

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

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Tuesday 6 March 2018**

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# House of Commons

*Tuesday 6 March 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—*

#### Court Closures

1. **Ruth George** (High Peak) (Lab): What recent assessment his Department has made of the effect of court closures on access to justice. [904186]

2. **Helen Hayes** (Dulwich and West Norwood) (Lab): What recent assessment his Department has made of the effect of court closures on access to justice. [904188]

**The Secretary of State for Justice and Lord Chancellor (Mr David Gauke)**: Maintaining access to justice is a key principle when changes to the estate are proposed. Before issuing our consultation on court closures in January, we assessed the impact on access to justice—principally, the changes in travel time for court users. The decision to close a court is never taken lightly, and is made only after full public consultation and where we are satisfied that access to justice is maintained. Our reform programme will improve access to justice for many users, while allowing many needs to be met without the need to attend court. Online solutions and video hearings will make access to justice easier.

**Ruth George**: The Minister's experience is not happening in my constituency, where Buxton court closed in 2016. Some of my constituents now have to travel 40 miles on a one-and-a-half-hour trip to Chesterfield court. The police say that it now takes them a whole day to take someone to court, whereas it used to take less than half a day, and that is having an impact on the number of offenders they can bring to court and on justice in my area. Please will the Minister take this into account in the current consultation?

**Mr Gauke**: I am grateful to the hon. Lady for her comments, but we also have to take into account the fact that 41% of courts and tribunals used less than half their available hearing capacity during the financial year 2016-17, and across the country courts are utilised at 58% of their capacity. In those circumstances, where resources are scarce we have to make decisions about the reforms we undertake.

**Helen Hayes**: I have been raising concerns about the closure of Lambeth county court for the past two years, and the court finally closed in December. My constituents facing the repossession of their homes must now attend Clerkenwell county court, which lawyers report to be a chaotic environment, which is impossible to contact by telephone, where cases and files frequently go missing and where the number of respondents failing to attend is rocketing. When will the Justice Secretary take action to address this unacceptable situation?

**Mr Gauke**: The reality is that we are undertaking a series of reforms, making much greater use of digital technology and increasing access to online ways of dealing with this. This is an important modernisation that the courts system needs.

**Mr Philip Hollobone** (Kettering) (Con): Very sadly, we have lost our magistrates court in Kettering, which, I have to say to the Government, was a mistake. It means that magistrates, the police and witnesses are all having to travel further. The closure of court sends a poor signal to the magistracy that they are not valued. Can we get rid of this ridiculous age limit, whereby magistrates have to retire at the age of 70?

**Mr Gauke**: I am grateful to my hon. Friend for raising this point, on which I have received representations. This is consistent with what happens elsewhere within the judiciary, but I am conscious that it will continue to be a matter of some debate.

**Yasmin Qureshi** (Bolton South East) (Lab): The Government are continuing to cut court staff, close courts and sign contracts worth millions of pounds for their digitisation programme. These are huge changes, which will have an impact on our courts for decades. Will the Minister promise not to close any more courts or sign contracts until the courts Bill is published and the matter has been debated fully in this Chamber?

**Mr Gauke**: I hope to be able to bring forward further news on the courts Bill in the near future, but I am not going to give the undertaking the hon. Lady seeks. It is important that we continue to look to get the best out of the resources we have. If that means reforms here in making greater use of digital technology and ensuring that our court estate is as rational and efficient as possible, we will need to continue to do that.

#### Vulnerable Witnesses

3. **Tony Lloyd** (Rochdale) (Lab): What assessment his Department has made of the time taken to bring to court criminal cases involving vulnerable witnesses. [904189]

**The Parliamentary Under-Secretary of State for Justice (Lucy Frazer)**: I understand that the hon. Gentleman has a great interest in this area and did a lot of work when he was the police and crime commissioner of Greater Manchester, calling for a review of how victims and witnesses are treated in the criminal justice system. It is right that cases come to court as quickly as possible, and timeliness in the criminal courts system is improving. The average mean number of days from listing to completion is down from 33 in 2015 to 27 in the third

quarter of 2017. Unfortunately, as he will know, there are particular challenges in relation to sex offences, where it does take longer for cases to come to court.

**Tony Lloyd:** The Minister is absolutely right that there are complexities in cases of, for example, child sexual abuse or rape. Nevertheless, constant, even legitimate, adjournments in cases can lead to months of delay. Sometimes, it takes years before victims come to court. Victims who are already traumatised by what has happened to them deserve better than to be traumatised by the process. Can we make them a priority?

**Lucy Frazer:** The hon. Gentleman is absolutely right that we need to be extremely careful with vulnerable witnesses and witnesses in sex cases and ensure that they get justice. We are bringing in and rolling out measures on the taking of their evidence to ensure that they can do that pre-trial and therefore safely, which will speed up justice. As the hon. Gentleman knows and as the Secretary of State has mentioned, we are hoping to introduce the courts Bill, which will ensure the streamlining of justice and do away with unnecessary hearings. Hopefully, that will speed up access to justice.

**Jim Shannon (Strangford) (DUP):** Will the Minister further outline what training lawyers receive in the handling of vulnerable witnesses? Does the Department intend to make updates to such training compulsory?

**Lucy Frazer:** In the family court, all judges have training on dealing with vulnerable witnesses. I am sure that the Crown Prosecution Service has training as well.

### Victims and Witnesses: Court Experience

4. **Alan Mak (Havant) (Con):** What steps his Department is taking to improve the court experience for victims and witnesses. [904190]

**The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee):** We are committed to improving the experiences of those who have become victims of crime, which is why, by the summer, we will publish our victims strategy, a key aspect of which is how we can improve support for victims as they interact with the criminal justice system.

**Alan Mak:** I welcome the steps the Government have taken. Does my hon. Friend agree that the video hearing system and other new technologies have the potential not only to improve victims' experience in court but to increase court capacity?

**Dr Lee:** My hon. Friend is right. Ensuring that victims of crime are able to give evidence in the easiest possible way is among our highest priorities. The roll-out of new video and audio technology will ensure that courts and their work loads are managed more efficiently.

**Chi Onwurah (Newcastle upon Tyne Central) (Lab):** The serious case review of the appalling sexual abuse of girls and vulnerable adults in Newcastle was published last month. Although it generally praised the actions of local authorities, the police and so on, it also raised significant concerns about how the victims of these appalling crimes were supported and the way they were

made to relive harrowing experiences. Will the Minister be responding directly to the Spicer review's recommendations?

**Dr Lee:** I thank the hon. Lady for her question. The Department is of course aware of that serious case review of the sexual exploitation of children. The details are shocking. Like all the agencies involved, we are looking into ways to continuously improve our service. I shall write to the hon. Lady about whether we will respond directly to that review.

**Patrick Grady (Glasgow North) (SNP):** Is the Minister aware of new regulations that the Scottish Government are introducing to exempt domestic abuse victims, recipients of crisis welfare support and those on low incomes from civil court fees? What discussions is he having with the Scottish Government about what lessons he might learn from that process?

**Dr Lee:** We have plenty to learn from what is happening in Scotland with regard to the way we deal with women who are victims of domestic abuse, and indeed offenders who have been victims of domestic abuse. As the Justice Minister with responsibility for the devolved Administrations, my discussions continue regularly. I look forward to learning from Scotland in future.

**Sir Edward Davey (Kingston and Surbiton) (LD):** The Government had plans to legislate to ban alleged domestic abusers from cross-examining their victims in the family courts. Is that still Government policy? If so, when will such a provision be put before the House? Every day that there is a delay, more vulnerable people get tormented in court.

**Dr Lee:** The right hon. Gentleman is spot on in his analysis. The abuse and coercion of females, invariably by males, through the court process is wrong and not acceptable. We will bring forward details on how we intend to address that in the Bill that is coming later this year.

**Gloria De Piero (Ashfield) (Lab):** The court experience can be a bewildering one—it can often feel like a different planet. That is not helped by the fact that 72% of court judges are men. It is International Women's Day on Thursday; will the Government commit to a timetable to ensure that 50% of court judges are women?

**Dr Lee:** The hon. Lady points to something with which I would agree. It would be appropriate if the number of women in that position in our society was greater. I am supporting International Women's Day by visiting HMP Bronzefield on Thursday evening. I cannot commit to a timetable—the hon. Lady knows that—but I will certainly take away her suggestion.

### Unduly Lenient Sentences

5. **Philip Davies (Shipley) (Con):** If he will extend the range of offences that can be appealed for being unduly lenient. [904191]

**The Minister of State, Ministry of Justice (Rory Stewart):** As the House will be aware, a major change in the law was brought in in 1988 to allow victims to be

able to challenge unduly lenient sentences. At the moment, that applies to the most serious indictable offences, but the Government have recently extended it to a range of terrorist offences.

**Philip Davies:** I am grateful to the Minister for that answer, but as he well knows the Government have promised for quite some time—including in our manifesto—to extend it to a further range of offences. When will the Government pull their finger out and extend the number of cases that can be appealed for being unduly lenient, as we have been promising for quite some time?

**Rory Stewart:** As I have already said in my answer, the most serious offences—murder and so on—are already covered by the unduly lenient sentence scheme. We have extended it twice in the past few years, but we are talking very closely to my right hon. and learned Friend the Attorney General about looking at other opportunities to extend the scheme.

**Mr Barry Sheerman (Huddersfield) (Lab/Co-op):** The Secretary of State will know that I regularly write to him about unduly lenient and unduly severe sentences, but I never ever seem to get a reply. The fact is that too many women are locked up for non-violent offences for long periods of time, and that is the sort of case that I write to him about. Why do we never get any comeback?

**Mr Speaker:** It is reassuring to know that I am not the only person to whom the hon. Gentleman regularly writes. I am grateful to him for confirming that important fact on the Floor of the House.

**Rory Stewart:** To get to the nub of the hon. Gentleman's question, there is a very serious issue here, which is that it is absolutely true that there are many more women in prison than we would like. The Under-Secretary of State for Justice, my hon. Friend the Member for Bracknell (Dr Lee), is working very hard to reduce that population for exactly the reasons that the hon. Gentleman has raised.

**Emma Little Pengelly (Belfast South) (DUP):** While I welcome the fact that victims can ask for a review in relation to unduly lenient sentences, there is an absolute 28-day limit on that. A criminal case can be very traumatising for victims. Will the Minister consider perhaps introducing a discretion in relation to that 28-day absolute limit?

**Rory Stewart:** That is a very interesting idea. Perhaps the hon. Lady and I can sit down to discuss that interesting idea in more detail.

### Prison Officer Recruitment

6. **Andrew Bridgen (North West Leicestershire) (Con):** What progress his Department has made on recruiting 2,500 new prison officers. [904192]

14. **Chris Green (Bolton West) (Con):** What progress his Department has made on recruiting 2,500 new prison officers. [904201]

23. **Tom Pursglove (Corby) (Con):** What steps his Department is taking to recruit prison officers. [904210]

**The Minister of State, Ministry of Justice (Rory Stewart):** Skilled professional prison officers are absolutely heart and centre of running good prisons. That is why we have committed to recruiting 2,500 extra prison officers. I am pleased to say that we are now nine months ahead of target on delivering those prison officers.

**Andrew Bridgen:** I of course welcome the fact that the Government are making progress in recruiting extra prison officers, but will the Minister reassure the House that he is making every effort to retain the services of experienced and long-serving officers who are absolutely essential for mentoring new recruits into the service?

**Rory Stewart:** Absolutely. As my hon. Friend points out, this is not just about numbers. Working in a prison is incredibly challenging, and having the experience and the prison craft to do it is vital, so we are putting incentive schemes in place to try to retain our most experienced staff and to understand, when they do leave, why they are doing so.

**Chris Green:** There is a huge opportunity for rehabilitation in prisons, which is often not taken. What rehabilitative capacity will this increase in prison officers create?

**Rory Stewart:** The central objective of bringing in 2,500 extra prison officers is to allow us to pair each individual prison officer with six prisoners, which allows them to develop their individual personal relationship over time through weekly meetings to achieve exactly the rehabilitative and educational objectives needed to reduce reoffending and protect the public.

**Tom Pursglove:** The redevelopment of Wellingborough prison will provide many new employment opportunities for people across Northamptonshire, including in my constituency, but what are the Government doing to attract local people into the profession and to encourage them to stay in the role—including, for example, former members of the armed forces?

**Rory Stewart:** I am very pleased that this has been raised. As you will be aware, Mr Speaker, almost 40% of prison officers traditionally came from the armed forces, but that number has fallen. We are now working very closely with the Ministry of Defence to explain what an interesting career this can be, and we are doing a lot of advertising. But the most important thing we can do is remind people that, as we have all seen when meeting prison officers, although it is a very challenging and sometimes quite difficult career it also can be a deeply fulfilling one, and we would like to encourage many more people to come forward into the profession.

15. [904202] **Mr Jim Cunningham (Coventry South) (Lab):** What effect does the Minister think the shortage of prison officers has on the number of suicides and the amount of self-harm in prisons?

**Rory Stewart:** There are a number of drivers of suicide and self-harm, of which the number of staff is one. There are other questions around the estate, but probably the largest single driver that we have seen since 2011 is the use of new psychotropic drugs that are creating extraordinary psychotic episodes and leading to a direct increase in violence. We must address those drugs.

**Seema Malhotra** (Feltham and Heston) (Lab/Co-op): The Government's recruitment drive is welcome, but is it not true that we are just now catching up? The number of staff at Feltham young offenders institution in my constituency has fallen by a third, from 600 in 2013 to 461, which has had a huge impact on the governor and staff. The institution has been deemed unsafe for both staff and prisoners. Is it not time that the Government committed to working closely with staff and the Prison Officers Association to tackle this crisis and ensure that we get back on track with rehabilitation for young offenders?

**Rory Stewart:** One hundred per cent.—we will be working very closely with prison officers for exactly that reason. As the hon. Lady points out, we must get the numbers right. Those 2,500 extra prison officers will be vital in order to get the 1:6 ratio needed for rehabilitation.

**Richard Burgon** (Leeds East) (Lab): I have listened carefully this morning to the Secretary of State talking about high-security prisons. Ministers talk of finally starting to address the crisis that they made by axing so many prison officers, yet over a third of high-security prisons have actually seen a fall in the number of prison officers since the Department's so-called recruitment drive began. Will the Minister guarantee that these high-security prisons will have more staff by the next Justice questions?

**Rory Stewart:** One of the challenges around the high-security estate, particularly in places such as London, has been the employment opportunities. We have put new incentives in place—a signing-on bonus and a retention bonus—to recruit people in London. I am not in a position to guarantee the employment market exactly, but we are making a lot of progress—for example, in recruitment to the high-security Belmarsh Prison in London.

**Richard Burgon:** I thank the Minister for his answer, but nearly one in four prisons has seen prison officer numbers fall since the Government's recruitment drive began. Moving on, we have another problem of very experienced officers leaving the service, creating a dangerous cocktail of inexperienced officers and experienced prisoners. In the last year alone, 1,000 prison officers with more than five years' experience each have left the service. That is the equivalent of more than 5,000 years of experience in the Prison Service lost in the last year alone. Will the Minister guarantee that there will be more prison officers with five years' experience at the end of the year than there are now?

**Rory Stewart:** The hon. Gentleman's fundamental point is right: we need experienced prison officers. It is very difficult working in a prison. We can bring in huge numbers of new junior staff, but it will be difficult to get the kind of results we need unless they have experience. We therefore have a plan whereby we have targeted the prisons that are losing the most experienced officers and we are understanding why that is happening. We are both working with the staff and putting in place financial incentives to retain experienced staff.

22. [904209] **Vicky Ford** (Chelmsford) (Con): The new recruits are certainly welcome, but senior officers are also important. I am told that on certain grades, prison

staff acting up to higher roles are paid more than if they accepted the actual promotion. This acts as a disincentive to staff looking to take on more responsibility. Will my hon. Friend look into this anomaly?

**Rory Stewart:** I take this opportunity to pay tribute to the work of my hon. Friend, particularly on prisons and advocating for the prison population in her constituency. It is absolutely true that there is a strange anomaly in the human resources procedure, and we must tackle it. It cannot make sense that people are paid more to act up than to occupy the role. We want people to have career development and we will focus on the issue immediately.

### Prisoner Work Experience

7. **John Mann** (Bassetlaw) (Lab): How many prisoners have undertaken work experience before release in the last 12 months. [904193]

**The Secretary of State for Justice and Lord Chancellor (Mr David Gauke):** In 2016-17, offenders completed 16 million hours of work and there were, on average, 11,200 offenders working in prison workshops. In the same period, 2,048 individuals were released on temporary licence for work-related purposes. The New Futures Network will aim to get even more prisoners working during their sentence and to see that that work leads to employment on release.

**John Mann:** I know that the Secretary of State is new in office, but people at Ranby Prison have been waiting for two years now to be able to get on with creating the sports facilities that they are capable of building inside—the seating, the dugouts for community sports, and even the changing rooms—but the one thing they have not been given is the Secretary of State's permission to proceed with doing this commercial work. Could I incentivise him with perhaps a cup of tea afterwards, to concentrate his mind on why he needs to make this decision urgently?

**Mr Gauke:** Certainly, the prospect of a cup of tea with the hon. Gentleman does concentrate the mind, and I would be delighted to accept his invitation. We are trying to ensure that we have a prison system that encourages people to progress by having opportunities to gain experience of work, and I am keen to do that in this post.

**Mr Speaker:** The hon. Gentleman's offer is an interesting one. It might also be thought by some to be a divisible proposition.

**Robert Neill** (Bromley and Chislehurst) (Con): The Secretary of State's speech this morning and his emphasis on more use of release on temporary licence is extremely welcome and constructive. Will he bear in mind, though, that the Through the Gate programme currently involves careers and employment advice being given only towards the very end of a prisoner's sentence, whereas all the evidence suggests that that should happen much earlier?

**Mr Gauke:** I thank the Chair of the Justice Committee for his comments. I do want to look at whether we can expand release on temporary licence and provide these

opportunities more widely. On his second point, I am keen to ensure that we provide as much support as possible and make it clear that there is a second chance for people who have gone to prison. If they abide by the rules and comply with the system, we want to give them the support to turn their lives around.

**Kate Green** (Stretford and Urmston) (Lab): Will the Secretary of State consider what can be done to facilitate prisoners in applying for universal credit before they are released, so that they can receive the support of jobcentre and other staff immediately on release to move into paid work as quickly as possible?

**Mr Gauke**: The hon. Lady raises a good point, and rightly so. I am keen to do precisely as she suggests. A lot of work already goes on in prisons with, for example, work coaches providing this support. Part of the challenge is about access to emails. We need to look very carefully at that because it raises a large number of questions.

**Andrew Selous** (South West Bedfordshire) (Con): Work experience in prison that leads to work on release is proven to reduce reoffending. Does the Secretary of State therefore believe that, while we rightly praise employers who offer ex-offenders work experience, we need to call out those employers who have a blanket ban on employing ex-offenders unrelated to any reasonable or fair risk assessment of doing so?

**Mr Gauke**: I agree with my hon. Friend. I have seen surveys suggesting that some 50% of employers simply will not engage. It is frustrating that when one speaks to employers who do take on ex-offenders, their experience is frequently very positive indeed. If we can increasingly build a culture whereby these offenders are given that opportunity, that is good for the offenders and good for society, as it will reduce reoffending.

### Port Talbot Prison

8. **Stephen Kinnock** (Aberavon) (Lab): What assessment he has made of the potential merits of building a new prison in Port Talbot. [904194]

**The Minister of State, Ministry of Justice (Rory Stewart)**: I believe that the hon. Gentleman and I have discussed this issue about five times in the past six weeks. I pay tribute to him for being a very firm advocate for his community. We have listened very carefully to his complaints. A decision on this prison is not likely to be imminent, as construction is not likely to be imminent. I would like to say, however, in addition to having listened to his complaints, that a prison built in the right place in the right way can provide significant economic opportunities for an area.

**Stephen Kinnock** (Aberavon) (Lab): I thank the Minister for his answer, but the problem is that the proposed site is right next to residential areas, schools and a care home; is served by very poor transport links; is on a designated enterprise zone; is on marshland; and is restricted by a covenant saying that it can only be used as an industrial park. The Minister must surely agree therefore that the whole idea is a non-starter and should be scrapped with immediate effect.

**Rory Stewart**: The hon. Gentleman has made those points on a number of occasions. We are listening very carefully. Indeed, two members of our Department travelled to Port Talbot, to a very lively public meeting where those points were made repeatedly. We are listening very carefully to him.

**Crispin Blunt** (Reigate) (Con): Would there be an answer to the hon. Gentleman's question on the industrial estate if any new prison fully incorporated the work of ONE3ONE Solutions, which was designed more than six years ago to increase the productive and commercial output of prisoners? The numbers given by the Justice Secretary just now suggest that we have not made much progress in the number of prisoners who are working. Will any new prison include ONE3ONE Solutions, and how are we getting on with prisoners working overall?

**Mr Speaker**: Particularly if any prospect of their working is in Port Talbot, upon which the question is focused.

**Rory Stewart**: I look forward very much to meeting my hon. Friend to hear more about ONE3ONE Solutions.

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): If a super-prison is built in Port Talbot, there will up to 1,000 more prison places in Wales than there are currently prisoners from Wales. Does the Minister share the Howard League's concern that Wales is set to become Westminster's penal colony?

**Rory Stewart**: I think we ought to be very careful with that kind of language. There are currently about 85,000 prisoners within the estate, so having 1,000 extra prisoners in Wales is not the creation of England's penal colony.

**Sir Desmond Swayne** (New Forest West) (Con): If that prison is built, will the Minister ensure that its chaplaincy avoids the extraordinary carrying-on that has recently been reported at HMP Brixton?

**Rory Stewart**: I would like to take this opportunity not to get drawn into the individual case of Brixton, which I am looking at personally, but to pay tribute in general to the work of the chaplaincy—that is the Christian chaplaincy, the Jewish chaplaincy and the five imams I met recently at Belmarsh Prison who are doing extraordinary work with the Muslim community.

### Leaving the EU: Legal System

9. **Gavin Newlands** (Paisley and Renfrewshire North) (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 jurisdiction of the UK. [904196]

**The Secretary of State for Justice and Lord Chancellor (Mr David Gauke)**: We are seeking a new deep and special partnership with the EU that works for the whole United Kingdom. Of course, Scotland and Northern Ireland have distinct legal systems. That is why, in the negotiations on civil judicial co-operation, market access for our legal services and criminal justice, I want a deal that works for Scotland and Northern Ireland as well as England and Wales. That is also why my Department is

meeting regularly with the devolved Administrations to look at the ways in which our legal and justice systems are affected by EU exit.

**Gavin Newlands:** Unlike the European Union (Withdrawal) Bill, the Scottish Government's legal continuity Bill gives the Scottish Parliament an enhanced role in scrutinising legal changes to devolved laws due to Brexit. What is the Secretary of State doing to urge his Cabinet colleagues to make similar provision for this Parliament for reserved matters in the EU withdrawal Bill?

**Mr Gauke:** In terms of what is described as the continuity Bill, I am not sure, in all honesty, how helpful or useful that will prove to be. The reality is that there is very close scrutiny in this House of the measures the Government are taking and the negotiations we are having.

**John Lamont** (Berwickshire, Roxburgh and Selkirk) (Con) *rose*—

**Mr Speaker:** The hon. Member for Berwickshire, Roxburgh and Selkirk (John Lamont) has the next question, so he does not have long to wait. We are saving him up for the delectation of the House. It will be a short wait.

**Mr Gregory Campbell** (East Londonderry) (DUP): Is the Secretary of State looking forward to April next year, when each of the jurisdictions across the United Kingdom will be able to fashion and formulate legislation in keeping with the demands and the requirements of the people of the United Kingdom?

**Mr Gauke:** The hon. Gentleman states his position very clearly and forthrightly. As we leave the European Union, new flexibilities will arise for all parts of the United Kingdom.

**Joanna Cherry** (Edinburgh South West) (SNP): Unlike the EU withdrawal Bill, the Scottish Government's legal continuity Bill contains a power to enable devolved law in Scotland to keep pace with EU law after Brexit, where appropriate. Does the Secretary of State agree that similar provisions should be made in the EU withdrawal Bill for reserved matters and for the benefit of the English legal system?

**Mr Gauke:** The extent to which this Parliament decides that it wishes to replicate provisions of EU law is a matter for this Parliament, and whether or not we put that in the EU withdrawal Bill, that freedom will continue to exist for this Parliament.

**Joanna Cherry:** Another point of contrast between the Scottish Government's legal continuity Bill and the EU withdrawal Bill is that the Scottish Government's Bill incorporates the charter of fundamental rights into Scots law in so far as it applies to devolved matters. What is the Secretary of State doing to make sure that everyone in the United Kingdom keeps their rights guaranteed by the charter, regardless of which jurisdiction they live in?

**Mr Gauke:** When the charter of fundamental rights was brought in, the argument was made at the time that it was essentially replicating rights set out elsewhere in other parts of EU treaties. To the extent that that fundamentally changes matters, there is certainly a debate to be had about it.

### Leaving the EU: UK Legal System

10. **Jeremy Lefroy** (Stafford) (Con): What plans the Government have to ensure that the UK legal system operates effectively after the UK leaves the EU. [904197]

20. **John Lamont** (Berwickshire, Roxburgh and Selkirk) (Con): What plans the Government have to ensure that the UK legal system operates effectively after the UK leaves the EU. [904207]

21. **Stephen Hammond** (Wimbledon) (Con): What plans the Government have to ensure that the UK legal system operates effectively after the UK leaves the EU. [904208]

**The Secretary of State for Justice and Lord Chancellor (Mr David Gauke):** It is absolutely right that we provide legal certainty for businesses, families and individuals as we leave the European Union. That is why, as the Prime Minister said in her speech on Friday, part of our future partnership with the EU will be to have effective reciprocal arrangements with the EU to deal with cross-border legal disputes in civil and family matters. The best way to deliver that co-operation is with a close and comprehensive agreement between the UK and the EU that sets out coherent common rules.

**Jeremy Lefroy:** I thank the Secretary of State for that answer. Leaving the EU is likely to lead to additional workload for the UK legal system. What additional resources have been made available to his Department and to the legal and courts system more generally to ensure that they are fully prepared?

**Mr Gauke:** My hon. Friend is right that we should be prepared. He will be aware that the Treasury has made another £3 billion of extra funding available to Departments for 2018 to 2020. We are in discussion with the Treasury about the allocation for the justice system, and we hope to agree it soon.

**John Lamont:** As we leave the European Union, many powers over many aspects of our legal and judicial enforcement will return from Brussels. What discussions have the Government had with the Scottish Government on how such policies will be implemented after Brexit, and does the Secretary of State agree that the SNP Government's disruptive continuity Bill will do nothing but add to the uncertainty in our country?

**Mr Gauke:** We are committed to securing a deal that works for the entire United Kingdom—for Scotland, Wales, Northern Ireland and all parts of England. The Government expect that the outcome of leaving the EU will significantly increase the decision making of each devolved Administration. I can tell the House that I wrote to Michael Matheson last month to reaffirm the Department's commitment to continue meaningful engagement with the Scottish Government.

**Stephen Hammond:** Professional services, including legal services, are clearly one of the key exports of this country. What is my right hon. Friend doing to ensure that there will be new arrangements for the recognition of legal standards and qualifications?

**Mr Gauke:** My hon. Friend raises a good question. We recognise that this is an important right to protect UK nationals, so that they can continue with their chosen line of work. It has already been agreed that those who have received a recognition decision or applied for one before the withdrawal date will be able to have their qualifications recognised after exit, including lawyers. Talks on many key issues, including the mutual recognition of professional qualifications, will continue into the next phase of negotiations. We will seek to reach an agreement with the EU on parts of MRPQ that are not seen as in scope of the withdrawal negotiations, such as home title practice. The Prime Minister has been clear that she wants EU nationals in the UK and UK nationals in the EU to be able to continue their lives broadly as now.

**Mr Speaker:** Order. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) has a not wholly dissimilar inquiry at Question 19, and he is welcome to come in on this question if he is so inclined, because we are not likely to reach Question 19.

19. [904206] **Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): I would be delighted to do so. Thank you very much, Mr Speaker.

As the Prime Minister has made a number of concessions with regard to the European Court of Justice after Brexit and given that the Scottish Government's legal continuity Bill provides that, when exercising devolved jurisdiction, Scottish courts may have regard to the decisions of the ECJ, is it not time to amend clause 6 of the European Union (Withdrawal) Bill to the same effect?

**Mr Gauke:** On clause 6 and this question more widely, let us be clear: we are leaving the EU, so the jurisdiction of the ECJ will end, but EU law and the decisions of the ECJ will continue to affect us. For a start, the ECJ determines whether agreements the EU has struck are legal under the EU's own law. If, as part of our future partnership, Parliament passes an identical law to an EU law, it makes sense for our courts to look at the appropriate ECJ judgments, so that we interpret those laws consistently. We have to remember, however, that our Parliament will remain ultimately sovereign. It could decide not to accept such rules, but there would be consequences for our membership of the relevant agencies and linked market access rights.

#### Private Sector Probation Companies

11. **Alex Norris** (Nottingham North) (Lab/Co-op): What recent assessment he has made of the performance of private sector probation companies. [904198]

**The Minister of State, Ministry of Justice (Rory Stewart):** There have been a number of challenges with the community rehabilitation companies—CRCs—particularly in transition. It is not all bad news: in fact, the number of people reoffending has come down by

2% and certain CRCs, such as Cumbria and my own county, are performing well. But we need to focus particularly on the questions of assessment, planning and meeting, and that is what we have focused on in the report on London that is due on Thursday.

**Alex Norris:** Her Majesty's inspectorate of probation recently warned that private sector probation companies' focus on contract compliance rather than the true quality of supervision was inevitably having an impact on culture and was undermining the established values of probation professionals. Does the Minister agree that it is time to put proper probation ahead of private profit?

**Rory Stewart:** The hon. Gentleman is a Nottingham Member, and I had a very interesting meeting with the CRC last week on my visit to Nottingham Prison, where the CRC is providing very good Through The Gate services—in fact, services for prisoners in prison that did not exist before the transformation reforms. Before, they were outside the prisons. I do not believe this is a question whether it is done by the private sector, the public sector or the voluntary sector, but it is a question of getting the basic standards right. As I say, that is exactly what we will be assessing the London CRC on on Thursday.

**Imran Hussain** (Bradford East) (Lab): Putting it bluntly, probation privatisation has been a disaster. Despite that, the Government are still pursuing their privatisation agenda. Last week, the Government outsourced night staff in probation hostels. Given that those hostels house some of the most dangerous ex-offenders, will the Minister accept full responsibility for any impact on public safety resulting from that ideological outsourcing?

**Rory Stewart:** The shadow Minister refers to a decision by the National Probation Service—which is a Government-run service, so it is not a CRC service—to bring in additional contracted staff to provide double night duty in the hostels. That has been done because it is not work that is traditionally done by trained probation officers, but by contracted staff. Of course I will accept full responsibility for that decision.

#### Supreme Court Judgment: Metropolitan Police Commissioner

12. **Louise Haigh** (Sheffield, Heeley) (Lab): Whether he has discussed with the Home Secretary the implications for Government policies of the Supreme Court judgment on the Commissioner of Police of the Metropolis v. DSD and another. [904199]

**The Secretary of State for Justice and Lord Chancellor (Mr David Gauke):** This case is a matter for the Home Office and the police. However, I understand that the Home Office is working closely with the National Police Chiefs Council to understand the impact of the ruling and monitor current claims.

**Louise Haigh:** Failures to disclose digital evidence have led to the collapse of four rape trials in recent months. Does the Secretary of State agree that, in the light of the landmark ruling on the Worboys case, the lack of digital capacity now exposes the police to huge financial liability and risks breaching the human rights

of victims on an unprecedented scale? Will he make representations to the Home Office to carry out a full resource impact assessment of the decision?

**Mr Gauke:** As the Attorney General has said, disclosure in cases is a question of public authorities performing the roles that they should and doing their jobs properly. Clearly, it is of great concern that there have been cases in which that appears not to have happened.

### Service Animals

13. **Stephen McPartland** (Stevenage) (Con): What discussions he has had with Cabinet colleagues on the potential merits of creating a specific offence of attacking service animals. [904200]

**The Minister of State, Ministry of Justice (Rory Stewart):** I would like to express, as I am sure would the whole House, our immense gratitude for the role that service animals play and have played for a long time in public life. They frequently do things that humans would not do, ranging from detection of bombs and drugs to taking on violent criminals. There are serious aggravating circumstances that a judge can take into account when sentencing, and serious sentences can be given to anyone attacking a service animal—that is absolutely right.

**Stephen McPartland:** Police dog Finn was brutally stabbed several times in my constituency while apprehending a violent criminal. The current law treats police dog Finn, a canine hero, like a piece of computer equipment—the charge is criminal damage. This is unacceptable. My right hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald) is leading a campaign to introduce Finn's law. Will the Minister agree to meet me and my right hon. and learned Friend, so that we can provide greater protection for our service animals in the course of their duty?

**Rory Stewart:** I pay tribute to my hon. Friend and others for the very active campaign that they are leading. I would of course be delighted to meet them to discuss that law.

**David Hanson** (Delyn) (Lab): Given that Canada, America, Australia and many European Union states have a law similar to that being introduced by the right hon. and learned Member for North East Hertfordshire—I am a sponsor of his Bill—why did the Minister order the Government to block the Bill last Friday?

**Rory Stewart:** As we have discussed, very significant sentences of up to 10 years can already be imposed for this kind of action, but I would be delighted to discuss the issue in more detail with the right hon. Gentleman and my hon. Friends.

**Mr Speaker:** And doubtless with the right hon. and learned Member for North East Hertfordshire (Sir Oliver Heald).

**Sir Oliver Heald** (North East Hertfordshire) (Con): I am very grateful to the Minister for that kind offer. I just make the point that there is a gap in the law. There are legal difficulties with prosecuting under the Animal

Welfare Act 2006, because of the drafting of section 4. Prosecuting for criminal damage means that the value of the animal determines the sentence. However, a police dog like Finn, who was eight years old, is not worth much money—he is of course invaluable to PC Dave Wardell and the country's police enforcement efforts, but he is not worth a lot of money. I am therefore grateful that the Minister will talk to us about this issue.

**Mr Speaker:** Perhaps we could have an Adjournment debate about Finn, if the right hon. and learned Gentleman has not already procured such.

**Sir Oliver Heald:** I have already done that, Mr Speaker, and I have a ten-minute rule Bill as well.

**Mr Speaker:** Very well done. The right hon. and learned Gentleman is obviously ahead of events. I was enjoying the family history he was educating us on just now.

**Rory Stewart:** My right hon. and learned Friend is a great authority on the law. There are a number of issues here, ranging from the exact sentences that can be imposed to the work my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs is doing to introduce new sentences for animal cruelty. I look forward to discussing all those issues both in the House and over a cup of tea.

### Violence and Self-harm in Prison

16. **Tracy Brabin** (Batley and Spen) (Lab/Co-op): What recent assessment he has made of trends in the levels of violence and self-harm in prisons. [904203]

**The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee):** Health services are commissioned by NHS England, which is responsible for assessing provision of mental health treatment in prisons in England. In Wales, health is devolved to the Welsh Government and separate arrangements are made for assessment.

**Mr Speaker:** I think the Minister might be a bit confused. I have the impression that he is answering a question that would have been put if the hon. Member for Coventry South (Mr Cunningham) had not been called earlier on a different question. The question with which we are now dealing is Question 16, on levels of violence and self-harm.

**The Minister of State, Ministry of Justice (Rory Stewart):** My apologies, Mr Speaker.

There have been worrying increases in levels of violence and self-harm. As was said earlier, a lot of that is being driven by new drugs inducing psychotic episodes. We are working hard on this issue. We have provided training to an additional 14,000 prison officers focused on issues of violence and self-harm. More staffing will help, but there is much more to do.

**Tracy Brabin:** The Minister will be aware that incidences of self-harm in prisons have risen by 75% since 2007. I appreciate the Minister giving us the drivers of violence and self-harm in prisons, but will he tell us in more detail what steps he will take to reduce the amount of

self-harm and suicide? Does he agree that part of the solution is encouraging the use of mental health treatment requirements, which has fallen by 48%?

**Rory Stewart:** The hon. Lady is absolutely correct that mental health is at the heart of a lot of these issues. On the concrete steps we are taking, one is the training for 14,000 additional officers and the second is the proper use of the ACCT—assessment, care in custody and teamwork—strategy, which is the process for assessing the risk posed to the prisoner and coming up with a plan to deal with it. We have managed to significantly reduce suicide over the past 18 months, but the level is still far too high. Any death is a great tragedy, and we will continue to work very closely to reduce suicide further.

**Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): Sixty-two years ago, Bessie Braddock, the then MP for Liverpool Exchange division, stood in this Chamber and raised concerns about the appalling conditions at Liverpool Prison—then called Walton Prison—and particularly the treatment of prisoners with mental illness. In the past two years at that very same prison, seven inmates have taken their life, including Tony Paine two weeks ago. I note that the Minister said on 22 February that the conditions at the prison were “very disturbing” and “unacceptable”. What action is he going to take today to ensure that all prisoners’ mental health needs are adequately met and that no other prisoner takes their life in one of our prisons?

**Rory Stewart:** As the hon. Lady mentions, the situation at Liverpool Prison was very disturbing. I have visited Liverpool Prison, and mental health provision is now significantly better than it was at the time of the inspection—I spent quite a lot of time with the mental health staff there—but there is a broader issue. Although we are reducing suicide, there is still far too much of it happening. A lot of this will be about making sure not only that we deal with drugs, but that we have the right kind of purposeful activity in prisons, so that prisoners do not feel the temptation to take their own life.

### Legal Aid

17. **Kerry McCarthy** (Bristol East) (Lab): What research his Department has conducted on the cost-effectiveness of providing legal aid for early legal help. [904204]

**The Parliamentary Under-Secretary of State for Justice (Lucy Frazer):** The hon. Lady is absolutely right to highlight the value of early legal advice, which is why the Department spent £100 million in legal aid on early legal advice for civil cases last year.

**Kerry McCarthy:** Citizens Advice has estimated that for every £1 of legal aid spending on housing advice the state would save over £2, and that if the advice was on debt and housing, it would save even more. Will the Minister commit to commissioning research into the cost-effectiveness of reintroducing early legal advice in the housing sector, so that we can save money in the long run?

**Lucy Frazer:** Advice can already be taken through a telephone hotline in relation to housing. Legal aid is available where homelessness is a risk, and debt leads to homelessness. A whole variety of early legal advice is

available through legal aid at the moment, but as the hon. Lady will know, we are conducting a review of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, and this issue will be considered.

### Family Contact for Prisoners

18. **Maria Caulfield** (Lewes) (Con): What recent steps his Department has taken to increase family contact for prisoners. [904205]

**The Minister of State, Ministry of Justice (Rory Stewart):** Reducing reoffending is above all about having healthy relationships between the individual and their family, the individual and society, and the individual and the state, so having that relationship with the family is vital. That is partly, of course, about the prisoners’ entitlement to two visits a month. There have been some excellent examples in Liverpool—for example, at Altcourse Prison, with its fantastic family centre for meeting family—and it is also about having telephony in place to keep those contacts up.

**Maria Caulfield:** I thank the Minister for his response. Does he agree with the findings in the Conservative-led strengthening families manifesto, which found that if family contact is maintained, reoffending can be reduced by more than 39%?

**Rory Stewart:** Absolutely. Getting that family relationship right and embedding people properly with their family is vital to reducing reoffending, along with many of the measures we take on education.

### Topical Questions

T1. [904211] **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):** For prisons to be effective, we must get the basics right. This means creating prisons that are safe, secure and decent. It also means tackling the ringleaders of serious organised crime, so that they cannot continue to profit from their crimes and ruin people’s lives through drugs, deaths and violence from behind bars. I can announce that we are investing an extra £14 million to tackle serious organised crime. This includes creating new intelligence and serious organised crime teams to support work with the National Crime Agency, and enhancing our intelligence and information-gathering capacity across the country. I will also look at how we categorise prisoners to make sure that we are using our most secure prisons to tackle ongoing criminality behind bars. At the same time, we will reset the system of incentives in our prisons, so that they work much more in the favour of prisoners who play by the rules and want to turn their lives around, while coming down harder on those who show no intention of doing so.

**Mr Speaker:** Order. Too long.

**Priti Patel:** The number of foreign national offenders from EU countries in our prisons remains at around 4,000. As part of the negotiations on leaving the EU, is my right hon. Friend liaising with other Government Departments, including the Home Office and the

Department for Exiting the European Union, to ensure that we can deport more of the thousands of EU nationals who are in our prisons and remove these dangerous people from Britain?

**Mr Gauke:** Since 2010 we have removed more than 40,000 foreign national offenders from our prisons, immigration removal centres and the community. A range of removal mechanisms exist that enable foreign offenders to be returned to their home countries, and we are working closely with the Department for Exiting the European Union and the Home Office as we consider our future criminal justice arrangements with the EU, with the aim of carrying on our close working relationship.

**Richard Burgon** (Leeds East) (Lab): In a formal statement, the previous Secretary of State for Justice said that the Grenfell inquiry would

“get to the truth and see justice done”.

For that to be the case, Grenfell survivors and the bereaved families must have full confidence in it, so to tackle the obvious current lack of trust, does the Minister agree with survivors and bereaved families who are calling for a broad inquiry panel, as there was in the watershed inquiry into the death of Stephen Lawrence?

**Mr Gauke:** I believe that the processes have been set up, that the inquiry led by Sir Martin Moore-Bick is the right approach and that the focus should be on ensuring that the inquiry can make progress rather than trying in any way to undermine it.

T2. [904212] **Andrew Bridgen** (North West Leicestershire) (Con): Family law has been in need of reform for far too long. We now have a situation where the judiciary is supporting early intervention and wishing to carry out a pilot scheme. Will the Minister meet me to discuss how to make this excellent solution a reality?

**The Parliamentary Under-Secretary of State for Justice (Lucy Frazer):** I am very aware of the importance of looking at family law, in the context of the fact that relationship breakdown leads to unwelcome life chances for the children of that relationship. I am happy to meet my hon. Friend, who should know that I have already met the president of the family division and the chief executive of the Children and Family Court Advisory and Support Service, and to discuss this issue.

T5. [904215] **Stephen Kinnock** (Aberavon) (Lab): As the Minister knows, there has already been a public meeting in my constituency about the prison there. He will be delighted to know that we have organised another on 12 April, to which he has been invited. May I encourage him to come and meet my constituents to hear directly their concerns, and I can guarantee that he will receive a warm welcome in the valleys?

**The Minister of State, Ministry of Justice (Rory Stewart):** I am very grateful. There is almost no Member of Parliament who has been more assiduous on this subject, with, I think, five meetings in the past six weeks. There was a vigorous encounter between my officials and the hon. Gentleman’s community on their last visit. I would like very much to have the next meeting here in London, if that is possible, and I would be delighted to discuss the issues on that occasion.

T3. [904213] **Kevin Foster** (Torbay) (Con): The Torbay offender management team works to reduce crime and prevent those released from prison from reoffending. What assessment has the Lord Chancellor made of its effectiveness in preventing crime in Torbay?

**Rory Stewart:** That is an interesting example of a community rehabilitation company in Devon and Cornwall. The particular strengths of the Torbay approach seem to us to be in the partnership working with the police and children’s services and in the work done with Catch22 on accommodation.

T7. [904217] **Alex Norris** (Nottingham North) (Lab/Co-op): In December, the previous Prisons Minister wrote to me saying that the spate of deaths at HMP Nottingham was a random occurrence, blaming a phenomenon called “suicide cluster”. In January, an inspection of the prison deemed it fundamentally unsafe. Last month there was another death, reported to be a suicide. Will Ministers now accept that there is nothing random going on at this jail and that it is not a safe environment?

**Rory Stewart:** As the hon. Gentleman will know, I had a serious visit to HMP Nottingham last week. I pay tribute to the prison officers and the governor for their work, but there are a number of serious challenges in the prison. We are particularly focused on safety. We have a new manager in place and a new violence reduction strategy, and the ACCT process will be central to solving these problems.

T4. [904214] **Sir Edward Leigh** (Gainsborough) (Con): I am sure that in 100 years’ time people will look at our prisons in the same way as we look at Victorian prisons—as being cruel and locking up too many people with health problems. One thing we could do is clear out of our prisons people serving less than a year. It does no good, they are moved around and they cannot be trained. Will the Minister look at that?

**Rory Stewart:** It is absolutely true that many of the serious challenges we have been discussing in the House today, particularly on violence, self-harm and drug use, focus on the population imprisoned for less than 12 months. The more we can do to try to rehabilitate people in the community while protecting the public the better.

T9. [904219] **Bridget Phillipson** (Houghton and Sunderland South) (Lab): Since 2010, six successive Courts Ministers have dodged a decision over the future of Sunderland’s court estate. Despite more than £2 million having been spent on preparations for a new centre for justice, a further £284,000 will now be spent on urgent repairs to the city’s crumbling magistrates courts as a result of that unacceptable delay. Will the new Minister meet me and my hon. Friend the Member for Sunderland Central (Julie Elliott) to see whether we can put an end to this saga and give the people of Sunderland a decision at last?

**Lucy Frazer:** I thank the hon. Lady for her question. It was a pleasure to meet her recently to discuss the issue, and I am grateful to her for following up with an email on Friday. I am very happy to meet her again to discuss the issue, and I have sent her a letter today, as I

said I would, setting out a timetable for the consideration of sites. When she has had a chance to look at that I am happy to meet her again.

T6. [904216] **Alan Mak** (Havant) (Con): Does my right hon. Friend agree that, as he reforms the justice system, a system of incentives could help prisoners with good behaviour records and reduce reoffending in the future?

**Mr Gauke:** I very much agree. Indeed, I advanced that argument this morning in a speech to the Royal Society of Arts. If prisoners are abiding by the rules and complying with what is required of them, governors should have more flexibility to reward them with additional privileges. I think that that could help to move people in the right direction and change behaviour in a positive way.

T10. [904220] **Justin Madders** (Ellesmere Port and Neston) (Lab): The most recent figures from the Department show that only 6% of employment tribunal fees have been repaid, although the Supreme Court declared them unlawful last year. If the Department cannot uphold the law, how can it expect anyone else to?

**Lucy Frazer:** The Department is responsible for upholding the law, and it does so. As for the specific issue of refunds, the Department has done a great deal of work in trying to explain to interested bodies how they can make a refund. It has written to Citizens Advice, the Law Society, the Bar Council and the Free Representation Unit. New figures will be published on 8 March. If people do not receive refunds, we will continue to liaise with them.

T8. [904218] **Maria Caulfield** (Lewes) (Con): What percentage of inmates currently have literacy problems, and what solutions are the Government coming up with to tackle those problems?

**Rory Stewart:** Levels of literacy in prisons are shocking. About 54% of prisoners currently have a reading level below that which we would expect in an 11-year-old. Let me put that in context. Nearly 50% of prisoners have been excluded from school at some point, compared with about 2% of the general population. Our solution is to give governors more control of their education budgets, and to ensure that literacy training is available in every prison as part of the core curriculum.

**Derek Twigg** (Halton) (Lab): The Minister's earlier answers to questions about violence in prisons focused on prisoner violence. Our hard-working prison officers face daily violence in their jobs. I have just written to the Minister about a constituent who had urine and excrement poured over him, but let me now ask him a wider question. What is the Department doing to ensure that prison officers are given full support when they are assaulted, and also to ensure that mental health services become better than they are at present?

**Rory Stewart:** We have a huge obligation to prison officers, particularly when they are assaulted. We can deal with the problem in a number of ways. We need to ensure that prisoners are punished for assaults, and to make it clear that they will be punished. We need to reduce drugs, and we need violence reduction strategies. We are already using more CCTV cameras and body-held cameras to record assaults, but our prison officers must feel safe in their environment. *[Interruption.]*

**Mr Speaker:** I very much hope that the Foreign Secretary is beetling his way towards the Chamber as I speak, and I dare say that that will be the aspiration of the House. Either the right hon. Gentleman himself or one of his ministerial accomplices is required in the Chamber. We cannot ask the Lord Chancellor to deal with the next business; that would be unreasonable. *[HON. MEMBERS: "Border check!"]* I do not think that the Foreign Secretary is between Islington and Camden. No, I am sure he is not.

**James Duddridge** (Rochford and Southend East) (Con): On a point of order, Mr Speaker.

**Mr Speaker:** No, I will not take points of order now. I am always interested in the views of the hon. Gentleman, but not now. We will hear from him in due course, and we look forward to that with interest and anticipation. Well done—the hon. Gentleman should stay in his seat, and we will hear from him in due course.

**Fiona Bruce** (Congleton) (Con): I commend the Prisons Minister for following up his predecessor's strong support for Lord Farmer's review. Will he meet me to discuss extending its reach to the welfare of prisoners' children, especially at the point—*[Interruption.]*

**Mr Speaker:** Order. It is very good of the Foreign Secretary to drop in on us—we are deeply grateful to the right hon. Gentleman. However, I think that the hon. Member for Congleton (Fiona Bruce) should be given a chance to reprise her question, because I have interrupted her. Blurt it out from start to finish.

**Fiona Bruce:** Will the Prisons Minister meet me to discuss the welfare of prisoner children, especially at the point of sentencing? There are 200,000 such children a year, and they often fall through the care system completely.

**Rory Stewart:** Absolutely. One of the most terrifying statistics is the very high number of prisoners' children who go on to offend themselves. I should be delighted to meet my hon. Friend to discuss not just the issue of families, but the issue of children in particular.

**Ruth Cadbury** (Brentford and Isleworth) (Lab): What are the Government doing to reverse the dramatic fall in community sentencing, which has nearly halved in the past decade, with a particularly sharp drop in recent years?

**Mr Gauke:** We have seen an increased use of suspended sentences, but the hon. Lady is right that we must do more. We want to work closely with community rehabilitation companies and the National Probation Service, because the judiciary must have confidence in non-custodial sentences as well as custodial sentences.

**Mr Speaker:** The Foreign Secretary is scribbling away with great determination and no little emotion, and we are grateful for that, but I have an appetite to hear a couple more questions—*[Interruption.]* Yes, I want to hear a couple more questions to the Justice Secretary while the Foreign Secretary is recovering his breath.

**Mr Philip Hollobone** (Kettering) (Con): We need compulsory prisoner transfer agreements to send foreign national offenders back to prison in their own country. Are the Government seeking to sign any new such agreements? If so, with which countries?

**Mr Gauke:** As I said to my right hon. Friend the Member for Witham (Priti Patel), in the last few years, something like 40,000 foreign national offenders have been returned to their own countries. We continue to seek to sign additional agreements so we can continue to make progress with this.

**Eleanor Smith** (Wolverhampton South West) (Lab): Will the impact of cuts to legal aid on unaccompanied and separated children under the Legal Aid, Sentencing and Punishment of Offenders Act 2012 be considered?

**Lucy Frazer:** The purpose of the review is to look at the effectiveness of the legislation, so any changes made by LASPO will be considered.

**Sir Desmond Swayne** (New Forest West) (Con): So what exactly has happened at the chaplaincy at HMP Brixton?

**Rory Stewart:** That is a brilliant question. The answer is that I am still trying to get to the bottom of it and I cannot provide an answer to the House.

**Mr Speaker:** May I exhort the right hon. Member for New Forest West (Sir Desmond Swayne) for the umpteenth time to circulate his textbook on succinct questions to all colleagues in the House? If he is in a generous mood, he might even offer copies to people sitting in the Public Gallery as well?

**Chris Bryant** (Rhondda) (Lab): And to the Speaker.

**Mr Speaker:** I will ignore that sedentary chunter from the hon. Gentleman, which is unworthy of someone of his normal generosity of spirit.

**Daniel Zeichner** (Cambridge) (Lab): Last week the Justice Committee produced an excellent report highlighting some of the issues around virtual courts. We might have a virtual Foreign Secretary today, but the Committee raised some important issues, so why is the Secretary of State rushing to close courts such as that in Cambridge when we are yet to have a wider discussion about virtual courts?

**Mr Gauke:** As I said in reply to the very first question of this session, it is important that we make progress in using the court estate as sensibly as possible. It is underused, and when resources are scarce, it is important that we use them more efficiently. It is also right that we make advances in using digital technology so that access to justice becomes easier.

**Mohammad Yasin** (Bedford) (Lab): Last weekend a prison officer at HMP Bedford was rushed to hospital with a serious brain injury inflicted by a prisoner. Other serious incidents occurred over the weekend, such as

prison officers running for their lives to hide from an out-of-control prisoner. The weekend before, five prison officers were taken to A&E due to injuries inflicted by prisoners. Will a prison officer have to die before this Government act to keep prison staff safe in the line of duty?

**Mr Gauke:** The events in Bedford at the weekend were deeply disturbing and the sympathy of the whole House goes out to that prison officer and his family. Violence against prison officers is at an unacceptable level. There were 8,000 incidents last year and, as I set out in a speech this morning, we must take this incredibly seriously. We must recognise that the driver of a lot of this violence is drugs, and that the driver of a lot of drugs in prison is serious organised crime. I want to ensure we do everything we can to address that, because prison officers do a great job and it is far too dangerous for them.

**Diana Johnson** (Kingston upon Hull North) (Lab): With the support of Co-op Funeralcare, Dignity plc, the National Association of Funeral Directors, the bereavement charity Cruse and the all-party group on baby loss, 50 bereaved parents in Hull are still seeking an independent inquiry into what happened to their babies' ashes. Does the Minister still stand by Hull City Council, which has refused to have that independent inquiry?

