca  
Prentis, Victoria  
Prisk, Mr Mark  
Pritchard, Mark  
Purglove, Tom  
Quin, Jeremy  
Quince, Will  
Raab, Dominic  
Redwood, rh John  
Rees-Mogg, Mr Jacob  
Robertson, Mr Laurence  
Robinson, Gavin  
Robinson, Mary  
Rosindell, Andrew  
Ross, Douglas  
Rowley, Lee  
Rudd, rh Amber  
Rutley, David  
Sandbach, Antoinette  
Scully, Paul  
Seely, Mr Bob  
Selous, Andrew  
Shannon, Jim  
Shapps, rh Grant  
Sharma, Alok  
Shelbrooke, Alec  
Simpson, David  
Skidmore, Chris  
Smith, Chloe  
Smith, Henry  
Smith, rh Julian  
Smith, Royston  
Soames, rh Sir Nicholas  
Spelman, rh Dame Caroline  
Spencer, Mark  
Stephenson, Andrew  
Stevenson, John  
Stewart, Bob  
Stewart, Iain  
Stewart, Rory  
Streeter, Mr Gary  
Stride, rh Mel  
Stuart, Graham  
Sturdy, Julian  
Sunak, Rishi  
Swayne, rh Sir Desmond  
Swire, rh Sir Hugo  
Syms, Sir Robert  
Thomas, Derek  
Thomson, Ross  
Throup, Maggie

Tolhurst, Kelly  
 Tomlinson, Justin  
 Tomlinson, Michael  
 Tracey, Craig  
 Trevelyan, Mrs Anne-Marie  
 Truss, rh Elizabeth  
 Tugendhat, Tom  
 Vaizey, rh Mr Edward  
 Vara, Mr Shailesh  
 Vickers, Martin  
 Villiers, rh Theresa  
 Walker, Mr Charles  
 Walker, Mr Robin  
 Wallace, rh Mr Ben  
 Warburton, David  
 Warman, Matt

Watling, Giles  
 Whately, Helen  
 Wheeler, Mrs Heather  
 Whittaker, Craig  
 Whittingdale, rh Mr John  
 Wiggin, Bill  
 Williamson, rh Gavin  
 Wilson, rh Sammy  
 Wollaston, Dr Sarah  
 Wood, Mike  
 Wragg, Mr William  
 Wright, rh Jeremy  
 Zahawi, Nadhim

**Tellers for the Noes:**  
**Paul Maynard and**  
**Jo Churchill**

*Question accordingly negated.*

### Clause 1

#### NUCLEAR SAFEGUARDS

**Dr Whitehead:** I beg to move amendment 1, page 1, line 22, at end insert—

“(c) ensuring that inspections of nuclear facilities and materials for the purpose of nuclear safeguards continue at the level previously established by UK membership of EURATOM.”

*This amendment would aim to ensure that nuclear safeguarding inspections continue at the same level subsequent to leaving EURATOM as they were when the UK was a member of EURATOM.*

**Madam Deputy Speaker (Dame Rosie Winterton):** With this it will be convenient to discuss the following:

Amendment 4, page 2, line 41, leave out from “must” to the end of line 44 and insert—

- “(a) consult—
- (i) the ONR,
  - (ii) the National Audit Office, and
  - (iii) such other persons (if any) as the Secretary of State considers it appropriate to consult, and
- (b) lay before Parliament a statement declaring that he or she is satisfied that the staffing and financial resource available to the ONR is sufficient for the purpose of assuming responsibility for nuclear safeguarding in the United Kingdom.”

*This amendment would require the Secretary of State to declare that the ONR has the resources necessary to take on extra responsibilities for nuclear safeguarding in the UK.*

Amendment 5, in clause 2, page 4, line 13, at end insert—

“(1A) The Secretary of State may only exercise powers under this section at the point at which amendment of any of the legislation in subsection (1) becomes necessary in order to complete the process of transposition of responsibility for nuclear safeguarding from EURATOM to the Office for Nuclear Regulation, and for no other purpose.

(1B) Upon exercising the power set out in subsection (1), the Secretary of State shall lay before both Houses of Parliament a report on the operation of the power.”

*This amendment would limit circumstances under which the Secretary of State may exercise certain powers in this section and requires a report to be laid before Parliament.*

Amendment 6, in clause 4, page 4, line 41, at end insert

“, but not before the Secretary of State has published draft regulations relating to each of the other provisions of this Act under which the Secretary of State may make regulations.”

*This amendment would ensure that draft regulations specified in the Bill are published before the provisions of the Act come into force.*

**Dr Whitehead:** In speaking to these amendments, I want to draw attention to further events that have taken place between the end of the Committee stage and today’s Report stage. I say “further events” because they are separate from the very welcome statement that the Secretary of State has made on what we may do about negotiating an association with Euratom, which I think has helped our proceedings considerably. Another matter that might have helped proceedings considerably had it taken place a little earlier was our having the impact assessment on the Bill that we have now received.

As I am sure hon. Members know, impact assessments should, under Cabinet Office rules, ideally be produced before Bills are discussed. To be honest, it is pretty bad that it has taken so long for the impact assessment to arrive, particularly as it arrived after our deliberations in Committee had concluded. I would say that it is particularly bad following an examination of what the impact assessment actually says—it might have helped our proceedings in Committee had we been able to look at it at that time.

Predominantly, the assessment works on the basis of costing various options relating to what a future inspection regime would look like. Indeed, there are or could be choices, as we have heard, about that inspection regime, which is, after all, at the heart of the Bill. How are we going to replicate in the closest possible detail the inspection arrangements that franked our probity as a nuclear nation in international agreements on non-proliferation and nuclear safeguarding? We have been signed up to those arrangements all these years, but we have hitherto engaged with them through the agency of Euratom, rather than independently. As we know, duties in relation to safeguarding ultimately end in agreements made between nuclear states and the International Atomic Energy Agency.

The inspection regime we envisage for the future could vary, because the level of inspection—such as the number of inspections and the depth of inspection needed to satisfy the minimum criteria of the IAEA—could be at a lower level than we have been used to under the Euratom regime. We might envisage a bronze standard inspection regime whereby we scrape by in our future relationship with the IAEA, or we could ensure that the inspection regime, overseen by the ONR, will be as good and as thorough as that carried out by Euratom inspectors in the past. As the impact assessment says, that would be marginally more expensive.

I am pleased that the latter option is strongly advocated in the impact assessment, because it seems to me that we should not seek in future to get by on the lowest level we can get away with. Instead, we should assure ourselves of our own integrity on the matter, and assure others likewise—both the IAEA and the countries with which we will be making bilateral agreements—that we are doing it absolutely properly. That will entail seeking to continue with inspections at the high level laid down in Euratom’s arrangements. That is what amendment 1 is about. It is designed to place in the Bill exactly what the impact assessment states we should do—to ensure that we will go forward at that level.

The Minister may well say—I hope he does—that we are committed to maintaining that level of inspection regardless of whether it is written in the Bill. But there is a problem with that: when we go independent, will we have the resources to carry out inspections to that level,

or will we need an extended period in which we are allowed to scrape by with the minimum, because that is all we will be able to do?

At the beginning of the Bill Committee we heard from an excellent witness, Dr Golshan, the deputy chief inspector at the ONR. She gave us a fairly stark statement of reality, which members of the Committee have shared this afternoon. Those hon. Members will all recall Dr Golshan indicating clearly that when we leave Euratom, “we will not be able to replicate Euratom standards on day one.”—[*Official Report, Nuclear Safeguards Public Bill Committee*, 31 October 2017; c. 7, Q9.]

In amendment 1, we set out an aim for the Bill: that we cleave to the Euratom standards as soon as possible and assure ourselves that we have the resources to do so.

There is a wider context. What resources will the ONR have to enable it to carry out the substantial new tasks that we set it in this legislation? The ONR is mainly funded through charges to the nuclear industry. That is how it generally recovers the money for its operations, but it also receives some grant funding. Essentially, that funding pays for the nuclear safeguarding work, while the charges on the nuclear industry pay for the ONR’s other functions, which are not the subject of this Bill.

That distinction is important, because the Government intend to halve the grant to the ONR in the period to 2020. At the outset of the negotiations, we face the prospect of the ONR being able to do less work than it does at the moment. If it is to continue to do as much as it does now, it will probably have to levy substantially higher charges on the industry to make up for the loss of the grant up to 2020. At the same time, if the Bill progresses, we are plainly saying that the ONR will have to undertake a whole lot of new work that it has not budgeted for, that has not been in its terms of reference for a long time and that will clearly require a lot more resource. As we heard in oral evidence to the Committee, that is no mean amount of additional work for the ONR to undertake.

To enable it to carry out all its functions, Euratom employs about 160 staff, 25%—or 40—of whom focus on UK installations. One can reasonably assume that the ONR would have to add a similar number of people to its complement of staff if it were to take on the work done by Euratom on nuclear safeguarding. The safeguards unit in the ONR comprises eight professional staff. Between now and March 2019, therefore, the ONR will have to find roughly 32 staff—qualified, highly skilled and trained nuclear inspectors—from somewhere to take over that responsibility. That is in addition to all the other things that the ONR will have to put in place, such as IT systems and administration resources, to allow it to take on that role.

Another excellent witness who contributed to our proceedings in Committee was Sue Ferns, from the union Prospect. She stated that training safeguards inspectors could take up to five years. We are faced with the prospect of needing 32 such people within 18 months. She said, of the role of an inspector:

“This is a warranted role; this is not just working in the industry. It is not just about knowledge, but experience and commanding the confidence of the companies and the organisations that you deal with, so there are very specific aspects to that role.”—[*Official Report, Nuclear Safeguards Public Bill Committee*, 31 October 2017; c. 35, Q69.]

She also alluded to the relatively small pool in which we are fishing. Not only do we have to fish in the pool, but we have to do so accurately, and we have to attract a good proportion of those people if we are to fill the gap. Consequently, she put a considerable question mark against whether it is possible for the ONR to be ready, as we would like it to be, for the tasks that we are going to give it.

I accept that a number of people in the nuclear industry have many of the qualities that could make them nuclear inspectors—indeed, as the hon. Member for Copeland (Trudy Harrison) said in Committee, there are many such people in the industry—so it may not be necessary to fully train everybody for five years. Nevertheless, it will be a very steep cliff to climb to get those 32 inspectors, at least, in place for whenever we take over inspections from Euratom. I sincerely hope, as I am sure all Members do, that those matters can be resolved. It may be a question of making sure that the ONR is funded to the extent that it can properly undertake that activity of fishing in a small pool—perhaps, as I mentioned in Committee, with pound notes attached to the end of its fishing line.

4.15 pm

A number of other factors relating to nuclear inspections may also come into play. Euratom may be prepared, as part of an association agreement, to lend the UK safeguarding inspectors. A number of different courses could be pursued. Nevertheless, there is a big question mark against the capacity and ability of the ONR, even with all best endeavours in place, to be properly ready in time, given its present circumstances, its possible future circumstances and how it will address them.

For that reason, it is important, at the appropriate time, to have sign-off from the Secretary of State that we have in place not only a regime but the resources available to carry out work under it in the new circumstances. That appropriate time will be when all the different possibilities have been explored and when the different ways of doing things have been looked at. Amendment 4 would require the Secretary of State to lay a statement before Parliament that, at that point, he or she is satisfied—and does not simply hope—that everything looks all right and that we can safely proceed on the basis that we have not only the powers in place but the people and resources to use those powers.

There are further things we will need to do to be able fully to present to the IAEA our case that we have a regime in place that it can happily endorse as our new voluntary arrangement with it—the treaty with the IAEA that the Minister is engaged in negotiating at the moment. I am sure we will know the outcome of those negotiations in the fullness of time, and I understand that they are going well, but we will need to have all our ducks in a row in satisfying the IAEA about where we are.

One thing we will need to do is make sure that we have aligned all existing legislation with the new regime that we establish, and here things get difficult. The Government have chosen the easy way out in doing that, and they have given rise to enormous disquiet about the procedure they have adopted and its potential consequences. In clause 2, they have given the Secretary of State plenipotentiary powers to amend retrospectively by regulation not one but two Acts of Parliament agreed previously by this House. That can be done on

the basis not only of negotiations we do not know about but of treaties we have not had sight of and that are, indeed, not yet concluded.

The powers that are given to the Secretary of State in clause 2—Henry VIII powers, essentially—would have been familiar to Henry VIII himself, because the King was a self-absorbed tyrant who had little time even for the rudimentary Parliament of his day. Mercifully, such powers have not been used quite so frequently subsequently—there are a number of people one might think about in that role, although I would exclude certain people, obviously.

Although such powers have not been used very frequently in this House subsequent to the monarch who gave them their title, they have been used a little more frequently in recent years. The House has fought for many years against the idea that the Executive, by executive action, can overturn, amend or take in a different direction what Parliament has decided through legislation. When such powers have been sought in the past, they have in some instances been successfully challenged, and on many occasions strongly challenged, on both sides of the House.

You might have gathered, Madam Deputy Speaker, that I do not like Henry VIII powers. We think that they overturn the sovereignty of Parliament in dealing with issues such as these and give the Executive powers that are unwarranted on virtually all occasions. Legislation should be written in that form only in a dire emergency, where a calamity will befall the nation if such action is not taken. In all other circumstances, legislation should properly appear before Parliament to be debated. If the legislation replaces or substantially amends primary legislation, the process should also be one of primary legislation.

In this instance, the primary legislation that might be envisaged would not detain the House forever or be particularly complex or difficult. Indeed, on Second Reading we saw how it was possible, with good will on all sides, to take all stages of a Bill through the House on one day. When changes are made with consensus in the House, the procedure is rapid, straightforward and achievable. Why can that procedure not be adopted for this legislation? Is it because of a national emergency, or will the sky fall in? Has it not been possible to find parliamentary time to undertake what would be neat and precise Bills with all-party support to make the amendments that the Government want? Indeed, based on what has previously been achieved, would a brief piece of legislation taken on the Floor of the House not have agreement in all parts of it?

I am not persuaded, nor do I think I would easily be persuaded, that it is impossible to proceed through primary legislation for these aligning pieces of legislation. Clause 2 as drafted does not have to be included in the Bill, but the Government have chosen to do so. When all the proceedings have concluded, legislation will need to be in line with new procedures elsewhere on the statute book. That is not the issue; the issue is whether, in order to bring that legislation in line with whatever we have agreed, we effectively declare a quasi-national emergency and say that we have to adopt Henry VIII clauses. That would be quite wrong not only in this Bill, but in most other pieces of legislation in which I suspect the Government may be tempted to include them to get round the proper procedures in the House in the process of aligning our laws post Brexit.

Ideally, we would like simply to strike clause 2 out and say, “You should not do it in this way at all,” but frankly, that might be seen as wrecking the Bill, because a lot of other material would have to be written into the Bill in order to remove the provision fully. In the interests of making progress, and in the absence of what we think should be the final, proper procedure, we suggest in amendment 5 procedures that would not strike the clause out but would amend it very substantially, so that it would at least to some extent come back for parliamentary consideration.

In my view, that is probably still not good enough. There are still Henry VIII clauses in the Bill, but at least the amendment would go some way towards ameliorating the unacceptable way in which those clauses work at present. To my mind, that is the minimum change in the arrangements that the Minister should accept. If he cannot, we will want to pursue the matter, at least as far as a Division this afternoon.

Finally, I will say a brief word on amendment 6, which has been tabled essentially to remind the Secretary of State that at the time of writing, no draft regulations relating to Bill had appeared. I would have expected that to happen as an essential part of enabling proper scrutiny of a Bill to take place. However, after the amendment was tabled, as if by magic, the draft regulations were published at 4.30 pm last Friday—30 minutes before the close of play for the admissibility of amendments for this stage of the Bill. Happily I can report, having scrutinised them in record time, that they appear to be uncontroversial in their application, so I thank the Minister for finally arranging for them to be produced. It is not his fault that he was under such time constraints to slot the Bill into the legislative process when it was not really ready for examination, but I note, in finishing, that that is really not the way to do good legislation in this place.

**Stephen Kerr:** I begin by paying tribute to the hon. Member for Southampton, Test (Dr Whitehead). I still consider myself to be a relatively new Member, but I had the privilege to serve on the Public Bill Committee. It was a masterclass in how to oppose constructively, so I pay tribute to him and the skillset that he undoubtedly brings to his portfolio and to the added value that he brings to the legislative process. I am glad to say that because it is meant genuinely and sincerely. I understand from his comments that he will not press amendment 6 to a vote. On amendment 1, however, we have heard it repeated ad nauseam that there will be no reduction in or diminution of standards for the inspection criteria on nuclear safeguards. I am disposed to believe these commitments, which have been given in all manner of forums and contexts.

Amendment 4 deals with the allocation of resources to ensure that the ONR can meet its extra responsibilities for nuclear safeguarding in the UK. I believe, having listened to the Minister’s undertakings and to the witnesses from the ONR both in Committee and before the BEIS Select Committee, that there is more than adequate evidence of the Government’s commitment to ensuring that the inspectorate is appropriately resourced and has the required staffing levels and so forth.

**Trudy Harrison:** Does my hon. Friend know that the ONR has already begun the process of recruiting safeguarding inspectors?

**Stephen Kerr:** I am grateful for that information.

One of the many highlights of the first three months I have enjoyed as a member of the Select Committee was our visit to the Hinkley Point C project, an immensely impressive project that I would encourage Members on both sides to witness. It is an incredible undertaking—nothing short of a feat of modern engineering—and something we should all take great pride in. I was disappointed to hear the rather flippant comments about it from the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry). It is a vital strategic project that will safeguard our nuclear security, so it was disappointing to hear him dismiss it, although I understand that SNP Members, as committed nationalists, are against all things nuclear, which is much to be regretted, particularly from a Scottish viewpoint.

One of the highlights of the trip was our visit to Bridgwater and Taunton College to see the partnering there on nuclear skills, whether nuclear construction or engineering. It was immensely encouraging to see so many young workers—men and women—preparing through apprenticeships for a career in nuclear. One of the most upsetting things about hearing Members speak negatively about such a vital and strategically important industry is the impact it has on young people. We had an excellent debate in the House just over a week ago on space. We talked about the space programme in the UK being recognised and understood—we learned it was worth about £16 billion and that 6% of the global spend on space was in the UK—and what a spaceport in Scotland, in Ayrshire, would do to excite the imaginations of our young men and women in relation to the possibilities of a career in that area.

The same is true of nuclear. We need young men and women to see nuclear as a viable career, and there, at Bridgwater and Taunton College, we saw the evidence of the investment in skills and capabilities that is essential for the future of the UK's nuclear industry. There are very exciting career prospects for those who commit themselves to a career in the nuclear industry, and that is to be encouraged; we need those skills. I am confident that the immediate provisions are being made, in the short term but also in the intermediate term, to ensure that those skills and capabilities will exist, and we shall be able to staff the ONR with an inspectorate and all the other skilled specialists we will need over time, although, on the basis of the evidence we received, I admit that that would not be completely in place by the date of departure.

4.30 pm

The Prime Minister made it clear in her Florence speech that the British position would be to seek a transitional implementation period of up to two years. That period is immensely valuable in the context of the Bill. As was mentioned earlier, we received evidence that it could take 18 to 24 months to train an inspector adequately, and up to five years for someone to reach the level of an in-depth specialist, so we will need that time. However, whatever the outcome of the negotiations on our future relationship with the European Union and its institutions, including Euratom, some interim measures would still be possible.

As the hon. Member for Inverness, Nairn, Badenoch and Strathspey pointed out, we are on new territory, and it is possible for us to negotiate all kinds of new arrangements. I agree with him, in the widest context,

that it is possible to reach a negotiated agreement that would take care of these matters. We are not an insignificant country, and ours is not an insignificant economy.

**Drew Hendry:** I am delighted to have given the hon. Gentleman so much material today. He seems to be fascinated by my words. He will concede, however, that I was talking in the context of our being foolish and reckless enough to leave both the EU and Euratom.

**Stephen Kerr:** That is interesting editing. I cannot recall word for word exactly what was said before and immediately after what the hon. Gentleman said, but I think that I clearly heard him say that it was possible, in these new circumstances, to negotiate new arrangements. We must indeed accept that we will need new arrangements, and that they will need to be negotiated. As was said earlier, we cannot take something like associate membership off the shelf—I think Members will have to accept that such an arrangement does not currently exist—but I agree with him that anything is negotiable. I come from a background of sales negotiation, and that was one of the mantras by which we lived: “everything is negotiable”.

I think that when wise adult heads are brought to bear, definite win-win outcomes are possible, as they are in the context of the Bill and its subject matter. I hope very much that the Government will use their powers under the European Union (Withdrawal) Bill and the powers that this Bill will confer on them to bring the appropriate measures to life at the right time, so that we can secure the continuity and the prosperity of the UK's nuclear energy business.

**Drew Hendry:** As we have heard many times, and as the evidence has borne out, the industry is clearly desperate for the standards that we currently enjoy through Euratom to be maintained. We have heard time and again that the industry would prefer us to remain in Euratom or to have associate membership, but if that does not happen, which seems to be the direction in which we are going today, it has said that it would like the new standards to be the same as those of Euratom.

It is vital for us to secure a commitment that the UK agency will be able not only to cope with the new work but to obtain the necessary resources, at the levels that are required through Euratom. However, as I said earlier, I do not believe that that is achievable, given the challenges. Crucially, there are still not enough people with enough experience. No matter how much the hon. Member for Stirling (Stephen Kerr) wants to persuade children that science is a good idea, I do not think we have yet found a way to compress five years into two, and it will not be possible in that period to gain the experience nuclear inspectors require.

Two requirements still need to be met: one is for complete transparency in the process, so that those who have expressed concern and the industry can know what is happening; the other is, through the amendments, to get a guarantee that arrangements will be in place that ensure that nuclear safeguards are operated to the same standards as now. I am anti-nuclear and proud that my party is, too, but we have to protect people's interests where the nuclear industry is concerned. Too many of us in the highlands remember the mess left at Dounreay. Anyone who wants to know what can go wrong in the nuclear industry should go up there and learn about what was left on the beaches and the radioactive material

[Drew Hendry]

moved about in welly boots because the equipment had rusted, before the correct standards were put in place through Euratom.

**Mr Vaizey:** I cannot support the amendments, although I have a great deal of sympathy with the position set out by the hon. Member for Southampton, Test (Dr Whitehead). The amendment I tabled with colleagues from both sides of the House to the European Union (Withdrawal) Bill sought to ensure that the Government consulted fully on implementing a Euratom-like regime after we left, so I understand why he has tabled amendments to ensure that the Government are transparent in their dealings. I did not press my amendment to a vote because the Secretary of State and his very able Minister were clear about their responsibilities to keep the House informed about the arrangements being put in place to replicate what we have in Euratom; indeed, they published a written statement shortly after that debate and before the debate on Report, and they have committed to come to the House quarterly to make clear the progress being made. None the less, as I say, I have a great deal of sympathy for the Opposition's argument.

I support the Bill because it puts in place some of the structures we will need to replace the arrangements we had as a member of Euratom. I have listened to much of the debate and heard some fine speeches, but however brilliant the speeches, I cannot help thinking that the entire debate takes place in a slightly Alice in Wonderland world. Over many months, I have made no secret of the fact that it is a source of deep and profound frustration for me and many colleagues that we are leaving Euratom. As I said in an intervention, we are leaving Euratom on a technicality. I urge any colleagues who are passionate about Brexit and the apparent freedom and greatness that it will bring back to this country not to try to wrap Euratom up in that thesis.

Euratom is a treaty that works extremely well. The UK is one of the world's leading civil nuclear powers. Our industry is highly respected and essential to the development not only of current nuclear power, but of nuclear fusion, which is where my interest comes in, owing to the research institute at Culham. Under the Bill, we will engage over the next 18 months in a simple exercise of replicating almost as exactly as we can the arrangements we now enjoy under Euratom. We are not taking back control. We are not regaining sovereignty. We are not going out into the world as a global power. We are simply going to replicate perfectly serviceable arrangements that already exist, and we are doing so on a technicality. I am not making any particular criticism. This is simply an observation of the collateral damage that Brexit has caused to a particular sector. It will be expensive and time-consuming.

As I have said, I wanted to speak to the amendments to make it clear why I was not supporting them and to take the opportunity to thank Secretary of State and the Minister for all their work. They have been candid and open with me and the Chairman of the BEIS Committee and with other concerned hon. Members on both sides of the House about the work they are doing to try to limit any damage to our nuclear industry. They really have worked tirelessly on this issue. From my perspective—other Members might not agree—I think that they have listened and taken on board our concerns.

**Antoinette Sandbach (Eddisbury) (Con):** Does my right hon. Friend agree that, if there were an opportunity for us to seek some sort of associate membership of Euratom once we have left, we should attempt to do that? That would minimise the cost to the UK taxpayer, unlike having to completely replicate the regime over here. I also echo his thanks to the Secretary of State and his ministerial team for the way in which they have approached this matter.

**Mr Vaizey:** I understand what my hon. Friend is seeking, but the point has already been made that there is in effect no real associate membership of Euratom at the moment. Ukraine and Switzerland have what is described as associate membership, but it is certainly nowhere close to the kind of arrangements that we have with Euratom now. The Government intend to have as close a relationship as possible with Euratom, whether we call it associate membership or anything else, and we will have to put in place our agreements with the other nuclear states with which we currently enjoy a relationship under Euratom—notably Australia, Canada, Japan and the United States of America. That work is under way, although the timing of the implementation of those agreements is unfortunately not in our gift. It is in the gift of other legislatures that might not be as efficient as this august legislature, but I know that we want to replicate those agreements.

I am particularly pleased that the Prime Minister did not follow the example of Watford, the football team of my hon. Friend the Minister, and change the manager unnecessarily in the past two weeks. I am extremely pleased that he remains in his place scoring goals for the nuclear industry, and I look forward to co-operating with him for many years to come.

**Madam Deputy Speaker (Mrs Eleanor Laing):** Does no one else wish to speak? I call the Minister.

**Richard Harrington:** I am as speechless as you are on this occasion, Madam Deputy Speaker. Maybe hon. Members on both sides of the House said all that they wanted to say on the first group of amendments. I was also speechless at the compliments that have been paid to me very justifiably—[Laughter.] The compliments were justifiable in the case of the Secretary of State, although they were rather exaggerated in my case. I do hope that the *Hansard* reporters can sort out my language on that; otherwise the *Watford Observer* will be interested not just in the comments on the Watford football team's change of management but in what could be distortions of what I have just said about the compliments paid to the Secretary of State.

I should like to move on. I seriously thank hon. Members for their amendments in this group. They address a range of practical issues around the Bill and the implementation of the nuclear safeguards regime. I shall turn first to amendment 1, which is a very good place to start, as the famous song says. It is important that we have made a commitment to this effect on several occasions. As I have said, and as the Secretary of State has said in his written statement, the Government are committed to ensuring that the new regime

“is as comprehensive and robust as that currently provided by Euratom.”

It will not be a light version of it.

On inspections, the Nuclear Safeguards Bill is the essential first step in setting up a domestic nuclear safeguards regime. The detail of the regime, including further details in respect of the powers for safeguard inspectors, will be provided in the regulations that underpin the Bill. The pre-consultation draft regulations that were published on Friday provided details of the ONR's role in respect of nuclear safeguards, and it is important to note that the inspections only form one part of the overall safeguard regime.

4.45 pm

The establishment of effective accountancy and control systems and the numerous reporting requirements were outlined in the pre-consultation draft regulations. The hon. Member for Southampton, Test (Dr Whitehead), the shadow Minister, noted in his eloquent way that the draft regulations came last Friday, but I feel that they were spiritually, if not physically, with him beforehand, and I believe that he read them comprehensively over the weekend. There are two people on whom I can rely to do that: the hon. Gentleman and the Secretary of State. I can also rely on myself, but we have dealt with my issues before, following what was said by my right hon. Friend the Member for Wantage (Mr Vaizey).

The regulations contain key components by which assurance can be gained and the UK can demonstrate broad equivalence with the current regime under Euratom. As such, the draft regulations demonstrate how we intend to create a domestic regime that will be of equivalent effectiveness when compared with the existing European arrangements. The initial drafts have been provided in a spirit of transparency to show how the regulations are developing and to provide an opportunity for early engagement with Parliament, industry and other stakeholders. We expect the draft regulations and the regime to continue to be developed before they are consulted on publicly. We want to ensure that the ONR's safeguard inspectors are able to do their job. We want to ensure that they have the powers to do so, and we welcome constructive engagement with the draft regulations to ensure that that is the case.

I thank hon. Members for their contributions on amendment 4, which addresses the issue of consultation on and preparedness for the implementation of the new domestic civil nuclear safeguards regime established by the Bill. On consultation, the Government have had regular discussions with the nuclear industry since the referendum. In September, I held a representative industry stakeholder forum, which provided me and my team with an opportunity to hear the views and concerns of industry leaders, as mentioned today, and to provide them with an update on the progress of our preparations to leave Euratom. In December, I attended the Nuclear Industry Association annual event, where my officials provided a progress update on Euratom, including on the current status of international negotiations, the Bill and the capacity-building measures within the ONR. We are also engaging with civil society through our nuclear non-governmental organisation forum, which I attended last week—I was accused of being a tool of the Nuclear Industry Association—along with Members from both sides of the House, excluding the Scottish National party.

We will continue our constructive engagement with the nuclear stakeholder community, as we have done throughout the passage of the Bill and will continue to do throughout the Euratom negotiations. I have planned

a series of roundtables for 2018-19, and the next is scheduled for late next month. Officials at BEIS are working hard with the industry and other interested parties and are providing regular updates on progress, and the Government and industry are working together for the good of the country.

The National Audit Office plays an incredibly important role in all this, but mandatory consultation with it on nuclear safeguards regulations is not appropriate because the NAO already has an established process for scrutinising public spending for Parliament. We have worked with a range of governmental organisations as we develop legislative proposals and will continue to engage with interested parties as the new regime is implemented. The public consultation on the draft regulations, which will take place this year, will not be the first opportunity for stakeholders to be made aware of the Government's intentions nor will it be their only opportunity to provide the Government with their views.

I will now turn to the subject of the ONR's capability and readiness, as mentioned in many contributions today. I understand and agree that Parliament must be assured of the ONR's capability and readiness to take on these new responsibilities in relation to nuclear safeguards. I have consistently stated on Second Reading and in Committee that we will allocate the necessary funding for the ONR to set up this new domestic regime for civil nuclear safeguards. I disagree with the Prospect union's view, expressed to hon. Members in Committee and elsewhere, that that is not the case.

The Department works closely with the ONR on a daily basis to ensure it will be in a position to take on the role and responsibilities required to help the UK's domestic civil nuclear safeguards regime to meet international safeguards and nuclear non-proliferation standards when the Euratom arrangements no longer apply to the UK. We are monitoring the progress of the ONR's delivery plans through our governance process to identify delivery risk and to work with the ONR on mitigating those risks.

We have been transparent about the costs and resources required to set up a domestic civil nuclear safeguards regime. In October 2017, we published estimates of what those costs will be in the explanatory notes to the Bill. The relevant section, "Financial implications of the Bill," explains that the Department will allocate the necessary funding to the ONR—about £10 million to set up the regime, and ongoing costs of about £10 million a year. I assure the House that we are keeping the estimates under review as the details of the regime develop.

The ONR is in the process of developing an expanded safeguards function, which involves the recruitment and training of additional inspectors. The SNP spokesman, the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), and others mentioned the two-year and five-year time periods. Some people with a lot of experience in this field are being recruited, and they clearly would need two years or less. The five-year period involves a very high level of training. It is not possible to generalise, but I accept that some people, such as apprentices and graduates, will require much longer to train.

**Drew Hendry:** I am grateful to the Minister for pointing that out, but can he give us an indication of what proportion of experienced staff, versus trainees, he intends to have within two years?

**Richard Harrington:** I am afraid I cannot give the hon. Gentleman that information, not because I do not want to give it to him, but because I do not want inadvertently to mislead him. If I may, I will drop him a line over the next couple of days with the exact information, as I have just done on the number of people recruited to date, as mentioned in the first group of amendments—I think the figure was 11. I do not want to give a rough estimate on such an important question.

The recruitment campaign has been launched and will continue throughout this year.

I will briefly address the issue of timing, not of this speech, but of the assessment of readiness to implement a domestic safeguards regime on withdrawal, because it has been raised by several hon. Members. I have made it clear on several occasions that the Government are committed to establishing a robust domestic nuclear safeguards regime of a standard broadly equivalent to Euratom standards in order to retain public and trading partner confidence in the nuclear industry, about which we are very proud. We are working closely with the ONR to ensure it will be in a position to regulate this new regime.

Based on current progress, I believe we will be in a position to deliver a domestic regime to international standards by March 2019, if required, and that such a regime will be able to satisfy the International Atomic Energy Agency and our international trading partners.

**John Woodcock:** I listened carefully to what the Minister has just said, and he seems to be setting up the UK to follow a minimum of the IAEA standards, and not necessarily the higher Euratom standards. Is that the case?

**Richard Harrington:** No. I do not accept the hon. Gentleman's version of what I have said. We want a Rolls-Royce standard, the best possible standard we can have.

The negotiations on implementation are due to begin in the spring and, as hon. Members know, we will be reporting to the House regularly on progress.

Let me turn to the Henry VIII power. The hon. Member for Southampton, Test (Dr Whitehead) has mentioned his dislike for Henry VIII powers. This is a tiny Henry VIII power—a Henry VIII who has been on a diet for a long time—that is limited to amending references in the Nuclear Safeguards and Electricity (Finance) Act 1978, the Nuclear Safeguards Act 2000 and the Nuclear Safeguards (Notification) Regulations 2004 in order to accommodate safeguards agreements with the IAEA. Those amended references will enable the IAEA to carry out its activities in the UK, including by providing legal cover for the UK activities of its inspectors. We have to be able to update that legislation so that it contains the correct references for new safeguards arrangements with the IAEA, which have not yet been made but will be in the near future. Without amendment, the existing provisions will become ineffective when the current agreements no longer apply, which would leave us in breach of any new international safeguards regime.

The detailed amendments will not be known until the agreements are in place, so the power that we are asking for is essential if we are to ensure that the UK has a safeguards regime that complies with its future international obligations when Euratom's safeguards arrangements

no longer apply. It is a very narrow power and I do not think that it is relevant to the general discussions that the House has had on Henry VIII powers. I hope that Members on both sides of the House are satisfied and that they will not seek to press their amendments.

**Dr Whitehead:** I have listened carefully to the Minister this afternoon and would like to thank him for the constructive way he took the Bill through Committee. My personal view is that that is how we should legislate in practice. He has played a substantial part in making the process as good as it could be. However, just as I do not blame him personally for the fact that his football team recently scored a completely illegal goal—it was hand-balled—against my team and deprived it of two points, I do not blame him for the way the Bill has been constructed. He has attempted to justify parts of it that he is unable to amend, but nevertheless their construction, in my view, remains deeply unsatisfactory.

I am happy to withdraw amendment 1 and not to press the amendments that relate to the staffing and funding of the ONS—the Secretary of State has committed himself to reporting quarterly on progress with Euratom, which was the subject of one of our amendments in Committee, for which I am grateful—but I will press amendment 5 to a vote, because it relates to the Henry VIII clauses, which are a fundamental defect in the structure of the Bill. We wish to put it on the record that we would not wish such arrangements to be proceeded with under other circumstances. I beg to ask leave to withdraw amendment 1.

*Amendment, by leave, withdrawn.*

## Clause 2

### POWER TO AMEND LEGISLATION RELATING TO NUCLEAR SAFEGUARDS

*Amendment proposed:* 5, page 4, line 13, at end insert—

“(1A) The Secretary of State may only exercise powers under this section at the point at which amendment of any of the legislation in subsection (1) becomes necessary in order to complete the process of transposition of responsibility for nuclear safeguarding from EURATOM to the Office for Nuclear Regulation, and for no other purpose.

(1B) Upon exercising the power set out in subsection (1), the Secretary of State shall lay before both Houses of Parliament a report on the operation of the power.”—(*Dr Whitehead.*)

*This amendment would limit circumstances under which the Secretary of State may exercise certain powers in this section and requires a report to be laid before Parliament.*

*Question put.* That the amendment be made.

*The House divided:* Ayes 254, Noes 295.

**Division No. 107]**

**[4.59 pm**

### AYES

Abbott, rh Ms Diane  
Abrahams, Debbie  
Alexander, Heidi  
Ali, Rushanara  
Amesbury, Mike  
Antoniazzi, Tonia  
Ashworth, Jonathan  
Austin, Ian  
Bailey, Mr Adrian  
Barron, rh Sir Kevin

Benn, rh Hilary  
Betts, Mr Clive  
Black, Mhairi  
Blackford, rh Ian  
Blackman, Kirsty  
Blackman-Woods, Dr Roberta  
Blomfield, Paul  
Brabin, Tracy  
Bradshaw, rh Mr Ben  
Brake, rh Tom

Brennan, Kevin  
 Brock, Deidre  
 Brown, Alan  
 Brown, Lyn  
 Brown, rh Mr Nicholas  
 Bryant, Chris  
 Buck, Ms Karen  
 Burden, Richard  
 Burgon, Richard  
 Butler, Dawn  
 Cable, rh Sir Vince  
 Cadbury, Ruth  
 Cameron, Dr Lisa  
 Campbell, rh Mr Alan  
 Campbell, Mr Ronnie  
 Carden, Dan  
 Carmichael, rh Mr Alistair  
 Champion, Sarah  
 Chapman, Douglas  
 Chapman, Jenny  
 Charalambous, Bambos  
 Cherry, Joanna  
 Clwyd, rh Ann  
 Coffey, Ann  
 Cooper, Julie  
 Cooper, Rosie  
 Cooper, rh Yvette  
 Cowan, Ronnie  
 Coyle, Neil  
 Crausby, Sir David  
 Crawley, Angela  
 Creagh, Mary  
 Cryer, John  
 Cummins, Judith  
 Cunningham, Alex  
 Cunningham, Mr Jim  
 Dakin, Nic  
 David, Wayne  
 Day, Martyn  
 De Piero, Gloria  
 Debonnaire, Thangam  
 Dent Coad, Emma  
 Dhesi, Mr Tanmanjeet Singh  
 Docherty-Hughes, Martin  
 Dodds, Anneliese  
 Dowd, Peter  
 Drew, Dr David  
 Dromey, Jack  
 Duffield, Rosie  
 Eagle, Maria  
 Edwards, Jonathan  
 Elliott, Julie  
 Ellman, Mrs Louise  
 Elmore, Chris  
 Esterson, Bill  
 Evans, Chris  
 Farrelly, Paul  
 Farron, Tim  
 Field, rh Frank  
 Fitzpatrick, Jim  
 Fovargue, Yvonne  
 Foxcroft, Vicky  
 Frith, James  
 Gaffney, Hugh  
 Gapes, Mike  
 Gardiner, Barry  
 George, Ruth  
 Gethins, Stephen  
 Gibson, Patricia  
 Gill, Preet Kaur  
 Glindon, Mary  
 Godsiff, Mr Roger

Goodman, Helen  
 Grady, Patrick  
 Grant, Peter  
 Gray, Neil  
 Green, Kate  
 Greenwood, Lilian  
 Greenwood, Margaret  
 Griffith, Nia  
 Grogan, John  
 Gwynne, Andrew  
 Haigh, Louise  
 Hamilton, Fabian  
 Hardy, Emma  
 Harman, rh Ms Harriet  
 Harris, Carolyn  
 Hayes, Helen  
 Healey, rh John  
 Hendrick, Sir Mark  
 Hendry, Drew  
 Hepburn, Mr Stephen  
 Hermon, Lady  
 Hill, Mike  
 Hobhouse, Wera  
 Hodge, rh Dame Margaret  
 Hodgson, Mrs Sharon  
 Hollern, Kate  
 Hopkins, Kelvin  
 Hosie, Stewart  
 Huq, Dr Rupa  
 Hussain, Imran  
 Jardine, Christine  
 Jarvis, Dan  
 Johnson, Diana  
 Jones, Darren  
 Jones, Gerald  
 Jones, Graham P.  
 Jones, Helen  
 Jones, Sarah  
 Kane, Mike  
 Keeley, Barbara  
 Kendall, Liz  
 Khan, Afzal  
 Killen, Ged  
 Kinnock, Stephen  
 Laird, Lesley  
 Lake, Ben  
 Lamb, rh Norman  
 Lavery, Ian  
 Lee, Karen  
 Leslie, Mr Chris  
 Lewell-Buck, Mrs Emma  
 Lewis, Clive  
 Linden, David  
 Lloyd, Stephen  
 Lloyd, Tony  
 Long Bailey, Rebecca  
 Lucas, Caroline  
 Lucas, Ian C.  
 Lynch, Holly  
 MacNeil, Angus Brendan  
 Madders, Justin  
 Mann, John  
 Marsden, Gordon  
 Martin, Sandy  
 Maskell, Rachael  
 Matheson, Christian  
 Mc Nally, John  
 McDonagh, Siobhain  
 McDonald, Andy  
 McDonald, Stewart Malcolm  
 McDonald, Stuart C.  
 McDonnell, rh John

McFadden, rh Mr Pat  
 McGovern, Alison  
 McInnes, Liz  
 McKinnell, Catherine  
 McMahon, Jim  
 McMorrin, Anna  
 Mearns, Ian  
 Miliband, rh Edward  
 Monaghan, Carol  
 Moon, Mrs Madeleine  
 Moran, Layla  
 Morden, Jessica  
 Morgan, Stephen  
 Morris, Grahame  
 Murray, Ian  
 Newlands, Gavin  
 Norris, Alex  
 O'Hara, Brendan  
 Onasanya, Fiona  
 Onn, Melanie  
 Onwurah, Chi  
 Owen, Albert  
 Peacock, Stephanie  
 Pearce, Teresa  
 Pennycook, Matthew  
 Perkins, Toby  
 Phillips, Jess  
 Phillipson, Bridget  
 Pidcock, Laura  
 Platt, Jo  
 Pollard, Luke  
 Pound, Stephen  
 Powell, Lucy  
 Qureshi, Yasmin  
 Rashid, Faisal  
 Reed, Mr Steve  
 Rees, Christina  
 Reeves, Ellie  
 Reeves, Rachel  
 Reynolds, Jonathan  
 Rimmer, Ms Marie  
 Robinson, Mr Geoffrey  
 Rowley, Danielle  
 Ruane, Chris  
 Russell-Moyle, Lloyd  
 Saville Roberts, Liz  
 Shah, Naz

Sherriff, Paula  
 Shuker, Mr Gavin  
 Siddiq, Tulip  
 Smeeth, Ruth  
 Smith, Cat  
 Smith, Eleanor  
 Smith, Laura  
 Smith, Nick  
 Smyth, Karin  
 Snell, Gareth  
 Sobel, Alex  
 Spellar, rh John  
 Starmer, rh Keir  
 Stephens, Chris  
 Stevens, Jo  
 Stone, Jamie  
 Streeting, Wes  
 Sweeney, Mr Paul  
 Swinson, Jo  
 Thewliss, Alison  
 Thomas, Gareth  
 Thomas-Symonds, Nick  
 Thornberry, rh Emily  
 Timms, rh Stephen  
 Turley, Anna  
 Turner, Karl  
 Twigg, Stephen  
 Twist, Liz  
 Umunna, Chuka  
 Vaz, Valerie  
 Walker, Thelma  
 Watson, Tom  
 West, Catherine  
 Western, Matt  
 Whitehead, Dr Alan  
 Whitford, Dr Philippa  
 Williams, Hywel  
 Williams, Dr Paul  
 Williamson, Chris  
 Wishart, Pete  
 Woodcock, John  
 Yasin, Mohammad  
 Zeichner, Daniel

**Tellers for the Ayes:**  
**Jeff Smith and**  
**Colleen Fletcher**

#### NOES

Boles, Nick  
 Bone, Mr Peter  
 Bottomley, Sir Peter  
 Bowie, Andrew  
 Bradley, Ben  
 Bradley, rh Karen  
 Brady, Sir Graham  
 Bridgen, Andrew  
 Brine, Steve  
 Bruce, Fiona  
 Buckland, Robert  
 Burghart, Alex  
 Burns, Conor  
 Cairns, rh Alun  
 Campbell, Mr Gregory  
 Cartlidge, James  
 Cash, Sir William  
 Caulfield, Maria  
 Chalk, Alex  
 Chishty, Rehman  
 Clark, Colin  
 Clark, rh Greg

Clarke, rh Mr Kenneth  
 Clarke, Mr Simon  
 Cleverly, James  
 Clifton-Brown, Sir Geoffrey  
 Coffey, Dr Thérèse  
 Collins, Damian  
 Costa, Alberto  
 Courts, Robert  
 Cox, Mr Geoffrey  
 Crabb, rh Stephen  
 Crouch, Tracey  
 Davies, Chris  
 Davies, Glyn  
 Davies, Mims  
 Davies, Philip  
 Davis, rh Mr David  
 Dinenage, Caroline  
 Djanogly, Mr Jonathan  
 Docherty, Leo  
 Donelan, Michelle  
 Double, Steve  
 Dowden, Oliver  
 Doyle-Price, Jackie  
 Drax, Richard  
 Duddridge, James  
 Duguid, David  
 Duncan, rh Sir Alan  
 Duncan Smith, rh Mr Iain  
 Dunne, Mr Philip  
 Ellis, Michael  
 Ellwood, rh Mr Tobias  
 Elphicke, Charlie  
 Eustice, George  
 Evennett, rh David  
 Fabricant, Michael  
 Fallon, rh Sir Michael  
 Fernandes, Suella  
 Field, rh Mark  
 Ford, Vicky  
 Foster, Kevin  
 Francois, rh Mr Mark  
 Frazer, Lucy  
 Freeman, George  
 Freer, Mike  
 Fysh, Mr Marcus  
 Garnier, Mark  
 Gauke, rh Mr David  
 Ghani, Ms Nusrat  
 Gibb, rh Nick  
 Girvan, Paul  
 Glen, John  
 Goldsmith, Zac  
 Goodwill, Mr Robert  
 Gove, rh Michael  
 Graham, Luke  
 Graham, Richard  
 Grant, Bill  
 Grant, Mrs Helen  
 Grayling, rh Chris  
 Green, Chris  
 Green, rh Damian  
 Greening, rh Justine  
 Griffiths, Andrew  
 Gyimah, Mr Sam  
 Hair, Kirstene  
 Halfon, rh Robert  
 Hall, Luke  
 Hammond, Stephen  
 Hancock, rh Matt  
 Hands, rh Greg  
 Harper, rh Mr Mark  
 Harrington, Richard

Harris, Rebecca  
 Harrison, Trudy  
 Hart, Simon  
 Hayes, rh Mr John  
 Heald, rh Sir Oliver  
 Heappey, James  
 Heaton-Harris, Chris  
 Heaton-Jones, Peter  
 Henderson, Gordon  
 Herbert, rh Nick  
 Hinds, rh Damian  
 Hoare, Simon  
 Hollingbery, George  
 Hollinrake, Kevin  
 Hollobone, Mr Philip  
 Holloway, Adam  
 Huddleston, Nigel  
 Hughes, Eddie  
 Hurd, rh Mr Nick  
 James, Margot  
 Javid, rh Sajid  
 Jayawardena, Mr Ranil  
 Jenkin, Mr Bernard  
 Jenkyns, Andrea  
 Jenrick, Robert  
 Johnson, Dr Caroline  
 Johnson, Gareth  
 Johnson, Joseph  
 Jones, Andrew  
 Jones, rh Mr David  
 Jones, Mr Marcus  
 Kawczynski, Daniel  
 Keegan, Gillian  
 Kennedy, Seema  
 Kerr, Stephen  
 Knight, rh Sir Greg  
 Knight, Julian  
 Kwarteng, Kwasi  
 Lamont, John  
 Lancaster, rh Mark  
 Latham, Mrs Pauline  
 Leadsom, rh Andrea  
 Lee, Dr Phillip  
 Lefroy, Jeremy  
 Letwin, rh Sir Oliver  
 Lewer, Andrew  
 Lewis, rh Brandon  
 Lewis, rh Dr Julian  
 Lidington, rh Mr David  
 Little Pengelly, Emma  
 Lopez, Julia  
 Lopresti, Jack  
 Mackinlay, Craig  
 Maclean, Rachel  
 Main, Mrs Anne  
 Mak, Alan  
 Malthouse, Kit  
 Mann, Scott  
 Masterton, Paul  
 McLoughlin, rh Sir Patrick  
 McVey, rh Ms Esther  
 Menzies, Mark  
 Mercer, Johnny  
 Merriman, Huw  
 Metcalfe, Stephen  
 Miller, rh Mrs Maria  
 Milling, Amanda  
 Mills, Nigel  
 Milton, rh Anne  
 Mitchell, rh Mr Andrew  
 Moore, Damien  
 Mordaunt, rh Penny

Morgan, rh Nicky  
 Morris, Anne Marie  
 Morris, David  
 Morris, James  
 Morton, Wendy  
 Mundell, rh David  
 Murray, Mrs Sheryll  
 Murrison, Dr Andrew  
 Neill, Robert  
 Newton, Sarah  
 Nokes, rh Caroline  
 Norman, Jesse  
 O'Brien, Neil  
 Offord, Dr Matthew  
 Opperman, Guy  
 Paisley, Ian  
 Parish, Neil  
 Patel, rh Priti  
 Paterson, rh Mr Owen  
 Pawsey, Mark  
 Penning, rh Sir Mike  
 Penrose, John  
 Percy, Andrew  
 Perry, rh Claire  
 Philp, Chris  
 Pincher, Christopher  
 Poulter, Dr Dan  
 Pow, Rebecca  
 Prentis, Victoria  
 Prisk, Mr Mark  
 Pritchard, Mark  
 Pursglove, Tom  
 Quin, Jeremy  
 Quince, Will  
 Raab, Dominic  
 Redwood, rh John  
 Rees-Mogg, Mr Jacob  
 Robertson, Mr Laurence  
 Robinson, Gavin  
 Robinson, Mary  
 Rosindell, Andrew  
 Ross, Douglas  
 Rowley, Lee  
 Rudd, rh Amber  
 Rutley, David  
 Sandbach, Antoinette  
 Scully, Paul  
 Seely, Mr Bob  
 Selous, Andrew  
 Shannon, Jim  
 Shapps, rh Grant  
 Sharma, Alok  
 Shelbrooke, Alec  
 Simpson, David  
 Skidmore, Chris  
 Smith, Chloe

Smith, Henry  
 Smith, rh Julian  
 Smith, Royston  
 Soames, rh Sir Nicholas  
 Spelman, rh Dame Caroline  
 Spencer, Mark  
 Stephenson, Andrew  
 Stevenson, John  
 Stewart, Bob  
 Stewart, Iain  
 Nokes, rh Caroline  
 Streeter, Mr Gary  
 Stride, rh Mel  
 Stuart, Graham  
 Sturdy, Julian  
 Sunak, Rishi  
 Swayne, rh Sir Desmond  
 Swire, rh Sir Hugo  
 Syms, Sir Robert  
 Thomas, Derek  
 Thomson, Ross  
 Throup, Maggie  
 Tolhurst, Kelly  
 Tomlinson, Justin  
 Tomlinson, Michael  
 Tracey, Craig  
 Trevelyan, Mrs Anne-Marie  
 Truss, rh Elizabeth  
 Tugendhat, Tom  
 Vaizey, rh Mr Edward  
 Vara, Mr Shailesh  
 Vickers, Martin  
 Villiers, rh Theresa  
 Walker, Mr Charles  
 Walker, Mr Robin  
 Wallace, rh Mr Ben  
 Warburton, David  
 Warman, Matt  
 Watling, Giles  
 Whately, Helen  
 Wheeler, Mrs Heather  
 Whittaker, Craig  
 Whittingdale, rh Mr John  
 Wiggan, Bill  
 Williamson, rh Gavin  
 Wilson, rh Sammy  
 Wollaston, Dr Sarah  
 Wood, Mike  
 Wragg, Mr William  
 Wright, rh Jeremy  
 Zahawi, Nadhim

**Tellers for the Noes:**  
**Paul Maynard and**  
**Jo Churchill**

*Question accordingly negated.*

*Third Reading*

5.13 pm

**The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark):** I beg to move, That the Bill be now read the Third time.

May I begin by thanking right hon. and hon. Members on both sides of the House for their constructive contributions during the Bill's parliamentary stages to date? I thank everyone who has worked on it, including those who served on the Bill Committee, the House authorities, the experts who gave oral evidence in

Committee, my indefatigable officials, who have worked very hard and effectively on the Bill, and the organisations that took the time to provide expert written evidence.

May I also thank and commend the Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Watford (Richard Harrington), for his skill and application in steering the Bill through the House? There is no need for him to sing his own praises; they should be sung loudly and clearly from this Front Bench, and I think that that sentiment is shared by Members on both sides of the House.

May I also join in the commendation of the efforts of the hon. Members for Southampton, Test (Dr Whitehead) and for Sheffield Central (Paul Blomfield), who have been thoughtful and insightful, and who helped to improve the Bill during the Committee stage? As my hon. Friend the Minister said, they have applied the principles of constructive opposition to their scrutiny of this very important Bill, and that has helped to bring it to this stage in our proceedings.

Let me briefly remind the House why the Bill is so necessary and firmly in the national interest. The nuclear sector is not only important to the future of energy in this country, but has important applications in research and industry. My Department has been working very closely with the industry to make sure that our shared interests are reflected in arrangements as we leave Euratom. The Bill helps to provide the required certainty and clarity to support our ambitions.

As I said on Second Reading, the Bill ensures that when the United Kingdom is no longer a member of Euratom, we will have in place a legal framework that enables us to establish a domestic nuclear safeguards regime that meets international nuclear safeguards and non-proliferation standards. Nuclear safeguards, as the House now well knows, are the reporting and verification processes that nuclear states use to demonstrate to the international community that civil nuclear material is not diverted into military or weapons programmes. The Bill ensures that the United Kingdom can put in place the regime to enable the Office for Nuclear Regulation to oversee nuclear safeguards following withdrawal from Euratom.

To ensure continued international verification and oversight of our safeguards, we are, as my hon. Friend the Minister made clear throughout our proceedings, in discussions with the International Atomic Energy Agency to agree replacement voluntary safeguards agreements that reflect the UK's withdrawal from Euratom. The Bill gives us the ability to implement those new safeguards and the domestic regime that underpins them.

**John Woodcock:** Following the Minister's earlier answer, I was not entirely clear whether the Government are committed to Euratom standards from day one of this new regime, or looking at the *de minimis* of the International Atomic Energy Agency?

**Greg Clark:** We have been very clear. We see no problem with the standards that have obtained in Euratom, so our aim is to have complete continuity with those standards. I hope that the hon. Gentleman welcomes that.

Our intention is that the new regime should reflect the high standards that we expect. We want to establish a robust regime that provides coverage and effectiveness

equivalent to that currently provided by Euratom. That is our objective. It is clear that we need continuity and that we must work to avoid any break in our civil nuclear safeguards regime if we want to continue the success and prosperity of our industry.

As has been evidenced in today's proceedings, we have listened to concerns raised throughout the passage of the Bill in the House. In the context of both this Bill and the EU (Withdrawal) Bill, we responded to a number of questions by publishing on 11 January a written statement that outlines the Government's strategy and objectives in relation to Euratom. Our strategy is twofold: first, to seek through our negotiations with the European Commission a close association with Euratom; and, secondly and simultaneously, to put in place all necessary measures to ensure that the UK can operate as an independent and responsible nuclear state from day one.

After hearing the concerns raised in Committee by the hon. Member for Southampton, Test and the hon. Member for Sheffield Central about enhancing parliamentary scrutiny, I have made a commitment to report back to Parliament every three months by way of further written statements about overall progress on Euratom, including in respect of negotiations. As we indicated in Committee, we remain committed to the open and transparent approach that has characterised our discussions on the Bill so far, including when we developed the regulations that set out the detail of the domestic civil nuclear safeguards regime.

In response to various amendments tabled in Committee, we have committed to continuing dialogue with the industry, the devolved Administrations and civil society. A series of stakeholder events and workshops will take place, in addition to the public consultation on the regulations that we intend will take place later in the year. Working closely with the ONR, we are in the process of producing two sets of draft regulations. In response to suggestions in Committee that the House would benefit from early scrutiny of the regulations, a pre-consultation draft of the regulations, with an explanatory covering note, was provided to Parliament, as the hon. Member for Southampton, Test said. The draft regulations will go through a full consultation so that they can be exhaustively examined, so we expect them to continue to evolve in response to comment from, and consideration by, stakeholders and, of course, Parliament itself. We make a commitment to work with Members on both sides of the House and people outside Parliament to make sure that the regulations reflect the best possible advice.

The swift progress of the Bill, and the supportive discussions in the House about it, have aided our negotiations with the EU, the IAEA and third countries. We have already held several rounds of discussions on Euratom issues in the first phase of the negotiations with the EU, and there has been good progress. Negotiations with the IAEA on future voluntary agreements for the application of civil nuclear safeguards have also been constructive, and substantial progress has been made. It is expected that these new agreements will be put to the IAEA board of governors for ratification later this year. Negotiations on nuclear co-operation agreements have also proceeded significantly. In particular, constructive progress has already been made in negotiations with key partners, such as the United States, Canada, Australia and Japan.

[Greg Clark]

In the light of all this, I am grateful to the House for the scrutiny it has given to the Bill and the expert eye it has cast over it. The broad cross-party consensus that we have seen sends an important signal to our international partners that the United Kingdom will absolutely remain a leading and responsible nuclear state. It allows us to reassure the United Kingdom's very important nuclear industry and the nuclear research community that we absolutely remain committed to supporting them to maintain the United Kingdom's status as a world leader. Taking early action to have ready a domestic civil nuclear safeguards regime is both responsible and in the national interest, and I therefore commend the Bill to the House.

5.21 pm

**Rebecca Long Bailey** (Salford and Eccles) (Lab): This is an important and necessary Bill, as the Secretary of State confirmed, to ensure that a contingency is available should the Government's negotiations with the European Union and Euratom fail. That was why we did not oppose it on Second Reading, and it is why we will not oppose it on Third Reading tonight.

That does not mean, however, that we do not continue to have concerns about the Government's approach and about whether there was any necessity at all for the Bill. On Second Reading, I made the case that it should be possible—or would have been possible—to retain the UK's membership, or to secure a close association with Euratom that would allow the continuation of nuclear safeguarding. The Opposition still think that continued membership of Euratom or a close associate status is both achievable and necessary for the most efficient continued working of a whole raft of procedures relating to the nuclear industry, not just to safeguarding.

I am pleased that the Government seem to have acknowledged that negotiating a close association would be the best outcome for our nuclear industry and that Bill does not constitute a replacement for all Euratom's functions. The Secretary of State's written statement on 11 January set out that the Government's strategy was to

“seek a close association with Euratom and to include Euratom in any implementation period negotiated as part of our wider exit discussions”.

It went on to say that the

“exact nature of the period will be subject to forthcoming negotiations”.—[*Official Report*, 11 January 2018; Vol. 634, c. 9-10WS.]

Given that statement, I wonder why the Government did not accept a number of Labour's proposals: new clause 1, which would simply have asked the Secretary of State to “seek to secure” a transition period during which the UK could secure an association with Euratom, or indeed build any domestic capability; and new clause 2, which would have established that the provisions of the Bill are contingency arrangements if it proves impossible to establish an association with Euratom.

I point out that we could have been more legally robust in our language, especially in new clause 1. We could, for example, have used the words “best endeavours”, but we appreciate the issues that the Secretary of State faces and would have given him the opportunity simply of saying that he would try to secure a transitional period. We are sad that new clause 1 was not accepted today, but none the less I appreciate that the Secretary

of State has listened somewhat to Labour's concerns and promised to report back every three months about overall progress on Euratom in the EU negotiations. As three months from the first statement will be 11 April, which is in the middle of the Easter recess, I look forward to receiving an update on 29 March.

My Front-Bench colleagues have argued that a transitional agreement is vital if we are to ensure that the UK is physically able to provide a functioning domestic safeguarding regime. The evidence taken by the Public Bill Committee highlighted that particular concern of the industry. Dr Golshan of the ONR said:

“given our membership of Euratom, it has not been necessary for the UK and ONR to build capacity and resilience in this area.”

She added:

“a transitional arrangement will be extremely helpful.”

That is not least because the training of inspectors takes several years, as outlined by the representatives of Prospect and Unite the union. Indeed, when she was asked about training, Dr Golshan said:

“We have started that process, but it is a long road and I am not going to sit here and pretend that it is all going to be a smooth run.”—[*Official Report, Nuclear Safeguards Public Bill Committee*, 31 October 2017; c. 5-9, Q3, 8 and 16.]

We have ongoing concerns about the timely replacement of inspectors, so we urge Ministers to agree a transitional arrangement to prevent full obligations from being placed on an unready ONR. The Government did not see fit to accept amendment 4, which would have required the Secretary of State to declare that the ONR had the resources necessary to take on extra responsibilities for nuclear safeguarding in the UK, but I hope they will listen to this plea.

I will say a little word on the powers that the Bill will hand to the Government—the very small Henry VIII provisions, as they were referred to previously. The Minister did not see fit to accept our amendments that attempted to curtail the executive powers conferred by the Bill, but he promised to publish regulations ahead of Report. He did indeed publish those regulations, but not until Friday afternoon—beyond the deadline to table any further amendments to the Bill. I would just like to put on record that although I welcome the publication of the regulations, the timing was rather cheeky and not altogether in the spirit of the constructive approach that both sides have taken to the Bill.

I associate myself with the words of the Secretary of State in thanking all who have spoken throughout our consideration of the Bill, as well as all members of the Public Bill Committee. I want to thank the Front-Bench teams, including the Secretary of State and the Minister. I think it is fair to say that they have been in listening mode. I especially thank my Labour colleagues, not least my hon. Friend the Member for Southampton, Test (Dr Whitehead), who have worked diligently on the finer details of all things relating to nuclear safeguarding. Finally, I want to thank the Public Bill Office and the Clerks for all their tremendous support, as ever.

5.27 pm

**James Heappey:** I sense that the Bill is accelerating towards the other place, so I will not speak for long. I congratulate Front Benchers on both sides of the House and all who have spoken in our debates. As with so many debates on energy in this place, there has been broad consensus, with disagreement about small details around the edges. It is pleasing to be part of such a

constructive approach to an important area of policy without partisan divides getting in the way, as they sometimes do in other areas of policy.

The nuclear industry has cultivated a small but perfectly formed and enthusiastic band of representatives in this place. Colleagues on both sides of the House have enjoyed the industry's hospitality and benefited from its briefing in order that we might understand the issue, which is important for the industry, and have scrutinised the legislation in the House to ensure that it meets the industry's aims.

I am glad that the Bill has not been amended today, because I think it does exactly what it should be doing in the first place. It is vital that we maintain the safeguards and reputation of the nuclear industry. It is an industry in which even the smallest mistake is unacceptable, and we in this country have a fine reputation for delivering almost immaculate standards of safety, so it is right that Members on both sides of the House want to be reassured that, when dealing with the important issue of our membership of Euratom, absolutely no compromises are made over safeguarding and the safety of the industry.

The Government have been clear, as has the EU, that the treaties of the EU and Euratom are so intertwined that it is impossible to remain a member of Euratom while leaving the EU. Some Opposition Members, who are no longer in their places, made the point earlier that we should at least seek to remain in Euratom. I do not disagree—I think that would be the best possible outcome—but what I do disagree with is the idea that, in amending the Bill to secure that commitment, we should take a bit of a long shot on what has been unachievable for many other countries that are not within the EU, at the cost of providing the industry with what it has been so clear with us that it wants. I am glad that we have not done that, and I have every confidence that the Secretary of State and his team will seek, if not full membership, the closest possible thing to it that is allowable while meeting the terms of our wider Brexit ambitions. I am also glad that, since I spoke on Second Reading, when there was a great deal of rather unfortunate debate about things such as medical isotopes, such fake news has disappeared from the debate and we are all now much clearer about what the Bill does and does not impact on.

The nuclear industry is of huge importance to this country and my constituency. My hon. Friend the Member for North East Hampshire (Mr Jayawardena), in his lengthy remarks earlier, mentioned the importance of nuclear to our energy mix. He is not in the Chamber to hear the answer to his question, but I believe that about 25% of our energy needs today are provided by nuclear, either within the United Kingdom or through our interconnection with France. That is an important contribution, and until we can fully unlock the potential of energy storage, demand response and other flexibility measures, that provision of base-load is absolutely essential to the industrial powerhouse of our nation, so we should support the industry.

We must also ensure—this is the one constituency point I want to cheekily make on Third Reading, Madam Deputy Speaker—that the industrial opportunity of the new nuclear programme genuinely benefits the places in which that nuclear fleet is being built. We must ensure that not just things such as catering companies, accommodation and transport, but meaningful engineering,

technology and high skills-based industries, are included in the supply chain for the construction of the new nuclear fleet. Somerset needs more than a fantastic caterer as a legacy of the construction of Hinkley.

The only other point that has come out today that needs to be underlined is that the chairwoman of the Business, Energy and Industrial Strategy Committee and other Opposition Members said that there was some debate about whether the ONR would be ready on day one to deliver the standards that Euratom has required of our industry. My response to their concern is not that we should legislate to mitigate the threat, but that we should encourage those on the Front Bench to lean on the ONR and support it in every way possible to ensure that it has the capacity to deliver such safeguarding on the first day of its responsibilities.

That is all that I wish to say, apart from congratulating Ministers on their stewardship of the Bill. The Secretary of State, who I am delighted is still in the Chamber, the Minister for Energy and Clean Growth and the Under-Secretary are enthusiastic fellow travellers on our route to a zero-carbon energy system. I am glad that they have brought this important piece of legislation through the House, and I am glad that it will not be opposed on Third Reading. I look forward to working with Front Benchers and colleagues on both sides of the House on other energy policy Bills in the future.

5.34 pm

**Drew Hendry:** If power over these issues, as they affect Scotland, were in the purview of the Scottish Parliament, I am certain that Scotland would be staying within Euratom. However, here we are, and this Bill is going through this House. The Minister knows that I respect him on this issue; he has tried to engage with me very positively, and I thank him for doing that.

I would like to say that the Government and the Secretary of State have written in some checks, but I see no evidence of any. However, I do see hopes, promises and assurances. In the fullness of time, the Government will be judged on what happens to nuclear safeguards when their agency is set up and on how well it performs. For the sake of the industry, the safeguards and the people involved in it, I hope that it is a success.

5.35 pm

**Trudy Harrison:** The Bill is absolutely essential to the nuclear industry. Without it, after we leave the European Union, our nuclear industry would collapse. As I said earlier, it would be economically crushing not to have a safeguards regime in place. That would have catastrophic implications for every part of the country, which would be felt across the whole sector.

Following the construction and successful commissioning of the world's first nuclear power station—Calder Hall, in my constituency, back in 1957—Euratom was formed by the Euratom treaty. It was as important then as it is now to apply civil nuclear safeguards in the UK. The UK has committed, as a member of the International Atomic Energy Agency, to have nuclear safeguards in place—a clear demonstration to the international community that civil nuclear material is used only for civil activities.

The Bill enables the UK to set up a domestic safeguards regime to meet our international commitments on safeguards and nuclear non-proliferation standards.

[Trudy Harrison]

Without the Bill, the movement of materials, fuel—including spent fuel—and components, and even the conversations about materials, fuel and components, could not take place.

Euratom provides the basis for the regulation of civilian nuclear activity in the UK, including fuel supply, waste management and co-operation between nuclear states. It implements a system of safeguards, controls the supply of fissile materials in Euratom member states, guarantees high safety standards and funds international research into nuclear fission and fusion. It is also critical for nuclear co-operation across the world.

In a community such as mine, where the income of 55% of the population depends directly or indirectly on work in the nuclear industry, and in our country, where more than 20% of energy is generated by nuclear power plants, not having measures in place as we leave the EU and Euratom would be unthinkable. An effective safeguards regime is necessary for Sellafield's operations, for the low level waste repository's business, for the national nuclear laboratory's research and for the development of Moorside, the new-build nuclear power plant that is expected to be constructed adjacent to Sellafield. All of that is in Copeland.

I have visited 70-something businesses in my constituency, including large global operations now based in Copeland—some of the biggest names in international industry—and our many small and medium-sized enterprises to listen to their concerns and ambitions for the future. Each and every one is wholly dependent on being able to trade globally. Those businesses are not just critical to that sector, but integral to the socioeconomic fabric of daily life. Of the 1,020 apprenticeships that were started last year, the vast majority were in industry and engineering connected with our nuclear sector. But it goes further: those companies are proud, passionate parts of our society, donating to charities, supporting local organisations and providing enormous socioeconomic benefits. I am proud to say that tomorrow, Sellafield is sponsoring “A Taste of Cumbria” in the Jubilee Room here in Parliament, such is its commitment to its community and county.

I cannot emphasise sufficiently strongly how vital the Bill is for Copeland and Cumbria, and indeed for the whole country. I was delighted that the Government committed further to the Joint European Torus and the international thermonuclear experimental reactor projects. The Bill is equally necessary for research and development and for science and innovation.

Our nuclear industry is an international marketplace, which means that we need in place not only domestic regulations but bilateral agreements with countries such as the US, Japan, Kazakhstan and Canada—the list goes on. We cannot even begin to discuss bilateral agreements without there being a domestic safeguards regime in place. We need one to carry out decommissioning work across the country and to consider exporting the skills and products being developed. It is estimated that overseas reactor decommissioning will total £250 billion over coming decades, according to the Government's “The UK's Nuclear Future” document.

The Calder Hall reactor I referred to earlier now requires decommissioning. This is a fantastic opportunity for the sector not just to benefit from the skills and experience gained from decommissioning but to leverage wider UK, European and worldwide decommissioning.

The iconic golf ball structure at Sellafield, the Windscale advanced gas-cooled reactor, was the prototype power reactor for the 14 EDF Energy AGRs, which currently supply about one fifth of the UK's electricity. Its core heat exchangers and associated equipment have all been safely decommissioned and removed, thanks to Government-funded projects, demonstrating that a power reactor can be successfully decommissioned.

I hope that Calder Hall can be decommissioned as a priority and a new breed of small modular reactors installed in its place to ensure that we are at the forefront of nuclear technological developments once again. Small modular reactors and advanced modular reactors offer the chance for UK nuclear expertise and manufacturing to lead the world, but we need the Bill to ensure that we are globally compliant with safeguarding, in addition to security and safety.

On the role of the ONR, it is important to understand the differences between safeguarding, security and safety, all of which are critical to the secure and compliant running of our civil nuclear industry. Currently, the ONR has responsibility for safety and oversees the civil nuclear constabulary with regard to security. Bringing responsibility for safeguarding under this one organisation would seem to bring benefits of shared knowledge and skills and combined experience. The ONR is an independent regulator that was made a statutory public body under the Energy Act 2013, which sets out its role, functions and powers.

International oversight will be a key part of the future regime, so I am pleased that the UK is seeking to conclude new arrangements with the IAEA. It is absolutely vital that the IAEA retain its right to inspect all civil nuclear facilities and continue to receive all current safeguards reporting. That will ensure that international verification of our safeguards activity continues to be robust. We must retain our reputation for excellence to ensure that companies in other countries, such as KEPCO in South Korea, which we anticipate will become the new owner of NuGen, want to do business with us.

Our country is a pioneer and global leader in this area and has an enviable safety record. The Centre of Nuclear Excellence in my constituency and all the businesses and livelihoods that are utterly reliant upon an effective safeguarding regime need this Bill. I hope that the UK will continue to play a leading role in the development of international nuclear security and safety standards, including through the IAEA, and I commend the Government's work thus far. In particular, I would like to thank the Secretary of State, the Minister and his team for answering questions put to me by my community and businesses, including some that have trained up Euratom safeguards inspectors—such is the level of expertise in Copeland. I commend the Bill and I thank you, Madam Deputy Speaker, for the opportunity to speak.

5.43 pm

**Layla Moran:** I find it hard to believe that we have finally got to this point, having attended every sitting on the Bill, apart from the Public Bill Committee. As a former physics teacher, I must say that it has been wonderful to hear so many Members talk about all things physics. That is always a pleasure.

The Liberal Democrats and I will, of course, be supporting the Bill, but I do have some questions that I hope the Minister will answer. I echo what has been said

across the House about the constructive way in which the Bill has gone through. I appreciate that. As a relatively new Member, this is how I imagined Bills would pass—with lots of conversations, concessions and so forth—so I thank him for that.

It seems to me that the House has achieved broad consensus on most parts of the Bill, and that the Bill is necessary as a contingency measure. I am all for having a contingency planning mechanism to deal with matters that are out of our control, but I think it worth my saying again that we did not have to be in this position. We did not have to leave Euratom—or, at least, the legal case is still being contested. If the Government have been told otherwise and it is set in stone, I ask them to release the legal advice, which would put that argument to bed.

My constituents, many of whom work in the industry, are still crying out for certainty and clarity, but time is running out. I know that the Minister disagrees with the Liberal Democrats' position of wishing to stay in Euratom, but I urge him to reconsider. So much about the Brexit process seems to be groupthink at its worst. We can still change our mind, but if we are not going to do that, we should at the very least make the crucial admission that this is about the red line of the European Court of Justice. That is the critical issue: that is the main red line that we are not allowed to cross. It was a choice, not a fact, that that was a consequence of the referendum.

If the Government cannot or will not change their mind, I am reassured by what the Secretary of State said in a written statement earlier this month about seeking the closest possible associate membership, and by his warm words about the Joint European Torus and the international thermonuclear experimental reactor—not least because those contracts will be worth billions to the UK over the next few decades and are vital to the local economy, particularly in the Abingdon area of my constituency. He also seeks

“open trade arrangements for nuclear goods”,

the ability to ensure that materials cross borders “without disruption”, and

“maintaining close...cooperation...on nuclear safety.”

It is true that Euratom does not directly govern the issue of radioisotopes, but the Minister will be well aware that I am still deeply concerned about the issue. The institution of “a” customs union, rather than “the” customs union, will put blocks at the border, and, because of the short half-lives involved, there will be disruption unless we are very clear about how we will mitigate it.

I look forward to the regular updates that the Minister has said he will give, but has he considered increasing their frequency, at least to begin with? One of my main concerns is that while the Brexit negotiations will continue until the start of next year, Austria will take over the presidency of Euratom very soon, and the heavy lifting really ought to be done before it takes the helm, because there will be problems for us. Will the Minister consider giving more frequent, earlier updates to let us know how the negotiations are going before Austria takes over? The issue is causing a huge amount of consternation throughout the industry, and throughout the House.

As the Minister knows, to ensure that the JET has a future we need to guarantee the 2018-19 work programme by the middle of this year. Again, I should like some updates on how we are to achieve that. It is not just

about the money; it is also about ensuring that nuclear scientists have full access to the schemes in the future, not just in the next two years but in the next five and 10. We also need some assurances, albeit not from the Minister's Department, about the movement of nuclear scientists. Those assurances are not yet written in stone, but this matters to the scientists, because they are extremely saleable.

I accept that the Bill is needed, because it is better for us to be safe than sorry, but I wish that we did not have to do this at all.

5.48 pm

**Maggie Throup** (Erewash) (Con): I congratulate the ministerial team on their successful navigation, which has allowed the Bill to reach this stage. It is a key piece of legislation that will safeguard Britain's international reputation as a responsible nuclear state once we have left Euratom. I believe that there is potential for significant inward investment in the UK in the post-Brexit era. We heard from my hon. Friend the Member for Copeland (Trudy Harrison) about the impacts that the nuclear industry already has in this country, but I think that we can do more.

The Government have been clear throughout the passage of the Bill that they will work to establish a close and effective working relationship with Euratom once the UK leaves the organisation, including close association on matters such as research, training and trade. Ministers have made no secret of their ambitions for the nuclear sector, and I support those ambitions. We have an opportunity for some of the UK's leading companies to be at the forefront of world-leading new nuclear technology.

During the Bill's passage, Ministers have been consistent in reassuring the House that leaving Euratom in no way diminishes the UK's nuclear ambition. The announcement by the Under-Secretary of State for Business, Energy and Industrial Strategy, my hon. Friend the Member for Watford (Richard Harrington), in December of a new £86 million fund to establish a national fusion technology platform demonstrates the Government's continued commitment to nuclear research and development, which will be welcomed by a number of my constituents who work in the nuclear sector.

The launch of the small modular reactor competition in 2016 is another example of the importance the Government attach to the UK's civil nuclear industry to provide a secure, clean and affordable source of domestic electricity that can also be exported overseas. The UK small modular reactor consortium, led by Rolls-Royce, estimates that the design, development and production of a fleet of small modular reactors would create up to 40,000 skilled nuclear supply chain jobs and add over £100 billion to our economy. As my hon. Friend the Member for Taunton Deane (Rebecca Pow) said, our young people need to know that there is a future in the industry; they need that certainty to start on their career pathway. As the centre of Rolls-Royce's nuclear operation in the UK, Derby has the potential to become a world leader in new nuclear technology, with the potential benefits extending across the wider region, including to my constituency. I will therefore follow closely the progress of the small modular reactor competition in the coming weeks and months.

[Maggie Throup]

The Bill will strengthen the UK as an independent global nuclear power, reflecting the Government's ambitions for the sector.

5.52 pm

**Rebecca Pow:** I am pleased to follow my hon. Friend the Member for Erewash (Maggie Throup) and all other colleagues who have spoken today in what I am sure everyone agrees has been a fascinating cross-party discussion. I want to contribute to debate because the Bill deals with a crucial issue that affects every single one of us and the safety of our nation. Getting the agenda and the legal framework right as we take the historic step of exiting the EU is imperative, because leaving the EU means also leaving Euratom—the European Atomic Energy Community—the body that sets the nuclear safeguards regime.

The Bill gives us the tools to ensure that an effective nuclear safeguards regime is established, enabling us to continue to meet international standards for nuclear safety, while maintaining the UK's reputation as a responsible nuclear state. I have raised the question how we cope with leaving Euratom since the start of the discussions on EU withdrawal, always stressing that leaving the EU must not result in a weakening of our nuclear safeguards, on which we all rely and which are instantly recognisable on the global stage. I have often referred to the matter in wider speeches on the environment, because it is all related to the environment and is so important to us all.

I am confident that the Government have made it clear that future nuclear safeguards arrangements will continue to provide the quality, safety and robustness provided under Euratom and that we will continue to co-operate on standards. Our domestic regime will meet our international commitments on safeguards and nuclear non-proliferation standards. It is clear that the amendments proposed today—I listened carefully to the speeches made—would add nothing and lead only to delay and even obfuscation, especially the amendments relating to the transition period and an association with Euratom, which, as many colleagues have pointed out, simply is not possible.

The ONR, which already regulates nuclear safety and security, is the obvious route. It is also important to keep legislation relating to nuclear safeguards updated as they change on the international stage. The Bill will give the Secretary of State powers to do just that by updating existing international agreements once new agreements are reached.

Our nuclear industry is second to none on the world stage. It has a fine reputation, which we must maintain. Our standards have been a major draw in attracting investors to the nuclear industry in this country. Obviously, I am going to cite the Hinkley Point example, with its Chinese investment. One of the reasons that the Chinese want to engage with us is that we have very high standards on nuclear. That shows us off well on the wider stage and reflects well on us. Hinkley Point is the largest development site in the whole of Europe. I liken it to a James Bond film set. It is absolutely unbelievable how huge the development is. It needs to be seen to be believed. In energy terms, the power station will deliver 7% of our baseload energy, and it is low carbon, which

is exactly the kind of energy that we are promoting, alongside all the other renewables. It is a clean source of energy.

Hinkley Point is not in my constituency but adjacent to it, and it has a massive knock-on effect for the people in Taunton Deane, from managers to engineers and from bus drivers to the caterers mentioned by my hon. Friend the Member for Wells (James Heapey). Ultimately, 26,000 people will be employed on the site. The industry is spawning many other jobs and creating a whole generation of nuclear businesses. My hon. Friend the Member for Erewash mentioned that she had a similar situation in her constituency with her micro-nuclear plants.

The first nuclear degree is operating partly from University Centre Somerset, which is in Taunton in my constituency. It is sponsored by EDF and the Ministry of Defence. It is critical that the industry should grow and enable all the young people who are doing this training to have a future. That is why the Bill is so important. We need the right checks and balances, so that we can go forward into a really positive future and be a world-leading industry. In mirroring Euratom, we are going to regulate civilian nuclear activity in the UK, including fuel supply, waste management—mentioned by my hon. Friend the Member for Copeland (Trudy Harrison)—and co-operation between nuclear states, which will be essential. I am confident that, through the ONR, we will achieve that, as well as new agreements with the IAEA.

I want briefly to touch on the subject of radioisotopes, because it has been raised with me by constituents. I welcome the cross-party work that is going on to ensure that there is no interruption in the continuity of supply of radioisotopes as we exit the EU. The Government are rightly listening on this. There seems to have been a lot of scaremongering, which is frankly not helpful. On nuclear research, the UK is a world leader in promising nuclear fusion technologies and we must maintain that lead. We must have the arrangements that the Government are negotiating, so that we can continue to participate on the world stage and attract the right nuclear brains to this country. I fully support the Bill. Nuclear safety and security are issues that deserve the utmost attention, and I am sure that the Bill will achieve its aims and set the Rolls-Royce standards mentioned by the Minister. I am optimistic that we will get the right system in place to keep us all safe.