**The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee):** This situation was truly appalling—the hon. Lady knows that I think that. The review was comprehensive, so I will not be changing any decisions any time soon. My heart goes out to all those involved, as clearly this was very traumatic, but the review was comprehensive.

**Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): Instead of carrying out their in-house review of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, should Ministers not follow the excellent example of the Scottish Government by having an independent review of legal aid, and perhaps looking at how the Scottish scheme has managed to achieve greater scope and eligibility but with lower costs?

**Lucy Frazer:** The review of legal aid will be important. We will be inviting a number of independent experts to give evidence so that we can make the necessary decisions.

**Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): The Secretary of State will know that even in the best justice systems there are miscarriages of justice. Will he therefore pay attention to the fact that so many people who are later found to be innocent and have their sentences quashed, having spent years in prison, never get any compensation?

**Mr Gauke:** The hon. Gentleman raises an important point. If he wants to raise a specific case, I am happy to meet him to discuss it.

## Government Policy on Russia

12.41 pm

**Tom Tugendhat** (Tonbridge and Malling) (Con) (*Urgent Question*): To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement on Her Majesty's Government's policy towards Russia.

**The Secretary of State for Foreign and Commonwealth Affairs (Boris Johnson)**: I am grateful to my hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat) for raising this important matter. Although he asks a general question about Russia, let me immediately say that there is much speculation about the disturbing incident in Salisbury, where a 66-year-old man, Sergei Skripal, and his 33-year-old daughter Yulia were found unconscious outside The Maltings shopping centre on Sunday afternoon. Police, together with partner agencies, are now investigating.

Hon. Members will note the echoes of the death of Alexander Litvinenko in 2006. Although it would be wrong to prejudge the investigation, I can reassure the House that, should evidence emerge that implies state responsibility, Her Majesty's Government will respond appropriately and robustly, although I hope that hon. Members on both sides of the House will appreciate that it would not be right for me to give further details of the investigation now, for fear of prejudicing the outcome.

This House has profound differences with Russia, which I outlined in the clearest terms when I visited Moscow in December. By annexing Crimea in 2014, igniting the flames of conflict in eastern Ukraine and threatening western democracies, including by interfering in their elections, Russia has challenged the fundamental basis of international order.

The United Kingdom, under successive Governments, has responded with strength and determination, first by taking unilateral measures after the death of Litvinenko, expelling four Russian diplomats in 2007 and suspending security co-operation between our respective agencies, and then by leading the EU's response to the annexation of Crimea and the aggression in Ukraine by securing tough sanctions, co-ordinated with the United States and other allies, targeting Russian state-owned banks and defence companies, restricting the energy industry that serves as the central pillar of the Russian economy, and constraining the export of oil exploration and production equipment.

Whenever those sanctions have come up for renewal, Britain has consistently argued for their extension, and we shall continue to do so until and unless the cause for them is removed. These measures have inflicted significant damage on the Russian economy. Indeed, they help to explain why it endured two years of recession in 2015 and 2016.

As the House has heard repeatedly, the UK Government have been in the lead at the UN in holding the Russians to account for their support of the barbaric regime of Bashar al-Assad. The UK has been instrumental in supporting Montenegro's accession to NATO and in helping that country to identify the perpetrators of the Russian-backed attempted coup. This country has exposed the Russian military as cyber-criminals in its attacks on Ukraine and elsewhere.

As I said, it is too early to speculate about the precise nature of the crime or attempted crime that took place in Salisbury on Sunday, but Members will have their suspicions. If those suspicions prove to be well founded, this Government will take whatever measures we deem necessary to protect the lives of the people in this country, our values and our freedoms. Though I am not now pointing fingers, because we cannot do so, I say to Governments around the world that no attempt to take innocent life on UK soil will go either unsanctioned or unpunished. It may be that this country will continue to pay a price for our continued principles in standing up to Russia, but I hope that the Government will have the support of Members on both sides of the House in continuing to do so. We must await the outcome of the investigation, but in the meantime I should like to express my deep gratitude to the emergency services for the professionalism of their response to the incident in Salisbury.

**Several hon. Members** *rose*—

**Mr Speaker**: Order. Unfortunately, the Foreign Secretary arrived slightly later than scheduled and addressed the House for slightly longer than the time limit allows, but by virtue of my generosity of spirit, he has thus far escaped unsanctioned in respect of either offence. His acknowledgement of same would of course be appreciated by the House.

**Boris Johnson** *indicated assent*.

**Mr Speaker**: I must now make some allowance for the shadow Foreign Secretary, Emily Thornberry—*[Interruption.]* Oh, only once we have heard from Mr Tugendhat; I am ahead of myself.

**Tom Tugendhat**: Thank you, Mr Speaker. It is good of you to have accorded this urgent question.

I welcome my right hon. Friend's tour of the world and of the various abuses from Russia that we are dealing with at the moment. Though it is, as he rightly says, too soon to point fingers at Moscow regarding what happened in Salisbury, it is quite clear that we are seeing a pattern in Russian behaviour. Indeed, BuzzFeed's Heidi Blake, a journalist who has been researching this subject intensively over a number of years, has come up with 14 deaths that she attributes to Russian elements, and there are others who have pointed this out. Only today, Shashank Joshi, a researcher at the Royal United Services Institute, indicated that murder is a matter of public policy in Russia today. My right hon. Friend's ministerial colleague, the Minister for Europe and the Americas, was also absolutely right to criticise the murder of Boris Nemtsov only recently.

We are seeing a pattern of what the KGB would refer to as "demoralise, destabilise, bring to crisis and normalise", so does my right hon. Friend agree that Russia is now conducting a form of soft war against the west, that its use of so-called fake news—more often known as propaganda and information warfare—is part of that, and that this requires a whole-of-Government response, which his Department is best placed to lead?

**Boris Johnson**: I am grateful to my hon. Friend, who is indeed correct that Russia is engaged in a host of malign activities that stretch from the abuse and murder of journalists to the mysterious assassination of politicians.

[*Boris Johnson*]

I am glad that he mentioned Mr Nemtsov, as in December I was privileged to pay tribute to his memory at the site of his murder on a bridge in Moscow.

It is clear that Russia is, I am afraid, in many respects now a malign and disruptive force, and the UK is in the lead across the world in trying to counteract that activity. I must say to the House that that is sometimes difficult, given the strong economic pressures that are exerted by Russia's hydrocarbons on other European economies, and we sometimes have difficulty in trying to get our points across, but we do get our points across. There has been no wavering on the sanctions regimes that have been imposed by European countries, and nor indeed will there be such wavering as long as the UK has a say in this.

A cross-Government review is an interesting idea that I will take away and consider. As my hon. Friend knows, the National Security Council has repeatedly looked at our relations with Russia, which are among the most difficult that we face in the world. I assure him that we will be looking at it again. We must be very careful in what we say because it is too early to prejudge the investigation, but if the suspicions on both sides of the House about the events in Salisbury prove to be well founded, we may well be forced to look again at our sanctions regime and at other measures that we may seek to put in place.

**Emily Thornberry** (Islington South and Finsbury) (Lab): Thank you, Mr Speaker, for granting this urgent question. I thank the Chairman of the Foreign Affairs Committee, the hon. Member for Tonbridge and Malling (Tom Tugendhat), for securing it.

We are all extremely concerned about the incident in Salisbury yesterday, and I am sure we all hope for the recovery of Mr Skripal and his daughter. I am sure both sides of the House will join me in praising the professionalism and frankly, given the nature of previous poisonings, the bravery of the emergency services that dealt with this incident.

As the Secretary of State says, the incident has disturbing echoes of the assassination of Alexander Litvinenko 12 years ago, and it comes after the exposure last June by BuzzFeed News of the fact that, since 2012, 14 individuals considered hostile to the Putin regime have died in mysterious circumstances on British soil. However, the investigation of this particular incident in Salisbury has only just begun, and I do not believe it is appropriate for us to indulge in speculation while the investigating authorities are still doing their job, so I will not ask the Secretary of State any specific questions about the incident or the Government's response, although I am sure the time for those questions will come soon.

I have two related questions for the Secretary of State. He talks about working across Europe in relation to sanctions. As we leave the European Union, how will we continue to work with our European allies on sanctions?

Secondly, on the issue of Russian human rights abuses, the Sanctions and Anti-Money Laundering Bill is currently upstairs in Committee where, right now, the Government are resisting an amendment that would enable Britain to sanction individuals who perpetrate gross human rights abuses, such as those who tortured Sergei Magnitsky

to death in a Moscow jail in 2009. Can the Secretary of State explain why the Government are taking such a negative stance against our Magnitsky amendment? Surely they should be supporting it.

Thirdly, the Secretary of State will, like me, surely have heard President Putin's speech and have been disturbed to hear Putin boasting about the proficiency of Russia's new nuclear weapons systems, all in response to Donald Trump's planned expansion of America's nuclear arsenal. Both are driving a coach and horses through the nuclear non-proliferation treaty. What are the Government doing to urge all parties to renew their compliance with that vital international treaty?

**Boris Johnson:** The right hon. Lady is right to place that emphasis on the breaches of the intermediate-range nuclear forces treaty that we are now seeing and on the risk to the nuclear non-proliferation treaty, which is one of the great achievements of the post-war order. The UK is active in New York, and, with our American friends, we are making the case that it is time to bring the Russians firmly to heel. There is no doubt that there is a great deal of anxiety about what is now happening. Fundamentally, it is not in Russia's interest.

The right hon. Lady makes an interesting point about so-called Magnitsky amendments. Members on both sides of the House are interested in tabling such amendments to the Sanctions and Anti-Money Laundering Bill, which, as she rightly says, is now in Committee. We will look at all such proposals with an open mind. We are very interested in trying to address the issue of those who grossly abuse human rights, which is what everybody wants to achieve. As currently framed, the Bill, a fortiori, tackles such gross abuses because it tackles all those who abuse human rights. I am conscious that the House wishes to go further, and we are happy to look at that.

**Mr Keith Simpson** (Broadland) (Con): I follow the example of the shadow Foreign Secretary by saying that, as a member of the Intelligence and Security Committee, I do not intend to ask the Foreign Secretary for details of the recent incident, but does he agree that, after more than a decade now, we can see the direction of travel of the Putin regime? Its ability to murder people it regards as traitors is in the finest traditions of the KGB, the NKVD, et cetera. Are the measures taken by the British Government having any effect whatsoever on Putin?

**Boris Johnson:** As I have told the House, we believe the sanctions that we have been instrumental in implementing have had an effect, and it is certainly the case that the Russian economy took a serious hit as a result of those sanctions—more than 100 individuals have been listed, and the sectoral measures cover energy, art, the arms trade and financial services. The sanctions are having an effect. If I may say so, it is a measure of the UK's leading role in enforcing those sanctions and in calling Russia out that Russian rhetoric towards the UK is quite as hostile as it is.

**Stewart Malcolm McDonald** (Glasgow South) (SNP): First of all, my thoughts go to Mr Skripal and his daughter, who we hope will recover. Does this not demonstrate the different types of threat that we face? The threats are not always obvious or traceable. This is

not a classic article 5 scenario, but this type of scenario is not unknown to our allies in the Baltic states. Does this not cut to the heart of the modernising defence programme in terms of how we protect human assets like Mr Skripal in this country? Can the Foreign Secretary tell us whether this type of scenario will lead to a review of how we best protect these people across the United Kingdom?

**Boris Johnson:** The hon. Gentleman makes a very perceptive point about the way in which such attacks affect not only the UK but many of our NATO allies. If what happened in Salisbury turns out to be as many suspect, we will co-ordinate our response with our NATO allies.

The hon. Gentleman asks how we protect such individuals, which is obviously not something on which he would expect me to comment in the House of Commons. We do our best to give such individuals the protection we can.

**Mr Dominic Grieve** (Beaconsfield) (Con): I welcome the Foreign Secretary's statement, which highlights the very real problems that we are now encountering in our relations with Russia. He will be aware that when the Intelligence and Security Committee was reformed, we immediately announced that one of our priorities is to carry out an inquiry into Russia's covert activities and whether we have the appropriate responses to them. He may agree that that matter perhaps now requires a greater degree of urgency. I therefore ask him to do everything possible to facilitate that inquiry and ensure that it can get under way as soon as possible.

**Boris Johnson:** From his vantage point as Chair of the ISC, my right hon. and learned Friend has been following this very closely. I undertake to get back to him on that matter as soon as possible.

**Yvette Cooper** (Normanton, Pontefract and Castleford) (Lab): The Foreign Secretary rightly says that no attempt on an innocent life on our soil should go uninvestigated or unpunished. I would not expect him to comment on the investigation that is currently under way—obviously we all have concerns for the welfare of the two individuals—but what about the 14 suspicious deaths that several Members have now raised?

In many of those cases, UK authorities concluded that the deaths were suicides, despite the fact that there has now been considerable reported evidence, including in the BuzzFeed report, casting serious doubt on those conclusions. There are also claims that US intelligence may have provided further evidence to the contrary in those 14 individual cases, and there are serious questions about whether the police investigations were thorough enough. As a result of what he has said, will the Foreign Secretary now discuss urgently with the Home Secretary whether a National Crime Agency investigation, or other form of police investigation, and review of all 14 cases should now take place?

**Boris Johnson:** The right hon. Lady is perfectly right to say that, as my hon. Friend the Member for Tonbridge and Malling (Tom Tugendhat) pointed out, there are a number of deeply troubling cases, such as that of Mr Perepilichnyy. To the best of our knowledge at present, there is no further evidence that points in the direction

of criminality, but what she says is very important. We will certainly follow it up and I will certainly have that discussion with the Home Secretary.

**Mr John Whittingdale** (Maldon) (Con): It is almost exactly four years since the annexation of the sovereign territory of Ukraine in Crimea by Russia. It is two years since the public inquiry concluded that President Putin almost certainly approved the murder of Alexander Litvinenko. Is it not clear therefore that existing sanctions are failing to deter Russia, possibly even from carrying out further assassinations on British soil, and that the time has come to impose far tougher sanctions targeted against individuals associated with President Putin's regime?

**Boris Johnson:** I am very grateful to my right hon. Friend for that. Obviously, we cannot prejudge the outcome of this investigation, as that would not be right. As I have said repeatedly, in the formula I have used, if the suspicions of Members on both sides of the House are confirmed, such sanctions are going to have to be one of the options we look at.

**Jo Swinson** (East Dunbartonshire) (LD): These developments are clearly deeply concerning—not only those in Salisbury but the Heidi Blake reports about the potential of a wider pattern of multiple assassinations on UK soil by the Russian regime. I welcome the fact that the Foreign Secretary, in response to the Chair of the Home Affairs Committee, said he is going to look into those cases further. I want to press him on this point about assets, because other countries have taken a tougher line on the assets of Russian nationals than we do here in the UK, particularly in London, where there is a higher concentration of these assets. Will he look again at what can be done, not only on cases where we are yet to have further investigation, but on past cases where we already know many of the facts, such as that of Magnitsky?

**Boris Johnson:** I will certainly look at what the hon. Lady proposes, but I have to say that the UK leads the world in cracking down on money laundering and those—[*Interruption.*] We do. We lead the world in cracking down on money laundering and we are trying to expose the beneficial ownership of accounts across the world. If it is possible to expose further such illicit activity in London, or indeed anywhere in the UK, in order to hold people to account, of course we will do this.

**James Brokenshire** (Old Bexley and Sidcup) (Con): I recognise that the Foreign Secretary will be constrained in what he can say, but at a time when the focus has understandably been directed at confronting terrorism, will he reassure us that he and other Cabinet colleagues will see that the Security Service and our other intelligence agencies devote appropriate resources and attention to the activities of Russia and other foreign Governments within the UK, and the potential threats they pose?

**Boris Johnson:** My right hon. Friend speaks for many, on both sides of the House, in wanting to see our intelligence services, which are one of the great global assets of this country, properly funded, particularly now, not just in the war against terror but in the struggle against malign Russian activity.

**Chris Bryant** (Rhondda) (Lab): I do not think the Government have been robust or consistent enough over these past few years, and I have said that for a long time. Putin's violent record is a matter for all to see—Beslan, the Moscow theatre, Crimea and Ukraine, Anna Politkovskaya and many other journalists, Sergei Magnitsky, Boris Nemtsov and so on. The truth is that this Government have repeatedly just shrugged their shoulders. After the Litvinenko inquiry found that Putin was personally responsible, the Government did absolutely nothing in response. What happens when a murdering dictator is told that nothing is going to happen? They just do it all over again. I urge the Foreign Secretary to think long and hard about a proper Magnitsky Act, which many other countries have adopted already. Let us make it absolutely clear to Russia: you cannot kill people on our soil with impunity.

**Boris Johnson:** I agree with the last sentiment the hon. Gentleman expressed, but I do not agree that the UK stood by and did nothing after the murder of Alexander Litvinenko. On the contrary, we have led the world in tough action against Russia: both at the United Nations and in the European Union we have been in the forefront of those calling for tough measures against Putin's Russia. I made exactly those points in Moscow when I saw Sergei Lavrov, as some hon. Members may recall. As for the hon. Gentleman's substantive point about a Magnitsky Act or a Magnitsky amendment, as I said in an earlier answer to an Opposition Member we are certainly willing to look at sensible proposals.

**James Duddridge** (Rochford and Southend East) (Con): Is the Foreign Secretary concerned, as I am, about future Russian attacks on critical infrastructure in the UK? I am conscious that the Economic Secretary to the Treasury is probably here more as the Member of Parliament for Salisbury, but is the Foreign Secretary particularly concerned about financial services infrastructure? As we carry less cash and cheque books, we are reliant on our electronic cards.

**Boris Johnson:** Absolutely. It is clear from the NotPetya attack and others that Russia is certainly prepared to attack our infrastructure, and we should guard against that possibility with every preparation we can.

**Mr Ben Bradshaw** (Exeter) (Lab): I may have misinterpreted the question from the Chairman of the Intelligence and Security Committee, but it left me with the worrying impression that the Government are resisting the Committee's attempts to hold an investigation into Russian interference. I would therefore be grateful if the Foreign Secretary could reassure the House on that point. The *BuzzFeed* investigation was published last June, so perhaps he could tell the House what the Government did then.

**Boris Johnson:** I have a couple of points to make on that. No attempt is being made to resist any investigation. On the contrary, as I have told the House repeatedly, this Government have mounted the strongest possible resistance across the world to Russian aggression and interference. I think hon. Members will readily concede that plenty of other Governments trade freely with Russia, oppose sanctions and are massively dependent on Russian hydrocarbons, and it is up to the UK to stand up for decency and to resist what Russia is doing.

**Richard Benyon** (Newbury) (Con): As someone who has campaigned for some time on the so-called "Magnitsky campaign", may I say that the Sanctions and Anti-Money Laundering Bill offers an opportunity for us to have the full Magnitsky, as opposed to Magnitsky-lite which we got last year in another piece of legislation? The Opposition's amendments were well intended but can be improved on. May I tell my right hon. Friend that on Report there will be an opportunity for the whole House to come together to give a clear message? I urge him, with all the measures I can, to listen to all sides, because this issue concerns people right across this House.

**Boris Johnson:** My right hon. Friend is right to say that this issue greatly exercises Members on both sides of the House. As I have said repeatedly, we will certainly address the issue and we will try to find a way forward that addresses Members' concerns.

**John Woodcock** (Barrow and Furness) (Lab/Co-op): The Government's response to Sir Robert Owen's findings on Alexander Litvinenko was criticised at the time for not providing a sufficient deterrent effect. Whatever the Foreign Secretary's view on whether the Government have taken action so far and no matter what findings in relation to Mr Skripal come through in time, does not this increasingly comprehensive picture show that the deterrent effect that the Government have desired is not working and that much more is needed?

**Boris Johnson:** I think all Members would concede that, in the case of Sergei Skripal and his daughter, we need to await the outcome of the investigation. Let us wish them every possible good fortune in their recovery. The Government are obviously going to look very carefully at whatever we can do to stop such a thing happening again. If things are as suspected by Members on both sides of the Chamber, we may have to come forward with much tougher measures, but we obviously cannot prejudge the investigation. The most important point is that the UK is in the lead around the world in standing up against Russia. It may well be that that explains the particular hostility we are currently having to endure. All I will say to the House is that it is worth it for this country to carry on with what it is doing to stand up to Russia, even if it exposes us to this kind of threat and challenge.

**Sir Edward Leigh** (Gainsborough) (Con): Over the years, I have tried to understand the Russian position, and particularly the Russian attitude to the right of self-determination of the Russian majority in Crimea and eastern Ukraine, but the way to preserve peace with Russia is by having peace through strength. There is no point in giving commitments to the Baltic states without hardware and men on the ground. Will the Foreign Secretary echo the words of the Under-Secretary of State for Defence, my right hon. Friend the Member for Bournemouth East (Mr Ellwood), who is sitting next to him and who said in the estimates debate last week that spending 2% on defence was not enough?

**Boris Johnson:** I am not going to join my hon. Friend in calling for an increase in another Department's budget right now, although it is absolutely right that we should be spending at least 2%. I should say, though, that out of that 2% we are able to fund—[*Interruption.*]

The shadow Foreign Secretary says that we should spend it properly; we are, for instance, spending it on the 800 UK serving men and women in Tapa in Estonia, on the frontline with Russia, who are giving reassurance to a vital NATO ally. That is what the UK is doing. Believe me, the Russians know that we are doing that and that we are in the lead in calling for France and other EU countries to step up to the plate and deploy in the Baltics. The Russians know that we are in the lead in standing up for our friends in that part of the world. Yes, it may be that we in this country are paying a price for that, but we are not going to resile from that commitment.

**Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): Following the apparent poisoning of Mr Skripal and his daughter, will the Foreign Secretary tell us whether the toxicology report will be made public, and if so, when?

**Boris Johnson:** I must respectfully tell the hon. Lady that, as I said right at the beginning of my response to the urgent question, I am not going to give a commentary on the investigation.

**Jack Lopresti** (Filton and Bradley Stoke) (Con): Will my right hon. Friend join me in paying tribute to the work that Britain's National Cyber Security Centre does to resist Russian cyber-attacks on the UK's critical infrastructure? How does he categorise such attacks—are they just nuisances that we have to learn to live with and deal with, or are they, as some would say, acts of war?

**Boris Johnson:** That is a very perceptive question. I increasingly think that we have to categorise them as acts of war, which means that we need to elaborate a new doctrine of response and a new doctrine of deterrence. We certainly are doing that—it was one of the conclusions that we reached in the National Security Council a few months ago.

**Emma Reynolds** (Wolverhampton North East) (Lab): The Foreign Secretary speaks of the UK leading the way on EU sanctions on Russia. When we leave the EU, we will lose our seat at the table. In the six-monthly review of the sanctions, we have continued to push for their renewal. How will we exert influence when we have left the EU? What will be the legal status of the sanctions during the transition period?

**Boris Johnson:** I think the hon. Lady may have been in the House when we introduced the Sanctions and Anti-Money Laundering Bill, when I explained that although we may be leaving the EU, we are not leaving Europe, and we will be intimately involved in the development of sanctions and other foreign policy. That is the intention of not only the UK but all our European partners. Fully half of EU sanctions listings depend on UK intelligence. We are an integral part of the European sanctions environment and will continue to be so.

**Sir Desmond Swayne** (New Forest West) (Con): We could speak softly if we carried a big stick, so was not the peace dividend at the end of the cold war utterly misconceived?

**Boris Johnson:** I respectfully disagree with my right hon. Friend, in the sense that, appalling though recent events have been—as I say, we do not know exactly what has taken place in Salisbury, but if it is as bad as it looks, it is another crime in the litany of crimes that we can lay at Russia's door—as somebody who grew up during the cold war, I resist the comparison between events today and the misery and horror of the gulags and the suffering of the peoples of eastern Europe that I remember. I do not think we should necessarily equate the conflict and difficulties that we have with Russia today with the existential threats that we faced during the 1970s and 1980s.

**Mrs Madeleine Moon** (Bridgend) (Lab): The Foreign Secretary is right to say that the current situation is not the same as it was during the cold war, but is it not time to have an open and honest dialogue with the British people about how Russia uses instability, uncertainty and violence across the continent as part of its hybrid warfare, which is not peace but not war? That is the situation we are in and that conversation needs to be had. Will the Foreign Secretary lead it?

**Boris Johnson:** As the hon. Lady will know, the Prime Minister herself spoke in her Mansion House speech about this very matter and set out clearly her deep anxieties about how Russia is behaving. What we need to do is to concert international activity, sanction individuals who are part of Putin's regime and keep the international community focused on exactly the points that the hon. Lady makes. Believe me, there is growing support around the world for what she says.

**Mr Philip Hollobone** (Kettering) (Con): Having listened closely to today's exchanges, I am sadly struggling to avoid the conclusion that Russia has now reached the point where it has little or no respect for Britain's foreign, defence and security policy. If I am wrong, will the Foreign Secretary tell me why?

**Boris Johnson:** I have to disagree with my hon. Friend, because I believe that the UK is in the frontline of a struggle between two value systems. As the hon. Member for Bridgend (Mrs Moon) said, Russia is determined to impose its own way of thinking, particularly on the peoples of central and eastern Europe—the countries of the former Soviet Union. Russia is effectively revanchist, and it is the UK that is in the lead in standing up to it. Many other countries would prefer to turn a blind eye. Many other countries would prefer to go to the St Petersburg International Economic Forum, step up their trade in hydrocarbons and ignore what is going on. Believe me, there are many countries around the table in the European Union that would like to do that, and there are many countries around the world that believe that it is wrong and misguided to stand up to Russia.

We do not take that view; we take a principled view. We have been in the lead in the imposition of sanctions. We have been in the lead in standing up against Russian-supported aggression in Syria and in calling out Russia for what it did in the western Balkans and Montenegro. We are having a summit in this country in July on the defence of the western Balkans and all those countries against Russian encroachment. It is the UK that is resisting. As I have said to Members repeatedly, it may

[*Boris Johnson*]

very well be that Russia will behave towards us in a way that is notably aggressive, but we will not be bowed and we will not allow such action to go unpunished.

**Dr Rupa Huq** (Ealing Central and Acton) (Lab): The Skripal case has disturbing parallels not only with the Litvinenko case, but with the BBC drama “McMafia”, as does the report leaked to *The Guardian* and the Organised Crime and Corruption Reporting Project last month, which found that millions of pounds linked to the Putin family and the FSB—Russia’s federal security service—spy network had been laundered through the London property network. Does not the Foreign Secretary appreciate how simply patting himself on the back and saying that we are leading the world looks complacent? We simply must do more to promote financial transparency.

**Boris Johnson:** I certainly agree that more can be done to promote financial transparency, but across the world the UK is second to none in doing that.

**Paul Masterton** (East Renfrewshire) (Con): Does the Foreign Secretary share my concern about the basing of Sputnik in Edinburgh from where it spreads misinformation and peddles conspiracy theories to foment division in the UK? Does he also agree that it is incredibly disappointing that current MPs and former First Ministers give Russia Today and Sputnik a pretence of credibility that they do not deserve?

**Boris Johnson:** My hon. Friend makes an excellent point. Members from all sides of the House should think long and hard before they appear on Russia Today, which is clearly a vehicle for Kremlin propaganda.

**Toby Perkins** (Chesterfield) (Lab): The Foreign Secretary, like many other people, has spoken powerfully about the extent to which Russia—while not at war with us—can be seen only as an enemy of the best interests of the United Kingdom. On that basis, is it not time to review whether we should continue to sit on the UN Security Council and have Russia in a position where it is able to decide whether the actions that we take with our military are lawful?

**Boris Johnson:** If things turn out as many Members on both sides of the House suspect they will—to return to that formula—we will have to have a serious conversation about our engagement with Russia. Thinking ahead to the World Cup this summer, it is very difficult to imagine how UK representation at that event could go ahead in the normal way, and we will certainly have to consider that.

**Bob Blackman** (Harrow East) (Con): The southern gas corridor, which is currently under construction by BP, stretches from Azerbaijan to Italy, with spurs across Europe. It will end the reliance on Russian gas, which makes it a threat to Russia’s potential finances. Will the Foreign Secretary undertake a review of the security of that pipeline to ensure that Russia cannot interfere with it, so that Europe can then get its proper gas supplies in an appropriate way?

**Boris Johnson:** My hon. Friend is absolutely right to focus on gas supplies and the political strategic use that Russia makes of those supplies. I will certainly look at the point that he raises about the Azerbaijan pipeline.

**Chris Evans** (Islwyn) (Lab/Co-op): International arrest warrants are still outstanding for the two people alleged to have killed Litvinenko. There is no chance of extraditing them to this country. Yesterday, whether it was poisonous gases or substances that we saw on the streets of Britain, they could have caused harm to our citizens. If the Foreign Secretary cannot bring Litvinenko’s killers to justice, how can he guarantee that those who perpetuated yesterday’s crime will equally be brought to justice?

**Boris Johnson:** Obviously, we must leave it to the police and the security services to do what they can to bring the perpetrators of yesterday’s crime, or attempted crime, to justice.

**Andrew Bridgen** (North West Leicestershire) (Con): Here in the UK, we often say that pride comes before a fall. In Russia, it is rather different. They say that if you have no pride, you will surely fall. Will my right hon. Friend reassure the House that, in the dealings of the Foreign Office and other Departments with Russia, full account is taken of the Russian psychology, which respects only strength?

**Boris Johnson:** My hon. Friend is entirely right, which is why the UK has been at the forefront of those calling for a robust approach to Russia both in the Baltics and in the western Balkans.

**Christine Jardine** (Edinburgh West) (LD): Given the various concerns expressed in this Chamber about both today’s events and the demonstration of Russian power, which we saw earlier in the week, can the Foreign Secretary reassure us that discussions on how to counter this are taking place with current EU member states and other allies?

**Boris Johnson:** If the hon. Lady will forgive me, she makes a good point, but we must really await the outcome of the investigation before we begin to draw conclusions with our friends.

**Angela Smith** (Penistone and Stocksbridge) (Lab): Russia has conducted cyber-attacks against European countries, invaded the sovereign territory of Ukraine, abducted an Estonian border guard, and murdered people on British soil. Given Putin’s strategy of divide and rule, does the Foreign Secretary not agree that the UK response to Russian aggression needs to be robust, but, to be most effective, should it not also command the support not just of his party and the Government, but the whole of this Parliament?

**Boris Johnson:** I very much agree with both the manner and the content of what the hon. Lady has said, and I know that she speaks for the vast majority of people in both Houses of Parliament.

**Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): I urge the Foreign Secretary to think not of the 1950s and the cold war, but of the 1930s. Personally, I believe that the period we are passing through now is probably as

dangerous as the 1930s. Russia is the new Germany, with a leader who is also very unpredictable and very determined to take on America and the free world. Will the right hon. Gentleman make sure that, at a time when we have a fragmented Europe and when America has, in many respects, distanced itself from the world stadium, he takes this issue seriously, because colleagues on both sides of the House are absolutely right: the Russians will listen only to force and challenge.

**Boris Johnson:** The hon. Gentleman is completely right that the Russians only respect force, which is why the UK has been so absolutely insistent on the enhanced forward presence in Estonia, in supporting the Baltic countries, in resisting Russian aggression in the western Balkans, and in imposing sanctions for what Russia did in Ukraine. There are plenty of other Governments who do not believe that we should take this line—that do not believe that the international community should be taking this line. It is the UK that has been in the lead and will continue to be in the lead.

**Christian Matheson** (City of Chester) (Lab): Much as I welcome the Foreign Secretary's strong condemnation of Russia and his reassertion of state sanctions, it is clear that they are not working. I am concerned that there is a lack of political will to take the matter further, perhaps because there is an awful lot of Russian money sloshing around the City of London, driving the London property market and, dare I say it, being donated on some occasions to political parties. Could we not put further pressure on Putin by targeting those members of the Russian community over here who have perhaps brought over some of those large amounts of money?

**Boris Johnson:** Let us await the outcome of the investigation. Let us get to the bottom of what has happened to Sergei Skripal and his daughter, and then we can consider what more we can do.

## Yarl's Wood Detention Centre

1.27 pm

**Ms Diane Abbott** (Hackney North and Stoke Newington) (Lab) (*Urgent Question*): To ask the Secretary of State for the Home Department if she will make a statement on the detention centre at Yarl's Wood.

**The Minister for Immigration** (Caroline Nokes): Ensuring that individuals abide by immigration rules is an essential part of an effective immigration system. This includes individuals leaving the UK if they have no lawful basis to remain. Of course, we all hope that those with no right to remain in the UK will leave voluntarily, and we have measures in place to assist those who wish to do so. However, this is not always the case, and detention is therefore an important tool.

The dignity and welfare of all individuals detained is of utmost importance, and any decision to detain is made on a case-by-case basis, taking into account individual circumstances. But let me be clear: Home Office officials work with any individual with no right to be in the UK, both detained—including those at Yarl's Wood—and in the community, to assist with their return at any time, if they decide to leave the UK. In fact, 95% of people without the right to be here are managed in the community and most people detained under immigration powers spend only very short periods in detention.

In 2017, 92% of people were detained for four months or less, and nearly two thirds were detained for less than a month. As well as regular reviews of detention, individuals can apply for bail at any time. I visited Yarl's Wood on 8 February to see that all detainees were being treated in a safe and dignified manner, and I understand that the right hon. Member for Hackney North and Stoke Newington (Ms Abbott) is meeting the Home Secretary to discuss this issue very shortly.

The provision of 24-hour, seven-day-a-week healthcare in all immigration removal centres ensures that detainees have ready access to medical professionals and levels of primary care in line with individuals in the community. Any detainees who choose to refuse food or fluid, including the declining number of residents at Yarl's Wood who are currently refusing food, are closely monitored by on-site healthcare professionals. Home Office staff will not only ensure that detainees are informed about how their actions may impact on their health, but make it clear that we will continue to seek to progress their case. The Government are committed to protecting the welfare and dignity of those in detention and we will always set the highest standards to ensure the safety and wellbeing of detainees.

**Ms Abbott:** The shadow Attorney General and I travelled to Yarl's Wood detention centre on Friday 23 February to inspect conditions and speak to some of the people detained there. The Minister will be aware that I have been pressing for such access to the centre since the autumn of 2016. The timing of our visit coincided with a hunger strike by some of the detainees, who were protesting at what they described as the inhumane conditions there. But in response to my repeated inquiries, the authorities at the detention centre, the Home Office, Serco and G4S said categorically that there was no hunger strike. It now seems that we were misled.

[Ms Abbott]

Is the Minister aware that newspaper reports show a letter that has been sent to these women by the Home Office? The letter has been reproduced in some media outlets. It is a signed letter, on Home Office headed paper, which begins by stating that

“the fact that you are currently refusing food and/or fluid...may, in fact, lead to your case being accelerated”.

To some Opposition Members, this sounds like punitive deportations for women who have dared to go on hunger strike. Furthermore, I was contacted at the weekend by lawyers and others attempting to prevent the deportation of a young woman and her mother. This is wrong. The personnel at Yarl's Wood are paid for from the public purse, yet Members of Parliament seem to have been misled by officials. Now we learn that the Home Office is apparently threatening these women with accelerated deportation.

The Minister has a series of questions to answer. When did she first know about the hunger strike? When did she know of the existence of the threatening letters, implying that deportation would be accelerated for those continuing on hunger strike? Did she or her officials approve these letters? How is it possible to accelerate deportations and conform to natural justice, as surely all cases are expedited in any event? Does the decision for removal supersede any health concerns that a detainee may have? Is the Minister aware that the primary demand of the hunger strike is to end the inhumanity of what, in practice, is indefinite detention? Finally, will the Government, in line with their own policy, stop detaining women who have been trafficked or sexually abused and stop misleading this House about their detention of these most vulnerable women?

**Mr Speaker:** Nobody would intentionally mislead the House. I am sure that the shadow Home Secretary was not suggesting that. I think that the allegation was of what the Clerk would consider to be a collective, rather than an individual, character.

**Ms Abbott** *indicated assent.*

**Mr Speaker:** Very good.

**Caroline Nokes:** The right hon. Lady has raised some very important points. I will first clarify the circumstances in which a letter is given to individuals who may be refusing food or fluid while in detention. A letter will only be handed to people after an extensive welfare interview, which happens with a medical professional, and is used to explain to individuals the very real risk that they are putting themselves at by refusing food and fluid. We want nobody in detention to be in that situation and it is important that we explain to them the risks involved.

The letter is, in fact, part of official Home Office guidance and was published on the gov.uk website in November last year. It was agreed after consultation with NHS England, Medical Justice, the Immigration Law Practitioners Association and a range of non-governmental organisations, because it is important that we get the correct information to detainees who are choosing to refuse food and fluid.

I was first aware that individuals at Yarl's Wood were refusing food and fluid at about the same time that the right hon. Lady undertook her visit. Of course I regard

it as very serious. Nobody wants detainees to be at any risk, but it is important that they should not regard this as a route to preventing their removal from this country. As I said clearly in my opening statement, ensuring that individuals abide by immigration rules is an essential part of our immigration system. I wish to do nothing that encourages them to put their own health at risk by suggesting that doing so might prevent their removal from this country.

Indeed, there are some circumstances whereby people could be prioritised, such as if we anticipated that somebody needed escorts to be removed from the country, because there is always a long wait for that service. We can also talk to embassies to understand whether there is a problem with papers from someone's home country, and get those expedited, so that the individual can be returned to their home country as swiftly as possible.

**Sir Desmond Swayne** (New Forest West) (Con): Accelerated processing would only be a threat if the judicial process was not seen to be fair and independent. Is it?

**Caroline Nokes:** My right hon. Friend will be aware that there is an extensive judicial process, whereby individuals seeking to stay in this country may apply to the first tier and, indeed, the upper tier tribunal at any stage in the process that they may apply for judicial review. We are determined to make the immigration system as fair as we possibly can, but also to uphold our rules.

**Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): The large-scale, routine detention of thousands of human beings in private prisons for an indeterminate period simply at the discretion of immigration officers is, frankly, a stain on our democracy and an affront to the rule of law. This most recent horrible episode in a detention facility is far from the first, as hon. Members know, and it will not be the last unless there is radical change. Why does the UK detain more than other European countries? Why can every other EU country manage with a time limit on immigration detention, but not the UK? Why do the Government continue to detain vulnerable people, including victims of torture, to the serious detriment of their health and wellbeing? It is very welcome that the shadow Home Secretary has brought this issue to the House, but will the Government have the courage to allow this House a binding vote and the chance to make it clear that it is time for radical reform of the UK immigration detention regime and that it is time for a limit?

**Caroline Nokes:** Immigration officials always consider individuals in detention on a case-by-case basis and put their welfare absolutely at the forefront. Some 95% of people with no right to be in this country are managed within the community. Only 5% will be within the immigration removal centres at any one time. They are only there when there is a realistic chance of removal, and we always seek to ensure that they are removed as soon as possible.

**Mr Philip Hollobone** (Kettering) (Con): I congratulate my right hon. Friend on the superb job that she is doing as check Immigration Minister. My constituents in Kettering want to see firm but fair border controls, and

the detention centre is absolutely part of that. Will the Minister assure me that the 5% of applicants who end up in a detention centre are there because there is a very real risk that they will abscond and we will not be able to deport them?

**Caroline Nokes:** There are several reasons why an individual might be in immigration detention. First and foremost, those for whom there is a realistic chance of removal from the UK may be there for a short period, as we seek to get them to removal as soon as possible. There are also those in immigration detention who are foreign national offenders and those who pose a risk to our society.

**Yvette Cooper** (Normanton, Pontefract and Castleford) (Lab): I welcome the work that the shadow Home Secretary has done to pursue this issue. I share her concern about the state of Yarl's Wood and some of the policies that underpin it. I understand that the Immigration Minister this weekend responded to calls from my hon. Friend the Member for Stoke-on-Trent North (Ruth Smeeth) to prevent the deportation of two of her constituents from being accelerated as a result of one of them being on hunger strike. But as well as that individual case, will the Minister address the wider issue and confirm that no individual should have their case or their deportation accelerated or prioritised simply because they have gone on hunger strike or made some kind of protest in response to the very difficult conditions that they face? I am sure that she would not want that kind of punitive action to be taken in response to protest.

**Caroline Nokes:** We take the issue of individuals refusing food and fluid very seriously indeed. We do not want any individual to put their own health and wellbeing at risk. It is important that we have an immigration policy that includes detention, but that we administer it in as fair a way as possible, always seeking to use detention as a last resort. The right hon. Lady referred to a specific case. I am not going to comment on individual people's immigration status on a case-by-case basis. However, it is important that I am always prepared to listen when Members ask me to review their cases.

**Anna Soubry** (Broxtowe) (Con): I thank the Minister for her statement and for the assurances that she has given the House. It is right that we have to have detention centres. Nobody likes them, but they have to exist as part of a policy that is the right policy to pursue. But will she be absolutely clear and give us all an assurance that the welfare of anybody—whatever their status may be—is always the primary concern?

**Caroline Nokes:** Of course the welfare of individuals at any of our immigration centres is of paramount importance. I assure my right hon. Friend that Yarl's Wood was inspected by Her Majesty's chief inspector of prisons between 5 and 16 June last year, and the report was published on 15 November. In addition, Yarl's Wood was subject to a review by Stephen Shaw, who reported in 2016. He is currently looking at the recommendations that he made and the progress that the Government—and Serco, our operative there—have made in implementing them.

**Gavin Newlands** (Paisley and Renfrewshire North) (SNP): My constituency has already said no to a part of the UK Government's immoral immigration policy—a short-term holding facility near Glasgow airport. One of the main reasons cited for that refusal was the UK's indefinite detention policy. The UK is the only country in the EU that has indefinite detention. Is the Minister proud of that policy?

**Caroline Nokes:** There is an automatic review of detention after a month and at every recurring month. Individuals may apply for bail at any time. It is important to reflect on the fact that only 5% of the immigration offender population will be found in detention at any one time. We seek to manage them in the community wherever we possibly can. They will be held in detention only when there is a real risk of absconding or of public harm, or where we are seeking to move somebody to removal as soon as possible.

**Jess Phillips** (Birmingham, Yardley) (Lab): I have a huge amount of respect for the Minister, but her statement that this happens only when people are at risk of absconding is not one that I recognise from immigration casework that I do every single day. A woman in my constituency rang the police because of a threat to kill her from a violent ex-husband. She was taken to Yarl's Wood, not to a place of safety. We detained a woman who was a victim. She has now been given indefinite leave to remain because her case was going through the process. This is not an isolated case. Does the Home Office think that it keeps vulnerable women who are at risk of rape, sexual violence or domestic abuse safe by basically deterring them from calling the police because they will be sent to a detention centre?

**Caroline Nokes:** The hon. Lady will be aware that we have a very clear policy on adults at risk in immigration detention. I do not want any woman to be at risk of harm from either a current partner or a former partner. She raised a particular case. I urge her and all Members to bear in mind that if such cases occur in their constituencies, I will always want to look at them personally. We must remember, however, that we have in this country an immigration policy that seeks to implement the rules as they are set out, and it is important that we are able to uphold those rules at all times.

**Sir Edward Davey** (Kingston and Surbiton) (LD): In the Minister's answer to the right hon. Member for Broxtowe (Anna Soubry), she mentioned Stephen Shaw's second review of the detention of people in immigration centres, particularly the experience of vulnerable people, and said that he is looking at the Home Office's implementation of his first review. Has the second review been concluded, and has she received the report on it? If not, when does she expect to receive it, and when does the Home Office expect to publish it?

**Caroline Nokes:** The honest answer is no, I have not yet received it, but we anticipate it very shortly indeed.

**Gareth Snell** (Stoke-on-Trent Central) (Lab/Co-op): My hon. Friend the Member for Stoke-on-Trent North (Ruth Smeeth) is travelling with the Defence Committee, but as Opelo and her mother are her constituents, she has asked me to put on record her thanks to the Minister

[Gareth Snell]

for her intervention at the weekend. She also asked me to put on record her thanks to the Rev. Ashley Cooper and all those at Swan Bank church for the welfare support they have been giving to the immediate friends and family. Does the Minister agree that the fact that Members of Parliament have to resort to weekend telephone calls directly to Ministers to try to stop individuals from being deported before they have had their due process is a sign that the immigration system in this country is simply failing?

**Caroline Nokes:** I said very clearly that I was not going to comment on individual cases, but we do follow due process very closely indeed. I put on record my thanks to the hon. Gentleman's colleague, the hon. Member for Stoke-on-Trent North (Ruth Smeeth), to whom I spoke over the weekend and with whom I am in regular contact. It is quite right that she should be able to make those representations to me at, quite frankly, whatever time of day.

**Mr David Lammy (Tottenham) (Lab):** I am very proud to be the son of immigrants and proud of this country's record on supporting refugees and immigrants. Does the Minister understand that at the heart of her answer is an indifference, first, to indefinite detention and, secondly, to the fact that many women at Yarl's Wood have been there for months and months, running into years? That is why many of them are refusing food. The possibility that the Government will accelerate deportation on that basis must be contrary to human rights. Can she satisfy the House that this satisfies all the obligations that the Government have to meet in their human rights record and that it is not cruel and unusual punishment?

**Caroline Nokes:** It is important to reflect on the fact that detention plays an important part in our immigration system and will continue to do so. Of course we put the welfare and wellbeing of individuals who are in detention at Yarl's Wood, and at every other centre in this country, at the forefront of our policies. It is important to remember, however, that some people in detention, including foreign national offenders, are there because if they were in the community they would have very high potential to do harm.

**Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab):** A constituent of mine was detained in Yarl's Wood last summer. She was at risk of losing her eyesight due to a serious eye condition that had already left her blind in one eye and, if left untreated for a short time, risked her going blind in the other. Despite people being made aware of this information, she was left for some time before being seen by a nurse. In the end, my office had to intervene directly to ensure that urgent medical assistance was provided to my constituent, to avoid her losing her sight. This appalling case is one of many. Will the Minister make an assessment and overall review of the conditions that women in Yarl's Wood are subject to?

**Caroline Nokes:** Upon detention, individuals at Yarl's Wood are given access to a healthcare professional within two hours and then have the ability to make an

appointment with a general practitioner within 24 hours. It is really important that we provide healthcare to all those in detention. That is why it is available 24 hours a day, seven days a week, and referral onwards to external healthcare services is also available. The hon. Lady asked whether I would review welfare at Yarl's Wood. In fact, that is the job of the independent monitoring board, the independent inspector, and of course Stephen Shaw, whom we have asked to go back to review the recommendations that he made two years ago and provide us with an update on progress.

**Kate Green (Stretford and Urmston) (Lab):** How can the Minister say that the justification for detention is severe risk of harm or women absconding when so many of them are very quickly, or ultimately, released back into the community and sometimes go round the loop of "detention and release, detention and release" on a number of occasions?

**Caroline Nokes:** In upholding our immigration rules, we seek to assist those who have no right to be here to return home, whether on a voluntary basis or indeed, on occasion, by force. It is really important that we have an immigration system that is robust. We do not have indefinite detention. The hon. Lady will have heard me say that 92% of those held are released within four months and 63% are released within a month. It is important that we have a system where we can be confident that when we are able to move people to removal, we have the capacity to do so.

**Stella Creasy (Walthamstow) (Lab/Co-op):** I want to put on record my support for the work that the shadow Home Secretary has been doing on this issue and for the work of my hon. Friend the Member for Stoke-on-Trent North (Ruth Smeeth), who has fought tirelessly for her constituents. I am grateful that the Minister has listened and agreed to review the case. For many of us, the trouble with this is that we are talking about an environment where we know that two thirds of the women in Yarl's Wood have experienced rape or sexual torture and that 85% of them are then released back, not deported. Does the Minister recognise that, rather than continuing to keep Yarl's Wood open, there may be not only cheaper but much more compassionate and humane ways in which we can manage our immigration system that would speak to the best of British values?

**Caroline Nokes:** The hon. Lady will have heard me say that 95% of immigration offenders are in the community and only a very small proportion—5%—are in detention. However, detention does play an important part. We will keep people in detention where there is a realistic prospect of removal and where they might cause harm out in the community. It is important that we retain that facility.

**Mohammad Yasin (Bedford) (Lab):** At Yarl's Wood and many institutions like it, vulnerable people are being held for long periods, despite the fact that the majority of them have committed no crime. Does the Minister agree that there must be an urgent review of the UK's detention system?

**Caroline Nokes:** I think that I have been very clear this afternoon that, although we regard detention as a last resort, it is an important part of our suite of immigration policies. We use detention to enable us to

remove people from this country, to make sure that those who might cause harm in our communities are kept away from society and on occasions when we are seeking to remove foreign national offenders as quickly as we can.

**David Linden** (Glasgow East) (SNP): How many people in Yarl's Wood are currently on suicide watch?

**Caroline Nokes:** We keep the welfare of detainees under very close supervision, and I can reassure the hon. Gentleman that a declining number of people are choosing to refuse food and fluid. Of course, where people have mental health issues or there are concerns about their health, it is absolutely right that we keep them under very close supervision.

## Water Supply Disruption

**Mr Speaker:** We now turn to the statement—what might be described as “Coffey on water”—from the Parliamentary Under-Secretary of State for the Environment, Dr Thérèse Coffey.

1.50 pm

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey):** Thank you, Mr Speaker. I promise my response will not be diluted.

I would like to take this opportunity to update the House on the water supply situation following the severe weather experienced last week. The exceptionally cold spell and the rapid thaw that followed has caused widespread water supply issues in the country. Over the weekend, and at the start of this week, tens of thousands of people across southern England have experienced loss of water supply in their homes, and even more have had to cope with low water pressure following leaks from burst pipes. I entirely recognise that it has been a stressful and difficult time for many residents and businesses.

The immediate priority is to get water back up and running for those who have been affected, particularly vulnerable people, businesses, hospitals and care homes. Water companies have been following standard practice, including isolating bursts and redirecting water to mitigate the problem. Bottled water has been provided in the areas most badly affected, and water has been provided by tanker to keep hospitals open.

This morning I chaired a meeting with water company chief executives, Ofwat and Water UK to make sure that water companies in England are working to restore supplies as quickly as possible and that water companies in other parts of the country are preparing for the thaw as it spreads across the country. That will include learning any lessons from places that have already experienced thawing through higher temperatures. The challenge the sector faces is the sheer number of bursts following the rapid change in weather across multiple companies' networks. Many of them have been relatively small and difficult to detect, and some of the loss of pressure is due to leaks in private homes and businesses.

As of 10.30 am today, based on the information provided by the chief executives on the phone call, we are aware of 5,000 properties still affected in Streatham. The principal source of the problem is airlocks in the water network, which Thames Water is acting to remove, and we expect that to be completed today. Southern Water reconnected supply to more than 10,000 properties overnight, and 867 properties in Hastings are still experiencing problems. We expect everyone there to be reconnected by this afternoon. South East Water has identified approximately 2,000 properties spread across Kent and Sussex that are still without supply, and we expect that they will be reconnected today. South West Water has approximately 1,500 properties affected, but that is changing on a rolling basis as the thaw progresses west. Yorkshire Water has identified 13 affected properties.

Some water companies have identified higher demand than usual on service reservoirs, which indicates that there are burst pipes that need to be dealt with. I want to encourage householders and businesses to report leaks and burst pipes, including those on their property, not just those on public highways.

[*Dr Thérèse Coffey*]

Water companies have been working hard to address the issues for customers, though I recognise the frustration that many have had in contacting their water companies. I have been assured that companies have increased their staff on the ground who are out identifying where bursts have occurred and repairing them, as well as moving water across their networks to balance supply across the areas they serve. We should recognise the efforts of the hard-working engineers and all involved in working through the night to fix these problems.

Once the situation is restored to normal, we expect Ofwat to formally review the performance of the companies during this period. That will be a thorough review. As well as problems being identified, I want to see excellent examples of practice and preparation shared across the sector. The Government will consider any recommendations from the review and act decisively to address any shortcomings exposed. As part of that review, Ofwat will decide whether statutory compensation should be paid. Of course, water companies will want to consider how they compensate customers on a discretionary basis, and I discussed that with the chief executives this morning.

This Government actively support a properly regulated water sector. We have high expectations of water companies increasing their investment in their water and sewerage networks. That was laid out clearly in the strategic policy statement issued to Ofwat last September and reinforced by my right hon. Friend the Environment Secretary when he addressed the water industry last week and said that he expects the industry to increase investment and improve services by maintaining a resilient network, fixing leaks promptly where they occur and preparing for severe weather.

As my right hon. Friend has said, we want a water industry that works for everyone, is fit for the future, improves performance and makes sure that bill payers are getting the best possible value for money. Ofwat will be given any powers it needs, and we will back it in action that it needs to take to ensure that water companies up their game.

1.55 pm

**Holly Lynch** (Halifax) (Lab): I am grateful to the Minister for that statement.

While last week's freezing temperatures presented serious challenges all over the country, the failure of water companies to supply water to customers as the weather has improved has now descended into chaos. The aftermath of the "beast from the east" and Storm Emma meant that yesterday, 5,000 homes were without water in Kent, with thousands of properties across Wales, parts of the midlands and Scotland also affected by intermittent water supply.

In London, Thames Water battled to re-establish supply to around 12,000 homes and several schools. Two of the country's flagship businesses, Jaguar Land Rover and Cadbury, were among several forced to cease production at the request of Severn Trent Water, as it sought to prioritise household supplies. Even today, as we heard from the Minister, South East Water says that around 12,000 of its customers still have no supply, and companies continue to struggle to reconnect homes and businesses across London, Kent, Sussex and Wales, leaving some homes without water for up to three days.

While we all accept that last week's weather conditions were incredibly challenging, the reality in London is that although freezing temperatures persisted over several days, temperatures did fluctuate and only fell as low as minus 6°C on one occasion overnight. Where is the resilience in the system, and why have we seen such systemic failure?