5.58 pm

**Stephen Kerr:** I shall make just a few brief comments. I paid my compliments earlier to the hon. Member for Southampton, Test (Dr Whitehead), and I also want to pay tribute to the Minister, who has conducted the passage of this Bill with great aplomb, dignity and good humour. That has been much appreciated. Like the hon. Member for Oxford West and Abingdon (Layla Moran), I have attended all the debates on the Bill in the Chamber and in Committee. As a member of the Business, Energy and Industrial Strategy Committee, under the very able chairmanship of the hon. Member for Leeds West (Rachel Reeves), I have also had the benefit of attending several hearings at which we received evidence on this subject.

Leaving Euratom is actually a matter of some regret for me and probably for many Members on both sides of the House. I am not one of those people who

supports the Government's programme of leaving the European Union without appreciating that some aspects of being part of the EU have been intensely beneficial to the United Kingdom, and nuclear safeguarding is without question one of those areas. I therefore hope that Members will recognise that the Bill is a plan B in case we are unable to remain in some way associated with Euratom.

Euratom is at the heart of our nuclear industry and has not only the skills and expertise but the experience to be of service to our nuclear industry, which is a complex field. Nuclear energy is a vital part of our energy mix, offering baseload capacity for the energy market. As such, the Bill is vital to ensure that we meet our international obligations as we leave the EU. Although such things form a vital part of the reasoning behind safeguarding in this industry, it is not a luxury; nor is it simply a health and safety matter. Our international obligations under non-proliferation treaties make our leadership in this area as a world power a significant issue, and as a leader, the UK must meet its obligations. We secure the moral authority to stand up to rogue states and to nations that have a different view of non-proliferation through our safeguarding regime. We must not forget just how much safety concerns matter in this sector. The consequences of getting something wrong would have ramifications not only for us, but perhaps for generations to come. Having a strong safeguarding regime in place, which is what the Bill provides, is absolutely vital for the health and prosperity of the industry and of our economy. I therefore unreservedly support the Bill on Third Reading.

*Question put and agreed to.*

*Bill accordingly read the Third time and passed.*

## TELECOMMUNICATIONS INFRASTRUCTURE (RELIEF FROM NON-DOMESTIC RATES) BILL (PROGRAMME) (NO. 2)

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

That the following provisions shall apply to the Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill for the purpose of supplementing the Order of 10 July 2017 (Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill (Programme)):

### *Consideration of Lords Amendments*

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

### *Subsequent stages*

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

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

*Question agreed to.*

## Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill

### *Consideration of Lords amendments*

**Madam Deputy Speaker (Mrs Eleanor Laing):** I must draw the House's attention to the fact that financial privilege is engaged by Lords amendments 1 to 13. If any Lords amendment is agreed to, Mr Speaker will cause the customary entry waiving Commons financial privilege to be entered in the *Journal*.

I also remind the House that certain of the motions relating to the Lords amendments will be certified as relating exclusively to England and Wales, as set out on the selection list. If the House divides on any certified motion, a double majority will be required for the motion to be passed.

### Clause 1

RELIEF FROM LOCAL NON-DOMESTIC RATES: OCCUPIED  
HEREDITAMENTS

6.3 pm

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Rishi Sunak):** I beg to move, That this House agrees with Lords amendment 1.

**Madam Deputy Speaker:** With this we may take Lords amendments 2 to 13.

**Rishi Sunak:** It is an honour to begin my first Bill as a Minister. The Government have been and remain relentless in our pursuit of seeing every home in Britain provided with a decent broadband connection. My right hon. Friend the Member for Wantage (Mr Vaizey) is not in his place, which is a first for a broadband debate in this Chamber in recent times, but thanks to the good work he started, by the end of last year around 95% of premises had superfast broadband.

Under the universal service obligation introduced by this Government, every home in Britain will gain access to a high-speed connection within the next three years. That goal is indispensable to creating a cohesive, modern and economically vibrant Britain, and this Bill is another important step in ensuring we achieve just that.

At the autumn statement in 2016 the Chancellor announced a rate relief scheme for new telecom fibre. The relief will apply for five years, retrospectively from 1 April 2017, and it forms part of a wider package of support for digital infrastructure worth £1.1 billion.

The Bill provides us with the powers needed to introduce the relief scheme, and the relief itself will be introduced by technical regulations. In September 2017 we published detailed draft regulations for consultation. My Department is now considering responses to that consultation and is holding further discussions with stakeholders on the details. I am pleased to report to the House that the responses have been very positive, and I can therefore confirm that we will be ready to introduce the relief scheme shortly after the Bill receives Royal Assent.

As hon. Members will recall, the Bill received widespread support when it was considered by the House last year, and that support continued through the debates

[Rishi Sunak]

in the Lords. The Lords amendments make a helpful improvement by ensuring the five-year relief period appears in the Bill, as Opposition parties called for and as welcomed by my ministerial colleague Lord Bourne of Aberystwyth. The amendments will give telecom operators the added assurance that the relief scheme will operate for five years.

The amendments will still allow us to extend the period of the rate relief beyond five years, if we wish, through secondary legislation. Stakeholders wished to see that ability retained in the Bill, and it means that if the Chancellor wants to repeat or extend the relief scheme, we can do so quickly without a further Bill but still with the approval of Parliament. As a tax measure, it will of course be for the Chancellor to decide in the future if such a repetition or extension is desirable.

I commend the amendments to the House.

6.7 pm

**Jim McMahon** (Oldham West and Royton) (Lab/Co-op): I congratulate the new Minister on his promotion. I look forward to working with him on matters of common interest such as local government finance, which is a niche subject that does not always attract wide attention, but it is important, and it is important that we see reform. I made that offer to his predecessor, and most of the issues are not partisan at all. They are technocratic but essential, and if there is room for us to work together, we should seek to do so.

I am pleased to see the Bill return having been amended in the Lords, and I am pleased that the Government have received the amendments in the way they have. As we have seen in our debates, this is not necessarily a subject that gets Members excited or that results in mass attendance, but the people who do attend understand how important it is. This financial relief is intended to ensure that as many parts of England and Wales as possible benefit from high-speed fibre broadband. A financial incentive is an important mechanism for achieving some of that.

We were very probing in Committee and, unsurprisingly, we will be looking to see how the Bill works in practice. In particular, can we ensure that this is not just a tax relief for the big providers and that it gets to the smaller providers, too? Can we ensure it has a net effect on the extension of fibre broadband, or will it basically provide a subsidy for installations that would have happened regardless? Have we been able to reach a position where the providers themselves are satisfied that the Bill goes some way towards balancing the revaluation that they met with a degree of concern? I read recently in the *Financial Times* that BT and Virgin had hinted at the possibility of considering legal action against the revaluation, and I am interested to know the outcome.

Fundamentally, the Bill does two things. First, it rescues an element of the Finance Bill that fell when the election was called. The Bill contained many important reforms that were not contentious or party political but would have allowed local government finance to catch up with the changing times. I encourage the Minister to look at other provisions in the Bill to see what else could be brought forward to benefit local government.

Secondly, the measure proves that the Government can look at financial incentives for business growth, but business rates, of course, cover a wide range of

business activity. It has been a long-standing criticism that we have not yet managed to address the impact of the treatment of plant and machinery, for instance, on business investment in new technologies and in new plant and machinery in those premises.

That has also been a concern on our high streets. When banks and building societies close, they are often the only provider of a cash machine in town. When a local convenience store agrees to take on the cash machine, it generally finds itself in a worse position at the end, despite providing a community service, because the turnover at the cashpoint will count towards its rateable value.

I raise those two points because I think there is a demand in industry and the community to ensure that business rates add value to our communities, rather than detract from them. As we embark on Brexit, we need to ensure that our country is in the most robust position possible to attract investment and ensure that we have strong infrastructure.

Finally, I pay tribute to Members in the other place, particularly Lord Kennedy, who spent a great deal of time on the issue and was involved in amendment 2. Let us see whether it makes a difference on the ground, because we pass legislation here not for the sake of it, but to make a material difference to public policy and the community. I will be waiting with interest to see whether this has a net effect on infrastructure investment.

**Rishi Sunak:** I thank the hon. Member for Oldham West and Royton (Jim McMahon) for his kind words of welcome. He has a long and distinguished track record in local government, and I very much look forward to working with him in the constructive manner he outlined. He made a couple of points that I would like to address briefly. The first point was about who is eligible for the relief. As he knows, it is available for any company deploying new fibre. One of the expectations and hopes for the relief is that it will bring more alternative and smaller providers into the market. We will be watching that closely, as I know he will, because we would all welcome a broader diversity of suppliers.

The hon. Gentleman made a good point about the relief being gamed, and ensuring that it is targeted specifically at new fibre deployments. That was raised in the Commons stages by my right hon. Friend the Member for Wantage (Mr Vaizey), and indeed in the other place by Baroness Harding of Winscombe. I am pleased to tell the hon. Gentleman that, following those exchanges, my Department worked extensively with Gamma Telecom and Ofcom to conduct a detailed study of the potential for the relief to be gamed. The results of that analysis clearly support the conclusion that, based on the evidence available to date, neither the Government nor Ofcom expect the rate relief for new fibre to give rise to gaming in the system. Without going into the details, simply the cost of deploying new fibre, withdrawing dark fibre, opening up the ducts and then reconnecting everything would in almost all cases be more expensive than the saving from business rates.

The hon. Gentleman mentioned other measures in the Local Government Finance Bill and the importance of ensuring that we have a business rates system that supports economic growth. I wholeheartedly agree with him and am keen to use the opportunity for the business rates reset, the revaluation and the fair funding formula

to ensure that our financial system does indeed support local authorities in their aspirations to grow their local economies.

I put on record my thanks to Members in the other place and, of course, the officials who brought me up to speed on the legislation incredibly quickly. I also thank my predecessor in this role, my hon. Friend the Member for Nuneaton (Mr Jones), who did so much to get the Bill to the point at which we are in a position to approve it. As I have said, demands on broadband are doubling every couple of years. It is vital that we stay ahead of that need and move quickly to implement the relief scheme that has been promised. I am delighted that we are making good progress on the draft regulations, which will be implemented swiftly. I am grateful to Members in this House and in the other place for the swift progress we have made. This is only one small part of the Government's strategy, but it is an important one called for by all stakeholders.

*Lords amendment 1 agreed to, with Commons financial privilege waived.*

*Lords amendments 2 to 13 agreed to, with Commons financial privilege waived.*

## Independent Parliamentary Standards Authority

*[Relevant document: The Second Report of the Speaker's Committee for the Independent Parliamentary Standards Authority of 2017, Appointment of an IPSA Board Member, HC 679.]*

6.16 pm

**The Leader of the House of Commons (Andrea Leadsom):** I beg to move,

That an Humble Address be presented to Her Majesty, praying that Her Majesty will appoint Jackie Smith to the office of ordinary member of the Independent Parliamentary Standards Authority for a period of five years with effect from 19 February 2018.

The motion gives the House the opportunity to debate the recommendation agreed by the Speaker's Committee for the Independent Parliamentary Standards Authority. The appointment has arisen following the conclusion of the term of Elizabeth Padmore. Members may be aware that the Speaker's Committee has produced a report on this matter—its second report of 2017—in relation to the motion.

It may help if I set out the key points for the record. IPSA board members are appointed under the Parliamentary Standards Act 2009. Under that Act, the Speaker is responsible for overseeing the selection of candidates for appointment to IPSA, and the names of any candidates to be members of IPSA must be approved by the Speaker's Committee for IPSA. The 2009 Act states that at least one of IPSA's members must be a person who has held, but no longer holds, high judicial office, within the meaning of part 3 of the Constitutional Reform Act 2005; that at least one of IPSA's members must be a person who is qualified under schedule 3 to the National Audit Act 1983 to be an auditor for the National Audit Office; and that one of IPSA's members—the parliamentary member—must be a person who has been, but is no longer, a Member of the House of Commons.

On this occasion, the vacancy on the board of IPSA was for a person not subject to any particular statutory requirements, to replace the outgoing board member, Elizabeth Padmore. Although Mr Speaker is not regulated by the Office of the Commissioner for Public Appointments in making this appointment, he chooses to follow its recommended best practice in his supervision of appointments. As is normal for such appointments, Mr Speaker appointed a panel that conducted the shortlisting and interviewing of candidates. The panel was chaired by Mark Addison, the former civil service commissioner. The other members of the panel were: Ruth Evans, chair of IPSA; Shrinivas Honap, lay member of the Speaker's Committee for IPSA; Meg Munn, former Member of Parliament for Sheffield, Heeley; and Michael Whitehouse, former chief operating officer at the National Audit Office.

The candidate recommended by the appointment board is Ms Jackie Smith, chief executive and registrar at the Nursing and Midwifery Council. The board considers that Ms Smith has been a successful chief executive, known for turning around organisations and delivering performance in a complex political environment. She also has extensive experience in regulation. As required under the 2009 Act, the appointment was approved by the Speaker's Committee at its meeting in December.

[*Andrea Leadsom*]

If the appointment is made, Ms Smith will serve on IPSA for five years. Should the House support this appointment, I wish the individual well as she takes up her new post. I commend this motion to the House.

6.19 pm

**Valerie Vaz** (Walsall South) (Lab): I thank the Leader of the House for what she has said. I wish to thank the independent panel appointed by Mr Speaker—the independent chair, Mark Addison; Ruth Evans, the IPSA chair; Shrinivas Honap, the lay member of the Speaker’s Committee for IPSA; Meg Munn, former MP for Sheffield, Heeley; and Michael Whitehouse, former chief operating officer of the National Audit Office—for its assiduous work in identifying possible candidates. I also wish to thank the outgoing IPSA board member, Elizabeth Padmore, for all her work.

The panel has been independent, transparent and diligent in its work. It was the panel’s unanimous view, which was endorsed by the Committee, to appoint Jackie Smith, who, as the Leader of the House has said, is currently the chief executive and registrar at the Nursing and Midwifery Council, and so has had experience in dealing with an organisation of more than 800 staff over five locations across the four countries of the United Kingdom. She was also head of investigation and lay affiliate for standards and fitness to practise at the General Medical Council. Ms Smith’s experience in regulation and delivering performance will serve her well.

The Opposition endorse the appointment of Jackie Smith to the Speaker’s Committee for the Independent Parliamentary Standards Authority, and wish her well in her new role. She will be there from 19 February 2018 to 18 February 2023.

*Question put and agreed to.*

## Electoral Commission

[*Relevant document: Third Report of the Speaker’s Committee on the Electoral Commission of 2017, Appointment of an Electoral Commissioner, HC 688.*]

6.21 pm

**The Leader of the House of Commons (Andrea Leadsom):** I beg to move,

That an Humble Address be presented to Her Majesty, praying that Her Majesty will appoint Professor Sir Ian Kennedy as an Electoral Commissioner with effect from 1 February 2018 for the period ending 31 January 2022.

As with the previous debate, the motion before us gives the House the opportunity to debate a recommendation that has been agreed, this time by the Speaker’s Committee on the Electoral Commission.

Electoral commissioners are appointed under the Political Parties, Elections and Referendums Act 2000, as amended by the Political Parties and Elections Act 2009. Under the Act, the Speaker’s Committee has a responsibility to oversee the selection of candidates for appointment to the Electoral Commission. Commissioners are appointed for a fixed term, but the Committee may recommend their re-appointment, where that is appropriate.

Hon. Members may know that the Speaker’s Committee has produced its third report of 2017 in relation to the motion. The Speaker’s Committee is not regulated by the Office of the Commissioner for Public Appointments, but it has chosen to follow its recommended best practice in its supervision of appointments. The OCPA code of practice for appointments to public bodies, which was published in April 2012, provides that no reappointment may be made without a satisfactory performance appraisal.

The Speaker’s Committee was required to recruit a new electoral commissioner to replace the outgoing electoral commissioner, Toby Hobman. His term of office expired on 31 December 2017. Mr Hobman had been a commissioner since 2010, serving two terms.

As is normal for these appointments, Mr Speaker appointed a panel to conduct the shortlisting and interviewing of candidates. The panel was chaired by Joanna Place, chief operating officer at the Bank of England. The other panel members were Sir John Holmes, the chair of the Electoral Commission, and the hon. Member for Houghton and Sunderland South (Bridget Phillipson), a member of the Speaker’s Committee on the Electoral Commission.

The independent panel was unanimous in its recommendation that Professor Sir Ian Kennedy be appointed. Sir Ian served as the first chair of the Independent Parliamentary Standards Authority from 2009 until 2016. Between 2002 and 2009, he was chairman of the Healthcare Commission, which was the first body to regulate the NHS. He has also chaired a number of reviews and inquiries across a spectrum of public life, including into xenotransplantation for the Department of Health, and into rabies and quarantine for the then Ministry of Agriculture.

The panel’s recommendation was endorsed by the Speaker’s Committee. Once the Committee has reached a decision, statute requires that the Speaker consults the leaders of political parties represented at Westminster on proposed appointments. The statutory consultation provides an opportunity for the party leaders to comment, but they are not required to do so. The responses to

consultation can be found in the appendix to the Speaker's Committee's report. No objections to Sir Ian's appointment were received.

If this appointment is made, Sir Ian will serve as an electoral commissioner for four years. If the motion is agreed, I wish him well in his post. I commend the motion to the House.

6.25 pm

**Valerie Vaz** (Walsall South) (Lab): May I thank the Leader of the House for her comments? I also thank the chair of the independent panel, Joanna Place, and the other panel members, namely Sir John Holmes, the chair of the Electoral Commission, and my hon. Friend the Member for Houghton and Sunderland South (Bridget Phillipson), who is a member of the Speaker's Committee on the Electoral Commission, for their work in identifying the candidates and going through the selection process. My thanks also go to the outgoing commissioner, Toby Hobman, who has served two terms since 2010.

The unanimous view of the panel was that Professor Sir Ian Kennedy should be appointed as an electoral commissioner. Sir Ian has been involved in public life for more than three decades. The Opposition therefore agree with the independent panel's recommendation on the appointment of Professor Sir Ian Kennedy from 1 February 2018 to 31 January 2022.

6.26 pm

**James Duddridge** (Rochford and Southend East) (Con): I will be brief, because I know that the House wants to move on quickly.

I oppose the motion. The Electoral Commission is an incredibly important body, and I ask Members to reflect on why the issue has been brought to the House. It is because it is for the full House to make a decision, rather than relying on our Front Benchers and the official channels.

I do not believe that Sir Ian Kennedy would be an appropriate appointment to the Electoral Commission. This gentleman is 76 now; he would be 80 at the end of his term. When he served on the Health Commission, he claimed £15,000 on taxis from north London to the job. Although our expenses system desperately needed to be reformed, I do not think that a single Member thinks that the Independent Parliamentary Standards Authority is a system lacking in bureaucracy that could not be well reformed. I do not think he did a good job there. The Electoral Commission requires somebody who understands politics. All its existing members either understand politics—and he does not get that—or understand the media and have an idea of how to project the commission's broader work. We are being asked to vote on this motion because we can legitimately have an opinion. I believe that that opinion should be that he is not a fit and proper person to serve, and I ask Members to vote in the No Lobby this evening.

6.28 pm

**Bridget Phillipson** (Houghton and Sunderland South) (Lab): Thank you, Madam Deputy Speaker, for calling me to speak. As the only Member of this House to serve on the appointments panel, and as a member of the Speaker's Committee, I should like to make a short contribution setting out a bit more about the process mentioned by the Leader of the House and my hon. Friend the Member for Walsall South (Valerie Vaz).

I reiterate that the recruitment process that was followed was the same open, fair and transparent process that has been used in the past to recruit all electoral commissioners. It is also worth stressing that this appointment represents one of 10 places on the board, four of whom were nominated by the main political parties. As the Leader of the House set out, the appointments panel was composed of Joanna Place, the chief operating officer at the Bank of England, who served as our independent chair; Sir John Holmes, the chair of the Electoral Commission; and me, as the representative of the Speaker's Committee on the Electoral Commission.

With the support of independent consultants, and following an open advertisement, a long list and short list were drawn up. Five very strong candidates were selected for interview, and following a comprehensive and lengthy interview process, the panel concluded that Professor Sir Ian Kennedy was the strongest candidate, and unanimously recommended his appointment. The Speaker's Committee in turn then agreed with that recommendation. As we have heard, the leaders of all the main parties were consulted, and no objections were received.

I seek to reassure the House that this was a fair, open and transparent process that followed all the usual steps that should be followed and that were followed in previous processes. I am confident in the rigorous process that was followed, and as a panel we stand by our decision to recommend the appointment of Sir Ian Kennedy.

6.29 pm

**John Spellar** (Warley) (Lab): Like other colleagues, I shall not detain the House for long. Many relevant points have already been made by the hon. Member for Rochford and Southend East (James Duddridge).

I think that there is concern about this appointment. Quite apart from more general questions as to the role of the Electoral Commission and whether it is a body that has been losing its way, which is a wider debate for another day, we do need to look at this. Let us be frank: Sir Ian Kennedy, many colleagues feel, largely created the dreadful, anti-elected-Member, vindictive attitude that has permeated so much of IPSA, which has basically taken as its premise that it is there to make life difficult for Members of Parliament.

I have to say in all honesty to my hon. Friend the Member for Houghton and Sunderland South (Bridget Phillipson), who is an excellent Member of Parliament—I do not say that in any patronising way, but in a genuine way—that if Sir Ian Kennedy was the best candidate, I do wonder about the process through which we are undertaking appointments. We ought to look at how other countries run such electoral commissions. They have serving politicians who actually understand the current electoral system, rather than, as we do so often with such bodies in this country, putting it out to the great and the good, and the relentless quangocrats. When people read out the long list of quangos on which they have served, I regard it as a criticism rather than a commendation that they have constantly been on these public bodies, rather than, as used to be the case, people from industry on one side and from trade unions on the other who had much broader experience.

Why Sir Ian Kennedy, the arch-quangocrat? The hon. Member for Rochford and Southend East mentioned Sir Ian Kennedy's record at the Healthcare Commission. Many of those who were here at the time remember the

[John Spellar]

disdain with which IPSA, his organisation, treated Members who had difficult transport issues, family housing issues or disabilities. In the case of new Members who might have been inclined to give more slack to the organisation, I know that many of them, and their staff, have found dealing with it incredibly difficult, due to the amount of staff time that that takes, and its great obstructionism and very limited access. That stemmed from the culture imbued there at the start.

With that record, I do not think that Sir Ian Kennedy has shown the qualities and comprehension appropriate to this position, which involves dealing with those in elected office. Frankly, I hope that we will reject this appointment and do better next time.

6.33 pm

**Kirsty Blackman** (Aberdeen North) (SNP): I am one of the new members of the Speaker's Committee on the Electoral Commission, as well as of the Speaker's Committee for IPSA. It has been really illuminating to be part of those bodies and, in particular, to look at the rigorous appointment procedures that are gone through in advance of somebody being recommended to the House.

I am honestly quite baffled by some of the contributions that we have heard. I am shocked that anybody would suggest that somebody was too old to sit on this body, given the number of people just along the corridor who are significantly older than Professor Sir Ian Kennedy. Although I have used that line in criticising the House of Lords, I do not think that Members who support the House of Lords are in a position to do so.

The other thing I am confused about is why people seem to be unhappy about the gentleman's extreme length of experience. In any other circumstances, people would be saying that such experience was really impressive and that he could really bring something to the table.

It is pretty clear that there is a significant personal element to how some Members feel about this issue. Owing to the way the process has worked, when the matter has come to the House before, there has not been a debate, so people have just been able to shout "No" without making it clear why they believe that the appointment should not happen. Having been part of the Speaker's Committee on the Electoral Commission, it honestly feels to me that the process was very rigorous. Any outside observer would think that a rigorous process had been undertaken, and that Professor Sir Ian Kennedy was therefore the right person to be appointed to the role.

*Question put.*

*The House divided: Ayes 46, Noes 77.*

**Division No. 108]**

**[6.35 pm**

**AYES**

Alexander, Heidi	Freer, Mike
Andrew, Stuart	Ghani, Ms Nusrat
Bowie, Andrew	Girvan, Paul
Bradshaw, rh Mr Ben	Graham, Luke
Bruce, Fiona	Grant, Bill
Campbell, Mr Gregory	Griffiths, Andrew
Creagh, Mary	Halfon, rh Robert
Donelan, Michelle	Harris, Rebecca
Farron, Tim	Heaton-Harris, Chris
Field, rh Mark	Hermon, Lady

Hobhouse, Wera  
Hurd, rh Mr Nick  
Leadsom, rh Andrea  
Little Pengelly, Emma  
Mak, Alan  
Masterton, Paul  
Maynard, Paul  
Milling, Amanda  
Perkins, Toby  
Phillipson, Bridget  
Pincher, Christopher  
Prentis, Victoria  
Robinson, Gavin  
Rudd, rh Amber  
Shannon, Jim

Simpson, David  
Smith, Chloe  
Spencer, Mark  
Stephenson, Andrew  
Syms, Sir Robert  
Tracey, Craig  
Wallace, rh Mr Ben  
Watling, Giles  
Whittaker, Craig  
Williamson, rh Gavin  
Wright, rh Jeremy

**Tellers for the Ayes:**  
**Jo Churchill and**  
**Wendy Morton**

**NOES**

Amess, Sir David	Lord, Mr Jonathan
Austin, Ian	Loughton, Tim
Bacon, Mr Richard	Lucas, Ian C.
Badenoch, Mrs Kemi	MacNeil, Angus Brendan
Bellingham, Sir Henry	Martin, Sandy
Benyon, rh Richard	McDonald, Andy
Blackman, Bob	McLoughlin, rh Sir Patrick
Blunt, Crispin	Mearns, Ian
Bone, Mr Peter	Mills, Nigel
Bradley, Ben	Moore, Damien
Bridgen, Andrew	Onn, Melanie
Cameron, Dr Lisa	Onwurah, Chi
Clifton-Brown, Sir Geoffrey	Owen, Albert
Cooper, Rosie	Percy, Andrew
Cryer, John	Robertson, Mr Laurence
Davies, Philip	Rosindell, Andrew
Dodds, Anneliese	Russell-Moyle, Lloyd
Drew, Dr David	Sherriff, Paula
Duddridge, James	Smeeth, Ruth
Elphicke, Charlie	Smith, Cat
Ford, Vicky	Smith, Henry
Gapes, Mike	Soames, rh Sir Nicholas
Glendon, Mary	Sobel, Alex
Goldsmith, Zac	Spellar, rh John
Goodman, Helen	Stewart, Bob
Goodwill, Mr Robert	Stone, Jamie
Hammond, Stephen	Sweeney, Mr Paul
Hanson, rh David	Swire, rh Sir Hugo
Hayes, rh Mr John	Thomas-Symonds, Nick
Healey, rh John	Tomlinson, Justin
Hollobone, Mr Philip	Vickers, Martin
Johnson, Gareth	Villiers, rh Theresa
Jones, Graham P.	Wiggin, Bill
Jones, Helen	Wilson, rh Sammy
Jones, Mr Kevan	Woodcock, John
Kawczynski, Daniel	Wragg, Mr William
Keeley, Barbara	
Khan, Afzal	
Latham, Mrs Pauline	
Lewer, Andrew	
Lloyd, Stephen	

**Tellers for the Noes:**  
**Gareth Snell and**  
**Mrs Anne Main**

*Question accordingly negated.*

**Business without Debate**

**DELEGATED LEGISLATION**

**Mr Deputy Speaker (Sir Lindsay Hoyle):** With the leave of the House, we will take motions 7 to 9 together.

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

## ENVIRONMENTAL PROTECTION

That the draft Environmental Permitting (England and Wales) (Amendment) Regulations 2018, which were laid before this House on 11 December, be approved.

## SAVINGS ACCOUNTS

That the draft Help-to-Save Accounts Regulations 2018, which were laid before this House on 11 December, be approved.

## EDUCATION

That the draft Higher Education (Access and Participation Plans) (England) Regulations 2018, which were laid before this House on 4 December, be approved.—(*Chris Heaton-Harris.*)

*Question agreed to.*

## PETITION

## Toft Hill Bypass

6.46 pm

**Helen Goodman** (Bishop Auckland) (Lab): The life of my constituent Alex Wright was literally shattered when a van drove into her living room and totally destroyed it. She had to move out for months while the house was rebuilt.

For years, the residents of Toft Hill have been calling for a bypass, and 950 people have signed this petition. This is not purely a local issue; it raises questions of national road policy. Currently the criteria focus on housing and congestion. We would like to see a rebalancing of the criteria towards northern concerns, such as economic development and quality of life.

The petition states:

The petition of residents of Toft Hill,

Declares that the A68 that runs through Toft Hill is unsuitable and unsafe for the volume and nature of vehicles, especially HGV Lorries; and further that the proximity of the primary school and proposed future development in the village would make this stretch of road more dangerous to local residents.

The petitioners therefore request that the House of Commons urges the Department for Transport to priorities a new relief road to alleviate the problems faced by residents of Toft Hill.

And the petitioners remain, etc.

[P002098]

## Neuroblastoma

*Motion made, and Question proposed,* That this House do now adjourn.—(*Jo Churchill.*)

6.48 pm

**Kwasi Kwarteng** (Spelthorne) (Con): I am honoured to be called to speak in this Adjournment debate. It is a great honour, as a Member of Parliament, to be able to make representations in this House on local cases, and this particular case is something I have been very much affected by. I have met the parents of the young boy concerned, and I would be grateful if the House allowed me to explain the nature of the case I am here to plead this evening. I wanted to hold this debate on funding for the treatment of children who are diagnosed with neuroblastoma, a specific form of childhood cancer. It is very debilitating, arises in immature nerve cells and is the third most common type of childhood cancer, affecting about 100 children every year in Britain.

Members may be familiar with the case of Bradley Lowery, a young boy from Sunderland who struck up a friendship with the England footballer, Jermain Defoe, after appearing as a Sunderland mascot. Bradley suffered from neuroblastoma and his cheerfulness and great courage touched the hearts of so many people. Very sadly, Bradley passed away last year. He was only six years old, but in his short life he touched the hearts of millions.

It can be very difficult to spot the early symptoms of neuroblastoma, as they can be vague and mistaken for other childhood conditions. There are options to deal with the illness, but the case I briefly want to describe involves a young boy, Alfie Ward, who is now 15, and who lives in my constituency in Ashford. He is now battling this disease for the third time. The problem we have is that the NHS, under its current dispensation and policy, funds treatment only in the first instance. However, as Alfie started nursery, having battled the disease and survived this appalling affliction, it became apparent that it had come back.

At this point, I want to make the case for the NHS to review its policy on not funding relapses. As I understand it, about half the people who suffer from this appalling illness relapse, if they recover. It seems very harsh to adopt a policy whereby people can be funded the first time that they are affected by the illness, but not for subsequent relapses. In Alfie's case, he has been denied treatment. As I said, this is the third time that he has had the illness. Now he, his family and his parents are under the extreme pressure of having to raise something like £600,000 so that he can get treatment.

In wrapping up my remarks, I want to say that £600,000 is a huge amount of money. It is to their eternal credit that Alfie's parents, who I have met—

**Jim Shannon** (Strangford) (DUP) *rose*—

**Kwasi Kwarteng:** I am happy to give way to the hon. Gentleman.

**Jim Shannon:** I could not let the debate go by without commenting on a young gentleman in Northern Ireland. Some things in Northern Ireland cross the barricade, and one of those was the touching story of young Oscar Knox, whose battle with neuroblastoma touched people

[*Jim Shannon*]

from every part of the Province and in whose memory I stand in this House today. Does the hon. Gentleman agree that we must do more to fund the treatment of this cancer in the United Kingdom of Great Britain and Northern Ireland, instead of parents having to try to raise money to help their children? We must look towards more treatment options as well. Does he agree with that? I know the answer.

**Kwasi Kwarteng:** I am delighted that the hon. Gentleman has made representations from his part of the country. People face this problem across the country. It is not widely known, because the absolute numbers are not great, but the suffering is severe. We absolutely have to try to think of a way to reach an accommodation on funding, because £600,000 is a huge amount to raise.

**Mr Jim Cunningham** (Coventry South) (Lab): I congratulate the hon. Gentleman on bringing this very serious issue to the House, and I am sure that many people in Coventry and the west midlands would support him too. It is tragic to pick up a newspaper and read about families trying to raise money for treatment abroad that they cannot get in this country. We wish him well in his endeavours to get some justice for his constituents.

**Kwasi Kwarteng:** I am touched by the hon. Gentleman's remarks. It is delightful to see cross-party agreement on this. It is a great honour to raise this issue—it goes to the heart of what one does as a constituency MP. I have met Alfie's parents and have been incredibly impressed by the way they have conducted themselves, and by their bravery and courage. They are totally devoid of self-pity. They have just got on with it and raised a great deal of money, and I am hopeful that they will reach their target.

In the case of relapses, however, the obligation should not fall on the shoulders of parents and friends to go through what is a very stressful experience. We have all raised money for various causes in our time, and it is a stressful and time-consuming endeavour. As a society, we have to consider ways in which the NHS or the National Institute for Health and Care Excellence can fund treatment for relapses so that the parents of young boys such as Alfie Ward do not have to go through that kind of suffering and pressure simply to give their son a fighting chance of life.

I am grateful to have secured this debate, on an issue that has been raised by other people, and it is a privilege to have raised it in this forum. I look forward to hearing what the Minister has to say.

6.56 pm

**The Parliamentary Under-Secretary of State for Health (Steve Brine):** I congratulate my hon. Friend and parliamentary office neighbour, the Member for Spelthorne (Kwasi Kwarteng), on securing this debate on such an important issue.

It is a privilege to be cancer Minister—I hear some of the worst and some of the best. We know that cancer is a disease that will affect most of us, either directly or indirectly, at some point. I suspect it will affect everybody in the House tonight. That is particularly true, and somewhat inevitable, as the population ages, but it is

especially heartbreaking, is it not, when cancer afflicts children and teenagers, as it has his constituent Alfie? I have young children myself, and I cannot help but think about that.

Neuroblastoma is an uncommon cancer—there are about 95 cases in the whole of the UK each year—but it has one of the lowest survival rates of all the childhood cancers, and that is why raising awareness of it is vital and why I thank my hon. Friend for bringing it to the attention of the House. As he says, it is always a privilege to speak here and to raise issues on behalf of constituents.

I will come in a minute to how we are prioritising investment, which is so important, in research and improving access to drugs for cancer, particularly those that are less survivable. First I would like to pay tribute to the Bradley Lowery Foundation—my hon. Friend mentioned Bradley—which is providing fantastic support to Alfie's family, for which I thank it. As a football fan myself—okay, I am a Spurs fan—I saw several times how Bradley's smile lit up many football grounds, including his own in Sunderland, before he sadly lost his own battle against neuroblastoma, as my hon. Friend said. His legacy is the tremendous awareness of this rare cancer that he raised in his short life. He encouraged a huge amount of fundraising for treatment and research that will help so many children. I often think, whether we live for 100 years or 100 minutes, we all in some way change the world we are born into, and that is certainly true of Bradley's life.

In England, we want something that is very difficult but quite simple to convey: we want to have access to the best cancer services in the world, especially for children and young people who have to face this disease so early in their lives. That is why the Government—this Prime Minister, the previous Prime Minister, the Secretary of State and I—have prioritised cancer services. Since 2010, we have seen year-on-year increases in the number of people surviving. At the end of last year, this country had its best survival figures ever, which is of course something to be pleased about, but just one person who is battling cancer will not feel like that.

We know that there is a huge amount more to be done. NHS England is leading the health and care system in implementing every one of the 96 cancer strategy's recommendations with the aim of achieving our ambition to save a further 30,000 lives a year by 2020—although if we can do more, we should. NHS England has committed some £600 million to support the delivery of the strategy. No one will hear me speak about cancer without mentioning early diagnosis, which is the most crucial factor that we know of in successfully treating neuroblastoma or any other cancer.

In 2016, some £200 million was made available to the new cancer alliances, challenging them to encourage innovative ways in which to diagnose cancer earlier and to improve the care for those living with cancer. That is so important. Members will have seen the television campaign by Cancer Research UK, which includes the words “A mum with cancer is still a mum.” Many people are battling cancer, but they are still living their lives. It is always important to say that. The funds are also intended to ensure that all cancer patients receive the care that is right for them, and we are rolling out one-stop shops throughout the country. We have invested

some £130 million in upgrading and replacing radiotherapy equipment, to ensure that patients have the best and latest equipment regardless of where they live.

Cancer services for children and young people, including the treatment of neuroblastoma, are specially commissioned by NHS England. Neuroblastoma is often treated with radiotherapy. In 2013, a £23 million fund was used to improve access to intensity modulated radiotherapy, a precise form of radiotherapy that can be directed more accurately at cancers and allows a higher dose of radiotherapy to be given with, hopefully, fewer side effects. That is particularly important to very young children, who may have weaker immune systems and who are less resilient to more invasive treatments.

**Jim Shannon:** I thank the Minister for his endeavours. It is always a pleasure to listen to his response to any constituency issue. In England, responsibility clearly lies with him, but is there any possibility of discussions with the regional Governments with a view to joint working, whatever their role might be? I think of young Oscar Knox in Northern Ireland, and that is really my reason for making the suggestion.

**Steve Brine:** I am glad that the hon. Gentleman is here. He raised the same point last week during the Westminster Hall debate on blood cancers, to which I responded. As he had to leave before I did so, I will repeat what I said then. Obviously, once devolved government returns to Stormont and there is a Health Minister in the Northern Ireland Executive, I shall be happy to meet him or her, and I am sure that the hon. Gentleman would like to be involved in that meeting. We shall then be able to talk about some of the successes that we have had in England and some of the things that I am sure we can learn from Northern Ireland.

An even more precise form of radiotherapy that can be used in neuroblastoma treatment is proton beam therapy. It sounds like something out of the future, and in many ways it is, but the future is coming. In 2012, the Government provided some £250 million for the building of two PBT centres in England, at University College Hospital here in the capital and at the Christie cancer centre in Manchester. I had the privilege of visiting the Christie last year—I happened to be there in the autumn, for some reason—to see its new PBT facilities, which are incredible and which will be providing treatment for patients later this year. As a result, the NHS will no longer need to send young patients to the United States—which has caused great upheaval to patients and their families, has had an impact on patient outcomes and has, of course, involved huge expense to the families and the NHS—for this cutting-edge treatment.

My hon. Friend the Member for Spelthorne spoke about guidance from the National Institute for Health and Clinical Excellence. We want the very best new innovative treatments, such as the promising antibody therapy we have heard about today, to be available on the NHS. NICE is the independent body that provides guidance on whether drugs and other treatments represent a clinically effective and cost-effective use of resources in the NHS—a publicly funded health system. I am advised that NICE is currently considering two antibody-based treatments for neuroblastoma. It is appraising Dinutuximab-beta for use in high-risk neuroblastoma, but the appraisal has been delayed as NICE awaits

additional evidence from the drug company. Final guidance on the use of any drug can be issued only after careful consideration of all the available evidence and extensive engagement with stakeholders. That has to be the right approach, however frustrating it is. Another drug used in the treatment of high-risk neuroblastoma is dinutuximab or Unituxin. NICE'S appraisal of this drug, which is in the same family as Dinutuximab-beta but is distinctly different, has also been suspended as demand for the drug in the United States has exceeded expectations and is outstripping the company's ability to meet global need.

I stress that just because drugs are not routinely available to patients on the NHS that does not preclude their use. Clinicians can make a case on a patient's behalf for exceptional funding if they believe a particular treatment would deliver the best clinical outcomes. I understand that Alfie's consultant is looking at doing that. Individual funding requests made by a supporting clinician are always a potential route for access to treatments that are not currently commissioned by the NHS. NHS England is not aware of any IFR in Alfie's case, but I will be happy to make it so, working with my hon. Friend, following tonight's debate.

Despite the strides we have made in increasing overall cancer survival rates, we recognise that there are some cancers where progress has been far too slow. That is why our focus for these cancers is on research and innovation, and ensuring that proven innovations, once they are discovered, are adopted swiftly across the health service in England. I am pleased to say that the Government are fully supportive of the Less Survivable Cancers Taskforce, which I launched last summer here in the House, specifically to address the survivability gap between the least and the most survivable cancers. I met the taskforce just before Christmas to discuss how we can work together to raise awareness of the symptoms of cancer and how we can ensure that less survivable cancers have better access to research funding. That is a promising workstream. The taskforce is a cutting-edge group and I look forward to working with it.

Cancer Research UK is also funding research to better understand childhood cancers such as neuroblastoma. In September 2016, the Government announced the largest ever investment in health research infrastructure—£816 million over five years from April 2017 for 20 National Institute for Health Research biomedical research centres in England. That was a big step, and I am sure hon. Members recall the Prime Minister's announcement. That includes £61.5 million in the biomedical research centre at the Royal Marsden Hospital here in London and the Institute of Cancer Research. The NIHR spent £137 million on cancer research in 2016-17—an increase from just over £100 million in 2010-11. That investment in cancer research is of huge importance and constitutes the largest in a disease area.

**Mary Glendon** (North Tyneside) (Lab): I am not sure whether this has any bearing on the subject of the debate, but will the accelerated access review help to bring some of these potential new treatments forward more quickly?

**Steve Brine:** The accelerated access review is an important piece of work, and I will be happy to write to the hon. Lady in more detail than I have time to go into now. It is

*[Steve Brine]*

about bringing treatments quickly to the market for patients' use once they are approved, instead of having to take a rather arduous and tortuous route.

I want to put on record that we want the NHS to be the best in the world at treating childhood cancers and all cancers. We can only imagine the pain that Alfie's family are going through, and they have our prayers and our support. I hope my hon. Friend the Member

for Spelthorne will agree that the Government are working hard, even in difficult economic times, to implement the cancer strategy, to invest in research and to continue the investment in cancer treatment to ensure that we can lead the world in the fight against cancer and make this a reality by making life better for people like Alfie.

*Question put and agreed to.*

7.10 pm

*House adjourned.*

# Westminster Hall

*Tuesday 23 January 2018*

[MR ADRIAN BAILEY *in the Chair*]

## Skills Devolution (England)

9.30 am

**Catherine West** (Hornsey and Wood Green) (Lab): I beg to move,

That this House has considered skills devolution in England.

What a pleasure it is to serve under your chairmanship, Mr Bailey. I hope to have the pleasure of hearing your speech later. I am grateful to the Backbench Business Committee for granting this debate on skills devolution in England. I am especially grateful to the Members here from outside London, as I am keen to hear about the reality in their constituency regarding how we can tackle the national skills gap as flexibly as possible.

Across our country, we face an enormous challenge in ensuring that we have the skills that we need to operate the economy, and that we are doing all we can to enable people to secure such skills, and support them in doing so. The issue is particularly acute in London, where my constituency is, but it also exists in the larger cities throughout the country and, indeed, in the regions, and the situation has worsened since 2010, when further education colleges faced cuts—they now receive 50% less funding. The centralised skills system needs to be looked at again, in London and in all parts of England. I will set out the problems seen by us on the all-party parliamentary group for London—and by the all-party group for Greater Manchester, with which we have done work on this—and the recommendations outlined in our report, “Bridging the Skills Gap”, which I recommend colleagues read.

Significant steps have been taken since the devolution project started in 2000, but there is a pressing case for specific devolution in this area, and a need to explore ways in which such devolution can be achieved in regions that do not have devolved Assemblies or metro mayors. Although recent economic growth has led to substantial reductions in the numbers of people on jobseeker’s allowance, an estimated 628,000 Londoners are not in work but would like to be—enough people to fill the city of Nottingham twice over—and youth unemployment is high. In 2016, 9.4% of 16 to 24-year-olds in London were unemployed, compared with 3.6% of 25 to 64-year-olds. For both adults and young people, that represents a huge waste of human potential.

The problem is very unevenly spread across London, a city of 8 million people; there are constituencies where very high numbers of young people face larger problems from unemployment and a lack of skills. Almost a quarter of all vacancies in London—23%—are due to a lack of applicants with the right skills. In addition, almost half of firms—42%—are not confident they will be able to recruit people with the higher-level skills that their organisation needs over the next five years. In the London borough of Haringey, where my constituency is located, 35% of 19-year-olds do not have a level 3 qualification, yet London is an increasingly highly skilled economy. There is a clear skills mismatch.

My local college, the College of Haringey, Enfield and North East London, now merged with City and Islington College and with Westminster Kingsway—mergers that took a lot of energy and money out of the sector when we could least afford it—tells me that many students were held back following the sharp reduction in funding. That has led to too many Londoners being in low-paid and often insecure employment, and there has been an increase in the number of low-paid jobs in the capital.

**Karin Smyth** (Bristol South) (Lab): To highlight my hon. Friend’s point, in my constituency we send the lowest number of young people on to higher education in the country, despite having two universities in the city, and Bath and Exeter nearby. It is critical that the further education sector pick up such youngsters and support them in their skills and education, not just in London but in places like Bristol.

**Catherine West:** This needs to be looked at specifically in Bristol, where we have seen such a sharp increase in the population of under-30s.

Many people, once in work, fail to get salary and career progression, and 700,000 Londoners are paid less than the London living wage; that has a real impact on families. Recent research by Trust for London shows that people are more likely to be in insecure employment in the capital or in other large cities than elsewhere in the UK.

The population of London continues to grow rapidly—by 1.3 million since 2005—and the demand for basic skills provision grows alongside it. That population growth has increased demand for specific areas of skills provision, such as English for speakers of other languages, or ESOL; the Workers Educational Association has done excellent work in that area. Founded in 1903 and working for a

“A better world—equal, democratic and just”,

the WEA serves people within a two-mile radius and we can see the importance of that local provision throughout the country, not just in cities. However, our cities need to grow their own talent and get businesses to invest more in skills. Levels of business investment are unfortunately at an all-time low and we need a flexible and responsive skills system to respond effectively to the challenges the capital faces. They are urgent challenges and, if ignored, could significantly hamper economic growth, not just in the capital but elsewhere.

There has been criticism from business. Mr Quinn, chief executive of Balfour Beatty, has said that the apprenticeship levy system is very “Yes Minister”, which says something about where we are in thinking through how to enhance the human potential in our economy.

The skills system does not provide the flexibility and responsiveness needed, because providers are often incentivised and rewarded solely on the basis of the quantity of learners achieving a qualification, not according to the quality of the outcomes from getting that qualification, such as higher earnings. The system is market-based and is built on learner choice, but careers advice in London is patchy and inconsistent, which limits learners’ ability to make informed choices and understand the opportunities in the London economy. When I speak to headteachers, they talk about teachers often not being able to put aside valuable time to

[Catherine West]

perform the crucial role of helping students decide which subjects to choose—say, whether to take a foreign language—not just at A-level or when they go on from school, but right back in year 8 or 9, so that they can have ready the skills that we so desperately need in workplaces.

Employers do not engage enough with the skills system to ensure that vocational courses are relevant to their needs. The creation of a Greater Manchester employment and skills board has resulted in the co-designing of apprenticeship courses that can be delivered locally, improving local responsiveness to skills shortages. That was replicated in Sheffield's city deal and in several other cities, increasing the engagement of small and medium enterprises and delivering on local skills priorities.

It might be too early to tell what impact the apprenticeship levy has had, as it was introduced only in April 2017. I am sure that the Minister has a bit of time to get across that brief—her predecessors had not quite caught up with it. I am sure she will tell us her plans for the levy's review. April 2017 is not that far back, but I am sure that the Department has plans to review its introduction and effect. Initial statistics from the Department for Education indicate a sharp drop in the number of apprenticeship starts across the UK. Between May and July 2017, they had decreased by 59.3% from the same period in the previous year—in numbers, from 117,800 to just 48,000. I am sure we would all agree, across this Chamber, that that is a crucial area that needs the Government's attention.

Employers in the public and private sectors report issues with the system's inflexibility, and it appears that many organisations will fail to spend significant amounts of their levy contributions. It seems highly unlikely that the Government's aim of 3 million apprenticeship starts by 2020 will be achieved. That is another example of the skills system failing to respond adequately to the current and future needs of our economy.

The skills system in the UK is very centralised, leaving London with few tools at its disposal to cope with London-specific issues, such as the higher demand for English as a second language, historically low levels of apprenticeships and the reliance on incoming labour in key sectors. The picture is potentially worse in other fast-growing cities, such as Coventry and Exeter, which my hon. Friend the Member for Bristol South (Karin Smyth) mentioned; they do not have the same system of devolution that we have in the capital. I am hoping to hear more about those regions of the UK later in the debate.

The system simply does not respond well enough to our growing cities' needs and priorities. Coventry, for example, is in part of the country that is seeing greater economic growth, although that is coming from a lower base. Our skills system is not matching that growth and is falling behind. The OECD predicts that without significant improvement, the UK will fall to 28th out of 33 OECD countries for intermediate skills by 2020. That would see the UK overtaken by Ireland, Israel and Belgium.

London faces myriad challenges: a rapidly rising population; an over-reliance on migrant labour; skills gaps in many key sectors; low numbers of apprenticeships and an inflexible apprenticeship system; patchy careers

guidance; and poor match-up between skills spending and outcomes. The forthcoming devolution of the adult education budget represents an important first step in creating a more efficient skills system, but the Government must be bolder and go further and faster on skills devolution to have the impact needed. Devolving greater powers on skills to London and the metro mayors would enable cities to create a system that meets employer need, not just learner demand.

What about the impact of Brexit? Businesses have met an increasingly large share of their labour needs through immigration. Nearly one in three of London's workforce is non-UK born, and 90% of London's businesses recruit EU citizens. Workers from the EU play a vital role in many of the capital's key sectors, including construction, financial services, hospitality and health and social care. In London, in construction, hospitality and the tech sector, just under a third of all workers are EU nationals. Any fall in EU immigration following Brexit or during the uncertainty that Brexit is producing has a significant impact on not only London, but the UK. We know that London's economy is a driver of things and has knock-on effects on other regions. Many agricultural areas are over-dependent on the supply of EU labour. The outcome of the discussions and negotiations over Brexit could have a knock-on effect.

The capital attracts highly skilled graduates from across the UK. A significant drop in EU labour could increase that trend, undermining the Government's industrial strategy and attempts to rebalance the national economy. There is a genuine desire across the House of Commons for every region to grow and for London not to attract all the high-achieving graduates. That could happen for a period, perhaps, but there is a real need to rebalance our economy.

The drop in EU labour could also have a knock-on effect on other key policy areas, such as the need to build more affordable homes in London. A chronic shortage of skills in construction, for example, will create higher project costs and diminish the ability of the sector to deliver the new homes required to tackle the chronic housing shortage facing the capital and the rest of the country. We can think of best practice in public procurement: in many boroughs and city regions, the local authorities are getting much better at using public procurement to ensure that for every £1 million that is spent, say, we get one or two apprentices back from the providers of that crucial capital work. That is mainly in construction and the renovation and refurbishment of social homes, but also in other areas.

All the factors I have outlined suggest that London government and the metro mayoralities need the ability to take a strategic, all-age, whole systems approach to skills. There should be greater engagement with employers and better access to and use of data. The system should allow a more localised approach that works at two levels. In the capital, for example, we should tackle pan-London issues while also having more targeted activity at a sub-regional level to take into account the variations of skills, needs and demand across cities.

The all-party parliamentary group's report set out eight key principles that should underpin a future skills system. They were:

"1. It must be labour-market led, and include high quality labour market intelligence that captures the needs of individuals, employers and local economies informing learner choice and the provider offer.

2. It must have strong employer engagement in order to identify skills needs and sector priorities.

3. It must have strong local accountability, with joint governance agreed between the GLA and London boroughs via sub-regional partnerships.”

In that regard, we know that other sub-regional areas function much better than London. With a population of 8 million, it is very hard to match the economic partnerships with the various areas. In other sub-regions, we should be able to do much better on local accountability and buy-in from local authorities. The report continued:

“4. It must be outcome-focused, with strategic coordination across all aspects of post-16 professional and technical education to drive better outcomes. The system should focus on and reward delivery of positive outcomes covering jobs, earnings, progression”—

I emphasise that point; too many people are sitting in entry-level jobs way into their 40s and 50s, unable to get that progression that is so crucial—

“personal development and wellbeing outcomes.

5. It must include stronger incentives to encourage provision that meets London’s economic needs and supports progression.

6. It must be flexible to enable London government to have the ability to commission provision based on analysis of need.

7. It must include effective, impartial information and advice to ensure learners can make informed choices that will lead to future employment opportunities.

8. It must take a whole systems approach to ensure that skills policy and commissioning are effectively aligned.”

What would that mean in practice? The Government need to go further, faster, to give local government and metro mayors the levers to address the considerable skills challenges I have set out. They should consider devolving all 16-to-18 provision to combined authorities in other parts of England. The Government should provide commissioning freedom and the ability to set outcomes and incentives for the whole skills system. That would better serve the progression and economic priorities of different areas in England. The Government should give London government control over all vocational capital investments, such as 14-to-19 capital provision and institutes of technology, alongside existing further education capital responsibilities. That would capitalise on local ambition, expertise and intelligence, and align adult education and 14-to-19 capital investment.

The Government should devolve careers funding streams to London government, so that it can build a seamless, single, integrated careers service. The concept of a careers service is something that many people in local government would love to see return, so that they can match aspirations and assist parents, who are so key to helping young people decide what to do next. It would also allow older people to get back into the workplace—or change what they do, now that we are all meant to be working until we are 70. *[Interruption.]* You have loads of time, Minister. Through those things, we can have a proper system that we can be proud of.

We would like the devolution of careers funding streams to a local level, to build a seamless, single, integrated careers service. The Government should devolve the capital’s future share of the UK’s shared prosperity fund to London government, and ensure that future skills funding settlements take into account each area’s unique needs. We also need short-term flexibilities around the apprenticeship levy. In the longer term, we need to devolve the levy to London. That will be quite a difficult trick to master for a new system, but we need it to be as

flexible as possible, so that we can use the resource quickly and build in the ability to develop that longer-term devolution. We could get longer-term value by getting together with local areas to work out the best way forward.

The other voice that needs to be listened to is that of small and medium-sized enterprises. They provide many of the job starts for young people, and older people entering the labour market who need their skills updated. It is difficult for SMEs to communicate with Government, Members of Parliament and the wider system, so that relationship with SMEs must be developed in a special way. We want more flexibility in the levy; for example, it could allow an increase in the amount of levy funding that employers can pass on to their suppliers. That is currently capped at 10%. Local authority areas increasingly use their contracts to have suppliers generate apprenticeship opportunities, but capping that at 10%, particularly in the short term, might mean we are not getting as much value as we could in our timeframe. In 2016-17, for example, London boroughs created 60% of their apprenticeships through contracts and suppliers, as I mentioned earlier.

The Greater London Authority and the Institute for Public Policy Research, a think-tank, have developed a proposal for a skills and progression pilot project, which I recommend the Department look at. A strand of the proposed pilot is to work with employers to pool the 10% that can be passed on to non-levy-paying employers, and support them in developing good-quality apprenticeships through that. The pilot wants to test out increasing the 10% cap as well. There is a strong push for that proposal. In the longer term, the Government should consider full devolution of the apprenticeship levy, as has happened in Scotland and Wales. Obviously, London and other key areas would need to bid and make the case for that, but the Government should not rule that out.

A recent Chartered Institute of Personnel and Development survey found that 53% of employers who pay the apprenticeship levy would prefer a training levy; just 17% support the apprenticeship levy in its current form. I am keen to hear the Minister’s feedback on that proposal.

In conclusion, the proposals might seem radical and far-reaching, but London, Manchester, Birmingham and other major UK cities are experiencing severe skills challenges that could be exacerbated significantly by Brexit. The Government need to act now and allow the skills system to deliver in flexible, responsive ways that the current centralised system does not. The Mayor of London has already indicated that London government is keen to work with central Government to deliver on this agenda, and there is a clear appetite from many of the elected mayors to do the same, as there is from leaders of local areas. I hope we can all work together to improve skills outcomes for all learners and businesses across England.

[IAN PAISLEY *in the Chair*]

9.52 am

**Priti Patel (Witham) (Con):** It is an honour to serve under your chairmanship this morning, Mr Paisley. I congratulate the hon. Member for Hornsey and Wood

[Priti Patel]

Green (Catherine West) on securing this important debate and on her thoughtful speech, which covered the whole gamut of skills policy. She had some good initiatives and suggestions for how we can start to address the ongoing skills shortage across our country and our economy in a wide range of sectors.

I remember often discussing young people here in 2010. We talked about a generation excluded from employment and about the employability barriers facing them. We had a system that was simply not functioning and not getting them the engagement that they needed to help them get the skills necessary to join the workforce. During those years, when we had had a recession too, we found that older workers were finding it difficult to retain their jobs and also to find new employment as the economy changed. There was more part-time employment as demands across the economy fundamentally shifted. One of the things that I feel strongly about, which the country and our Government should focus on, is the agility that is required to sustain the flexible economy. We must ensure that people of all ages, all skills and all backgrounds can still remain active in the labour market. To do that, we need to look at education.

**Jack Lopresti** (Filton and Bradley Stoke) (Con): My right hon. Friend is making a strong case on the economic benefits of addressing the skills shortage, but there is also a moral case to do with social mobility, aspiration and allowing people to fulfil their potential in society generally.

**Priti Patel:** My hon. Friend is absolutely right. I will come on to the ladder of opportunity, the moral obligation and responsibility, and the progression pay that the right hon. Member for Hornsey and Wood Green mentioned earlier. In fact, we have a good economy right now, but we are faced with a shortage of people in the key sectors that cover the health and wellbeing of our economy: construction, nursing, social care, engineering and a whole range of other sectors. Full-time employment and part-time and temporary employment are all incredibly vital to our labour market.

We have record levels of employment, but we should look beyond that to the next generation and ensure that, while they are at school, they are engaged and nurtured to think about the world of work. The Government have the Careers & Enterprise Company and other models of engagement, but that is simply not good enough in terms of overall coverage—engagement with schools and the requirement on our education establishments to open their doors to businesses, so that they may talk to young people about careers, and to bring into schools sectors that reflect the local economy.

I feel strongly about the role and significance of devolution. In my short apprenticeship as the Employment Minister in the Department for Work and Pensions, I oversaw some of the devolution deals around the Work programme. I worked with the combined authority in Manchester and on other devolution deals. Employment programmes and employability were a major factor in giving devolution to local authorities up and down the country. At the heart of that success is working with the private sector, not just the public sector, to ensure that the private sector and the needs of the local economy

are fully reflected in devolution deals. Importantly, the combined authority and local authority models require an absolute understanding of what is going on in the local economy, where the skills shortages are and where future demand might come from. There is also a need to look at succession planning and how businesses can work with their workforce.

**Jim Shannon** (Strangford) (DUP): In Northern Ireland we have recognised it is important to address the issue of skills shortages and to go into secondary schools. Some people have suggested we should even go into primary schools, although I am not sure that is entirely appropriate. We have also addressed the skills shortage in engineering. We should encourage ladies and girls to look to engineering as a possible job for the future, because they can do it as well as we men.

**Ian Paisley (in the Chair):** Order. Interventions should be short and not made into speeches.

**Priti Patel:** The hon. Member for Strangford (Jim Shannon) is absolutely right. Young girls should be encouraged and should have the opportunity to look at the careers that they might not even consider to be suitable for them. In STEM subjects—science, technology, engineering and maths—engineering is a classic example.

If I may, I will share with the House a little bit about Essex and how we are approaching the skills issue locally. Essex is famously the county of entrepreneurs. Firms based in my constituency have a proud and strong record of creating jobs and local employment. Businesses in my constituency are almost entirely small and medium-sized businesses and they have now created 25% more jobs leading to more than 30,000 people in employment. They are doing well, but they could do even better. They want to see the barriers to recruitment, employability and access to the labour market brought down. They want people with the right kinds of skills. They want change because we have seen that a deficit in skills standards is one of the biggest barriers to growth locally, and to productivity in our wider economy.

On Friday I attended a skills forum organised by the excellent Essex Chambers of Commerce and Industry, which was also attended by my equally brilliant colleague, my right hon. Friend the Member for Harlow (Robert Halfon). In that business-led forum the spotlight was on skills and on the barriers that prevent businesses recruiting people. It particularly looked at the barriers around the skills and training programmes in Essex and the demands and challenges for the future workforce who are being trained. We need highly trained people, but the lack of flexibility within the training and provider landscape was clearly on display in the discussions that we had.

What stood out in the skills forum, and in my previous meetings and engagement with local businesses, was that they want to be at the heart of the decisions that are made on skills policies, and they want to be involved in designing and shaping courses. They want to play their part in offering job training opportunities. However, there are many barriers and restrictions on their doing that. They are best placed to understand the needs of their businesses and the local economy in a way that no Government with a centralised approach and no local authority can fully understand until those businesses are a full part of the discussion. The devolution of skills

to local authorities can be successful only if businesses play a leading role in developing that skills agenda, including working with the education establishments and the courses in those areas.

Over the years, I have received endless complaints from businesses about the time it takes for new courses to be approved. They also complain, as I have mentioned, about barriers put up by the public sector to engagement with businesses. It can take years, with hundreds of hours of input from business and trade organisations, for new courses to be signed off. That equally applies to relevant courses. On Friday, I met representatives from a business who said that finding a course that was specific to their business was near-impossible. They just wanted a course, for a young person who wanted to be on an apprenticeship scheme, that covered the basic employability skills.

There is so much more that can be done, and I welcome the many creative suggestions in the all-party parliamentary group report. We need to ensure that there is flexibility, and that businesses are at the heart of the devolution agenda. I strongly support the idea of devolution in skills coming to the county of Essex. I think that we would benefit from that, in some of the ways that have been suggested today. Devolving skills, and focusing on skills in the workforce, is important not just to businesses, but to individual workers. The skills deficit has a drag not only on our economy, but on the life chances of people who want to work. We have so much untapped potential across our workforce, and there is a great opportunity for the Government to lift the lid on the talents of those people who are struggling to access the labour market.

One way that we can do that, as the hon. Member for Hornsey and Wood Green mentioned, is through the apprenticeship levy. We need to look at how we can unlock the potential of the levy and use the funds it raises to support the upskilling of a whole generation who are simply not accessing the levy. I also suggest using the funds to upskill agency and temporary workers. More than 1 million people go to work every day to do agency and temporary work. That model offers a great deal of flexibility, but those workers make an enormous contribution to our economy; their net contribution stands at something like £35 billion. There is growing concern that the funds that agencies put into the apprenticeship levy cannot be used to train and upskill workers on their books. Somewhere in the region of 2,000 to 2,500 businesses are paying the levy, and the rules on the spending of funds raised by the apprenticeship levy are so rigid that it is almost impossible to use that money to invest in agency or temporary workers.

We have a very good record in Government when it comes to revitalising apprenticeship schemes, and we should be proud of that. The levy has a critical role to play in providing a great pathway. We know that the current pathways are not suitable for everyone, and we need more flexibility when it comes to the levy and apprenticeship schemes. Many workers need to go on shorter, practical courses to take the next step to move on in their career. Examples include courses in food hygiene and fork-lift truck driving, which are not covered by the apprenticeship levy. The flexibility of the levy could be increased to support some of those courses, so that we can support more people to get back into work and get better pay progression, and give them long-term employment opportunities.

If we are to deliver a fair society that invests in people and provides opportunity for those who want a hand up so that they can reach their full potential, why on earth would we not do this? We have a fantastic opportunity to provide greater training support; existing employment programmes are far too rigid and inflexible to do so. A very good way in which we could do that, I suggest, is that the Minister, working across the Department for Work and Pensions footprint, could give people who are on universal credit, and who are limited in their hours of work, the freedom and flexibility to access the levy, to get on some of these courses, and to get skilled up so that they can progress.

We are on the cusp now. The levy is new, but it represents a fantastic opportunity. Devolution of skills is surely a success for our region, and it deserves to receive more encouragement.

10.4 am

**Stephen Timms** (East Ham) (Lab): Welcome to the Chair, Mr Paisley. The Government have said that they want skills devolution, and the right hon. Member for Witham (Priti Patel) has supported that aim. Indeed, I think George Osborne announced that skills would be devolved to a number of mayoral combined authorities, but progress has been woefully slow, so I very much welcome the fact that my hon. Friend the Member for Hornsey and Wood Green (Catherine West) has secured today's debate.

There are still lots of operational details about how that devolution will be achieved. I very much hope that the Minister will be able to give us some detail about when devolution will happen in London and the other mayoral combined authorities, because the need is now pressing. I welcome the report from the all-party parliamentary group for London, and congratulate my hon. Friend the Member for Croydon North (Mr Reed) and the hon. Member for Bromley and Chislehurst (Robert Neill) on bringing it forward. I welcome the sense of urgency that the report conveys about what it describes, absolutely rightly, as "an enormous skills challenge" in London.

There is a striking degree of agreement in London about what needs to be done. My hon. Friend the Member for Hornsey and Wood Green set out a number of priorities. The London Chamber of Commerce and Industry, in its most recent quarterly survey, for the third quarter of 2017, found that 60% of businesses in London that tried to recruit encountered difficulty finding people with the right skills. That is the highest—that is to say, the worst—proportion since it started collecting those figures four years ago. The right hon. Member for Witham mentioned the Essex Chambers of Commerce and Industry. The London Chamber of Commerce and Industry explicitly endorses the recommendation in the all-party parliamentary group's report to devolve all 16-to-18 provision to London, and to give the capital greater control over policy and commissioning.

Life is difficult for many in London today. Employment is high, which is a very good thing, but jobs are often insecure and uncertain. Housing costs are high and rising quite fast, and wages are not keeping pace. More and more people are in the position characterised by the Prime Minister as "just about managing." Some forecasters currently estimate that 3 million jobs could be lost to

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automation in the next generation. Automation is a huge driver of the need for reskilling. Furthermore, in the background to all of that is the perennial UK challenge on productivity. UK productivity fell from 9% below the OECD average in 2007 to 18% below it in 2015. We have to overcome that long-term challenge. The report is also absolutely right to highlight, as my hon. Friend the Member for Hornsey and Wood Green did in her opening speech, that a drop in European Union migration will have a disproportionate impact on London, because so many workers in London are from other parts of the European Union. Lots of London's key sectors have big EU-born workforces, and Brexit is bound to make the problems of skills shortages worse and increase the importance of achieving solutions.

Those challenges are particularly acute in east London—the part of London that I represent. In October, the Mayor of London published research showing that east London is the fastest-growing area of the capital. Some 110,000 additional jobs have been created in the six Olympic boroughs since 2012—three times the number predicted in 2013. I very much agree with what the Mayor said in October:

“Businesses, universities and cultural institutions are flocking here and the centre of gravity in London is moving east.”

That trend in our part of London further highlights the importance of the skills challenge.

The report published by the all-party parliamentary group for London highlights a number of issues specific to the capital, such as,

“a much higher demand for English for Speakers of Other Languages”.

My hon. Friend the Member for Hornsey and Wood Green mentioned that as one of the concerns, and I very much agree with her on that. It is widely recognised that the ability to speak English is key to integration and community cohesion, and yet funding for it in London has been dramatically cut. The joint briefing for this debate from London Councils and the Greater London Authority makes the point:

“London's population has grown from 7.4 million in 2005 to 8.9 million in 2017, but funding for English for Speakers of Other Languages has reduced in real terms by 60% since 2009.”

My hon. Friend the Member for Blackpool South (Gordon Marsden), who will be winding up for the Opposition in this debate, pointed out last October, in a parliamentary briefing on delivering skills for London organised by the Learning Revolution Trust—a charity linked with Newham College in my constituency—that annual ESOL funding had been cut from £203 million in 2010 to £90 million. Refugee Action says that about half of ESOL providers report waiting lists of six months or more.

I hope that we can recognise the importance of ESOL and do something to address the current lack of funding. I pay tribute to the work in my borough, Newham, of ESOL Exchange, which will mark its 10th anniversary next month. It is a network of people and organisations working together to improve ESOL in Newham, managed by the Aston-Mansfield Community Involvement Unit. It provides a web-based directory of formal and informal ESOL provision of all kinds across our borough, in order

to make it as accessible as possible. Helping people in east London speak English proficiently is a very important part of the skills challenge.

I pay tribute to the Learning Revolution Trust, a charity that aims to reduce the financial barriers to education faced by many people today in east London. It typically provides modest financial support to people, perhaps midway through a course, for example to help with childcare costs, and has helped more than 300 young people since it was established in 2012. It has made an important contribution.

My hon. Friend the Member for Hornsey and Wood Green and the right hon. Member for Witham both mentioned apprenticeships, which are key. It seems to me, however, that the programme has been botched in the past year or two. The Association of Colleges has reported, based on data from 91 further education colleges last November, that the number of apprentices had fallen 39% compared with the previous year. It suggests that, even though £2.6 billion is being collected through the apprenticeship levy, the Government might actually end up spending less on apprenticeships this year than last year, because the cuts in funding for the apprenticeship programme from taxation have been greater than the extra amount going in through the apprenticeship levy.

The right hon. Member for Witham rightly drew attention, in a very courteous way, to some of the flaws in the design of the levy. Those flaws are serious. As my hon. Friend the Member for Hornsey and Wood Green suggested, it would be great if the Minister would tell us that there will be some sort of review of how the levy is going. I have not heard any suggestion of that yet, but I do think a review is urgently needed. It is now absolutely clear that the target of 3 million apprenticeship starts by 2020 will be missed. *FE Week* published an informative graph in November, showing that achievements towards that target were behind target up to a year ago, and then, almost a year ago when the levy was introduced, they went massively off-target. There is really no prospect now of the ground being made up. It would be very good to hear from the Minister what plans there are to try to get the apprenticeships programme back on track.

The call for devolution, which is across the board now, of powers on skills should be not just heeded—the Government have recognised that—but delivered. I hope we shall hear from the Minister what steps will be taken to do that.

10.14 am

**Julia Lopez** (Hornchurch and Upminster) (Con): It is an honour to serve under your chairmanship, Mr Paisley. I commend the hon. Member for Hornsey and Wood Green (Catherine West) on securing what is a welcome and increasingly urgent debate.

As we leave the European Union, we will need our domestic workforce to be ever more dynamic, innovative and flexible, not just to maximise the new opportunities to our economy from trade and technology, but to reduce our reliance on a vast overseas workforce. Access to a pool of half a billion EU workers has for too long allowed businesses to obtain cheap, skilled and hard-working employees without having to properly invest in the domestic skills base. It has similarly allowed the Government to duck some of the shortcomings of our own education and skills systems by effectively piggy-backing on the investments of other nations in their people.

Economic migration to the UK will not and should not stop once we have left the EU. London, where I am an MP, is an economic powerhouse that needs to have access to the global talent pool, but if we are to fulfil our own industrial strategy and maximise opportunities for home-grown workers, we need to turbo-charge our approach to skills and get businesses, schools, colleges and Government to work together in a far more interconnected way. The current framework for improving skills is far too centralised and inflexible, unable to deliver workers to fill London's vacancies as quickly as those vacancies are created, and failing to provide lifelong learning to keep existing workers sufficiently up to date.

Two weeks ago, I visited my local jobcentre, where the team is doing a quite remarkable job in getting people into work. However, one of the groups they find hardest to place is the over-50s, who need to be given time and confidence to adapt to the changing workplace. Meanwhile, one in five London families are stuck in in-work poverty, so attention also needs to be paid to providing clear progression pathways into higher paid work. We require a new spirit of collaboration that leads to increased interaction between our schools, businesses and public services.

I am very excited by what I see in my own constituency. Hon. Members have referred to the critical importance of investment in STEM subjects. On Friday, I visited the Coopers' Company and Coborn School, which has a dedicated STEM coordinator, Nick, who is doing some amazing work in increasing uptake in science, maths and tech subjects by connecting the school to the academic community and to businesses. Too often such work is reliant on dynamic individuals and organisations, without whom the workstream would not be able to progress.

I am also particularly excited by a five-week, focused course being run by Havering College in my constituency, working with Transport for London. Committed students in the boot-camp style course at this railway academy are guaranteed a job interview with the prospect of employment as railway engineers. Half a million pounds-worth of rail equipment donated by TfL has been installed at the college and students are getting hands-on experience to learn about the rail industry. That is the kind of joined-up skills approach we shall need to see much more of, not least as it helps to provide workers for critical infrastructure projects such as Crossrail. The programme has also helped long-term unemployed and ex-offenders with few or no qualifications to access full-time employment.

It is probably now time to give London the powers that will enable it to prioritise those kinds of skills investments: getting people into work and delivering critical infrastructure in the capital. Devolution of skills provision would also support the capital to develop Londoners' employability and skillset, targeting and scaling up skills efforts to ensure that everyone who grows up in London can access employment in a changing and increasingly competitive labour market. Compared with international peers and other parts of the UK, London has much lower fiscal and political autonomy, and it is highly dependent on national policies and funding—74% of Greater London Authority and borough expenditure is based on intergovernmental transfers. That makes it very difficult to plan for the long term.

There are two areas where the Government could now look at devolving additional power, since City Hall will soon take control of London's adult education budget: unspent apprenticeship levy funds and the 16-to-18 further education skills budget. Those issues will be key to meeting the demands of London's changing labour market. With a wider range of powers, London would be in a strong position to create a system that meets employer need, not just learner demand, and capitalise on local labour market intelligence. It would enable stronger employment engagement to identify skill needs and sector priorities, which can only be done effectively at local level. The provision of higher level professional and technical education could be driven up and clear progression pathways created for learners. I look forward to hearing the Minister's perspective on those and the other technical and skills issues raised today.

10.19 am

**Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): I say with even greater feeling than normal what a pleasure it is to serve under your chairmanship, Mr Paisley.

I thank my hon. Friend the Member for Hornsey and Wood Green (Catherine West) for securing this debate. Her contribution was thought provoking and adds to an ongoing debate on this serious issue. I describe it as serious because successive Governments have wrestled with the problem of the national provision and accountability of skills funding and the effectiveness of local delivery. Certainly the Government's own initiative of the apprenticeship levy will not, as far as we can tell at this moment, solve or resolve those historical tensions and problems. We need to look at the issue from a fresh perspective. Now is a good time to do that.

In the Government's regionalisation agenda—we talk about the northern powerhouse, the midlands engine and so on and so forth—skills is an essential driver of economic growth in a region. To devolve economic power to the regions without devolving the provision of skills in effect leaves a vital part of economic infrastructure out of regional control. I am here to advocate increased devolution of skills, in particular in an area such as mine, which now has a new metro Mayor, Andy Street, who has pledged to enhance economic growth in the area and to see what can be done with local provision of skills funding in order to enhance the initiatives already in place.

Nothing could be more appropriate at this time. Only last week the local chamber of commerce in my constituency warned of acute skills shortages. My area is the historic Black country, which in years gone by was the workhouse of the world, when Britain was an international manufacturing powerhouse. Despite all the reduction in manufacturing as a proportion of our economy, the Black country still enjoys that role—it is a vital part of the engineering and motor manufacturing supply chain, which drives one of the most successful parts of our economic profile, the motor industry, vital to both productivity and our balance of payments.

There are more foundries not only in the Black country but in my constituency than there are in any other constituency in the country, and they are suffering from an acute skills shortage. Those foundries have survived the globalisation drive because they had unique skills and a quality not deliverable in any other part of

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the world. However, they now have an acute skills shortage. First, they have a problem with the age profile—the average age group in most of those foundries is of people in their 50s—and, secondly, they have survived largely by recruiting from eastern Europe, and if that supply is in any way diminished, the existing skills problem would be enhanced.

In the last quarter of 2017, 82% of businesses in the Black country were reporting recruitment problems. It is estimated that we will need to reduce the number of the workforce with no qualifications by 50,000 over the next 15 years just to bring us in line with the national average, and that the Black country will need a 70% increase in the number of apprentices to meet basic demand. That is a monumental task, but our local area is seeking to address it.

In my constituency, in Tipton, the Elite Centre for Manufacturing Skills is being built. It is a joint venture between Dudley College of further education, the University of Wolverhampton and the historic metal casting company Thomas Dudley. The centre is designed to recruit and attract young people from the area to obtain not only apprenticeship but degree-level qualifications in the range of skills necessary to the local foundry industry. That is an example of a local initiative in which local businesses engage with the academic sector and Government, knowing what is needed locally and delivering the sort of courses and expertise to get the right balance of skills needs in the area.

Unfortunately, if we look at the national picture, central Government policy engages with the regions only on its terms, seeking insights of the problem but not giving direction, and seeking advice but not giving local agencies the funding to be able to deliver on their unique insight and expertise. A particularly bad example of that came to my notice in December.

The BCTG—Black Country Training Group—executive director Chris Luty got in touch with me and other Members of Parliament in the area because the group had lost its apprenticeship funding from the Education and Skills Funding Agency. BCTG is the largest provider of apprenticeships in the Black country. It had tendered for its Government funding to be renewed and, to the astonishment of Chris Luty, was unsuccessful. That meant that all the contracts with SMEs in the Black country would have to be closed, leaving a huge gap in local skills provision for small companies in the area that are vital to the supply chain for Britain's motor industry.

In all, BCTG has recruited 4,000 apprentices, 750 since last May alone. That is the sort of scale it operates on and demonstrates the gap that would have been left had it not been able to secure the funding. I wrote to the Minister and so did other Black country MPs. To the Government's credit, they realised that that was an error and changed their decision.

The reason given for the original decision, however, is illustrative:

"The review was conducted by a member of the Agency's staff who possesses the appropriate technical expertise in the provision of apprenticeship training but who had not previously evaluated your tender."

If that is not a classic case of Sir Humphrey-speak, I cannot think of a better one. It is outrageous for an organisation so key to the delivery of a vital driver of

economic growth in the regions to make such a mistake. That sentence highlights the need for a change in approach to the devolution of skills to the regions.

I realise that other people wish to speak so I will bring my remarks to a close. Enhanced devolution of skills to the new bodies that are being set up affords the possibility and potential of enabling regional and even sub-regional needs to be correctly identified, backed up by initiatives from local businesses working with whatever partners are available to analyse the needs and to address them with the appropriate training and level of funding.

At the end of the day, if we are to be successful, we have to find another way of doing that. The brutal fact is that at the moment we invest billions of pounds into education and skills training but in so many of our vital industries we still have key shortages. I am sure that what is happening in my area is very similar to what is happening in many other areas. Finding mechanisms to devolve skills funding to local agencies is the key to unleashing the skills potential of so many young people and meeting the needs of local industries in a way that has not been done for many years.

**Ian Paisley (in the Chair):** Before I call the next person to speak, I remind hon. Members that Front Bench speeches will begin at 10.40 am. I call Rachael Maskell.

10.30 am

**Rachael Maskell (York Central) (Lab/Co-op):** Thank you for calling me to speak in this really important debate, Mr Paisley. I congratulate my hon. Friend the Member for Hornsey and Wood Green (Catherine West) on the excellent, comprehensive way that she set out the challenges ahead. I agree with my hon. Friend the Member for West Bromwich West (Mr Bailey) about the importance of seeing the issue in the wider context of the local economy, and I will touch on that in my speech.

Although in York we do not have a devolution deal yet—I trust that the Minister will progress that with expedience—there is a real skills gap in our local economy. We are conscious that we are falling behind as other economies accelerate, such as those of London and the south-east. There is the north-south divide, but there is now an east-west divide, too, because of the progress being made in Manchester with the devolved settlement. That is why it is so important that we move forward on all devolution issues, not least skills.

York's economy has changed massively over the years. We had a strong industrial base in the confectionary industry and in rail manufacturing, but that has really reduced. The low-wage, low-skilled economy has taken over. We have a very high cost of living but very low wages—some of the lowest in Yorkshire. There is real disparity, which causes pressure and mismatches in our city, where the tourism, hospitality and retail sectors dominate.

I have talked to the Secretary of State for Business, Energy and Industrial Strategy about the urgent need to address the skills deficit in the city. I have been out talking to businesses across the city; they consistently raise that mismatch—particularly the fact that business and IT skills do not come into the economy, and that schools do not prepare children for the modern world

of work. Last Friday, I visited York St John University, which wants to help to address the skills gap. I have also visited York College, an outstanding college in my constituency that understands the challenges of the local economy.

I want to raise the issue of co-ordination, which other hon. Members have raised. Businesses, schools, colleges and local enterprise partnerships need to come to one place to discuss the real needs of the economy and how to address skills gaps. I will give a couple of quick examples of that. Engineering is a really important part of York, which is a rail city, but the university offers courses in electrical engineering only. Although the city council has identified rail engineering as part of the footprint, we are not providing the skills in the city for that. The National Railway Museum is about to embark on a new project for a gallery about the future of engineering, to engage girls and boys across the city and the country, but if we cannot follow through on ensuring the learning, that future cannot be delivered.

The digital creative sector is another part of our footprint where there is not that connectivity. There are fantastic facilities and there is a university course, and there are business start-ups, but after that, people have to move out of the local area. We need to be able to grow those skills right through to development and address the real gaps in the economy. The same goes for the bio and agri-tech sectors, where the gap needs to be bridged between academia and applied research. There are real gaps.

We need to be careful about how we balance skills acquisition. Clearly, we see a national education service as important in allowing people to enter the economy at different points in their learning and drive those skills forward, whether from the workplace or from school. We need to make sure that we strike the fine balance between addressing national and local needs in the economy.

There are real challenges in schools. We are not preparing our kids for the world of work young enough. They learn how to pass exams, but not about the life skills that are needed. Business talks about children being “screen deep” in IT skills, but not having the skills needed for the digital economy. T-level assessments have real problems, particularly for agriculture, because the assessments have to take place at a particular time of year, but the agriculture sector revolves around the seasons. Tree surgery, for instance, needs to be done at the appropriate time, not at a time that kills trees. I put that on the Minister’s desk to address. We have real opportunities to engage schools in acquiring the skills that the economy needs for the future. We desperately need a review of the curriculum to ensure that we are addressing those needs, starting at primary school.