The Secretary of State for the Environment, Food and Rural Affairs made a speech just last week outlining that in many areas, water companies were failing to deliver. Six companies missed their leakage targets for 2016-17, with Thames Water's performance data showing that 677 million litres are being lost to leakages every single day. To put that in context, the entire city of Cape Town uses 631 million litres a day.

Despite those failings on leakage, water bills have increased by more than 40% since privatisation, with many consumers set to see another rise in a few weeks' time. Further to that, analysis by the House of Commons Library shows that executives at the top nine water and sewerage companies operating in England earned a combined total of nearly £23 million in 2017. The highest paid executive, the CEO of Severn Trent—the same water company that yesterday asked Cadbury and Jaguar Land Rover to cease production—took home a total of £2.45 million last year, or 16 times the Prime Minister's salary. That is on top of the billions paid to shareholders—the owners of those same nine water companies paid out £18.1 billion in dividends in the 10 years to 2016. In addition, six water companies have offshore finance structures registered in the Cayman Islands.

We have had tough words from both the Secretary of State and Ofwat, but where is the governance, and where is the action? In his recent speech, the Secretary of State said:

"Some companies have been playing the system for the benefit of wealthy managers and owners"

and stressed that he would give Ofwat "whatever powers are necessary" to get all the water companies to "up their game". Rachel Fletcher, Ofwat's chief executive, has been tough on water companies in the past 72 hours, saying that

"we won't hesitate to intervene if we find that companies have not had the right structures and mechanisms in place to be resilient enough."

However, just last month, Fletcher confirmed to the BBC that a dividend cap was not in Ofwat's current thinking, nor was direct action on executive pay or tax structures. Instead, she said, Ofwat would require water companies to provide more public information on each of the areas of concern. If the Secretary of State's plan is to empower Ofwat to intervene, I am afraid that based on what we have seen, there is no appetite in Ofwat to do so.

That regulatory failure on this Government's watch has contributed to a situation where executive pay is out of control, and the failure to invest in resilience has left households and businesses picking up the cost. With that in mind, I would be grateful if the Minister could answer this question: if Ofwat lacks either the appetite or the powers to tackle—pay and rebalance profits so that less is pocketed by executives and more is invested in improving the service and resilience, what action will the Government take to make that happen? Will the Government respond to calls for a public inquiry into

the handling of the crisis, and can the Minister outline whether that will involve the role of Ofwat leading up to where we are today?

Finally, can the Minister outline what compensation packages will be made available to customers, some of whom have had to seek temporary alternative accommodation or pay for childcare because schools have been closed? How will businesses that have lost a day's trade be both compensated and reassured that this will not happen again?

**Dr Coffey:** The hon. Lady asked a number of questions, mostly about company structures, but she will understand that we have been focused on customer experiences in the past 48 hours in particular. That said, my right hon. Friend the Environment Secretary read the riot act to the water industry last week.

We recognise that over £140 billion has been invested in infrastructure since privatisation, but we still believe that more needs to be done. The hon. Lady will also recognise that, on average, water bills have fallen in real terms in the past five years—over the price review period. It is important that we get an appropriate balance between investment, recognising that people expect to be able to turn on the tap and get water—I fully accept that many households in London are still not receiving water—and customer bills. It is important to have a regulated water industry to achieve such a balance.

I think Jonson Cox has been an active chairman of Ofwat in challenging the water companies. In particular, he has taken on Thames Water about its financing arrangements. Again, the Department and Ministers have made it clear to the water companies that we expect them to accelerate the changes to their financial structures. I recognise that those structures were put in place some time ago, but we have said that we expect them to change more rapidly than some of their current plans suggest.

Overall, we need to recognise that the review—I have asked Ofwat to report back to me by the end of the month—may be only an interim one, with the initial lessons about what has happened. In the short term, however, I am conscious that we must continue to put pressure on Thames Water in particular to make sure that it reconnects households as quickly as possible.

**Antoinette Sandbach (Eddisbury) (Con):** The Environment Secretary highlighted to the industry last week that, on a normal day, 3 billion litres of water is lost to leaks. What can be done to ensure better regulation, particularly in tackling such a huge yearly water loss?

**Dr Coffey:** My hon. Friend is right to talk about leaks; the hon. Member for Halifax (Holly Lynch) did so, too. We know that, as has been pointed out, companies are missing their leakage target. That is why we have tasked the companies to come up with plans for how they will put more investment into their infrastructure, including the sewerage network.

**Peter Grant (Glenrothes) (SNP):** I thank the Minister for her statement. First, I pay tribute to all those who have worked on behalf of local authorities and other services over the past week—and even more so now—to deal with the unprecedented weather difficulties in

Scotland and much of England. In Scotland, we had a red alert for snow for the first time since the current alert system was devised.

While there are still water supply difficulties in Scotland, there does not seem to have been the degree of systemic failure that we have seen in many authorities in England and Wales. Right here in London—one of the world's greatest cities; many would argue that it is the world's greatest city—in the 21st century, it is beyond the wit of the Government and the water authorities to provide one of the most basic essentials of human existence to tens of thousands of citizens.

I hope that the Minister will respond positively to demands for a public inquiry to find out what went wrong. It might also find out what lessons can be learned from the water service in Scotland, which has faced the same weather difficulties. There have been supply interruptions, but nothing on the scale or to the extent of what we have seen elsewhere.

When I checked the Scottish Water site immediately before the Minister stood up, the areas still affected were parts of EH10 in Edinburgh, as well as Dalwhinnie, South Ronaldsay, Burray and Lybster. If Members check those places on a map, they will see that all four of them have very substantial remoteness issues, so we would expect it to take longer to fix any problems there.

As the hon. Member for Halifax (Holly Lynch) pointed out from the Opposition Front Bench, there are problems in England with poor customer service in an industry that has paid out £18 billion to shareholders and pays out between £2.5 million and £3 million each to some chief executives. Customers in parts of England are paying £150 a year more for their water than those in Scotland, and the service is not being provided to them. The reason for that may be that the service in England is profit-driven and shareholder-driven, whereas in Scotland—thanks to the foresight of successive Governments of all parties in the Scottish Parliament—we have retained a Scottish water supply under public ownership and public control.

Will the Minister undertake, in the public inquiry that she must surely now accept, that nothing will be off the table, and that part of the remit will be to examine whether the ownership model that applies in Scotland would be beneficial to customers in the rest of the United Kingdom?

**Dr Coffey:** We have a well-established pattern of water provision in England. The hon. Gentleman will be aware that I am not responsible for Scotland. I do not know how much has been invested in the Scottish water industry in a comparable timeframe, but I would point to the fact that the £140 billion figure is considerably higher than the amount invested prior to privatisation. There is no doubt that there have been a lot of benefits not only in service to customers, but—dare I say it?—to the environment. We will not allow that progress to stall. On other matters, I stress that I do not pretend to be a water engineer; it is the job of Ofwat, working with my officials, to come back to me on them.

I understand that Mr Jonson Cox, the chairman of Ofwat, is a constituent of yours, Mr Speaker. You will know, I am sure, that he is a fine fellow, and he will not be taking any rubbish. I am sure he has taken some lessons from you.

**Mr Speaker:** That is very gracious of the Minister. Jonson Cox is in fact an estimable fellow. I have met him on many occasions, including at the Great Brickhill cricket club. I hope he recalls that, because I certainly do.

**Sir Desmond Swayne** (New Forest West) (Con): We have too much water in the lower Avon. When is the Minister coming to have a look?

**Dr Coffey:** As I said to my right hon. Friend at the last Environment, Food and Rural Affairs questions, I am sure I will find time to visit his wonderful constituency in due course, but he will recognise that my priorities at the moment are the people who do not have enough water.

**Mr Speaker:** Speaking of which, I call Helen Hayes.

**Helen Hayes** (Dulwich and West Norwood) (Lab): In my constituency, we have had a Thames Water leak or burst every single week of the winter. The pipe network is crumbling and causes constant problems, but it is not a surprise. The unforgivable thing about this week's water supply problems has been the total lack of a robust emergency plan for a situation that anyone could have predicted would occur sooner or later.

Thames Water customers, faced with no water supply, have been unable to contact the company by phone or via the website, and have not had access to up-to-date detailed information, while the distribution of emergency supplies has been delayed, patchy and chaotic. There has been no plan for getting water to customers not already registered as vulnerable, but who are nevertheless unable to carry bottles of water long distances.

Thames Water made pre-tax profits of £638 million last year. There is simply no excuse for not having robust emergency plans in place. The failings this week have been appalling, and they have exposed an organisation that is not fit for purpose. Will the Minister now commit to ensuring automatic compensation for all Thames Water customers who have been without water this week, and to reforming our water industry to ensure its resilience for future emergencies?

**Dr Coffey:** I fully understand why the hon. Lady is so angry on behalf of her constituents. It is right that Thames Water is very much under the spotlight, and I am angry with it, too. This is a recurring pattern, but we should recognise that there has been a change of ownership and a change of leadership. I am absolutely determined that Thames Water customers should receive a far better service than they are now receiving.

It is not in my power to compel the water companies to give compensation. However, I can tell the hon. Lady that Thames Water is proactively going around to her constituents door to door in the 5,000 properties affected. It has been working through the problems with the airlocks. *[Interruption.]* I am just flagging up to the hon. Lady the information that I have received. I know that there was a particular problem with one of its service reservoirs, which it has now fixed, but that has caused further problems along the way.

I will of course make sure that we keep pressing Thames Water because, frankly, it has not delivered what it should be doing. I expect a full review from Ofwat that will particularly focus on its performance.

**Mr Philip Hollobone** (Kettering) (Con): Will the Minister confirm that record amounts are being invested in our water supply system? It is far more than was ever invested when the industry was state-owned, and our water supply is actually among the best and cleanest in the world. Having said that, in this case—given that the weather was well predicted—the water supply companies have been caught on the hop, and automatic compensation ought to be paid. Does she agree that Ofwat, the water industry regulator, really needs to set a new leakage target? If, on a normal day, we are losing a fifth of the water in the system, most of my constituents in Kettering would say that that is far too much.

**Dr Coffey:** It is important that we also recognise those companies and parts of the country that have had no interruption of supply to customers. I thank companies such as Anglian Water, Essex and Suffolk, Wessex—I could go on. Yorkshire Water, for example, has seen an increase in demand and is proactively trying to identify where the leaks are before they become a problem for its customers. I want to zone in on the companies that are failing to help their customers and, meanwhile, I want to learn from the companies that are doing their best to protect customers.

**Tim Farron** (Westmorland and Lonsdale) (LD): Water engineers and others providing emergency support to customers around the country deserve our thanks and praise today, but there is no excuse for water companies that make huge profits being unable to provide the resilience that would have protected businesses and residents. While I am grateful for the Minister's announcement of an Ofwat review, we do not need that to tell us that the water companies are held to half the standard on resilience and capacity that the Environment Agency is. Will she act and ensure that the water companies have to meet the once-in-100-years event criterion that the Environment Agency is held to?

**Dr Coffey:** The hon. Gentleman is confusing two levels of protection standards. I am more than happy to write to him with the full details but, in essence, when we did the national resilience review of critical national infrastructure, water companies were expected to be held to a higher standard. I think that he is referring to other parts of the water infrastructure network that do not have the same comparison to the Environment Agency.

**Chuka Umunna** (Streatham) (Lab): I have come here straight from Henry Cavendish Primary School in St Leonard's ward in Streatham, which you used to represent, Mr Speaker. It is closed today because of the water issues. Not only has that caused huge practical inconvenience to the school, but parents have not been able to find childcare in such a short timeframe, and are losing at least a day's wages—the school was also shut yesterday.

Under the water industry guaranteed standards scheme, most of my constituents will get compensation of only £20 if they have been without water for 48 hours. They will get a further £10 per 24 hours after that point. Frankly, that is an insult. Does the Minister agree that proper compensation should be given to my constituents, and that £20 is derisory?

**Dr Coffey:** The hon. Gentleman will recognise that those are the minimum requirements, and I made that clear in my phone call to the chief executive today. The areas where people have been particularly affected include the hon. Gentleman's constituents, and I believe that the issue is now isolated to SW16 and SW17. I expect Thames Water to go far beyond that figure to make sure that it redresses the balance.

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): The town of Blaenau Ffestiniog lost its water supply on Friday, and many people had to cope for three days or more without mains water, with some of them boiling snow. Will the Minister join me in commending the community of Ffestiniog, which has helped out neighbours and family, and the water company workforce who have worked day and night in horrendous conditions to restore supplies? Will she also join me in commending Dŵr Cymru's not-for-profit business model, which directs all profits to supporting the vulnerable and a rolling investment in infrastructure?

**Dr Coffey:** The hon. Lady will recognise that I do not regulate the water companies in Wales, but I pay tribute to the community coming together to look after each other. That is something that we have seen across the country—people helping their neighbours. It is worth pointing out that each company has a vulnerable user register. At the moment, people are required to register for that, but there are other ways in which people can be proactively highlighted as potentially needing support. Thanks to the Digital Economy Act 2017, we have data sharing provisions and, when the secondary legislation comes forward in the near future, water companies will have the capacity to proactively identify vulnerable people so that they do not need to ask for help, but get that automatically.

**Angela Smith** (Penistone and Stocksbridge) (Lab): The dreadful and unacceptable situation faced by thousands of water consumers needs urgent action and certainly would not be addressed by blunt tools such as nationalisation. Rather it begs questions about whether Ofwat has the powers and duties required to regulate the industry effectively and in the public interest. Will the Minister therefore commit the Government to the reform of Ofwat to ensure that it is fit for purpose?

**Dr Coffey:** The hon. Lady will recognise the proactivity of her water company as it affects her constituents. By and large, Ofwat is doing a good job. My right hon. Friend the Secretary of State has asked Jonson Cox and Rachel Fletcher, who is the new chief executive, what powers they need to further improve the performance of water companies and to help consumers and businesses. We are prepared to give them those powers and back the actions they take to make sure that the water industry is fit for purpose.

**Vernon Coaker** (Gedling) (Lab): The reality for many thousands of people, including hundreds in my constituency in Arnold, Nottingham, was 24 hours without water and, in some circumstances, no access to bottled water. In particular, people had concerns about vulnerable customers. Can the Minister assure us that companies such as Severn Trent will now review their emergency plans so that such things cannot happen again? It is simply unacceptable that we cannot even get bottled water to everyone who needs it.

**Dr Coffey:** I would be happy to hear a bit more detail from the hon. Gentleman on his local situation. I know that Severn Trent has been working throughout the night over the past few days to fix the issues. Part of the review will look into that, and I have already outlined how we want to do more to help our vulnerable customers.

**Dr Rosena Allin-Khan** (Tooting) (Lab): Over the past four days, thousands of Balham and Tooting residents have been without water. The response from the local community in coming together has been superb, and I have been communicating with more than 1,000 residents each night on Twitter. Not every resident is on social media such as Twitter or Facebook, however, so does the Minister agree that a drastic rethink is needed of how Thames Water communicates in a time of crisis?

**Dr Coffey:** Social media can be a useful way to communicate, but I recognise that it is not the only way. Part of Ofwat's review will look at communications, and that might be a role for Ofwat or other media sources, such as broadcast. We recently introduced the 105 number for electricity disruptions, and I have asked officials and Water UK whether we could perhaps do the same for water disruptions so that reporting leaks or getting help are less complicated. We need to make sure that help comes more quickly than perhaps the hon. Lady's residents have experienced in the last few days.

**Catherine West** (Hornsey and Wood Green) (Lab): The N8 and N4 areas have also been badly affected. Not a week goes by without a large flood and now we do not have enough water. Will the Minister please make representations to Thames Water? The regulator is toothless: £20 compensation will not cut it for most of my constituents, many of whom have had to miss work, incur extra childcare costs and so on.

**Dr Coffey:** The hon. Lady describes difficult issues that are affecting her constituents as well as other parts of the country. That is why I have made the point to the water companies that they have the opportunity to offer discretionary compensation. I would welcome their doing that, especially in areas where the issue has been prolonged, in recognition of the frustrations in daily life that are caused by the lack of this basic service.

**Andy Slaughter** (Hammersmith) (Lab): Lest anyone think these major bursts and leaks are solely the product of the recent snow and ice, let me say that in the last week of January, two major mains burst in Hammersmith, flooding residential and business premises, cutting off thousands of people in west London and closing two major east-west routes—King Street and Goldhawk Road. The latter is still closed almost six weeks later. The problem is that private monopoly utilities such as Thames have neither the carrot nor the stick so that they undertake the necessary repair and replacement of their pipework. My constituents want the Government to force them to do that, but I have heard nothing about it. Is not the Minister just washing her hands?

**Dr Coffey:** I recognise the description of the issue on Goldhawk Road. It is perhaps worth explaining that the problems being experienced at the moment are quite different from a mains burst. This is what is happening when pipes are dotted all around, whether in people's

[Dr Thérèse Coffey]

properties or on the highway, so it is a different experience from the picture that the hon. Gentleman paints on behalf of his constituents in Goldhawk Road. Investment has been increasing, but the Government are not satisfied. That is why Ofwat has set a stringent price review, and we look forward to making sure that the plans on which water companies will shortly consult will lead to a significant increase in investment to tackle some of the challenges that have been outlined today.

## Points of Order

2.19 pm

**Toby Perkins** (Chesterfield) (Lab): On a point of order, Mr Speaker. In the Foreign Secretary's response to an urgent question a few minutes ago, he said: "Thinking ahead to the World cup this summer, it is very difficult to imagine how UK representation at that event could go ahead in the normal way". If the Foreign Secretary is saying that England should pull out of the World cup, the consequences would be absolutely massive for the travel industry and other businesses, as well as the media and the tens of thousands of supporters who intend to travel. Have you heard, Mr Speaker, whether there will be a statement to that effect? If not, we should ask the Foreign Secretary to come back very quickly to explain such an important claim.

**Mr Speaker:** I am very grateful to the hon. Gentleman for his attempted point of order—a description I use advisedly. I understand the very strong concern he feels about this matter, not least in view of his passion for sport which, as he knows, he shares with me and with a great many right hon. and hon. Members across the House. To be fair to the Foreign Secretary, whom the hon. Gentleman briefly quoted, he used the conditional tense. I think it would be correct to say that he was ruminating on the possibilities in the event of no improvement in the situation. I do not think it would be right to say that he made a statement of policy. It is, however, a matter of concern and one which, knowing the insistence of the hon. Gentleman in the pursuit of his quarry, I think he will be minded again to raise in the days ahead.

**Toby Perkins:** Further—

**Mr Speaker:** Order. I am not sure that there is a "further", as I gave a pretty comprehensive response to the hon. Gentleman, but I am in such good spirit that I am inclined to indulge him, as he seems curiously and fetishistically attached to his device.

**Toby Perkins:** Further to that point of order, Mr Speaker. To be fair, the Foreign Secretary qualified his comments by saying: "If things turn out to be as many Members...suspect they will". He did not say, "If there is no improvement in relations," so he was very specific. He is saying that if things are as we suspect they are, he will call into question whether we should appear at the World cup. That is a fairly substantial policy declaration, so I wonder whether we should ask him to make a statement to the House to that effect.

**Mr Speaker:** The whole point about this situation is that there is an urgency and a topicality associated with it. The reason why I granted the urgent question to the Foreign Secretary was precisely that I thought the matter warranted the urgent attention of the House today. There had been no offer of a Government statement, but I decided that a Minister should come to respond to the Chair of the Foreign Affairs Committee, the hon. Member for Tonbridge and Malling (Tom Tugendhat). There is a police investigation into a particular set of circumstances, which will cause grave disquiet to colleagues—the incident, rather than the police investigation—and the matter is ongoing. If, in the days ahead, the hon. Gentleman wishes to assume his place in the Chamber, there will be an opportunity for him to put questions.

If the situation were to prove as bad as some fear, I have no doubt that a Minister would volunteer a statement. If, however, such a statement is not volunteered when it is warranted, the use of the urgent question is now very commonplace. On my recollection, since I took the Chair of this House, we have had 441 urgent questions over the past eight and a half years. The hon. Gentleman should not despair. He need not fear that his legitimate concerns will not have a chance to be aired in this Chamber, for they will have such a chance. I hope that that will satisfy the hon. Gentleman, at least for now.

**Nic Dakin** (Scunthorpe) (Lab): On a point of order, Mr Speaker. I rise to draw attention to the fact that at the end of last week the US Administration gave notice of potential punitive tariffs—about 25% on steel and 10% on aluminium. Since then, they have suggested that there will be further punitive action against car imports. I am surprised, Mr Speaker, that we have not already had a statement from a Minister about trade policy and the trade action that the UK Government are taking. I seek your guidance on whether you have been given notice that one will be forthcoming.

**Mr Speaker:** I have been given no indication that a statement on the matter is forthcoming. The Secretary of State for Business, Energy and Industrial Strategy is with us in the Chamber, and he will have heard what the hon. Gentleman has said. I think it is fair to say—I make this point for the benefit of those who were not present yesterday during the Prime Minister's statement but who are listening to our proceedings—that the matter was touched upon in the course of the questioning of the Prime Minister. However, that is very different from a full-blooded treatment of what is a very important discrete issue in and of itself. If the issue remains urgent in the mind of the hon. Gentleman and is objectively urgent, it may well have an opportunity to be aired in the course of this week.

## BILLS PRESENTED

### HOSPITAL PATIENTS (TRANSPORT)

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

Tim Farron, supported by Tom Brake, Layla Moran, Stephen Lloyd, Norman Lamb, Grahame Morris and Gillian Keegan, presented a Bill to make provision about transport services for patients travelling to and from hospital appointments, including requiring the Government to review the current provision of public and private transport services for such purposes; and for connected purposes.

*Bill read the First time; to be read a Second time on Friday 6 July 2018, and to be printed (Bill 173).*

### VOYEURISM (OFFENCES)

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

Wera Hobhouse, supported by Sir Vince Cable, Jo Swinson, Christine Jardine, Layla Moran, Caroline Lucas, Anna Soubry, Jeremy Lefroy, Catherine West, Grahame Morris, Tonia Antoniazzi and Ben Lake, presented a Bill to make certain acts of voyeurism an offence.

*Bill read the First time; to be read a Second time on Friday 11 May 2018, and to be printed (Bill 174).*

## Wild Animals in Circuses

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

2.26 pm

**Trudy Harrison** (Copeland) (Con): I beg to move,

That leave be given to bring in a Bill to make provision to prohibit the use of wild animals in travelling circuses.

In recent years, Members of Parliament have worked hard to prohibit the use of wild animals in circuses and I want to pay tribute to their efforts. I thank the hon. Member for Poplar and Limehouse (Jim Fitzpatrick), my hon. Friends the Members for The Wrekin (Mark Pritchard) and for Colchester (Will Quince), and, most recently, my hon. Friend the Member for Torbay (Kevin Foster). I am also grateful to colleagues from right across the House for their support for the Bill.

As a child I remember my Grandad's often repeated account of the travelling circus that visited our small village of Bootle in 1936. As a 14-year-old young farmer, it was his job to ensure that the performing animals had feed, water and bedding. The highlight of the tale was the mad elephant that escaped and ran riot up Bootle Main Street. As Members can imagine, in a small village this story, told by many across the generations, captured the imagination, but it also highlights how times have changed. What was acceptable in 1936 is no longer the case. Thanks to the likes of David Attenborough and documentaries about African elephants, I now think about how unhappy and frightened that magnificent creature must have been, and not about the excitement of a circus rolling into a small village.

More recently, in 2009, while visiting a Spanish town, my family and I saw big cats and monkeys contained in small beast wagons in a large car park occupied by a travelling circus. That experience instilled in me a desire to put an end to the use of wild animals in travelling circuses. My opinion is shared by the vast majority of the British public, and by my daughters who witnessed the animals' cramped conditions. Thankfully, that region of Spain, Murcia, has now banned wild animals in circuses, as have many countries in Europe, including Austria, Belgium, Cyprus and Greece. More recently, Italy, Ireland and Scotland have followed.

In the UK, going to the circus to see wild animals being used for the public's entertainment is no longer viewed as morally or ethically acceptable in our modern society. In 2009, the then Labour Government launched a consultation which revealed that a ban on wild animals in circuses was supported by 94.5% of those who responded to the consultation, and I am pleased that Members from right across the House are supportive of a ban. In years gone by, animal performances, when the travelling circus came to town, were hugely popular. They provided perhaps the only opportunity to see incredible creatures, such as elephants, big cats and bears, in close proximity. Today, though, we know better, and we can recognise that the needs of wild animals are not best served by a life in the circus. In fact, the use of wild animals in travelling circuses is not necessary for people to experience the joys of a circus performance. Animal-free circuses have all the thrills and excitement that people would hope to find inside the mystical big-top tent, but without a single wild-animal performance.

[Trudy Harrison]

The success of Cirque du Soleil in London, Las Vegas and around the world—nearly 150 million people have paid to be amazed by acrobats and daring high-wire stunts without wild animals being involved—demonstrates the change in public opinion. Furthermore, wild animals are not naturally suited to the travelling circus life and may suffer as a result of not being able to fulfil their instinctive natural behaviour. In modern Britain, is it right that we allow wild animals to travel around the country from temporary enclosures to circus tent and back to a lorry for a journey on to the next town? What sort of a life is that for animals such as zebras and camels? Without space to forage and interact with animals of their own kind in the way that they would naturally, these wild animals cannot truly be said to be wild.

I do not doubt that the vast majority of circus keepers licensed by the Department for Environment, Food and Rural Affairs care for their animals and rightly adhere to strict animal welfare standards. However, if wild animals are to be kept in captivity, they require the environment, care, facilities and cohabitation to exhibit their natural behaviour as they would in the wild, which is simply not possible on the road with a circus. This stance is supported by the Royal Society for the Prevention of Cruelty to Animals, the British Veterinary Association and many other animal health and welfare organisations that I have spoken to. As recently as 2011, with the case of Anne the Asian elephant, who was badly mistreated at her circus winter quarters, we have seen that homes for retired circus animals can be found. Longleat safari park took on the care of Anne and she is now living out her days there without having to perform or travel the length and breadth of the country.

Eighteen wild animals are currently owned by the two remaining circuses who use wild animals in their performances. This includes zebras, camels, reindeer

and racoons, but the species and number of animals used by circuses change routinely. That highlights the problem with the reliance on the current regulations: if licensing conditions are met, there is nothing to stop more animals and different types of animals returning to the circus.

The House of Commons Library reported that in 2014, one circus in the UK borrowed three elephants from Germany to use in performances here. Without an explicit ban brought into law, there is nothing to stop elephants, lions and tigers coming back to the circuses in our local towns. Although people may have their own opinions about the ethics and morality of keeping animals in zoos and wildlife safari parks here in the UK, they contribute to educational research, breeding programmes and conservation efforts around the world. Most UK zoos have special links to national parks in Africa and South America to increase awareness of species protection and to sponsor anti-poaching efforts. Circuses that use wild animals in their performances add nothing to the understanding and conservation of wild animals and their natural environment.

Wild animals deserve our respect and should not to be in circuses, trained solely for the entertainment of crowds to perform tricks and acts that have no correlation to their natural behaviour. The British public overwhelmingly support a ban on the use of wild animals in travelling circuses, and bringing the law up to date is long overdue. I commend the Bill to the House.

*Question put and agreed to.*

*Ordered,*

That Trudy Harrison, Sir Roger Gale, Will Quince, Sue Hayman, Mark Pritchard, Dr Matthew Offord, Jim Shannon, Sir David Amess, Theresa Villiers, Zac Goldsmith, Kerry McCarthy and Neil Parish present the Bill.

Trudy Harrison accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 16 March, and to be printed (Bill 175).*

## Domestic Gas and Electricity (Tariff Cap) Bill

[*Relevant Documents: Fourth Report of the Business, Energy and Industrial Strategy Committee, Pre-legislative scrutiny of the draft Domestic Gas and Electricity (Tariff Cap) Bill, HC 517; Fifth Special Report of the Business, Energy and Industrial Strategy Committee, Pre-legislative scrutiny of the draft Domestic Gas and Electricity (Tariff Cap) Bill: Government Response to the Committee's Fourth Report, HC 865.*]

Second Reading

2.36 pm

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

Virtually every household in the country depends on gas or electricity, or both. They are essential services on which we rely. On average, each household spends around £1,250 a year on energy at home—it is one of our biggest household bills—and for the poorest 10% of households, energy is 10% of their annual household expenditure.

Since the early 1980s, when the industry was privatised, consumers have benefited from a more reliable service. Power cuts are at half the level that they were before privatisation and prices have been among the lowest in Europe. Last year, household electricity prices were 13% below the EU average. In recent years, more than 60 new energy suppliers have entered the market, selling direct to consumers. One in five consumers are now with small and medium-sized suppliers and save significant sums.

**Gareth Thomas (Harrow West) (Lab/Co-op):** Is not the problem with the Bill the fact that it locks the stable door after the horse has bolted? Energy companies have jacked up their prices ever since whispers of an energy cap surfaced, such that there is a nice cushion that they can continue to benefit from enormously over the coming months.

**Greg Clark:** I disagree with the hon. Gentleman. As I will go on to explain, part of the problem that we are addressing is that the competition authorities have for some time identified this tendency on the part of companies, and the Bill's proposals will give Ofgem the power to correct that. He brings me to my next point: for all the progress that has been made since privatisation, it is clear that the market is not perfect. That is indeed why the coalition Government referred the industry to the Competition and Markets Authority to assess how competitive the retail market was.

In 2016, the CMA concluded, following a two-year investigation, that

“our view is that the overarching feature of weak customer response gives suppliers a position of unilateral market power concerning their inactive customer base and that suppliers have the ability to exploit such a position through their pricing policies...by pricing their standard variable tariffs materially above a level that can be justified by cost differences from their nonstandard tariffs; and/or by pricing above a level that is justified by the costs incurred in operating an efficient domestic retail supply business.”

The CMA identified the detriment to consumers—that is, how much consumers are overpaying compared with a fully competitive market—at an average of £1.4 billion a year. This comes from the approach to pricing that is

practised by the biggest six energy companies, which for the most part, inherited their customers from previous monopolies. Their approach is to charge their customers on default tariffs much more than those who engage in the competitive part of the market. Currently, the differential for the big six stands at around £300 a year. Those paying the default tariff are much more likely to be in reduced circumstances; 80% of households with an income of less than £18,000 did not switch supplier in the past three years.

From the outset, the UK's energy market has had a regulator whose responsibility is to act in the interests of consumers. Indeed, if we look back, we can see that Britain has long been a pioneer in not only the privatisation and liberalisation of industries but the regulation of these utility industries, too. Indeed, the British model of privatising state-owned monopolies is to liberalise the market to allow new competitors in and to protect consumers against the power of incumbents—from BT to British Gas—which enjoy an advantage of inertia and loyalty. That has always been recognised in our regulatory arrangements.

**Stephen Crabb (Preseli Pembrokeshire) (Con):** My right hon. Friend is making a very important point about regulation, but is not part of the context of the Bill the fact that the regulator, Ofgem, was far too slow to respond to the pressures on people, particularly those on low incomes and in vulnerable households?

**Greg Clark:** I agree with my right hon. Friend, and I was making the point that we have long been a pioneer in regulation, which has meant adapting regulation to the changing circumstances. We started with RPI minus X, and that evolved into different models, including looking at the regulated asset base. In my view, it is necessary to keep up with our traditions of acting boldly to protect consumers' interests, and we should be agile in response to new behaviours, especially those brought on by new technologies.

**Albert Owen (Ynys Môn) (Lab):** I find myself in agreement with the Secretary of State and shall support the Bill. Indeed, I am in agreement with the Prime Minister that the energy market is broken and that customers are being ripped off. The importance of this legislation will be that Governments of whatever colour and the regulator cannot blame each other when something happens in future. There will be a framework that the Government, the regulator and the energy companies understand, and that is why we need legislation.

**Greg Clark:** I agree with the hon. Gentleman, and I was saying in response to my right hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb) that I think the regulator should be more agile in responding to the behaviour that had come about. In fact, the energy companies themselves should have recognised this, and one thing that they said to me was that none of them wanted to act individually and that they would prefer to have a consistent approach.

**Rebecca Pow (Taunton Deane) (Con):** The Secretary of State is making a valid case for the Bill, which, after all, is all about fairness for the consumer, but will he comment on the fact that we do not want the Bill to reduce competitiveness in the industry—I am sure that

[Rebecca Pow]

it will not—and is that not key? Competitiveness has already done so much for the industry, and we want to encourage it, not reduce it.

**Greg Clark:** I quite agree with my hon. Friend. In fact, the Competition and Markets Authority found that, in effect, two markets were operating. There is a vigorous and highly competitive market, but among those consumers who, for whatever reason, trust the company of which they may have been customers for some time to reward them for that loyalty, there is an absence of competition. We need to change that, but, as I shall go on to say, the analysis shows that the market is not fully competitive at the moment and will take some time to get to that stage.

**Sir Desmond Swayne** (New Forest West) (Con): As someone who has benefited significantly from changing my supplier on a number of occasions, my concern is that by placing a cap we will diminish the competition from which I have benefited in the same way that the provision of a cap on university fees has led to everyone charging the maximum. Can the Secretary of State persuade me that that will not be the case?

**Greg Clark:** My right hon. Friend personifies engagement and activity, so it does not surprise me that he has a good deal. His point is very important, and, as I shall go on to explain, the minority report from the Competition and Markets Authority recommends, and the Bill requires, that the cap should be set at a such a level that competition can take place for active consumers such as him. There should still be an advantage in shopping around, but customers should be protected from an ever-increasing differential that particularly penalises those who are vulnerable.

Several hon. Members *rose*—

**Greg Clark:** I want to make a bit of progress, but I will give way to the right hon. Member for Birkenhead (Frank Field).

**Frank Field** (Birkenhead) (Lab): On protecting the vulnerable, we know that the most vulnerable do not move around, despite having shining examples of people doing that. Will the Secretary of State consider putting a duty on companies, running alongside capping, which is a key part of the Bill, to put their poorer consumers on the lowest tariff, so that it is not up to them to try to match the skills of the right hon. Member for New Forest West (Sir Desmond Swayne)?

**Greg Clark:** The right hon. Gentleman makes an important point. That is not within the scope of the Bill, which is meant to protect those consumers from the excesses that can be visited on them by the market. The Bill is narrow in scope and particular in its effects.

**Frank Field:** I am pushing the Secretary of State on this, but even if we cannot get an amendment because the long title is drawn so carefully, may I ask him to consider the need to introduce such a measure, so that the poorest constituents are automatically looked after by their company and put on the lowest rate for the range of consumption?

**Greg Clark:** There already is a cap for those on prepayment meters, and that is being extended to some of those who are identified as the most vulnerable. The reason for this more general scope is that not everyone can be identified through the receipt of particular benefits—that does not comprise the whole population of those who are vulnerable—so the Bill proposes a backstop.

**Rachel Reeves** (Leeds West) (Lab): I thank the Secretary of State for giving way and I welcome the Bill, which will do a great deal to reduce the energy prices paid by consumers. On the point about helping the most vulnerable customers, one issue that we have is that data about who those customers are is not shared with energy companies. The Cabinet Office already has a consultation on showing this data as part of the Digital Economy Act 2017, and the Department for Business, Energy and Industrial Strategy has announced another consultation. When will the Department get on and give the powers to enable the data to be shared, so that we can protect the most vulnerable customers?

**Greg Clark:** The hon. Lady makes a very important point. The statutory instrument that will allow that data sharing will be tabled shortly, before this Bill, which we hope will make rapid progress, receives Royal Assent. She is absolutely right.

I was explaining that the original RPI minus X model, which required annual reductions in prices by incumbents, was followed around the world, but with new developments in technology and practice, it is vital to keep our regulatory system up-to-date. In recent years, it has become more and more possible for suppliers to have extensive information on the habits and behaviour of individual consumers—often more information than the consumers know about their own habits, which are studied so minutely. Incumbent suppliers can identify which of their consumers do not respond to higher prices and instead display loyalty to what they might think of as a long-standing and trusted supplier. They can then penalise those customers with ever higher prices.

The CMA identified the problem and recommended that certain consumers, those on prepayment meters, should be protected from such pricing behaviour. It also recommended measures to drive up the rates of switching. The roll-out of smart meters in particular can make information that is currently only available to the incumbent supplier available to other potential suppliers, with the customer's permission, which is what everyone wants to be able to drive up competition.

In its report, the CMA was in two minds about whether that action was sufficient, and a minority report thought that such remedies, including smart meters, would not come soon enough to eradicate this detriment quickly enough. The minority report said:

“The harm which is presently inflicted on households...is very severe...the remedies proposed for the large majority of households will take some time to come into effect. That is why...they must be supplemented by a wider price control designed to give household customers adequate and timely protection from very high current levels of overcharging”.

**James Heapey** (Wells) (Con): I agree with the report that the march of technology was not correcting the market quickly enough, but there is no doubt that the

arrival of all this technology in the energy system is creating a market that will benefit consumers in the future. Can the Secretary of State reassure us that while the Bill provides a temporary measure to correct the current market, it will in no way impede the arrival of the digitised market that will be so greatly to consumers' advantage in the future?

**Greg Clark:** My hon. Friend has captured the position very succinctly. That is exactly the point. These remedies will introduce more competition based on technology, allowing consumers to have access to the data that will drive it. However, it will take a few years for that to come into effect, so the Bill is doing what my right hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb) advocated—it is addressing the current problem with greater agility than the regulator has shown.

In 2016, the CMA's minority report stated:

"These customers are exposed to the prospect of excessive prices on a scale which might amount of many billions of pounds of harm over the next four years".

Experience has shown that the CMA was right. In the last few years, prices for customers on the standard variable and default tariffs have not declined; in fact, they have continued to increase, in some cases by double digits. There has certainly been no change in the behaviour of many of the companies.

**Yvonne Fovargue** (Makerfield) (Lab): I support the Bill, but does the Secretary of State not agree that, while it may tackle the so-called loyalty penalty for certain customers, more needs to be done to tackle the loyalty penalty in other markets, which, according to Citizens Advice, costs the most vulnerable and possibly the oldest customers about £900 a year?

**Greg Clark:** The Bill focuses narrowly on a problem that the independent inquiry has exposed as being very significant. As I have said, 10% of the annual expenditure of the poorest households is on energy. I recognise that we need to be agile in our regulatory system, and I hope that the behaviour of companies in other markets will reflect the fact that it is not acceptable to use information to ratchet up the amount paid by vulnerable consumers in particular. This is a regulated market with a regulator that is there to protect the interests of consumers, and I think it right for the Bill to focus on that.

**Stephen Kerr** (Stirling) (Con): I fully support the Bill, but I have a question about Ofgem. The Secretary of State has mentioned a change in the behaviour of the energy companies, but what about a change in the behaviour of Ofgem in increasing productivity and being more on the ball? So far it has failed consumers miserably in that respect.

**Greg Clark:** I too would like to see greater agility on the part of the regulator. It seems to me that its powers would have allowed these actions to be taken under its existing remit, and it is a matter of regret that we have to introduce a Bill to compel it to act in this way. I concede, however—this was made clear in evidence given to the Select Committee on which my hon. Friend serves—that in recent months the current management of Ofgem have displayed more understanding of the need to act to protect consumers.

**Caroline Flint** (Don Valley) (Lab): Do the Government not already have powers, under section 26 of the Energy Act 2010, to introduce a price cap if one group of customers is treated less favourably than others by an energy supplier? Ofgem fears that if it used its powers, there would be a ruling against it and it would end up in the courts. Our purpose today, and my purpose in supporting the Bill, is to lay out once and for all the powers to introduce a price cap for people who are losing out.

**Greg Clark:** It is true that Ofgem has said that it might be challenged in the courts. I do not think we should be afraid of testing arguments in the courts, and I would have preferred to see that happen. The statute that the right hon. Lady mentions would not enable the gap to be closed in a way that would allow competition to continue in the other part of the market—other Members have raised that matter. It would require a closing of the gap, but that could take place by means of the deletion of other tariffs, which is not what we want.

**John Redwood** (Wokingham) (Con): I fully support the effort to lower energy prices, and competitive markets should be able to do that. Last week we were very short of both gas and electricity. There seems to be a capacity problem, and we are going to close a load of coal power stations. What action is being taken to expand capacity to increase the chance of competitive prices?

**Greg Clark:** The capacity auction arrangements that have been pursued over the last few years have been very successful. We have had a higher margin this winter than last, and the prices of securing that capacity for future years have fallen in successive auctions. My right hon. Friend is right to raise the question, but the framework is actually delivering more resilience than has been delivered in the past.

**James Heapey:** My right hon. Friend the Member for Wokingham (John Redwood) made a good point, but does the Secretary of State agree that it is not just additional capacity that is required, but more flexibility in the system so that we can make existing capacity work better?

**Greg Clark:** My hon. Friend is absolutely right. We have already had the pleasure of debating that issue. The hon. Member for Southampton, Test (Dr Whitehead) has spent many hours in Committee scrutinising the Smart Meters Bill, which will contribute to making the energy system more interactive and therefore more resilient.

The Bill follows precisely the advice to set a non-renewable price cap for a short period while competition increases. Address the problem was one of the commitments made by the Prime Minister when she entered Downing Street. I recognise the important campaigning work done by my hon. Friend the Member for Weston-super-Mare (John Penrose) and, indeed, by the right hon. Member for Don Valley (Caroline Flint).

The Bill comes to us today having been scrutinised in draft by the Select Committee on Business, Energy and Industrial Strategy. I am very grateful to the Committee, and to its Chair and members, for their swift yet thorough scrutiny. The Committee took evidence from a wide

[Greg Clark]

range of stakeholders and produced a well-considered report. It agreed with the CMA's minority report and with the Government's proposed approach.

The Bill has been supported by consumer groups and, indeed, by many energy suppliers. Citizens Advice has said:

"We welcome the...Bill, which will prevent loyal customers being ripped-off".

Octopus Energy, one of the newer and more innovative entrants to the market, has called the Bill:

"A crucial step towards a fair energy market in which energy suppliers compete to offer their customers the best value and service".

The Bill constitutes a sensible intervention to address a specific problem in the market. The Government are not setting prices, and this is not a price freeze. Such a freeze could disadvantage consumers by leaving them stuck on high prices when underlying costs fall, or force energy suppliers to face the entire risk of international commodity markets. Subject to parliamentary approval, the Bill will require Ofgem to cap domestic standard variable and default tariffs until 2020. It will be for Ofgem to decide the methodology and the level of the cap, as appropriate. The cap will stay in place until the end of 2020. Ofgem will then be required to assess the conditions for effective competition in the market and make a report and recommendation to the Government, which I am sure the House and its Select Committees will consider as well.

The price cap can be continued for one year at a time up to the end of 2023, when a sunset clause will come into effect. The Government have no wish for the price cap to become a permanent feature of the landscape. The inclusion of the sunset clause relates directly to the point made by my hon. Friend the Member for Taunton Deane (Rebecca Pow) that we need to address the problem by increasing competition. Ofgem currently has the power to impose a cap for vulnerable consumers, and is taking steps to do that. When consumers make an active choice to opt for green standard variable or default tariffs, they will be able to continue to pay extra for such tariffs if they choose, to prevent unintended consequences. That was a very helpful recommendation from the Select Committee, and I can confirm that all of its recommendations have been accepted in full and are reflected in the Bill before the House today.

The Government want the market to thrive. We continue to promote competition as the best driver of value and services for consumers.

**Mark Pawsey (Rugby) (Con):** The Secretary of State talks about the setting of the cap, and setting it at the right level in the Bill is incredibly important. If it is too high, it will not achieve its objectives; if it is too low, there is a danger that some of the new entrants into the market will fail. The power is with Ofgem, but we have already heard that Ofgem has not been exactly brilliant in exercising its existing powers. Is the Secretary of State confident in Ofgem's ability to set the cap at the right level?

**Greg Clark:** I am. There has been recognition from Ofgem that this role is perhaps more important than was suggested by the attention it has been given in the past.

Most observers recognise that the work on setting the cap for consumers on prepayment meters has been effective and that competition still exists in the market.

**Mark Menzies (Fylde) (Con):** Can my right hon. Friend assure me that any changes to the price cap will also take into account those on prepayment meters, so that if, for example, the price cap changes every six months, that is taken into account for those on prepayment meters or prepayment cards and they are not disadvantaged?

**Greg Clark:** The arrangements for prepayment meters will continue separately from these provisions, not least because the costs of the prepayment meter are different from those of consumers on normal meters, and that must not be used to the disadvantage of those consumers.

The price cap must be in place as soon as possible, and our intention is that it should be by the end of the year subject to progress in this House and the other place. Ofgem is undertaking preparatory work alongside the consideration of the Bill by Parliament. The Bill will require Ofgem to put the price cap in place as soon as possible after the Bill is enacted.

**Kevin Hollinrake (Thirsk and Malton) (Con):** The whole House wants to help those in vulnerable circumstances in particular. My right hon. Friend alluded earlier to the provisions of the Digital Economy Act 2017, which will give suppliers access to customers in difficult circumstances. At that point, if we do not take action through legislation, will my right hon. Friend work with the industry to develop best practice so that suppliers seek out their vulnerable customers and do whatever they can to get them on to the lowest tariffs?

**Greg Clark:** My hon. Friend makes an excellent point, and my Department will work closely with Ofgem to ensure that those consumers can benefit from these provisions.

**Albert Owen:** The regulator will need time to consult before the Bill's provisions are enacted. Is the right hon. Gentleman confident that, with the Bill being put before both Houses of Parliament today, customers will be able to benefit from it this winter?

**Greg Clark:** I am indeed confident of that, and it is one of the reasons why I am so grateful for the swift attention of the Committee on which the hon. Gentleman served in giving the Bill pre-legislative scrutiny and taking evidence from expert witnesses.

As I said earlier, the Bill has been constructed to be proportionate and to be directed at a particular problem that we expect to be temporary. On that basis, I hope it will enjoy support from across the House and we can swiftly progress it so that we can correct an intolerable situation in which consumers have been exposed to paying £1.4 billion more than they would in a competitive market. That abuse should end. This Bill will give Ofgem not only the ability to do so, but the requirement that it should do so, and I commend it to the House.

3.4 pm

**Rebecca Long Bailey (Salford and Eccles) (Lab):** I am pleased that the Bill is before the House today, but I must express my exasperation that it has taken so long

to get to this point. The 2017 Conservative manifesto committed to implementing an energy price cap that would protect 17 million households. The Government then repeatedly rowed back on that promise, passing responsibility to Ofgem, which made it clear that legislation was required. After months of to-ing and fro-ing, the Prime Minister reintroduced her commitment in her conference speech, and finally, on 11 October, a draft Bill was published. That Bill was then passed to the Business, Energy and Industrial Strategy Committee for pre-legislative scrutiny, which, due to the thorough work rightly done by colleagues, was not completed until mid-February. At the same time, a leaked conversation between the civil service and an energy investor seemed to suggest that the Government had no intention of seeing through the legislation. So yes, I was relieved last week to finally see the Bill introduced to Parliament, and I welcome the Government's foray into a policy that they previously denounced as Marxist, but it remains the case that, as a result of this Government's inaction, millions of households have been left to scrape through the winter facing a choice between cold homes or astronomical bills.

As all hon. Members will be aware, the UK experienced one of its coldest periods for decades over the past week, with the Met Office reporting that the UK had officially broken its record for the lowest March temperatures in a 24-hour period on Friday. As a result of this Government's dithering and delay, the 4 million households currently living in fuel poverty, 1 million of which include a disabled person, will be receiving whopping bills at the end of the month. Startlingly, the latest figures from National Energy Action for the winter of 2016-17 show that excess winter deaths were 39.5% higher than in the year before, with an estimated 34,300 excess winter deaths in England and Wales.

**James Heapey:** The hon. Lady underlines the fact that the harshness of the recent weather will have increased energy bills for millions of people. Was she therefore as impressed as I was by the speed at which emergency payments were made to the most vulnerable to help them with their additional heating costs?

**Rebecca Long Bailey:** The emergency payments were certainly welcome—I thank the hon. Gentleman for his comment—but the fact remains that this price cap should have been in place this winter and it was not.

National Energy Action also found that each year an average of 9,700 people die due to living in a cold home. That equates to 80 people per day, the same number of people who die from breast or prostate cancer each year. It has been Labour party policy since 2013 to introduce a price cap on consumer energy bills, and although the principle of this Bill is positive, I remain concerned that, as drafted, it does not go far enough.

**Antoinette Sandbach** (Eddisbury) (Con): Given that electricity prices rose by 44% between 2003 and 2007, will the hon. Lady outline what action the Labour Government took in their 13 years in power to address this issue?

**Rebecca Long Bailey:** The hon. Lady makes an interesting point. I think that both sides of the House have reached something of a consensus on our energy market. People on

the right and left—wherever they place themselves on the political spectrum—agree that our energy market is fundamentally broken and needs to be reviewed. It is interesting that the Government put their own commission in place, under Dieter Helm, but we have had no response from them so far about the proposals it made.

I have several issues with the Bill as drafted, but I start with the fact that it does not provide any direction from the Secretary of State on his preferred level of cap, which effectively passes the buck to Ofgem. The Bill merely states:

“The Authority must exercise its functions...with a view to protecting existing and future domestic customers who pay standard variable and default rates”.

In doing so, Ofgem must consider a number of factors, including creating incentives for suppliers to improve efficiency, enabling suppliers to compete effectively, maintaining incentives to switch between suppliers, and the need to ensure that holders of supply licences who operate efficiently are able to finance activities authorised by that licence.

**Mr Simon Clarke** (Middlesbrough South and East Cleveland) (Con): With respect, I dispute the hon. Lady's claim that we are in accord on energy policy. The Opposition's stated policy is to proceed with wholesale nationalisation, which Government Members strongly disagree with. Does she not accept that renationalising National Grid and the energy sector would be antithetical to driving down prices, which is what we all want?

**Rebecca Long Bailey:** I refer the hon. Gentleman to the Labour party's manifesto, which clearly states that we wish to increase competition in the energy market by creating regional suppliers. We want to promote fair and transparent competition within the energy market, but unfortunately the Government do not advocate a similar position. We hope to fine-tune aspects of the Bill as it goes through the House so that competition in the energy market will be effective, fair and transparent.

**Gareth Thomas:** The hon. Member for Middlesbrough South and East Cleveland (Mr Clarke) deliberately misinterprets our policy. The shadow Chancellor has committed the Labour party to supporting a doubling of the co-operative sector. Energy co-operatives do not mean nationalisation, but they do amount to democratic public ownership. Will my hon. Friend re-endorse the commitment to see more energy co-operatives in the market?

**Rebecca Long Bailey:** I wholeheartedly support my hon. Friend's fantastic point. I think that our manifesto commitments have been misrepresented or, in the case of the hon. Member for Middlesbrough South and East Cleveland (Mr Clarke), overstated. I again encourage him to read our manifesto, which encourages competition in the energy market while also considering some of its fundamental problems, such as in relation to grid ownership. I will address those points later in my speech.

With regard to the factors that Ofgem must consider, the problem is that although the Opposition are not averse to these principles, at present they are at best ambiguous, and there is no duty to consult on how such measures can be accurately quantified. Perhaps the Minister for Energy and Clean Growth will confirm

[Rebecca Long Bailey]

how these measures will be quantified. Will they form part of Ofgem's cap methodology consultation? If not, how will Ofgem determine these ambiguous proposals?

Speaking of those guidelines, Energy UK has highlighted the uncertainty in which the provisions are shrouded. Indeed, *The Guardian's* financial editor recently commented of the chief executive of Ofgem:

"At best, he is being sent mixed messages by government. At worst, he is being asked to deliver contradictory goals."

We recognise that Ofgem will consult on the cap methodology to be used, but has the Secretary of State given any indication to Ofgem of the final outcome he wants to see? The Prime Minister promised that £100 would be knocked off 17 million household bills, but nothing in the Bill will ensure that that happens.

Labour has confirmed that we would introduce an immediate emergency price cap to ensure that the average dual fuel household bill remains below £1,000 a year. Had that policy been in place since 2010, the average customer would have saved more than £1,000 on their bills by now. Will the Minister confirm whether the final cap will go anywhere near Labour's proposals, or indeed anywhere near the Prime Minister's promise?

Just as ambiguous is the mechanism for deciding whether to extend the cap beyond the end of 2020. The Bill merely states:

"The Authority must carry out a review into whether conditions are in place for effective competition for domestic supply contracts."

It does stipulate that the review must include an assessment of progress made in installing smart meters, but unfortunately that is as good as it gets. The industry has expressed concern that this provision is unclear. I agree. For example, Energy UK says that there is an absence of a

"clear and realistic definition of effective competition".

Which? says:

"the criteria for effective competition are not defined so it is not certain under what circumstances the cap will be lifted or how its success will be judged."

Will the Secretary of State issue any further guidance on what the conditions for effective competition might be, or are we simply deferring to Ofgem to determine that without question?

**Mark Pawsey:** Does the hon. Lady support the sunset clause, which means that this legislation will not apply indefinitely as we will reach a stage where there is sufficient competition, or would she rather see a permanent price cap that lasts forever?

**Rebecca Long Bailey:** The hon. Gentleman makes an important point, and I will refer to this later in my submission. The Bill does not provide an answer to the broken energy market; it is simply a sticking plaster while the energy market is reformed. We would not expect the provision to be in place for a prolonged period. We are not openly against sunset provisions, although we might dispute how they are drafted, which we will explore in Committee.

In considering the cap removal, I must raise an issue that was highlighted recently by the Business, Energy and Industrial Strategy Committee. It found that vulnerable and low-income people were especially affected by poor-value tariffs, with 83% of those living in social rented

housing, 75% of those on low incomes, 73% of those with no qualifications and 74% of disabled customers on a standard variable contract. It was clear from the Committee's findings that, even with the advent of smart meters, those groups will still require protection from overcharging. I therefore urge the Government to consider representations by charities such as Scope, which has called for clause 7 to be amended to ensure that Ofgem, when it considers "effective competition", has regard to the impact of removing or extending the cap in relation to vulnerable and disabled customers.