I am conscious that other colleagues want to make contributions. Finally, my local college has made a plea to me, as have other further education institutes. If the adult skills budget is devolved, the procurement activities could seriously disadvantage colleges and prospective students. Lessons must be learned from the recent procurement of the non-levy apprenticeship budget, which other hon. Members have spoken about. I trust that the Minister will take that on board.

10.36 am

**Karin Smyth** (Bristol South) (Lab): It is pleasure to serve under your chairmanship, Mr Paisley. I thank my hon. Friend the Member for Hornsey and Wood Green (Catherine West) for bringing this debate forward. There has been a great deal of agreement on this important issue.

I was a member of the Public Accounts Committee in the last Session. Colleagues will be aware that the Committee has done a lot of work on the interplay between devolution in cities, skills growth and the further education sector, and the need for more accountability regarding those decisions. It had a discussion about LEPs yesterday. That whole agenda needs to be much more cohesive, and people need to understand about local accountability for the way that taxpayers’ money is spent.

Further education colleges, such as City of Bristol College, which I visited again on Friday, remain part school, part training provider, part higher education college and part community college. That last function is really important to us in south Bristol. As my hon. Friend the Member for Hornsey and Wood Green said, there is competition between schools. In south Bristol alone, there are more than 500 surplus school places, plus the college. The schools are all in competition with private schools, a university technical college and a sixth-form college. That dilutes not only the pool of youngsters going into those establishments, but the money and the opportunity to link up skills. Ultimately, it must dilute the quality. We need a strategic delivery function that does that much better.

The system is complex for youngsters, and for parents. I have spoken to the Minister about that and her Department is working on it. Parents are crucial—as partners, in supporting young people through a complicated system, in giving them opportunities, and in ensuring quality of provision, so that when we support our youngsters into their very different pathways, we are sure about the quality and the reliability of the courses.

I want to mention the collapse of Carillion last week. City of Bristol College stepped in, via the training board, to provide last-minute places. That highlights the importance of sustainability in further education, so that institutions can pick up that work. I will write to the Minister to make sure that the college gets the money to follow those young people, whom the college has done great work in supporting. We cannot allow that quality to be diluted any further.

10.39 am

**Gordon Marsden** (Blackpool South) (Lab): It is a great pleasure to serve under your chairmanship, Mr Paisley. I congratulate my hon. Friend the Member for Hornsey and Wood Green (Catherine West) on securing the debate. It has been excellent, thoughtful, positive and full of ideas, and she has led the field.

I am afraid that I do not have time to do full justice to the multifaceted points that my hon. Friend made. She mentioned the co-design of courses and the role of local authorities and their contractors and suppliers. She put forward ambitious and interesting ideas about how we might devolve all 16-to-18 provision, and she mentioned careers funding. I am conscious from my links and discussions with various groups in London—my

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right hon. Friend the Member for East Ham (Stephen Timms) referred to this, too—that there is huge appetite in London for devolution, for all the reasons that she explained.

I also praise the right hon. Member for Witham (Priti Patel), who drew on local experience to inform her thoughtful comments. I was particularly interested in what she said about careers. I think she used the words “not good enough in their spread”. I do not want to criticise what the Careers & Enterprise Company is trying to do, but one of the central issues in this debate is resources—resources in the centre, and how those resources are distributed. I think that there is some common ground in the Chamber on that issue. Interestingly, she also drew on her DWP experience. In my experience, having spent a long time holding this portfolio and others, if we do not get the mix right between the Department for Education and the DWP, we will not make the progress in this area that we all want to make. That is particularly true in areas such as traineeships.

My right hon. Friend the Member for East Ham mentioned the need for urgency from the Government. He rightly drew attention to productivity issues and to ESOL, which is key. The hon. Member for Filton and Bradley Stoke (Jack Lopresti), in an interesting intervention, made the point that this debate is about not just an economic issue but a moral responsibility. On ESOL, we have a moral responsibility to refugees, people who have settled here and given their work to this country, and many other disadvantaged groups in this area.

The hon. Member for Hornchurch and Upminster (Julia Lopez) made some thoughtful comments about initiatives in her constituency and devolution for London. My hon. Friend the Member for West Bromwich West (Mr Bailey), the extremely experienced former Chair of the Business, Innovation and Skills Committee, mentioned skills shortages; the incident that he raised with respect to a lack of proper supervision points to what we have been saying for the past two years about the capacity of the Education and Skills Funding Agency and the Department to handle such things. The fallout from the machinery of government changes is still causing problems.

My hon. Friend the Member for York Central (Rachael Maskell) rightly drew attention to the skills gaps in her local economy and the importance of issues in the service sector, which I will touch on. My hon. Friend the Member for Bristol South (Karin Smyth) used her experience on the Public Accounts Committee to make some telling points, including one that she has made to me on several occasions about parents being crucial.

We are entering a period of extreme uncertainty regarding our skills base because of the challenges of Brexit, automation, cuts to the adult skills budget, and so on. If we do not have a progressive integrated policy, those things will soon make it impossible for us to build highly skilled local economies or address our productivity crisis. Research commissioned by the Local Government Association reveals that the skills gap is worsening. The LGA says that by 2024 we will lack 4 million high-skilled people to take up available jobs, and will have 2 million too many people with intermediate skills and more than 6 million too many low-skilled people. The Open University

has said similar things, and the recent British Chambers of Commerce quarterly economic survey also touched on this issue.

As I said when I hosted the launch of the Learning Revolution Trust’s “Delivering skills for London” report in November, we have to accept and embrace the fact that, for many adults, working models and expectations will continue to change radically. That means that there will be more self-employment, more juggling of multiple part-time jobs, more engagement with small businesses, and more demands on individuals with more complex family structures and needs. I pay tribute to the Learning Revolution Trust for that report, which brought together colleges, council leaders and local players in just the way that they need to be brought together.

We must not forget the people who are often missed out. That report referred to the issue of employing people with disabilities—particularly learners with learning difficulties or disabilities, and people with special educational needs and disabilities. The Maynard review made really important proposals in that area. Will the Minister say specifically what collaboration and co-operation is happening in that respect, particularly with DWP and BEIS? Without their involvement, it will be difficult to take this forward. Add to that the public policy challenges for generations and our exit from the European Union—a lot has been said today about Brexit—and it is clear that the skills system needs to be one of our highest priorities if we are going to escape a shortage of labour when we leave the EU, and when people from the EU who are currently here leave. In that context, we must look at devolving skills budgets.

The Minister will know that in November, England’s seven metro mayors—four Conservative and three Labour mayors—called on the Government to devolve that power much faster. The Minister’s colleague, the West Midlands Mayor, Andy Street—I quote from the *Local Government Chronicle*—said:

“I believe now is the time for government to go a step further and provide us with the tools to tackle the challenges and seize the opportunities we each face.”

Such requests are piling up across the board.

The all-party parliamentary group for London’s report has been dealt with in great detail. I was privileged to speak at its launch last July. I congratulate my hon. Friend the Member for Croydon North (Mr Reed) and the hon. Member for Bromley and Chislehurst (Robert Neill) on the way that they chair the APPG. My hon. Friend the Member for Hornsey and Wood Green talked about its recommendations, so I will not repeat those, but I will say that, although the report focuses on one city, this discussion can be applied to regions across the country.

While we look at how apprenticeships are funded and how they might be part of the mix, we should explore traineeship funding at local level, too. Later today, I will meet the Association of Employment and Learning Providers and around 40 training providers to discuss a way forward for a programme that they believe the Government have neglected. We need to find ways to use traineeships as a contact point for getting on to apprenticeships and meeting local needs and demands. Another area that my hon. Friend the Member for Hornsey and Wood Green and my right hon. Friend the Member for East Ham touched on is ESOL.

We must remember when we look at local funding that European structural funds have traditionally supported the expansion of apprenticeships and small businesses in areas of the country with strong local enterprise partnerships. The Government have guaranteed funding in this area for the moment, but they have given no guarantee about what will happen when we come out of the EU. Can the Minister tell us what she and her officials are doing to make that clear to No. 10 and her colleagues in the Brexit team? The sum that is potentially available, £725 million, simply cannot be lost from the process.

This call for devolution is not new, and neither are the benefits that would come from it. Back in 2013, my hon. Friend the Member for City of Durham (Dr Blackman-Woods) and I wrote a Smith Institute pamphlet about how the Government and Whitehall had been far too slow to grasp the nexus between skills and sectoral delivery, as well as place delivery. I wrote:

“Put bluntly the age of relying on Government micromanagement and mandarins to deliver what we need in this area has reached a bit of a dead-end.”

I added that

“to encompass new low carbon and hi-tech industries...Such initiatives cannot any longer simply come out of Whitehall”.

The Minister will of course remember what Lord Heseltine said about that issue in his famous 2013 report, “No stone unturned: in pursuit of growth”.

I am hugely conscious of what we need to do for councils, such as mine in Blackpool and that of my hon. Friend the Member for York Central, that were able to create their own apprenticeships in the early 2010s but now, because of funding cuts, are not able to do so. The LGA has put forward an important vision in Work Local, which the Minister should look at as well as IPPR North’s recommendations.

Our national education service talks about how important accountability is:

“the appropriate democratic authority will set, monitor and allocate resources”.

Skills devolution is not just the smart thing to do in the community but the way forward. If local authorities, mayors and combined authorities have the capacity, competence and aptitude to take it forward, the Government need to take a far stronger and more thoughtful look at that.

10.50 am

**The Minister for Apprenticeships and Skills (Anne Milton):** It is a pleasure to serve under your chairmanship, Mr Paisley. I congratulate the hon. Member for Hornsey and Wood Green (Catherine West) on securing the debate. We do not have enough time to cover everything. It has been a fantastic debate, and it is useful for me to hear from individual Members. As the shadow Minister said, there is a lot of cross-party agreement on the subject. It is not terribly party political.

The hon. Lady talked about the significant skills gap. I was recently at the WorldSkills competition and conference, and of particular note was that Ministers from about 55 countries all around the world were saying the same thing. This is not a uniquely British problem. There is a skills gap around the world. If we look ahead 10 or 20 years, we cannot think of the jobs that will be available. This is a fast-changing climate.

To give some background on how serious the situation is, the skills for life survey in 2011 reported that 43% of people were found to have literacy skills below level 2—a good pass at GCSE—and 78% had numeracy skills below that level. Of the respondents, 15% were found to have the literacy skills of an 11-year-old or lower—an estimated 5 million people—and 49% were at that level for numeracy. Therefore, it is estimated that 17 million people have the numeracy skills of an 11-year-old or lower.

According to a 2017 Lloyds bank report, 11.5 million people in the UK are classified as not having basic digital skills. However, increasing numbers of young people are now leaving compulsory education with good standards of English and maths. In 2016, just over 71% of 19-year-olds held a level 2 qualification in both English and maths—the highest figure on record. However, we have a cohort of adults who lack those basic skills.

The hon. Lady was quite right that historically employers’ investment in skills has been poor. Employers and businesses have been bad at investing in the skills of their workforce, and the levy is one way of making sure that that is no longer the case. They pay into an account that must be used for training and assessment.

The hon. Lady also mentioned careers. I hope she has time to read the careers strategy I launched late last year—I spent a lot of time on it. Careers advice has been delivered poorly—I say that not least from my own experiences at school—and the strategy specifically mentions some of the issues she raised. She talked about patchy careers advice. What is the point of education if not to give young people the right start in life? Education is not an end in itself but a launch pad for life. We therefore need careers to become integral to what happens in schools. The largest word on the cover of the careers strategy is skills, because that is what it is about. I am not terribly fond of the word “careers”, because it invokes images that no longer apply. It is about jobs and skills.

It was a pleasure to see my right hon. Friend the Member for Witham (Priti Patel) contribute to the debate. I know how passionately she feels about this subject. As an aside, my hon. Friend the Member for Filton and Bradley Stoke (Jack Lopresti) mentioned the moral case, as did the shadow Minister. I could not feel more strongly that we have a moral imperative to get this right. It is not just about business and the skills needed; it is about making sure that people have a job path and manage to reach their potential in life. It should not matter where they come from, who they are or who they know. Everybody should have the same opportunity.

I urge Members to go into schools and talk about their careers advice, and to look at the careers strategy. There are a lot of requirements—there needs to be a lead on the governing body—and the spine that runs through the strategy is the Gatsby benchmarks.

My right hon. Friend mentioned two examples in Essex. I met a fantastic company in Essex, with 1,000 employees and 54 apprentices at any one time. That company is doing what we need employers to do. If it has a skills shortage, it recruits locally and takes apprentices from level 2 up to level 7, catering in some areas specifically for people with special needs and people on the autism spectrum. It is brilliant.

[Anne Milton]

All the changes brought in have put the Institute for Apprenticeships and employers centre stage. Someone mentioned how the work is led by employers, and in a way it has been devolved to them. They, along with the IFA, can set up the new standards and fill those gaps. My right hon. Friend mentioned the training programmes needed, and that is one way of dealing with that.

Flexibility on the levy came up in the debate. Yes, I am open to extending the levy's use, but it has been in place for less than a year. We will allow transfers. For me, the levy is something I will review constantly and see how it is spent—it will not be about having a review. What matters is not that we just get apprentices. I want high-quality apprenticeships and the money from the levy to go to where it is needed. There is a lot of money sloshing around in the system, and what matters is that it is not gamed or misspent but spent on the purpose for which it is intended.

On small and medium-sized enterprises, the Government will pay 90% of their training costs, and I believe for SMEs with fewer than 50 employees we pay 100%, so there is nothing to stop them taking on apprentices. The opportunity is there.

**Gordon Marsden:** I have personal experience of this. The Minister says that the Government pay 90% of SMEs' costs, but that is only for 16 to 18-year-olds. It would be useful if they were to look at the market for 19 to 24-year-olds as well.

**Anne Milton:** The shadow Minister raises an important point. There are so many issues I would like to raise—I have all these lovely notes about all the things we are doing. The best response I can give to hon. Members is

that it might be useful to set up, along with officials from the Department, a session to let them know what is going on and to get their feedback. That would be a useful way of moving forward, particularly on where we support SMEs, because they are an important part of every local economy.

Although I have lots of things to talk about, I have to conclude. The national retraining scheme, which we have launched, is one of them. We have put £64 million of new funding into early initiatives. I could talk about the skills advisory panels, which will be important in looking at the regional skills issues mentioned by the hon. Member for West Bromwich West (Mr Bailey). I commend what is going on at Dudley College and the local initiatives there. That is exactly the sort of scheme we want to see, and which I am seeing.

T-levels are not in place yet. I wish they were, but they are coming down the road soon. They are part of a consultation. We are also changing completely the approach to careers, and—I am skimming through my notes now—there is the devolution of 25% of the adult education budget. The areas where it is being devolved to have asked for more time, but it will be devolved in 2019-20.<sup>1</sup>

None of the skills improvements we want to see will happen through Government action alone. Schools need to see students' future, not just a set of exam results, as mainstream to their work. Employers need to play their part in building a skilled workforce, and we need a really strong FE sector and those important, independent training providers. That is critical. Parents also need to see that what their children need is a set of skills, not only—and not always—a university degree.

*Question put and agreed to.*

*Resolved,*

That this House has considered skills devolution in England.

## Rail Services (Bedfordshire)

11 am

**Mr Gavin Shuker** (Luton South) (Lab/Co-op): I beg to move,

That this House has considered rail services in Bedfordshire.

I am grateful to serve under your chairmanship, Mr Paisley. Rail services in Bedfordshire is a wide-ranging subject. Six Members of Parliament represent Bedfordshire, and I am pleased that two of them have been able to attend this short debate. With your permission, Mr Paisley, and that of the Minister, I hope to allow time for them to say a few words about services in their areas.

Rail services in Bedfordshire, and their context, have changed markedly in my time as a Member of Parliament. I grew up in Luton, and throughout that time there was the looming spectre—in a positive way—of Thameslink 2000, now the Thameslink programme. That major upgrade programme was given the go-ahead to totally transform the midland main line as it comes in and goes through the Snow Hill tunnel down to Brighton and the south. The programme has developed significantly since I have been an MP, and it will reach its culmination in the next couple of years when all services are switched on. That major investment programme was developed by the Labour and coalition Governments, and it is now under the Conservative Government. I fully welcome it because it provides much-needed capacity on that vital commuter route.

There have been recent developments in rail services in Bedfordshire in a number of different areas, but there are also long-standing issues that the Department must engage with to bring about service improvements for passengers, and those cannot be overlooked as we reach the end of the programme. In particular, we need vital ministerial action and instruction now as the franchise process on East Midlands Trains goes forward.

If I may, I will speak about two or three local issues that affect Luton residents, and then I will address the vital issue of stopping services on East Midlands Trains. In March 2016 I had the opportunity to raise in an Adjournment debate the long-standing issue of the rebuild of Luton railway station. At the time, I noted that it had been 2,179 days since the issue had last been raised in the House, and I regret to inform Members that in the past two years, the situation has not moved on much.

Luton railway station is in the top 10% of all stations in terms of passenger numbers, but it is old, tired, and inaccessible. In 2009, it was recognised as one of the 10 worst railway stations in the country. The response from the then Labour Government was to award it funding through the Better Stations programme, but that money was pulled after the May 2010 general election. That money was a crucial pot—alongside other pots—that leveraged in cash to get the rebuild. As a result, there is a total lack of disabled facilities to allow people to get to the platforms, and the geography of Luton means that, north and south, the primary access point into the town centre is through the train station, which effectively acts as a wall and barrier for many residents who wish to get to the centre of town with pushchairs or heavy baggage. The centre around the

railway station has changed and redeveloped massively, but the same tired station still exists, and as we know, first appearances matter.

If the Minister had been unfortunate enough to start her journey at Luton railway station today, as I did, she would have seen boarded up windows, and the amusingly entitled “water feature” that means that water continues to pour on to platforms. If the single lift was out of action, she would probably have struggled to get access to the platform with her ministerial boxes. Those problems need tackling. A number of abortive schemes have been brought forward, but despite the £6 billion or £7 billion investment from the Thameslink programme, accessibility has diminished as a direct result of that programme. As we go to 12-car running, those with mobility issues must now take a taxi to Luton Airport Parkway, or go on a circuitous route that adds about 15 or 20 minutes to their journey.

The Minister is new to her position, and I hope she will bring a fresh wave of enthusiasm to this issue. Within control period 6, will she specify a rebuild of Luton railway station that befits a town that serves a quarter of a million residents and a wider conurbation? As she knows, the East Midlands franchise is coming up for renewal, and there have been significant moves by the owner of Luton airport, the shareholder, the residents of Luton, and the airport’s operator and board to get the Government to include four fast trains an hour to Luton airport within that franchise.

London Luton airport is a rapidly growing airport in the south-east and the fifth-largest airport by passenger numbers in the UK. It is growing by about 15% a year, and it has great ambitions to take up much of the slack in terms of much-needed airport capacity in the south-east. It is the only London airport without an express train service, and of all London airports it has the lowest percentage of passengers who access it by rail. Some 160 fast East Midlands trains—it will be more under the new franchise—pass daily through Luton Airport Parkway, yet only 10% of them stop. That is a major issue, not least because the new service that connects the terminal to the train station—a major £200 million investment by the people of Luton—will be connected in the next few years. Journey times from St Pancras to the airport gate to check in could be as short as 30 minutes, which is a game changer for connectivity, but that will work only if four fast trains an hour connect the service. London Luton airport is integral to the emerging east-west corridor between Oxford and Cambridge, and to connecting services to the east midlands and the north, and I would like to see progress on that.

Despite the culmination of the Thameslink upgrade programmes over the next year—including physical infrastructure—just before Christmas we learned that there will be a phased introduction of new services of up to 24 trains per hour. Although I understand the desire of the operators to phase in that process, we have had a long time to plan for this. The communication strategy for this has been deeply disappointing, and it is not sufficient just to dump that news on Members of Parliament and commuters shortly before the introduction of a new timetable. This change is so significant that it could have been viewed from space, yet for some reason we learn at the final, gasping moments of the programme, that the full implementation of the timetable will be delayed by two to three years.

[Mr Gavin Shuker]

Finally, the change from May 2018 to the East Midlands franchise will mean that,

“from 20 May 2018 until the completion of the midland main line upgrade in 2020, East Midlands Trains peak-time services will no longer call at Bedford or Luton. As a result, no EMT services arriving into St Pancras between 07:00 and 10:00, or leaving St Pancras between 16:00 and 19:00, will stop at Luton or Bedford.”

That is a major change and major disruption for many of my constituents who rely on taking a direct train to London, and even more so for those north of Bedford, coming, from example, from Corby or Kettering to work further down the line in Bedford or Luton—and the disruption is happening over a long time. I think that I speak on behalf of all six Bedfordshire Members of Parliament—a group including Conservative, Labour and independent Members—when I say we are deeply disappointed by the way in which things have been communicated, and the shortness of the time window off the back of what even the Rail Minister has acknowledged was a less than perfect consultation exercise on the introduction of the new franchise from 2020. To be told that we shall lose services on East Midlands Trains at exactly the moment when we require them was deeply disappointing.

In the hastily organised meeting chaired by the right hon. Member for North East Bedfordshire (Alistair Burt), where we talked to the operators GTR and East Midlands Trains, and officials from the Department, I asked one simple question: who made the decision? It may not come as a surprise to the Minister, even at this stage of her time in the Department, that a long conversation ensued, with not much clarity at the end of it.

Accountability is vital with such major timetable changes. We all acknowledge, pragmatically, that timetable changes cannot now be reversed for May this year, but my simple ask is that the period of disruption be kept to a minimum. I understand that there are mitigation measures in place, under which GTR will operate additional services that stop at Bedford, Luton and then St Albans—which gets the lion's share of everything—before going on to St Pancras, but we are used to, and many people's working patterns are built around, long-distance services and slower commuting services. That is a mix that has served those towns well, and I should like a commitment that East Midlands Trains will again stop during peak hours at Luton and Bedford in the new franchise, and that all efforts will be made to move the changeover date so that it is much earlier. I understand that as the sixth path on East Midlands Trains is introduced, that should not be too difficult. I understand that there may be an issue as to rolling stock, but it is not beyond the wit of the Department to ensure that we do not wait three years.

It would be deeply disappointing, and would undermine the trust of all parties that have supported the £7 billion Thameslink upgrade programme, if the net result were to be more services and seats but a worse user experience for a number of commuters coming from different parts of the network, including Luton, Bedford and Bedfordshire. I make a plea to the Minister to engage fully in the issues affecting rail services in Bedfordshire, to make sure that we deliver for passengers.

**Ian Paisley (in the Chair):** I shall call the other Members who want to speak, but I ask them to take literally one minute, as I want the Minister to have as much time as possible to respond, and we must conclude at 11.30.

11.13 am

**Andrew Selous (South West Bedfordshire) (Con):** It is a pleasure to serve under your chairmanship, Mr Paisley. I am grateful to my neighbour, the hon. Member for Luton South (Mr Shuker), for letting me speak and I look forward to hearing what the Minister—whom I warmly congratulate on her new post—has to say.

I have three quick points to make—mindful of your admonition about time, Mr Paisley. West Midlands Trains serves Leighton Buzzard in my constituency. I learned recently that it is about to invest another £70 million in train maintenance and will provide an extra 10,000 seats to London each day, which will be available during the daily peak times. That will happen over the next few years but, more importantly, there will be two extra class 319 carriages to help commuters from Leighton Buzzard in the next few weeks. That is vital, with the extra housing growth that we have in Bedfordshire.

Secondly, I completely back the points that the hon. Member for Luton South made about the withdrawal of commuter services on East Midlands Trains from Bedford and Luton. That will cause major disruption to my constituents and there are worries that it is a bit of a stitch-up by some long-distance commuters who have been plotting it for a while; there are even worries about the locations of the consultants' offices. I note that they are in Nottingham, Derby and London; perhaps they would be advantaged by the changes. I call on the Minister to ensure fair play.

Last, I also completely back the point about the need for four fast direct trains an hour from London St Pancras to Luton Airport Parkway. Luton is the country's fifth-biggest airport and if we get things right it will be the one that is quickest to get to from central London. Let us get the cars off the roads and give people a good experience.

11.14 am

**Mohammad Yasin (Bedford) (Lab):** It is a pleasure to serve under your chairmanship, Mr Paisley. I congratulate my hon. Friend the Member for Luton South (Mr Shuker) on securing this important debate. I shall not be as brief as the hon. Member for South West Bedfordshire (Andrew Selous), but I will try my best.

Rail users who use train services from Bedford have been betrayed. We were promised that electrification of the midland main line would mean faster, greener, more reliable train journeys, and associated economic benefits. Instead, electrification has been cancelled and we are now losing our fast peak-time East Midlands Trains service. The announcement just before Christmas was a big shock. In October, the previous Rail Minister wrote to me that London to Corby passengers would have 50% more seats in the peak than they do now. The letter, which I have with me, also said:

“Passengers will also continue to be served by around the same number of East Midlands Fast trains during peak hours as they are now”.

That turned out not to be true. Throughout the time that we were focusing on the East Midlands rail franchise

consultation, the timetable changes were being pulled together. I should be grateful if the Minister would tell us today when the Department first became aware of the timetable changes and why the changes to Bedford rail services were communicated so late in the day. Why will there be no consultation? People are really shocked that there is no consultation.

These changes are huge. Passengers have only a matter of months to rearrange their lives around the loss of these well-used services. Many people moved to the area specifically because they thought it would be easy to commute to work in London or to the north. However, that will no longer be so; it has really upset their timetables and their lives.

Members of the local commuters association stood at Bedford station last week and counted passengers alighting from and joining peak evening trains at Bedford between 4.30 pm and 7.30 pm: 1,711 passengers left the train at Bedford and 130 joined it to travel north. No doubt a count in the morning would offer very similar figures. That means that about 4,000 people travel during peak hours from Bedford station. People are anxious about how they will balance work and family commitments. They tell me they will not be able to get back from London on time to relieve babysitters. Those travelling in from the north tell me they will drive from now on.

Dr Sheena Whyte wrote to me:

“My husband and I chose to live in Bedford because this enables us to work in Leicester and London respectively. Without a direct commuter service between Bedford and Leicester at peak times, the ability of my husband to attend his lecturing role at De Montfort University becomes almost impossible”.

That is typical of many of the letters I receive. People have chosen Bedford because of rail connectivity. We keep hearing about all the extra capacity, but rail use in Bedford is up 20% since 2010, so extra seats were needed anyway. It is said that under the proposals 1,200 seats will be gained, but we are losing 2,000 seats from East Midlands Trains. It is unbelievable: Bedford rail users' fares rose again in January, and I hope the Minister will urge the train companies to offer some form of compensation to them.

The Thameslink trains that people will be forced to use are not fit for a long commute. Many people use the journey to do work, and they cannot do that on the current Thameslink trains. I hope that the Minister will tell us when all Thameslink services will be retrofitted to include tables, power points and wi-fi.

I intend to host an event in Parliament for rail users as soon as possible, and my office has been in touch with the Rail Minister's team to try to arrange a date. I hope that the new Minister will confirm today that she is willing to attend that meeting and speak to my constituents.

11.19 am

**The Parliamentary Under-Secretary of State for Transport (Ms Nusrat Ghani):** It is a pleasure to serve under your chairmanship, Mr Paisley, in my first ever Westminster Hall debate. To prevent any confusion, I must say that I am not the Rail Minister. The Rail Minister, the hon. Member for Orpington (Joseph Johnson), is in the Space Industry Bill Committee, so I will do my best to respond to all the hon. Members here today.

I will start by thanking all hon. Members who have contributed to the debate. I congratulate the hon. Member for Luton South (Mr Shuker) on securing the debate and thank him for allowing other hon. Members to voice their concerns. As a proud Lutonian, I have many family members in Luton who have given me an update on their travel journeys since I have been in the Department for Transport.

I have listened carefully to all the representations about the immediate plans for rail services through Bedfordshire and it is clear that hon. Members and their constituents have lost patience. It is also clear that public trust, or at least confidence, has suffered. That is in part because of the lack of consultation about plans to introduce new but important changes to services across Bedfordshire. I will say more about that shortly.

I apologise to passengers and to local businesses who will be inconvenienced by the planned service alterations in May. I recognise the short-term pain that those changes will cause to commuters and businesses. I can assure hon. Members that the Government, Network Rail and the train companies are doing everything possible to mitigate the impact of these changes on rush hour passengers. For example, we are currently exploring the potential for running an additional “peak-busting” East Midlands Trains service direct between Bedford and St Pancras.

I want to be clear about two things. The enhancements that we are delivering on Thameslink and the midland main line are essential to sustaining the long-term prosperity of Bedfordshire and the east midlands. I know that the hon. Member for Luton South is chair of the all-party parliamentary group for Thameslink, so he knows much more than I do about that, but I gathered from his speech that he is convinced that the investments are being made for the right reason. The passengers, businesses and communities who will have to cope with some service reductions are the very people who will benefit in the future from newer, faster trains, more services, more seats and more destinations.

I also highlight that we are dealing with challenges associated with success and not failure. More people are travelling on trains than by any other form of transport.

**Mohammad Yasin:** May I correct the Minister? It will not be extra seats but fewer seats for commuters travelling from Bedford. We are losing 2,000 seats when we lose the EMT train service and gaining 1,200. There will be fewer seats available, not more.

**Ms Ghani:** The paper I have in front of me tells me that there will be 2,000 seats available. I am aware of the note that the hon. Gentleman sent through to the Department; unfortunately, there was a change of Minister, so that note has been passed on to the new Rail Minister. I know the hon. Gentleman has requested a meeting with his passengers and constituents, and I believe the new Rail Minister will honour that and have the meeting to explain further the impact of the changes on the hon. Gentleman's constituents in the short term and the benefits for them in the long term. That note has been passed on, and no doubt the Minister will be present at the meeting that the hon. Gentleman wishes to convene.

I recognise that these statements will be of little comfort to hard-pressed commuters who face the prospect of travelling on fewer trains, even if they will be more certain of a seat for their journey during that time.

[Ms Ghani]

However, the reality is that demand for rail travel is exceeding supply. The Thameslink programme and the upgrade of the midland main line represent only two examples of the major investments that this Government are making across the country to give passengers the rail services they demand.

Last year we announced our intention to commit some £48 billion to improving the reliability of the rail network between 2019 and 2024—all this in addition to the £55 billion already planned for HS2. However, the clear and unavoidable cost to passengers of delivering all those improvements is that there is often an impact on current services in the interim.

I will go back to the question of consultation, which was raised by the hon. Member for Luton South. May 2018 represents one of the largest timetable changes in recent rail history, affecting services across the south-east of England and beyond. The hon. Gentleman also quoted the Rail Minister's comment that solutions are not always perfect, but that we need to make the changes to increase capacity and reliability on the line. I am rushing through, because we have a short time, but I hope to get to everyone's points.

In the meantime, let us not forget that the £7 billion Thameslink programme was designed to transform the rail services that are so important to constituents and to the long-term prosperity of Bedfordshire. The upgrade of the midland main line is planned from May 2018 to 2020, and unfortunately Bedford and Luton town will lose East Midlands services in the peak while the upgrade is delivered. However, the Department has agreed to fund East Midlands Trains to lease three additional high-speed trains. In addition, as part of the timetabled development work, East Midlands Trains has found a way to maintain its existing calls at Luton Airport Parkway in the peak, enabling airport passengers from north of Bedford to continue to enjoy a direct service.

However, during that time they will benefit from more frequent Thameslink services. Those services will provide over 2,000 extra peak-time seats from Bedford and over 3,000 from Luton each morning. At Luton, that is far in excess of the number of seats on EMT trains that will no longer be able to call there—most, if not all of which are already occupied. That will be welcome news to some passengers, I am sure. Thameslink will also provide an alternative fast service with fewer stops, delivering journeys of around 45 minutes between Bedford and London, and of around 30 minutes between Luton and London. For some passengers, the convenience of a regular direct Thameslink service to the heart of London will make for an easier commute.

The hon. Member for Luton South mentioned accessibility to platforms and trains. That is within my portfolio, and having done some research I have been assured that Thameslink has better facilities on its trains, better access to toilets, better wi-fi and wider doors, and step-free access to platforms at Bedford but not at Luton. I am more than happy to sit down with the hon. Gentleman to work out what more we can do to apply pressure to ensure accessibility is available to all.

As I said, I recognise that that will be of little comfort to some passengers during the midland main line upgrade. The situation for them will be resolved from 2020,

which coincides with our exciting plans for the new East Midlands franchise, on which, I am delighted to say, we conducted a full and thorough public consultation. That consultation is now closed; I thank all those who contributed to the discussion on our proposals. The contributions are being evaluated and we will release our response soon, alongside the invitation to tender for bidders.

Our plans for the East Midlands franchise invite proposals for a brand-new fleet of longer, quieter, more comfortable and more efficient trains, which will provide additional seating with improved on-board facilities on long-distance services. Together with the investment in the midland main line upgrade, a fleet of high-quality electric trains will provide up to 50% more seats in the peak on the fast, direct service between Corby, Kettering, Wellingborough, Bedford, Luton and Luton Airport Parkway, and London St Pancras by December 2020. The next operator of the franchise will also have to bring forward exciting and innovative plans to improve customer service and the provision of information to passengers, and offer tickets that serve flexible travel patterns and improve value for money.

As part of a strategic vision for the railways that puts passengers first, we will also require new ways of working under the next franchise. Therefore, in keeping with our strategy for the railways published last November, the new East Midlands franchise will bring to an end the historic separation of track and train. That separation is no longer suitable for meeting the challenges of today's intensively used rail network. In its place we will introduce a "one team" approach that will embed shared incentives between Network Rail and the new operator to ensure that passenger interests come first in all decision making. I hope all hon. Members will agree that that vision for the new franchise will ensure that East Midlands services play a full role in securing the long-term economic prosperity of the region.

I thank all hon. Members for contributing to the debate, which has been stimulating. I hope I have answered most questions; if there are any that I have not answered, I am sure that the Rail Minister will most certainly follow up in writing, if not in the meeting that the hon. Member for Bedford (Mohammad Yasin) wishes to convene. I also hope that I have left hon. Members in no doubt that we recognise the importance of Bedfordshire's prosperity to our national success. For that reason, we have invested and continue to invest at historic levels in enhancements to rail network, trains and services. A railway fit for the 21st century is our vision, and we are rolling out the plans to get us there. Unfortunately, sometimes that comes with unavoidable short-term consequences, for which I have apologised. I assure hon. Members that the Department will continue to work hard with Network Rail and the train operators to mitigate those as far as possible.

I will close with one of the lines used by the hon. Member for Luton South: the £75 billion that we want to deliver must deliver improved quality of service for our passengers and value for money.

*Question put and agreed to.*

11.29 am

*Sitting suspended.*

## Shipbuilding Strategy

[SIOBHAIN McDONAGH *in the Chair*]

2.30 pm

**Luke Pollard** (Plymouth, Sutton and Devonport) (Lab/Co-op): I beg to move,

That this House has considered the National Shipbuilding Strategy.

It is a pleasure to see you in the Chair, Ms McDonagh, and good to see many experienced hands from defence debates assembling for yet another one. It is also a pleasure to welcome the Minister to his place and to the wonderful world of defence procurement.

I declare two interests. First, I introduce this debate not only as the Member of Parliament for Plymouth, Sutton and Devonport—Plymouth is a proud military city in uncertain times because of the possibility of defence cuts—but as a vice-chair of the all-party parliamentary group on shipbuilding and ship repair. It is good to see so many members of that small but illustrious group—a band of brothers and our sister from Berwick-upon-Tweed—in their places today. Secondly, as a proud GMB and Unite member, I have had the input of those unions into the debate, for which I am grateful. The combined skills and experience of shipbuilders, engineers and master craftsmen and women contribute hugely to the debate, and it is in defence of those jobs and skills and that industry that many of us are here today.

I am sure that the Minister's new officials have brought him up to speed, but it might be useful if I recapped briefly why shipbuilding and this debate are so important at the moment. First, though, every hon. Member, on both sides of the Chamber, wishes him and the new Secretary of State for Defence well in their battle with the Treasury to secure more funding.

The UK spends too little on defence, and that has consequences for what the Ministry of Defence can spend on shipbuilding, ship repair and ship procurement, capabilities and weapons systems. The excellent report by the Select Committee on Defence, "Shifting the goalposts? Defence expenditure and the 2% pledge", shows that the last Labour Government spent on average 2.5% of GDP on defence, and the figure did not fall below 2.3%. Many hon. Members, on both sides of the House, would like a return to that level of spending.

With defence inflation running at a greater level than consumer prices index inflation, the extra bit that the Treasury affords defence is being eaten away as the real-terms value of defence procurement is put under more pressure. I think I speak for most hon. Members when I say that we strongly oppose, on a cross-party basis, cuts to our amphibious ships based in Devonport, in the constituency that I represent, and plans to merge the Royal Marines, but that should be taken as a given in this debate.

That is the backdrop, but the military context is important as well. We live in very uncertain times. Russia is expanding her horizons, has invaded European countries and has largely got away with it. China has ambitions across the Pacific. And the Royal Navy's ability to command the waves is severely constrained by a shortage of manpower, a privatised recruitment system

that is not delivering, and ships tied up because of faults, personnel shortages and a lack of resources. There is a focus on the carriers and continuous at sea deterrence, but the rest of the Royal Navy is suffering, and my argument is that this House will not stand for it.

The national shipbuilding strategy was much delayed, but was at least a good start. It accepted in full Sir John Parker's recommendations, so I am not sure why it took so long to be produced. Defence aerospace is not as fortunate as shipbuilding, because at least we have a strategy. Britain is good at shipbuilding, and the many warships on sea trials, in dock being built and being planned are testament to our naval heritage and the up-to-date skills of a superb workforce right across the UK. I hope that today's debate will illustrate to the new Minister and his officials not that that plan is wrong *per se*, but that with scrutiny we can make it more robust and more valuable to industry and our armed forces.

I want to highlight two principal areas in asking for revisions to the document. One is the procurement of the Royal Fleet Auxiliary's vessels, especially the new fleet solid support ships, and the other is the configuration, capabilities, roles and realities of the proposed Type 31e frigate. As I said, the first issue is the new RFA solid support ships. The proposed three ship orders, with the vessels coming in at 40,000 tonnes apiece, would match the 120,000-tonne construction contract for the new carriers so ably delivered by British workers across the UK and assembled in Scotland.

I personally favour a restricted tender for the ships, so that only UK shipyards could build them, as they will be carrying arms, munitions and supplies, but I concede that international competition is the most likely option that the Minister will choose for them. In such circumstances, not only must the UK industry be encouraged to submit a bid and not actively discouraged by the MOD, but we must ensure that the procurement does what the procurement for the MARS—military afloat reach and sustainability—tankers did not: it must truly value the social, employment and economic impact of the work for shipbuilding and supply chain communities right across the country.

**Mr Stephen Hepburn** (Jarrow) (Lab): I am sure that my hon. Friend is aware that shipbuilding industries throughout the world are very heavily subsidised, in one way or another, by their Government. That does not happen in this country. Does my hon. Friend think that we could get a better, more level playing field if the Government addressed their mind to that?

**Luke Pollard:** I thank my hon. Friend for that intervention; I agree with him. In fact, our hon. Friend the Member for Glasgow North East (Mr Sweeney) has raised the concern that state aid from the South Korean Government was potentially part of the consideration of the value of the MARS tankers contract, which went to South Korea. That £452 million contract was potentially subsidised by the South Korean Government, who are building skills and employment in Daewoo shipyards in that country. Excluding a little bit of final outfitting in the UK, those jobs have been outsourced and offshored.

Contracts to build ships for the Royal Navy and Royal Fleet Auxiliary should be onshored. The ships should be home grown, British designed and British made, using British steel and British technologies, and preserving Britain's sovereign defence capabilities to

[*Luke Pollard*]

design, build and equip complex and important ships for our own use and for export. The MOD could give its friends in the Treasury the good news that between 34% and 36% of the contract value would be flowing back into its coffers in tax and national insurance—bad news potentially for Kim Dong-yeon, the South Korean Finance Minister, but good news for our Chancellor of the Exchequer, who I am sure is following this debate closely and with avid interest. He is, after all, a big fan of the armed forces.

If UK shipyards build elements of the ships, it could help to fill gaps in the order books of yards right across the UK and contribute to what I believe should sit alongside the shipbuilding strategy: a clear running order of contracts over the next 30 years for the Royal Navy and RFA; a pipeline of work; a reason to invest in world-class design and production facilities, not just on the Clyde, but in reanimated yards such as Appledore in north Devon and those of Harland and Wolff and Cammell Laird. Ipsos MORI research commissioned by the Department for Business, Energy and Industrial Strategy found that 100 shipyard jobs lead to an additional 32 jobs in the manufacturing sector within a 60-km area, so there is a multiplier effect from investment in UK shipbuilding.

**Dr David Drew** (Stroud) (Lab/Co-op): Does my hon. Friend accept that at the other end of the scale, the commercial end, there are also very profitable yards? There are two in Stroud, funny as that may seem, at Sharpness and Saul. It is important that we understand that the whole shipbuilding industry needs support, but also recognise that it is a very integrated industry. Does my hon. Friend agree?