Finally on the drafting of the Bill, I am concerned that there is no guarantee that the price cap will be in place this winter, despite the Secretary of State's earlier assertions. The Bill states that Ofgem must introduce a cap "as soon as practicable" after it is passed, but Ofgem has already said that it would take around five months after a Bill receives Royal Assent to enact a price cap because it has a statutory duty to consult power companies. This morning Ofgem has said that it "will look to set the level of the cap over the autumn and bring the cap into effect at the end of this year".

It therefore seems that the cap will not even be in place when the weather turns in autumn this year. I think that the Bill would be greatly improved by the inclusion of a hard deadline by which the cap must be in place, and Labour will be seeking to include such a deadline in Committee.

Given that the Government have already set the date for Committee consideration as 15 March, it would be encouraging if they provided a clear date for cap implementation because, even accounting for the relevant consultation periods set out in the Bill, it would be possible to introduce the cap earlier than next winter. Indeed, my advice is that including such a date might even lay to rest suggestions in some press reports that the big six, and indeed some members of the Cabinet, have been lobbying the Secretary of State to procrastinate or even drop the Bill entirely.

**James Heapey:** The shadow Secretary of State is kind to give way to me a second time. Does she agree that another option she might consider to help to introduce the cap as quickly as possible would be for her party to pledge its full support in helping to get the Bill through the House and the other place as quickly as possible?

**Rebecca Long Bailey:** I thank the hon. Gentleman for that very helpful comment. I have not opposed the Bill in any of my comments so far; I am providing helpful advice. We support the principle of a price cap and want it to be introduced in the most efficient and detailed way possible.

I think that there is consensus across the House that the energy price cap is no more than a sticking plaster, and that much deeper problems within the UK's energy market need to be addressed. The market is fundamentally broken. Electricity bills soared by 20% between 2007 and 2013, while in the past year alone, every household in the UK paid £120 for dividends to energy company shareholders. Over the past few months, report after report and news story after news story have detailed the unfairness of the current system, but it must be noted that the final bills that consumers face are not simply a consequence of manipulation by some supply companies.

As the Business, Energy and Industrial Strategy Committee has highlighted, network costs make up the second highest element of a dual fuel energy bill.

The Energy and Climate Intelligence Unit found last year that the six distribution network operators made an average profit margin after tax of 32% a year between 2010 and 2015, equating to £10 billion over six years. At the same time, shareholders received £5.1 billion in dividends. In a subsequent report, the ECIU calculated that electricity network companies' exceptionally high profits are set to add £20 to household energy bills this year. Moreover, analysis by Citizens Advice last year calculated that network operators, including National Grid, had made £7.5 billion in unjustified profits, which it thinks should be returned to consumers. Quite frankly, that is the exploitation of a natural monopoly. It is not a market and there is no effective competition, and I want to hear how the Minister will deal with competition within this element of the energy market.

**Gareth Thomas:** I am grateful to my hon. Friend for giving way a second time. Is it not a problem—and deeply ironic—that Conservative Members should defend an energy system in which foreign nationalised companies have more control and earn more income and wealth from the distribution and supply of British energy than the British citizenry?

**Rebecca Long Bailey:** My hon. Friend makes a fantastic point. Many people across Britain find the situation absurd.

As I said, I welcome the Minister's comments about how she will tackle network exploitation but, along with the BEIS Committee, the Opposition are closely monitoring the next phase of network regulation. We also wonder whether the Minister will shine a little more light on what that might entail, what benchmark the Government have set as their acceptable level of regulation, and what actions she will take if Ofgem's proposals are insufficient, as was the case with the initial price cap proposals.

The Labour party has been clear that it will not allow the exploitation to continue. We will radically reform the UK's energy system, not just tinker around the edges, and if the Government are serious about reforming the market and protecting consumers, it is about time that they keep up. Sadly, however, the Secretary of State's opening remarks were rather thin on proposals for long-term market reform. Reform of the market is not just critical in order to instil fairness and affordability, but vital to ensure that Britain has an energy system fit for the future.

We are experiencing a pace of technological change within the energy sector that has never been seen before. Batteries, storage and smart systems are transforming demand and supply. There is a move to smarter, more decentralised forms of energy generation and supply, emulating many of the models we have seen established across Europe, along with the potential of accessing a low-carbon market that is, according to Goldman Sachs, worth over \$600 billion.

Dieter Helm, who was commissioned last year by the Government to conduct a review into the cost of energy, said:

"The corporate structures and policies designed for the 20th-century world no longer work well."

That review had two main findings: first, that the cost of energy is significantly higher than it needs to be to meet the Government's objectives and, in particular, to be consistent with the Climate Change Act 2008 and to ensure security of supply; and, secondly, that energy policy, regulation and market design are not fit for the purposes of the emerging low-carbon energy market as it undergoes profound technical change. Dieter published his report in late October. It echoed our calls for a change in ownership of the electricity network; unsurprisingly, we heard little from the Government.

Following the report's publication, the Government launched a call for evidence to gather the views of stakeholders. That process closed on 5 January this year. I have not heard anything from the Government about that, so in the absence of any future energy vision from the Secretary of State today, perhaps the Minister for Energy and Clean Growth will confirm when a response to that consultation will be published and if the Government agree with Dieter Helm's proposals.

**Mark Menzies:** The hon. Lady is making suggestions to improve the Bill, so what role does she see for the Competition and Markets Authority to ensure that consumers' interests are paramount?

**Rebecca Long Bailey:** The hon. Gentleman makes an interesting point. We would expect all stakeholders to be engaged in the process, because the Bill must suit the entire energy market and deal effectively with competition. As I set out earlier, the Bill, as drafted, does not provide sufficient clarity on what is meant by "effective competition".

**Mr Jim Cunningham (Coventry South) (Lab):** In answer to the question asked by the hon. Member for Fylde (Mark Menzies), the regulator is supposed to represent consumers, but it is not strong enough to do that. The sooner we have a proper inquiry into the energy market the better. I have been saying that for the past seven years.

**Rebecca Long Bailey:** My hon. Friend makes a fantastic point about the need for a fundamental root-and-branch look into how our energy market functions and what we will expect to see from it if it is to suit our needs.

The Opposition are pleased that the Government have caught up and finally brought forward legislation to ensure that a price cap is implemented, but the Bill is frankly too little, too late, for millions of people who will not feel benefit this winter and nor, it would seem, for half of next winter. This sticking plaster is only guaranteed to be in place until the end of 2020, so the Government need urgently to bring forward radical proposals for long-term reform of the energy market. We have already set out a clear plan, and it is time that this Government started to catch up.

**Several hon. Members rose—**

**Madam Deputy Speaker (Dame Rosie Winterton):** Order. As Members can see, many colleagues are trying to get in on this debate. If Members could stick to eight minutes, we will be able to get everyone in without having to impose a time limit. I call John Penrose.

3.26 pm

**John Penrose** (Weston-super-Mare) (Con): Thank you, Madam Deputy Speaker; I will try to edit as I go.

Today is a great day. To those who say that politicians never deliver on their election promises, we can collectively send a blaring foghorn reply of “You’re wrong.” Today’s energy price cap Bill is an incredibly rare political unicorn: a pledge that not only has cross-party support, but is being fulfilled. As the organiser of the cross-party letter, which gathered an exceptional and unprecedented 213 MPs’ signatures, I thank my co-convenors, the right hon. Member for Don Valley (Caroline Flint) and the hon. Member for North Ayrshire and Arran (Patricia Gibson), for their help. I also thank every MP who signed the letter and the Ministers who have listened and brought its contents forward. Without their help, we would not be here today.

The Secretary of State has already ably described the problem. It is a two-tier market in which millions of customers are penalised for being loyal. Sneaky price hikes mean that people who have forgotten to switch are gouged on super-expensive rates to which they never agreed. Customers are being taken for granted and taken for a ride. So it is a great day, but in spite of all that we still have some pitfalls to step around. First, it is vital that the price cap is temporary. The long-term answer for most people is not an endless cap; it is making the customer king and putting them in the driving seat, so that the energy industry provides the same good-value and sensible deals that we take for granted in every other walk of life.

**Stephen Crabb:** I pay tribute to my hon. Friend for his hard work in ensuring that the Bill was brought forward. He makes an important point about consumers. He described them as behaving in a “loyal” way, but for many people, particularly the most vulnerable and those on the lowest incomes, this is about inertia. We need to change behaviours and get better engagement from some of the most vulnerable energy customers, which will be key to making this Bill work.

**John Penrose:** My right hon. Friend is a co-signatory to the letter, for which I thank him, and he makes an important point. It is not just vulnerable customers, of course; it is the many of the rest of us who are time poor. This is a far broader question than just vulnerable customers, although they are a key part of it. Many other families, either because they are loyal or because they just have not got round to it, have not switched. We need to persuade them to change their behaviour, and we need to change the market to help them to do so.

Choosing a new supplier should be no more complicated than changing our brand of coffee or corn flakes. The big six should have to work a lot harder to attract and keep our business. To be fair, as we have heard and as I think my right hon. Friend was alluding to, the regulator, Ofgem, has made a start. We have more than 50 new competing firms that are scrambling to take business off the big six. Smart meters are coming, and switching is slowly getting simpler, quicker, easier and less scary.

The Bill rightly says that the price cap should die after a couple of years, but what about the other details? Price caps, as we have heard, are dangerous things.

They are fiendishly difficult to get right: they drive suppliers away if the price is set too low, and they gouge customers if the price is set too high.

So how do we design a cap that does not make things worse rather than better? Well, the Bill says that the price will be set by an all-knowing committee of Ofgem regulators every six months, but the international price of energy moves around every day. Although I am sure Ofgem is full of clever and well-intentioned people, no one is that clever. Any energy trader will tell us it is impossible to know what the price will be in the next six minutes, let alone the next six months.

**Caroline Flint:** Some 5 million people are already benefiting from the price cap for those on pre payment meters or on the warm home discount, and Ofgem is in charge of that. Why cannot it be trusted to extend its skill to a wider group of customers?

**John Penrose:** The right hon. Lady is one of the co-organisers of the letter, and I thank her again for her help. No matter how clever, good and high calibre the committee, people are just not as good as the market at price discovery, provided the market runs properly. When she was shadow Secretary of State for Energy and Climate Change, I heard her talk about having to get a better energy market with better price discovery and having to re-establish an energy pool precisely because of that point. Ofgem, no matter how hard it tries or how well intentioned it may be, just will not get it right a large proportion of the time.

**Bim Afolami** (Hitchin and Harpenden) (Con): My hon. Friend knows a great deal about this issue. Is not the point that this is not a price freeze but a price cap? Those two things are different and allow a sensible regulator, as the right hon. Member for Don Valley (Caroline Flint) suggests, to set a ceiling rather than an absolute price.

**John Penrose:** I agree that there is a difference between a freeze and a cap, but there are a couple of things that, none the less, make it an extremely risky and dangerous proposition to go down that road. For example, what if Ofgem picks a number and the international price of energy falls the very next day? What then? Switching customers in the ultra-competitive part of the market would find their prices drop quickly as energy firms react to the news, but Ofgem’s capped prices for loyal, non-switching customers on default tariffs—that is the example my hon. Friend talks about—would not move at all for another six months, when the cap can be reset according to the terms of the Bill. In that situation, the cap would be ineffective at protecting the customers it is designed to help and, because it is officially blessed by Ofgem, it would embed and legitimise high prices. Things would get worse rather than better.

It is not just me who is worried about that. Which? says it is

“not certain that customers on a capped default tariff will benefit as market conditions change in future”.

**Sir Oliver Letwin** (West Dorset) (Con): As my hon. Friend knows, I have some sympathy with his arguments. Does he recognise that, as drafted, the Bill enables

Ofgem to set the cap by formula, which could be related to wholesale prices and have the flexibility required to overcome the problem he describes?

**John Penrose:** I wish I shared my right hon. Friend's confidence in Ofgem. All the discussion of the Bill so far from Ministers, from comments on the Bill and from people inside Ofgem is not what he describes. They are talking about an absolute cap in which people sit in a room and come up with a number, which stays that way until it is reset after six months—that is the way the Bill is drafted.

If the Bill can be amended in a way that allows it to be far more flexible—that is one of the things I hope to encourage both Members here present and Ministers at later stages to consider—we might be able to iron out some of these issues, but I do not share my right hon. Friend's optimism in that regard.

**Sir Oliver Letwin:** Looking at clause 2(1)(b), as drafted, it seems perfectly clear to me that Ofgem will have to set out how the cap is to be calculated, which positively points in the direction of a formulaic rather than an absolute position.

**John Penrose:** But as my right hon. Friend will know, it is also stated elsewhere, particularly in the guidance and in many of the other documents on this, that we are looking at an absolute cap. The word “absolute” is used repeatedly, and it has been used repeatedly to me in conversations with Ministers. If we can remove those other points as well, so that they are not going to push us in the direction I worry about, many people here would be a great deal more reassured. We will have to come back to this on Report—

**Sir Oliver Letwin** *rose*—

**John Penrose:** I will give way one more time and then I will have to make some progress, because Madam Deputy Speaker is catching my eye.

**Sir Oliver Letwin:** I certainly will not press the point beyond this. Does my hon. Friend not need to distinguish between absolute, which means not relative—to offer tariffs—and formulaic and flexible, which the drafting certainly does allow, as opposed to a point that is set by a Committee for six months?

**John Penrose:** We will need to come back to this matter, but it would be tremendously helpful if Ofgem came up with some clarifications on it, because that might reassure me and others. So far I have had nothing to reassure me in that direction—in fact, quite the opposite.

As I was saying, it is not just me who is worried about this: both Which? and uSwitch worry it will mean cheaper fixed deals will be withdrawn from the market; and leading challenger energy firms such as Octopus Energy, Utilita Energy, Utility Warehouse, Ebico and Good Energy are all worried that Ofgem's price-fixing efforts will inevitably get it wrong. The lawyers and lobbyists for the big six are licking their lips at the prospect of all those fat fees from legal challenges and persuasive lunches. It is no coincidence that they are already demanding the Bill should allow expensive and time-consuming appeals to the Competition and Markets Authority whenever Ofgem's committee sets a price.

If all these people think the Bill's details create problems, what is the alternative? What needs to change? The thing to remember is that default tariff prices are just a symptom of a much deeper problem. The moral flaw at the heart of this market—the thing that sticks in the throat—is the mark-up loyal customers are charged compared with competitive switching deals. I am talking about the enormous, unjustified, sneaky price hike the big six hit people with, without their consent, just because they are loyal or simply too busy to switch. That is the unfairness, the burning injustice and the thing that drives customers—our constituents—to write to each and every one of us demanding, “This must change”.

If the problem is the mark-up as between the competitive deals and the default tariffs, why does the Bill only address half the problem—the price of the default tariffs—rather than the gap between the two? If we are really serious about solving the problem, why not cap the gap instead? A cap that creates a maximum mark-up would deal directly with this moral underlying problem—the cause of the rip-off—rather than only half of it. It would mean default tariffs would have to move in tandem with the ultra-competitive, consumer-friendly part of the market. People who took the trouble to switch would still get the best deals, but customers who forgot or did not want to switch would get protection, too.

Capping the gap is future-proof as well. If the international price of energy fell suddenly, as we were discussing earlier, it would not just be the competitive switching deals that would get cheaper; the price of capped tariffs would fall, too, and people would not have to wait for six months for Ofgem's all-knowing committee to meet and change it. Capping the gap would not dilute or derail the all-important underlying market changes which are going to make energy feel competitive and normal either. Customers would still have plenty of incentives to start switching. That is why this Bill and its introduction make this a great day—I meant it when I said it. This Bill is important, even though it is only temporary. It will save millions of customers hundreds of pounds on an essential product. Although it is not perfect and it could be better, it is a very important step. So for the moment, for the principle of the thing, for the Second Reading debate today, let us just celebrate the fact that it is here at all and support it.

3.38 pm

**Alan Brown** (Kilmarnock and Loudoun) (SNP): It is a pleasure to follow the hon. Member for Weston-super-Mare (John Penrose). He has clearly done a lot of work on this and is revelling in the fact that the Bill is here today, but I thought for a moment near the end of his speech that he was starting to argue against the principle of a cap. Clearly, I, too, welcome the principle of the legislation, which is intended to limit the amount of money paid by consumers stuck on tariffs above the market rate. It is usually those from the lowest-income households who suffer in that way.

I pay tribute to the ongoing cross-party work by the hon. Member for Weston-super-Mare, the right hon. Member for Don Valley (Caroline Flint) and my hon. Friend the Member for North Ayrshire and Arran (Patricia Gibson). They have garnered massive support from all parts of the House, and the cross-party letter to the Prime Minister, which was signed by more than 200 Members, helped to build the momentum to get us to this stage, with the Government introducing a Bill to the House.

[Alan Brown]

When in October 2017 the Secretary of State initially announced the Government's intention to introduce a cap, he stated:

"Over the past 15 years energy prices have risen by over 90% in real terms."

He also said:

"Customers of these firms have seen their energy bills increase by between 7% and 10% within the past 12 months, increases on prices the CMA had already concluded were too high."

In the same speech, he acknowledged that despite action by Ofgem to protect a further 1 million households, there would still be

"13 million families paying more than they would in a competitive market."—[*Official Report*, 12 October 2017; Vol. 629, c. 473-74.]

The Secretary of State's justification not only illustrates the need for the Bill but confirms that it has taken too long to get to this point.

The headline figure for customer overpayment was £1.4 billion in 2016 alone—that is the poorest and most vulnerable customers subsidising the more wealthy. It is therefore no surprise that the Business, Energy and Industrial Strategy Committee has criticised Ofgem and the energy suppliers for failing customers. The fact that intervention and protection is required for some 17 million to 18 million households is a stark illustration of the current market failure. In addition, the fact that there has been a debate between the Government and the regulator about whether primary legislation is even required to introduce a price cap is perhaps a further indicator of a market that is not fit for purpose. With all that said, I acknowledge that the Bill represents progress and welcome the fact that the Government are taking steps to make sure that a cap is going to happen, rather than having an ongoing battle with Ofgem.

Customers have an innate suspicion of energy companies, especially when it comes to their profit announcements, or the fact that when wholesale prices drop, they feel they never see a corresponding drop in their energy bills. There needs to be greater clarity on the operation of the market. I understand that energy companies buy in advance and hedge against future wholesale costs; that there are many components to an energy bill; and that profits make up a relatively small part of energy bills. However, unless there is greater clarity on all these matters and an easy-to-understand bill format, customer suspicions will remain. Generic pie charts are fine for showing the make-up of a bill, but customers really need to know what is going on with the relationship between wholesale prices and the buying power of the big six, and how locked in companies really are to higher-than-market-rate prices at a given point in time.

I accept that a 5% profit cannot be classed as excessive profiteering, but we have to acknowledge that 5% of huge turnover sums still equals a huge profit in terms of actual numbers and the bottom-line figures that the public see. An absolute cap should protect some customers, but if the companies aim to maintain the same profit numbers, there will clearly be losers elsewhere in the system. If the average saving between a big six company's cheapest tariff and its standard variable tariff is £300 per annum, somebody other than me can do the maths to assess the sort of amounts that these companies will seek to recover from other customers. Arguably, if those other customers were the people who should be able to

afford to pay a bit more money, that would mean that any possible cross-subsidies would be working in the right direction, but there is a risk that the companies will just recover the money from elsewhere.

Given that profits, along with VAT, are the joint second-lowest component of a bill, if we are looking to get lower energy bills, the only other way for there to be substantial savings is if the wholesale cost of energy comes down or if the network costs, which are estimated to account for 26% of energy bills, are reduced. I therefore suggest that the market mechanisms for network costs should be reviewed and considered.

On the back of the Government's intention to introduce this Bill, we have now seen three of the big six—E.ON, SSE and Centrica—announce a move away from standard variable tariffs, and Scottish Power has indicated that it will do likewise. Those companies are now using this strategy as an argument against a cap, but of course they need to acknowledge that it was their inertia on standard variable tariffs that actually led us here in the first place, so they are having that argument once the horse has bolted from the stable.

None the less, we must be careful that the unintended consequence of the cap is not an equalisation effect that drifts towards the higher end of the scale. I understand that that is why the hon. Member for Weston-super-Mare is calling for a relative cap. However, even a relative cap can have an equalisation effect, eliminating lower level tariffs. I note that the Business, Energy and Industrial Strategy Committee and Citizens Advice, among others, support an absolute cap, which is what is proposed at the moment. However, this strategy needs to be reviewed. With a requirement on Ofgem to consult on the cap methodology, I hope that we will be able to flesh out the risks and thrash out mitigations.

Not surprisingly, the big companies are against the Bill, and, intuitively, that is quite a good thing. However, some of the concerns that have been raised possibly require consideration by the UK Government. There is a suggestion that appeals to the CMA should be allowed, as happens for every price control and every price-regulated sector in the UK. I can see the logic of that, and if appeals to the CMA are allowed, consumer groups, as well as the suppliers, could make representations, so that is not necessarily a concession to the energy companies. Additionally, the companies argue that there needs to be clarity on the conditions on which a cap may be removed or extended in 2020. From the point of view of the investor and of a tariff setting policy, I can understand the argument for further clarity on this matter.

Even the consumer group Which? wants to ensure that there are no unintended consequences that limit the success of the cap and eliminate future competition. It has suggested that Ofgem must: set out clear criteria for effective competition that the price cap will be reviewed against; monitor and evaluate the success of the price cap before, during and after the period it is in place; publish monitoring reports, detailing actions to be taken to mitigate any adverse impact on competition; and test how the price cap is communicated to consumers and report any negative effect following that engagement.

Hopefully, the Minister will explain how the concerns of both suppliers and, importantly, consumer groups can be mitigated. On energy bills, we must remember that to lower bills and eliminate fuel poverty, the UK Government's wider energy strategy and welfare strategy

have to be correct as well. The smart meter roll-out, which we have heard about, is seen as an enabler for smarter, lower tariffs, but that is still unreasonably linked to a 2020 deadline forcing a roll-out of SMETS1 meters rather than a longer roll-out period with more appropriate updated technology that allows for better and easier switching in the future.

The UK Government's nuclear obsession must end. The National Audit Office has already confirmed the impact that Hinkley will impose on electricity bills. Therefore, looking at additional nuclear and a whole raft of micro reactors makes no sense, especially when costs for offshore and onshore wind are now at an all-time low. Energy policy must be consistent. We cannot have a repeat of the debacle of the removal of the £1 billion of funding for carbon capture and storage. Transmission charges have to be considered, particularly when we have opportunities with renewables and energy storage.

On other mitigation measures, further work needs to be done on home energy measures, and that needs direct Government intervention. All energy companies agree on that, and the Scottish Government lead the way in taking direct intervention. The Scottish Government have committed to a warm homes Bill and a statutory fuel poverty target as well as the roll-out of an ongoing further energy efficiency programme.

This Bill imposes a welcome temporary cap, but during the period that a temporary cap is in place, the UK Government must not only review its effectiveness, but explore other strategies and develop that consistent energy strategy. They could also follow the lead of the Scottish Government and look at a not-for-profit public energy supply company, otherwise, there is no doubt that this Bill will take a classic sticking plaster approach. It might represent a quick political win, but, in the long term, we need to have a solution to high energy bills and fuel poverty.

3.49 pm

**Robert Halfon** (Harlow) (Con): I apologise for having to leave soon after I have spoken, but I am hosting another event elsewhere in the House of Commons.

High energy costs are felt most significantly by the vulnerable and those on lower incomes, which is why I strongly support the Bill and congratulate both the Business Secretary and the Energy Minister for what they are doing. Those who pay the most for energy are the ones who can least afford it. Eight out of 10 people on high-cost standard tariffs earn £18,000 a year. Scope, the charity for disabled people, found that households with disabled persons make up 38% of all fuel-poor households in England. More than a quarter of households with a disabled person—over 4 million households—spend more than £1,500 a year on energy bills, which is why this is a matter of social justice. The Government's emphasis on the cost of living is incredibly important. I welcome that more than 4 million households are on prepayment meters. I also welcome the freeze in fuel duty for eight consecutive years, meaning that the average motorist has saved £850 since 2010.

The truth is that our energy market is fundamentally uncompetitive. The six largest energy providers focus on cheap introductory offers and leave loyal customers on poor-value tariffs. These standard tariffs earn the big six an average of £1.4 billion more than they would earn if the market was working well. The lack of competition

means that suppliers can charge what they please. We have seen in recent weeks how increasing wholesale energy costs have had a knock-on effect on tariffs in smaller providers and those in the big six.

I urge the Minister to look at other issues hitting energy consumers. For example, those who do not pay by direct debit face an extra bill. I had an email only yesterday from someone telling me that they refuse to pay by direct debit, so they have to pay the electricity company—the Co-operative Energy—£200 a year more than if they had signed up by direct debit. We know that the vulnerable often do not pay by direct debit and sometimes do not have bank accounts. Some are paying up to £390 extra a year. This charge is unfair. I urge the Minister to look into these cases.

I also have concerns about the huge wages and the way in which profits are used by the big six bosses. Now, I am not against high wages or profits, but I do not think that these wages are linked to performance. For example, top staff in Centrica get £13.1 million a year, and the chief executive officer of E.ON UK said that his company had £235 million in profits. Although I am not against profits or high wages, wages should be linked to performance and we should ensure that those profits are ploughed back into helping the most vulnerable consumers.

We need a consumer Bill of rights to bolster the position of all energy consumers. It should be easily digestible and understood. To get cheaper tariffs, everybody should know what their energy bills should be and what rights they have. A consumer Bill of rights should ensure access to the lowest possible cost for loyal customers who decide not to switch and end up on the standard tariffs.

**Peter Kyle** (Hove) (Lab): Will the right hon. Gentleman give way?

**Robert Halfon:** I would normally be pleased to take interventions but, if the hon. Gentleman does not mind, I will not give way because of the demands on time. There are a lot of speakers and Madam Deputy Speaker has asked us to cut down our contributions.

My next point is about injecting competition into the market that is currently dominated by the big six. We have a problem because, although this is very much about competition in the private sector, energy is actually a public good. The Government need to do much more to support not-for-profit providers. The hon. Member for Harrow West (Gareth Thomas) mentioned co-operatives, of which I am very supportive. Robin Hood Energy, launched by Nottingham City Council, is an example of a not-for-profit provider. Although we need market competition, we need to look much more at the co-operative model when we are talking about a public good. I do not believe in nationalisation, but I do think that we should have not-for-profit models in essential services, because energy is the lifeblood of our country and, without it, we would be in the dark ages. For too long, to use a well-known phrase, the market has been dominated by the few, not the many.

I very much support the Bill because it is the right thing to do symbolically. It sets the tone of what this Government are about—helping the most vulnerable. It is also the right thing to do practically. To me, this is not an argument about big government or small government; it is simply an argument about good government.

3.55 pm

**Rachel Reeves** (Leeds West) (Lab): It is an honour to follow the right hon. Member for Harlow (Robert Halfon).

I welcome the Bill and look forward to its clauses becoming law in due course, with the impact that will have on energy bills. Of course, Labour first proposed action to tackle excessive energy prices in 2013. I look forward to hearing shortly, I hope, from my right hon. Friend the Member for Don Valley (Caroline Flint), who was the architect of that policy. As my right hon. Friend the Member for Doncaster North (Edward Miliband) put it at the time,

“When wholesale prices go up, people pay more. When they come down, they still pay more.”

Between 2010 and 2015, energy bills went up by £300 on average, so in the 2015 Labour party manifesto, we committed to cap energy bills until 2017, ensuring that bills could fall but not rise. That same winter, we committed to giving the regulator the power to cut bills and then to reform the energy market to deliver fairer prices and a better deal for consumers. Like all good ideas that Oppositions have, it has now somewhat belatedly become Government policy. I congratulate the Secretary of State and the Minister on that.

The fact that the energy market is broken is undeniable. It is a feeling shared by Members across the House and, indeed, by all our constituents. The Business, Energy and Industrial Strategy Committee’s report showed that it is a two-tier market in which customer loyalty is not rewarded but punished with excessive prices. It is totally unacceptable that nearly 60% of customers pay up to £350 more a year for their energy, on average, especially when those customers are the most vulnerable: 83% of those living in socially rented housing, 75% of those on low incomes and 74% of disabled customers are on standard variable tariffs, which we know rip consumers off. It is unacceptable that the exploitative behaviour of some energy providers exacerbates the financial woes of customers who were already facing difficult financial decisions. I do not want to live in a country where so many people are priced out of heating their homes in the winter, or having to choose between sitting in a freezing cold flat and putting food on their table. This Bill is a step in the right direction in addressing some of those concerns.

The big six energy companies insisted in evidence to our Select Committee that the market was already competitive and delivering fair outcomes and that this action was excessive and unnecessary, but our report showed why that is not the case. The CEO of E.ON told us in evidence that it is fair that customers who do not engage in the market pay more for their energy. We found that this kind of discriminative pricing is unfair on customers who cannot engage with competition, as opposed to those who can take advantage of it. Centrica admitted in its evidence to making the majority of its profits on expensive standard variable tariffs. It is not alone in that position, as a large majority of all big six customers are on standard variable tariffs, including 68% of Centrica’s customers.

The big six have lobbied intensely to get appeal rights to the Competition and Markets Authority because they want to try to stop this cap happening by dragging the process through the courts. I am pleased that this Bill rules out that action by those companies. Some argue that switching is increasing and so a cap is not necessary.

Although the number of customers switching suppliers has improved recently, it is not improving nearly fast enough, with only a third of customers having switched in the past three years. It is time to try a different approach—one that puts the onus on suppliers to do the right thing. The big six energy companies have brought this cap on themselves by their discriminative pricing practices.

The BEIS Committee held four evidence sessions and analysed 44 pieces of written evidence as part of our pre-legislative scrutiny of the draft Bill. We welcome the Government’s Bill and the intention to put an end to the overcharging of 12 million households on poor-value standard variable and default tariffs.

One of our key recommendations to the Government was that they seek Royal Assent for the Bill before the summer recess, allowing Ofgem time to consult and then set the cap, so that customers do not spend another Christmas facing excessive prices. I welcome the letter from Ofgem today saying that it will be able to meet that timetable, so that we do not go through another winter of excessively high bills. My only disappointment is that this legislation did not come sooner. Last week, temperatures dropped significantly across the whole country. If there had been a price cap in place, families would not have had to worry about rising bills during this unprecedented drop in temperatures.

Following our Select Committee’s work, the Government have accepted all the recommendations that we made, including excluding the possibility of a relative price cap—something that the hon. Member for Weston-super-Mare (John Penrose) advocated, but which I believe would push up prices for customers who switch, rather than reducing the standard variable tariffs. It seems obvious that that is what would happen. For the big six energy companies, 70% or 80% of their customers are on standard variable tariffs and that is where they earn their profits, so they will not unilaterally drop those prices. Instead, they will increase prices for new customers, to cling on to their profits. That is why excluding the possibility of a relative price cap is the right thing to do.

**John Penrose:** I thank the hon. Lady for giving way; I will try to keep this brief. Does she accept that that criticism about a potential rise in competitive switching deal prices is being levelled by others at the absolute cap? When such a course as she described was experimented with last summer by Centrica, it lost market share hand over fist and was really hurt commercially, so it is unlikely to try that again.

**Rachel Reeves:** When we took evidence from the big six companies and probed them on where their profits came from, they were very clear that their profits came from the standard variable tariffs. Centrica has a £287 difference between its standard variable tariff and its best tariff, while Scottish Power has a £333 difference between those tariffs. They are earning their profits on the higher tariffs, and I just do not think that they will unilaterally reduce those tariffs, because that will be a hit to their profits, not a slight reduction in the number of new customers they get. The Government are right to exclude that cap, and that is why our Select Committee recommended that.

The Government have also accepted our recommendation to continue encouraging consumer switching. I believe that competition and regulation can co-exist effectively.

**Mark Pawsey:** Will the hon. Lady give way?

**Rachel Reeves:** I give way to the fellow member of my Committee.

**Mark Pawsey:** We heard a lot of evidence from the challenger companies. There are 60 suppliers in the energy market now, and while switching rates are not increasing fast enough, they are increasing. Does the hon. Lady share my concern that with a cap, there will be precious little incentive for people to look at alternative suppliers and change and that the rate of switching we have managed to get in recent years will start to fall back?

**Rachel Reeves:** I hope that does not happen. Ofgem and the Competition and Markets Authority are putting the cap in place to make it easier for customers to switch. Northern Ireland, where there is a price cap, has as much switching as we do. The international examples suggest that we can have switching in a market that also has a price cap.

**Peter Kyle:** Will my hon. Friend give way?

**Rachel Reeves:** Sorry, I am not going to give way again, otherwise I am going to get into trouble with Madam Deputy Speaker, and I am more scared of her than I am of my hon. Friend.

**Peter Kyle:** For the time being.

**Rachel Reeves:** Indeed.

There are two areas where the Government need to take action to ensure that, once the price cap is over in 2021 or 2023, we do not go back to business as usual. First, they need to give greater clarity about what will happen to things such as the energy company obligation and the warm home discount once the price cap goes away.

Secondly, I welcome the Secretary of State's commitment today that the statutory instrument on data sharing to allow energy companies to know who their vulnerable customers are will be tabled before the Bill receives Royal Assent. We need to see that SI and those changes, because the energy companies do not know all the customers who are vulnerable and experiencing financial difficulties. Our Committee is convinced that those two issues will be key in ensuring that, both during and after implementation of the price cap, those who need it most get the protection they need.

The time for action is over-ripe. These rip-off practices cannot be allowed to continue. There is cross-party support for this legislation, and both the Labour and Conservative manifestos at the last election included a commitment to cap energy prices. Now the Government must make that cap a reality before next winter. I strongly urge colleagues across the House to support the Bill, to deliver some fairness to all our constituents.

4.4 pm

**Sir Oliver Letwin** (West Dorset) (Con): In the interests of brevity, I want to make one point about the rationale for the cap that I do not think has yet been stated in this debate, and two points to reassure my hon. Friends about issues that have arisen.

On the rationale, it is true that Ramsey pricing—the gouging of so-called loyal or, in other words, inertial customers—is a major issue, but predatory pricing on the other side of the balance sheet is equally important. As the hon. Member for Leeds West (Rachel Reeves) said, large suppliers are making uncovenanted surpluses out of the default tariffs, which they are using to cross-subsidise their competitive tariffs to exclude entrants from the market to the greatest possible extent. Once they are deprived of the ability to generate oligopolistic returns from the default tariffs, as my hon. Friend the Member for Weston-super-Mare (John Penrose) mentioned, they will have to do what they are very reluctant to do—namely, recognise more closely the true cost of their own inefficiencies in their more competitive tariffs, thereby allowing much greater penetration of the market by small challengers.

That is why I celebrate the fact that the Government have made the cap a temporary one with reviews. The shadow Secretary of State, when she was engaging in what sounded on this side of the Chamber suspiciously like scraping the barrel to find things to object to, asked the question: how will we know that the time is ripe for the cap to be removed? The answer is when the challengers have actually been able to move into the market in great numbers, because the cross-subsidy in the predatory pricing model has faded away and we therefore have a proper energy supply market.

Of my two crumbs of comfort, I want to offer one directly to my hon. Friend the Member for Weston-super-Mare. We all owe him a great debt of gratitude for banging on about this for a very long time and thinking about it deeply. I assure him that the Bill, whatever anybody may have said about it, clearly allows for a cap that, far from being a freeze, will never be a freeze, as he recognises, and will also not be an absolute point tariff either—or need not be an absolute point tariff. It is entirely in Ofgem's gift to decide how the cap varies or does not vary depending on circumstances in the external supply markets for energy.

Knowing the current personnel in Ofgem, and having talked to them about this—I am grateful to the Minister for Energy and Clean Growth for facilitating some of those discussions—I am absolutely convinced that they will in fact make this a calculated, formulaic cap that properly reflects the changes in external international circumstances. It will therefore be miles away from the lunacies, although they were politically attractive lunacies at the time, of the Labour party's original proposal for an absolute price freeze, which, incidentally, would have crippled customers at a time when energy prices were falling.

The second point I want to make to my hon. Friends is that this is the right kind of structure.

**John Penrose:** I seek a little further reassurance from my right hon. Friend. He seems to be coming up with an elegant mechanism for redefining an absolute cap to encompass relative caps, but just relative to the wholesale market rather than relative to other tariffs. If so, that would be incredibly elegant. Does he believe that that would allow repricing within the six-month period before the Ofgem committee sat again?

**Sir Oliver Letwin:** Who knows? The point I was just about to make is that the Bill will hand the whole thing over to Ofgem. This is basically an “Ofgem—you get to

[Sir Oliver Letwin]

decide it” Bill, so we will only know when we see what it produces. However, I would bet my bottom dollar—not that I have very many bottom dollars—that Ofgem will actually produce a formula, not a number, so the cap will vary continuously, or pretty much continuously. Ofgem is pretty sophisticated economically and it knows perfectly well what happens in the wholesale markets. I do not think it will lock itself in to an unvarying cap.

My main point is structural: the Bill will hand the issue to Ofgem. The good news is that that is not nationalising the pricing of the energy markets. It is not taking it into the hands of the Government. What my right hon. Friend the Secretary of State said is true—one of the great achievements of the last 30 or 40 years of the evolution of our utilities markets as a whole is that we have reinvented what the Victorians once had, which we lost in the early and middle part of the 20th century, which was the whole idea of the Government establishing a set of technocrats who are not politically motivated or driven by electoral dynamics, and so are not inclined to do things that are stupid in the long run but look good because they win votes in the short term. Instead, they try to get economically rational results.

Ofgem is such a case. It is not perfect—no regulator is—but it will be a hell of a lot better than politicians at setting prices over time. The Bill therefore has the right structure. It is not a Marxist takeover, a price freeze or a recipe for point tariffs. It is a recipe for allowing a regulator to set an economically rational means of preventing a combination of Ramsey pricing and predatory pricing, and as such those of us who believe in the purities of markets can perfectly well subscribe to it.

4.11 pm

**Gareth Thomas** (Harrow West) (Lab/Co-op): I agree with the right hon. Member for West Dorset (Sir Oliver Letwin) that we collectively owe praise to the hon. Member for Weston-super-Mare (John Penrose) and my right hon. Friend the Member for Don Valley (Caroline Flint) for bullying the Government into bringing the Bill before the House. Nor do I completely reject the right hon. Gentleman’s final assertion about the importance of having an effective regulator to regulate the market. What he missed, however, was the need to shake up significantly the way in which the market operates at the moment, to fundamentally challenge the power of the big six and the way in which regulation works between the transmission provider—National Grid—and the various distributor companies, given the impact that that has on bills.

As other hon. Members have said, while the Bill is good in that it will finally introduce an energy cap, it does not address the full scale of concerns across the House about how the energy market operates. E.ON put up prices last week on the coldest day of the year. Experts are increasingly concerned that the lights will go off at some point in the future. Gas capacity is another fear, and the energy ombudsman is unable or unwilling to enforce rulings in favour of consumers. Those are just some of the concerns about how the energy market works. It would have been good to have a far more comprehensive energy market reform Bill, of which the energy price cap was only part.

I fear that Ministers’ reluctant acceptance that a wider price cap is needed confirms the failure of regulation as it stands, and specifically confirms concerns about

the powers and practices of Ofgem and its ability to keep the big six energy companies honest, along with National Grid and the distribution companies.

The Competition and Markets Authority, in its landmark investigation of the industry some four years ago, said that customers had essentially been ripped off to the tune of £1.4 billion—and that was since 2012. The only reason the Government referred the energy market to the CMA for investigation was the pressure from shadow Ministers and the then Leader of the Opposition. In the circumstances, and given the scale of overpayment by consumers, an energy price cap is hardly going to fundamentally change the dynamics of the energy market. Therein lies the problem with the Bill. It does not address the issues of ownership and the lack of accountability of those who currently own and distribute our energy. I therefore suspect that it will be of limited benefit to customers.

When the energy market was privatised, the country was promised the chance to have a stake in the new market. There was the famous “Tell Sid” campaign, which offered everybody a chance to own a stake in the energy market. Many mergers and acquisitions later, all we have seen in practice is that centralised unaccountable decision making has shifted from a series of Government Departments to six privately owned companies that control pretty much the whole chain from power station to customer. At the time, we were promised that unleashing competition would bring considerable benefits: prices would be driven down alongside an increase in innovation and efficiency. It is difficult to see exactly where those benefits are. Dissatisfaction with the energy market is so great that it is ranked bottom of all UK industries by the Institute of Customer Service. Part of the reason why people do not switch from one supplier to another is that they do not think they will get much benefit from switching, given the time and hassle it takes.

Six years ago, a very impressive ten-minute rule Bill was brought forward by the hon. Member for Harrow West, which I commend to the House, proposing that customers should be given the right to own the grid in their area, and that more people should be given the right to help control who benefits from the energy market. In effect, it proposed the sort of democratic public ownership that at the time was less fashionable on the Labour Benches, but which has become a bit more fashionable of late. I very much welcome that.

**Albert Owen:** I am sure the author of the Bill would agree with me that one model is the not-for-profit Welsh Water, which runs the utility and competes against others where necessary, but has competition in its tendering process so that it meets European competition rules for utility companies. It also invests in its customers, which is what is missing from the private monopolies that run distribution and transmission.

**Gareth Thomas:** My hon. Friend makes a very good point. If I may, I commend to him and the whole House the Co-operative party report on the reform of the energy market, which contains several proposals. One suggestion is that Welsh Water and the energy distribution model of similar mutuals in New Zealand might be the model for future of energy distribution in this country.

I do not hold the dogmatic view that public ownership through nationalisation might be a sensible way forward. I can see that there might be a case for some of the

transmission network to be publicly owned, and I can see the argument for some public ownership of crucial, strategically important power stations to keep the lights on while a broader transition process is taking place. Fundamentally, however, I would like to make the argument for more co-operative, community-owned not-for-profit energy companies. They would own and supply energy, help to decarbonise our existing energy supply, be properly regulated, and, crucially, help to keep in the local community some of the wealth that is generated by energy, which I gently suggest should be strongly encouraged and allowed to emerge. Robin Hood Energy in Nottingham is a great example of that, as are Bristol Energy and Westmill Solar Co-operative.

I finish by gently saying to Government Members that I understand why they are tempted, for political reasons, to attack Opposition Members for looking again at public ownership, but when so many of the energy businesses in this country are owned, or part-owned, by state-owned companies from other countries, it prompts the question why public ownership by the British Government, or by the people of this country, could not be given a bit more encouragement by Ministers.

4.20 pm

**Mark Menzies** (Fylde) (Con): I pay tribute to my right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy for bringing forward the Bill and for his hard work on delivering what the Conservative party promised—dealing with unfairness in the energy market. His dedication, and that of my right hon. Friend the Minister for Energy and Clean Growth, to ensuring that the most vulnerable customers are not left behind to pay extortionate prices for their energy should be commended by Members on both sides of the House.

However, I cannot escape the fact that, as a Conservative, I question it when any Government seek to intervene in markets. I accept that on occasion markets need some interference. Many require regulation, and unfair practices need to be tackled robustly, but the question is whether the level of market interference is necessary and proportionate. As we consider this Bill, we must ask whether energy companies are in fact employing unfair tactics against their customers. If so, can those customers avoid paying over the odds for electricity and gas? Is introducing a price cap on certain tariffs the only and/or best way to deal with this issue?

I point to significant increases in the number of new energy suppliers—their market share has risen from 2% in 2012 to around 18% in 2017—and the increasing number of customers who are now switching suppliers regularly. I would argue that that shows an improving picture, thanks to the measures that this Secretary of State and his predecessors have implemented to ensure that the energy market is open to new and smaller companies and to encourage switching. As a result of that success, I would argue that the Bill is unnecessary—I would argue that, but I cannot. We committed to introducing the Bill in the Conservative manifesto, and introduce it we shall, but that does not mean that I would wave it past without considering whether its provisions are entirely proportionate or if there are opportunities for improvement. I have marked reservations about a key part of this Bill—or, more to the point, a lack thereof.

No part of the Bill allows energy providers to challenge the level at which Ofgem sets the price cap, other than by judicial review. I have asked a number of written questions on this point, and it appears that the Government are simply not prepared to admit that this is an inadequate means of appeal against the cap. As a non-lawyer, I am always very suspicious of matters that are settled in the court, so let me explain why it is so important to get this aspect of the Bill right, why judicial review is inadequate, and why the right for energy companies to appeal to the Competition and Markets Authority must be written into the Bill.

In January, prior to the Government publishing the Bill, I asked them to name the countries that they had looked at that currently regulate retail energy prices. In reply, my right hon. Friend the Minister for Energy and Clean Growth stated that Canada, the United States, Spain and New Zealand had all been studied. However—this is hugely significant—as their markets were not previously liberalised, or had only recently been liberalised, all are in very different situations from that in this country.

The Government are clear. They accept that what the Bill seeks to do in this country—to impose a price cap in a long-standing liberalised energy market—has never been done before. We are sailing into completely uncharted waters. Should we not therefore proceed with some caution? The Bill does not; it sails off with abandon, trusting Ofgem to set the level of the cap. This major new power has the potential to alter the UK energy market with as yet unknown consequences, as the Government have effectively admitted through their decision not to release quantitative data in their impact assessment, but the Bill provides no check nor expert oversight of Ofgem's decisions.

**Antoinette Sandbach:** Judicial review provides a remedy when Ofgem is acting unreasonably. If it is acting reasonably, it would not be possible for the energy companies to review the matter, but what they would do, as evidence given to the Business, Energy and Industrial Strategy Committee suggests, is to seek to delay the process through endless appeals to the Competition and Markets Authority.

**Mark Menzies:** My hon. Friend makes a valid point. We would not want a situation in which energy companies, especially big energy companies, seek to delay the implementation of the measure for that reason through appeals to the Competition and Markets Authority. Perhaps the Government could consider having a time-limited window of appeal lasting for a matter of weeks in which any appeal could be looked at by the CMA. I am not sure whether recourse to judicial review, with a case tied up in court and argued by incredibly expensive lawyers, is the solution to the problem. I am not sure where the transparency is in that, and I am not sure that judges are the best people to make a determination. I shall say a little more on that as I proceed.

Appeals on price controls are always to the Competition and Markets Authority. This is consistent with every other comparable sector, including telecoms, water, and aviation, and there are very good reasons why. Energy suppliers, just like National Grid and distribution network operators, invest huge sums into our energy infrastructure. The Treasury has estimated that approximately £250 billion of projects are in the pipeline in the coming years.

[Mark Menzies]

All companies require certainty to deliver these projects and they only get this if Ofgem sets a fair and accurate price.

In most cases, if Ofgem gets it wrong, National Grid, DNOs and their shareholders can make their case to the economic experts at the CMA. They know that they have effective recourse against Ofgem's decision and they have certainty that the CMA will not allow any price cap that places these billions of pounds of investments into our vital energy network at risk. Under the Bill, however, retail suppliers are being sent out on to the high wire only to find that this effective and long-standing safety net has been removed from beneath them. Should Ofgem fail, the Government believe that judicial review will adequately cushion their landing. It will not.

As I have mentioned, the CMA is designed precisely to consider such appeals. As an expert appeals body, it has specialist panels with experience of deciding whether price controls have been set properly through consideration of the economic merits of each case. In contrast, a judicial review would consider only whether Ofgem reached its decision reasonably and in accordance with the relevant procedure. A judge with legal—not economic—training and with no specialist expertise would be asked to assess whether these deeply technical price control issues were fair and accurate.

If we follow through with this and allow such uncertainty to fester, even if only in the minds of our major energy suppliers, what assessment has been done of the impact of that on investment in our energy market? What assessment has been done of the impact that the initiative will have on the prices that consumers on non-default tariffs will be asked to pay? I have asked to be furnished with that information, but the Government do not have it. They answered that this calculation will depend on the methodology employed and the ultimate decision taken by Ofgem when setting the level of the cap.

I can be persuaded to agree that the Bill should pass without considering the future supply in this country—at least for this afternoon. I can be persuaded to agree that Ofgem sets the methodology. I can be persuaded to agree that Ofgem sets the level of the energy price cap. However, I cannot be persuaded, because it defies simple logic, that Ofgem has the sole preserve of wisdom in these matters. I cannot be persuaded that there should be no possible recourse to the Competition and Markets Authority.

**Greg Clark:** My hon. Friend raises reasonable questions about whether the approach that is taken will be fair. That is why Ofgem will have to consult on the methodology. Applying it in particular cases is simply the mechanical application of something that has already had the degree of scrutiny that he is looking for.

**Mark Menzies:** I thank the Secretary of State for his intervention. Steps like that seek to reassure me. As the Bill makes progress, I will follow its course in detail, particularly on this matter. I want to ensure that the Bill is effective and does not end up disappointing where we hope that it will succeed.

**Geraint Davies** (Swansea West) (Lab/Co-op): Will the hon. Gentleman give way?

**Mark Menzies:** I will not, as I want to make a bit more progress.

I would struggle to support a Bill that does not address that crucial point. I ask the Government to reconsider and amend the Bill accordingly in Committee. Before I sit down, if the hon. Member for Swansea West (Geraint Davies) wishes to do so he can intervene. He does not.

4.29 pm

**Caroline Flint** (Don Valley) (Lab): Today is a political lesson in never giving up. Despite all the lobbying noise of vested interests, constant denials of market failure and numerous attempts to persuade energy bill payers to shop around, the Government could no longer ignore the fact that the majority of energy bill payers were—and are—being ripped off.

The Bill has a virtuous purpose: to protect customers from unfair energy prices in a market which, sadly, has failed to deliver. Its greatest shortcoming is its timing. In October 2011, I first raised the failings of the UK energy market—the overcharging and the poor value for money offered by the big six. In that year, energy prices had risen by 20%. Data required by the last Labour Government had become available to those with an “anorak” interest in tracking what was happening to prices. It was becoming clear that they did not reflect wholesale costs, and that those on standard variable tariffs were paying over the odds.

The coalition Government of Conservatives and Liberal Democrats attempted reform, but they had little to offer to affect the pricing structure of the failing retail market. They opposed Labour's energy price freeze—a proposal to cap prices for 20 months while the energy market was reformed—but they knew that they were on the back foot as evidence of overcharging mounted. David Cameron's agreement to a Competition and Markets Authority review in 2014 was an attempt to take pressure off the Government and kick the issue beyond the 2015 general election. That worked, but it delayed action further.

It must have come as quite a surprise to some in government when the CMA's findings vindicated Labour's concern about unfair energy prices. It took two years to reach a conclusion that some of us had already exposed: customers were being systematically overcharged. Between 2012 and 2015, people were overcharged by an average of £1.4 billion a year, and the detriment had increased to £2 billion a year by 2015. By the time the CMA reported the damage, overcharging since 2012 amounted to more than £8 billion. Delay has cost consumers dear.

Some may have thought that the introduction of a price cap for prepayment meter customers would lay the matter to rest, but that was never going to be the case. Ministers and others on the Government Benches were now keen to talk about market failure and systemic overpricing, using language for which my party and I had been condemned only a few years earlier. Progress has been too slow by half, but now the Government are taking action that has cross-party support, and we have an opportunity to serve notice on injustice and legislate for price protection for consumers, which I believe should take the form of a protected tariff. In fact, I argued for such protection after the 2015 general election. Consumers need nothing less than a regulated maximum charge based on wholesale prices, network costs, and an acceptable level of profit set by Ofgem.

To expose market failure is not to be against all markets. Despite privatisation, energy has always rightly been a managed market when it comes to changes in our energy generation, contracts for difference and capacity markets, and that is the case today. I believe that, across the House and across British society, it is recognised that certain products, such as energy and water, require a different level of Government intervention and regulation.

Even today, with record levels of switching—about 5 million people switched in 2017—many of the criticisms that I levelled at the energy market in 2011 still apply. The market is still dominated by the big six. Between them, they control 78% of the market. The biggest new entrant has just 1% of market share. Movements in energy prices bear little relation to the movement in wholesale prices. The majority of customers have little faith in switching and have not changed supplier for a decade or more, and, as we all know, the majority sit on expensive default standard variable tariffs. More than 5 million people have been helped with a safeguard tariff. The Bill addresses the 11 million households who are overcharged year in, year out.

So what should we do? Let us build on the cross-party support and, through the Bill, defend the principle of a short-term cap on a failing market. We should not be cowed by the self-interested propaganda that we have heard from opponents of the price cap. At the extreme end, we have Centrica linking its plan to shed jobs up to 2020 with the cap. That is outrageous. Centrica has lived off its nationalised legacy—a sticky customer base that it has treated badly. Business analysts observe that British Gas's businesses supplying energy to business have been performing poorly and that Centrica's US operation, Direct Energy, has underperformed. They note that almost 80% of those employed by Centrica are abroad—just one in five are in the UK. While those UK jobs are important, it is little surprise that trade unions representing Centrica employees—Unite the union, GMB and Unison—are rightly sceptical about why UK employees might bear the brunt of the effect of corporate failures internationally under the leadership of Iain Conn.

A cap does not mean an end to competition. A reasonably set upper limit on unit prices that is reviewed every six months allows lots of opportunity for competition beneath the cap. It is not a difficult concept. The cap is a maximum; it is not a requirement to charge prices at that level, and the industry knows that full well. It also knows that it will put a bar on unfair prices, and not before time.

**Geraint Davies:** I am listening fascinated to my right hon. Friend's speech. She is aware that there has been a history of oligopoly abuse in terms of delays in changing prices for customers when world commodity prices change, meaning that there are excessive differentials. Does she think it is possible to have a relatively simple system that takes those two factors into account, but also takes the opportunity to encourage renewables?

**Caroline Flint:** Absolutely, and I am going to come on to renewables. Ministers should beware of any proposal to exempt green tariffs or low-carbon tariffs from the price cap, and let me be clear why. In 75% of days in 2017, wind power supplied more energy than coal power in the UK. Nuclear and renewables are central to our power output in the UK energy market and the generators

are well rewarded for that. The notion that any energy provider should charge a premium for so-called green tariffs does not stand up to scrutiny. Consumer support for 100% green energy is welcome, but the idea that they should pay the most expensive tariff cannot be justified. I therefore hope that the Secretary of State will rule that out and deliver a comprehensive cap.

**Sir Oliver Letwin:** I am listening with increasing admiration to the right hon. Lady's speech, which reminds me of why there was once a Labour party with which I had a great deal more sympathy than I do at present. I strongly agree with what she says about green tariffs. We want to promote green energy, but to do so on a basis that is economically rational.

**Caroline Flint:** I welcome the cross-party support that continues to blossom on this issue.

I urge Ministers to ensure that Ofgem is equipped with all the powers it needs to act as a consumer champion, and to deliver both a price cap and penalties for corporate misbehaviour. I have not been uncritical of Ofgem. For too long the regulator did not hold the big six to account for poor customer service. Where fines were issued, companies were allowed to strike a deal to use the so-called fine to subsidise tariffs for new customers—there was nothing for their loyal customers stuck on default tariffs. Thankfully that has changed.

We saw last week the CMA having to rule on a challenge by SSE and EDF against Ofgem when they tried to modify industry rules. Ofgem determined that those modifications would have led to consumers paying a £120 million rebate to generators and said no. Ofgem was immediately challenged. In this instance, the CMA backed Ofgem and the consumer interest was protected, but let us be under no illusion: there is a constant veiled threat that the energy giants will contest its decisions. We need to be certain that Ofgem has the powers and remedies it needs under the Bill so that it can do the job this House expects and does not become a scapegoat for failure.

Finally, may I urge Ministers to use the period of the cap to review the structure of the energy market? Good regulation, fairness and innovation from existing and new players must all be part of a reshaped energy market of the future. Let us get on with it. The Bill has my support; let us give Ofgem the power to act and cap unfair energy bills.

4.38 pm

**James Heapey (Wells) (Con):** This is an important Bill that comes from a very good manifesto commitment. Our energy market is undoubtedly broken, with millions of consumers stuck on the most expensive tariffs. Many are taken for granted and, arguably, even exploited for their loyalty, and it is right that the Government have intervened to protect them.

In many ways, in delivering this cap we have accepted that we failed over the last few decades to create the culture of switching that we hoped for. That is not to say that impressive progress has not been made; it has been, and we have seen further progress in the last few months, but even if that recent improvement in progress were to continue, we would still have far too many people—disproportionately concentrated among the most vulnerable and the lowest income consumers—left on the most expensive tariffs.

[James Heapey]

We should also note that some of the biggest energy suppliers have changed the way they operate SVT-type products over the past nine months, which is very welcome. One suspects that they saw what was coming down the tracks. None the less, I know that they will feel aggrieved by the Bill after voluntarily acting to tackle the problem of those stuck on rip-off SVTs.

The progress on switching and the improved behaviour of the big suppliers underlines why the cap need only be temporary. My hope is that the Secretary of State will encourage the industry to respond quickly to the cap so that tariff structures become fairer for the most loyal consumers. Clear criteria for ending the cap would be most welcome. While the cap is in force, let us not take our foot off the accelerator in encouraging more people to start switching. In short, the cap must be regarded as a means to an end, not—I suspect this is the view of some Opposition Members—as an end in itself.

**Bim Afolami:** Does not the Bill show the Government's general approach to intervention in markets, which we have heard a lot about this afternoon, which is about markets not as a means in themselves, but as a means to an end, which is good, cheap and reliable energy for the British people?

**James Heapey:** My hon. Friend is indeed right. To resort to my former career as a soldier, I hope that the Government see this as a raid into the energy market, rather than an occupation.

In her opening remarks, the shadow Secretary of State made the important point that an amazing energy future is emerging in the margins of our current broken market, although I disagree with her analysis that the Government are not embracing that, because the clean growth strategy is a passionate embrace of those opportunities. Insurgent companies such as Octopus Energy are relishing bringing the new time-of-use tariffs to the market, giving consumers the benefits of fluctuating wholesale energy prices. Others are looking at how localised generation or aggregated shifts in demand might allow consumers to access cheaper energy or monetise their flexibility. Others still are looking at delivering heat and power as a service, often enabled by clean tech provided by the supplier for free, with the supplier then monetising the customer's flexibility in order to make their margin. These and countless other innovations are accelerating our decarbonisation, increasing system flexibility—and therefore our energy security—and will mean lower bills for consumers.

We must also create an energy system that allows the full price-reducing power of clean technologies to bring down prices for the consumer. This will require significant regulatory change in order properly to unlock storage, demand-side response and the advantages of generating and consuming energy locally. We must also encourage the deployment of more renewables, no longer because they are the cleanest method of generation, although they still are, but because they are now so obviously the cheapest.

**Rebecca Pow:** My hon. Friend has great knowledge of this subject. Will he comment on the fact that we need to concentrate not only on energy efficiency, but on cutting energy waste, particularly in our domestic systems, because there is a lot of great new technology that could be harnessed?

**James Heapey:** I very much agree. Let us be clear that energy efficiency measures are no longer simply barrier technologies—in windows, walls and roofs—but digital technologies that ensure that we use less energy, or that devices immediately stop working when we no longer need them, rather than being left on unnecessarily.

Ofgem has a key role in delivering the Bill, but that work must be no more of a priority for it than ensuring the much-needed regulatory change that will be delivered through the unlocking of wholesale disruption of our energy system and market. Let us be clear that the real prize is not the correction of the old, analogue, broken market system of today, but the arrival of a digitised, decentralised, dynamic and disrupted energy system with a market that allows consumers to benefit fully from the price reduction that these technologies will deliver. A cap that saves consumers £100 or £200 is very welcome, so I support the Bill wholeheartedly, but not at the expense of the much greater savings that await consumers with the green, clean energy system of tomorrow.

4.44 pm

**Alex Sobel** (Leeds North West) (Lab/Co-op): I have lived my whole adult life under the liberal energy market—an oligopoly—that was created by the Conservative party in the 1990s. I have personal experience of prepayment meters and of having to feed 50p pieces into the meter and then often having to sit in the dark when the 50ps ran out. I support the principle of the price cap but, as my hon. Friend the shadow Secretary of State said, we do not know when it will be in place, what the level will be or by how much bills will be reduced.

As all my hon. Friends have said, a price cap was Labour policy during the 2015 election, and I pay tribute to our Front-Bench team at the time, to our continued support for the policy and, latterly, to the Government. I also pay tribute to Which? for its campaigns to reform an energy market that is failing the majority of consumers. In 2014, the “Fix The Big Six” campaign called for the energy market to be referred to the Competition and Markets Authority. The subsequent CMA investigation found that weak consumer engagement and competition allowed energy suppliers with unilateral market power to exploit approximately two thirds of customers through excessive prices on default tariffs, leading to £1.4 billion consumer detriment a year, which is what the price cap will attempt to resolve.

Ofgem is now implementing a package of remedies recommended by the CMA to improve consumer engagement and encourage customers to switch to better value deals, to which the hon. Member for Wells (James Heapey) referred. However, nearly 60% of consumers remain on default standard variable tariffs. In February 2018, the difference between the average price of an SVT offered by the big six and the cheapest tariff in the market was £3,051—a huge difference for consumers. Are the Government choosing to act, or has the failure of the CMA and big six to provide customer value forced the Government to act?

The Bill only proposes a temporary price cap, and I am concerned that energy providers may use that to offset initial price reductions with increases once the cap is removed. It is also not certain that customers on a capped default tariff will benefit as market conditions change in the future. The Government are relying on future digital technology to solve the problem, but I am

concerned about a long-tailed digital divide lasting decades, a point lost on many Conservative Members—as cheaper—fixed-term tariffs may be withdrawn from the market, an effect which was observed following the introduction of the prepayment meter cap in April last year.

In 2016, 4.4 million customers paid for electricity using a prepayment meter, which is 16% of all electricity customers, and 3.5 million prepaid for their gas, which is 15% of gas customers. That marked a slight reduction in the number of customers on such meters after a long-term increase. Customers on PPMs cannot easily switch to credit meters, which would give them access to a wider range of market tariffs, including the cheapest. In 2016, just 4% of PPM consumers changed to credit meters. That is an increase on previous years, but there continues to be a substantial number of cases in which the supplier refuses to let the customer switch or sets a condition, such as a credit check or security deposit, that the consumer does not meet; I have experienced that in the past. In 2016, 14% of electricity customers and 18% of gas customers who requested a change to a credit meter were prevented from doing so. Indebted PPM customers—about 10% of all PPM consumers—generally cannot switch to a credit meter, but those with a debt below £500 have the right to change supplier, which gives access to cheaper PPM tariffs. The number of successful switches by indebted PPM customers remains low at fewer than 3,000 in 2016, which is just 5% of the consumers who applied to switch supplier, but that has risen following an increase in the debt threshold for customers to be eligible. And I have to say that much of that debt has been caused by Government welfare policies.

Concerns about competition led the CMA to introduce a transitional safeguard tariff for PPM customers, which was introduced last April and is administered by Ofgem, so we have a model for the cap. As a result, the average price fell by around £60 for a typical dual-fuel PPM consumer. That is great, but it is nowhere near the level that PPM customers need to reach to be anywhere near where credit customers are. The cheapest available prepayment tariffs remain consistently more expensive than the cheapest tariffs available to those using direct debit, and that is a scandal. The growth of smart metering should increase tariff choice for prepayment meter customers by lowering the technical and structural barriers to competition. By the end of 2016, prepayment meter customers were slightly more likely than other customers to have smart meters—14% of electricity prepayment meters and 16% of gas prepayment meters were smart—but that indicates how long it will take us to move to smart technology, which many Conservative Members are ignoring.

I am concerned that standard variable tariff customers will have the same experience as people on prepayment meters, and also that the energy companies, particularly the big six, will try to force people on standard variable tariffs to go on to prepayment meters. The Government need to be mindful of that during the passage of this Bill.

My hon. Friend the Member for Harrow West (Gareth Thomas) and others have referred to municipal energy companies and co-ops. Robin Hood Energy has been mentioned, and White Rose Energy has been started by my local authority in Leeds—I declare an interest both as a customer and having been the deputy executive member for climate change and sustainability when White Rose Energy was launched.

Both White Rose Energy and Robin Hood Energy have worked to take people off prepayment meters and to ensure that customers are on the best possible tariff—I looked at my bill this morning, and it told me that I am on the best possible tariff for both electricity and gas. That is a model of great practice implemented by a great local authority in Leeds.

I am concerned that the Bill does not provide an effective and holistic solution to the problems facing people on standard variable tariffs. Utilising technology to ensure faster switching, and utilising mechanisms to ensure more people move off prepayment and to ensure greater market choice should all be central to the Bill, rather than just the sticking plaster of a temporary cap that may penalise some customers. Before Third Reading, I hope the Minister will investigate the effect of the unintended and potentially perverse consequences of the Bill as it stands.

4.51 pm

**Mark Pawsey (Rugby) (Con):** It is a pleasure to follow the hon. Member for Leeds North West (Alex Sobel). Unlike him, I do remember the time before privatisation took place in the 1980s and 1990s. It is worth remembering some of the objectives of the privatisation led by the then Conservative Government.

The first objective was to spread ownership, which has happened—ownership is much more diverse now. It is a little concerning when we hear Labour Members oppose private investment in our utilities and infrastructure, from wherever it may come. A serious message is coming from the Opposition, one that they need to think long and hard about before it goes out more broadly to overseas investors who want to come and invest here in the UK.

**Caroline Flint:** Would the hon. Gentleman be surprised to learn that it was only in 1998 that people were first able to change their electricity supplier?

**Mark Pawsey:** That is a concern, but let us not forget who owned these businesses at the time. In many instances, shares in the utilities were bought by the customers, some of whom have since disposed of their shares—some utilities have been acquired by larger corporations. I agree that the ability to change supplier is important.

The other reason for privatisation was to make the industry more efficient. There is no question but that that happened in the immediate aftermath of privatisation. There were dramatic falls in price. I accept that there has been some consolidation, and it is now important that there is some intervention.

I am a member of the Business, Energy and Industrial Strategy Committee, which has taken evidence on this subject. I am probably the most sceptical member of the Committee, and I needed some persuading of the merits of the Bill. I accept that the market could work better, and other interventions could be made to improve it. I have concerns about the long-term consequences of the cap, and I know the Minister will address some of those concerns in her summing up.

The Select Committee has drawn attention to two key issues: the lack of activity by the regulator in holding the big six—the legacy companies of those that were privatised—to account; and, more importantly, the “feeble” response of the big six to the threat of a cap. It may be

[Mark Pawsey]

that the industry did not take the Government's remarks to heart and that it thought it would get away with it. It is a shame that this legislation has had to be introduced.

As for the market, all customers receive the same product and it is therefore entirely wrong that so many of the big six have a large proportion of their customers on standard variable tariffs—the most expensive rates. I understand that 57% of big six customers are on those tariffs. Of course, it is wrong that those companies should use the high standard variable tariff price to subsidise low prices to attract new customers—we hear of a £300 difference—and in that respect the energy companies have not done the right thing in recent years. One thing they could have done easily was change the description of a “standard variable tariff” to an “emergency rate tariff”, so that consumers were clear that they were on a default rate and that a better rate would be available to them if they were to change tariff. It is wrong that the big six have taken advantage of inertia in that way.

The other innovation that could have been introduced, at the instigation of the regulator, would have been to have a fixed-term contract for the supply of energy, in the same way as people have a fixed 12-month period for their insurance, be it for their home or their motor. If people receive a renewal that is significantly different from the price they have been paying, that in itself is a trigger to shop around. It is a great shame the regulator has not identified and done this, and instead has been far too slow and too reluctant to use the powers it has had.

Switching rates are a useful measure of the effectiveness of the market, and it is great that more and more people are switching. We hear that about 20% switched in the past year. The rate is increasing, but I accept the point that the Minister will make that the figures we see are affected by super switchers. Like my right hon. Friend the Member for New Forest West (Sir Desmond Swayne), who sounds as though he is a super switcher, these people are changing very regularly. We do not need huge numbers of super switchers; we need people to look at and understand their bill, and change when they see themselves at a disadvantage.

I also hope the Minister will address the issue of the detriment that the CMA found—the £1.4 billion. We are looking at a transfer of that sum from companies to consumers, in many cases rectifying the wrongs done to those on standard variable tariffs. One concern is that that detriment exceeds the profits of the energy companies, so the question we might want to ask is: where is that money going to come from? I hope that the action of Government will drive efficiencies, but are those going to be able to be generated sufficiently quickly?

Alternative measures could have been implemented, and one of the first things I would have liked to have seen the Government consider is extending the existing protections for vulnerable customers. We have had protection for those on prepayment meters for some time, and that has been extended to those on the warm home discount. It should not have been difficult to look at Department for Work and Pensions data in order to identify other people who we might consider as being vulnerable and extend those existing protections to them. I am disappointed that we have not looked at doing that.

I am also disappointed that we did not look at more effectively turbo-charging the marketing programme to encourage people to change their supplier or tariff. Some 5.5 million people switched in 2017. If more people exercised the power to which the right hon. Member for Don Valley (Caroline Flint) just referred—the ability to switch—this legislation would not be necessary.

The third issue I wish to raise is that of smart meters, which will empower consumers. It is a great shame that we have not managed that process more successfully and we have not got SMETS2 meters out into the market more quickly, so that people are also provided with the tools to be able to change their supplier swiftly and easily. It is important that the Bill is a short-term measure. It is vital that the sunset clause is in place, and I know that the Minister will be keen to state why that is there. Like other Members, I hope she will address how we are going to identify whether the market is working sufficiently well to make the second term unnecessary. I hope that it will not be necessary and that the action the Government are taking now will cause the energy companies to address the issues and deal with standard variable tariffs.

I wish quickly to address one concern about the possible consequences of the price cap. I am worried that we will see the same as what happened with tuition fees, with suppliers congregating around the cap and there being less incentive for people to change. I am worried that in the short term some of the work we have done to encourage people to switch will be lost as things stabilise. As I have mentioned, I am also worried about the difficulty of removing the cap, and, as I said in my intervention on the Secretary of State, I am concerned about how we can set it at the right level.

As other Members have said, there is currently lots of change in energy generation. I hope that the dynamic nature of the market in generation can be replicated in the market in supply, and that the temporary measure in the Bill will be exactly that so that we can return to an effective, competitive market as quickly as possible.

5.1 pm

**Patricia Gibson** (North Ayrshire and Arran) (SNP): I have long expressed concern and alarm at the way the energy market simply does not seem to work for consumers. I have worked with Members from other parties, most notably the hon. Member for Weston-super-Mare (John Penrose), to try to ensure action is taken on this issue.

The fact that the Bill will impose a cap on the price of the standard variable and default tariffs, at least until 2020 and possibly longer, is good news for consumer, particularly those who do not switch for a whole variety of reasons. The Competition and Markets Authority's investigations found

“a lack of engagement in the markets on the part of many customers, which suppliers are able to exploit by charging high prices.”

Indeed, some 34% of domestic energy customers had never considered switching supplier, with 56% saying that they did not know whether it was possible or did not know whether they had done so in the past.

As we have heard, consumers on standard variable tariffs are much more likely to be older, disabled, on low incomes, living in rented accommodation or without internet access. Those on standard variable tariffs have not seen their bills fall by much when the cost of

providing energy has fallen. Such savings as are available are passed on only to consumers who were active switchers, as we have heard. We have to understand that not all consumers can engage in the switching process, so suppliers clearly need to do more to ensure that customers are not trapped in poor deals. The poorer someone is, the more likely they are to be on the more expensive standard variable tariff, subsidising cheaper electricity deals for the better-off. That cannot be right, and is essentially what has brought us to this point.

People in my constituency of North Ayrshire and Arran are overpaying on energy bills by £5.5 million a year. That illustrates the need for action in the market, but that action is much more urgent than the mooted timetable of winter 2018 would suggest. I absolutely welcome the cap, but I am extremely disappointed that Ofgem has said it will need five months to implement it. We have been told that the cap will be in place for winter 2018, but why not sooner? I am afraid that the perception again raises its head that Ofgem is dragging its feet.

The Bill is indeed welcome, but the focus hereafter must be on fixing this broken market. We must have easier and faster ways to switch suppliers, for those who can and do; we need more transparent energy bills for consumers; and we need to create the conditions for a much more competitive market. Some people propose that we should consider scrapping standard variable tariffs altogether and prohibiting all tariffs without an end date, as they inhibit consumer engagement, but that prompts the question what energy suppliers can and will do to increase consumer engagement, because the figures for switching and the CMA investigations have shown that consumer engagement is severely lacking, for a whole variety of reasons.

Is it not interesting that, since there has been political focus on this matter, with a commitment from all parties to tackle the standard variable tariff rip-off, we now see some energy companies withdrawing this tariff, or seeking to introduce new measures to prevent customers from languishing on it? That shows that, so far, there has been a lack of will to deal with this issue on the part of the bigger companies in particular. However, it is clear that political focus in itself can help to drive change.

I echo the view that was expressed earlier: we must take care that the action taken in this Bill, welcome as it is, does not lead to higher prices in the longer term. We cannot have a situation in which energy providers offset initial price reductions with increases once the cap is removed. We also need to ensure that consumers who are on a cap default tariff do not lose out as market conditions change in the future. When the cap is lifted, we need to ensure that we know what the conditions and criteria for doing so are and that, in the end, we are left with a more competitive and fairer market for consumers. We need to know what the impact of this cap is and to ensure that there will be no adverse impact on a competitive market.

What is done by the Government and the regulator for the period during which this cap is in place really matters. I am keen to hear the Minister's thoughts on this, as we cannot begin too early to prepare for what comes after this cap—whenever it is lifted. We need to know how we can continue to protect consumers and ensure that they have energy deals that are right for them and that they are not ripped off as they have been. We cannot go back to business as usual after the cap

is removed. We need real and lasting change, and this period when the cap is in place is an opportunity to make that change happen.

5.6 pm

**Antoinette Sandbach** (Eddisbury) (Con): It is a pleasure to follow the hon. Member for North Ayrshire and Arran (Patricia Gibson). I agree with many of her comments.

It is quite clear that gas prices fell in the period between the early 1990s and 2001, and bills were down by about £102, but they rose in the period from 2001 to 2015 by about £408. Electricity prices rose 44% between 2003 and 2007. Although I agree that we need to take action, I argue that it this Government who are acting when the previous Government failed to do so. Why do we have to act? As my right hon. Friend the Member for West Dorset (Sir Oliver Letwin) pointed out, it is because of predatory pricing by the big six companies.

**Caroline Flint**: I accept that we are talking about decades—I do not think that the market we ended up with was one that Margaret Thatcher thought that she was creating. The truth is that it was only after 2010 that we had any transparency and could access the data to tell us what was going on with these prices and why the mark-ups were so high. That is an important lesson from all this: transparency in this market is absolutely key.

**Antoinette Sandbach**: I agree that transparency is key, but I do not think that the price rises would have been hidden in the period between 2003 and 2007. Ordinary consumers would have seen—as we all did—what was happening in their bills at that time. I also agree that evidence-based policy making is the best way forward. In instituting the CMA review, David Cameron was not kicking the matter into the long grass; he was getting the evidence that proved that consumers have had a detriment of £1.4 billion. This is the action that is coming out of that inquiry, which reported in 2016. It is right that we are taking action. Which? shows that energy prices topped the list of consumer worries—64% of consumers were worried about their energy prices. I find it puzzling that switching rates are so low—only 18%—given the way that consumers worry about their bills.

On the Select Committee, it was very shocking to hear the high numbers of people on the standard variable tariffs. Some companies had more than 80% of their customers on standard variable tariffs, which is simply unacceptable. It is that predatory pricing by companies where they are using those so-called sticky customers on the higher rates to offer switching rates that new entrants to the market cannot compete with and are therefore squeezed out. The Bill will address that practice, and I welcome that.

There is another area where we need to act. I follow on from the hon. Member for North Ayrshire and Arran in saying that switching is biased towards the A, B and C1 social groupings. Some 29% of those earning over £16,000 have never switched, but this figure rises to 39% among those who earn less than £16,000. As others have said, if people are not switching, they are not able to access the best deals. This cap is needed to protect those on the lowest incomes, but we must also encourage people in those groups to take advantage of the market. They can do so through Citizens Advice. Many libraries

[Antoinette Sandbach]

have computers that people can use to look up deals on the internet. It is important that, as well as the cap, the Government look at how they can reach out to the more disadvantaged social groups—groups D and E—that have never switched and at how they can take advantage of the market.

**Caroline Flint:** The hon. Lady is making an important point. Does she agree that it worth looking at how we could regulate independent brokers who could switch customers—on the customers’ behalf and under their authorisation—to the best deals? That might help these customers, and it could apply not only to energy, but to broadband, mobiles and insurance.

**Antoinette Sandbach:** We are already seeing those kinds of mechanisms with MoneySuperMarket.com and other organisations. However, some are incentivised, getting payments for switching. The Government have given Citizens Advice £100,000 to provide transparency regarding the rates offered and to help those who come to it with debt problems or other problems to switch.

**The Minister for Energy and Clean Growth (Claire Perry):** I am cautious not to make too many interventions because Members are making great speeches, but I am worried that there will be so many questions that I will not have time to respond to them all at the end. I just want to reassure the right hon. Member for Don Valley (Caroline Flint) and my hon. Friend the Member for Eddisbury (Antoinette Sandbach). The midata trial is really important, as it enables people to allow their data to be ported to a third-party website that will then automatically come up with the best deals for them. Ofgem is working on that tool and it should open the way to much more innovative third-party switching services, which we all desperately need.

**Antoinette Sandbach:** We have seen that the cap works for the vulnerable customers who have had their energy prices capped. Although some have gone on to less advantageous tariffs, most have benefited, as shown in the evidence received by the Business, Energy and Industrial Strategy Committee. I agree with others that smart meters will revolutionise how we deal with not only energy, but perhaps other services. The cap is a temporary measure and is only needed as one. I add my voice to the others who called on the Government to ensure that loopholes on green tariffs are not used to game the legislation. The Bill has expanded the exemptions to include the safeguard tariff and those explicitly chosen by consumers, and the Government have strengthened the language relating to green tariffs.

I, too, call on Ofgem to act. I am afraid that I do not take the view that we needed this legislation. I would argue that Ofgem had the right to protect consumers without it, but I welcome the fact that the Government are acting to ensure that we address the clear problems in the market, particularly predatory pricing. This is about getting access to tariffs and the switching mechanism for those who need it. We should encourage those people and reach out to them, whether through Citizens Advice or how they sign on for their benefits. We clearly need to enable data sharing, so that energy companies can quickly identify vulnerable customers.

**Patricia Gibson:** Will the hon. Lady give way?

**Antoinette Sandbach:** I must sit down soon; I have taken many interventions.

We must make data far more available to allow more competition in the market. That is where the Government’s policy differs from that of the Labour party.

5.14 pm

**Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): It is a pleasure to follow my Select Committee colleague, the hon. Member for Eddisbury (Antoinette Sandbach), who made a number of important points, not least about reaching out to those who are not in the AB group. My hon. Friend the Member for Kilmarnock and Loudoun (Alan Brown) covered many of the aspects of the Bill in detail. My hon. Friend the Member for North Ayrshire and Arran (Patricia Gibson) also picked up on many of the issues.

One of the great pleasures of such a debate is that there is great consensus around the Chamber, but when we speak late in the debate, we find ourselves saying, “There are some things I want to repeat.” I will try to avoid that, because while welcoming the proposals, I want to highlight how much more there is to do to protect people with regard to energy costs.

I speak as a member of the BEIS Committee, and it was very clear to us that there are significant failings in the consumer energy sector and that intervention is needed, as consumers continue to get a raw deal. The alternative proposals from the consumer energy players were quite simply too little, too late, and it has become necessary to take action. Ofgem and the energy companies should not continue to make the same mistake on issues affecting consumers.

One of those issues is particularly important to constituents in the highlands and islands—distribution charges. In the highlands and islands, consumers pay 4p per unit more on restricted meters, so the average consumer is about £400 worse off. The need for the price cap, as with distribution charges, highlights the failure of the big energy companies to take positive action to protect vulnerable customers in constituencies in the highlands and islands and in other rural constituencies. The costs for people there are already higher. Many are off the gas grid. Many have to use much more electricity. The weather is colder. Income is often lower. There is a continuing, deepening crisis of fuel poverty, putting a weight on the backs of those already suffering straightforward poverty, especially those having to claim universal credit. We have seen some of the most severe cold weather in the past week. Who suffers more when it is cold? The poor, the vulnerable and the disabled. Although the cap is welcome, it is not a panacea, and much, much more needs to be done.

**Antoinette Sandbach** *rose*—

**Drew Hendry:** I am happy to give way.

**Antoinette Sandbach:** I am very grateful—

**Mr Deputy Speaker (Sir Lindsay Hoyle):** Order. Can I just help a little bit? We have asked Members if they can do up to eight minutes, and some people are stretching

that, but the hon. Lady has just spoken and is intervening again. I know it is part of the debate, but I want to make sure that those wanting to speak at the end have not been sitting here for no reason.

**Antoinette Sandbach:** I will keep it brief, Mr Deputy Speaker. Does the hon. Gentleman agree that energy efficiency measures are key in this regard?

**Drew Hendry:** Yes, absolutely. There needs to be an acceptance that this is just one measure and there are many more measures—including on energy efficiency, which should have had much more attention from the Government.

There remains a need to remove legislative obstacles to data sharing for vulnerable customers to give them better consumer protection. There also remains—

**Patricia Gibson:** Will my hon. Friend give way?

**Drew Hendry:** Yes.

**Patricia Gibson:** I will make a very brief intervention if I may, Mr Deputy Speaker. As I said in my speech, we are having this debate because of the loyalty penalty that people pay. We see this in the energy industry, the insurance industry and a whole range of industries. Does my hon. Friend agree that we need more Government regulation across industries to stop people being punished for being loyal to their providers, whatever the market?

**Drew Hendry:** I absolutely agree. To assist, Mr Deputy Speaker, I will take no more interventions during the rest of this speech.

As I said, we need data sharing for vulnerable customers to give them better protection. There remains a risk, as was highlighted by the hon. Member for Rugby (Mark Pawsey), who is still in the Chamber, that suppliers may just increase their lowest prices to maintain profit. We will all be watching carefully to see how they react.

So what must now be done? In Scotland, the SNP Government are providing resources for financial health check-ups to help pensioners and those on low incomes to make the most of their money and to secure the best energy tariffs. The UK Government will, I hope, follow suit.

We call on the Government to place a new duty on energy companies to set out a clear timetable for reducing the number of people on prepayment meters, to implement the Competition and Markets Authority's call to reduce the costs for households and to introduce a requirement for energy companies to prioritise the roll-out of new-generation smart meters to households at risk of fuel poverty. That can all be done in short measure.

When it comes to disabled people, even more action is needed. Disabled people face higher energy costs because of issues related to their impairment or condition. Those extra costs have a detrimental impact on disabled people's financial resilience and ability to fully participate in society. The price cap goes some way, but the UK Government must now put in place longer term plans alongside the price cap to improve support for disabled consumers, including increasing accessible communication and digital inclusion and, as I mentioned earlier, building on more effective data use.

The challenges for disabled people are that they have no choice but to consume more. They have limited mobility, use more heating to stay warm and run additional technology and equipment. Over a quarter—27%—of households with a disabled person spend more than £1,500 a year on energy, and nearly 800,000 households across the nations of the UK spend more than £2,500.

There must be a different way to deal with this. In Scotland, the Scottish Government have announced a publicly owned energy company, supporting efforts to take fuel poverty and climate change targets seriously. We will provide people, particularly those on low incomes, with more choice and the option of a supplier whose only job is to secure the lowest price for consumers and who looks after the wellbeing of those who lack the confidence or ability to engage effectively in complex energy markets. That will also allow us to deliver on broader energy ambitions for renewable generation and the maximisation of community benefit. By the end of this parliamentary term, the conditions will be in place to meet the set-up challenges.

In welcoming the Bill, I once again stress that this action comes too late in the day for many. Progress on helping hard-pressed consumers must now be much more rapid and effective, especially for those who are hurting the most.

5.22 pm

**Rebecca Pow (Taunton Deane) (Con):** I am pleased to follow so many eloquent speakers, almost all of whom agree that this is a very sensible Bill.

I would like to begin with a question: can it be right that customers purchasing energy from the big six for some of the most basic things in life—simply keeping warm, making a cuppa, cooking the supper or running the washing machine—collectively paid some £1.4 billion more than they ought to have done between 2012 and 2015? In 2016, that figure escalated to almost £2 billion. As we have heard, that was the conclusion of the Competition and Markets Authority's energy investigation. I am pleased to say that the Bill is intended to rectify that, which I am sure you will agree, Mr Deputy Speaker, is eminently sensible. Why? Because it is in the interests of fairness, of delivering for the customer and of giving better value to many people who quite frankly have been taken for a ride and have been paying over the odds for the self-same energy supply that others have got cheaper. In reality, they have been taken advantage of, as the hon. Member for Ynys Môn (Albert Owen) said.

We would not think that it was possible, but how has it happened? What we might call "active customers" are on the ball and save money by switching continuously, according to the prices on offer. Those people can save up to £300 a year by hunting out the cheapest deals. However, as we have heard, not everybody does that. Indeed, five out of every six households did not switch energy supplier in nearly a year between October 2016 and September 2017. That adds up to a cool 11 million households, although I am pleased that 4 million vulnerable households have been helped with an absolute price cap on prepayment meter tariffs.

The people in these 11 million households are on standard variable tariffs. They do not chop and change, but stick with the initial supplier. How are they rewarded for their faithfulness? By paying over the odds by up to

[Rebecca Pow]

£300 in a six-month period. That is itself a far from fair state of affairs, but it is even more scandalous that many of those staying on standard variable tariffs are those who can ill afford to do so. A high proportion of them are elderly. That is especially pertinent in a county such as mine, Somerset, where there is an ageing population. Between 1984 and 2014, the number of people aged 85 or more in Somerset increased by an incredible 170%, which is more than 18,000 people. The number of people aged 75 or more is projected to double in the next two decades, and the fastest-growing group is men aged 80 and over.

Those people should not be targeted and taken advantage of because they are not au fait with modern technologies such as surfing the internet to find cheaper energy deals. I am standing up for the elderly in particular—I run an older generation fair in Somerset, where I talk about these and many other things—and I believe that the Bill will definitely benefit elderly people in rural areas. We have a very high proportion of elderly people: two thirds of people in Somerset are over 65, and I believe that many of them will benefit from the Bill. Picking up the phone or checking on the internet is just not on many people's agenda. A lot of them are already struggling to make ends meet, so we need to do everything we can to help them.

At the other end of the scale, the many young people who are renting accommodation also fall into the category of those on standard variable tariffs—they are often restricted from swapping energy suppliers by their landlord. I believe that the Bill will benefit them as well.

There is another category of people who are affected, whom I call the “mid-rangers”—my hon. Friend the Member for Weston-super-Mare (John Penrose) mentioned them—and I put myself and my family in that category. These people are really busy: they are working all day, and when they get home they are caring for their kids and they have to cook the dinner, take the dog for a walk and do all those other things. Are they really going to say, “I know what I'll do tonight—I'll pick up the phone or go on the internet to see whether I can get a better energy deal”? Truly, they do not do that, and they are the ones on SVTs.

I really believe that setting an absolute cap is a very sensible way of helping people in all those categories. It is not a price freeze, but a cap, as has been well pointed out. Ofgem will be given the task of making it work effectively, with a formula, and it will be responsible for setting the cap. I urge it to be transparent in doing so, because there must be no loopholes for big companies to game the system. It is absolutely imperative that companies do not take advantage of the cap and then raise all their bills to the top level; we have also heard much about that.

Ofgem will have a duty to report regularly on whether the whole system is to be expanded. The system is meant to be temporary, which is absolutely right. It is an artificial lever to control the market for a short while, and it is being applied in the interests of the consumer. I believe that this is the right way to go, as it will still enable competitiveness in the market, which is absolutely essential. We want the market to work better for everybody by continuing all the advances that are under way, such as smart meter technology and data-driven technology.

If the market is made to work more efficiently, there will be more money for all companies to invest in renewables and to achieve our clean growth strategy.

On that note, I want to say that if we are talking about fairness in energy and better deals for customers, new technologies will play a very important part in the future direction of travel. Focus needs to be placed not just on energy efficiency, but on cutting the energy that is wasted, because a real concentration on such things could save consumers half their winter energy bills. I will give a couple of quick examples of gadgets that could be used. There is a small device—1.5 square inches in size—called Margo, which I saw only yesterday at the sustainable energy event in Parliament.

**Claire Perry:** Yes—very good.

**Rebecca Pow:** I believe the Minister opened the event. This gadget listens to the amount of gas in one's meter and can hear how much gas is being used, and it has shown that customers are being overcharged by £40 to £50 a year because they are not being metered correctly. That is £1 million for all the people in Taunton Deane. The other gadget is a stored passive flue device, which uses waste heat from the boiler to heat water before it goes into the boiler so that it does a lot less work. It can provide a whole tank of hot water that can be used for other things. Overall, it will save the consumer money. [Interruption.] People are coughing to get me to wind up, but those new technologies are incredibly important and will play a part in the good work the Government are already doing on their clean growth strategy, cutting our emissions, reducing fuel bills and giving consumers a better and fairer deal. At the heart of that is the Bill, which I fully support.

5.30 pm

**Albert Owen (Ynys Môn) (Lab):** The hon. Member for Taunton Deane (Rebecca Pow) is right to say that we have heard many good speeches, including from Members who took part in the pre-legislative scrutiny of the Bill by the Business, Energy and Industrial Strategy Committee. It produced a unanimous report, and I am pleased that the Government have taken on board the recommendations in it, because the Committee did a thorough piece of work.

I have supported and campaigned for an energy cap for many years. I am pleased that it will be introduced, and I will support the Bill tonight, but it would be wrong to say that it is a panacea: it is not. Many other pieces of work need to be done. I hope—I will work with the Government on this—that during the period of the price cap, we will look at other parts of the energy market, which the Prime Minister rightly described as “broken”. People are getting ripped off by, for example, transmission and distribution costs, because we have private monopolies running those sections of the energy market. It is right that we have the Bill, because the market has not worked.

I want to say something contrary to some of my colleagues on the Committee who have blamed the regulator. I have been on the Committee for many years, since it was the Energy and Climate Change Committee, and the regulator has done some good work. The first thing it did, as my right hon. Friend the Member for Don Valley (Caroline Flint) pointed out, was to ensure that consumers had greater transparency in their bills,

so that they could see the unit prices. Before, those prices were hidden and people did not really know what they were being charged. The energy companies blamed the fact that wholesale costs had gone up, so they had to put their prices up. There is a new regime in Ofgem that is doing more impressive work in looking after the most vulnerable. When the chief executive gave evidence to the Committee he had the honesty to apologise for not doing enough, and that was the right approach.

Successive Governments have not done enough either. We have a huge responsibility to look after the most vulnerable energy users. As individual Members we must scrutinise the Government, but they must do more. When I was on the Energy and Climate Change Committee between 2010 and 2015, I was fed up of Ofgem coming to one session and saying that it did not have enough powers, and the Government would not give it more powers, and then a Minister—they changed regularly—coming to another session and saying that the regulator had enough powers. It was a missed opportunity, and we are much better placed now.

We put too much emphasis on switching as a panacea. As other hon. Members have said, a low number of people switch. It is not an easy thing to do. People are very busy, and vulnerable people may have two or three jobs. The last thing that they want to do is spend hours and hours on the line to a call centre to switch. That approach did not work, for many good reasons. I remember the Secretary of State in the coalition Government—the right hon. Member for Kingston and Surbiton (Sir Edward Davey)—saying that switching was the great answer. David Cameron, as Prime Minister, accepted that, and the issue was kicked into the long grass. I am glad that the CMA produced its report, but its predecessor, the Office of Fair Trading, held many inquiries and did not do a good enough job of helping people. I am pleased that we are better placed now. The role of the regulator is important, and it is now more proactive and helpful.

My hon. Friend the Member for Southampton, Test (Dr Whitehead) was a member of the Committee that pushed for measures on prepaid meters, which were affecting the most vulnerable. The energy price cap for prepaid meters has worked in helping to reduce their energy costs. There was a fear that the energy companies and suppliers would go up to the highest rate, but that has not really happened. I am therefore pleased to support the cap in the Bill, and I am pleased that there is a sunset clause.

Changing the behaviour of energy companies is essential. In the past, they have been playing the system while blaming others. They have always said that transmission costs are too high and fixed, and that they are vulnerable to wholesale costs. We had a situation, particularly from 2008 to 2014, described as “rocket and feathers”: prices rocketed, but when the price of crude came down there was only a trickling down or “feathering” in the cost of people’s bills. That situation has been exposed through tariffs, which has been important.

Transmission and distribution costs account for as much as 25% of people’s bills. The distribution companies are private monopolies, as is National Grid for transmission. There is no competition in that part of the sector. When we talk about a broken sector and free markets, we must remember that in many areas the market is actually restricted to one company. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) rightly talked about the peripheral areas of the United Kingdom,

many of which are off-grid, paying more for their energy. People who are off-grid do not have the option of dual fuel payments, so they are paying a lot for either off-mains gas or oil.

**Stephen Crabb:** The hon. Gentleman is making an important point about rural consumers who rely on off-grid gas and liquefied petroleum gas supplies. There have been inquiries into how that market functions. Is he satisfied that it is working fairly for rural consumers in Wales and the rest of the UK?

**Albert Owen:** No. I think more has to be done. I hope that the energy cap sunset clause will enable us, working with the Government and the regulator, to consider greater reform of the energy market so that we can prioritise helping isolated communities. I want to highlight the excellent work of Citizens Advice and many other groups. In my constituency and, I am sure, in the right hon. Gentleman’s, energy costs are a big issue in the citizens advice bureau’s casework, because of the price of oil in rural constituencies.

There is an answer to the monopoly status of the transmission and distribution companies: greater competition from not-for-profit organisations that reinvest in infrastructure. Welsh Water is a not-for-profit organisation. It has competition within it, because it puts its contracts out to tender. It is not a monolithic public monopoly, but a not-for-profit organisation that values its customers first and foremost. I know that the Minister will refer to the Government review of transmission costs. We have not had a response to that yet. I will support the Bill, because I have been campaigning for it for years. I do not think it is a panacea in itself, but together we can help vulnerable and non-vulnerable customers who have been ripped off for too many years.

**Several hon. Members** *rose*—

**Mr Deputy Speaker (Sir Lindsay Hoyle):** Order. There are 10 speakers left, so I suggest that they speak for six minutes each.

5.39 pm

**Bill Grant (Ayr, Carrick and Cumnock) (Con):** It would be prudent at this time for me to thank the Business, Energy and Industrial Strategy Committee for its hard work and its contribution to the Bill. I wish to refer to what the hon. Member for Leeds North West (Alex Sobel), who is no longer in his place, said earlier about paying with meters. He appeared to think that they came along with privatisation, but I can go back to the 1950s and 1960s, when meters took a shilling, which is the equivalent of 5p today. Prepayment meters have been with us for quite some time.

When competition works, it delivers the best for consumers, shareholders and the Government alike, and over the past two decades, energy utilities have secured significant investment. It would be a mistake to damage the market that has evolved in recent decades or distort it unnecessarily by introducing state-owned or publicly owned suppliers. That would jeopardise public investment, cost the taxpayer significant sums and lead to the loss of corporate tax receipts. That approach would, in my view, be folly, given that this Conservative Government have already worked hard, and continue to do so, to ensure that the market is more competitive.

[Bill Grant]

The number of energy suppliers has increased fourfold, from about 13 to 50, since 2010, giving the consumer a much wider range of options should they choose to take them. The advent of smart meters will in due course make energy bills more accurate and pricing more transparent, although I concede that there is some way to go to secure the installation of about 53 million such meters by 2020, which is an ambitious target. By working with Ofgem, which has rightly come in for some criticism this afternoon, and by harnessing the power of the internet, the Government will make it quicker and easier for consumers to switch suppliers, which should reduce their energy costs.

There is a large group of over 5 million active consumers who are willing to use their options to secure the best deal, as was referred to earlier in the debate. Almost one in five United Kingdom households are switching supplier each and every year. The big six are having to work much harder and offer better deals to retain that group of important customers and to compete for their loyalty. However, there are people who, for whatever reason, still do not switch. The non-switchers, who include some of the least well off and the most vulnerable in society, remain for the most part a captive market for the large and dominant suppliers. A form of two-tier market has inadvertently emerged, and those households tend to be on high-cost tariffs.

Our aim as Conservatives must be to create a competitive market that is fair to consumers and to the suppliers, and in which the big six cannot rest on their laurels and prosper—and they have prospered—by inflicting higher charges on those who can least afford it. Encouraging switching does go some way towards achieving that, and we should certainly continue those efforts, but in the meantime we also need to protect the very large group of non-switchers.

The Conservative manifesto proposed the introduction of a safeguard tariff that would protect consumers on the poorest-value tariffs, and I am pleased to support this Bill, which honours that commitment. Indeed, I commend the Government for driving forward their promise to deliver lower fuel bills for millions of customers. This temporary cap, which is not a freeze, as has been said often today, will ensure that 11 million or so customers on a standard variable tariff will, delightfully, no longer have to pay an inflated price for their gas or electricity. That can only be good news for constituents in Ayr, Carrick and Cumnock and throughout the United Kingdom. It is not a distortion of the market, but a corrective measure.

In 2015-16, it was estimated that domestic customers in the UK supplied by the big six paid almost £1.5 billion more than they would have done in a properly functioning marketplace. It is clear that the marketplace is not working, but it will work better, because the Bill will help to reduce that figure and bring prices into line with what they should be in a properly functioning market, while letting the market continue and even flourish within the confines of the cap.

In conclusion, as a Conservative, I believe in the free market, but like many, I recognise that there are times when it can fall short, and this is one of those occasions. It is then the Government's responsibility to listen, step in and make the necessary reforms and regulations to ensure that the market works well for as many people

as possible. The Bill will ease the unfairness and yet allow the market to prosper. I am pleased to support it and, in doing so, note that the cap will cease by the end of 2023 at the latest, but there is the opportunity for it to end in the near future, in 2020.

5.44 pm

**Ben Bradley (Mansfield) (Con):** It is a pleasure to follow my hon. Friend the Member for Ayr, Carrick and Cumnock (Bill Grant). I support the Bill, because the energy price cap will help to ensure that overcharging for energy use is brought under control, which will support some of the most vulnerable people in our society and in my constituency.

Allowing the independent regulator, Ofgem, to cap energy tariffs until 2020 will mean that an absolute cap can be set on poor-value tariffs. That will help to protect the 11 million households on low standard variable or default tariffs who are not protected by existing caps. As hon. Members have said, the difference between the cheapest tariff and the average standard variable tariff from a big six supplier is about £300 a year, and it has been at about that level for the past six months. That is an awful lot of money for constituents in some of the poorest parts of our region, as well as others in the UK. The Competition and Markets Authority's recent investigation into the energy market found that the domestic customers of the big six energy suppliers pay on average £1.4 billion a year more than they would in a truly competitive market. I do not think that there is any argument in the House about the fact that the market is not truly competitive.

Although I believe that promoting competition is generally the most effective way to ensure that customers receive the best value in their service, I welcome the fact that the Government are prepared to act when it becomes apparent that markets are not working for consumers. As colleagues have said, the technological advances that will improve the market are not happening fast enough to support vulnerable people now.

The Government made a manifesto commitment to extend the price protection that is currently in place. I welcome Ofgem's commitment to protect a further 1 million families from expensive standard variable tariffs for the first time, taking those protected to a total of more than 5 million people. Despite that, however, not all consumers on the most expensive tariffs are helped. As my right hon. Friend the Secretary of State suggested, it is not enough just to support people who have ticked the right boxes for vulnerability on paper. We must support all vulnerable people and others who are being overcharged to the detriment of their standard of living.

The Bill strikes the right balance by protecting those on standard tariffs while ensuring that energy customers who shop around and switch suppliers can find the best energy deals. I am confident that the Bill will also ensure that Ofgem can set a cap that will enable suppliers to compete effectively. It is obviously vital that that is set at the right level, and that the outcomes are measured and reviewed. There is an interesting discussion to be had about how that will work, which I shall come on to later.

It is right to highlight, as many colleagues have, that this is a cap, not a freeze. Companies will still be expected to compete below the cap to attract customers, just as they were before. Nobody will be prevented from

reducing their bills by switching supplier or changing tariff, and energy companies will still be able to pass savings on to consumers when possible. It is also important to acknowledge that the price cap is intended as a temporary measure while innovations such as smart meters and more reliable switching are fully rolled out. It is not always easy to switch. Even in my own house, my wife and I are trying to work out why the bills are so high—is it an appliance, are we doing too much washing, are we drinking too many cups of tea, or is it my tariff? That is not easy to work out without a smart meter, but my energy supplier will not give me one, so it all gets very complicated.

It is important that we take steps now until such services are available so that people can switch quickly and easily. There are provisions to ensure that the cap is set at a sensible level and reviewed regularly, and Ofgem will have to consult on how to calculate the level of the cap. The cap will also have the flexibility to go up and down depending on market conditions, and I agree with my right hon. Friend the Member for West Dorset (Sir Oliver Letwin) that it should be a formula, not a number.

I support initiatives that help to encourage consumers to switch energy suppliers and, of course, I support a competitive energy market. The number of suppliers has increased from 13 to more than 60 since 2010, which can only be a good thing. My right hon. Friend the Member for Harlow (Robert Halfon) mentioned Robin Hood Energy in Nottinghamshire, which is a great local example of a new, competitive company delivering lower prices.

It is people who do not have the means to call around asking for different energy quotes or do not have access to the internet, including elderly people who perhaps do not feel confident using price comparison websites, who suffer the most under the current system, as well as families who have too much on ever to get around to switching. Ofgem's recent survey found that vulnerable consumers were the most negatively affected by the market, and I am sure that no one in the House supports that situation.

The number of consumers switching energy suppliers continues to be notably low. It would be great if that was because everyone was happy with their bills, but I am not sure that any of us believes that that is the case. Citizens Advice assisted more than 74,000 people with issues related to fuel last year, which again shows that the market is not functioning as well as it should, and it is great news that that organisation has offered its support to the Bill.

The Bill has huge potential to benefit the most vulnerable customers. If it achieves Royal Assent by the summer, the cap can be in place by next winter, providing protection for my constituents in Mansfield and millions of customers across Britain. It is therefore very important that we crack on and deliver it.

5.49 pm

**Mr Simon Clarke** (Middlesbrough South and East Cleveland) (Con): I am grateful for the opportunity to make a few brief remarks in a debate that has been perhaps the most consensual in which I have participated since my election last summer. I pay tribute to the Minister, and also to my hon. Friend the Member for Weston-super-Mare (John Penrose), who has done so much to ensure that the Bill is indeed a reality. It is

certainly needed. In a winter in which we have been reminded of just how bad the British weather can be, and just how much we rely on our ability to heat and light our homes, too many of our constituents are being taken for a ride by their energy suppliers. Millions of so-called sticky customers, many of them elderly and on low incomes, are stuck on poor-value default tariffs and, as a result, pay more for their energy than they need to. In a deprived constituency such as mine, the case for change is clear. In June 2016, the Competition and Markets Authority found that consumers were being overcharged by about £1.4 billion a year. That is not fair. It is bad for consumers' finances, and it is bad for trust in the energy market. I was therefore pleased to see this measure included in our election manifesto last year.

It is important to understand how the Bill will work, and it is also important to understand what it is not. As was pointed out by my right hon. Friend the Member for West Dorset (Sir Oliver Letwin), it is not the crude measure proposed by the right hon. Member for Doncaster North (Edward Miliband) in the good old days when he led the Labour party. He proposed a straight-up freeze on energy tariffs: a blunt proposal with insufficient scope to deal with natural price fluctuations. In contrast, the Bill will implement not a freeze but a cap: a cap set on standard variable and default energy tariffs.

Competition still lies at the heart of our vision for the energy market, and that must be the right way forward. However, those who are less able to switch will no longer be at the mercy of rip-off merchants. This is not a permanent solution, but it will buy time for the ambitious programme of reform that the Government are delivering to take effect. The provision of faster, cheaper and more reliable switching, backed by smart meters and simpler, clearer energy bills, is an essential step that was proposed by the Competition and Markets Authority and is now being introduced by Ofgem. In the meantime, a temporary cap must be a good idea. It will promote choice while also ensuring that the energy market works for everyone.

That is an infinitely more progressive approach than the one proposed by Labour Members. The Centre for Policy Studies has shown that Labour's plans to renationalise our energy network would cost up to £185 billion, exploding the deficit and leaving every household in our country facing a bill for thousands of pounds. Putting the cost aside, however, I challenge Labour Members to tell us where is the evidence that the state would suddenly develop the all-seeing wisdom that would enable it to know how best to price what is an immensely complex and fast-changing market. We know from the Government's reforms of the way in which we produce our energy that it is far better for Governments to set an enabling framework, and then to let the market shape itself according to innovation and demand. If we relied on the state to direct how we generate our electricity, we would still be relying on dirty coal today, rather than enjoying subsidy-free solar and offshore wind. Of course, as we noted from their shameful early-day motion, tabled a few weeks ago, too many Labour Members would rather like that, but at best we would have a series of Hinkley Points. I will not take lessons from Labour Members about embracing the merits of outright state control and the direction of prices.

Is the Bill perfect? I must say that I wish it were not necessary. I did not come into politics to cap prices, and I do not believe that the state is generally particularly

[Mr Simon Clarke]

adept at doing so effectively. However, we are where we are. We have a market that is not working for some of the most vulnerable people whom we serve. I am a great believer in not making the best the enemy of the good. A price cap is what my constituents need and want, a price cap is what we promised to deliver, and a price cap is what I will vote for tonight.

5.53 pm

**Jack Brereton** (Stoke-on-Trent South) (Con): As a number of Members have said, the issue of domestic gas and electricity supply is particularly pertinent following the recent extreme weather. The cost of that supply is always hugely important to our constituents, not least because when the mercury drops and blizzards swirl, it an absolutely necessary and unavoidable cost.

Like all other Members, I receive letters and surgery visits from people who struggle with their bills, struggle to understand the tariff choices available, or struggle with access to the internet and the comparison websites that might help them to reduce their domestic fuel bills. I recently hosted an energy-switching surgery with our local citizens advice bureau to help more people to switch to the best deal.

According to the latest figures available, the Office for National Statistics considered 12.3% of households in my constituency to be fuel-poor in 2015. Thankfully, that was a great deal less than the 23.3% of households who were fuel-poor in my constituency back in 2010, but there is clearly still more work to do. Similarly, while the Office for National Statistics reveals that the percentage of households in Great Britain with internet access has increased dramatically over the last decade—from 60% to 90%—there are still in Stoke-on-Trent, according to the city council's digital inclusion strategy, about 15,000 households without internet connection and 7,000 without a mobile phone. That matters, because one of the driving forces behind the need for the temporary tariff cap under the Bill is the reluctance of consumers to switch, or the inability to do so with ease and convenience. The Bill matters to Stoke-on-Trent's digital inclusion strategy because a temporary cap would give us the breathing space that we need to take the measures planned locally that will get the market for energy functioning more freely online than at present.