**Luke Pollard:** I thank my hon. Friend for that intervention. I do agree. The great strength of this debate on the national shipbuilding strategy is that we can praise the contribution not only of those yards that might be seen on the 10 o'clock news—the ones with the very large cranes and very large warships—but also all the supply chains to the smallest yards, and all those businesses that supply the kit that goes on the ships. That makes the UK a formidable power when it comes to shipbuilding. I am glad that the shipbuilding strategy hints at that, but perhaps it could go a little further in celebrating it.

That brings me to the second point, and recognising that many hon. Members want to speak, I will be brief. In my maiden speech in the House of Commons in June 2017, I called for more, and more capable, frigates. The Type 31e is not exactly what I had in mind. I am concerned that the shipbuilding strategy embeds the reduction of truly world-class frigates from 13 to eight. The Type 26 is a fine global combat ship, although one of the City class should be named after Plymouth—a campaign started by my Conservative predecessor and continued proudly by me. It is a good ship and a good programme that will serve UK interests well, but there are too few of the ships—to be precise, five too few.

The top-up light frigates have an ill defined military role, a confused capability and a price tag that gives this the potential to be the Snatch Land Rover of the Royal Navy—a comment by the Royal United Services Institute's

director of military sciences. I have a different name for that class: corvettes. I am genuinely concerned that over the next few years this class of ship will be the focus of much critiquing, as it fails to hit established frigate standards and looks less capable than the Type 23 frigates that the ships replace.

**Mr Kevan Jones** (North Durham) (Lab): On the point about an undefined task, we had it from the Minister—I have had it in a written answer—that the ship will not be able to do any NATO tasks, and it will not be able to do any carrier protection work, so can my hon. Friend suggest what the role of this vessel will actually be, apart from being a glorified fishing protection vessel?

**Luke Pollard:** My hon. Friend is spot on. The confusion about the role of this warship is at the heart of the problem with the shipbuilding strategy. It looks like we put the cart before the horse in defining a price tag but not a role. It is essential that in the next couple of months the Ministry of Defence comes forward with that, to provide all defence-leaning Members of Parliament, on both sides of the House, with a reason to celebrate this warship, not critique it, because I worry that the critique will not support it and help its attractiveness as an export product. We should turn those weaknesses of the Type 31 into its strengths and promote a corvette class, not a poorer frigate. That would give the Royal Navy two carriers, two amphibious assault ships retained and not cut, six destroyers, eight proper frigates, five corvettes and the new offshore patrol vessels. That is still too few ships, but a line we should not go below, or accept further cuts or reductions against.

The shipbuilding strategy suggests that UK yards will build five Type 31s as replacement for the Duke class, and pitch for competition for 40 to export. As Darth Vader warned Director Krennic in “Rogue One”—a film I am sure we have all watched:

“Be careful not to choke on your aspirations”.

I truly want to believe the MOD when it says that there is a market abroad for 40 Type 31s, built in Britain, but I cannot see where that might be.

**Chris Stephens** (Glasgow South West) (SNP): Given that we do not know the capability, and given the comments made by the hon. Member for North Durham (Mr Jones), is there not a question as to who we would export these Type 31 frigates to? Does the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) agree that the view of many in the shipbuilding industry is—to quote his hero Darth Vader again—that we want these ships, not excuses?

**Luke Pollard:** As a Luke, I am not sure Darth Vader is quite my hero, but the point the hon. Gentleman makes is a good one. There are 14 other ship manufacturers globally providing a light frigate option of between 2,000 and 4,000 tonnes. That is an awful lot of competition when the customers are ill defined. Let us look at some of those competitors for the Type 31 frigate: there is the French and Italian FREMM class; the Spanish Navantia F-105; the Danish StanFlex; Germany's F-125 Baden-Württemberg class; and South Korea's Incheon class, let alone the myriad cheaper platforms built by China and other far-eastern nations.

**Mr Kevan Jones:** It is a fact that Britain last exported a frigate over 40 years ago. When I raised that with the new procurement Minister at Defence questions, all I got was an accusation of talking down the British shipbuilding industry. Does my hon. Friend agree that as a matter of urgency the MOD needs to clarify exactly where it sees the market for these 40 frigates?

**Luke Pollard:** I agree with my hon. Friend. Clarity around the role, capabilities and market for the Type 31 is absolutely critical in building a strong case—a marketing dossier—that says, “British Members of Parliament support this ship and will actively go out and sell it,” because I am concerned that we cannot even advocate for the Type 31 for UK military use, let alone military use for those abroad.

**Mr Paul Sweeney** (Glasgow North East) (Lab/Co-op): Does my hon. Friend agree that an increasing pattern in the procurement of ships around the world for naval purposes is that the proposition for bidders, such as Fincantieri and BAE Systems, is that those ships will be part of an industrial offer to the customer country, in that they will be built in their country, so the potential for build in the UK for export is extremely limited, and part of the competitive drive is to move that work into the country purchasing the ships as part of an industrial offer?

**Luke Pollard:** My hon. Friend perfectly sums up where this is going. It is clear that we need to look at what those jobs will be. Will they just be in design, or will they be in build in the UK?

We need to recognise that the Royal Navy needs to sell the best in-class version of the Type 31 if it is to be a compelling export product; it should be a floating showcase, an example par excellence, not a cut-back, scaled-down, bargain-basement, cheap as possible, poorly-armed, combat-light, barely acceptable platform. We need clarity on whether the export version will be built here or abroad. Britain is building ships. Britain is building corvettes and offshore patrol vessels. Babcock is building the Irish navy OPVs at Appledore: the Samuel Beckett-class OPV is lightly equipped, but capable. BAE Systems is building OPVs: the Batch 2 river-class ships and the Khareef class for Oman. They have similar armaments, but with the ability to add Exocets and a medium helicopter. Those ships could well form the basis for the Type 31 Arrowhead or Leander-class options—extended OPVs, rather than frigates in their own right.

My hon. Friend the Member for Glasgow North East mentioned customers and where they will be. Australia and Canada are looking to procure new frigates in the coming months, but they are more in the market for a Type 26 all-rounder anti-submarine warfare frigate, rather than Type 31s. I appreciate that the Minister has inherited someone else’s homework and ambitions, but where will the 40 export orders come from and can the Type 31 really win 40 orders? I am naturally cautious about suspiciously round numbers, and this shipbuilding strategy suggests not only a suspiciously round £250 million per ship, but that there will be 40 exports. As aspirations go, it is good to be bold, but I would prefer us to be realistic about the delivery of this ambition, especially against the backdrop of post-Brexit uncertainty and volatility in the value of sterling.

As with the national security review, I fear that the national shipbuilding strategy puts the cart before the horse. We know the price tag, but not the capabilities. We know the final bill, but not what foes will be faced, what waters will be patrolled or what role it will have. Clarity is our ally if we are to make a strategy that is truly joined up and deliverable. In very uncertain times for our armed forces, this strategy should offer us hope of long-term thinking. I say to the Minister that the paralysis and the pitched battles of the national security review are understandable, but they do not have to lead to the paralysis announcements from the MOD.

I encourage the Minister to announce the base porting arrangements for the Type 26s and the Type 31s, providing clarity for future investment in base ports. Devonport offers a genuine world-class base, as he would expect me to say. I also encourage him to announce that the fleet support ship contract will be open to UK bids, and that no UK shipbuilder will be discouraged from entering by the MOD in order to curry favour for other contracts, especially the Type 31. I also encourage the Minister to announce that the social, economic and employment impact of the contracts will be assessed as part of the contract decision making process. Bring forward greater detail about the Type 31—its capabilities, roles and operations—and be clear about how it will be built in the UK.

There is a huge opportunity to be ambitious here, an opportunity to build and sustain a revitalised shipbuilding industry providing good, well paid and high-skilled employment across the country, backing British supply chain jobs, creating apprenticeships and, importantly, providing the Royal Navy and the Royal Fleet Auxiliary Service with the ships they need for Britain’s sea power to rule the waves once again. A strong defence is worth fighting for, and we know that a strong defence cannot be done on the cheap.

2.47 pm

**Dr Julian Lewis** (New Forest East) (Con): It is a pleasure to contribute to this debate under your chairmanship, Ms McDonagh, and to follow the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard), who has done a service—not for the first time—to the House of Commons, by bringing key defence issues for our consideration.

Having said that, I am going gently to disagree with the hon. Gentleman. I did not know what line he was going to take until I heard his speech this afternoon and I shall be a little heretical myself, because there is a track record on this question of what we ought to do in terms of designing replacement frigates, particularly lighter replacement frigates.

The context in which one wishes to set this is the relentless decline in the size of the frigate and destroyer fleet. The House will probably not need reminding that we had more than 60 frigates and destroyers at the time of the Falklands campaign. By the time that my cohort came into the House of Commons in 1997, that number had come down to 35 frigates and destroyers.

The incoming Blair Government conducted the strategic defence review of 1997-98. That was where the twin concepts of the carrier strike force and the amphibious force making up the sea base, which would be able to exert land and air power from the sea in any particular theatre of warfare across the globe, was born. As a price

[Dr Julian Lewis]

for bringing forward the idea of the two super carriers, a modest cut in the number of frigates and destroyers was put forward, from 35 to 32 vessels. We all know what happened next: the 32 came down to 31; the 31 came down to 25; and the 25 then came down to the present woefully inadequate total of 19. That is the issue that the hon. Gentleman quite rightly wishes to address. If there had not been any changes in the method of warship design, I would have signed up entirely to his argument from beginning to end.

But the one factor that I wish people to take away from my contribution to this debate is the concept of a template warship. The phrase “modular build” is the one that we need to keep in mind.

I talked about the way in which the numbers of frigates and destroyers were reduced. Part of that process was the way we went about replacing the destroyer fleet. At the time we started introducing the Type 45 we were down to 12 destroyers, and the original idea was that those 12 destroyers would be replaced with 12 Type 45 destroyers. We know what happened then: the same process—the 12 went down to eight, and eventually we ended up with six. Why did that happen? It happened because of our insistence, and the Royal Navy’s understandable concern, that the new warships should be top of the range, ab initio, in every respect that can be thought of. When we do that and we keep adding, in the long course of a period of design and build, more and more requirements to a new warship, inevitably the price goes up and the number of units we can afford to build comes down.

I was fortunate enough to see the Type 45 destroyers close up at a very early stage. Being taken on a tour of the ship, I was struck by the fact that a very large area in the forward part of the ship was devoted to the ship’s gymnasium. Why did the Type 45 destroyer have such a large gymnasium? The answer I was told was that the space that was going to serve as a very large gymnasium was earmarked for the future, so that when we could afford to add a suite of tactical Tomahawk cruise missiles—surface-to-surface, long-range missiles, which we could not afford to equip the Type 45 destroyers with at the time—we would be able to remove the paraphernalia of the gymnasium and insert a module into that area, thus installing this massive upgrade in the weapons system at some future stage in the ship’s life. Warships are rightly designed to have a long lifespan; we are told that the new carriers, for example, are meant to last us for the next 50 years. So how much better is it—the answer is hugely better—to design them from the outset so that instead of having to rip the ship apart halfway through its life to upgrade it, we can easily add to its capacity?

In 2009, I published an article that got me into a lot of trouble. In the *RUSI Defence Systems* journal in February 2009, I said what was perhaps the unsayable: that if we were ever going to get the future frigate fleet back up to the sort of numbers we needed, we would have to design it in such a way that it was as “cheap as chips”. The First Sea Lord of the day, Admiral Sir Jonathon Band, who is a great man, was not at all happy with that phrase. But I did not use the phrase lightly; I used it because now we have this technique of plug-and-play, of modular build. If we could design a template warship that had all sorts of empty compartments in it from

the outset, and if we could get a large number of hulls into the water from the outset, by a process of incremental acquisition, we could arm them up so that, over a period of years, they would become more and more capable.

I see the hon. Member for Plymouth, Sutton and Devonport nodding as a sign, I hope, of some approval of the line that I am taking. We are not disagreeing about ends; we are slightly disagreeing about means. I do not wish to see the Type 31e become more and more expensive before even the first one has been completed. I wish to see a hull design—I look to the Minister to tell us how that is progressing—that will enable us to maximise the number of hulls and to spread the cost of a really high-capability warship, which the hon. Gentleman rightly wants to see and I want to see at the end of the process, over a longer period of years. That is so that, when the defence budget gets the uplift that it needs—and we all hope it will if the Secretary of State for Defence is successful in his so far heroic but incomplete campaign to take on the Treasury—we can hope to start to reverse the terrible downward spiral in the number of frigates and destroyers that had rendered our fleet incapable of doing its duty. The Royal Navy, as we know, is very strong on doing its duty, and we need to give it the tools and the warships to finish that job, whatever job it is confronted with in the uncertain future.

2.55 pm

**Jim Shannon** (Strangford) (DUP): It is always a pleasure to speak in debates, Ms McDonagh.

May I first congratulate the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) on setting the scene so well, and the right hon. Member for New Forest East (Dr Lewis), the Chair of the Defence Committee, on his special contribution? I am very pleased to make a contribution, and in debates such as this I always refer to the fact that as an ex-serviceman—on the land, of course—I have an interest in the support of service personnel and wish to see that we do our best, whether it be for the RAF, the Royal Navy or the Army. This debate gives us a chance to focus on the Royal Navy. My hon. Friend the Member for Belfast East (Gavin Robinson) is doing the armed forces parliamentary scheme with the Royal Navy and is also on the Defence Committee. We are very privileged to have his contribution in that Committee, and hopefully in this debate as well.

I am proud to be from a party—the Democratic Unionist party—that pushed the last Government hard into increasing the spend on defence by 1%. As we try to do, we used our influence in a very constructive fashion to make sure that defence issues are the top priority for Government. We have also got some feedback on that, as my hon. Friend will know. We have some commitment to defence spend in Northern Ireland in relation to reserves—this debate is not about that, of course—and capital spend. Those are some of the good things that we are doing positively in relation to Northern Ireland with the Ministry of Defence.

The reason for that defence spend is clear. While it is great to have money spent locally, the fact is that no matter where in the United Kingdom of Great Britain and Northern Ireland someone lives, they will benefit from armed forces that are well trained, well fed and well equipped. That is the reason we are here. The summary in the national shipbuilding strategy, which I am not going to read because I am sure that Members

have it in front of them, is clear that the Royal Navy needs to have the eight Type 26 frigates and the strategy for the Type 31e frigates as well. Again, the hon. Member for Plymouth, Sutton and Devonport referred to that.

I believe that we benefit by having been able to send aid over after the recent Hurricane Irma and during the crisis period. Our Royal Navy was already there and able to respond. We benefit by being able to meet our responsibilities throughout the world with a fleet that is capable, and we further know that we can defend these islands and our British colonies when needed. Better than our knowing that we can do that, the rest of the world also knows—it is important that it does—that we can and will do so if and when the need arises.

I will tell this story, not flippantly but to have an illustration on the record. I once had a teacher who advocated picking out a pupil at the start of the year to be introduced to Cain and Abel. The premise was that he had a cane and was able to use it. He then demonstrated that to the class at the first opportunity—I was a recipient of it on many occasions in the '60s—and we knew from then on that we did not want ever to meet Cain and Abel again. That is perhaps rather simplistic, but it illustrates why it is important that the Royal Navy has the ability to be our Cain and Abel wherever it may be in the world. I am not advocating the use of blunt force to make a statement; I am saying that we have proven in the past that our abilities are numerous, and that we have the premier armed forces in the world. We also need to underline the fact that that is not simply a historical fact; it is a present-day reality. For that, we need facilities that are capable and that make the grade. Every one of us in this debate, whatever angle we come from, will want to impress that on the Minister, whom I am pleased to see in his place; I am also pleased to see the shadow Minister in his. Hopefully, we will all make constructive contributions to this debate, so that we can move forward in a positive way.

I read an interesting article on the topic on the website Save the Royal Navy that gave a concise view of where we are and where we are headed in terms of our shipbuilding strategy and defence capability:

“When the Tide class oil tankers were ordered in 2012 (a remnant of the Military Afloat Reach and Sustainability (MARS) project), no British company had bid for the construction work. There were two main reasons: most UK yards were occupied working on the QEC aircraft carriers blocks, but they also knew they would not be able to compete on price with foreign state-subsidised shipyards. The controversial decision to look abroad made sense at the time, the MoD got four ships at a bargain £452 million and no British shipbuilder could claim they would go under without the work. (£150 million was spent in the UK with BMT who designed the ships together with A&P Falmouth, who are fitting them with additional military equipment). Five years later, the landscape has changed significantly”,

which is why this debate is important.

“The QEC construction project is in its final phase, but one of its very positive legacies has been to help stimulate a modest revival in commercial shipbuilding, and there are now yards hungry for further naval work.”

In a past life as a member of the Ulster Defence Regiment back in the '70s, I guarded the Samson and Goliath cranes in the old Harland and Wolff shipyard, which made a significant contribution to shipbuilding in Northern Ireland. On the border of my constituency, within that of my hon. Friend the Member for Belfast East,

the shipbuilding giant was at one stage the biggest employer of men in both our constituencies, with some 35,000 workers at its peak in the 1920s.

Harland and Wolff has not produced a ship in about 14 years, although it continuously built and provided ships over a period of time. The last to leave Queen's Island was the £40 million Anvil Point, at the start of 2003. The 22,000-tonne ferry was the second of two vessels built for the Ministry of Defence. Harland and Wolff is teaming up with other companies such as Thales, also in my hon. Friend's constituency, to bid for a £1.25 billion contract. I believe that they have not only the ability but the drive and desire to deliver the best that can be given. They are invested in securing every bolt and screw, not simply for the sake of their reputations but for the sake of their own children and grandchildren, who may well serve their country on the ship.

**Gavin Robinson** (Belfast East) (DUP): I am grateful for the lettered references to me in glowing terms. Harland and Wolff in my constituency is one of many shipbuilders seized with the aspiration associated with the national shipbuilding strategy. Does my hon. Friend agree that it would be helpful for the Minister to clarify the distinction between UK content and UK benefit? What is intended, and what surety can UK shipbuilders take from that distinction?

**Jim Shannon:** Everything that I said about my hon. Friend was absolutely true, so he can take my comments as such, but his intervention was specific to the Minister, to whom we look for a helpful response. My hon. Friend outlined some of the issues in the briefing document that we had beforehand about building only in the UK and skills. We need skills not only in the Royal Navy but in the shipbuilding programme. Costs can never be ignored; it comes down to how we do it best. I understand that we are considering exports for the ships and frigates that we are building, but it seems that that may not have been realised yet. Quantity or quality is a difficult debate. What is best? We certainly want quality, but perhaps we need quantity to go along with that.

To return to the Royal Navy's ability to fulfil all its missions, let us consider some of the things that we are aware that the Royal Navy does today. Fisheries protection will become more apparent when we leave the European Union on 31 March 2019. All our seas will be back in our control, and when they are, we will need to police them to ensure that other countries do not take advantage of places where they once fished, but where they will only be able to fish if they have an agreement with us. We must put that on record. The Navy has a role in the Falkland Islands and in anti-piracy in eastern Africa, as well as in dealing with refugees in the Mediterranean. The demands on the Royal Navy are immense; we should keep that in mind.

I am suddenly conscious of time, so I will finish with this. It is vital for the local economy that shipbuilding is done in-house and not outsourced, and the collaboration of local and UK mainland companies seeks to do that. I believe that that trumps the freedom of trade thought process, with which I agree to an extent, although I do not believe that it precludes the fact that charity begins at home. It is not charity, of course; it is having business, workers, jobs and contracts at home. If we have the capability to produce, which we clearly do, then that work can and must be carried out right here at home.

3.6 pm

**Mr Paul Sweeney** (Glasgow North East) (Lab/Co-op): Thank you for giving me the opportunity to speak in this debate, Ms McDonagh. I thank my hon. Friend the Member for Plymouth, Sutton and Devonport (Luke Pollard) for his comprehensive contribution, in which he outlined the key concerns about the national shipbuilding strategy, and the right hon. Member for New Forest East (Dr Lewis) for outlining his longer term perspective on the attrition of the capability of the Royal Navy's frigate and destroyer fleet, which the national shipbuilding strategy ought to aspire to address as an outcome.

I first encountered the man who wrote the report that spurred the creation of the national shipbuilding strategy, John Parker, about three years ago when he attended Glasgow University to deliver a speech on his history of working in the shipbuilding industry. He had a great reputation as a managing director at Harland and Wolff shipbuilders in the 1980s, where he started as an apprentice and grew up through the ranks. There was an international discussion about the long-term decline of British capability, from the global world leader in the shipbuilding industry that it once was to a marginal player now even in Europe, never mind the rest of the world.

I asked him three years ago when I was working at BAE Systems what his greatest regret was in his career. He stood up and said, "My greatest regret is that Europe is building 90% of the world's cruise ships, and Britain, with such a great heritage of building world-beating ocean liners and passenger ships, is building none. There are high-wage, highly equipped shipyards in Europe building these vessels, and Britain isn't building one of them."

As managing director of Harland and Wolff when it was under the ownership of the British Shipbuilders Corporation—the industry was nationalised until the late 1980s—he recognised the emerging market for cruise ships, which were once again becoming a popular recreational pursuit. Harland and Wolff developed proposed designs for cutting-edge new cruise ships and went to the Government for funding to build them for Carnival, now the biggest cruise company in the world, but the Government said that they were not interested in the design. They wanted to hold a fire sale, get rid of the assets and remove shipbuilding from public ownership. They were not interested in any further investment in what they saw as a dying industry.

In the very same year—1987, the year before Harland and Wolff and Govan shipyard were sold off—Meyer Werft in Germany, a family-owned business, got funding from the German state investment bank to build a completely new, undercover shipyard and then the world's first modern cruise ship. Today, that shipyard dominates the global market for cruise ship and complex shipbuilding in Europe, building about two 100,000-plus-tonne ships every year. That contrasting approach is symptomatic of a broader malaise that we face when it comes to industrial policy and planning in Britain.

**Chris Stephens:** Will the hon. Gentleman outline what the devastating economic consequences were of that decision on cities such as ours, Glasgow, as well as Belfast and elsewhere in the UK?

**Mr Sweeney:** The impact was absolutely devastating, and we saw the wider impact in Govan as well, which was a commercial shipyard up until 1999 when Kvaerner

pulled out. That Norwegian oil company rebuilt the yard in the early 1990s for commercial oil tankers and gas carriers. The result of that collapse was disastrous. Sir John Parker said that just as we had got British shipbuilders match-fit, ready to compete, the rug was pulled from under them. Just as the industry was ready to re-enter the market and be a globally competitive player, it was wrecked. That is the sad legacy of the collapse of British merchant shipbuilding to the point where we are entirely reliant today upon the Ministry of Defence to sustain what is left of British shipbuilding capability. That is partly why I am concerned about the national shipbuilding strategy, if it is restricted in its entirety to naval shipbuilding and not the wider issue of how we re-establish a market foothold in commercial shipbuilding. The two are intrinsically linked.

If we are to achieve a competitive advantage we ought to broaden our horizons and re-establish how we deliver a resurgence in British commercial shipbuilding capability. That was Sir John Parker's biggest regret. That is what drove his frustration at that time, and a lot of that is what underpins the recommendations in his report. He talks about a vicious cycle of changing requirements, which the right hon. Member for New Forest East mentioned, and a year-zero approach every time we have a new MOD shipbuilding programme which duplicates effort and introduces unnecessary costs. It is so bespoke in its approach to designing ships that it introduces unnecessary costs, which render British shipyards uncompetitive, even in the naval sphere, never mind the commercial sphere.

**Ruth Smeeth** (Stoke-on-Trent North) (Lab): I thank my hon. Friend the Member for Plymouth, Sutton and Devonport (Luke Pollard) for securing this debate. My hon. Friend the Member for Glasgow North East (Mr Sweeney) has just hit the nail on the head. Does he agree that the lack of a steady drumbeat of orders to ensure our industrial base has caused this problem, and that the wonderful words of the shipbuilding strategy are not being delivered by the Government?

**Mr Sweeney:** I absolutely agree. We see a cognitive dissonance between the vision of the outcome desired and the prescription to deliver that vision and commitment, which are not in alignment. They are not going to deliver it. That is the tragedy of it. We all want to see the national shipbuilding strategy succeed. We are trying to deliver our own collective understanding of what is best for the British industrial capability into this document, so that we achieve the outcome of a globally competitive and effective shipbuilding industry in the UK again.

My hon. Friend mentioned a feast and famine approach to British shipbuilding, which has long been an issue, particularly as the commercial capability has fallen away. I look in stark contrast at the American approach to shipbuilding. The Arleigh Burke destroyer programme plans to build 77 ships. Those ships have been consistently under construction with the same hull since 1988. They have been built since the year before I was born, and it still plans to build more. That is a consistency of approach that we ought to think about adopting in the UK. It would essentially be a continuation of the Type 23 frigate programme, but adapting its technology and capability and maintaining the learning curves achieved over a 30-year build programme. That would be a huge opportunity for British shipbuilding. Why do we insist

on stopping every time we build six Type 45s and starting from scratch on a Type 26 when a Type 45 platform could have been adapted to deliver the same capability as a Type 26? The approach is wrong-headed.

The Type 45 project has 13 different types of watertight doors. Why do we have such a huge level of variance in the programmes? We have no standardisation, no grip on the design, no standard approach to delivery, and no innovation in adopting new products and defence standards. We have no resilience or innovation in defence when it comes to an entrepreneurial way of delivering ships. If we were to benchmark it against how Meyer Werft build a complex cruise ship, the lead time between specification to delivery of the ship is minuscule compared with what we do with the equivalent ship of, say, our Type 26 platform. It is years and it is unacceptable. We need to seriously grip that if we want to drive down costs, deliver value in the naval shipbuilding industry and achieve the outcomes in terms of numbers for the Royal Navy that we desire.

The prescription is chaotic. It talks about a vision for having more

“certainty about the Royal Navy’s procurement plans”,

yet it wants to introduce a competitive programme for a Type 31. That goes right back to the early 1990s with the Type 23 programme, when Swan Hunter was competing with Yarrow shipbuilders on the Clyde, and what happened? None of those shipyards could invest in modern facilities and modern practices that would deliver the benefits in terms of timescale and minor efficiencies that would allow the ships to be built for value for money. It ended with the collapse of Swan Hunter and a drip-feeding of orders. There were huge redundancies in the shipping industry and huge uncertainty. This is a recipe to return to that model that was deeply flawed in the 1990s and led ultimately to the loss of British shipbuilding capability. That is why we are appealing today for a commitment to uphold what was originally planned in the terms of business agreement, which was extinguished.

A letter of 19 October from the Under-Secretary of State for Defence, the right hon. Member for Bournemouth East (Mr Ellwood), said that the terms of agreement was extinguished. It committed to a single world-class site for complex warship building on the Clyde and investing in that shipyard facility to make it world class, upper quartile. That would deliver the benefits industrially to allow us to deliver a national shipbuilding programme for frigates and destroyers, which would ensure that they had a consistency of build that would deliver the long-term benefits, learning curves and efficiencies. It would drive down the cost of the ships and allow them to be built at volume, which, as the right hon. Member for New Forest East mentioned, is necessary to sustain a larger Royal Navy fleet. That is how we should do this. It is not about spreading it around, which will not work.

The Royal Fleet Auxiliary programme has better potential because it has a lower gross compensated tonnage and is a less complex ship, although it is still complex. If the tonnage of 40,000 tonnes each was spread around the remaining UK shipyards, that would provide the bedrock of capacity to sustain all the shipyards around the UK, while having the designated complex war shipyard on the Clyde. That is what happens with the Canadian and Australian shipyards and it is what happens in the United States. That is the approach we ought to have. Why has the national shipbuilding strategy

not taken account of international benchmarks? Why has it not got a commercial shipbuilding focus as well to develop a longer term model based on European norms? Why are we not committed to building British ships, including the Royal Fleet Auxiliary ships, in the UK? I could go on for much longer because I am closely associated with the topic.

In summary, I have outlined what we want to see changed in order to make the national shipbuilding strategy worthy of the name it deserves. We need world-class UK shipbuilding back, and the way to do it is to adopt those suggested improvements.

3.16 pm

**Chris Stephens** (Glasgow South West) (SNP): It is a pleasure to see you in the Chair, Ms McDonagh. I thank the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) for securing this debate. During the defence debate less than two weeks ago in the Chamber, every single Member of the all-party group on shipbuilding and ship repair complained that we had applied for debates since the publication of the national shipbuilding strategy. All of a sudden, at the very next ballot, the hon. Member for Plymouth, Sutton and Devonport secured one, so I thank him for that. I hope he will accept my apology to him in relation to Darth Vader. I actually misspoke. I did not mean to say “his hero”. What I meant to say was “their hero”, because Darth Vader is a Conservative icon and not of any other political party. I can see nods coming from the Conservative Benches.

The history of how we have got to this point is important, particularly for those of us who represent the best shipbuilders in the world: the shipyard workers on the Clyde, and those in the Govan shipyard in particular. In 2014 they were promised that 13 Type 26 frigates would be built there, plus a frigate factory. Ever since, there has been a real concern that there has been a row-back by the Ministry of Defence. The frigate factory was cancelled. Then, in November 2015, during the national strategic defence review, there were no longer 13 Type 26 frigates, but eight. We were told not to worry and remain happy because instead of five Type 26 frigates, there will be five Type 31 frigates, which the Clyde will build and will be exportable. I will come back to that later.

Sir John Parker’s report was an honest attempt to deal with the feast and famine that we have heard about from the hon. Member for Glasgow North East (Mr Sweeney), but it contained several historical inaccuracies that concern me because the national shipbuilding strategy seems to be based on those historical inaccuracies, which is that two different types of ships have never been built in the same shipyard. That is not the case. Anybody who had worked at Yarrow’s would tell us that that was not the case, because, while they were building ships for the Royal Navy, they were building a different type of ship for the Malaysian navy. If the Government are basing their decision on such an historical inaccuracy, it is up to us Members of Parliament to tell them that it is an historical inaccuracy, and perhaps they might want to comment on that and put that right.

**Mr Sweeney:** I thank the hon. Gentleman for his comments, particularly about the frigate factory. Does he agree that the major issue was the fact that financing

[Mr Sweeney]

could not be achieved, because of fragmentation of the programme? If that had been gripped in the same way as programmes such as HS2 or the London Olympics, and the budget had been assured through its whole life, there would have been a business case to finance, through commercial means, the investment necessary to build a world-class shipyard on the Clyde.

**Chris Stephens:** I agree entirely. My Glasgow comrade is absolutely correct. That was one of the significant reasons for the frigate factory being cancelled.

My concern about the national shipbuilding strategy has been expressed by others: it is that we are going back to 1980s thinking and introducing competition. One of two things can happen when we start to introduce competition on that basis. Shipyards will try to undercut. As we heard earlier from my Glasgow comrade, that meant the collapse of Swan Hunter. It would be inevitable if we went back to the days of competition. Alternatively, companies would get together and the prices of ships would increase.

I think I am being fair and moderate in my remarks when I say that we are now at a place where the announcement of the national shipbuilding strategy was a presentational dog's breakfast. The then Secretary of State, the right hon. Member for Sevenoaks (Sir Michael Fallon), claimed six times in the Chamber that there was a frigate factory on the Clyde. While he was on his feet in the Chamber making that claim, GMB officials were taking Scottish journalists around the proposed site, which was rubble and ash. There is no frigate factory on the Clyde. It was a presentational disaster for the Government.

I add my support to that expressed already for the argument that there is no need for the Royal Fleet Auxiliary Service ships to go to international competition. The reason no British yard has yet asked to be considered is that they believe the work will be sent out internationally; that is inevitable. As has been said, there would be clear economic benefits from building those ships not just for the local economies of the places where they could be built, in a modular format, but from the tax and national insurance take.

I also want to add to concerns expressed about the Type 31 frigate. It seems to me that the price is setting the capability of that ship, vessel or whatever we call it. The suggestion that it could be built for £250 million has already been described as a conspiracy of optimism. We need to know its capability and its role and purpose within the Royal Navy. To put it more simply: is it a complex naval warship? If it is, it should be built on the Clyde, which has been designated by the Government as a specialist shipyard to build complex naval warships.

**Mr Sweeney:** The hon. Gentleman says that the Clyde has that designation, but in reality, under the terms of business agreement, it was extinguished in 2014, although that has not been explained. Why did the rationale change? It makes sense to build all the complex warships on one integrated site where all the learning curves, benefits and efficiencies are concentrated. Why has that changed?

**Chris Stephens:** I think that is a question for the Minister. We need to know the reason, and I shall explain why. I understand that the only country with

more than one specialist shipyard is the United States of America. That is probably no surprise given the size of the US Navy. We need to know such things, because recently there was an accident at sea involving a US Navy ship. If it had been built to commercial standards rather than by a specialist yard the collision with another ship would have been a real disaster. The model elsewhere, especially in Europe, is that one specialist shipyard builds complex naval warships.

There is a contract for three Type 26 frigates on the Clyde and I ask the Minister to confirm that the other five will be built there. There is a feeling in the yards and the trade unions that represent the workers that there has been a roll-back on delivering on promises.

I echo the points that the hon. Member for Glasgow North East made about shipyard construction. If the Ministry of Defence is concerned about economies and efficiencies and similar issues, it has a role to play in investing in shipyards and speaking to companies. The Clyde should have a frigate factory, and there is a role for the MOD to play in that.

The national shipbuilding strategy needs a bit more work. This is the first opportunity that hon. Members have had since the statement to raise concerns, and I hope that the Minister has listened carefully and will be able to respond to many of the points we have made.

3.25 pm

**Douglas Chapman** (Dunfermline and West Fife) (SNP): It is a pleasure to serve under your chairmanship, Ms McDonagh. I thank the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) for his significant move in bringing the debate to the Chamber today.

Shipbuilding, as hon. Members know, is a key part of our industrial base. Although the industry has undergone much change in recent years, including to the number of people involved in it, it is still a key element of our industrial heritage. The national shipbuilding strategy that was introduced last September gave some rays of hope to the industry more generally. Sir John Parker recognised that a steady drumbeat of orders was crucial if investment in technology and skills was to make new-build projects more competitive, and that the sharing of risks between yards would give flexibility and speed to help in meeting our aspirations to renew our, albeit diminished, naval fleet. On that last point, there has been a debate about the sense of sharing work between yards, and perhaps that is a debate for another day. The proof of the pudding, for the national shipbuilding strategy, will be in the eating. Already the signs are not good.

There is no clear sign that a drumbeat of orders will be forthcoming at a sufficient pace to give some surety to the industry. As workers on the Clyde are all too aware, we have already witnessed the number of Type 26 frigates being reduced from 13 to eight, and then the placing of an order for just three. My good friend the Chair of the Defence Committee, the right hon. Member for New Forest East (Dr Lewis), cited the example of the Type 45s, which started at 12, were reduced to eight and ended up as six. The direction of travel in MOD thinking is a matter of some concern. The only drumbeat that is evident to me is the one to which Type 23s will come out of service, starting in 2023 with HMS Argyll and ending 13 years later, in 2035, with HMS St Albans. That is a steady drumbeat for the withdrawal of ships from service;

we need one for a process going in the opposite direction. Indeed, the previous First Sea Lord said that that time scale for the Type 23s was not extendable. If we are to maintain 19 surface frigates and destroyers at sea or in a state of readiness, something needs to give from the Minister's office.

**Mr Sweeney:** The hon. Gentleman mentioned sustaining the drumbeat. Does he agree that there is an unnecessary constraint on that because of the arbitrary in-year spend profile that the MOD is lumbered with? The key to unlocking that is the Treasury, which can adapt its method of financing huge generational programmes for things such as complex warships. Those are unique in relation to the way the Government buy kit. The undertaking is huge and unique and should be financed in a way appropriate to the project.

**Douglas Chapman:** I know that the hon. Gentleman is very experienced in such matters and I am sure that he has considered it long and hard for a number of years, both as an industry professional and as an MP. It is obvious, given the amount of investment being put in, that it must be done in the long term, and looking at the project overall rather than as its component parts. I agree with the hon. Gentleman.

The Government's watchword has been that we must live within our means. The Tory manifesto in 2017 spoke of meeting the NATO target of at least 2% of GDP going on defence spending, and increasing defence spending by at least 0.5% over inflation each year. According to the Institute for Fiscal Studies, it has been cut in real terms since 2010-11 by some 13%. That has resulted in a massive black hole of around £20 billion. Big-ticket items such as F-35s are purchased in US dollars, and only one carrier can be used at a time. Last night, Max Hastings said on "Newsnight" that the Dreadnought has an outdated capability.

All that has contributed to the black hole with which the Ministry of Defence currently has to cope. Such things have pride of place in the Government's strategy, but in the current financial climate it is a case of pride coming before a fall because the budget for them—and for many other things, such as the P-8s, which are also purchased in US dollars—is simply unsustainable. Decisions that would offer hope and a future to the likes of the Clyde, Rosyth, Appledore and Tyneside are delayed, and we miss the chance to synchronise the drumbeat that would secure jobs, skills and investment.

If we are to "live within our means" as the Government mantra suggests, the MOD either needs to find more money, or something else has to give. The SNP would choose to get rid of nuclear weapons. Think of the opportunity-cost benefit if Trident, or Dreadnought—call it what you will—was not a consideration in our defence budget. How much would that release for more conventional forces? How many more surface ships could we start to build to create a real drumbeat of orders? How much more money for cyber, land forces and the Royal Air Force? Is it not madness that we have a NATO ally with nuclear weapons just 20 miles off our coastline? In trying to satisfy the most pro-nuclear lobby in the House, could not that capability be shared between those two adjacent NATO nations, instead of their both paying top dollar for it? If we can share a tapestry, as I believe we are about to do, who knows what other things we could share on a larger scale? If we are to

meet the key dates for bringing the Type 26s and Type 31s into service, something has to give. The Government cannot keep delaying orders, lengthening the pace of decision making, and not making savings in the budget to allow contracts to be signed, sealed and delivered.

SNP Members long for the day when Scotland becomes an independent country that is responsible for its own defences. Small nation Norway has a shipbuilding industry order book as long as your arm, and it has also bought into F-35 and P-8 capability. That can be done even with a small nation budget. Last week, small nation Denmark agreed to increase its defence budget by some 20% to meet the threats that the Danish people might face now and in the future. Small, well-equipped, effective, flexible, good partner nations can play their part in the defence of Europe both individually and through NATO.

Finally, while Scotland is still a constituent part of the UK, I urge the Minister to make surface shipbuilding his priority. In my constituency, workers at Rosyth have delivered carriers and a wide range of refit projects on time and to budget. We now have an opportunity to deliver the Type 26s, Type 31s and the fleet solid support ships. The message is simple: let us make the national shipbuilding strategy a working document that encourages the engineering talent of our nation to get on with the job, at pace, and with that vital steady drumbeat.

3.33 pm

**Wayne David (Caerphilly) (Lab):** It is a pleasure to serve under your chairpersonship, Ms McDonagh, and I congratulate my hon. Friend the Member for Plymouth, Sutton and Devonport (Luke Pollard) on securing this important debate and delivering such a fine opening address.

We have had a good debate—I genuinely mean that. We heard an excellent and thought-provoking contribution from the Chair of the Defence Committee, the right hon. Member for New Forest East (Dr Lewis), and good contributions from my hon. Friend the Member for Glasgow North East (Mr Sweeney), the hon. Members for Strangford (Jim Shannon) and for Glasgow South West (Chris Stephens), and a particularly ambitious speech from the hon. Member for Dunfermline and West Fife (Douglas Chapman).

Last year the Government published the national shipbuilding strategy, and the importance of naval shipbuilding should not be underestimated. Approximately 15,000 people are directly employed in UK shipbuilding because of spending by the Ministry of Defence, and at least 10,000 additional jobs are in the wider British supply chain. Some months before the publication of the national shipbuilding strategy in November 2016, Sir John Parker published his independent report on the UK's national strategy for shipbuilding. Many people thought that that would become the national shipbuilding strategy, but—for reasons that are unclear even to this day—the NSS was a response to Sir John Parker's report.

Those two important publications gave a degree of coherence and a sense of direction to the industry. We were, however, disappointed by the lack of emphasis on many of the points on which Sir John Parker developed coherent arguments. In particular, we would have liked an explicit recognition of the significant contribution that shipbuilding can make to the development of regional

[Wayne David]

economies, and for that to have been put at the heart of the national shipbuilding strategy. That important point in Sir John's report is not really reflected in the Government's national strategy.

Today we have heard about the multiplier effect and investment in shipbuilding—that point was coherently expressed by my hon. Friend the Member for Plymouth, Sutton and Devonport. My hon. Friend the Member for Glasgow North East pointed out that our shipbuilding strategy must be part of a broader strategy that goes beyond the defence sector, and that can happen if we have the right perspective to develop it in such a way.

As we have heard, the new Type 31e and Type 26 frigates—albeit eight rather than 13, as we were initially led to believe—will be replacing the Type 23 frigates as they leave service. I have a number of questions about that ongoing programme. Some of them have already been touched on by other Members, but other questions are new. First, the MOD has said that there should be a cap of £250 million per Type 31e frigate. Why has that cap been fixed, and why at that figure? We need to know, because we have been reassured by people in the Navy that that amount may well be sufficient, but there are also plenty of experts who say that this insufficient and arbitrary figure has been plucked from thin air. Nick Childs, a naval specialist for the International Institute for Strategic Studies, has raised specific concerns about the level of capability and stated that,

“the naval staff seems to think it can get a vessel of about 3,500 tonnes, with an adequate military capability, for the £250m target price. That will be a challenge”.

That is an understatement. It certainly will be a challenge, and many industry experts say that it is frankly impossible. If it is impossible, what contingency measures will the Government take?

**Chris Stephens:** Does the hon. Gentleman share my concerns, and those of others who have spoken in this debate, that the price is dictating the capability of this frigate, instead of the capability being sorted out first, followed by the price?

**Wayne David:** That is precisely the concern with including the arbitrary figure of £250 million. I hope that the Minister will be able to dispel those concerns and clarify the situation.

Secondly, the national shipbuilding strategy correctly states that there is a potential export market for light frigates—the Type 31e. Much of that is for the purchase of a light frigate designed for construction in the market, not by means of traditional production. How is the Government's exporting enthusiasm for that going? How many orders have they received? How many do they now think are likely? That key question was also raised by my hon. Friend the Member for Plymouth, Sutton and Devonport.

My third point is that, sadly, less than half the steel in the new Type 26s will be British. That is a crying shame, and I hope the Government will ensure that as the shipbuilding strategy develops, it is increasingly seen as an integral part of industrial strategy in this country, and that there will be complementarity with other parts of British industry.

My fourth question is about delays to the Type 26 programme. There is a great deal of concern among the workforce. Apprentices have been laid off and have had to find training elsewhere. Can the Minister say anything about that?

We are all proud to have seen the launch of the Queen Elizabeth carrier, which was formally commissioned into the fleet in December. We now look forward to the launch of the Prince of Wales carrier. The construction and fitting of both vessels has taken a great deal of commitment and dedication from a well-skilled workforce.

It is important to ensure that those skills are not lost but continually put to good use, which is why we should focus on fleet solid support ships. The contract for three new FSS ships will be subject to international competition. The decision is due in early 2020. I am concerned that that stipulation may put off domestic competitors, as the hon. Member for Glasgow South West suggested. That follows the awarding of a contract for four tankers under the military afloat reach and sustainability—MARS—project to Daewoo, a South Korean company that is widely believed to have been given a tremendous amount of state aid that made its bidding far more attractive than it should have been.

We hope that those ships will be built in Britain because that would secure the maintenance of the skills that have been built up in the industry, and support local economies. It would also help to enhance the national shipbuilding strategy's domestic capability and to make real the renaissance in shipbuilding that Sir John Parker refers to in his report.

On sovereign capability, I ask the Minister to comment on the report that appeared in yesterday's *Western Mail*. It suggested that the Ministry of Defence will award a contract for mechanised infantry vehicles to the Germans without any competition. I give the Minister the opportunity to deny that story.

**The Parliamentary Under-Secretary of State for Defence (Guto Bebb):** Will the hon. Gentleman give way?

**Wayne David:** I will give the Minister plenty of time to respond.

Finally, I hope that the Government will demonstrate a real commitment to the Royal Navy and naval shipbuilding. This country has a proud maritime history—it had the largest and strongest Navy in the world at one time. That time is a long way behind us, but the challenge now is to ensure that our Navy can successfully meet the new threats and dangers that our country faces.

**Siobhain McDonagh (in the Chair):** I remind the Minister that we hope the sponsor of the debate will have a few minutes at the end to sum up.

3.42 pm

**The Parliamentary Under-Secretary of State for Defence (Guto Bebb):** It is a pleasure to serve under your chairmanship, Ms McDonagh. I thank hon. Members in all parts of the Chamber for their warm welcome. It is an honour to have been appointed to this position, but I suspect that I face a difficult task. In the debates on defence that I have attended thus far, I have found a wealth of experience and knowledge from hon. Members about these issues. There is also a significant amount of cross-party agreement, although not always. In my jousts

with the hon. Member for Caerphilly (Wayne David) on Welsh issues, we did not experience more constructive debates of this nature.

On the hon. Gentleman's question about the *Western Mail* story, that was speculation. It was nothing to do with the national shipbuilding strategy. There was a clear statement from the Ministry of Defence that no decision has been taken. I can say no more than that, but I hope that that keeps the issue at bay for the time being.

This has been an interesting and constructive debate. I congratulate the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) on securing it, and on his constructive speech. Of course, he highlighted his concerns about the national shipbuilding strategy, but it is only right to acknowledge that, as the Minister, I view the reasons why he raised the issues, and the way in which he did that, as a constructive contribution to the debate.

I hope that I will be able to answer many of the hon. Gentleman's questions. He mentioned the importance of the national shipbuilding strategy in giving opportunities to young people in his constituency and, as we have heard from other hon. Members, across the United Kingdom. I cannot fail to be anything other than impressed when I meet apprentices, whether they are working on building new ships or on maintaining our Hawk aircrafts. The Ministry of Defence and I are very proud that young people have the opportunity to work in the defence sector. We are the largest creator of apprenticeship opportunities in the United Kingdom. I am sure we all agree on that.

The hon. Gentleman also said that he considers the Type 26 destroyer to be a good ship. I hope to be able to say that it is being built in a very good yard by experienced workmen on the Clyde. Again, there is agreement on that.

My right hon. Friend the Member for New Forest East (Dr Lewis), the Chair of the Defence Committee, made a thought-provoking speech. In my eight years in the House, he has always spoken with passion, commitment and an independence of mind when it comes to defence. I am sure that that independence of mind and that willingness to challenge will haunt me, as it has haunted other Defence Ministers over the eight years in which I have seen him perform. No one can doubt his commitment to the defence of this country and the wellbeing of our armed forces, or to his independent, cross-party chairing of the Defence Committee, which represents what is best about the Select Committee system.

I also acknowledge my right hon. Friend's history lesson and his firm defence of the concept behind the Type 31 frigates programme. His description of the programme's rationale was clear, and he was listened to with understanding by other hon. Members. His speech included the basis of the points that I will make in due course about Type 31s.

I enjoyed the contribution of the hon. Member for Strangford (Jim Shannon). As a Welshman, I am pleased that there has been a significant Celtic contribution to the debate. Scotland, Wales and Northern Ireland have contributed fully, because we understand the importance of defence to all parts of the United Kingdom.

Even the hon. Member for Dunfermline and West Fife (Douglas Chapman) acknowledged that, while Scotland remains part of the United Kingdom—long

may that continue, in my view—we all appreciate and acknowledge its contribution to our defence in terms of capacity on the Clyde, our nuclear capability in Scotland and the contribution of Scots to our armed forces. I thank him for his contribution.

Other hon. Members intervened in the debate. The hon. Member for North Durham (Mr Jones), who is no longer in his place, is correct that at Defence questions a week ago, I responded in a robust fashion to his comment that our country had not exported any warships for 40 years. It is important to engage constructively with what we are trying to achieve through the national shipbuilding strategy. The aim is to ensure that we find ourselves in a position where we are exporting our warships to other parts of the world. It has been acknowledged across the Chamber that the capability, capacity, skills, ingenuity and innovation all exist in this country. When the hon. Gentleman raised that issue, I thought it was important to point out that the way we sell that capability, that capacity and those skills to the rest of the world is by talking our industries up, not down. I will not apologise for the comment I made at Defence questions.

I will turn to the body of my speech, because I have an obligation to try to respond to the debate. We have to step back and ask ourselves what the rationale behind the development of the national shipbuilding strategy was. Although people have asked questions and asked for clarity, even the most challenging comments have acknowledged that it is an attempt to move the issue forward constructively, and to ensure that our country's capability and capacity are reflected more coherently. Hon. Members may not agree with every single statement in the strategy—there is clearly a debate to be had about it—but the fact that we are moving forward with a strategy is something that most hon. Members clearly seem to welcome.

It is important to understand the context. The Government have always recognised the need to retain operational advantage and freedom of movement in sectors that are critical to national security. That is an issue that I have come across since my appointment to the Ministry of Defence. Indeed, it was an issue that I came across in my time as a Wales Office Minister, which lasted for almost two years, because in that period, as the hon. Member for Caerphilly will be aware, I visited numerous defence establishments in Wales. That issue of national security, and having a national defence capacity, is something that I understand, as do hon. Members from all parties. Shipbuilding is an important part of that and is integral to our fortunes.

The aim was to ensure that we examined the shipbuilding sector, and identified how best to develop a shipbuilding strategy that would reflect our needs, the demands of our Navy in the future, and the potential to create a more coherent and successful shipbuilding sector. Sir John Parker's report was upbeat and positive. It talked of the renaissance in British shipbuilding that is happening in many smaller yards and smaller businesses within our shipbuilding industry. The report looked at the issue of shipbuilding in a wider context than only defence. Obviously, from a shipbuilding strategy point of view, it was absolutely imperative that we learned from history, and understood what must be protected in the UK national interest, and where we can support capacity in the shipbuilding sector by supporting businesses that can provide us with the warships that we require. The strategy also provided

[Guto Bebb]

the opportunity to train and support businesses and individuals who can contribute to a further expansion of our shipbuilding capacity.

In my new role as Minister with responsibility for defence procurement, I would very much like to meet the all-party group on shipbuilding and ship repair, because, from an MOD perspective, the shipbuilding strategy must clearly consider the issue of producing warships and defence capability, as well as the wider implications for the economy, which I am very interested in. I have seen the direct benefits of defence spending to the economy in Wales. I would very much appreciate the opportunity to talk to the hon. Member for Plymouth, Sutton and Devonport about issues that I could potentially learn about in relation to his work with the all-party group. In my time in this place, I have learned that all-party groups make a huge difference; I have no doubt about that. They are a constructive forum in which colleagues work on a cross-party basis, and I would be very grateful for the opportunity to discuss these issues in more detail with him.

The recommendations in Sir John's report were accepted in full by the Government, as they applied to our responsibilities, and that created the national shipbuilding strategy that we now have. I would argue that that strategy examines three main issues. The first is better planning; we heard the history in numerous contributions. I am taken by the idea that my history degree might not be as redundant in this new role as I had thought, because learning from history is one of the things that we have to do if we are to improve the way in which the MOD procures.

The strategy gives planning a great deal of attention, so that we can give industry greater certainty and predictability. It sets out the key procurements of the next five years, from the purchase of eight Type 26 global combat ships to the new Type 31 ships. The hon. Member for Glasgow South West (Chris Stephens) asked what the commitment is in relation to the Type 26. The commitment in our strategic defence and security review of 2015 and in the recent NSBS is very clear: it is a commitment to eight ships. That is a commitment that will protect—

3.53 pm

*Sitting suspended for a Division in the House.*

4.8 pm

*On resuming—*

[MR GARY STREETER *in the Chair*]

**Mr Gary Streeter (in the Chair):** The Minister will now continue his excellent summary.

**Guto Bebb:** It is a pleasure to serve under your chairmanship, Mr Streeter.

As I was explaining, the strategy is about planning. We are talking about the purchase of eight Type 26 global combat ships, the new Type 31 frigates and the next generation of fleet solid support ships. There has been a discussion on the competitive tendering for the fleet solid support ships, but that is in accordance with

the strategy, which looks to ensure that warship capability is built within the UK, but that we are also open to go out to competition.

**Chris Stephens:** Will the Minister confirm that the eight Type 26 frigates will be built on the Clyde? Will he also remove the ban on Royal Navy personnel addressing the all-party parliamentary group on shipbuilding and ship repair on the national shipbuilding strategy?

**Guto Bebb:** I regret that I did not hear the second part of the intervention, but the commitment on the purchase of the eight Type 26s was clear, and I will be on the Clyde on Thursday.

The second element of the strategy is design. It is about taking a new approach to design and construction. We want to challenge outdated naval standards and introduce new ones. In effect, I am repeating the comments of the Chairman of the Defence Committee, my right hon. Friend the Member for New Forest East, but it is about forcing through advances in design, identifying new materials and looking at new manufacturing methods to try to make our shipbuilding industry even more competitive, which is part and parcel of ensuring that we have export markets.

The issue of the export markets for the Type 31 has been touched on by many Members. The figure of 40 frigates is the potential market that was identified for this type of frigate in 14 countries. That was part of market research that was undertaken. We have never argued that there are 40 potential orders for the United Kingdom; what we are saying is that there are 40 potential orders for that type of ship that will be open to competition from the United Kingdom.

**Dr Julian Lewis:** Given what the Minister has said about the design, and given what we know we need the design to do, can he confirm that this will be British design done in Britain and not abroad?

**Guto Bebb:** The value of the strategy is in ensuring that we have a British-owned design. The whole strategy is building on the manner in which the aircraft carriers were built successfully—the block-building capacity. That is the strategy we have undertaken, and it will pay dividends.

The third element is exports.

**Mr Sweeney:** Will the Minister give way?

**Guto Bebb:** I cannot, I am afraid; I only have three minutes left. We identified that the export market is crucial. Having the export market allows us to look at cost controls and the ability to create savings within the programme. It also allows the United Kingdom to show once again that we have the ability to design and deliver ships internationally. For the MOD, the whole effort in identifying the support for the shipbuilding strategy is about building capacity and ensuring we are in a position to target other markets. I hope that Members will join the Ministry of Defence and the Government in ensuring that the advantages of the Type 26 are made known to potential customers in all parts of the world.

The other issue I want to touch on is a key success for the strategy, which is the partnership approach. To return to Sir John Parker's original point, the strategy

hinges on the strength of the partnership between the Government and the sector. It is about our collective ability not simply to improve productivity and develop the product that the international market wants to buy, but to continue to develop the skills and the talent to keep the industry firing on all cylinders. That is exactly what Members have been asking for, it is absolutely what I want to contribute in my role in the Ministry of Defence, and it is the purpose of the shipbuilding strategy. Where we need to refine or take on board the advice and guidance given to us by colleagues, we will do that, because the aim of the strategy is to ensure that we leave the shipbuilding sector in a better place than we found it. I am confident we can do that, but we need support from all parts of the House.

I hope we are building on firm foundations. We are looking to move to the future with a strategy that is not starting from scratch, but builds on our strengths and reputation, while identifying that we have to rectify the fact that we have not sold a warship in 40 years. We have to be confident that what we have to offer is cutting edge. It is about working with the industry, which has a reputation to live up to and has contributed so much in so many parts of the United Kingdom. We need to ensure that the industry is capable of producing ships of value to the UK and the Navy while competing internationally and making a cutting-edge contribution at the world level.

Members have touched on the economic contribution that the strategy can make. I am very aware of that. Ipsos MORI has conducted research that highlights what we need to do. It is available on the Department for Business, Energy and Industrial Strategy website. I am aware that I need to allow the hon. Member for Plymouth, Sutton and Devonport time to sum up the debate, so I will finish. I genuinely believe that we are moving forward constructively. As a Minister, I want to work with Members to ensure that the strategy delivers for the United Kingdom and our Navy.

4.13 pm

**Luke Pollard:** It is good to have a second Plymouth MP here in a Defence debate. I am grateful for the contributions we have heard from all parts of Westminster Hall. I hope it is the start of a productive conversation between the Minister and the all-party group on shipbuilding in particular, but also with Members.

The importance of a drumbeat of orders has been reinforced time and again, and the Minister has heard that. Clarity on the capability of the Type 31s is key, and I would be grateful if the Minister removed the ban on Royal Navy personnel speaking at the all-party group. I would also be grateful if, one year on from the Sir John Parker review, the Minister looked at how the review could be reinforced with feedback from Members of Parliament representing shipbuilding and ship repair communities across the country. There is a collective will in the House to make it work, and the honest conversation we can have here will be an important part of that.

*Question put and agreed to.*

*Resolved,*

That this House has considered the National Shipbuilding Strategy.

## Stamp Duty Reform

4.15 pm

**John Stevenson (Carlisle) (Con):** I beg to move,

That this House has considered reform of stamp duty.

I am delighted to serve under your chairmanship, Mr Streeter, and to have secured the opportunity for the House to debate and discuss stamp duty and its possible reform. I will be speaking in this debate as a politician, but also partly as a practitioner—I am a solicitor who is still in practice. I do not think I have to declare an interest, but I nevertheless think it important that it is on the record.

As everyone knows, property is a huge issue in this country. We like to think of ourselves as a property-owning democracy, and it has certainly been the long-standing ambition of the Conservative party that we see our country as a property-owning democracy, but we should not forget the significant private rented sector, which represents around 20% of the market. It is important to acknowledge the part that it and social housing play in the mix. In many respects, the key issue in housing policy is to get the mix between property ownership, the private rented sector and social housing right.

The other big issue in housing is supply, and in many respects that could be a debate in itself. That issue is clearly of concern to the Government. In my view, we should be looking for a national housing framework with a more flexible local policy. I can give a very simple example: the Carlisle housing market is different from the Lake District housing market, which is different from the Manchester and London housing markets. I acknowledge that is very much a separate debate.

Another issue is property taxes. That is extremely important, especially for public policy. Property taxes are very much part of our tax system. Council tax raises £32 billion a year. Business rates raise £30 billion. Capital gains tax raises £9 billion, and a lot of that is on property. Inheritance tax, much of which goes on property, raises £5 billion. We also have VAT on improvements, income tax on rental income and stamp duty land tax, which raises £13 billion. A huge amount of money is raised from property taxes, and in many respects I understand that—most Governments quite like property taxes, because it is difficult to hide a property.

What is the purpose of ownership? Why is it a good thing? In many respects, it creates the ambition and aspiration of many people to own their own home. They feel they have an investment. It is also a way for many people to save. It gives them a stake in society—they feel they own something and can take responsibility for it. In a survey, the Yorkshire Building Society found that 71% of young adults say that owning their own house makes them feel grown up. It is about ownership and feeling responsible.

Home ownership is a positive thing for the individual and society in general. We must recognise, however, that not everyone will own their own home, so the mix of properties between social housing, the private rented sector and so on is extremely important. We also need to remember that older property owners like to think of property as something they can pass on to their children. They have worked hard throughout their lives. It is an asset that they have enjoyed, but they want the benefit to pass to the next generation. Ownership is beneficial at so many different levels.

[John Stevenson]

What is the purpose of this debate? In many respects, it is about just one element of the property debate. First, I want to look at the reforms to our present system of stamp duty. As an aside, I have a proposal to close a potential tax evasion issue and raise additional tax. I will be interested in the Minister's response on both those things.

Today, as in the past, the buyer of a property has responsibility for paying stamp duty. They have to pay that tax. Stamp duty is effectively a buyer's tax. My proposal is simple: change the tax to a sales transaction tax, so that the responsibility for paying stamp duty transfers from the buyer to the seller. I appreciate that that proposal also touches on tax rates, but I want to leave that aside. Each Chancellor has to decide tax rates on an annual basis. My purpose concerns the fundamental principle of who pays the tax.

**Kevin Hollinrake** (Thirsk and Malton) (Con): I congratulate the hon. Gentleman on introducing the debate; he has a lot of experience in these matters. Most people understand that the problems with the housing market are on the supply side, not the demand side. We need to build and deliver more homes. Would it not be a disincentive for people to put their houses on the market if we effectively charge them to sell those houses?

**John Stevenson:** I am grateful for my hon. Friend's intervention, and accept that we probably have a slightly different view on this subject. I fully accept that the supply of housing is a fundamental problem in our housing market. As I said earlier, that could be seen as a separate debate. For the purpose of today's debate, I believe that shifting the responsibility for the tax from the buyer to the seller would be beneficial, and hopefully I will explain why.

From the Treasury's perspective, other than that it would be a change of regime, it is tax-neutral; effectively it would make no difference to the amount of tax that the Treasury raises. I therefore think that the Treasury must look at the issue from a different perspective: is this beneficial to the housing market and to the people who are buying or selling the property? I believe that it will help first-time buyers and give support to those moving up the property ladder. Potentially, it will improve the housing market overall. I emphasise that this is not just the proposal of a random MP; it has a lot of support from the industry, and in particular the Yorkshire Building Society, with which I have had many discussions on this issue.

First, let us take first-time buyers. The changes in the Budget were undoubtedly extremely welcome. The Budget helped a large number of first-time buyers, taking many of them out of the tax regime. That is of course welcome, but there was a cost to it, which I think is reckoned to be in the region of £600 million. There are also some practical issues, such as how we identify who is a first-time buyer and make sure that the correct person is claiming the relief.

**Lloyd Russell-Moyle** (Brighton, Kemptown) (Lab/Co-op): The Office for Budget Responsibility says that the changes that came through will cost £3.2 billion, with an estimate that around £150,000 will be spent on every additional first-time buyer under the programme. Those are the OBR's figures, and that change by the Tory Government

will be particularly useless without the supply side. Does the hon. Gentleman's proposal for the tax to be on the seller's side have any benefit, beyond the loss of income that the Government are now facing, with no real benefit to first-time buyers?

**John Stevenson:** I am saying that moving the liability from buyer to seller should be neutral to the Treasury. It is up to the Treasury what level of rates it applies, and that changes over time. I did not want to go down that route; I was looking more at the principle of who pays the tax.

If we do move it, it will mean that all first-time buyers will not have to pay any tax at all. It will be very simple to understand who is a first-time buyer. At present, first-time buyers have to find a deposit, the costs and the stamp duty, even though the mortgage only covers the purchase price. The change would therefore help first-time buyers, because they would not have to look for money to pay the stamp duty land tax. If there were a small increase in the price, that would be covered by the mortgage. Interestingly enough, according to a Yorkshire Building Society survey, 44% of first-time buyers say that saving up for the required deposit and stamp duty is very challenging.

**Dr Dan Poulter** (Central Suffolk and North Ipswich) (Con): I congratulate my hon. Friend on introducing today's debate. He is making a very considered speech and suggesting a practical solution to a very real problem. In that context, does he agree that with so many people in the private rented sector—20% of the housing market—saving for a deposit is a major issue for many working families, who are currently paying rent, or indeed a mortgage, and want to upsize their property? That is why this scheme has some merit.

**John Stevenson:** My hon. Friend is absolutely right: it is saving up for the deposit that is so challenging for many young people nowadays. Added to that are the solicitors' costs and the stamp duty costs, which can sometimes make it too difficult for first-time buyers to raise the adequate amount. Incorporating that into the mortgage would be much better, from the purchaser's perspective. One of the important points that the Yorkshire Building Society makes is that the mortgage would cover the costs if there were a small increase in the price of the property.

**Melanie Onn** (Great Grimsby) (Lab): I congratulate the hon. Gentleman on securing the debate. I just seek some clarity about what level of cost of home the stamp duty relief, transferring to the seller from the buyer, would operate on, in the light of the Government's stamp duty relief for first-time buyers. At what price range will that start to support the first-time buyers he is talking about at the moment?

**John Stevenson:** The hon. Lady is absolutely right: the changes that the Government introduced undoubtedly helped many first-time buyers. I fully acknowledge that, and they have gone a long way to taking most first-time buyers out of potential stamp duty. There are some practical issues about identifying who is a first-time buyer. What I am suggesting simplifies the process. It takes every first-time buyer out of the tax regime, and I will come on to some of the other benefits that I foresee.

If somebody wants to move up the chain by selling their smaller house and moving on to a bigger house, because they have a growing family or for other reasons, they would benefit quite significantly from the change. They would still have to pay stamp duty, but it would be on only the lower-valued property. The higher-valued property would not be paid for by them. There would be a clear saving for somebody who was moving up the housing ladder. That would help growing families who wanted to move to a larger property.

We now come to the specific question of who pays. As I have suggested, it should be the seller. People often say, "There will be an immediate increase in prices." I am not convinced about that. I think that the market will adjust naturally. Indeed, when stamp duty was increased by 3% for the purchase of second homes, I do not think that we saw a rigid decline of 3% in house prices. I suspect that the market will adjust and take care of the potential—I believe small—increase.

Overall, I think it will help the market. We have to realise that those who will pay—that is, sellers—are often in a better position to pay the tax. Many of the people who will be selling will have benefited from many years of increasing house prices, so will have sizeable equity in their property and be more capable of dealing with an increase in the price.

**Lloyd Russell-Moyle:** This is a genuine question: is there a danger that the hon. Gentleman's proposal could disincentivise people who wish to downsize? One of our big problems is people who are currently under-occupying houses, while others are unable to get houses with enough bedrooms. Is there a danger of disincentivising people, or has he thought about a way out?

**John Stevenson:** I take the hon. Gentleman's point. My view is that if somebody wants to downsize they will probably go ahead, but more importantly the people who are upsizing will get the advantage, and will therefore be interested in the market. I will come to an issue about the housing market, particularly in London at the top end, where I think that the tax regime is causing problems as we speak.

I believe that those who own their property are in a better position to pay the tax when they sell. We also have to look at people who have second homes. They are probably in a much better position to pay the tax because they have an asset that, again, will probably have increased in value. Touching on the hon. Gentleman's point about individuals and families who are downsizing, quite often properties are sold as part of an estate, when somebody in the family has died. The property probably does not have a mortgage on it, so it will be a windfall for the family. They are therefore in a much stronger position to deal with the payment of that tax.

There are one or two practical issues as well. At present, it is the buyer's solicitors' responsibility to pay the tax. I believe that that should continue. Obviously, within the legal profession there would be a mechanism whereby, when the property was sold, they would ensure that they had sufficient money to cover that tax when the property was registered. I also accept that there would have to be a transitional period, because people who have paid tax on a property that they have bought in the last few years would find it a bit hard to subsequently have to pay the stamp duty when they sold the property.

I believe that would be manageable. There would be no great change to procedure, it would be effective and I do not think it would affect the market significantly.

What it would do is to improve the market of first-time buyers for those moving up the chain. If we look at the very top end of the market, there seems to be a problem now in London, where very expensive properties are struggling to be sold. Quite often, that is because buyers are unwilling to pay the very high stamp duty required. Changing the rules means there is a possibility of freeing up the top end of the market to some extent, because the seller who wants to get rid of the property would be able to pay the tax, which might encourage the buyer into the market to pay the very high prices.

Another small additional benefit that I would like to raise with the Minister is about the stamp duty land tax form. This might be slightly legalistic and anorakish, but it might nevertheless have a benefit for Government.

At present, when someone submits an SDLT form, the national insurance number of the buyer goes on the form. I suggest that we change that slightly, so that the seller's NI number also goes on the form. Why? It would give Her Majesty's Revenue and Customs an opportunity to check two things: capital gains tax and payment of income tax. That is particularly relevant to people who have second, third or fourth properties and is not related to the principal private residence.

I believe that there may be some uncollected tax, because it is possible for people to avoid paying income tax on a rental property, or capital gains tax. Ensuring that the seller's national insurance number is also on the form would be a great way for HMRC to cross-check to make sure that, over the period of ownership, the seller has paid income tax, as well as to confirm whether capital gains tax is due when the property is sold.

The proposal has strong support from the industry. It is an idea that I have supported throughout my time as a Member of Parliament. Many members of my profession support the idea. Building societies, particularly the Yorkshire Building Society, have been very vocal in support. My hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) may be an exception, but many estate agents agree. It is a policy whose time is coming. In the Budget, the Chancellor took first-time buyers out of the tax altogether. It is one more step to reform the tax in the way I suggest.

I welcome the changes that the Chancellor brought in in the Budget. The increase in thresholds was welcome. Previous changes, such as sliding scales, were very sensible. There is an opportunity for the Chancellor to innovate further and change this aspect of our tax system. I do not expect the Minister to announce changes to policy today, but I hope he will consider my idea. Will he look at the issue? Will he meet representatives of the industry to discuss it? Will he carry out a consultation on it? Out of interest, does he agree with my idea?

On the national insurance suggestion, will the Minister look at that and give feedback? I am sure Treasury officials would be able to analyse whether the suggestion would be beneficial. Will he look at whether there has been a loss, or a potential loss, in income tax or capital gains tax from people who have owned second properties?

Property really does matter in this country. I completely understand the importance of getting the supply right. Types of ownership and the mix are so important,

[John Stevenson]

but so are changes to our tax regime. As I said at the outset, property taxes raise a huge amount of tax in this country—it is probably one of the biggest areas of tax for our Exchequer. This is an opportunity to make a small but significant change to that regime. I look forward to hearing the Minister's response.

4.33 pm

**The Exchequer Secretary to the Treasury (Robert Jenrick):** It is a pleasure to speak under your chairmanship, Mr Streeter—I almost said Mr Speaker there; perhaps that is a Freudian slip. I am grateful to my hon. Friend the Member for Carlisle (John Stevenson) for organising this debate and for bringing to it his customary thoughtful style and experience as a solicitor. I was also a solicitor before coming to this House, although not a property one. I am aware of some of the experiences that he has had and in my prior life, before being appointed as a Minister, I was very interested in the property market and some of the questions that he has raised today. I will try to respond to as many of those as possible, but let me first raise some of the background to stamp duty and the Government's recent reforms, because it is fair to say that there has been a great deal of activity in the area over the last few years.

Stamp duty as we know it was introduced in 2003. It replaced the former stamp duty regime, which my hon. Friend will remember from his time as a solicitor and required the physical stamping of documents. It raises over £11 billion a year, which makes an important contribution to our public services, as he said—we should remember that in the context of this debate—including £8.6 billion a year from residential property transactions. Although we continue to seek ways to reform stamp duty, we have to bear in mind its importance to the Treasury and our public services.

Over the last few years, stamp duty has played a significant part in a number of different budgets, and the Government's objectives when considering it and its impact on residential property purchases have been above all to support first-time buyers, and to sustain the tax base. We are trying to keep the tax as simple as possible and to reduce it where possible. We are aware of the distortions that the tax can inevitably lead to, which deters people from moving home, from downsizing and from upscaling, and the effect that has on quality of life. Buying a home and changing where a person lives is obviously one of the most important decisions that they make, and we want to make sure that, where possible, the tax system does not interfere in that. We see it as an important lever in the housing market, but not the only lever. The housing market requires supply-side reforms as well as tax changes, and any reform of stamp duty can only be one potentially small element in our housing policies.

With those priorities in mind, the Government have taken a succession of significant actions to reform how stamp duty works. In 2010, the stepped structure of stamp duty through the most widely applicable price bracket created distortions in the housing market, which everyone was familiar with, particularly people such as my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) who have worked as estate agents. We wanted to iron out some of those problems for both

sellers and buyers. The stepped increases in rates meant, for example, that those moving up the housing ladder were met with large increases in tax when properties fell into higher brackets.

In 2014, we took action to reform stamp duty on residential properties at the autumn statement, which many hon. Members will remember. We changed the stepped increases to a variable rate that increased with the price of the property purchased. That was an important and successful reform and led to about 98% of people liable for stamp duty finding their bills reduced. There were new, higher rates for properties of the highest value, which increased the tax paid by so-called prime and super-prime properties particularly focused on areas of central London, but the vast majority of homebuyers in our constituencies across the country were better off as a result of the changes.

Since becoming a Minister, I have asked to see the figures on transactions in the higher price brackets. There has been quite a significant amount of press coverage of that. At present, the Treasury does not believe that there has been a material change in the number of transactions at the highest price brackets, but we will continue to keep that under review, bearing in mind the public interest.

In April 2016, we introduced higher rates of stamp duty on additional properties, which was designed to tip the scales in favour of first-time buyers and away from those who want to purchase second homes or invest in buy-to-let. Of course, it is perfectly acceptable for people to want to do that. We understand that and do not want to make it impossible for people to enjoy a second home or to invest in buy-to-let property for their pension and their future or for their children and grandchildren, but we did believe that it was important to make changes to help others to get on the property ladder.

Since those changes were introduced, more than 400,000 people have bought their first home and first-time buyers make up an increasing proportion of those in the mortgaged property market. However, it remains very challenging for young people to get on the property ladder—we all acknowledge that—and therefore in 2017 we made the largest change so far, which was to remove stamp duty for first-time buyers.

At the autumn Budget, we permanently abolished stamp duty for first-time buyers who were purchasing a property for £300,000 or less. First-time buyers purchasing a house for between £300,000 and £500,000 will save £5,000 and, to ensure that the relief is targeted at those who need it the most, purchases above £500,000 will not benefit. We appreciate that in parts of the country properties are of such a high value that the benefit is more limited, but even in London the average amount of stamp duty paid by first-time buyers has been halved, so the change is still significant and an improvement for anyone trying to get into the property market for the first time.

To turn specifically to the points made by my hon. Friend the Member for Carlisle, his suggestion about transferring stamp duty from the buyer to the seller was thoughtful and one that, he will not be surprised to hear, the Treasury has given thought to. We have done considerable research into it. It would be a significant step and therefore one that we should take only if the benefits are clear. The legal liability for stamp duty rests with the purchaser, but evidence suggests that the cost

of stamp duty is reflected in the value of the property. That is of particular concern with respect to my hon. Friend's suggestion, because it means that switching the formal liability to the seller would be likely to have a limited effect on the overall cost of purchasing a house. My hon. Friend's argument would have been stronger before we changed stamp duty for first-time buyers. Now the vast majority—80%—of first-time buyers have no stamp duty and 95% benefit from our changes. Before those changes, of course his proposal would have made a significant difference.

Another point, made by the hon. Member for Brighton, Kemptown (Lloyd Russell-Moyle), with respect to those downsizing, would be of concern to us, because there might be a reason for people not to downsize when we want those who are a bit older with larger homes to consider moving into smaller homes—if they wish to, of course—freeing up properties for the next generation. We will give the suggestion thought, and I am happy to meet anyone about it, but it is not something that we are considering at present.

The other suggestion made by my hon. Friend the Member for Carlisle, on the stamp duty land tax form, was interesting. I would like to take it up with him and hear more. I am happy to meet him with my officials to take it forward. I think Her Majesty's Revenue and Customs would be interested in considering the idea.

I have only a minute or so remaining, so I will conclude. The Treasury is extremely committed to improving the housing market. Members on all sides of the House appreciate the fact that our housing market is broken and needs fundamental reform. We see tax as an element of that, and I hope that over the past several years right hon. and hon. Members have seen a number of significant interventions to make that better. One argument is that we now need to move into a period of stability with respect to stamp duty, so that those selling and buying homes and those operating in the market have the confidence to make choices in the future. We will, however, consider future options, and we will do everything we can with the Ministry of Housing, Communities and Local Government to ensure that we continue to increase the supply of homes throughout the country, particularly focused on first-time buyers.

*Question put and agreed to.*

## Democracy in Hong Kong

4.44 pm

**Fiona Bruce** (Congleton) (Con): I beg to move,

That this House has considered democracy in Hong Kong.

Last year marked the 20th anniversary of the handover of Hong Kong to China. Pursuant to the 1984 Sino-British joint declaration, the United Kingdom has a responsibility to ensure that the legal, economic and social rights and freedoms guaranteed to the people of Hong Kong under the Basic Law, Hong Kong's constitution, which was derived from the joint declaration, are protected. The UK also has a responsibility to ensure that the one country, two systems principle on which Hong Kong was handed over to China by the UK is respected.

In 1996, one year before the handover, then Prime Minister John Major said:

“If there were to be any suggestion of a breach of the Joint Declaration we would have a duty to pursue every legal and other avenue available to us.”

More recently, the House of Commons Select Committee on Foreign Affairs has stated that,

“the UK has both a legal right and a moral obligation to monitor the implementation of the principles established in the”

joint declaration.

I note that the Government's six-monthly reports are a vital part of that, and I welcome the fact that the most recent report was significantly more robust than previous ones, stating as it did that recent developments in Hong Kong on issues such as democracy and the exercise of rights and freedoms, including freedom of expression and of the press, had “caused concern”. I also welcome the public assurances made only yesterday by our consul general in Hong Kong, Andrew Heyn, that Britain will continue to speak up about pressures it feels that the one country, two systems concept is under.

I am pleased to see the Minister who will be responding to the debate in his place, because he is respected in this House as a man who has a keen respect for human rights and freedoms. I have called for this debate to ask him what “meaningful action”—to borrow a phrase from Lord Ashdown, former leader of the Liberal Democrats, who has recently returned from a visit to Hong Kong and whose subsequent report I will refer to later—the UK Government are taking to ensure that the principles of the joint declaration are protected and respected in the light of increasing concerns about challenges over recent years to the rule of law, human rights and democracy in Hong Kong. I will refer to some of those challenges. Furthermore, many of the concerns are referred to in a detailed recommendation entitled, “Hong Kong, 20 years after handover”, which was published by the European Parliament in the past few days.

It is fair to say that for much of the past 20 years, China has by and large respected one country, two systems, but the dramatic signs over the past four or five years, and in particular over the past 12 months, are a cause for increasing concern. The 2015 abduction of the Causeway Bay booksellers—one, British citizen Lee Bo, from Hong Kong territory itself—simply, it appeared, for having published books critical of Chinese authority, caused international consternation about the apparent erosion of Hong Kong's autonomy.

[Fiona Bruce]

I pause for a moment from the main body of my speech to put on record the fact that, while four of the five abducted booksellers were released over the following months, two years on the fate of one, Gui Minhai, a Swedish citizen, remains unclear. He has been denied access to legal counsel and has not been officially charged, tried or allowed to return home. I pause to mention that because this week, dramatically, *The New York Times* reported that he was snatched on Saturday from a train bound for Beijing, where he was heading for a medical examination, apparently by plain-clothed Chinese police. What steps has the United Kingdom taken to raise his case, and to urge the Chinese authorities to allow him to leave China, reuniting him with his family, including daughter Angela, who studies in Cambridge and whom I have met? She campaigns valiantly for her father's release.

The January 2017 abduction from a Hong Kong hotel of Chinese billionaire Xiao Jianhua has caused similar concern. A further cause of grave, indeed international consternation was the disqualification not long ago of six democratically elected Hong Kong legislators, including the youngest ever member of the Legislative Council, Nathan Law, whom I had the privilege of meeting here in November 2016. Those legislators were removed from their seats because they were accused of failing to take their oaths properly. Some of the individuals, it is true, were disrespectful and inappropriate in how they took their oaths, but Nathan Law took his oath perfectly properly, merely adding to the end some words of Mahatma Gandhi. To be disqualified for quoting Gandhi is extraordinary. For a court to disqualify these young men instead of the legislature giving them a chance to retake their oaths properly is alarming. They now face demands to repay salaries and expenses that they legitimately earned while fulfilling their duties as legislators.

Last August, a further injustice occurred when Joshua Wong, Alex Chow and Nathan Law, who were student leaders of the peaceful umbrella movement in 2014, were sentenced to prison terms of six, seven and eight months respectively. Twenty four hours after their sentencing, a letter signed by 25 international figures, including me, the hon. Member for Hornsey and Wood Green (Catherine West), who is here today, and many leading politicians, diplomats and academics, was published, which expressed concern at this as a miscarriage of justice, a threat to Hong Kong's rule of law and basic human rights and a blow to the one country, two systems principle. It was followed by a letter by 12 senior international lawyers, many of them Queen's counsel, who argued that the imprisonment of these young men was not only a threat to the rule of law, but a breach of the principle of double jeopardy in Hong Kong and a violation of the International Covenant on Civil and Political Rights, which applies to Hong Kong. They noted

"serious concerns over the independence of the judiciary".

I am pleased that a few weeks later, Joshua, Nathan and Alex were granted bail, released from prison and permitted to appeal, but whatever happens with their cases on appeal, the serious issues raised by the decision to jail them in the first place should not be ignored. I would like to think that the international consternation expressed at their treatment, and undoubtedly noted by

the Chinese authorities, contributed to their release. That is why I share the view of the last Governor of Hong Kong, Lord Patten, when he said our Government's Ministers should speak out publicly, not only privately, and that those who believe that raising difficult issues with China, such as human rights, would affect trade are "mistaken".

Joshua, Nathan and Alex are far from alone. According to expert Kong Tsung-gan in a recent article in *Hong Kong Free Press*,

"at the heart of the government strategy to keep pro-democracy groups on the defensive and to intimidate ordinary people into not participating in the movement are the 39 legal cases (criminal and civil) it has brought against 26 pro-democracy leaders, as well as prosecutions of dozens of grassroots activists."

I understand that, at present, more than 50 democracy activists face court proceedings and potentially prison under public order offences, in cases that past precedent indicates would normally have been punished with non-custodial penalties—community service or a fine. Some 16 peaceful demonstrators have been jailed for between six and 13 months already.

"As never before,"

writes Kong Tsung-gan,

"the government is using the courts to criminalise and delegitimise the pro-democracy movement."

He argues that although some cases—such as those I have quoted—have received international attention, more focus should be given to the "overall pattern".