Great efforts have been made to ensure the domination of the market by Blair and Brown's big six does not mean that new entrants are perpetually crowded out. They demonstrated what Labour does in power: it quashes competition. It now wants to go further, as we have heard from the Leader of the Opposition, by nationalising the energy market at huge expense to taxpayers, eliminating all consumer choice that would allow people to shop around and get the best price. It is greatly to the credit of this Government and their coalition predecessors that the number of suppliers has increased from just 13 in 2010 to 60 now, and that the dual fuel market share of independent suppliers now runs at 22%.

The nudges towards greater competition are not working for everyone, however. The £1.5 billion premium—the difference between what people would be paying in a fully functioning market and what they actually pay—identified by the Competition and Markets Authority

in 2016 is a shocking figure. Just as we are taking measures locally to improve consumer engagement in a competitive market—not least with my own free energy guide for constituents, which I recently published—it is right that the Government continue to roll out measures to increase competition in the breathing space that a temporary tariff cap can and will bring.

As a consumer, the rigmarole of changing an energy supplier involves psychological barriers that everyday retail markets—like going to the shops—do not share. The sclerotic consumer side of the energy market also effects psychological disinhibition on the producer side, by which I mean that energy suppliers feel able, and indeed entitled, to take their customers for granted in a way that suppliers in fully functioning free markets do not. As Octopus Energy puts it in its briefing for this debate, in a healthy market, consumers who shop around for the best deals keep prices low for everyone.

I would go further than Octopus Energy: in healthy markets, consumers who are loyal are rewarded, not ripped off. In the very healthy market of coffee houses, for example, suppliers might well attract new customers with flyers or vouchers, but they also tend to take care to reward loyalty over caprice. That point is well illustrated by the fact that even the House of Commons has a loyalty card for tea and coffee. Huge energy corporations with loyal customers have no excuse for treating loyalty with contempt.

My tests for this Bill are that it should motivate more consumers to be confident switchers, that it will require suppliers to provide the customer care that loyal consumers would expect in a fully functioning market, and that it will spur the regulator into action as the consumers' champion. I am confident that it will.

I will be glad to receive assurances that the long-term ambition for energy policy is not just a reliance on short-term caps. The long-term interests of consumers are best served by the freest possible markets with the greatest possible competition. Looking to the future, there is great potential for new energy sources and new firms in the market. In the renewables sector, costs are coming down. In the nuclear sector, innovative new technology promises unthought-of energy security if we get the policy framework right, taking pressure off the gas network as our primary source of energy. An energy tariff cap cannot become a comfort blanket against embracing sectoral change in the decades to come, even if a temporary cap is a necessary safety net in the immediate months ahead.

In conclusion, the market for household fuels does not function as well as we would hope. It needs to become more competitive, more consumer-focused, and easier to enter for new firms on the block. The Bill will provide temporary respite from the more egregious excesses of the big energy firms that fail to reward loyal customers. It opens a clear window of opportunity for further action in boosting market information, digital access, competition and security of supply. I support the Bill in principle and as part of a wider approach to fixing the problems in our wider energy market.

6 pm

**Richard Graham** (Gloucester) (Con): What a pleasure it is to contribute to the debate, because there is so much to respect about the process by which Ministers have guided the Bill forward. It starts, of course, with

the crucial truth that many of our constituents feel strongly that their energy bills are not fair. From there, similar solutions were set out in the two largest parties' manifestos. We had the report from the Competition and Markets Authority, the letter from my hon. Friend the Member for Weston-super-Mare (John Penrose), which I supported very early, and the Business, Energy and Industrial Strategy Committee's report and pre-legislative scrutiny. Today we have seen an unusual cross-party consensus, echoed among Opposition Members by the hon. Member for Leeds West (Rachel Reeves), the right hon. Member for Birkenhead (Frank Field), the hon. Member for Ynys Môn (Albert Owen), the right hon. Member for Don Valley (Caroline Flint) and the hon. Member for Harrow West (Gareth Thomas), and by all my colleagues on the Government side of the House. This has been a model of how to build support, not least because we all want to do something to help so many of our constituents.

Interestingly, the Bill does not target the most vulnerable, because broadly speaking they are already on fixed or prepayment tariffs, which are already capped. The Bill provides for a temporary, absolute cap for 20 months, starting in time for the winter of 2018-19—I know that it feels as though we are still in the winter of 2017-18—which will affect a slightly different category of our constituents: the 11 million who are on standard variable tariffs, many of whom have been on them for many years, paying roughly £300 more a year than they need to. There are twice as many of our constituents on such tariffs as there are switchers.

I wish we had the data on standard variable tariffs. I believe that the Government's statutory instrument will make the data available—I hope that the Minister can confirm this—so that we can see what the details actually are in our constituencies. My guess is that in Gloucester, which is part of the huge west midlands energy region, about 25,000 of my constituents are on standard variable tariffs. What we do know from the west midlands energy statistics is that 20% of electricity customers and 34% of gas customers are actually served by their legacy supplier, and have therefore been on a standard variable tariff for a very long time.

I also guess that many of our city's hard-working residents—we have the fourth highest employment rate of any city in the country—who are on relatively modest salaries, with an average salary of around £25,000, do not have enough time to switch. The Bill will therefore have the greatest impact on hard-working families and individuals, and it will enable them to budget for their family's biggest cost after council tax. It is to them that the Bill is effectively dedicated.

There is a bit of an urban myth among Opposition Members that nationalisation is the real answer, but that is simply not backed up by history. We know that when energy companies were owned by the state, there were twice as many power cuts as there are now, and we know that energy prices fell after privatisation, only to rise between 2000 and 2008—we know which party was in power then—due to lax control of the regulatory environment.

What is needed today is for the balance of interests between the Government, the regulator, energy companies and customers to work above all for customers—our constituents. The Bill sorts the one major issue for 11 million people—the standard variable tariff—for now,

and allows the Government and the regulator to focus on how in the longer term we use innovation, better smart meters, better and easier ability to switch, and a greater use of renewables to ensure that the energy market works as best it can.

6.4 pm

**Peter Aldous** (Waveney) (Con): Going through the briefings that I have received from various organisations representing both consumers and suppliers, it is quite clear that there is universal recognition of the problem that the Bill seeks to address: market failure. There is almost universal support for the Bill on those grounds, and for that reason I am also extremely supportive of it. However, as we have heard, it is important to say that this Bill is not a panacea for all our ills and that the hard work does not stop here.

Citizens Advice is supportive of the Bill and sees it as a vital first step towards ensuring that consumers on default tariffs are no longer ripped off. Scope highlights the fact that disabled customers face higher energy costs for reasons related to their impairments and conditions, and it is of the opinion that the Government should also put in place a long-term plan to address the barriers that disabled customers face. First Utility, a challenger supplier, is also supportive, but it highlights the need for serious consideration of the level at which the price cap is set, for a level playing field for all suppliers and for consumers to become more active players in the market instead of them sitting back and becoming more passive. uSwitch has concerns in principle and believes that any price regulation should be light touch and in place only for the minimum time necessary.

I sense that we are moving in the right direction, but I do have one concern nagging me at the back of my mind about the possible unintended consequences. I hope that the Minister will be able to address my worry about a negative knock-on impact on investment in the energy supply sector. While I recognise that there is a strong element of "They would say that, wouldn't they?" I take note of the worry raised by both the CBI and Centrica that the CMA should consider appeals against Ofgem's decisions, rather than them being pursued through the courts by way of a judicial review, as the Bill currently proposes.

A revolution is taking place in the energy supply sector as it is decarbonised and decentralised and as more renewables come on stream. That welcome process requires an enormous amount of investment, and the Treasury has identified over £250 billion of energy investments that will be made in the early 2020s. We need to ensure that that investment keeps taking place in the UK. Such investment is beginning to bring significant benefits to East Anglia and my Waveney constituency, with numerous projects planned in the southern North sea, including the opening up of marginal gas fields and decommissioning. In offshore wind, 11 wind farms are either operational, under construction or planned off the East Anglian coast, with a total capacity of 8.7 GW. As I chair the all-party parliamentary group on energy storage, I should also highlight the exciting opportunities emerging in that sector that will help to decarbonise not only the energy sector, but the transport sector, that will empower British households to become generators of their own electricity and that will help to make our industrial base more competitive as cheap renewables are more easily deployed.

[Peter Aldous]

We are on the cusp of an exciting future that could bring significant benefits to the UK and create thousands of jobs, often in parts of the country where regeneration is badly needed. That requires enormous investment and, up to now, Britain has been an attractive destination for such investment due to its straightforward regulatory framework and limited state intervention. Everyone knows where they stand, and it is vital that we do not lose that hard-earned reputation.

The appeals process needs to be carefully designed and implemented to allow for continued investment and consumer engagement. Proper appeals are important to ensure that regulatory decisions are well founded. The appeals processes in sector-specific regulated industries show that regulators make errors. Ofgem is a regulator with wide-ranging powers that can make decisions that have significant consequences both for consumers and for companies operating in energy markets. Robust checks and balances are needed to ensure that the regulatory decision-making process is both rigorous and careful.

In making decisions, investors are mindful of the overall integrity of the regulatory process, which includes a proper right of appeal. There is a worry—as we heard from my hon. Friend the Member for Fylde (Mark Menzies), who is currently not in his place—that the Bill as drafted is damaging from that perspective. That said, I recognise and take on board the significant amount of work that the Select Committee carried out in its pre-legislative scrutiny. The research and evidence it received suggests that this is not a problem.

I have a slight nagging doubt about unintended consequences. I am mindful of an article in the *Financial Times* yesterday that painted a scenario of increasing investor uncertainty that, in turn, could lead to higher costs of capital and, ultimately, higher costs to British energy bill payers.

I would welcome from the Minister, either in her summing up or later in correspondence, an assurance that there has been due diligence and an impact assessment confirming that the Bill will not lead to a downturn in the investment that is currently being unleashed in the energy supply system and that is beginning to bring significant benefits to many parts of the UK.

6.11 pm

**Michelle Donelan** (Chippenham) (Con): For too long many of my constituents and people living across the UK have been trying to manage overpriced energy bills and have been punished for being loyal customers. In a poorly functioning energy market, all customers would switch between suppliers to get the best value tariff for energy. However, only a proportion of consumers have been doing that, so creating a two-tier, broken system. In fact, according to Ofgem, as of September 2017, 57% of customers with the 10 largest energy firms were on uncapped standard variable tariffs.

I make it clear that I believe in a free market, but I also believe in a free market that is fair—one where the consumer is king and has choice. Currently, loyal customers suffer and we have a two-tier, unfair, broken energy market. This Bill will enable a temporary intervention in the market and will support our manifesto commitment to extend price protection.

Currently, some 11 million households are unprotected and on poor-value standard variable tariffs. The rate of switching is not yet high enough to rectify that anytime soon, so loyal customers suffer. We effectively have a system in which switchers can save around £300 a year but customers of the big six who do not switch and who stay on default standard variable tariffs are overpaying each year. In fact, the Competition and Markets Authority has found that, between 2012 and 2015, customers of the big six collectively paid £1.4 billion a year more than they would have paid in a well-functioning market.

With other initiatives to drive down energy costs and usage, as well as to promote switching, it is easy to question why a cap is needed. Well, it is needed. Those measures will help, but they will all take time, hence the need for a temporary measure. Let us briefly look at the key initiatives.

First, the roll-out of smart meters alone is predicted to take £300 million off consumer energy bills by 2020, giving consumers the knowledge to make informed energy and supplier choices, but that roll-out will take time. In addition, ensuring that properties are energy efficient is also essential, and the energy company obligation “help to heat” scheme will upgrade around 1 million homes by 2020—it will still help only a fraction of the population. The warm home discount scheme provides 2 million low-income and vulnerable households with a £140 rebate each year, but that helps only that specific group. The uSwitch campaign has gained traction over years, and the Government are also working with Ofgem to make switching suppliers even quicker and easier. But the annual switching rate in September 2017 was only 18%, meaning that five out of six households do not switch energy supplier. The number of people actually switching increased by 30% for electricity and 24% for gas. So the proportion of people switching is still far too low but the rate at which switching is increasing is growing dramatically. That indicates that it will become more the norm, but that it will take time.

We can argue today that we need to take responsibility for our own actions and for switching, but we also need to encourage and enable people to do this, and protect the most vulnerable in society. Leaving the system broken and ripping off loyal customers is not the right thing to do. In addition, there is a lack of awareness that switching needs to be done regularly, because as a good-value contract ends, it usually defaults to a single variable tariff. Martin Lewis, founder of MoneySavingExpert.com, has said that we need to make up our minds up between regulating prices, or encouraging competition and switching. However, I do not believe the two are mutually exclusive in this scenario. The regulation is just a temporary fix while we encourage switching and work to reduce energy prices.

Martin Lewis and some others also argue that a narrower price differential will discourage switching. That has not happened in Northern Ireland, and it should incentivise companies to find more efficiencies and reduce prices for switching customers. In addition, Mr Lewis himself warns that the cap will only reduce some customer bills by about a third of what switching would do. That shows the incentive.

I am delighted that the Government have accepted the Business, Energy and Industrial Strategy Committee’s sensible recommendations on the six-month reviews and on the Bill requiring Ofgem to consult on exemptions

from the price cap for green tariffs, including the power to exempt them. That will protect green energy providers and give consumer choice. I agree with the Committee that we must also strengthen the definition, standards and checks to ensure that those that qualify as green are green and that this is not just used as a loophole. Good Energy, one of the leading green providers in the UK, is based in my constituency and has in the past expressed its concern to me that consumers select companies thinking they are green when they are actually only partially green. These companies can therefore afford to charge less, so we need to be careful about exemptions to the cap and ensure that the energy market is more transparent to give consumers informed choices. I look forward to hearing from the Minister on that.

In conclusion, I agree with the chief executive of Citizens Advice that this Bill is

“a significant step towards an energy market that works for everyone”.

But it is important that this provision is seen not as a stand-alone measure but as a temporary solution that will encourage switching, work to inform consumers of their energy use and bring energy prices down via a number of incentives.

6.17 pm

**Stephen Crabb** (Preseli Pembrokeshire) (Con): I am very grateful to be called to say a few words in support of this useful piece of legislation, Mr Speaker. I was pleased to be asked by my hon. Friend the Member for Weston-super-Mare (John Penrose) in the early autumn to sign a letter with him to Ministers and the Prime Minister calling for this legislation to be brought forward. So I join him and others this afternoon who have given a strong cross-party welcome to the fact that we are here today debating the Second Reading of this important Bill.

I believe in a successful, strong, profitable energy industry. We need a successful industry, given the asks we are making of these companies in terms of our wider energy objectives. We are asking these companies to invest in new capacity—in resilience—to make sure that our lights stay on and to give us security of supply. We are also asking them to invest in decarbonisation efforts and do the heavy lifting in creating a low-carbon economy. We want them to do this all the time, while giving consumers the lowest possible prices. There is a duty on Government and on regulators here. When any piece of this industry—any of the individual markets that go towards creating this strong and successful industry—is not working perfectly, there is a duty to step in. That lies, first, with the regulator, but when it is slow to act, the duty then falls to Government. That is the point we have reached with this legislation today.

It is estimated that 23,000 consumers in my constituency are overpaying on their energy bills, by an average of around £275 per year, so the Bill will be strongly welcomed in Preseli Pembrokeshire. In fact, south Wales is estimated to be among the regions of the UK with the largest numbers of consumers overpaying for their energy.

With respect to the comments made by the hon. Member for Ynys Môn (Albert Owen), I wish to put on record that there is a group of energy consumers who will not be protected by the legislation: people who live in small, isolated rural communities and rely on off-grid liquefied petroleum gas or off-grid heating oil supplies. Over the years, concerns have been expressed repeatedly

about how well the markets are functioning for those consumers. Those concerns perhaps go beyond the Bill's immediate scope, but I urge the Minister to keep them on her radar and to ensure that those consumers get the full protection that they believe they should be entitled to.

I have some other concerns about the legislation. We are looking for a change in behaviour on the part of the supplying companies and on the part of consumers. Although the Bill is a necessary condition, it will not be the final answer to the challenges. We need energy companies to behave in a way that demonstrates that they really value their consumers. We have seen a lot of lazy, inefficient practices on the part of the big six and some excellent behaviours on the part of some of the emerging challenger companies. They have entered the market and had to scrap and fight for every single one of their customers, unlike the big six, which have largely inherited their customer load from the old nationalised system. The Bill will be a helpful stepping stone, but it will not be the final story in respect of prodding the big six to model some of the best behaviours we see in the industry.

In respect of consumers, we heard a great example earlier in the debate from my right hon. Friend the Member for New Forest West (Sir Desmond Swayne), who described his own experience of being able to benefit from being a switching customer. As so many Members have pointed out, the truth is that a great many consumers just do not behave like that at all. I think the Bill will be a helpful stepping stone to encourage more switching in the marketplace, but a wider body of work needs to be done, particularly for the most vulnerable, the disabled and the people who perhaps are not readily using the internet for a lot of their day-to-day consumer needs. We need to get them better engaged, so I encourage Ministers to keep that on their horizons.

We need to consider the ongoing support for the vulnerable. I agree with Citizens Advice that, after the sunset clause has been reached and the cap has been and gone, and when hopefully we have seen some positive reforms in the marketplace, there will still be an ongoing need for measures to protect the most vulnerable energy consumers. I would welcome the Minister's thoughts on that. I wish her well as she takes the Bill through Committee. She has a lot of support from all parts of the House, but this debate has shown clearly that Ministers will need to address a number of specific concerns.

6.22 pm

**Stephen Kerr** (Stirling) (Con): I rise to make a short contribution to the debate on this important Bill. I pay particular tribute to the right hon. Member for Don Valley (Caroline Flint) and my hon. Friend the Member for Weston-super-Mare (John Penrose) for their persistence over time to get us to this point.

The Bill will make a real impact on the day-to-day lives of the people who elected me, which is why it matters very much to me and why I have been pleased to sit here listening to the debate for several hours. When it comes to such important issues, we are talking not about academic abstractions or economic theories, but about reducing the energy bills of my constituents. That really does matter to me, as it matters to them, so I support the Bill and wish to make a few comments on it.

[Stephen Kerr]

The price cap in the Bill is not, as some might fear, a corruption of the free market, but a market intervention to protect consumers from the worst excesses of a market that is not working. On a related note, I shall quote the words of a very famous Scotsman, which I am sure that you, Mr Speaker, will recognise instantly:

“People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.”

I am not laying the charge of corruption against the big six, but their activities might be described as a contrivance to raise prices.

The price cap is a blunt object—

**Mr Speaker:** Order. I was rather hoping that the hon. Gentleman was going to furnish us with the page reference in “The Wealth of Nations”.

**Stephen Kerr:** I am unable to furnish you with the page number in “The Wealth of Nations”, Mr Speaker, but you are absolutely right that it is, of course, the famous Scotsman, Adam Smith, to whom I was referring. He was a great soul indeed.

The price cap can be a blunt object if it is left in place too long: it could cause stagnation; it could cause a reduction in competitiveness; and it could reduce the scope for investment in innovation in the sector. The effect of the price cap is not intended to result in that end; it is to lead to something far subtler. I am talking about a market intervention that is consumer-led and that is about empowering consumers. I am glad that the cap is time limited. It gives us time, as has been said by many Members in this debate, to fix the market, but what does the fix look like? My contention is that the Government, Ofgem and the industry must work harder to create this consumer-led marketplace. New technology is becoming available to empower consumers—to give them more control over their energy consumption and supply like never before. It gives consumers the data they need to optimise their energy consumption and to give them control over their energy costs.

The idea of this technology is the start of something that is unstoppable—I am talking about the idea of the smart home. In effect, what it does is give power to consumers, which ultimately is what this Bill is all about. The average household energy bill—if someone is on a standard variable tariff—is between £1,200 and £1,300 a year. It is incredible how little interest many consumers pay to that kind of expense going through their households. Part of the remedy to this disengagement, or lack of interest, must be to give consumers the confidence to feel empowered to deal with those costs. At the heart of all this is the smart meter. I do not have time in this debate to talk much about smart meters, but they can create data, display data and give uses to data that help consumers to optimise their energy bills.

We need to make it easier for people to switch. There is a great fog that comes over many people’s minds when they are given the opportunity to switch suppliers. If we can make it as easy to switch supplier as it is to open an app on a smartphone or press a button on a smart meter, the game is on. I remain convinced that this technology can fix the market in time—and “in time” is the key phrase. We need a real national effort to install

smart meters in every property across the country. There is a Bill, which has gone through this place and is now in the other place, that is about smart meters. There are issues about smart meters that demand the urgent attention of anyone who has an interest in seeing this vital national infrastructure installed in this country. There are technical issues, but that is not what we are here to discuss.

What are we discussing? Why am I standing here in the first place? Frankly, it is because we have a broken market. I wish to apportion blame for that: I put the blame firmly at the door of the regulator, which has been around, in one form or another, since the 1980s. I firmly believe that the regulator already has the power to do what this Bill will give it the power to do, but it lacks the will to use that power.

As a member of the Business, Energy and Industrial Strategy Committee, I was astonished to hear the leadership of the regulator, who were in front of us, admit in effect that they had the power to set the tariff cap, but that they were too frightened of litigation from the companies that they were supposed to be there to regulate in the first place. As we say in Sterling, why have a dog and bark yourself? That seems an apt expression for a regulator that has failed to protect the free market and has allowed itself to be sucked into the game of special interests. It is almost protecting the very businesses that it was supposed to be there to regulate. It is now time to question Ofgem and its fitness for purpose. If the leadership of Ofgem will not take these powers that will inevitably pass through Parliament and become law and use them to protect the customer and to build and create a proper, free and competitive market in energy, that leadership will need to be changed. It is time that we were better served by that regulator.

The energy suppliers are benefiting from this lax regulatory regime. By creating a situation in which they charge rip-off prices for standard variable rates, the big six suppliers have broken the covenant that all companies have with their customers. They have lost the trust of the people. They may use the period of the tariff cap to restore and rebuild that trust by working to create this proper functioning marketplace.

Let us not forget what these companies have done. They have used profits from standard variable tariffs to subsidise their cheaper tariffs. Unengaged consumers have been punished harshly because of their loyalty, to the tune of at least £300 per household per year—much too high. According to the Competition and Markets Authority, the country has overpaid a total of £1.4 billion. Consumers have been ripped off for years at the hands of companies that should have known better and at the mercy of a regulator that has proved ineffective. It is time for us to take action and to work pragmatically to solve this problem for our constituents. It is a time not for economic dogma or ideology, but for proper pragmatism. The Bill is a superb example of the pragmatism that this Government pursue, and I am proud to support it.

6.30 pm

**Lee Rowley** (North East Derbyshire) (Con): Thank you, Mr Speaker, for this opportunity to speak. It is a pleasure to follow my hon. Friend the Member for Stirling (Stephen Kerr), who made an excellent case and, as ever, argued with vim and vigour.

I welcome this important debate because it is the role of the Government to step in when markets do not work effectively. Although I am instinctively a small state Conservative, I know that it is important that the Government recognise when markets have not worked effectively and take appropriate action, as we propose in this legislation, which I support. The right hon. Member for Don Valley (Caroline Flint), who is not in her place, said that to expose market failure is not to try to weaken or be against all markets. That is a key point. Exposing market failure is vital for Government Members. Markets exist to improve people's lives and make things more efficient. They provide outcomes and ensure that we can deliver things for consumers. If they are not working, it is important that those of us who stand up for free markets and capitalism point that out and take action accordingly.

I am instinctively cautious about caps, as are some of my friends, given their comments today. I support the statement of my hon. Friend the Member for Wells (James Heapey), who said that he hoped that the cap was an incursion into this area, rather than a wholesale annexation. He expressed my view much more pithily than I can. I do, however, accept the need for temporary measures to find ways in which we can make the market more competitive, and my right hon. Friend the Member for West Dorset (Sir Oliver Letwin) spoke so eloquently about that in his speech.

It seems that there are two issues: supporting vulnerable customers, and the general stickiness of a market that is lacking in energy, vigour and the ease to switch. I hope that we can continue to put in place more support, protection and cover for vulnerable people, as we look to make the market more competitive. However, we have to recognise that there is an element of agency. People have the right to make and not make decisions, and we have to find that balance carefully.

There are some signs of improvement in the market. There has been a large increase in switching over the past year or so. The market share of the big six has reduced from over 95% in 2012 to around 80%; it is just not happening quickly enough. There is no doubt, however, that the market is broken. There are too many people on standard variable tariffs who do not benefit from the other tariffs as they could do. The price differential of £300 between the highest and lowest tariffs—or between the highest average and other averages—is too high. There is a clear disconnect between wholesale prices and the retail prices that people pay.

There is a strong suspicion of tacit co-ordination between the big six. Anybody who looks at the graphs in some of the briefings that we have all received will see how the price movements of the big six over a decade have so closely mirrored one another. There are clearly high barriers to entry. There is a real stickiness of customer movement, as well as stubbornly high market shares, which happily are slowly starting to float down. There is a clear problem.

I welcome the opportunity, in the next few years, for this competition and change to take place. I hope that some of the things that are proposed on improving communication, getting better data and improving the switching process also take place. I accept the interim changes, but hope that we can reboot the industry over the next few years, so that we do not need a cap in future. I hope that we can ensure that there is a competitive

and successful energy market that serves the needs of its customers, so that we do not have to do some of the other things that none of us wants to do.

6.34 pm

**Dr Alan Whitehead** (Southampton, Test) (Lab): This afternoon we have witnessed the House at its best. I think it is fair to say that we have had not a single stupid contribution to this debate. [HON. MEMBERS: "Yet!"] We are getting there. On the contrary, we have had a series of informed and thoughtful speeches, which, as the hon. Member for Gloucester (Richard Graham) said, have been overwhelmingly supportive of the Bill.

I particularly emphasise the contribution of my hon. Friend the Member for Leeds West (Rachel Reeves), who informed us that loyal customers are not rewarded but punished with high-price tariffs, and that energy companies have effectively brought this event on themselves with their discriminatory pricing—a theme that a number of hon. Members echoed. We heard a number of first-rate speeches by members of the BEIS Committee, which my hon. Friend chairs and of which the hon. Member for Eddisbury (Antoinette Sandbach), the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), my hon. Friend the Member for Ynys Môn (Albert Owen) and the hon. Member for Stirling (Stephen Kerr) are all members. The quality of the Committee's report is underlined by the quality of its members, who have so informed our debate. I congratulate the Committee on its report, which was really illuminating in the context of the Bill and what Committee members have said about their work.

My hon. Friend the Member for Harrow West (Gareth Thomas) pointed out that the price cap itself is not going to change the nature of the market, that other forms of ownership are available, and that a lot more has to be done on changing how the market works in the longer term. I salute my right hon. Friend the Member for Don Valley (Caroline Flint) for her long campaigning on and intense interest in the price cap. In her view, we are at the end, not the beginning, of a long campaign to get action taken. My hon. Friend the Member for Leeds North West (Alex Sobel) reminded us particularly of the transition that we are making towards a locally disseminated energy economy and the importance of fair pricing to the longer-term issues. If I have missed out other hon. Members' contributions, it is merely for the sake of time rather than a lack of estimation for what they have said. Overall, we have had a high-quality debate.

Because the contributions were as supportive of the Bill as they were, it would be particularly churlish of me to spoil the atmosphere by saying anything other than that we will not oppose the Second Reading of this Bill. We agree with the important points that have been made about the reasons for the cap, the consideration that has gone into it and what we need to reflect on with regard to its future.

Indeed, why should we oppose the Bill's Second Reading? After all, if we look closely at the Labour party's 2013 proposal for a price cap, we see an almost identical proposal: a temporary cap lasting a specified period and then removable based on an understanding of how the market was working. I am afraid to say that, as my right hon. Friend the Member for Don Valley pointed out, when that cap was put forward in 2013,

[Dr Alan Whitehead]

it was roundly condemned by the Conservative party in trenchant terms. In that light, it is not surprising that the Government did nothing about a price cap for an extended period, during which action could have been taken to sort out energy market prices and create a fairer deal for customers—which, in the end, this is all about.

We have now had the Government's conversion to the idea of a price cap. As Adam Smith famously said, I think in "The Wealth of Nations":

"On the road from the City of Skepticism, I had to pass through the Valley of Ambiguity."

I cannot give you a page reference for that, Mr Speaker, but that is what Adam Smith had to say about his route, and I think it rather sums up what the Government have gone through to get to this point.

A price cap was suggested in the last Conservative manifesto, then apparently reneged upon by the incoming Government, then rather weakly pushed away by the Department as the responsibility of Ofgem, then once again affirmed as a target idea at the last Conservative party conference, and then finally introduced as draft legislation. It is now being pursued in a hurry, in order to get the necessary legislation through in time for a cap to come into force by next winter.

That is quite a daunting timetable, but it is one for which we can have only limited sympathy, bearing in mind the time that the Government have wasted by opposition, then vacillation, then confusion and finally some degree of determination to introduce a price cap, which I applaud, and to do so in a way that is reasonably proofed against judicial review and other devices that displeased energy companies might decide to throw against it.

We have limited sympathy for the Government in the difficulty they have got themselves into with the timetable ahead, but I give a clear understanding that we will not oppose the Bill on Second Reading or be party to any slowing of the legislative timetable if it means a price cap is not in place before winter 2018. Indeed, as my hon. Friend the Member for Salford and Eccles (Rebecca Long Bailey) confirmed, we want to see that cap in place well before the winter, if possible, and are minded to seek to place an absolute start date on the face of the Bill.

It should be clear that we want this price cap to come in. We believe it should be an absolute and not a relative price cap, and we broadly support the cap's mechanisms, particularly the reference arrangements relating to changes in wholesale prices. However, there are a number of points in the Bill that we want to see amended, and we will pursue those amendments in Committee with a central purpose of strengthening the Bill and not weakening or disabling it.

We want to see a clearer definition of the circumstances in which Ofgem might lay a report indicating that market circumstances suggest that the cap can be lifted. We want to see a better definition of which tariffs can be exempted from the cap—for example, those for supplying green electricity to customers.

We believe that a price cap is necessary now, rather than, say, an intensification of switching as a remedy for unfair price treatment by suppliers, because as hon. Members have said, we know that 65% of customers simply do

not and probably will not switch. They deserve better protection for their tariffs—particularly the large number who are on standard variable tariffs—than being told that they are somehow bad customers if they do not switch and that they have to put up with whatever comes their way if they stick with their energy companies.

We want to see better arrangements in the Bill for what comes next, after the cap has ended, when people will continue not to switch and will need continued protection for their position as customers. We were clear in 2015 and are clear today that a price cap should not just be introduced for, as it were, punishment purposes, and then when it is lifted business as usual carries on until someone else suggests that the market distortions and failures require another temporary cap.

Instead, the cap needs to function as a carapace under which work is undertaken to put in place checks and systems to ensure that these circumstances do not recur, that we subsequently have a supply market that is fair to the customer and the supplier at the same time and works well to ensure fair competition, and that customers of energy companies have reasonable and firm expectations of how their energy supply company should deal with them over and above the recourse of switching. We remain to be convinced that the Government really have a set of measures, prepared and ready for implementation as the cap progresses, to produce such a long-lasting result for energy markets, and we certainly intend to seek amendments to the Bill that will allow the process to happen better.

It is in that context that we want to cast the proposals we have heard about today from, among other Members, the hon. Member for Weston-super-Mare (John Penrose). I commend him for his long battle to make sure that we now have a Bill before us. He has proposed a relative price cap, rather than the absolute price cap set out in the Bill. We do not support the introduction of a relative tariff range limiter as the instrument of a relative price cap. Among other reasons, it would not necessarily be a price cap at all.

However, such a cap would or could be an important device to ensure that customers who we hope will come off SVTs are not subject to equally disadvantageous practices in the long term through being placed initially on a low tariff, only to find themselves subsequently hoisted on to a very disadvantageous tariff, perhaps at levels similar to those of SVT customers, as soon as their initial contract has ended. Placing a piece of elastic between the best tariff and the highest tariff would substantially address such a practice, which is, as we know and have heard today, an area of bad behaviour by some energy companies now, and may well be in the future if we do not act to ensure that it does not happen.

At the beginning of my remarks, I gave the game away about whether we would support or oppose the Bill to provide some clarity of purpose about where the Bill should go not just tonight, but in its whole passage through the House. We already feel that we own the legislation, albeit in a form that has taken a mightily long time in arriving. We hope the Government will think carefully about our proposals to strengthen the Bill as it goes through Committee. If they want to introduce amendments that further reflect both those proposals and the commendable work of the BEIS Committee in carrying out pre-legislative scrutiny, I will not be precious about whose idea they were.

I want a legally watertight, effective price cap arrangement on our statute book as early as possible, with an equally effective regime in place to ensure that we will not be here doing exactly the same thing in a few years' time. If between all of us in this Chamber we can achieve such an outcome, I will be well satisfied with our endeavours as we start out on that road today.

6.47 pm

**The Minister for Energy and Clean Growth (Claire Perry):**

I thank my opposite number, the hon. Member for Southampton, Test (Dr Whitehead), for his characteristically calm and sensible remarks. Indeed, it has been fantastic to listen to the calm and intelligent debate we have had today, with so many very well-considered views.

There is really strong consensus across the House both on the need for the Bill and, broadly, on the scope and structure of the proposed legislation. For that, I want to thank several groups of people. I thank my civil servants, who have done a good job in producing the current draft. I also very much thank the BEIS Committee, which is ably chaired by the hon. Member for Leeds West (Rachel Reeves) and has several extremely committed members from both sides of the House. Giving evidence to the Committee was a terrifying experience, but their scrutiny and suggestions, which we have fully incorporated into the Bill, prove the excellence of such a method of pre-legislative scrutiny.

I thank colleagues on the Conservative Benches and, indeed, on the other side of the House, who have helped us to improve the legislation prior to this point with their very considered suggestions. I thank in advance those Members who will serve on the Public Bill Committee and will contribute to our further debates, because we all want the cap to be in place well before the year-end, and it must have a smooth passage through the House of Commons to achieve that aim.

I need to single out two Members. The first is my hon. Friend the Member for Weston-super-Mare (John Penrose), whose campaigning championship in this regard has really electrified the parties on both sides of the House about the need to act. As we heard today, the right hon. Member for Don Valley (Caroline Flint) has brought the best of her wisdom and experience to this debate. It was a pleasure to listen to both Members' speeches.

I want very quickly to recap the purpose of the Bill and to refute the growing idea that we have in any way dragged our feet. I was struck by what my hon. Friend the Member for Eddisbury (Antoinette Sandbach) said about how the best form of legislation is evidence-based. We have had the CMA review, and we have taken the time to consider the fact that freezes do not work terribly well, and to have the regulator bring forward reasonable and welcome improvements. For example, we saw only this week the ending of the back-billing problem whereby people could be back-billed over many months, ending up owing thousands of pounds. The regulator has got the message strongly.

The Bill is a time-limited, intelligent intervention that will help to accelerate the transition to a more competitive market. It will give more powers to the regulator, which is right. The market has changed significantly since the original days of liberalisation. We have some extremely empowered customers, and we also have a large pool of customers who are less engaged and have ended up on

poor-value tariffs. The cap has to be set to maximise investment, competition, innovation, switching and improved efficiency, and it will be accompanied by a whole package of other measures—the so-called carapace that the hon. Member for Southampton, Test mentioned—such as smart meter roll-outs, same-day switching and so on.

The Bill will also be a doughty defence of consumer rights. Indeed, my hon. Friend the Member for Stirling (Stephen Kerr), my right hon. Friend the Member for Harlow (Robert Halfon), my hon. Friends the Members for Chippenham (Michelle Donelan), for Mansfield (Ben Bradley) and for Stoke-on-Trent South (Jack Brereton), and the right hon. Member for Don Valley really stood up for their constituents and what the Bill will mean for them.

The Bill is not an attempt to extend political control over the industry. I champion the fact that since privatisation we have seen more than £80 billion invested in the industry, with power cuts halved and network costs down 17%. As my hon. Friend the Member for Wells (James Heappey) said, we need billions of pounds more of investment to drive forward an exciting low-carbon, distributed energy future. The last thing we would want to do is to scare off that level of investment.

I will say something gently to the Opposition, because they could not resist a poke, about the idea that their policy is for a cosy array of mutual companies. The shadow Chancellor has said, "We want to take these industries back." We know what that means: borrowing billions of pounds, raising taxes for millions, and none of the further investment that we need. It would be entirely the wrong thing for the industry. The Bill is a clear signal that we believe in well-regulated competitive markets as the best way to deliver service and value for all customers, and that we will act on market failures to give regulators more power to improve market conditions.

**Mark Menzies:** I thank the Minister for the way in which she has engaged with me and other colleagues who had concerns about the Bill. She has made time to meet us, with her officials, and addressed many of the concerns that we have raised with her in private. I want to put my thanks on record.

**Claire Perry:** I thank my hon. Friend. I would also like to put on record my thanks to the hon. Member for North Ayrshire and Arran (Patricia Gibson), whom I omitted to thank as one of the original campaigners north of the border.

Eight main issues were raised that I want to address. The first, which was raised by many hon. Members, including the hon. Members for Leeds North West (Alex Sobel) and for Ynys Môn (Albert Owen), and my hon. Friends the Members for Mansfield and for Eddisbury, was what will happen to vulnerable customers once all this has taken place. Of course, we have the safeguarding tariff that is now protecting 5 million people, saving them on average £120 compared with what they would have paid. That has been brought forward. We expect a whole package of additional improvements—smart metering, next-day switching, the midata project, the CMA policies about engagement with those disengaged customers, and an expectation that Ofgem will continue to scrutinise and actively monitor tariffs to make sure that any gaming creeping into the system is knocked on the head.

[Claire Perry]

Many good comments were made about ensuring that the Bill will not disincentivise competition, including by my hon. Friends the Members for Wells, for Rugby (Mark Pawsey) and for Middlesbrough South and East Cleveland (Mr Clarke). We know the level of investment that we have to maintain, which is why the Bill will introduce a time-limited, intelligent cap. The powers given to Ofgem have to ensure that we do not disincentivise competition, while ensuring that companies have an incentive to improve the efficiency of their operations. Too many companies are still stuck in the operational methods of the past and customers are paying the price for that.

Interesting points were raised by my hon. Friends the Members for Fylde (Mark Menzies) and for Waveney (Peter Aldous), and the hon. Member for Kilmarnock and Loudoun (Alan Brown), about an appeal to the CMA, which is something for which the big six are lobbying. I firmly believe that given the level of transparency and scrutiny that will happen when setting the cap, there will be opportunities to ensure that that is robust. Ofgem's decision on the cap can be judicially reviewed. Courts can consider these issues more quickly than the CMA, and a whole range of evidence can be taken in such a case, whereas with CMA decisions, the range of those who can comment is very restricted. I do not want anything that slows the introduction of the cap.

**Albert Owen:** I pay tribute to the Minister and the Secretary of State for honouring their commitment to take this measure through as speedily as possible. Will she look at other reviews? We await a Government response to the Dieter Helm review, which, by looking at transmission and distribution, could complement the price cap.

**Claire Perry:** The hon. Gentleman anticipates a point I was going to make about many contributions about the calls for additional market reviews. The call for evidence on the excellent Helm review, which was commissioned by my right hon. Friend the Secretary of State, has only just closed, and I think we need to take the time to consider it. I was struck by the speech made by my right hon. Friend the Member for West Dorset (Sir Oliver Letwin). What we want is a rational, functioning economic regulator in a market that is so vital in keeping the lights on, keeping investment going and keeping people warm in their homes, not a political rush to do things.

The right hon. Member for Don Valley raised the issue of green tariffs and gaming the system. Ofgem has never been required to scrutinise existing green tariffs. It will have to scrutinise carefully and consult during the process of the design of the cap to ensure that it is fit for purpose. As we heard from many Members, the expectation will be that customers should not have to overpay to be on a green tariff. We are now buying subsidy-free offshore wind and I opened the first subsidy-free solar farm only last year.

There were many questions about the structure of the cap, including whether it should be variable or fixed. My hon. Friend the Member for Weston-super-Mare has campaigned on this matter very strongly. I was again struck by what my right hon. Friend the Member for West Dorset said. The structure of the cap should be able to take into account changes in the wholesale system. Clause 6(1) states that the period of consideration has

to be no greater than six months, but it is entirely within Ofgem's powers to change the cap more frequently. Of course, as we know, standard variable tariffs are currently updated only one or two times a year. Companies buy forward and hedge their energy prices, so it is not usual for very strong changes in wholesale prices to be incorporated. We will get to see the structure of the cap and its sensitivity to those prices going forward.

There were concerns about ensuring we allow co-operative energy providers to be in the market. My right hon. Friend the Member for Harlow, who is such a doughty consumer champion, made that point, as did the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), the hon. Member for Harrow West (Gareth Thomas) and others. We already have co-operative energy structures—White Rose Energy, Robin Hood Energy and so on—and there is no barrier to those companies coming forward and delivering.

My right hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb) and my hon. Friend the Member for Rugby asked about the removal of the cap. We will have a series of tests, and we have set out clearly in the Bill what those tests will be. Ultimately, we want loyal customers to be treated as well as, if not better than, new customers who are being attracted by cheaper deals. That will be the absolute test.

In conclusion, we know the Bill is necessary. We know we need to get it through Parliament. I have been really encouraged by the tone of the debate, with so many Members having really scrutinised the Bill and being absolutely determined to see it through. I am confident that we can pass this vital Bill and our constituents expect us to do so, as they do not want to be overpaying on their bills. I commend the Bill to the House.

*Question put and agreed to.*

*Bill accordingly read a Second time.*

## DOMESTIC GAS AND ELECTRICITY (TARIFF CAP) BILL (PROGRAMME)

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

That the following provisions shall apply to the Domestic Gas and Electricity (Tariff Cap) Bill:

### *Committal*

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

### *Proceedings in Public Bill Committee*

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 15 March 2018.

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

### *Proceedings on Consideration and up to and including Third Reading*

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

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

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and up to and including Third Reading.

### *Other proceedings*

7. Any other proceedings on the Bill may be programmed.—  
(Rebecca Harris.)

*Question agreed to.*

## Business without Debate

### BUSINESS OF THE HOUSE

*Ordered,*

That, at the sitting on Wednesday 7 March, the following provisions shall apply in respect of the Motions in the name of (a) Liz Saville Roberts and (b) Nigel Dodds:

(1) paragraph (2) of Standing Order No. 31 (Questions on amendments) shall apply to the Motion in question as if the day were an Opposition Day;

(2) proceedings on each Motion may continue for three hours, though opposed, and shall then lapse if not previously disposed of;

(3) proceedings on each Motion may, though opposed, be entered upon after the moment of interruption; and

(4) Standing Order No. 41A (Deferred divisions) shall not apply.  
—(*Rebecca Harris.*)

## Maldives: Political Situation

*Motion made, and Question proposed,* That this House do now adjourn.—(*Rebecca Harris.*)

**Mr Speaker:** I repeat what I say most days: if, unaccountably, there are hon. Members who do not wish to hear the right hon. Member for East Devon (Sir Hugo Swire) orating in the Adjournment debate, perhaps they could leave the Chamber quickly and quietly, so that he can address an attentive gathering on the subject of the political situation in the Maldives.

7 pm

**Sir Hugo Swire** (East Devon) (Con): I am extremely grateful to have secured this Adjournment debate on the topical and important issue of the current political situation in the Maldives. On 1 February, the full bench of the Supreme Court in the Maldives ordered the retrial of cases against nine political leaders, including former President Mohamed Nasheed, labelling their trials politically influenced. The Supreme Court also ruled that 12 Opposition MPs, barred from Parliament by the Elections Commission, must be allowed to retake their seats, thus handing the opposition a majority in Parliament, which has the power to impeach the President.

The Maldives police service immediately announced that it would comply with the Supreme Court ruling. Over the next two days, President Yameen fired the police chief, fired his replacement, and installed a third police chief. On 5 February, President Yameen declared a 15-day state of emergency. Masked security officials broke through the doors of the Supreme Court and physically dragged the chief justice away and threw him in detention. Another Supreme Court justice was also detained and thrown in jail. Former President Gayoom, Yameen's half-brother, was also detained.

The remaining three Supreme Court Judges then overruled the 1 February judgment, despite it being unconstitutional for a three-bench court to overturn the decision of the full bench. On 20 February, President Yameen petitioned parliament to extend the state of emergency by 30 days. However, the ruling party was unable to gain a quorum in Parliament. Just 40 MPs attended Parliament; a quorum demands 43, but President Yameen announced the state of emergency extension regardless. The prosecutor general has publicly declared the state of emergency extension to be unconstitutional.

Despite the state of emergency and a 10.30 pm curfew in Malé, daily anti-Government protests have spread across the Maldives and have now entered their fourth week. Riot police have severely beaten numerous protesters, hospitalising many. A total of 110 individuals have been arrested since the declaration of the state of emergency and 31 of these are being held without trial under state of emergency rules. There are growing divisions in the security services. Some 50 military and police officials are being detained either at their barracks incommunicado or in detention centres. Four Members of Parliament are currently in detention.

Why should any of this be of interest to the United Kingdom? I would like to make four points this evening; the first concerns radicalisation. President Yameen continues to collude with a network of radical Islamists in the Maldives who are suspected of carrying out 26 murders over the past few years.

**Jim Shannon** (Strangford) (DUP) *rose—*

**Sir Hugo Swire:** I give way to the hon. Gentleman—I suspect that I know which angle he is coming from.

**Jim Shannon:** I think the right hon. Gentleman knows exactly which angle I am coming from. I congratulate him on securing the debate. He will be aware of the religious persecution that is clearly taking place in the Maldives. Some of my constituents went there on holiday. One was imprisoned and sent back home, because he took his Bible with him and read it. It is against the law for someone to read a Bible, be a Christian and practise their religion in the Maldives. Is that not another example of the human rights abuses carried out in the Maldives, in this case, against those of a religious and Christian belief?

**Sir Hugo Swire:** This is the great dilemma of the Maldives. It is, on the one hand, an Islamic country, but on the other it is host to many hundreds of thousands of people from around the world, on whom it depends and who should be free to practise their own religion, even if they are on holiday.

**Zac Goldsmith** (Richmond Park) (Con): President Mohamed Nasheed was the first democratically elected president of the Maldives, and he was elected after years of having been tortured and abused in that country's jails by his predecessor. He was a great leader, famously closing the political prisons and holding his first Cabinet meeting underwater to highlight climate change. He was a truly progressive, secular leader in a democratic country. Does my right hon. Friend not share my tremendous sadness at how far this country has fallen at the hands of utterly corrupt and malignant forces?

**Sir Hugo Swire:** My hon. Friend is of course absolutely right and I shall go on to say something about this. I very much see the former President Mohamed Nasheed having a role in the future of the Maldives, along with others who have sometimes been his political opponents. My hon. Friend is absolutely right.

There have been murders of prominent liberal bloggers and journalists, too. In late September last year Her Majesty's Government warned that terrorists were "very likely" to carry out an attack on the islands. I understand that this is also the current travel advice from the Foreign and Commonwealth Office. Allegedly, between 200 and 250 Maldivians are either fighting or have fought in Syria and Iraq. US Assistant Secretary of State, Alice Wells, claimed that the Maldives was the highest foreign fighter contributor per capita to the so-called Islamic State.

Much of the recruiting and radicalisation is promoted by websites such as Bilad al-Sham Media, and Facebook and other social media are more accessible than ever on the remote islands that make up the country.

My second point concerns the safety of our British tourists. The United Kingdom ranks third in a list of visitors to the Maldives in 2016, behind Germany and China, with 7.9% of market share and more than 100,000 visitors. This was an increase of 9.8% compared with 2015.

The Maldives economy remains a tourism driven economy in that it contributes more than 25% of the country's GDP. While the tourism sector supplies more

than 70% of the foreign exchange earnings to the country, one third of the Government revenue is generated from this sector. Tourism is also known as the leading employment generator in the country. In 2016, tourism contributed 36.4% to the Government revenue. But as a result of the current situation, the Maldives is facing financial ruin, with the tourism industry estimated to be losing \$20 million a day since the start of the state of emergency. If the trend continues, it will lead to unemployment and dissatisfaction—to my way of thinking both active recruiting sergeants for radicalisation. With our tourists spread out over 115 square miles in 105 resorts it is almost impossible to guarantee their safety.

My third point concerns the Commonwealth. After 30 years of President Maumoon Abdul Gayoom's rule, it was President Nasheed who introduced democracy into the Maldives. From 1982, it was a welcome member of the Commonwealth family. It was President Yameen who took the country out of the Commonwealth in 2016.

**Ian Paisley** (North Antrim) (DUP): I thank the right hon. Gentleman for giving way, and draw Members' attention to my registered interests on the Maldives. Is the right hon. Gentleman going to draw some attention to the fact that the United Kingdom's reach on the Maldives has declined somewhat because it has left the Commonwealth? What can we do to rebuild that relationship, working with the ambassador, who is based in Europe? What can we do to rebuild the relationship with the Government for the very reasons the right hon. Gentleman has outlined—to make the country more prosperous and, more importantly, to turn it away from what would be a terrible plight if his predictions came true?

**Sir Hugo Swire:** Indeed, and two of the neighbouring countries, Sri Lanka and India, are members of the Commonwealth. I will say later in my speech that, although I believe much needs to be done before the Maldives comes back into the Commonwealth, its proper place is back in the Commonwealth family.

President Yameen's unconstitutional behaviour has seen him arrest three lawmakers and instigate a witch hunt of the families of his political opponents, including wives and children. President Maumoon and the justices at the supreme court have been charged with treason and bribery, and access to lawyers and family has been restricted, with reports of ill-treatment. Following the arrest of President Gayoom, all the leaders of the opposition political parties are under detention, or have been sentenced under similar trumped-up charges. The Government continue to defend their actions, claiming that state-of-emergency powers are applicable only to those who are believed to have planned or carried out illegal acts in conjunction with the 1 February Supreme Court ruling. That has led to increasingly politicised targeting of the opposition by security services.

President Gayoom's daughter, Dunya, resigned last week as the state health Minister, and has herself now appealed for support from the international community. I hope very much that she will work with former President Nasheed and other members of the opposition, and that they will come together to chart a democratic future for the country—a future, hopefully, back in the Commonwealth family.

**Nick Herbert** (Arundel and South Downs) (Con): My right hon. Friend is making a powerful case. Does he agree that a situation under the guise of a state of emergency in which judges are arrested, the normal business of courts is suspended, Members of Parliament are arrested and Parliament too is suspended makes a mockery of any notion of democracy, and, furthermore, constitutes an affront to human rights? Should not Members on both sides of the House of Commons condemn that action in the strongest possible terms?

**Sir Hugo Swire:** My hon. Friend is absolutely right. Unfortunately, there can be no pretence that democracy is alive in the Maldives at the moment.

The Maldives Government also continue to condemn foreign criticism of their actions—no doubt they will now be criticising my right hon. Friend for his intervention—asking members of the international community not to chastise them publicly, and to visit the Maldives to assess the situation on the ground for themselves. However, when a delegation of EU Heads of Missions did visit Malé, the Government refused to meet them. Similarly, members of a delegation from LAWASIA—the Law Association for Asia and the Pacific—were detained and deported on their arrival at the airport in Malé on Tuesday, 27 February, although they had informed relevant Government authorities in ample time of their intention to visit.

My fourth point concerns the possibility of regional conflict. In recent years, China has been sending more tourists to the islands and investing in the economy. In neighbouring Sri Lanka, we see China building a port at Hambantota, an 11,500-foot runway capable of taking an Airbus A380, and docks where oil tankers can refuel. That has caused understandable nervousness in India, and it is difficult to believe that the Indians will allow the Chinese to gain a similar foothold in the Maldives. It is also reported that the Japanese navy recently spotted a Maldivian-registered tanker, which allegedly is linked to President Yameen's nephew, transferring suspected crude oil to a North Korean tanker, in violation of UN sanctions on the Democratic People's Republic of Korea. It would be interesting to hear the Minister's response to that.

I have seen the statement put out by the European External Action Service on 6 February and the Foreign Secretary's statement of 5 February, but will Her Majesty's Government now go further, building on the calls made on the Government of the Maldives by the International Democrat Union on 21 February? Will they call for the release of, and access to lawyers for, all political prisoners? Will they lobby for a UN-backed mission, led by someone like Kofi Annan, to go to the Maldives without delay? Will they call for free and properly convened elections later this year, to be overseen by an international body? Will they provide support and assistance in the wholesale reform of judges and the judicial system? Will they work with other like-minded countries to counter Islamic radicalisation in the Maldives? Will they raise the issue of the Maldives at the forthcoming Commonwealth Heads of Government meeting here in London in April? Will they ask the opposition parties to provide a list of resorts owned by President Yameen's circle, so that they can be publicised and boycotted in the event of none of the above happening? At the same time, will they put plans in place to increase targeted sanctions against the Yameen regime if the Supreme Court ruling is not fully implemented?

As we exit the European Union, this is a good opportunity for the United Kingdom to show that we have our own foreign policy, and are working with like-minded friends.

7.15 pm

**The Minister for Asia and the Pacific (Mark Field):** I am grateful to my right hon. Friend the Member for East Devon (Sir Hugo Swire) for securing this debate. During his time as one of my predecessors in the office I currently hold, he was tireless in his efforts to improve the political and human rights situation for all the people of the Maldives. I pay great tribute to him for his continued commitment to this cause and share his disappointment and alarm at the recent deterioration in the political outlook in the Maldives. While I cannot promise that I will deliver on every last bit of the shopping list in his speech, he can rest assured that it provides not just food for thought, but an important pointer for the future, and we will look at all his proposals. I am also very grateful for the interest and shorter contributions of other Members, and I shall try to respond to a range of the points made during this debate.