In a further example of the erosion of democratic procedures, in December last year, the Legislative Council introduced procedural changes regarding elected legislators' authority. The powers of the Legislative Council chairman to close down debates were increased. Inevitably, that will reduce the ability of pro-democracy groups, which represent the majority of Hong Kong's people, to properly scrutinise legislation and hold the Executive to account. A new law imposed on Hong Kong by China now criminalises disrespect of the national anthem. Some Hong Kong football fans have booed China's national anthem during football matches. One can argue whether it is appropriate to disrespect a national anthem, but is it right to criminalise such action with a penalty of up to three years in prison? Disturbingly, I understand that these new laws can be applied retrospectively.

Journalists now face physical threats. Hong Kong has fallen to 73rd place in Reporters Without Borders' 2017 World Press Freedom Index—down from 18th in 2002. Academic freedom is being curtailed, too, with recent reports of controversial academic figures being removed from posts or having promotions blocked, of state-appointed figures governing universities, and of a growing push to limit freedom of speech there.

Another illustration of the erosion of Hong Kong's autonomy, and one that directly affects the freedoms of the United Kingdom, was the decision to deny British human rights activist Benedict Rogers entry to Hong Kong in October last year. I take the opportunity to thank Foreign Office Ministers for expressing concerns to the Chinese authorities about the denial to Mr Rogers, after I raised questions in the House at the time. Does the Minister have any update regarding this? In late 2017, several Taiwanese scholars were also refused entry to Hong Kong.

The year ended with yet another example of the increasing erosion of Hong Kong's authority: the Chinese Government's decision to enforce mainland Chinese law at the new West Kowloon high-speed rail terminus in Hong Kong. Under the arrangement, Hong Kong will effectively surrender its jurisdiction across a quarter of the new express rail terminus, where immigration procedures will be performed by mainland law enforcement agents with powers of search and arrest. I understand that Chinese national law will apply at the rail terminus. Thousands demonstrated in Hong Kong against these plans on new year's eve. In the view of many experts, that effectively introduces one country, one system.

I understand that the National People's Congress standing committee decided that the co-location arrangement is constitutional, thereby usurping the function of the courts, which under the Basic Law of Hong Kong should have exclusive rights to adjudicate cases. The Hong Kong Bar Association has said it is "appalled" by this decision, and stated:

"Such an unprecedented move is the most retrograde step to date in the implementation of the Basic Law, and severely undermines public confidence in 'one country, two systems' and the rule of law"

in Hong Kong. Does the Minister share the concerns of the Hong Kong Bar Association?

In December, Mr Speaker hosted the launch in Speaker's House of a new organisation set up in this country to monitor, report and advocate for Hong Kong's freedoms and autonomy—Hong Kong Watch. I had the privilege of attending the launch of that organisation, which was founded by Benedict Rogers and others. I commend its work to the House and encourage Members on all sides to engage with Hong Kong Watch. It has a highly distinguished cross-party group of patrons, including Sir Malcolm Rifkind, Lord Ashdown, Lord Alton of Liverpool and Sir Geoffrey Nice, QC. The seniority of those individuals in their respective spheres of public life underlines that the concerns I am expressing are shared by respected public figures across political parties in this country and beyond, and that they cannot be ignored.

Indeed, Lord Ashdown recently visited Hong Kong as a patron of Hong Kong Watch. He published a report, which he presented at a meeting in the House of Lords last week, which I attended. The report is entitled, "Hong Kong 20 Years on: Freedom, Human Rights and Autonomy Under Fire". I urge the Minister to read it if he has not already done so, and to respond to the concerns and recommendations in it. Lord Ashdown states:

"Over the past five years the freedoms guaranteed to the people of Hong Kong in its mini-constitution, the Basic Law, have been increasingly eroded. In Hong Kong, the rule of law is under pressure, human rights are undermined, and the city appears no closer to democracy. Legislators, legal experts and activists that I spoke to expressed concerns about the direction of travel: the situation appears likely to worsen in the coming years unless the people of Hong Kong and international governments unify to protect the rights of those living there."

What concerned me particularly, as I listened to Lord Ashdown presenting his report last week, was what he said of his recent visit, compared with previous visits to Hong Kong over the years.

4.59 pm

*Sitting suspended for a Division in the House.*

5.14 pm

*On resuming—*

**Fiona Bruce:** I will shortly draw my remarks to a conclusion. I was about to quote Lord Ashdown. Following his recent visit to Hong Kong, he said that

"something has happened to cause the almost irrepressible spirit of Hong Kong to be dampened down".

It is profoundly concerning to hear claims from China that the joint declaration is viewed by some as a historical document of no relevance. Does the Minister agree that it is still relevant now and right up to 2047, that it is a joint declaration by both Britain and China in which both signatories have responsibilities and obligations, and that, as an international treaty lodged at the United Nations, China's adherence to those obligations under the treaty ought to be taken as an indication of its reliability in adhering to all its international treaty obligations?

Does the Minister agree that, as Lord Ashdown said, "it is in the interests of Britain, China and Hong Kong to continue to uphold the rights enshrined at the handover"?

Does he also agree that Britain has, as Lord Patten said, "a right and a moral obligation to continue to check on whether China is keeping its side of the bargain"

publicly as well as privately? If so, what are the Government doing to fulfil that obligation?

We must heed the plea of Anson Chan, Hong Kong's former Chief Secretary, and Martin Lee, founder of Hong Kong's Democratic party, who told the Conservative party human rights commission, which I have the privilege to chair:

"We need the UK to speak up forcefully in defence of the rights and freedoms that distinguish Hong Kong so sharply from the rest of China. If it does not lead, then the future of one country, two systems is at best troubled and at worst doomed."

I hope we will step up to our responsibilities, speak up for Hong Kong and live up to the promise made by Sir John Major 22 years ago that Hong Kong should never have to walk alone.

*Several hon. Members rose—*

**Mr Gary Streeter (in the Chair):** Colleagues, five Back Benchers are seeking to catch my eye. The wind-up speeches will begin at 5.40 pm, so you have about five minutes each.

5.16 pm

**Catherine West (Hornsey and Wood Green) (Lab):** It is a pleasure to serve under your chairmanship, Mr Streeter. I congratulate the hon. Member for Congleton (Fiona Bruce) on her excellent introduction and her commitment over the long term to the people of Hong Kong. As a former shadow Minister for Asia and as a patron of Hong Kong and deputy chair of the all-party parliamentary China group, I congratulate others for joining in the debate and for expressing our concern about human rights, democracy and individual freedoms.

As we reflect on the past 20 years, it is important to pay tribute to the Hong Kong Government for the significant steps forward they have taken since handover, from minimum wage legislation to anti-corruption drives, clean water initiatives and huge investments in public infrastructure projects. As we look forward to the next 20 years, we should pause to remember the past 20,

[Catherine West]

and how important the principles of the joint declaration are for the flourishing of Hong Kong's economy and society. The dynamism and entrepreneurial spirit of the Hong Kong people has allowed Hong Kong to flourish under the joint declaration. There is no reason why that should not continue.

The UK-Hong Kong relationship has deepened. More than 600 UK businesses with registered offices in Hong Kong, an export market worth £8.6 billion and a UK investment stake of more than £33 billion are clear signs that trade is booming. In terms of academic and cultural exchange, more Hong Kong students are enrolling at UK universities than ever before, which is an achievement to celebrate. In part, the relationships we form with students, young people and young democrats redouble our efforts to commit ourselves to a more socially just society based on individual freedoms and human rights.

We are all aware of the high-profile cases raised in connection with the topic of the debate, including the arrests of the booksellers. It is interesting that today's papers highlight the case of Gui Minhai, the Swedish national who does not understand why he has been arrested. It is unclear whether he has any legal support. Conversations are going on between Sweden and China, but that case emphasises how surprising such acts can be. At one moment, one can be debating a good trade relationship and things can feel so normal, but in another situation things can seem so strange. When we try to develop a good relationship with China along trade lines, we must be brave and talk about the issues that are important to us.

On 28 March 2017, I asked the Minister's predecessor as Minister for Asia, the hon. Member for Reading West (Alok Sharma), how confident he was that the Hong Kong Government were committed to genuinely democratic elections. He stated that it was the Government's view that the best way to secure the future of one country, two systems was through a transition to universal suffrage. I would be grateful if this Minister would give us an indication of the timescale or of what progress might have been made in tackling that fundamental issue of universal suffrage.

Secondly, the issue of functional constituencies continues to be an area of concern when it comes to creating a system of fair and genuine democratic representation. I recognise that the functional constituencies are somewhat a hangover from pre-handover days, but I should be grateful if the Minister would clarify the Government's position on whether they should play a lasting role in the democracy of Hong Kong, and whether he has discussed the issue with his counterparts in Hong Kong or Beijing.

Thirdly, I wonder what action the Minister has taken to raise the jailing of Hong Kong journalists. The tension between democracy and governance, journalism and the free expression of speech is obviously something that means a great deal to many of us in the Chamber. Could the Minister please give us an update on what progress is being made to discuss genuine freedom of speech in Hong Kong? Of course, Hong Kong has always treasured that; it has always had a lively bookselling tradition and a lively journalistic environment. As we move into an increasingly globalised age, such questions

are also crucial around social media. I should be grateful if the Minister would give me an idea of his views on that.

I have one minute to go. Marking the anniversary of the handover, the Foreign Secretary issued a very carefully worded statement, in which he made no specific reference to the persisting cases or concerns outlined by hon. Members today. As a guarantor of the joint declaration, a treaty lodged at the United Nations, it is our responsibility to ensure that its principles are upheld, working with our Chinese counterparts. Following the delegation of young LegCo Members last year, hosted by Lord Collins of Highbury from the other place, I pledged to those young representatives that I would continue to press our Government to ensure that the spirit of the joint declaration is upheld. I hope that, through debates like these, we can continue to be vigilant, to promote human rights, democracy and individual freedom on behalf of Hongkongers.

5.22 pm

**Richard Graham** (Gloucester) (Con): It is a pleasure, as chair of the all-party parliamentary group on China, including Hong Kong, to join the debate. I congratulate my hon. Friend the Member for Congleton (Fiona Bruce) on securing it. In many ways, this debate is a continuation of others we have had. I last spoke on this subject in this Chamber in March 2016; we were then considering the 38th biannual report on Hong Kong. It is perhaps timely to review again progress on the implementation of the Sino-British joint declaration of 1984, just over 20 years since the handover of Hong Kong.

In the 38th biannual report, the Foreign and Commonwealth Office noted that the system of one country, two systems has in very many areas "continued to function well", but it noted specific concerns about rights and freedoms, including academic freedom and the freedom of the press. In the 41st report, the most recent one that we have, the Foreign Secretary's introduction confirmed his strong belief that the joint declaration "remains as valid today as it did when it was signed by both the Government of the UK and of China over thirty years ago", that it was legally binding, that it continues to be enforced and that he had unequivocally raised the issue, both publicly and privately, with the Chinese Government.

In a sense, the updated report is largely a continuation of the earlier one. Anyone objectively looking at the progress of Hong Kong over the last 35, 20 or even five years would have to note considerable elements of progress in the way that Hong Kong continues to surprise—its environmental campaigns, its increased social welfare understanding, and its ability to continue to do dynamic things in its trade with the rest of the world, brilliantly exemplified by the presentation given at the annual dinner of the Hong Kong Trade and Development Corporation in London last autumn.

Our co-operation with Hong Kong, which stretches to cover much more than trade and investment, encompassing the 3.7 million British passport holders in Hong Kong, strong education links and—above all, perhaps—the rule of law, has continued strongly. It will be, I suspect, raised to a new level in March, when our Department for International Trade works with Hong Kong on the GREAT festival of innovation, which will

I think be the Department's largest promotional activity in the far east this year. It will focus on technology in a whole number of different ways, and will be a strong example of how Britain and Hong Kong are still immensely relevant to each other.

None the less, the issue of the freedom and democracy of Hong Kong is incredibly important. Although those concerns remain strong, I note that Hong Kong Watch's report says that academic freedom is "alive, and generally well," with the caveat that there should be vigilance against changes to those freedoms. My belief is that in engaging with Hong Kong—many of whose residents are old friends of the UK in a number of ways—and with the People's Republic of China, part of the issue is the tone we strike. Having something called "Hong Kong Watch" is valuable, in the sense that it will continue to look closely at the six freedoms articulated in the joint declaration, but it also has an element of moral superiority to it, which we must be careful about.

For example, in an email to me a few days ago, a Hongkonger resident in the UK accused China of breaking solemn commitments to respect Hong Kong's freedoms and "British way of life", before going on to talk about the Iranian-style fake election of the chief executive and "Governor-like powers to rule Hong Kong."

We cannot have it both ways. The fact of the matter is that the British Governor there was not elected in any way whatsoever, and he did have significant powers to rule Hong Kong. That was part of the British way of life in Hong Kong at that time.

Things have moved on. The key thing I would like to leave the Minister to ruminate on today is the importance of shared rule of law for all three parties. When Hong Kong is operating at its best, in a way that can raise huge amounts of capital and provide great services for the Chinese programme of one belt, one road, we, with Hong Kong and China, can use the advantages of a strong rule of law to benefit everyone.

5.27 pm

**Sammy Wilson** (East Antrim) (DUP): I remember when the discussions were going on about the future of Hong Kong. There was particular interest in Northern Ireland. I was a member of the Chinese chamber of commerce in Northern Ireland; a lot of the members came from Hong Kong or had families there and were very concerned about the future. Of course, Chris Patten had been a member of the Administration in Northern Ireland when the Anglo-Irish agreement was signed and we were moving toward discussions about the future of Northern Ireland, which culminated in the Belfast agreement. Given that the Government had expressly stated that they had no economic, strategic or selfish interests in Northern Ireland, there was a certain affinity with people in Hong Kong who were facing an uncertain future.

Thankfully, despite all the fears about Britain's exit, or Brexit, from Hong Kong—people thought capital would flee from Hong Kong, industry would be decimated, people would want to leave and the whole economic dynamics of the Hong Kong economy would be affected—that did not happen. Perhaps there are lessons for today from those kinds of warnings.

The commitment was made to the people of Hong Kong that although China would now have control, it would be one country but two systems. Nothing would

change for 50 years. Freedoms they had experienced would be guaranteed. As has been shown this afternoon, if we look at the way in which deteriorations in human rights and freedoms have manifested, especially recently, whether we are talking about the abduction of booksellers and businessmen, interference with the judiciary, attacks on journalists or the way in which protestors have been treated, there has quite clearly been an erosion of the freedoms that people were promised. It is significant that the man who did the deal has said that perhaps we should have done more. Chris Patten has expressed concerns about what is going on in Hong Kong.

The one thing that the Chinese do not like—this is quite clear in all dealings with them—is public criticism. We saw that when we were asked to ensure that protesters were kept off the streets of London during the state visit of the Chinese Premier; it showed how, for the Chinese, public criticism rankles. It is important that where these deficiencies are identified, our Government speak out against them, not only privately but publicly. There are some people who say that we look to China as one of our big export markets, and that there are trade implications to speaking out. I do not believe that. One need only look at how in the past Presidents of the United States, for example, have publicly criticised China, and it has not led to the kind of sanctions that one would expect. The one ask I have of the Government is this: let us not be mealy-mouthed in ensuring that the protections that we gave and promised to the people of Hong Kong are delivered.

5.32 pm

**Colin Clark** (Gordon) (Con): It is an honour to serve under your chairmanship, Mr Streeter. Scotland has had strong links with Hong Kong historically and commercially, in politics, science and modern trade. There can be no doubt that over the last 20 years Hong Kong has thrived as a result of its proximity to China, while enjoying access to financial markets around the world.

Scottish universities, including Aberdeen and Edinburgh Universities, have very strong links to Hong Kong, and they share our concerns. Last year was a special year for the special administrative region, and much was made in Hong Kong and China of the significance of the 20th anniversary of the handover from the British. As the right hon. Member for East Antrim (Sammy Wilson) said, at the time, Britain left in a clear agreement that Hong Kong's special status under the one country, two systems understanding would be protected, along with a commitment to the rule of law and Hong Kong's autonomy, as my hon. Friend the Member for Congleton (Fiona Bruce) eloquently explained.

However, in recent years we have seen worrying signs that the commitment is wavering. It does not benefit China and the ruling Communist party to flex their muscles when it comes to Hong Kong. The economic importance of Hong Kong to China should very much temper their response. But all this shows a worrying disregard for the joint declaration. The United Kingdom has a clear right to monitor and comment on the declaration, given that that was one of the major preconditions for the handover of Hong Kong. The commitment to the rule of law and autonomy were agreed for a period of at least 50 years. It is worrying that, only halfway through, we are deeply concerned that those principles appear to be at risk.

[Colin Clark]

I hope that the Government will recognise the concerns expressed in the Chamber today and speak out where necessary. China is a friend to the United Kingdom and a country with which we enjoy a prosperous and beneficial relationship, but friends must be able to be honest with one another and have difficult conversations on issues on which we disagree. Like the right hon. Member for East Antrim, I recognise the economic success of Hong Kong and want to see it flourish. The last 20 years have defined the Hong Kong of today. If it is to continue to flourish for the next 20 years, its democracy, autonomy and rule of law must not only be protected, but enhanced so that they are worthy of any great international city, which Hong Kong most certainly is.

5.34 pm

**Jim Shannon** (Strangford) (DUP): I thank the hon. Member for Congleton (Fiona Bruce) for her contribution. She is clearly a lady with a big heart, and she presented the case very well. Well done to her. Last week in the Holocaust debate, I quoted a poem:

“First they came... and I did not speak out.”

I recognise that we are not talking about the same thing today, but there is a similarity that we should speak out about. Looking at the situation in Hong Kong and the response to date, I am uncomfortable, as other hon. Members have said that they are.

I often say that I am proud to be a Member of Parliament in the greatest seat of democracy in the world. It is an honour that I do not take lightly. While I am standing here representing my constituents, I am mindful that with great power comes great responsibility. I am sorry to say—please do not interpret my words as an attack on anyone in this place—that we are not living up to our responsibility when it comes to Hong Kong. It is good to see the Minister in his place. I believe there is no better person to respond to this debate, and I mean that with all sincerity. I look forward to his response.

We all know the background: Hong Kong was handed back to China in 1997 following the 1984 agreement between China and Britain. China agreed to govern Hong Kong on the principle of one country, two systems, and the city would be able to enjoy a high degree of autonomy, except on foreign and defence affairs, for 50 years, as the hon. Member for Gordon (Colin Clark) said very clearly. I am not a mathematician, but we have not reached the end of those 50 years. If a loan had been defaulted on, we would not write it off; where there is a prison sentence, we would not allow early release; yet here we appear to have backed off. As I often say, “so sad, too bad.” The abuse of human rights, the right to worship and the right to express oneself in a democratic process—we have a responsibility to these people, and we are not fulfilling it.

As chair of the all-party parliamentary group for international freedom of religion or belief, I take very seriously any form of persecution, and I am constantly asking the Government—as the Minister knows—to step in and speak out on behalf of these people. People who have arranged peaceful protests are being imprisoned. Three and a half years ago, I served on the armed forces parliamentary scheme run by the Royal College of Defence Studies. One of the representatives there was the chief of Hong Kong police. He told me about the

number of protests, because I was interested to hear how things were going, and he illustrated to me that protests were able to go ahead. Today they are not. Today people are under the cosh. Today, they can face a jail sentence. We have to step out against that.

Avery Ng, the chairman of the League of Social Democrats, told *The Guardian*:

“It is ridiculous for the Chinese government to claim that the joint declaration is a historical document. You don’t sign a contract and claim that it is historical the second day after the contract was signed.”

How true that is! He continued:

“I believe the UK government has legal, moral and political responsibility to come out and say the right thing.”

I agree with those sentiments, and while I do not believe that we have humiliated ourselves—I do not say that for one second—we have not draped ourselves in honour, either.

Yes, we would appreciate a good relationship with China to enhance trade, especially in a post-Brexit Britain, but we cannot sell ourselves, our integrity or our obligations off to achieve this. Our products are top-quality. Our relationship has gradually built up. While I firmly believe that organising a boycott of Chinese products would be counterproductive and the wrong thing to do, I do not believe that we have lost the ability to speak out about our former colony, and to instigate a real and meaningful discussion regarding these cases and what they mean for the people of Hong Kong.

Last sentence, Mr Streeter. I am asking the Foreign and Commonwealth Office for more than a strongly worded email. Let us discuss this face-to-face and make the case for those who are not being allowed to speak out for themselves. I often say that we speak for those who have no voice.

**Mr Gary Streeter (in the Chair):** I remind hon. Members that Opposition Front Benchers have five minutes each, and the Minister has 10 minutes. That should allow a few moments for Fiona Bruce to respond at the end.

5.38 pm

**Peter Grant** (Glenrothes) (SNP): I am grateful for the opportunity to start summing up the debate. In the interest of brevity I will not go through everyone who has contributed. It is quite clear that everyone who has spoken is concerned about the plight of the people of Hong Kong, and not just because of the United Kingdom’s history in the region. It is perfectly legitimate in any democratic society to have concern for human rights everywhere; human rights are there because people are human beings, not because of where they live or which political system they work under.

I have a concern, as I think we all do, that the Government of China, through the authorities in Hong Kong, as we see in so many other places, use the excuse of law and order or of protecting national security to clamp down on what would be seen in any reasonable society as possibly awkward or inconvenient, but perfectly legitimate, peaceful and lawful, disturbances by people doing no more than exercising their right to disagree with the Government of the day, to make public statements and to take part in public protests against, or in favour of, that Government’s policies. Let me make that clear,

as I have done in a number of other human rights debates that I have taken part in here. The Chinese Government and the authorities in Hong Kong have the right to maintain their own society. They do not have the right to use that as an excuse for completely arbitrary arrests and detentions.

I hope that the Minister will indicate what the Government's intentions are for after we leave the European Union. China will clearly be a big target for one of these wonderful new trade deals that we will get. How can we be sure that that will not be obtained at the cost of our watching brief on human rights in China? It has to be said that the United Kingdom's record on dictatorships in places such as Saudi Arabia and Bahrain is not good. Far too often, trade interests triumph over human rights. More recently, we have even seen that in Spain: there have been arbitrary arrests for taking part in the wrong kind of political demonstration in Spain in the past few months, and the Government have been very slow and reluctant to criticise them. The United Kingdom's authority in speaking to the Chinese Government about human rights abuses in Hong Kong would be much greater if we were prepared to speak as firmly to our so-called friends in some other human rights abusing regimes across the world. We do not have to go to Hong Kong to see people being denounced as enemies of the people simply for expressing unpopular or contradictory views.

I am grateful to the hon. Member for Gloucester (Richard Graham), who is no longer in his place, for reminding us that part of the reason why there is little democracy in Hong Kong now is because there was practically none for 150 of the 155 years that Britain was in charge. Out of a population of several million, how many citizens of Hong Kong were asked who they wanted as Governor before Chris Patten took over? None, or practically none. The first real attempt to democratise Hong Kong was introduced by Chris Patten in 1992, exactly 150 years into British rule there. Sometimes we really do need to look at ourselves in the mirror. We should ask why democracy in Hong Kong suddenly became important when Britain was about to hand over control, but did not seem that important when Britain was in control.

Some of the structural, institutional reasons why human rights are sometimes not properly observed are British legacies. The reason that universities can clamp down with complete impunity on academics or students who speak out of turn is because the Chief Executive of Hong Kong is the *de facto* principal—the boss—of every university in the city. The Chinese did not do that; Britain did that. That was what Britain set up. Half the legislature is elected not by the citizens but by the big business interests. The Chinese did not do that; Britain did that. Let us face it: in this place, half the legislature and more is not elected.

We should by all means comment, criticise and use all forms of diplomatic and political pressure to try to persuade the Government of China that human rights are in everybody's interests, not only in Hong Kong but in mainland China, but we should do it with a degree of humility. Sometimes we should do it with a degree of shame, when we remind ourselves that Britain's first insistence on taking control of Hong Kong was not done in the interests of Hong Kong's citizens, but was done to protect the interests of the opium barons. Although the hon. Member for Gordon (Colin Clark)

has mentioned some of Scotland's positive connections with Hong Kong, it is to our national shame that it was a couple of Scottish entrepreneurs who set up a company purely to sell opium into China to undermine the Chinese economy. Today, we should by all means press the Chinese Government to respect human rights, but we should do it with a sense of humility, because a lot of the problems in Hong Kong just now can be traced back to the British history of colonialism in Asia and elsewhere.

5.44 pm

**Helen Goodman** (Bishop Auckland) (Lab): It is a pleasure to serve under your chairmanship this afternoon, Mr Streeter.

As hon. Members have said, one of the privileges of serving in our free Parliament is the ability, and the possibility, to defend the freedoms of those in other countries where things are more difficult. Last year was the 20th anniversary of the joint declaration, and I would just like to remind the Chamber of one of the key paragraphs in it, which says:

“Rights and freedoms, including those of the person, of speech, of the press, of assembly, of association, of travel, of movement, of correspondence, of strike, of choice of occupation, of academic research and of religious belief will be ensured by law in the Hong Kong Special Administrative Region.”

Those are fundamental rights, and Her Majesty's Opposition totally support the principle of one country, two systems and we totally accept our legal responsibilities as a guarantor of that declaration and of those rights.

I want to pay special tribute to the hon. Member for Congleton (Fiona Bruce) for the way that she introduced this debate. Her speech was excellent and set out the whole picture very clearly. I have to say that she is fearless in defending those whose human rights are abused, however inconvenient it is and wherever we see it. I also congratulate my hon. Friend the Member for Hornsey and Wood Green (Catherine West) on her considerable work on Hong Kong in recent years.

The situation is obviously getting more difficult, as the Government report acknowledges, and we have to ask what is to be done in this situation. We should remind China of a couple of things. One is that while we agree that calls for independence are not ones that we support, clamping down on protests and on free speech, and appearing not to wish to see civil society flourish, can only increase those pressures. That will not reduce those protests. As Lord Ashdown said, will the Chinese enhance their own soft power if they undermine Hong Kong's freedoms? That is a very powerful point.

I am interested to know what the Government are going to do and what they are going to say to the Chinese. I think that the Prime Minister will have a meeting with President Xi in the next few months. Is the intention to raise these issues? The Government have been objective and open in assessing the situation, but what further do they think that they can do? I would also like the Government to assure us that in the post-Brexit pressure for trade regimes, we will not abandon our commitments and responsibilities to human rights. Taking on board what the hon. Member for Glenrothes (Peter Grant) said about humility, and notwithstanding what happened when we were running Hong Kong, what steps do the Government think it is possible to make to

[Helen Goodman]

move to universal suffrage, and what is their view on the legality of the immigration checkpoint on the new railway?

The title of the debate is “Democracy in Hong Kong”. Most of the focus has been on individual human rights, and at this juncture I think that is the right focus.

5.49 pm

**The Minister for Asia and the Pacific (Mark Field):** I pay tribute to my hon. Friend the Member for Congleton (Fiona Bruce) for her work as chair of the Conservative party human rights commission. I value her deep interest in Hong Kong and a range of other matters. Forgive me if I reply to some specific issues in writing subsequent to this debate; I hope that all Members will understand, particularly the hon. Member for Bishop Auckland (Helen Goodman). We are concerned about the checkpoint issue, not least because it has been raised by the Law Society of Hong Kong, but I will return to the detailed points made by the hon. Member for Hornsey and Wood Green (Catherine West) after this debate.

I have rather more sympathy than I can probably say publicly for much of what the hon. Member for Glenrothes (Peter Grant) said. It is a conversation that I had with my officials earlier, and I am glad he was not a fly on the wall for that. He will appreciate that although he makes some valid points about the past, we also need to look to the future. It is my responsibility now to make things work for the future and to ensure that the joint declaration is properly enforced, and I intend to do so.

I stress that the UK Government are acutely aware of our historic responsibilities to Hong Kong, and indeed to future generations of Hongkongers, to uphold the joint declaration. We remain absolutely committed to monitoring and ensuring the faithful implementation of that document, and to the principle of one country, two systems. The joint declaration of 1984 is a legally binding treaty registered at the United Nations. It clearly applies to both signatories, remains in force, and is relevant to today’s Hongkongers and those of future generations. We have been unequivocal about our position on that issue both publicly, including in our six-monthly reports to Parliament, and in private with the Chinese Government.

We judge that one country, two systems has generally functioned well. It provides Hong Kong with the essential foundations for success as a global financial centre and a prosperous world city. Those foundations are Hong Kong’s capitalist economic system, its high degree of autonomy, its system of common law and independent judiciary and the protection of rights and freedoms. To return to one thing that the hon. Member for Bishop Auckland said, I take seriously the three prongs of my responsibility as the Minister for Asia and the Pacific: prosperity; security, defence and intelligence; and human rights. Please be assured that there is and must be no trade-off between human rights, whether in Hong Kong or in any other part of the world, and any Brexit-related trade matters. I know that there will be ongoing debates in the House, but please be assured that that is my position as Minister and that of the Foreign and Commonwealth Office.

The Government’s most recent six-monthly report makes it clear that we cannot ignore the fact that important areas of the one country, two systems framework

are coming under increasing pressure. However, I reassure the House that we consistently and unashamedly raise those concerns with the Chinese and the Hong Kong authorities. I appreciate that such engagement may not always be obvious or visible, although of course it is very obvious in the six-monthly reports, but be assured that those representations continue to be made.

Personally, I believe that more can often be achieved through quiet diplomatic engagement than through megaphone diplomacy, but we are willing to comment publicly and robustly where we feel that it is appropriate. For example, I raised our concerns about the pressure on one country, two systems during my visit to Beijing and Hong Kong last August, and I was encouraged to hear Chinese Ministers confirm their support for the doctrine. That support was echoed by Hong Kong Chief Executive Carrie Lam in my discussions with her. She pledged to implement the principle of one country, two systems, to uphold the Basic Law and to safeguard the rule of law.

However, I also accept that confidence in that doctrine is being undermined by ever more frequent reports of mainland security officials operating in Hong Kong and continuing concerns raised about the exercise of some of the rights and freedoms guaranteed by the joint declaration. Many people will have followed the media coverage last year when three high-profile pro-democracy activists, Joshua Wong, Nathan Law and Alex Chow, were sentenced to imprisonment. We were further concerned when we heard that the British national Ben Rogers had been denied entry to Hong Kong in October last year. He is a champion of democracy and human rights, well known to Members of all parties. The Prime Minister spoke about his case in the House, we summoned the Chinese ambassador to the Foreign Office to discuss it and the Secretary of State for Communities and Local Government raised the issue with the Hong Kong Secretary for Labour and Welfare during his visit to Hong Kong in November.

I wrote to the Hong Kong Chief Executive Carrie Lam setting out our position on all four of those cases. Her response was consistent with previous public comments made by the Hong Kong authorities on the issue. If the people of Hong Kong and the watching world are to have continued confidence in one country, two systems, it is vital that the high degree of autonomy and the rights and freedoms enshrined in the Basic Law and guaranteed in international law by the joint declaration are respected. As I said earlier, we will not shy away from that. I know that the Prime Minister mentioned it when she met President Xi at the G20 summit in July, and as the hon. Member for Bishop Auckland rightly pointed out, we will no doubt discuss it when the next visit takes place.<sup>1</sup>

Let me be clear: ongoing commitment to those doctrines is not interference by the west in Chinese affairs. Maintaining confidence in one country, two systems and the rule of law is crucial for both Hong Kong’s own interests and China’s, including the city’s role as a financing hub for the belt and road initiative. Our interest is also driven by our wish to see Hong Kong prosper well into the future. We firmly believe that Hong Kong’s economic system, which is uniquely trusted to bring huge new opportunities into China from all corners of the globe, will only flourish if its people enjoy the freedom and safeguards that will promote their talents and enterprise.

1. [Official Report, 25 January 2018, Vol. 635, c. 1MC.]

Turning to political reform, I welcome the Chief Executive's commitment to addressing that challenge in Hong Kong, which was a focus of her policy address last October. As we have said and will continue to say in the six-monthly reports, we believe that political reform, including on universal suffrage and functional constituencies, will better equip Hong Kong to tackle the challenges that it faces, as well as giving the people of Hong Kong confidence for the future.

On independence, our position is also clear. We do not consider it to be a realistic option for Hong Kong. That is the other side of one country, two systems. Indeed, any move toward independence undermines the concept. Again, we will call that out, because we believe that the system as it stands is the best possible guarantor for Hong Kong's long-term stability and prosperity.

As I have outlined, Hong Kong matters hugely to the UK, and not just because of our shared history. Hong Kong is also an important trade and investment partner, both bilaterally and due to its pivotal role as a gateway to the belt and road initiative. I am perhaps a little more optimistic than my hon. Friend the Member for Congleton. Twenty years after the handover of Hong Kong to China, the UK's commitment to the joint declaration and one country, two systems remains as robust as ever. I am very confident that the relationship between the UK and Hong Kong, a relationship that will also include China, will continue to deepen in the coming months and years to come.

Where we identify disagreements, such as in the case of Ben Rogers, we shall continue to raise our concerns. We shall continue to stress to the Chinese and Hong Kong authorities that for confidence in one country, two systems to be maintained, Hong Kong must enjoy the full measure of its high degree of autonomy and rule of law, as set out in the joint declaration and enshrined in the Basic Law.

5.57 pm

**Fiona Bruce:** I thank colleagues for contributing to this debate, and I thank those who have joined me in raising concerns about recent challenges to democracy and human rights in Hong Kong. I also thank the Minister for his considered response, and for the clear assurances that he has given of the UK Government's ongoing commitment to ensuring that the principles, rights and freedoms enshrined in the joint declaration and the Basic Law are adhered to.

In speaking of such matters, I know that we all share a genuine concern for the wellbeing of the people of Hong Kong, for their flourishing future and for a positive relationship between our two countries. I hope that our deliberations will aid all those things.

*Question put and agreed to.*

*Resolved,*

That this House has considered democracy in Hong Kong.

5.59 pm

*Sitting adjourned.*



# Written Statements

Tuesday 23 January 2018

## CABINET OFFICE

### Carillion

**The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr David Lidington):** On Monday 15 January 2018 I notified the House of the steps taken by the Government in regards to the compulsory liquidation of Carillion plc.

Throughout this unfolding situation the Government have prioritised the continued delivery of public services. Taxpayers should not, and will not, bail out a private sector company for private sector losses or allow rewards for failure.

The failure of this company has understandably caused concern for many people over their jobs, their pensions and their local services. The court has appointed an official receiver from the Insolvency Service who has taken control of the delivery of public services contracts and we are supporting them to do so. We will support the official receiver to provide these services until a suitable alternative is found, either through another contractor or through in-house provision.

I would like to provide further reassurance that all employees working on public services should continue to turn up to work, as they have been doing since the announcement of the liquidation, confident in the knowledge that they will be paid for the work they are providing.

In order to safeguard our public services, we have been implementing contingency plans that have been developed since July 2017. Since I last updated the House, there has been no significant disruption to service delivery in schools, hospitals, prisons, defence and other public services as staff have continued to provide services. We have been engaging with all devolved Administrations with exposure to Carillion to ensure that robust contingency plans are being implemented.

A number of Carillion's joint venture partners such as Kier, Eiffage, Balfour Beatty, KBR, Amey and Galliford Try have committed to stepping into the respective public sector contracts to ensure continuity of these vital services. Public sector construction sites have been secured and construction will begin following the appointment of a new contractor. I would like to express my thanks to all those who have worked hard to ensure the continuity of public services.

Over 90% of Carillion's private sector facilities management service customers have indicated that they will provide funding for the official receiver to maintain interim services while new suppliers can be identified to deliver these, ensuring the retention and employment of staff on these contracts. In addition, we are making sure the usual level of support from Government to affected employees is available from Jobcentre Plus, the Department for Business, Energy and Industrial Strategy, the Pension Protection Fund (PPF), HMRC and also dedicated websites from the Insolvency Service.

At present, seven Carillion pensions schemes, covering 6,000 members, have moved to the pensions protection fund assessment period, this occurs automatically when all the sponsoring employers become insolvent. The remaining 21,000 members are in schemes which have at least one sponsor not in insolvency, and are therefore not in the Pension Protection Fund (PPF).

Where pensions have moved into the PPF, the PPF is making sure current pensioners continue to receive their pensions at 100% of their usual rate, and are assessing the eligibility of Carillion's pension schemes to enter the PPF to protect current employees' future pensions. We have also set up a special additional helpline with the Pensions Advisory Service for members of Carillion's pension schemes (0800 7561012). We have responded to over 500 calls to the Pensions Advisory Service line since it opened last week.

The Construction Industry Training Board (CITB) has worked with the Education and Skills Funding Agency to ensure funding is available to support former Carillion apprentices. Over 1,400 apprentices have been contacted and the CITB is offering every former Carillion apprentice a face-to-face session with CITB Apprenticeships to find out their individual learning needs. To date, the CITB have matched 400 Carillion apprentices to new employers, and they continue to assess the industry offers they have received to find placements for the remaining Carillion apprentices.

HMRC will provide practical advice and guidance to affected businesses in Carillion's supply chain through its business payment support service (BPSS). The BPSS connects businesses with HMRC staff who can offer practical help and advice on a wide range of tax problems, providing a fast and sympathetic route to agreeing the best way forward and addressing immediate concerns with practical solutions. HMRC has also offered to provide affected families with cash support through the tax credit system and has published details on how to contact them to arrange.

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark), the Economic Secretary to the Treasury (John Glen) and the Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Andrew Griffiths) met with several banks on 17 January 2018 to seek assurances that they will support small businesses affected by Carillion's liquidation. Lenders are contacting customers and, where appropriate, are putting in place emergency measures, including overdraft extensions, payment holidays and fee waivers to ensure those facing short-term issues can be helped to stay on track. Three lenders have made a fund of £225 million available to support small businesses exposed to Carillion's liquidation. Furthermore, the Secretary of State for Business, Energy and Industrial Strategy has set up a taskforce to monitor and advise on mitigating the impacts of Carillion's liquidation on construction firms, particularly SMEs and those working in the sector. He chaired the first meeting of the taskforce on 18 January 2018 and will be holding a further series of meetings with stakeholders in the coming weeks.

The official receiver has also taken immediate action to stop severance and bonus payments to former directors. The Secretary of State for Business, Energy and Industrial Strategy has written to the Insolvency Service and the official receiver asking that the statutory investigation into the conduct of Carillion's directors is fast-tracked

and extended in scope to include previous directors. He has also asked the Financial Reporting Council to conduct an investigation into the preparation of Carillion's accounts past and present, as well as the company's auditors.

Officials in my Department have been in touch with various Members' offices last week following their queries through the dedicated helplines we set up. I shall be holding drop-in sessions for Members to meet with Cabinet Office Ministers and relevant officials to answer any further queries. Alongside ministerial colleagues, I will keep the House updated on this ongoing situation.

[HCWS422]

## DEFENCE

### Armed Forces Pay

**The Parliamentary Under-Secretary of State for Defence (Mr Tobias Ellwood):** I would like to thank all hon. and right hon. Members for their contributions to the Opposition day debate about armed forces pay held on 1 November 2017. The passionate and constructive comments of Members regarding pay, allowances, pensions and accommodation clearly demonstrated this House's support for our armed forces.

The armed forces are among the most extraordinarily talented and hardworking people in our society. We can all be rightly proud that we have the most professional and effective armed forces in the world. The Government are committed to ensuring that the overall package they, and other public sector workers receive, reflects the value we place on their work.

The 2015 spending review and autumn statement budgeted for 1% average basic pay and progression pay awards. However, the Government recognise that in some parts of the public sector, more flexibility may be required, particularly in areas of skill shortage and in return for improvements to public sector productivity. There continues to be a need for pay discipline over the coming years to ensure the affordability of the public services and the sustainability of public sector employment.

Armed forces' pay levels are recommended by the independent Armed Forces Pay Review Body. The Government value hugely the role of the pay review bodies, and with a more flexible pay policy it is more important than ever that their recommendations are based on independent advice and robust evidence. They are in the process of considering evidence to inform their recommendations for the 2018 report which we look forward to receiving in due course.

[HCWS423]

## HOME DEPARTMENT

### Security Industry Authority: Annual Report and Accounts

**The Minister for Policing and the Fire Service (Mr Nick Hurd):** The 2016-17 annual report and accounts for the Security Industry Authority (HC 744) is being laid before the House today and published on [www.gov.uk](http://www.gov.uk). Copies will be available in the Vote Office.

[HCWS424]

## INTERNATIONAL TRADE

### Prime Minister's Trade Envoys

**The Secretary of State for International Trade and President of the Board of Trade (Dr Liam Fox):** The Prime Minister has approved two new appointments to the Trade Envoy programme. My right hon. Friend the Member for North East Hampshire (Mr Jayawardena) has been appointed as the Trade Envoy for Sri Lanka, and my right hon. Friend the Member for Solihull (Julian Knight), as the Trade Envoy for Mongolia. These new Trade Envoys take the total number to 30 parliamentarians covering 59 markets.

The Trade Envoy programme is an unpaid and voluntary cross-party network, who support the UK's ambitious trade and investment agenda in global markets. They have contributed to business wins worth around £19.5 billion.

[HCWS421]





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