Let me start by setting out the current situation in the Maldives, which is deeply concerning, and this Government's response, before touching on the implications for visitors and the wider international context. For several years, particularly since 2015, President Yameen has been cracking down on the rights of political opponents, judicial institutions and the independent media, all in a bid to strengthen his own grip on power, despite growing popular discontent at his rule. Over the past year, the leaders of all Maldivian opposition parties have spent time either in jail or in exile. In July, President Yameen used the military to enforce a shutdown of Parliament to prevent the opposition from voting to impeach the Speaker, a close confidante of his. Parliament has in essence been ineffective in the Maldives since that time.

As my right hon. Friend the Member for East Devon pointed out, on 1 February this year the Supreme Court of the Maldives ruled that Parliament should release nine prominent opposition leaders from prison and reinstate the 12 MPs who had been stripped of their seats when they sought to leave the President's party for the opposition. They included former President Nasheed, who is well known to several UK political figures, not least my hon. Friend the Member for Richmond Park (Zac Goldsmith). He currently resides here in the UK in exile. His time in office was, to be honest, turbulent, but he did represent an era of significant steps forward towards a more open and democratic Maldives—a secular Maldives, which would have taken religious freedom seriously in the way the hon. Member for Strangford (Jim Shannon) would wish all to experience.

However, just four days later, on 5 February, President Yameen declared a state of emergency in response to the Supreme Court decision. The effect of this is to suspend, among other things, the rights to privacy, freedom of assembly and silence following arrest, as well as protections from unlawful arrest. These measures were extended on 20 February for a further 30 days. In the weeks since the emergency was declared, the Maldivian Parliament has been closed down, two of five Supreme Court judges, including the chief justice, have been arrested, more opposition leaders and their families have been jailed and journalists and protestors have been pepper-sprayed and arrested.

[Mark Field]

Wider human rights concerns persist, including the Government's highly regrettable and stated intention to resume executions under the death penalty. Freedom of speech is being persistently curtailed, and human rights defenders and independent journalists are being intimidated. A new anti-defamation Act is being used to attack independent media outlets, some of which have had temporarily to close out of fear for the safety of their employees.

This situation is entirely unacceptable. As for the state of emergency, let us make no bones about it: President Yameen has suspended the basic rights of his citizens because the Supreme Court ruled against him. It is an affront to any sense of democratic principles and the rule of law and a blatant power grab. It is entirely right that these actions have been condemned internationally. The United Nations High Commissioner for Refugees has described the situation as an "all-out assault" on democracy, and the International Commission of Jurists has said that the Maldivian authorities

"have not even come close to meeting the high threshold set by international law for the derogation of rights in times of genuine emergency".

Those of us who follow media reporting will have seen speculation about how various regional powers might respond, particularly given that the Maldives is located close to the important shipping lanes that run from Malacca to Hormuz. The UK's position on this is clear: the current situation in the Maldives is a political crisis that requires a political and diplomatic solution.

To address one of the points raised by my right hon. Friend, the Government are aware of reports about a Maldives-flagged vessel apparently engaging in ship-to-ship transfers with a DPRK vessel, in defiance of the UN Security Council sanction. We are also aware of the Maldives Government's response that the ship does not belong to the Maldives. I think that it is only fair and right that we conduct further inquiries about this potentially serious case before coming to any judgment. Broadly speaking, I have to say that our response to the deteriorating situation over the past three years has been robust, as it will continue to be.

My right hon. Friend the Foreign Secretary made a statement on 5 February, calling for President Yameen to end the state of emergency peacefully, restore suspended rights and permit the full, free and proper functioning of Parliament. I will meet the Maldivian ambassador later this week to seek his explanation of what his Government are doing in these areas. Our ambassador, James Dauris, who is based at our embassy in Colombo in Sri Lanka, flew to Malé on 8 February to raise our concerns directly with the Maldives Government and to meet opposition politicians and journalists.

**Jim Shannon:** I thank the Minister for all that he does, which is deeply appreciated by everyone in the House—I mean that sincerely, because we all appreciate the influence he has around the world. When he meets the Maldivian ambassador, will he express the concerns that I and many other Members have, as was shown in last Thursday's debate in Westminster Hall, about the persecution of Christians, who do not have an opportunity to worship their God in the way they want?

**Mark Field:** I will certainly do so. I have rather long list of things to raise with the ambassador, but I will do my level best to ensure that that issue is discussed.

The UK is also leading the international response, understandably. We helped to drive the EU Foreign Affairs Council conclusions on 26 February, which called for the state of emergency to be lifted. The Council announced that it would consider targeted measures if progress was not made. I also expect the UK to lead a statement of concern at the UN Human Rights Council in Geneva later this week, as we did last June on behalf of more than 30 other countries.

On human rights more broadly, the Maldives has been one of the Foreign Office's human rights priority countries for several years. We have regularly raised our concerns about human rights, in particular the threatened re-imposition of the death penalty, with my Maldivian counterparts, as have my Government colleagues. We will continue to fund projects that support efforts by Maldivian civil society to promote human rights, strengthen democratic institutions and advocate a greater role for women in public life.

We are deeply concerned by reports of increasing radicalisation in the Maldives and take them very seriously. We co-operate with the Government of the Maldives in the global fight against terrorism. Our view is that open and pluralistic societies are better placed to combat the underlying drivers of radicalisation.

My right hon. Friend was right to point out that the decision by the Maldives to leave the Commonwealth in 2016—an institution that was assisting it in addressing a number of these concerns—remains a source of deep sadness to us. We hope that in time the Maldives will return to the Commonwealth family by reapplying for membership, but clearly in its current state that cannot happen.

My right hon. Friend mentioned the safety of British visitors to the Maldives, and many of them are there as we speak. That is clearly an extremely important consideration for us. Nearly 100,000 British tourists visit the islands every year—not necessarily in the most built-up areas of Malé, but they are visitors none the less. He rightly pointed out that there are also significant numbers of Chinese and German tourists.

We regularly review Foreign Office travel advice to ensure that travellers have the latest information. We have updated it twice since 5 February, most recently on 21 February, following the extension of the state of emergency. Our current advice states that political unrest has to date largely been confined to the capital island Malé or to major population centres.

**Sir Hugo Swire:** I suspect that the majority of tourists do not go to Malé because it is only atoll in the entire Maldives that is dry. My point is that many atolls are many miles away from Malé and would be difficult to get to in a crisis. Further, the fighters who have gone to Syria and Iraq do come from the remote areas because, as I said, they have been radicalised through the mosques, the internet and social media. Just because tourists are not in Malé, which is the centre of unrest, that does not mean that there are no problems elsewhere.

**Mark Field:** My right hon. Friend makes a fair point. He can be assured that we will be asking our embassy and James Dauris, our excellent ambassador based in Colombo, to keep our advice under constant review.

Although few British tourists visit the major population centres, we advise those who do so that they should exercise caution and avoid any protests or rallies, but I will ensure that we give further thought along the lines of my right hon. Friend's intervention. We have had no indication to date that any British tourists have been affected directly by the unrest or, indeed, that it has affected the resorts in which they stay or the functioning of Malé's international airport. The safety of British nationals will always be our primary priority, and we shall continue to keep our travel advice under constant review.

The current situation in the Maldives is deeply worrying. President Yameen's crackdown on media, judges and political opponents through the suspension of fundamental rights is unacceptable in any country that calls itself a democracy, and I shall make that argument when I see the Maldivian ambassador tomorrow at the Foreign Office. I know that he works closely with UK parliamentarians to promote his country in a positive light here in the UK, and I hope he will have heard many of the concerns

that have been raised tonight, not least because they have been raised by parliamentarians who have the interests of the Maldives and its citizens close to their heart.

Colleagues will share my concerns at the sustained misuse of parliamentary process used to justify such measures. The members of the all-party British-Maldives parliamentary group, while understandably keen not to talk down the islands' reputation, might usefully consider ways in which they could speaking out against the abuse. We shall continue to work, both bilaterally and with international partners, to urge President Yameen to end the state of emergency peacefully, to restore all articles of the constitution and to restore the proper functioning of Parliament, so that the people of Maldives can once more enjoy their full democratic rights and freedoms and live without fear or intimidation.

*Question put and agreed to.*

7.28 pm

*House adjourned.*



# Westminster Hall

*Tuesday 6 March 2018*

[MR PHILIP HOLLOBONE *in the Chair*]

## British Transport Police/ Police Scotland Merger

9.32 am

**Douglas Ross** (Moray) (Con): I beg to move,

That this House has considered proposals for the merger of British Transport Police Scottish division with Police Scotland.

It is a pleasure to serve under your chairmanship, Mr Hollobone. We had a slight wait for you to take the Chair, but I know better than most that the match cannot start without a referee, so it is good to have you in your place. I thank the Backbench Business Committee for allowing us time for this debate, as well as all right hon. and hon. Members who supported the application—in particular, the hon. Member for East Lothian (Martin Whitfield), who joined me in front of that Committee to present our case for the debate. I refer Members to my declaration in the Register of Members' Financial Interests. My wife is a serving police officer: a police sergeant with Police Scotland.

I want to divide my remarks into three sections: the process from the Smith commission to the vote in the Scottish Parliament approving the proposed merger; where the process got to and the pause announced last month; and finally, the next steps and, I hope, the opportunities for the British Transport police Scottish division.

Early in my remarks—before any Scottish National party Members jump up with interventions diligently provided to them by party researchers—I would like to note that the merger of the British Transport police into Police Scotland is wholly different from what was proposed in the Conservative manifesto. I strongly opposed from the outset the SNP plans in Scotland. Our plans in the UK manifesto pledged to protect specialist policing at a UK level by bringing together the Civil Nuclear Constabulary, the Ministry of Defence Police and British Transport police. That is a completely different approach from the one supported by the SNP, which is to rip the Scottish operations out of the extremely successful British Transport police and merge them into Police Scotland—which has itself been beset with problems since its inception and formation as an amalgamation of eight regional forces.

**Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): Having sat through the various stages of the Bill at the Scottish Parliament, the hon. Gentleman will be more aware than anyone else that the Scottish Government and Police Scotland have gone out of their way to give assurances that the transport police function and specialism will be preserved even after the merger. What is the difference between that assurance and the assurance given by the UK Government?

**Douglas Ross:** What is different about that assurance is that the Scottish Government could not even deliver it by 1 April 2019 as they proposed. The assurances were

so weak that even the joint programme board had to finally accept that it was not going to happen and the services could not be protected as they had said they would be.

**Stuart C. McDonald:** That is not a fair categorisation of what the board said at all. It said progress had been made in some parts of the merger process, but not in others. The hon. Gentleman has not answered my question about what is different about the Scottish Government's guarantee to preserve the police specialism and the functions for the transport police, and the UK Government's guarantee.

**Douglas Ross:** As an example, the Scottish Government say that they would take the 280 or so full-time equivalent BTP officers in Scotland and merge them into Police Scotland with its 17,234 officers. That would not protect them, because if the officers within Police Scotland who wish to have a specialism in railway policing were first on the scene at a non-railway incident, they would be stuck with that incident right the way through. Currently, if Police Scotland are the first on scene at the railways, they can transfer that to a BTP officer when they arrive and vice versa. They could not do that. That is not protecting the current situation and the good work done by BTP officers in Scotland and across the country.

My opposition and the strong opposition from Scottish Conservatives in Westminster and Holyrood must not be considered as disrespecting the Smith commission and devolution settlement that followed. I agree that the functions of the British Transport police in Scotland should be a devolved matter—I just strongly disagree with the approach taken by the SNP Government.

There were and are other options to devolve the powers, but we know that they were never considered by the Scottish Government. Right from the start, the SNP had a blinkered view on its approach—unwilling to listen to expert advice, which opposed its plans, and unwilling to listen to the views of BTP officers, the British Transport Police Federation, rail unions and rail operators. Basically, everyone with considerable knowledge of railway policing warned the SNP against the plans, but they were ignored and the SNP marched on regardless. It only consulted on its preferred option: full integration with Police Scotland.

That was the first of many failures by the Scottish Government, who were unwilling even to consider alternatives put forward by the British Transport police authority as far back as 2015, which suggested giving increased accountability to the Scottish Parliament and giving the Scottish Government greater power over setting policing priorities. That was put forward by the BTPA, and ignored by the SNP Government, who only consulted on their preferred option.

**Stuart C. McDonald:** I wonder whether the hon. Gentleman can tell me whether the UK Government are going to begin to consult on their preferred option, as contained in the manifesto, or whether they are going to look at other options as well.

**Douglas Ross:** I wonder whether the hon. Gentleman is going to speak about the SNP policy that we are discussing today—the debate is about the proposed merger of the British Transport police into Police

[Douglas Ross]

Scotland—or, as the SNP constantly does, does he just want to deflect attention somewhere else, shouting and screaming, “Look over there; don’t look at our failures in Scotland”? The SNP is letting Scotland down. This is yet another example of its centralisation plans, which seem to work in SNP heads and on a bit of paper, but do not deliver for the people of Scotland.

Every proposal was dismissed by the SNP. With the support of the Scottish Greens, the SNP Government forced through their plans. In the face of overwhelming volumes of evidence showing that this was a bad move that would dilute the service currently provided and potentially put rail users at risk, the Bill was passed in the Scottish Parliament. The plans were criticised by Her Majesty’s inspectorate of constabulary in Scotland for being entirely political. It also criticised the fact that no business case or due diligence outlining the benefits and costs was or had been prepared by the Scottish Government, saying:

“As the decision to transfer BTP’s functions in Scotland to Police Scotland was a Ministerial decision, no single, detailed and authoritative business case which articulates the benefits, disadvantages or costs of the transfer to Police Scotland was developed.”

That is shameful and unacceptable.

**Colin Clark** (Gordon) (Con): Given that the merger will not in fact be cost-neutral, as originally claimed by the Scottish Government, does my hon. Friend agree that stopping it will not only protect the quality of railway policing in Scotland but save money for hard-pressed Scottish taxpayers, who pay more in Scotland than taxpayers in the rest of the United Kingdom?

**Douglas Ross:** I absolutely agree. We were also told that the merger of eight regional forces in Scotland into Police Scotland was going not only to deliver a better service but save money. However, the single police force is struggling because of the financial restrictions put on it by the Police Scotland; it is not saving money as the SNP promised it would.

**Jim Shannon** (Strangford) (DUP): I congratulate the hon. Gentleman on bringing this debate to Westminster Hall for consideration. Does he agree that a workable timeline must be set before allowing a safe transfer that does not compromise public safety? Furthermore, the vital role carried out by the British Transport police must be allowed to continue seamlessly for the benefit of everyone.

**Douglas Ross:** I fully agree with the hon. Gentleman. Safety for rail users and our officers has to be of paramount importance and I will come on to that in my concluding remarks.

One of the issues that I raised in the Scottish Parliament, when I was on the Justice Committee, was the personal track safety certificate and what it covers. Every BTP officer has that certification. Would all 17,234 Police Scotland officers have that certificate? No, because the cost involved would not allow it. There is a safety risk if officers who have not received the certification go on to the tracks.

**Jim Shannon:** The hon. Gentleman mentioned Police Scotland, and it will be very important for the know-how and full power of the police forces to be combined as

quickly and efficiently as possible, to ensure that the benefit of knowledge and experience comes together at the right time.

**Douglas Ross:** Absolutely. I will come to the timing in a moment, but there is no doubt that, several years after the merger, Police Scotland is still operating under considerable strain because of it; now is not the time to add to the workload of Police Scotland when it is struggling to manage what it has now.

**Kirstene Hair** (Angus) (Con): Surely the fact of the delay is proof that Police Scotland is in no fit state to absorb the BTP.

**Douglas Ross:** Absolutely. We have to remember that the joint programme board is made up of representatives of the Scottish Government, the UK Government and Police Scotland. At their latest meeting in February, they all agreed to recommend a pause to the Scottish Government. None of them could see the implementation of integration being achieved safely by 1 April 2019.

The intervention of my hon. Friend the Member for Angus (Kirstene Hair) takes me back to where we are now, which is the pause. We are in a welcome place: the SNP, Police Scotland and the joint programme board all accept that the implementation date of 1 April 2019 will not be met. Gone are the supportive comments from the Police Scotland high command that everything about the proposal is rosy.

I cannot forget the response I received to a question that I put as a member of the Scottish Parliament’s Justice Committee; it came from Assistant Chief Constable Bernie Higgins. Almost exactly a year ago today, on 7 March, I asked him about the problems we had seen with the merger of the eight forces into one and the ongoing challenges faced by Police Scotland. At that point last year, I was asking whether it was the correct time to force ahead with this merger. ACC Higgins, before the Scottish Parliament Justice Committee, replied:

“To be frank, two years is a luxury, based on what we had to do to bring Police Scotland together, so I am confident that the transition would occur”.

Two years as a luxury and confidence from an assistant chief constable of Police Scotland—all now wilted on the vine. Deputy Chief Constable Iain Livingstone has made it very clear, in his remarks to the joint programme board and since, that Police Scotland was not ready, that it was not a luxury to have two years to implement the integration and, therefore, that it is correct that we have now paused.

**Andrew Bowie** (West Aberdeenshire and Kincardine) (Con): Given all that, does my hon. Friend think it might be the time for Her Majesty’s Government to consider delaying the laying of orders facilitating the merger north of the border?

**Douglas Ross:** I am grateful for my hon. Friend’s intervention and will come on to that towards the end of my speech, when addressing the Minister on what we could do in this Parliament.

**Ian Murray** (Edinburgh South) (Lab): I congratulate the hon. Gentleman on securing the debate. The chair of the British Transport Police Federation said, in the light of the terrorist attacks in Manchester and London,

that the merger should be suspended permanently. The fact that he is talking about terrorism shows the significant difficulties that there might be over safety in the merger.

**Douglas Ross:** I agree with the points made by the hon. Gentleman. Nigel Goodband and the BTP Federation have been strong advocates for the BTP maintaining its current form in Scotland, with its strong links with Police Scotland and across the rail network. They are strongly opposed, as many of us in this Chamber and indeed in Holyrood are, to the SNP's plans for integration.

I have just quoted ACC Bernie Higgins from almost a year ago to the day saying that two years was a luxury. Even more recently, however, SNP politicians have been saying, "Everything is fine. Don't worry about this. We'll keep on moving." On 24 January 2018 in the Scottish Parliament, my colleagues in the Scottish Conservatives, led by our justice spokesperson Liam Kerr, moved a motion calling for a pause, but every single SNP Member voted against that motion.

Not only did the SNP MSPs vote against, but they gave us some great quotes. Rona Mackay said:

"What more proof do the Conservatives need that the merger has been planned meticulously to ensure a smooth transition in 2019?"

She continued:

"It would be preposterous to pause the process while negotiations are on-going, so I urge the Conservatives to stop trying to derail the merger, which will make Scotland a safer and more secure place in which to live and travel."

Her colleague, Fulton MacGregor, said that

"plans are going as expected and there should be no issue with integration going ahead on 1 April next year."

Deputy SNP leadership candidate James Dornan said:

"The terms and conditions have been worked on regularly and I am pretty sure that, when they get to the merger, everybody will be happy."—[*Scottish Parliament Official Report*, 24 January 2018; c. 54-64.]

It turns out no one is happy, because we will not achieve the merger on the timescale put forward by the SNP Government. They were wholly unprepared for the problems faced by a number of elements in the joint programme board, yet they were optimistic that everything would be fine, it could all be sorted out and, finally, they could get rid of the "British" from the name "British Transport police" operating in Scotland.

I want to look at a number of other aspects. We have had many useful briefings for this debate, and in particular I welcome the contribution of the British Transport Police Federation. A recently published study by Dr Kath Murray and Dr Colin Atkinson looked at the British Transport police merger in Scotland. It was published just before the announcement of a pause, but it included many useful pieces of information. For example, 83% of British Transport police officers in Scotland responded to the study to say that they were either very unsupportive or quite unsupportive of the merger plans—83% of our BTP officers in Scotland; that tells a story.

The study was also useful for some of the quotes of the respondents, which I want to read out. Speaking about the BTP Scotland merger, one officer said:

"It is being destroyed for political reasons. I am happy with my job and the way I am treated. It is an infuriating turn of events.

It is this political motivation which has angered officers most rather than any other issue."

Another said:

"I find it incredible that a merger of this size has been allowed to progress without a formal business case outlining the benefits and risks."

One final quote is:

"The communication throughout has been woefully lacking. Two years of talks; I am unsure what, if anything, has actually taken place.

The vacuum of information is filled with rumour and hyperbole which tends to affect morale."

Those are just three of the comments made by officers who contributed to that study, but they are reiterated time and again by the British Transport Police Federation, which is standing up for its officers and opposing the merger.

**Stuart C. McDonald:** The hon. Gentleman is right to raise that survey, which will of course have to be addressed, but one of the key reasons behind those levels of opposition was, in essence, a sense of loyalty to the British Transport police as it stands. Does he not agree that the proposals in his party's manifesto would receive a similar response if there was a survey on those as well?

**Douglas Ross:** I am unsure whether I have given way two, three or four times to the hon. Gentleman, yet he has still not mentioned his own party's plans, which we are debating today—the SNP plans to merge the British Transport police in Scotland into Police Scotland. He only wants to ask about the Conservative plans; perhaps he should propose a debate on them to the Backbench Business Committee. I would gladly join him in Westminster Hall to debate those proposals, but today we are debating his party's plans—dangerous plans for merging British Transport police into Police Scotland. We should focus our remarks on how damaging those plans are to police officers in Scotland, rail users in Scotland and indeed the operators.

The lack of a financial case has been highlighted a number of times. When I was on the Justice Committee, we concluded that the supporting financial memorandum did not provide enough detail on the expected cost of integration or on who should pay. We said at the time that that was unacceptable, and again the Scottish Government did not respond with the information required.

Another huge issue for the federation and officers was terms and conditions: the so-called triple lock that was promised by Michael Matheson as Justice Secretary and Humza Yousaf as Transport Secretary. There is a real vacuum on information available to our officers, who potentially were just 13 months from the merger—from leaving the force that they joined and were proud to serve in, to be merged into Police Scotland—yet still had no concrete detail on pay and conditions and on terms and conditions. Again, they have rightly felt let down by the Scottish Government in their negotiations.

**Alan Brown** (Kilmarnock and Loudoun) (SNP): On jobs, pay, conditions, and terms and conditions, it was actually guaranteed that there would be no jobs lost; terms and conditions were maintained, and there will be no pension issues arising from either retired, deferred or current British Transport police officers transferred across.

**Douglas Ross:** I thank the hon. Gentleman for mentioning pensions, because that is exactly what I was about to come on to. In the Public Gallery, we have members from the National Association for Retired British Transport Police Officers. What consultation did they have with the Scottish Government or the joint programme board? Zero. Retired officers, who will be impacted, were not consulted, included or even recognised by the Scottish Government in the merger proposals. Those officers have serious concerns, which include that they understood that the proposal was for Scottish members to be moved from the main funds to a newly segregated Scottish fund. That is likely to amount to around 250 serving officers, and probably about 200 retired officers, affected, without the courtesy of being informed of how many members in Scotland would come under the proposal. That will create almost immediately a closed fund: at one end, the number of serving officers will reduce each year due to retirements; at the other, retired officers will stop taking their pensions. Very quickly, there will be no new money coming in.

I would be grateful if SNP Members responded to the many concerns from the National Association for Retired British Transport Police Officers on that point, because they have never been answered by the Scottish Government through the joint programme board or at any opportunity in the Scottish Parliament. Such uncertainty is unacceptable for men and women who have served this country with great dignity and service, but are being left in the lurch by the SNP.

There are some positive developments. I said at the beginning that I welcome the fact that the SNP Government have paused these plans. We called for that in January; the joint programme board agreed it in February, and the SNP Government have finally listened. The Deputy Chief Constable designate of Police Scotland, Iain Livingstone, welcomed the delay and made no commitment at the most recent Scottish police authority board. He said that

“we will be reassessing in the coming months what the challenges and options are, and will then report back to Government”.

I took that as a very welcome signal from the top of Police Scotland that it is not simply pausing, but looking at all other options.

It is also extremely welcome that the British Transport police integration will be reviewed by Audit Scotland as part of its annual review. Proper scrutiny of the plans has been missing throughout this process, to judge how things were progressing as we went along. That intervention by Audit Scotland is welcome, but we must ensure that any progress, or lack of it, is highlighted at the correct times.

I am grateful that we have the UK Minister here; I think the hon. Member for East Lothian will agree that much of the concern from the SNP at the Backbench Business Committee was, “This has nothing to do with Westminster; you devolved these powers in 2016.” The SNP Member on the Backbench Business Committee told us that we should not debate it here. When I raised the issue in business questions or with the Prime Minister, SNP Members in the House of Commons shouted me down because they did not want it discussed in Westminster. But it is right that this issue is discussed in Westminster, because, as was said in an intervention, the UK Government

still have to lay the orders that are scheduled for this autumn. I hope the Minister confirms that those orders will be paused, because of the pause in Scotland.

We do not devolve and forget. It is right that elected Members from Scotland in this place continue to look at the merger of British Transport police into Police Scotland. It is also right that peers in the other place tabled a motion of regret on this very point. Indeed, as I have said a number of times, this issue has been debated as recently as January in the Scottish Parliament. Both Parliaments are right to raise it and to discuss and debate it.

**Ian Murray:** There is a role for this Parliament, and not only for the reasons that the hon. Gentleman stated, as there will be a consequence for the British Transport police, too, when the Scottish section is taken away. There are no railway stations on the Scottish border. Therefore, transport police from England will have to travel beyond Carlisle and beyond Berwick, through the Scottish border, when that is not their responsibility.

**Douglas Ross:** Absolutely. That was highlighted a number of times when the issue was debated in the Scottish Parliament, and it has been included in almost every briefing that we have received. If we end up with the SNP proposal and the status quo here in the rest of the UK, potentially two different forces will be investigating crimes on the same line. Not only is that confusing to rail users and consumers, but it will lead to duplication and misunderstanding, which will lead to a poorer service for Scottish rail users. We should not accept that.

Let us not just pause this process; let us restart it. Let us go back and look at all the options, to ensure that everyone is considered and every option listened to. When I raised the issue at Prime Minister’s questions, she made it clear that she did not believe that this Government should devolve and forget. She also made it clear that passenger safety must come first in any decision making. That has not happened so far, which is why the pause is welcome and why we must look again from the beginning, to ensure the best outcome for BTP officers both current and retired, for rail operators and for everyone who uses our rail services in Scotland and across the UK.

I will take my final words from the study by Dr Kath Murray and Dr Colin Atkinson, which sums up the issue better than anything else. An officer who looked at the plans said:

“It quickly became very clear that dissolving BTP Scotland as opposed to devolving BTP Scotland was going to take place... With no career future in sight, I decided to leave, but long service, conscience and pride in what we have achieved so far means I will stay until the last day. Leaving the best crime and justice legacy of BTP Scotland is important to me. My name will be on it at handover.”

I hope that that officer will continue to serve BTP in Scotland, because with this pause he can continue longer in the force he joined, the force he enjoyed working with and the force in which he took great pride in protecting the people of Scotland and the UK on our railways.

**Mr Philip Hollobone (in the Chair):** The debate can last until 11 o’clock. As there are five Members who wish to speak, I will impose a five-minute limit on speeches. That allows some leeway for interventions,

but if there are too many, I am afraid that the last speakers will not be allowed the full five minutes. I call Ian Murray.

9.59 am

**Ian Murray** (Edinburgh South) (Lab): As always, it is a great pleasure to serve with you in the Chair, Mr Hollobone. I do not want to echo all the remarks made by the hon. Member for Moray (Douglas Ross), whom I congratulate, along with my hon. Friend the Member for East Lothian (Martin Whitfield), on initiating the debate.

We are having this debate at a crucial point in the life cycle of the British Transport police and this issue, and I am delighted that it has been brought forward.

Let me say at the outset that all five parties that sat around the Smith commission table agreed that the Scottish section of the British Transport police should be devolved. No one suggests that it should not be; the questions are how it will be devolved to the Scottish Parliament, how it will subsequently be operated, and what that will achieve not only in Scotland but across the United Kingdom. Those are significant issues for everyone involved.

The issue really is safety. We know that the merger is driven by ideology—everything is driven by ideology for the Scottish National party—but safety is the issue.

**Stuart C. McDonald:** It is important to say that the merger is not driven by ideology. What does the hon. Gentleman think of the recent review of terror attacks in London by his colleague, Lord Harris, who aired the possibility that the London underground functions of the British Transport police should be considered for merger with the Metropolitan Police Service? Other Governments are thinking about these things, too.

**Ian Murray:** The hon. Gentleman has just highlighted that, in terms of terrorism, the Metropolitan police do not say that the British Transport police should be merged in the same way that is suggested in Scotland. I am glad we are having a discussion about terrorism. As I mentioned in an intervention, the BTP chair said that, in the light of terror attacks, any reorganisation of the British Transport police should be paused or halted permanently, on the basis that terrorism and the safety of the people of this country are the single biggest issue that the police service and security services deal with. Everyone should pause and reflect on why the Scottish Government have completely dismissed the British Transport police's incredibly serious concerns about terrorism. As the biggest public safety issue, terrorism should be at the forefront of our minds. As I said, none of us wants the devolution of transport policing stopped; the question is how it is done in a way that ensures that the police service operates correctly.

It is not just politicians who say that—35% of BTP officers and 45% of BTP staff in Scotland say that they would probably leave the service if this integration went through. They have a great deal of pride in the service and safety that they provide to the public. Before my nationalist colleagues jump up and say that I am talking the police service down, let me say that the entirety of the police service—BTP and the police in my constituency—do a fantastic job in incredibly difficult

circumstances. Great damage is being done to Police Scotland because of the botched merger of all the police forces to create that body, not because of individual officers, who do as much as they possibly can on the ground with the slim pickings of resources they are given.

To see how bad this integration would be, it is worth thinking about one of the basic grassroots issues—trains. They were discussed at great length on a cross-party basis when Lord Foulkes of Cumnock brought a debate on this subject to the House of Lords. There is no station on the border, on either the west coast or the east coast. In fact, no one could get a train into Scotland for four days last week. The last stations in England and the first out of Scotland on the UK main lines are Carlisle on the west coast and Berwick on the east coast.

**Mr Paul Sweeney** (Glasgow North East) (Lab/Co-op): Many constituents got in touch with me last week who had been stranded in Carlisle and relied on the help of the British Transport police to make arrangements to get home safely. Surely that would be disrupted if this merger happened and the single policing structure on the west coast main line were dislocated.

**Ian Murray:** The service would be disrupted, and it would be an incredible waste of resources. If I may use these crude terms, we would need either English officers to stay on trains from Carlisle to Glasgow or from Berwick to Edinburgh, or—vice versa—Scottish officers to stay on trains going south. There will have to be some kind of agreement. None of that has been taken into account. That is why we welcome the pause in the integration and the fact that all these issues will have to be looked at.

**Stuart C. McDonald:** Will the hon. Gentleman give way?

**Ian Murray:** I will not, if the hon. Gentleman doesn't mind, because of the time. Other people want to speak.

Many people have asked for a commissioning arrangement to be set up that would allow the Scottish Government to commission BTP services and the chief constable to be directly accountable to the Scottish Parliament—and perhaps even the UK Parliament—for the operation of the Scottish side of BTP. That arrangement would be based on a framework that everyone was happy with. The shadow Justice Secretary in Scotland, Daniel Johnson MSP, called for a pause, and I am delighted that one has been put in place. I hope that the Minister listens seriously to what the people who actually police our safety, our borders and our transport system say about how such a commissioning arrangement may work in the longer term.

The pension fund is a huge issue. No one has any confidence that the integration would be done properly, because the creation of Police Scotland was botched. I will not go into the VAT issue, but the SNP created a problem by ensuring that Police Scotland was no longer able to apply for section 33 VAT exemption. They said that it did not matter and blamed the UK Government for removing Police Scotland from the exemption. The UK Government then said that they would exempt

[Ian Murray]

Police Scotland again, and the SNP claimed victory and blamed the UK Government for its removal in the first place.

I use that example not to make a political point but to say that it is little wonder that police forces, police officers and people who work in the sector have no confidence that the integration can be done properly. The pension fund is a big issue. It is a small fund, and I understand from one of the pensioners in it that it is in surplus. Integrating it or taking away the safety net of the wider British Transport police pension fund would certainly be detrimental to current pensioners and future pensioners. I hope that the Minister will look very seriously at working with his Scottish counterparts to ensure that any integration is done properly and will look at the commissioning proposals.

10.6 am

**Bill Grant** (Ayr, Carrick and Cumnock) (Con): It is a pleasure to serve under your chairmanship, Mr Hollobone. I thank my hon. Friend the Member for Moray (Douglas Ross) for securing this important debate.

Members will be aware that recommendation 67 of Lord Smith of Kelvin's report on Scottish devolution, which was published in November 2014, provides:

"The functions of the British Transport Police in Scotland will be a devolved matter."

Furthermore, sections 45 and 46 of the Scotland Act 2016 empower the Scottish Parliament to legislate for the policing of Scotland's railways and provide for the Scottish Government to be consulted on appointments of senior officers to the British Transport police. That said, I contend, as I am sure would many others, that it is not in the travelling public's interest to apply those powers and that this is not the appropriate time to bring together the British Transport police and Police Scotland. However, I note and welcome the Scottish Government's very good decision to put on hold indefinitely their plans to absorb the Scottish division of the British Transport police into Police Scotland. Why would they seek at this moment in time to amalgamate the British Transport police—a specialist, standalone, effective force that apparently operates seamlessly with Police Scotland—into Police Scotland, a force that in recent years, together with the Scottish police authority, has been under increasing public criticism and scrutiny?

I must make it clear that the vast majority of Police Scotland's frontline officers are to be commended for continuing to serve to the best of their abilities in difficult times, when consistency of high-level leadership may be perceived to be lacking and maintaining staff morale is immensely challenging.

In 2017, the British Transport police set a core budget of around £297 million for policing Great Britain's railways and kept its price promise to keep budget increases below the retail prices index. It has maintained policing costs at the same level as last year. I doubt that the same may be said for Police Scotland since its inception. The chief constable of the British Transport police reports that more than 7,000 rail passengers and rail staff responded to a public consultation, and 85%—a significant number—of rail passengers were positive about the work BTP was doing at their local station. The satisfaction rating and feedback were apparently similar among the rail staff who responded.

As I understand it, the Scottish Government's vision, although it is on hold, is for the British Transport police to become a specialist railway policing unit within Police Scotland. However, that unit would be funded differently from the remainder of Police Scotland. How can we be sure that the train operating companies, freight companies, Network Rail and London Underground, which currently provide funding, would continue to do so for a force that was incorporated within another based solely in Scotland? If we cannot be sure of that, might the Scottish taxpayers yet again be burdened with extra financial costs?

Concerns were expressed by the British Transport police authority, who identified a number of potential operational risks associated with the integration, including, in particular, and as mentioned by hon. Members, cross-border issues and staff morale, and the serious issue of pensions. The Rail Delivery Group identified possible additional expenses and a dilution of accountability associated with the Scottish Government's proposal.

I, for one, am not convinced that those reasonably held concerns have been properly addressed to everyone's satisfaction to ensure that we achieve British Transport police's vision of working with industry partners and stakeholders to deliver a safe, secure, reliable and expanding transport system. Will it be maintained at its present, effective level should a merger take place at some time in the near future? I do not think the British Transport police's effectiveness would be preserved if the merger took place.

10.10 am

**Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): It is good to see you in the Chair, Mr Hollobone. I congratulate the hon. Member for Moray (Douglas Ross) on bringing the debate to the Chamber. This is clearly an issue that he feels passionately about—and quite right, too.

I start by paying tribute to the officers and staff of the British Transport police for their dedicated service and hard work in making safe the journeys of millions of passengers every day—not just on the rail network, but on services such as the London underground, docklands light railway, Emirates air line, Glasgow subway and others.

The officers of the British Transport police have been involved in some of the most difficult and dangerous incidents and policing operations in living memory, including the 1987 King's Cross underground fire; dealing with numerous IRA bomb threats; rail crashes at Southall, Paddington, Hatfield, Potters Bar and Selby; and the response to the 7/7 terror attacks on underground trains near Edgware Road, King's Cross and Aldgate. Whatever our views are on the future structure of transport policing, we are all united in offering our thanks to those officers and staff.

Although the British Transport police draws its authority from an Act of Parliament from 2003, it can trace its history back to 1830, allowing it to claim to be one of the world's oldest police forces. Its history is also one of numerous reinventions and reorganisations to meet the challenges of the times. In the same way, each of the Governments of the UK are called on to make sure transport policing is prepared for current and future challenges. These are challenging times—or, as the British Transport police authority's 2013 plan put it,

“a period that will require unprecedented change in railway policing”

to provide exceptional service quality at reduced cost.

Different proposals have come forward. As we have heard, in last year’s elections Conservative MPs across the UK stood on a manifesto that included the pledge:

“We will create a national infrastructure police force, bringing together the Civil Nuclear Constabulary, the Ministry of Defence Police and the British Transport Police to improve the protection of critical infrastructure such as nuclear sites, railways and the strategic road network.”

In London, Mayor Sadiq Khan commissioned a review by the Labour peer Lord Harris of Haringey into London’s ability to deal with a terrorist attack. Noting that the Home Office is currently exploring options for merging certain national policing functions, his lordship reported that

“if such changes are being considered, it is important that the benefits of fully integrating the MPS and the underground policing functions of the BTP are considered at the same time.”

The outgoing Met Police Commissioner said there was a “good argument” for a merger, because the current set-up is “confusing” and such a merger could achieve “improved operational effectiveness” in responding to terror attacks.

**Douglas Ross:** Will the hon. Gentleman clarify that the examples he has cited from other parties in the UK are quite different from the SNP’s proposal for Scotland—to merge a specialist force into Police Scotland, which itself is a relatively new body still struggling with its own merger of the eight regional forces into one?

**Stuart C. McDonald:** Of course there are differences between the various merger plans, but a variety of different institutions and Governments in the United Kingdom are having to make changes to how transport policing works. Indeed, the possibility flagged up in Lord Harris’s report is of integrating the specialist British Transport police on the underground into the more general Metropolitan Police Service.

In Scotland, the Scottish Government have decided that policing and public safety are best served by merging the recently devolved British Transport police into Police Scotland. That decision was debated in great detail in the Scottish Parliament, including by the hon. Member for Moray, but ultimately the Scottish Parliament backed that decision, passing the Railway Policing (Scotland) Act 2017, which is the first step in making that happen.

Without raking over old coals again, I do think that was the correct decision. Through the merger, the assets, resources and range of skills of the second-largest police force in the United Kingdom will be deployed routinely, rather than on request, on rail transport policing, just as for our roads, seaports, airports and border policing. That, together with clear assurances from both the Scottish Government and Police Scotland that specialist railway policing functions and the skill set of our transport police will be preserved after integration means that the merger’s objective is to not just maintain but enhance safety and security standards on railways in Scotland.

All those arguments are mirrored in Lord Harris’s report to Mayor Khan. Given the developments at the Home Office and the Conservative Government’s proposals, without the Scottish Government’s decision we might have ended up being the only part of the United Kingdom

with a stand-alone transport police service, which would not have made much sense. It is not clear whether Conservative Members are arguing for that today.

Rather than reopen that argument, our task is to ensure that the considerable challenges of the merger are overcome, and that the inevitable and legitimate concerns and uncertainty for staff are addressed as thoroughly as possible. That is why a joint programme board was established. It was always the case that the timetable for the merger could change as progress was reviewed. While progress has been made in some areas, the board has recommended that the merger target date be extended beyond April 2019. That is regrettable, but it is right that the timescale is changed rather than the merger attempted at an impossible pace.

Meanwhile, Police Scotland has provided assurances that the right of any BTP member transferred to police the railway environment until they retire will be respected. There have been detailed discussions between the Scottish Government, the British Transport Police Federation and the Transport Salaried Staffs Association, and a guarantee has been pledged that secures jobs, pay and pensions through the course of integration.

Despite the picture that has been painted, there has been constructive engagement among railway operators, the Scottish Police Authority, Police Scotland and the Government. Unlike at present, a railway policing management forum is to be placed on a statutory footing to ensure rail operator engagement and accountability, and tasked with reaching agreement on the service, performance and costs of railway policing in Scotland. There has been positive engagement with the Transport Department at Westminster, where statutory instruments will be required.

I acknowledge that this has been and will be a challenging period for the British Transport police and current and retired staff. However, I believe this ultimately to be the best option for transport policing in Scotland—in fact, it is almost the only option. I trust that all parties involved will continue to work to make the transition as smooth as it can be.

10.17 am

**Martin Whitfield** (East Lothian) (Lab): I congratulate the hon. Member for Moray (Douglas Ross) on securing this debate, which it was a pleasure to co-sponsor. I thank the Backbench Business Committee for providing time for it. It is, as always, an honour to serve under your chairmanship, Mr Hollobone.

I thank the Scottish Government, who have eventually arrived at the same conclusion as almost everyone else in Scotland: there is a need for a pause and to think through full-scale integration. Rather than dwell on what took so long, I hope that we can face the challenges and complexities of merging these diverse organisations and look at it again, for the sake of passenger safety, on the advice of experts including the federation, trade unions, Police Scotland employees, me and the Labour party. We need to kill the concept of a future full-scale merger.

The debate has been carelessly framed by some as a divide between those who want to weaken the current devolution settlement and those who want to strengthen it. The Smith commission was clear. It said, among other things on transport, that

“the functions of the British Transport Police in Scotland will be a devolved matter.”

**Stuart C. McDonald:** Will the hon. Gentleman give way?

**Martin Whitfield:** I will not, because the hon. Gentleman has made a lot of interventions and had his chance to make a speech.

I hold no objections to the devolution of functions from the British Transport police to Police Scotland. In fact, the Scotland Act provides good scope for the transferral of such policing powers; yet, contrary to popular belief, a full merger under the devolution powers was not the only option.

The Smith commission preceded the publication of the Delegated Powers and Law Reform Committee's report on the matter. The Committee produced a number of options, which offered a range of answers. Options 1 and 2 looked first to provide an administrative and legislative settlement that would provide political accountability to Holyrood and Police Scotland. Those options, which were ignored by the Scottish Government, would as a preliminary settlement still have carried the recommendations brought forward by the Smith commission. We would still be able to devolve the service without putting passenger safety at risk and casting the uncertainty over pensions and jobs that we have heard about today.

Option 3 was full-blown integration: the most complex route to answer the devolution statement. By opting for a full merger, the Scottish Government put dogma before the people and services that they should serve. We have heard—this is an example of an alternative administrative legislative settlement—that Transport for London funds more than 2,500 police officers across the Metropolitan police, British Transport police, and the City of London police. Those police tackle crime and antisocial behaviour, and they make people feel safer when travelling in London. British Transport police have responsibility for the tube, the DLR and other areas, and through their neighbourhood policy they cater for the particular needs of communities near the stations they serve.

We have considered the financial demands that the Police Scotland merger has created, the stress faced by officers who serve on the street, and the managerial integration that is proving so very challenging. We have heard discussions about terrorism: the British Transport police have a terrorist specialism based in London, as does the unit that specialises in murder on the transport network. That is because, unfortunately, that is the geographical area where such things occur the most, so the specialist teams are where they need to be.

Hopefully, this debate will highlight the financial impact of the merger and the genuine questions that Police Scotland and BTP employees have about pay and conditions. It is better late than never, and I am relieved that those concerns have put any merger on hold. However, the past refusal of the Scottish Government to consider alternative forms to devolution fails to rectify the issues under discussion.

The Scottish Government have questions to answer, but I also wish to pose three questions to the Minister. When does the Secretary of State plan to lay orders to transfer power under the Scotland Act? Has the Minister received any acknowledgement of discussions between Police Scotland and train operators to establish a railway

policy agreement? What discussions have the Government held with their counterparts north of the border about the review of British Transport police integration by Audit Scotland? There are proposals, including the commissioning model, that are supported by BTP, rail users and other interested parties. Such solutions will deliver an transparent and accountable BTP for Scotland, and a fair, consensual devolution settlement that I hope all parties will get behind.

10.22 am

**Mr Paul Sweeney** (Glasgow North East) (Lab/Co-op): Thank you, Mr Hollobone, for your efficient chairmanship of this debate. I commend the hon. Member for Moray (Douglas Ross) for securing it.

Last week we debated Scottish city deals, which examined one side of the devolution equation. This debate examines the other side of that equation, and looks at how effective the devolution process has been over the past 20 years. We are seeing the emergence of the Scottish Government as a Leviathan—an unwelcome Leviathan in many ways. The devolution process was never designed to be like this; it was designed to create institutions to facilitate collaboration and strong partnerships at all levels of government, including local government and with the UK Government. Devolution should never be considered an annexation of power; it should be about building strong partnerships that facilitate efficient collaboration. We need to rediscover that as part of the devolution settlement.

I wish to reflect on the process through which the Smith commission discussed the devolution of the British Transport police to the Scottish Government, and the spirit in which that was done. No one disagrees with the idea of devolution, but the manner in which the Scottish Government have subsequently managed it has been less than satisfactory. The Delegated Powers and Law Reform Committee presented three options for railway policing following the publication of the Smith commission's report and the passage of the Scotland Act. Instead of consulting on which of those three would be the most effective, the Scottish Government instead railroaded through one simple option, with little room for stakeholders to affect the outcome. What sort of democratic devolved discussion and collaborative process is that?

Option 1 looked at administrative measures, including ways to increase alignment with Police Scotland initiatives and BTP's accountability to Scottish institutions. It examined a new role for the Scottish Police Authority in scrutiny and performance, but that was disregarded. Option 2 considered legislative and administrative measures, including clarifying in statute arrangements through which the Scottish Government may give direction to the British Transport police authority. Under that option, the BTPA would retain responsibilities for pensions, employment contracts, and defraying the costs of policing to the rail industry. Planning and strategy setting for railway policing in Scotland would be reviewed to enable greater involvement by the Scottish Police Authority. Both options considered new branding for the BTP in Scotland, but again that was disregarded without any consultation.

The only option presented as a meaningful way forward was full integration, which was also deemed the most complex route. There was, however, no justification for

it on that basis, so why were the other options disregarded out of hand? It is no surprise that the process has been halted, because its basis was clearly unsound from the beginning. That is why the chief inspector of constabulary in Scotland stated:

“The scope and scale of the challenges and complexity of the transfer should not be underestimated. It is not a merger of one complete organisation with another, but the partial extraction of a function from one organisation and its integration into another organisation.”

There is also a problem with staffing, morale, and the skills that are vital to sustaining the British Transport police across the United Kingdom. The Scottish Government seek to merge the BTP with Police Scotland, but they opposed the first two options on the grounds that they would not deliver a single command structure for policing in Scotland.

However, a single command structure is not necessarily desirable, because staff of the British Transport police want to maintain their integrity and their skills and specialisms. If they are removed from that structure and the only way to advance in the organisation is to move out of the rail division and into another part of Police Scotland, the dilution of the skills base will be self-evident. Why is that desirable? It is not, which is why it is necessary and key to maintain the discrete structure of the British Transport police in Scotland through other measures. Such dilution of the skills base is not desirable for staff or for efficient devolution.

For devolution to be a true success, we must examine both sides of the equation and ensure that local government, structures and institutions in Scotland are protected from the encroachment of Edinburgh. We must ensure effective collaboration among the Scottish Government, the UK Government and UK institutions to enable the most efficient management of those services in Scotland.

**Stuart C. McDonald:** Why would it be more difficult to retain a transport police function within a broader Police Scotland than to retain a firearms specialism, for example?

**Mr Sweeney:** Because opportunities for advancement within the British Transport police transcend the border—people can move between different regional divisions and they can learn different skills and benefit from training across the UK. It is desirable to maintain such opportunities, and on that basis the British Transport police structure in Scotland should be revisited. We should reconsider those three options and discuss them openly and with good intentions.

**Several hon. Members** *rose*—

**Mr Philip Hollobone (in the Chair):** Order. We now come to the Front-Bench speakers, and the guideline limit is 10 minutes each. To help them, I will ask the clock to show 10 minutes per speech.

10.27 am

**Alan Brown** (Kilmarnock and Loudoun) (SNP): It is a pleasure to serve under your chairmanship, Mr Hollobone, and I thank you for your guidance. I congratulate the hon. Member for Moray (Douglas Ross) on securing this debate. He raised important issues, and I will try to address some of them in my speech. Parts of his

contribution felt a bit like Saturday when the football was happening in front of me but I was not necessarily enjoying what I was seeing.

For me, the low point is the suggestion that this change is driven by a desire to get rid of the word “British” from British Transport police, as that clearly is not a credible argument. The hon. Member for Moray also accused my hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald) of shouting and screaming, but all he was doing was trying to make valid interventions. The hon. Gentleman did make important points, however, and I will come on to them.

The hon. Member for Edinburgh South (Ian Murray) confirmed that five parties in the Smith commission agreed on the devolution of the Scottish division of British Transport police, and we must understand that devolution is about handing powers to the Scottish Parliament, and about that Parliament making decisions using those powers. That is where the thrust of the debate should be. The hon. Gentleman also said that there was no train station right on the border, and the hon. Member for Glasgow North East (Mr Sweeney) intervened and said that passengers were stranded at Carlisle last week, and if it had not been for the British Transport police helping them to go up the road, they might have struggled. However, I fail to see how that will change in a new set-up. The police will always do their best to help passengers, constituents and members of the public, and that will not change. To suggest that it will is to cloud the issue.

The hon. Member for Ayr, Carrick and Cumnock (Bill Grant) mentioned the overall budget, but he failed to say that Scotland currently gets 5% of the BTP budget. Given that it has more than 11% of the rail network, that suggests a budget deficit. Perhaps that can be looked at in future, with the possible merger with Police Scotland.

**Ian Murray:** I do not think my hon. Friend the Member for Glasgow North East (Mr Sweeney) and I were suggesting that customer service at Carlisle would be damaged by any of these changes to British Transport police, but if there is an incident on a train between Carlisle and Glasgow, who deals with it?

**Alan Brown:** Does that mean someone on the train, or someone in a call centre?

**Martin Whitfield:** Who deals with it from the British Transport police perspective?

**Alan Brown:** Obviously, I am not involved in the day-to-day workings, but it would depend where the incident was reported to. It is clear that working practices could be put in place, to be agreed between companies, about who to speak to about an incident and who would take charge.

**Stuart C. McDonald:** That sort of example would be no more challenging with respect to cross-border rail police than would an incident on the roads, for example. Immigration officers also surely have to cross borders regularly, and powers are created to allow people to operate across borders and overcome such difficulties.

**Alan Brown:** The hon. Member for East Lothian (Martin Whitfield) has said he welcomes the pause in the process, but in fact he considers it as an opportunity to kill the policy off outright. He said that the British Transport police centre of excellence on terrorism was in London because London was more prone to terrorist attacks, but I do not see why that means that the Scottish division should not be incorporated into Police Scotland. There is still clear cross-border co-operation on such matters.

**Martin Whitfield:** Will the hon. Gentleman give way on that point?

**Alan Brown:** I cannot just now. The hon. Member for Glasgow North East spoke of an automatic dilution of skills. That is not a logical conclusion. If a railway division is retained in the new set-up, there should not be a dilution of skills. In fact, it is a way to enhance skills and opportunities within Police Scotland.

**Mr Sweeney:** Will the hon. Gentleman give way on that point?

**Alan Brown:** No; I will see if I have time near the end of my speech.

We are debating an important matter, which the Scottish Government are trying to deal with. It is clear that there are concerns within the Scottish division of the British Transport police about the proposals, and the claim that there are concerns among staff members cannot be refuted. We have to take the concerns seriously, given that we are talking about valued police officers who provide vital services, keeping us safe. Staff morale and welfare in relation to stress or concerns is of utmost priority. I think that that is what led to the current pause. However, even when those factors are taken into account, they do not justify the complete policy U-turn that most Members of other parties have called for.

**Douglas Ross:** To take the question away from what Opposition parties say, Deputy Chief Constable Livingstone said at the last Scottish police authority board meeting that we should look at options, not only at the merger that has been paused. If the hon. Gentleman does not agree with Opposition politicians, does he agree with Deputy Chief Constable Livingstone?

**Alan Brown:** He obviously feeds into the joint programme board that will be developed; but it depends what he means by "options". It could be timescales and how the integration goes ahead.

The Smith commission recommended the devolution of the transport police. The SNP Government submission at that point made it clear that their planned governance mechanism would be to incorporate the British Transport police division into Police Scotland. No opposition party responded to the consultation on British Transport police integration, so I have to ask what their concerns were previously. In reality, following the devolution of the British Transport police, the Scottish Parliament approved the integration proposals in June 2017. The majority of the Justice Committee endorsed the proposals; as I said, it was the Scottish Parliament that agreed to them, not simply the SNP Government. The SNP does not have a majority at Holyrood.

Page 44 of the Conservative manifesto for the UK general election in June stated:

"We will create a national infrastructure police force, bringing together the Civil Nuclear Constabulary, the Ministry of Defence Police and the British Transport Police to improve the protection of critical infrastructure".

It is clear that the UK Government propose to merge those specialist areas into one body. There may be a justification for that, but it still means that the Scottish division of the British Transport police would be left as an isolated railway division, separating the forces anyway. The UK Government still want their own single force.

As my hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East mentioned, the staff are highly motivated people who clearly enjoy their roles. They have clearly developed a loyalty to the British Transport police. That is a good thing, and it helps us to understanding some of their concerns, too. If they have worked for a long time in a division that they know to be high-performing, clearly there will be natural resistance to change. It is not directly comparable, but in my career I worked through the mergers of Strathclyde Sewerage, with the incorporation of the water division and the West of Scotland Water and Scottish Water mergers. At no point, as an employee, was I in favour of any of the mergers or changes, but once they went ahead there was never a desire to look back. I am confident that the same will happen once the merger we are debating goes ahead and there is a high-performing integrated police unit.

As to concerns about terms and conditions, I said earlier that there was a triple-lock guarantee to secure the jobs, pay and pensions of railway policing officers and staff in Scotland. There has been ongoing consultation with representatives of the British Transport Police Federation and the Transport Salaried Staffs Association. Admittedly, some staff members clearly felt that there had not been enough communication, but that has now been addressed, and hopefully their concerns will be allayed, especially by the guarantees on terms and conditions. Again, the delay should help allay those concerns and allow the communication process to clarify things.

Some of the respondents to the staff survey were concerned about the loss of the specialism. However, there are plans to retain a specialist railway department and I hope that in due course that will prove to be the correct working arrangement and will maintain the specialism. Ultimately, the integration will provide a single command structure, with seamless access to wider support facilities and specialist resources. It will also ensure that railway policing in Scotland is accountable to the people of Scotland through the SPA and the Scottish Parliament. The integration can be used further to enhance the safety of passengers and railway staff. Some British Transport police staff have also recognised that there could be enhanced promotion and learning prospects within a wider Police Scotland. Concerns have been expressed about the integration of the IT systems, and clearly it must be done properly, but an integrated IT system must be an operational advantage in the bigger picture.

There is an argument that seamless cross-border working happens at present. Leaving aside the fact that the UK Government want to create their own national infrastructure force, it is clear that cross-border working happens with

Police Scotland and other police forces now—particularly with counter-terrorism. If police from different police forces work on areas of that kind on a cross-border basis now, surely that can continue in the new set-up.

Police Scotland was mentioned in passing, and I should point out that it is being protected, budget-wise, in real terms. It has 1,000 more officers than in 2007. The fantastic work that its officers do needs greater political support, not to be drowned out by high-level politicking. Police Scotland performs well in its day-to-day fight against crime, which is at an all-time low in Scotland but is rising in England and Wales. The current D division employees of the British Transport police do a fantastic job, and I am confident that integration can be made to work well, and will prove the correct model in the future.

10.38 am

**Rachael Maskell** (York Central) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Hollobone, in what has been a strong debate on the Railway Policing (Scotland) Act 2017, which permits the merger of the British Transport police Scottish division with Police Scotland, although it does not make it obligatory. Clearly there are many other models, as we heard from the hon. Member for Moray (Douglas Ross), who opened the debate so well, and from my hon. Friend the Member for East Lothian (Martin Whitfield), who explained the importance of the Smith commission and the devolution settlement in moving forward. As my hon. Friend the Member for Glasgow North East (Mr Sweeney) articulated incredibly well, that meant not annexation but collaboration. We should move forward in that way, and the debate is timely in the light of the announcement of 20 February on the pause in the process.

It is vital in policing that policy decisions be backed by strong evidence. Sadly, I have heard more ideology from the Scottish National party today. As to SNP Members saying that they are confident there will be no looking back, confidence is not enough. We need strong evidence, because this is a matter of public safety. The transport network faces challenging issues today. When we hear that 83% of police oppose the measures, we need to understand why there is a lack of confidence in what the SNP has put forward.

We cannot take away some of the other challenges that are being brought to bear, particularly the governance and capacity issues within Police Scotland—not that they cannot be resolved in the future, but they certainly exist at this time. We have heard about the challenges over pensions, terms and conditions, and cross-border policing, which my hon. Friend the Member for Edinburgh South (Ian Murray) has been pursuing through written questions and raised again today.

**Alan Brown:** Will the hon. Lady give way?

**Rachael Maskell:** The hon. Gentleman has just had 10 minutes, and I need to make progress.

We also need to understand that more work should have been done on the three options that were presented, because clearly only one option was looked at. I believe the Scottish Government had a responsibility to dive deeper into each of those options from the Delegated Powers and Law Reform Committee to find the right

model in moving forward, and that that would have led to the safest option. We need to ensure that those options are now revisited and reviewed, to make sure proper scoping work is carried out and to understand the impact of that. If option 1, talking about the greater alignment of institutions, is taken, it might be recognised that that is as far as it needs to go to ensure complete public safety across the railway. As my hon. Friend the Member for East Lothian has highlighted, the commissioning model of Transport for London, working in an integrated, collaborative way, is another option, and there might be a hybrid model that comes forward once we have been able to review the situation as it is. We need to go back and review those options.

We also need to understand how complex the situation is, not least because we are negotiating across a range of bodies. We have to go back to the fragmented railway system as it is, with the different franchise operators servicing the Scottish railways. Labour wants to see a much more integrated, nationalised railway, which would certainly make things far simpler, but it is important that we look at these issues in the time we are in.

We must think about the specific issues that the transport police are involved in. Of course, that is not isolated from community policing. In my York Central constituency, the transport police have worked closely with the police in dealing with antisocial behaviour and tackling alcohol consumption on trains, making my city safer. That collaboration is vital, but the key is collaboration and working together. It is not changing systems to suit a particular narrative, which, I am afraid, is what this debate has steered into. We also need to be mindful of the integration of the work of the British Transport police with, for instance, that of the guards. We have seen assaults rising quite sharply on our rail network, which is why Labour is committed to ensuring that we have guards on our trains to make the public safe. It is an integrated role.

There are specific roles: dealing with missing and vulnerable children is a big issue for the transport police, as is dealing with public safety at railway stations. Mental health challenges are a big issue that the police have to address at stations, including the specifics of trying to engage with the public to reduce the risk of suicide and harm. One hon. Member raised in the debate the issue of being able to access the rail line, because of vulnerable people finding their way on to railway lines, or trespass. There are specific tasks with specific training that are done by the British Transport police. If we fragment the service, where is that specialist training going to come from without the years and years of expertise built up in providing that access?

**Alan Brown:** Will the hon. Lady explain why, if a specialist police division is retained within Police Scotland, suitable training on suicide prevention and the other measures she mentions cannot be provided? That issue probably cuts across Police Scotland and other measures that other officers have to take.

**Rachael Maskell:** I struggle again with the SNP's intervention, because there are specific issues about not just people at risk at stations, but people finding their way on to the rail network itself and how that is addressed. We have heard about the training that is needed on access to the track and keeping the public safe.

**Martin Whitfield:** Is it not correct to say that, for example, when we share the east coast main line, which runs north and south, the integration has to be north and south? Events that happen in York or Newcastle have knock-on effects both in Scotland and down in London on that one railway line.

**Rachael Maskell:** I thank my hon. Friend for that intervention. That point came out strongly in one of the submissions to the consultation, talking about things such as the management of football fans and ensuring that that is done through co-ordination between Scotland and England. It is important that we see that integration continue.

Coming back to issues of expertise, the British Transport Police Federation chairman, Nigel Goodband, said:

“Given the recent terrorist attacks in Manchester and London, and the ongoing and significant threat from terrorism, I am writing to you as a matter of urgency to implore you to suspend the Railway Policing (Scotland) Bill.”

Here we have somebody in a lead position of expertise imploring the Scottish Government to put this proposal, as it is presented today, on ice, who is backed by the trade unions, the police and Labour.

We need to ensure greater alignment and good collaboration—I think everybody in this debate would agree with that—but we must remember that policing is needed across borders too. Rail does not respect borders, and neither does crime. If this is about keeping the public safe, we need to ensure that we have good communications between station staff and police throughout the network and on board the trains. We cannot afford to lose or regress on the skills that have been developed over time. We are talking about 284 staff and officers who have gained those skills over numerous years and built up a specialism.

We must respect specialism in the police, but many issues are now pulling that expertise away from the service. Many people say they will leave—I believe it is 16% of experienced officers and staff—with 14% going elsewhere in the British Transport police and 22% uncertain over the future. They are uncertain because there is no clarity on pensions and terms and conditions. We are talking about not only existing staff, but the future workforce, who have not been referred to in the debate.

I welcome Audit Scotland’s reviewing the debacle that this has turned out to be, but I also press it on the Minister today that we should see a pause in the laying of orders before the House and ensure that the work goes back to the scoping phase, to reflect properly on the responses to the consultation, which reject the SNP’s proposals, and instead to put forward a sensible model of greater alignment and collaboration as we move forward, thereby ensuring that public safety is put first.

10.47 am

**The Minister of State, Department for Transport (Joseph Johnson):** I start by congratulating my hon. Friend the Member for Moray (Douglas Ross) on securing today’s debate on this important subject. I am aware of his long-standing interest in this matter, both as a Member of this House and previously while a Member of the Scottish Parliament. Before setting out the Government’s position, I would like to make a point that I am sure we all agree about: that the continuing safety and security

of the travelling public and of the staff who work on our railways must remain our No. 1 priority in this matter.

As hon. Members will be aware, the decision to devolve the functions of the British Transport police honours the cross-party Smith commission agreement, which explicitly set out that

“the functions of the British Transport Police in Scotland will be a devolved matter”.

The Scotland Act 2016 gives effect to that recommendation. Legislative competence for railway policing in Scotland has been devolved. The Scottish Government have stated their intention to integrate the Scotland Division of the BTP into Police Scotland, and the Scottish Parliament has passed legislation setting out the Scottish Government’s plans for the future policing of the railway. The process of devolution is therefore under way. It is now for the Scottish Government and the Scottish Parliament to use the powers they have been given.

For our part, the UK Government are committed to devolution and to delivering the Smith commission’s recommendations in full. We have been working closely and effectively with the Scottish Government, the two police forces and the two police authorities through a joint programme board, which has been established to oversee the delivery process. We want to see a smooth transition to the new arrangements for policing the railways, with the focus on ensuring that the safety and security of rail passengers and staff remain at the forefront of the process and that the UK’s interests are fully recognised and protected.

Significant progress has been made on a number of aspects of integration, including in preparing the secondary legislation that will transfer those BTP officers and staff currently responsible for policing the railways in Scotland to Police Scotland, and on mapping their terms and conditions. The hon. Member for East Lothian (Martin Whitfield) asked when we would lay the orders in question. We had planned to lay them in the autumn, but given the delay until a new plan and timeline for the project has been determined, we do not know now when we will lay them.

It needs to be said that any deferral will be for a period of one or perhaps more years, because of the contractual arrangements through which policing costs are recovered by the British Transport police authority from train operators. The transfer can take place only at the start of any given financial year, so we need Police Scotland, working with the BTPA, to commit to a specific, achievable deadline by when it will be operationally ready to deliver the transferred functions, as and when it is in a position to actually receive them. That timeline must work for the BTPA, ensuring that the BTP can continue to focus on its critical activities.

We have been very clear throughout this process that it is our intention that the transfer should take place on an as is basis, ensuring that transferring officers and staff see no change in their terms and status. My hon. Friend the Member for Moray and the hon. Member for Edinburgh South (Ian Murray) mentioned pensions. We are currently working with the pension trustees on how best to deliver the commitment that pensions will be preserved. The question is how that can be best achieved while ensuring that costs fall where they should. The UK cannot cross-subsidise police pensions in Scotland after the transfer.

Last month, the joint programme board was advised by Police Scotland and the BTPA that a number of significant operational issues remain to be resolved, and that the scheduled transfer date of 1 April 2019 could not be achieved without undue risk to rail staff and passengers, with further time needed to deliver integration most effectively and safely for railway passengers, staff and officers.

In particular, a number of issues were raised about the integration of critical functions, such as ICT, with Police Scotland's systems. Police Scotland has found itself unprepared to receive the transfer. Scottish Ministers accepted that advice, and a detailed re-planning exercise, supported by external advisors, will now take place to ensure that robust delivery plans are in place and to establish a new delivery date. That will allow also for increased engagement with both industry and staff.

I welcome the Scottish Government's decision to listen to concerns and criticism and to agree to delay the transfer. I also recognise the concerns raised by hon. Members about Police Scotland's ability to take on railway policing. Our No. 1 priority remains the safety of the public, and all parties agree that the transfer cannot take place until it is safe for that to happen. However, let me be clear: this is a delay to an agreed process. The Scottish Government have been clear that the transfer will still happen—that is their decision—but only when they are satisfied that all of the necessary actions have been completed.

I must again emphasise that this is devolution at work. The Scottish Government have the power to take decisions and therefore have to take responsibility for the outcomes of those decisions. For our part, the UK Government remain fully committed to delivering the devolution of railway policing, and will in due course bring forward the secondary legislation required in the UK Parliament to enable that to happen.

I assure hon. Members that, as with any effective relationship, we will continue to be absolutely clear and frank with our partners in the Scottish Government as this process continues.

**Ian Murray:** The Minister talks about being open and frank with his colleagues in the Scottish Government. Will he therefore use this time, while the integration programme has been paused because of the reasons outlined, to look at the commissioning model that seems to have support across the industry and the House, and to impress on those colleagues, through frank and open discussions, that that model might be the best way forward?

**Joseph Johnson:** Railway policing has now been devolved to Scotland, and it is therefore the domain and the prerogative of the Scottish Government to determine how best those responsibilities can be discharged. The commissioning route that the hon. Gentleman prefers is not the policy choice of the Scottish Government. It is now for them to deliver on devolution and to make it work as best they can, with the UK Government playing a supporting role.

**Mr Sweeney:** Does the Minister agree that devolution is not necessarily about the Scottish Government having full oversight of this, and that there is nothing to stop those of us with electoral mandates to represent the

people of Scotland from offering a view? The UK Government should also not shrink from offering their preferred view of what should happen. This is not the nature or the spirit of the collaboration that should underpin devolution.

**Joseph Johnson:** We will continue to work collaboratively with our colleagues in Scotland to ensure the smooth transfer of powers. We all have the interests and the safety of the passengers and the staff working on our railways at heart. We want to put in place sustainable and enduring arrangements within the framework of law set by the devolution settlement.

I assure hon. Members that, working through the joint programme board, we will be ready to challenge the approach where it is necessary to do so in the interests of passengers, officers and staff and the security of the country. We will continue to ensure that the UK's interests are fully protected, including by ensuring that the critical, specialist work of the BTP in England and Wales continues to protect rail users and staff.

10.57 am

**Douglas Ross:** First, I thank you, Mr Hollobone, for the way you have chaired this robust but respectful debate. I also thank my hon. Friend the Member for Ayr, Carrick and Cumnock (Bill Grant) and the hon. Members for Edinburgh South (Ian Murray), for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald), for East Lothian (Martin Whitfield) and for Glasgow North East (Mr Sweeney). I also thank the Front-Bench spokespeople for their contributions, particularly the Minister.

I have to pick up on a couple of points from the speeches made by Scottish National party Members, which I have to say were disappointing. They mentioned that terms and conditions had been progressed. This is an issue that we have considerable concern over, but SNP Members seem quite happy. However, their own Justice Minister in Scotland, Michael Matheson, said that the pause would allow extra time to allow more engagement with the BTP Federation on pay and conditions. Even their own Justice Minister in Scotland does not think they have gone far enough on that.

The hon. Member for Kilmarnock and Loudoun (Alan Brown) mentioned IT and how that would be a positive of the merger. However, the Rail Delivery Group, in its briefing for the debate, said that the failure to progress the implantation of ICT systems was one of the biggest hazards of the merger. It went on to say that discussions suggest that the earliest an equivalence system in place would be in April 2021—two years beyond the proposed April 2019 date, which has fortunately been paused.

We are all fortunate in Scotland to have the strong influence of BTP officers in our constituencies. In my constituency of Moray, they were very active during the recent construction of the new Forres railway station. I welcome the support that we have had from pretty much across the Chamber for the pause to now be used as an opportunity to consider options going forward. I am disappointed that SNP Members trotted out the party mantra, unwilling to look at alternative options. However, there are options, and we are in a pause, so we should look at them. They would allow us to respect the devolution settlement and the views of experts.

[Douglas Ross]

I will use my final words to praise the commitment, dedication and expertise of British Transport police officers, and indeed all Police Scotland officers. Their unstinting service keeps us safe across Scotland and the United Kingdom.

*Question put and agreed to.*

*Resolved,*

That this House has considered proposals for the merger of British Transport Police Scottish division with Police Scotland.

## Childhood Obesity: Bexley

10.59 am

**David Evennett** (Bexleyheath and Crayford) (Con): I beg to move,

That this House has considered childhood obesity in Bexley.

It is a great pleasure to serve under your chairmanship, Mr Hollobone. I am particularly delighted to see here my right hon. Friend the Member for Old Bexley and Sidcup (James Brokenshire), a constituency neighbour and personal friend; we work together for Bexley. We are glad to see him back in his seat after his recent illness; indeed, we are delighted to see him here today.

I am grateful to be able to raise what is both an extremely important health issue in my borough of Bexley and a national concern—namely, childhood obesity. This is an opportune moment to raise the issue of obesity, because today Public Health England chief executive Duncan Selbie is urging shops and food outlets to reduce portion sizes by 20% within the next six years after stating that obesity has become “the norm”. Indeed, he is today launching the One You campaign, with the slogan “400-600-600”—the number of calories that people should eat at breakfast, lunch and dinner. He says that the issue of overweight or obese children needs to be addressed. PHE nutritionist Dr Alison Tedstone says that children are consuming 500 calories a day more than they require; that is equivalent to another meal. Therefore, as I said, this is an opportune moment to raise the issue.

Bexley is a great place to live and work in, and I am delighted to have been a resident of Barnehurst for a considerable time, because there is so much to see and do. I urge you, Mr Hollobone, and my hon. Friend the Minister to come down to Bexley sometime and see the huge opportunities that there are to visit the parks, stately homes and other facilities that are so good.

**James Brokenshire** (Old Bexley and Sidcup) (Con): I thank my right hon. Friend for his very kind wishes on my return to duties at Westminster. I support him in this debate and what he says about the London Borough of Bexley. He has rightly focused on the comments this morning by Public Health England. Obviously, part of this issue is what goes into ready meals and things like that. What thoughts does he have on what Public Health England has said about ingredients and what goes into so much of the food on the supermarket shelves that we buy, and the impact that that is having? He is making really important points this morning.

**David Evennett:** That is a very valid point. Recipes, portion sizes and calories need to be looked at and addressed. I urge all restaurants, fast food outlets and food manufacturers to look seriously at how they can reduce people’s salt, sugar and calorie intake. We have to address that, as I am sure the Minister will accept later.

The statistics for childhood obesity in Bexley are mixed when compared with those for the rest of England. There are areas of public health where we do much better, and I will highlight the stop smoking campaign, which has been very successful across our borough, but unfortunately childhood obesity is a real issue in the borough and needs attention.

It is widely accepted by health experts that once weight is gained, it is difficult to lose. The Government have called childhood obesity

“one of the top public health challenges for this generation”.

That is certainly the case for Bexley. The Government are well aware of the issue nationally and are being proactive in addressing the concerns. The childhood obesity plan in 2016 was a welcome step forward, but plans need to be actioned; we are looking for results and outcomes. Measures in the plan included the soft drinks industry levy, which will apply to manufacturers; a recommitment to the Healthy Start voucher scheme, enabling low-income families to buy fruit and vegetables; and action to increase physical activity in schools. We all appreciate that there is no quick fix, but that is the first step on a long journey that aims to

“significantly reduce England’s rate of childhood obesity within the next ten years.”

We do need an understanding and a culture change.

**Jim Shannon** (Strangford) (DUP): I thank the right hon. Gentleman for bringing this matter to the House. It is in the news every day—indeed, it is in the news this morning—and it is very important for people back home in Northern Ireland. “Childhood obesity in Bexley” is the heading for this Westminster Hall debate on the Order Paper, but in Northern Ireland we have similar figures—of children aged between two and 15, 17% are classed as overweight and 8% as obese. Does the right hon. Gentleman feel that it is time for the Department for Education and the Department of Health and social care to work together to put in place a strategy to reduce childhood obesity, which would clearly involve schools?

**David Evennett:** I thank the hon. Gentleman for his comments and totally agree with him. I think that the Department for Education and the Department of Health and Social Care are working together, but more needs to be done. I appreciate that this is not just a Bexley issue—it also matters to the people of Northern Ireland and across the country—but I specified Bexley because it is particularly bad compared with other places.

The earlier a child is exposed to obesity, the earlier they can experience medical consequences and problems. In fact, a study by Cancer Research UK found that obesity could cause 670,000 cases of cancer nationally over the next 20 years, plus millions more cases of other diseases, including type 2 diabetes, heart disease and stroke. Obesity and the medical problems stemming from it cause problems for our whole society. It causes a loss of productivity in the workforce. It restricts opportunities for individuals. And it adds another burden on to our NHS. In fact, Cancer Research UK also claims that the cost to the NHS per year by 2035 could be an additional £2.5 billion, over and above what is already spent on obesity-related diseases. Of course, quality of life can also be reduced by being heavily overweight, as that restricts opportunities and choices.

Childhood obesity is strongly linked to adult obesity. According to the Royal College of Paediatrics and Child Health, four in five obese schoolchildren are likely to be dangerously overweight for life. Therefore, we have to act early, before there are serious consequences from something that is avoidable.

I have said that, statistically, Bexley is not performing well, unlike other areas, where provision and action are good. In Bexley, the prevalence of overweight or obesity

among children in reception classes is 26.7%. That is worse than in London in general and in England in total. In year 6, the figure in Bexley increases to 39.4%, which is almost one percentage point higher than the London average and more than five percentage points higher than the England average. That is very disappointing. When we consider that in Bexley 12.3% of reception age children and 24% of year 6 children are obese, it is a real cause for concern. Let us look at the trends over time. The number of overweight or obese reception age children in Bexley increased from 20% in 2007 to 26.7% last year. That is why we are raising this issue today with the Minister—to highlight the issues that we have in Bexley.

Diets, of course, play a very important role in lifestyle. Approximately 54% of adults in Bexley meet the “five a day” recommendation for fruit and vegetables. Again, that percentage is below the London and national averages. It does not set a good example for our children. Sadly, children do follow their parents and grandparents, and when habits are formed young, the consequences are great. We need to promote and pursue the importance of fruit and vegetables. Fruit can be an enjoyable snack and an alternative to chocolate, cake and sweets, while a diversity of vegetables is essential to a balanced diet.

Bexley Council—a good, Conservative-led council—is taking action. Just over a year ago, Bexley joined the nationwide Sugar Smart campaign led by Jamie Oliver. The aims of the campaign for us are to educate people and raise awareness across Bexley about the harmful effects of excess sugar consumption, and to reduce individuals’ sugar intake across the borough. The council is encouraging local organisations and businesses to participate in the campaign and support this very important initiative. Bexley has now signed up to the campaign 16 participants, including a number of schools, and I hope that the figure continues to grow during the rest of this year, because that is a very important facility and opportunity.

I am grateful for the information that has been given to me by Dr Anjan Ghosh, who is the director of public health and deputy director of health and wellbeing at the London Borough of Bexley. Dr Ghosh advises that the Bexley health and wellbeing board recently signed off on the development of a system-wide prevention strategy that is far reaching and ambitious in scope and has the potential to harness council, NHS and community assets in improving health and wellbeing outcomes, helping Bexley residents to start well, live well and age well. The strategy is currently in development, and part of that involves developing an obesity strategy for Bexley that has the same population health focus.

Part of the work is to unpick why obesity statistics in Bexley are poor compared with statistically and demographically similar London boroughs. The programme includes a two-tier child weight management programme for children aged four to 11 and their families, a family lifestyle programme and guidance to support healthier living, eating and lifestyles. Each category programme is designed specifically to provide age-appropriate messages, activities and behavioural change that will benefit the whole family. Once the 12-week programme is over, there will still be access for the families and young people to drop in, to update themselves and take the service further.

I know that schools and teachers are doing their very best to advise children, as well as to educate and support them to eat well. However, parents, as the primary

[David Evennett]

educators, have primary responsibility and we need more support from parents. The scale of the issue is huge. I will not go through the statistics of how many biscuits, cakes, ice-creams and all those type of foods are consumed by young people every year, or how many calories those foods and fizzy drinks contain.

One has to say that it is a worry to see secondary school children coming out of school in the afternoon into Bexleyheath, going to the fast food outlets in the town and consuming burgers and chips, which have an enormous calorie intake. That is a huge concern. There has been an increase in our borough of waffle shops, ice cream parlours and other fast-food outlets. While it is good to see business thriving, it is worrying that some are exacerbating the problem and increasing the sugar and calorie intake of our youngsters. Treats are fine for special occasions, but should not be the mainstay of an individual's diet. I am not a killjoy, but everything should be in moderation. In addition, I think that many of us eat too much and have portions that are too large. That is why the report I have highlighted this morning is so important.

**Jim Shannon:** Further to that point, on the news this morning they were saying that they were not against the idea of fast-food outlets, but we should have smaller portions. In other words, if we start with smaller portions, it will be a step in the right direction and maybe that is the way to go forward.

**David Evennett:** I think that is absolutely right. The hon. Gentleman highlights the calorie content and intake, which is so important.

I also want to highlight physical activity, or inactivity, which is a huge problem that can lead to obesity and is the fourth leading cause of global mortality. Increasing activity levels could help to prevent a number of illnesses, including cancer and diabetes. Regrettably, in Bexley, over 21% of adults are physically inactive.

I was honoured and privileged to serve as Sports Minister in the then Department for Culture, Media and Sport for the first half of 2016, while covering the maternity leave of my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch). It was a brilliant experience to go around the country and see first-hand how sport can make a real, positive impact on people's lives. We must promote the wide range of sports available out there and their benefits. Sports participation is a great way for young people in particular to become physically active, improve their health and fitness, and—depending on the sport—to be part of a team, socialise and be part of something, gain motivation and confidence, and also have fun. We all know that sport is fun.

I know that the Minister will agree with me on that. I used to be a keen tennis player. I do not get time for that now, but I am still a keen walker. We have places such as Hall Place and Danson Park in our borough, where one can have a good walk. It is a really invigorating experience. I also enjoy going to north Norfolk and Sheringham Park with my wife, Marilyn, and we have long walks along the north Norfolk coast. That is important exercise.

In conclusion, we must take action on all fronts. The concern is not only the advertising and promotion—in supermarkets we still see the calorie-laden chocolates

and what have you by the check-out, which is a worry too—but what parents are feeding their children and the fast foods. The intake of sugar and salt is too high. The issue is people making sensible lifestyle choices, to ensure that they are eating healthily and looking after their health. I know that my hon. Friend the Minister is aware of the serious issues across the country. Government, industry, schools, the NHS, families and friends all have a part to play to ensure that we are eating and living healthily.

The benefits of reducing childhood obesity are clear. It will save lives, but it will improve the quality of young people's lives, which is important. Education is the key. We need to educate our children and businesses. We need to encourage everyone to be more active and eat better. We need more promotion of sports and to continue to reduce children's calorie and sugar intake. We need to educate parents and grandparents on the risks of lifestyle to themselves and their families. Of course, publicity and promotion are important, essential in fact. Politicians at local and national level should get on board too and need to be engaged to achieve results. For our Borough of Bexley, we need results. I look to my hon. Friend the Minister, who I know well, to take these matters seriously and give us the lead.

11.15 am

**The Parliamentary Under-Secretary of State for Health (Steve Brine):** Let me start by repeating what was said by my right hon. Friend the Member for Bexleyheath and Crayford (David Evennett): childhood obesity remains one of the top public health challenges, if not the top one, facing this generation. I have said that in this Chamber before, and I welcome any chance to debate this subject. I congratulate my right hon. Friend on securing the debate. I also echo his words about how nice it is to see my right hon. Friend the Member for Old Bexley and Sidcup (James Brokenshire) back in his place. He is my dear friend and I worked closely with him when he was Secretary of State for Northern Ireland. We have said many prayers for him in the last few months. It is great to see him back in his place.

As right hon. and hon. Members will be aware, the latest figures, which I pore over, continue to show us that child obesity rates in England remain way too high. Almost a quarter of children are overweight or obese when they start primary school. Probably more worrying is the fact that that figure rises to around a third by the time they leave primary school.

Evidence shows us that the deprivation gap in obesity prevalence between children in the most and least deprived areas is increasing. My right hon. Friend the Member for Bexleyheath and Crayford gave figures for Bexley, and he was right to, but let me give some national averages. Obesity prevalence among children in reception living in the most deprived areas was 12.7%, compared with just 5.8% among those living in the least deprived areas. In year 6—the final year of primary school—those figures were 26.3% and 11.4% respectively. That gap worries me. It should worry us all. It continues to widen. This is one of the great burning injustices of our times; the Prime Minister has used that phrase, and she is dead right. My view is that we have not just a right to act, but a responsibility to act as a Government with a publicly-funded health system.

Bexley is fairly affluent, but there are areas of significant deprivation, as there are in all of our constituencies. Data for Bexley show higher rates of excess weight in children than the averages for London and for England. Also, obesity prevalence has remained higher than the national average, as my right hon. Friend said, for over five years, so he is right to highlight the issue. The impact for Bexley and the rest of the country was highlighted just last week through new analysis by my good friends and partners at Cancer Research UK suggesting that millennials are on course to be the most overweight generation in history. That should and does worry us greatly.

We know that obese children are much more likely to become obese adults; it is very hard to lose the weight, as my right hon. Friend said. That increases their risk of developing the serious diseases that I speak about as part of my portfolio, including type 2 diabetes. There was a lot of press coverage and an Adjournment debate in the House last week about the sheer number of people picking up type 2 diabetes, which is an entirely preventable condition. It increases your risk of heart disease and some types of cancer, including bowel and breast, two of the most common cancers, which is why CRUK are rightly so active in this space. It is also a major risk factor for non-alcoholic fatty liver disease.

We launched our child obesity plan in August 2016, as my right hon. Friend rightly said. It was a very robust piece of work informed by the latest evidence and research in the area. At the heart of the plan is a simple desire to change the nature of food that children eat and to make it easier for families and parents—who play a key role—to make healthier choices for them and for the country.

The plan is a challenge—and it is meant to be—to us in national Government as well as those in local government, which I will come on to, in businesses, in the NHS, and in schools and families. We all have a role to play in reducing child obesity levels. In developing the plan, my officials and my predecessors have been clear, as I am, that we have considered a number of different policies. We have focused on the ones that are likely to have the biggest impact on preventing child obesity.

As my right hon. Friend will remember, key measures in the plan include the soft drinks industry levy, which was announced by the previous Chancellor; the sugar reduction and wider reformulation programme; and helping children to enjoy an hour of physical activity every day, which is so important.

Since we published the plan, real progress has been made on sugar reduction. The soft drinks industry levy will come into effect in April—it is important to remember that it has not yet come into force, but it is nudging behaviour. Public Health England has formulated a comprehensive sugar reduction programme with the aim of a 20% reduction in sugar in key foods by 2020, including a 5% reduction in year one. We will be judging that shortly to see where progress has been made.

Companies, such as the makers of Lucozade, are important. I visited the headquarters of Ribena, the Suntory brand, in Uxbridge earlier this year. I pay great tribute to its work. I was in the lab testing the new Ribena, which goes live this week.

**David Evennett:** Was it nice?

**Steve Brine:** It was very nice and very refreshing.

As a company, Ribena has taken a hit in doing that, but it reports great staff satisfaction and a feeling that it is doing the right thing. As the Minister, I have never been afraid to call out businesses that are making poor choices and those that are making the right choices. Ribena is making the right choices.

Kellogg's also made a good decision about the reformulation of sugar in its cereals, which sit on my children's breakfast table every morning. Tesco, Waitrose and Nestlé have led the way by removing millions of tonnes of sugar from their products and they deserve credit for that. We expect almost half of all drinks that would otherwise have been in-scope of the soft drinks industry levy to have been reformulated by the time it comes in. That is a crucial step towards improving our children's health, as data shows that sugary soft drinks are the main contributor of sugar in our children's diets.

My right hon. Friends might be thinking that we will be victims of our own success, because the industry levy will not produce the revenue so we will not be able to reinvest it. However, someone far cleverer than me, before my time, managed to persuade the Treasury—a clever, neat trick—that we will invest all the revenue we expected to get from the levy, plus what we said we hoped to raise during this Parliament, in giving school-aged children a better and healthier future, including through doubling the primary school PE and sport premium; investing in school breakfast clubs, which are so important; and providing £100 million in 2018-19 for a new healthier pupils capital fund.

As was said by my right hon. Friend the Member for Bexleyheath and Crayford and by the hon. Member for Strangford (Jim Shannon), who is no longer in his place, this work should be done between the Department for Education and the Department of Health and Social Care, and of course it is being. Our original plan was a cross-Government piece of work. Last month, I talked to the new Secretary of State for Education about the plan and introduced him to some of things that I want to do.

It is a joined-up conversation because, as my right hon. Friend said, schools have a huge role to play in teaching children about healthy eating. The national curriculum requires them to teach children about food, nutrition and healthy eating, and how to cook a repertoire of dishes as part of design and technology classes. Things have changed since my day, when a fish finger sandwich was one of my challenges in design and technology and I managed to get it wrong.

It is compulsory for pupils in maintained schools from key stages 1 to 3 to be taught about the principles of a healthy and varied diet and why that is important, and the national curriculum can be used as a benchmark for free schools and academies, which ordinarily sit outside it. Alongside our commitment to continue to provide free school lunches to infant pupils, which means that about 1.4 million more children are eating a healthy lunch, we are investing £26 million in breakfast clubs, using revenue from the soft drinks industry levy.

Our plan is not just about school-aged children. In November, we published a series of example menus and associated guidance to support early years settings, such as nurseries and childminders, to offer food and drink in line with Government dietary recommendations for infants and children from about six months to four years—a key cohort—before they get to primary school.

[*Steve Brine*]

The guidance includes useful information for early years settings to show how they can meet the early years foundation stage welfare requirement to provide “healthy, balanced and nutritious” meals for children. They are also responsible for educating parents and carers to help them to prepare healthy, balanced meals at home and introduce their child to new foods. There has to be a consistent thread from the education setting to the home setting.

My right hon. Friend was right to mention local authorities, which have a key role to play in creating healthier local environments in our constituencies. They can have a significant impact in local communities through levers such as the planning system, urban design and transport strategies. There are great examples of that, such as the restrictions on new hot food takeaways in Gateshead, which is something that my right hon. Friend might want to look at. I was interested to hear from my right hon. Friend about the borough-wide prevention strategy. As the Minister with responsibility for prevention, I would be interested to hear more and I note his offer to visit him in his constituency.

Other local initiatives include last year’s London-wide great weight debate on child obesity, which several London authorities, including Bexley, took part in. Such events show how communities can make their own contributions. The results of that debate are feeding into the five-year obesity strategy being developed in Bexley, which my right hon. Friend talked about. I welcome that, because it cannot all be about what the national Government do. We have to set the framework and the ambition. Sometimes we can use the taxation system as we have with the industry levy, but local government has a key role to play. I am excited to see the progress being made.

We continue to learn from the latest evidence around the country and around the world, such as the very interesting whole-systems approach in Amsterdam that led to a reduction of 2,500 in the number of overweight and obese children between 2012 and 2015. I am talking to people there and I hope to visit at some point.

This week, as my right hon. Friend mentioned, to implement part one of the child obesity plan, we launched our ambitious calorie-reduction programme alongside Public Health England. It is ambitious: it challenges all sectors of the food and drink industry to reduce calories in everyday food by 20% by 2024. I absolutely believe the sectors can do that—we have had a brilliant and positive response from them—and yesterday’s announcement, which is in the newspapers today, is very welcome. We are confident that those measures can make an impact.

All the reports and data that we publish on our progress in delivering our world-leading childhood obesity plan will be open to scrutiny and, I hope, to further debates in this place. That will include Public Health England’s assessment of progress on sugar reduction, which I mentioned earlier and which will be published in the spring. The Obesity Policy Research Unit’s evaluation of that research will be published as individual projects are completed. We are deliberately publishing and being measured all the time, and we will use that to decide whether sufficient progress has been made and whether we need to go further.

I thank my right hon. Friends the Members for Bexleyheath and Crayford and for Old Bexley and Sidcup for their contributions, and I look forward to continuing the conversation in coming months.

*Question put and agreed to.*

11.28 am

*Sitting suspended.*

## Fire Safety and Cladding

[MR GARY STREETER *in the Chair*]

*[Relevant documents: Oral evidence taken before the Housing, Communities and Local Government Committee on 18 December 2017, on the independent review of building regulations and fire safety, HC 555; oral evidence taken before the Housing, Communities and Local Government Committee on 15 January, on the DCLG Annual Report and Accounts 2016-17, HC 553; and correspondence between the Chair of the Housing, Communities and Local Government Committee and Dame Judith Hackitt, relating to the independent review of building regulations and fire safety, reported to the House and published on 8 January and 29 January.]*

2.30 pm

**Mr Gary Streeter (in the Chair):** Before I call Mr Reed to open our debate on this important matter, you can all see that there is a cast of thousands. This is a very important subject. When Mr Reed has sat down, I will let you know exactly what the time limits will be. You should plan for three or four minutes, and we will see how we go.

**Mr Steve Reed (Croydon North) (Lab/Co-op):** I beg to move,

That this House has considered cladding and remedial fire safety work.

Thank you for calling me to speak, Mr Streeter. It is a pleasure to serve under your chairmanship. I am grateful so many colleagues have turned up to the debate, which emphasises how significant this issue is for so many of our constituents.

I first came to the issue because of a block called Citiscape in my constituency. A group of residents came to see me because the block has the same kind of cladding on it as Grenfell Tower: aluminium composite material—ACM—cladding with a polyethylene core. Polyethylene is a kind of compressed paraffin. At Grenfell, this cladding had the equivalent combustibility to 32,000 litres of petrol over the outside of the building, so it is understandable that Citiscape's residents were so concerned.

The residents were told that it would cost them as leaseholders up to £31,000 per flat to remove the cladding—a bill many of them simply could not afford—and that if everybody did not pay, none of the work would start. One older resident had to cancel his move to a care home because the flat he was going to sell to pay for that move was unsellable because of the cladding on the building. These people are stuck in a building that they describe as a deathtrap, unable to move and unable to afford the cost of making their homes safe.

The industry estimates that some 800 blocks across the country have flammable cladding: 300 are council-owned and will eventually be made safe, although it is worrying that nine months after Grenfell only three have so far been completely re-clad, and around 500 blocks are privately owned, but the Government are doing nothing to help the people living in them.

**John Howell (Henley) (Con):** The hon. Gentleman has made a good start to an important debate. Does he have ideas for what more could be done to encourage owners and landlords to improve or replace the cladding on the buildings that they own?

**Mr Reed:** I am grateful for that question; I intend to cover exactly that in my speech. I am going to argue that it is the Government's responsibility to remove the cladding because their flawed regulatory system is what allowed it to go up in the first place.

When I challenge the Secretary of State on this, he justifies doing nothing by pointing the finger at freeholders, whom he claims have a moral responsibility to replace the cladding. The problem is that a moral responsibility is not the same as a legal responsibility. Freeholders, like leaseholders, developers, managing agents and insurers, all deny legal liability, and so do the Government. It could take years for the courts to resolve this and all that time people would be left living in fear. On average, there is one fire every month linked to this kind of cladding. Eventually, one will not be put out in time. Is the Minister really going to do nothing and risk a second Grenfell Tower fire?

**Emma Dent Coad (Kensington) (Lab):** Decades of inaction led to the fire at Grenfell Tower and the loss of, now, 72 lives. All the fine words and sympathy in the world will not save lives. We need regulation now and a commitment of Government finance. What are we waiting for?

**Mr Reed:** I completely agree. I hope colleagues will forgive me if I restrict the number of interventions I take. There are so many people trying to get in on the debate that I would like to leave room for them if I can.

The Housing Minister told the House of Commons last month that he recognises no systemic problem with the fire safety regime. Let us look briefly at what he thinks is good enough. The Building Research Establishment's fire testing system is so weak that manufacturers can design the testing rigs that test their own materials, and can then keep quiet about how many tests their materials fail before they eventually get a result they want. Developers, builders and buyers are never told, because the test results are treated as commercially confidential. Conflicts of interest are everywhere in this system. The BRE makes money by running tests on flammable materials—

**Karen Lee (Lincoln) (Lab):** Will my hon. Friend give way briefly?

**Mr Reed:** Yes, but for the last time.

**Karen Lee:** The interim Hackitt report asserted on fire safety:

“Those responsible for high-risk and complex buildings should be held to account to a higher degree.”

Does my hon. Friend agree that after nine months the Conservative Government have shown no willingness to act?

**Mr Reed:** I agree, but I hope that we will hear from the Minister that things have changed.

The BRE makes up to £40,000 per test that it conducts for manufacturers. As it also drafts the guidance, as an organisation it has a financial interest in permitting the use of combustible materials that it then tests. The fire safety tests after Grenfell were carried out by Kingspan, which manufactured part of the materials on Grenfell in the first place. Some individuals from the BRE who drafted the Government's flawed guidance are now advising Ministers that there is not a problem with the regulations that they drafted. What a surprise! It is even possible to bypass safety tests completely by paying somebody to carry out a desktop study, which does not

[Mr Reed]

involve doing any testing whatever. The privatised National House Building Council makes money by signing off flammable cladding that has never been tested, and because flammable materials—combustible materials—are cheaper to make, the industry has a perverse incentive to keep costs down by using combustible cladding.

No other country in the European Union permits a system this lax. Many EU countries do not permit the use of combustible cladding at all. The UK building industry has alerted the Government to materials authorised by the BRE that subsequently failed fire safety tests in other countries. The Government chose to do nothing. The Association of British Insurers, the Royal Institute of British Architects, the Association of Residential Managing Agents and other building industry groups all want flammable cladding banned.

Back in 2013, the coroner investigating the deadly Lakanal House fire in Southwark told the Government to amend fire safety guidance

“with particular regard to the spread of fire over the external envelope of a building”.

She said that BRE Approved Document B, which relates to fire safety, was unclear and needed to be reviewed. However, the Communities Secretary at the time, Eric Pickles, did not do that. Nor have a string of Housing Ministers—every one since then—taken any action, including the Prime Minister’s chief of staff, Gavin Barwell. The current Housing Minister is relatively new in post. He could take a different course. I hope he will, but it is a worrying start that a consultation is under way on further weakening these already weak fire safety regulations by extending the use of desktop studies instead of insisting on rigorous, independent fire safety tests every time.

The industry has repeatedly asked the Government for clear and unequivocal advice on how to deal with the various forms of flammable cladding being found on hundreds of buildings. I wrote to the Secretary of State in January asking for the same on the industry’s behalf. As of today, the Government have given no direction at all on how these cases are to be dealt with.

After Grenfell, the Government said that cladding with a polyethylene core, like that on Citiscape in my constituency, does not comply with the guidance. The Prime Minister repeated that claim, yet I have here a certificate signed by Sir Ken Knight, chair of the Government’s independent expert panel on fire safety and a director of the BRE Trust, that says that it does comply. Quite simply, the Government are all over the place. They do not have a clue what is going on. Every single loophole and error that led to Lakanal House and Grenfell Tower is still in place. This is no one else’s fault and no one else’s moral responsibility except the Government’s.

Thousands of frightened people living in blocks with flammable cladding need to hear from the Minister today that it will be taken down without delay. They do not need any more buck-passing. They cannot afford to spend years in the courts while the cladding remains on their buildings. The Government’s flawed fire safety regime created this mess; the Government must now clear it up. We cannot risk a second Grenfell Tower. The time for the Minister to act is now.

**Mr Gary Streeter (in the Chair):** Thank you, Mr Reed. Colleagues can do the maths for themselves. I am going to impose a voluntary time limit of three minutes to start, but let us see how we get on.

2.39 pm

**Robert Neill (Bromley and Chislehurst) (Con):** It is a pleasure to serve under your chairmanship, Mr Streeter. I congratulate the hon. Member for Croydon North (Mr Reed) on securing this debate on an important issue that affects my constituents in Bromley.

Let me say something about the tone of the debate. It appears that there have been failings in relation to regulation, perhaps partly because technology has moved on and awareness is greater, but the building that I am concerned with is Northpoint on Sherman Road in Bromley, a block of 57 flats that were converted from offices 15 years ago, and to suggest that responsibility lies with any one party is inaccurate. When the flats were converted in 2003—under a Labour Government, as it happens—the cladding was considered acceptable according to what was known at the time. A subsequent inspection in November 2017 led the fire brigade to conclude that it was not acceptable, so an enforcement notice was served.

Whatever the history of the 57 flats, the residents are now placed in an impossible financial situation. The flats are on lease from a private freeholder, a commercial company. The leaseholders have spent some £80,000 on a two-man, 24-hour “waking watch” on the premises, and if the building has to be re-clad, the costs are likely to be in the hundreds of thousands. They are in a difficult situation, because the developer’s 10-year guarantee is out of date and the freeholder is a commercial company.

I understand the Secretary of State’s point about a moral duty, but as the hon. Member for Croydon North rightly said, a moral duty is not legally enforceable. In any event, the directors of a commercial company have a fiduciary duty to their shareholders, so they face a conflict. That creates a bind for the residents, who are forking out £6,000-odd a month for the ongoing costs of the waking watch. The normal sinking fund that they prudently set in place has long been exhausted. Their own funds will soon be exhausted, too, and the flats are unsaleable because no one will buy them in the circumstances. Many of the residents are young professionals; I received a letter from one constituent whose flat was the first home that she and her husband were able to buy. They have no chance of moving on—they are stuck with an asset that has turned into a liability.

I hope the Minister will come up with something more specific than what has been proposed. I understand that interest-free loans have been suggested, but a lot of these people are already suffering, so how will they repay the capital? I am glad that additional funding has been made available to the Leasehold Advisory Service, but again, that does not address the underlying situation. A failure of regulation is a failure of governance, whoever was in government at the time, so ultimately the Government need to stand behind those affected, rather than expecting the costs to be picked up by individuals who did nothing and had no control over what happened.

2.43 pm

**Jim Fitzpatrick (Poplar and Limehouse) (Lab):** It is a pleasure to see you in the Chair, Mr Streeter. I congratulate my hon. Friend the Member for Croydon North (Mr Reed) on securing this important debate.

I will be brief, Mr Streeter, as you have told me to be. I have two questions for the Minister. First, who should pay for the removal and replacement of unsafe cladding and for the interim remedial measures, such as fire marshals and temporary alarm systems? Secondly, when will we see progress on the review of Approved Document B, and can we have an update on the BS 8414 test?

On the first question, the Government are clear that they want landlords to pay, as they have repeatedly exhorted them to. In the social sector, with registered social landlords and local authorities, they have been largely successful, but in the private sector the opposite is true. Many freeholders and property management companies take the view opposite to the Government's. As the Leasehold Knowledge Partnership has reported to my hon. Friend, it is leaseholders who are picking up the tab.

One thing is for sure: leaseholders have no blame in this. They did not design the buildings, choose the construction materials or draft, monitor or enforce the defective regulations, so why are they the victims? As the Minister has rightly said:

“We have been very clear that, morally, such costs should not be passed on to leaseholders.”—[*Official Report*, 5 February 2018; Vol. 635, c. 1237.]

However, that is exactly what is happening. Leaseholders are financially stretched to the full to meet mortgage payments for years ahead. They face huge bills, as we have heard. The Government need to do something for them now.

On Approved Document B, the all-party fire safety rescue group has sought a review of the statutory guidance and the building regulations. The last review was in 2006. Historically, reviews were carried out every five years, or at least every 10, but it has now been 12 years. New materials and construction methods mean new risks.

The Government must do more. The interim report of the Dame Judith Hackitt review called for a complete cultural overhaul. Dame Judith's work has been widely praised and much has gone on behind the scenes, but we have heard nothing from the Government on simple matters such as the BS 8414 test or the ban that the Royal Institute of British Architects, the Association of British Insurers and the Fire Protection Association have called for on using combustible materials on the outside of buildings.

In conclusion, I would welcome the Minister's comments on the BS 8414 test, on the review of Approved Document B and the building regulations, and on how the Government intend to protect leaseholders, who are in such a vulnerable position.

2.46 pm

**Lucy Powell** (Manchester Central) (Lab/Co-op): I, too, will keep my comments brief. I welcome this debate and agree with the contributions of other hon. Members. I particularly support the emphasis on leaseholders of private blocks, whom *Inside Housing* described this week as being stuck in the middle of a battle between freeholders, the insurance industry, developers and lawyers about who will keep their blocks safe.

There are 283 high-rise residential blocks in Manchester City Council's area, of which 223 are in private ownership. The social sector and the council are to be commended for their quick response to the need to remove and replace cladding, but the response in the private sector

has been woefully poor. It has been very hard to get hold of many of the owners of the blocks, and it has been hard to get answers from managing agents about what they will do. Leaseholders and homeowners have been left to bear the brunt.

I want to highlight two specific cases in my constituency. The cladding on the Chips building has been deemed non-fire-retardant. That was known at the time, but it was still signed off, and leaseholders are now being charged well over £5,000 each to put it right. The cladding on the Little Alex block was within regulations at the time, but following an inspection it has now been deemed to fall outside them. A prohibition notice has been issued; again, it falls on leaseholders to meet the costs, which will be well in excess of £175,000. That is just unacceptable. It is not the leaseholders' fault, yet they are footing the bill.

Who foots the bill is one issue, but I really hope the Minister recognises that this is not just about money. Leaseholders have no right of recourse. Who are they supposed to go to? The Government say that developers and owners have a moral duty to take action, but there is no body to which leaseholders can turn for recourse. Bodies such as first-tier tribunals are frankly toothless; they do not follow through and are very bureaucratic.

Hundreds of people in Manchester and elsewhere are now stuck between a rock and a hard place. As the hon. Member for Bromley and Chislehurst (Robert Neill) rightly said, this is a failure of governance and of regulation. It is our job in Parliament, and the Government's job, to put that right for the people who are now stuck in unsafe buildings that they are unable to sell.

2.48 pm

**Sir Peter Bottomley** (Worthing West) (Con): I hope that hon. Members will accept that I may not be able to stay until the end of the debate: I am on an extended convalescence from a bad leg. I welcome the initiative of the right hon. Member for Tottenham (Mr Lammy) to address low standards—a point also raised by the hon. Member for Croydon North (Mr Reed).

I have one or two points to make to the Government. First, the cost of remedy, especially for the leaseholders I am concerned with, in addition to everyone else affected, could be reduced if the Government waived the VAT on the cost of remedial works. That would reduce a £120,000 charge to £100,000, which would be worth while for all concerned. The second point is that leaseholders, apparently, do not have a right to get in touch with anybody legally about these issues; they are not party to the insurance or to the building and they are not written in anywhere. I ask the Government to find some way of deeming that leaseholders do have an interest and retrospectively have had an interest in the people who put up these blocks and the people who run them.

I have a third suggestion; many of my suggestions come from the Leasehold Knowledge Partnership, which has already been mentioned by the hon. Member for Poplar and Limehouse (Jim Fitzpatrick). It is that every freeholder of every block affected should declare who they are and how they can be contacted. There must be no more hiding behind offshore entities. The managing agents should make sure they declare who these people are. Let us have them in front of Select Committees talking about who they are and how they will respond to this issue.

[*Sir Peter Bottomley*]

We accept that there will be many legal disputes. My suggestion is that the Government should get all the parties together and try to get a test case in front of the Supreme Court as quickly as possible, preferably within the next six months, to determine who has what liabilities. Once that is settled, it will be easy to see the people who are left out.

Whether the developments are the converted office blocks mentioned by my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) or purpose-built residential blocks, we ought to be able to recognise an analogy with cars. Even if a car passed the tests for it to be sold new, if a defect turns up the car manufacturer still has the responsibility to put it right. Martin Boyd of the Leasehold Knowledge Partnership has made that point very clearly—I make it, too, on behalf of the all-party group on leasehold reform.

The leaseholders are particularly stuck. In social housing, we know that the tenants will not have to pay. We also know that by law a leaseholder is a tenant. I think we should put leaseholders in the same situation as social housing tenants, otherwise we will freeze too much of our housing.

I am grateful to have had the chance to make some of these points at length; one could make them at greater length. Nevertheless, the hon. Member for Croydon North has done a favour to the House and to the country in securing this debate, and I hope that the Government will be able to move forward today and in days to come.

2.51 pm

**Andy Slaughter** (Hammersmith) (Lab): Someone living in a high-rise flat in Hammersmith or Shepherd's Bush looks at Grenfell Tower every day; a year before the Grenfell Tower fire, they will also have seen the very serious tower block fire at Shepherd's Court on Shepherd's Bush Green.

There has been a response from the local authority and from public landlords to what has happened. Shepherd's Bush Housing Group told me today that it has spent almost £1 million so far on remedial works post-Grenfell. It will not charge its leaseholders for those works, but ultimately the money for them will come from its tenants. The Government should be responsible for funding this work, but they are showing a lack of leadership and of responsibility in this regard.

Let me be specific and give the example of two blocks, both of which were built in the last 10 years. One is owned by Shepherd's Bush Housing Group and is called Kelway House. After initially failing the Buildings Research Establishment test, it passed it. However, residents do not know whether those tests are robust or not and they are still concerned about them.

The second block is Cranston Court in White City, which is owned by Notting Hill Housing, and it failed those tests. Notting Hill Housing is removing the cladding on Cranston Court and it has acted responsibly in doing so. It is putting up temporary cladding, so that it can remove fire wardens, but it does not know what to do next. It has now resolved that it will put up non-combustible solid aluminium panels. However, that is because there is no guidance; it is taking what it hopes is the safest option.

There are some simple remedies. However, like my hon. Friend the Member for Croydon North (Mr Reed), who secured this debate, I do not know why we allow combustible or limited combustibility cladding and insulation to be used any more. It is not used in other European countries, as has been said. That is why I am glad to see that public landlords have taken the advice not to use such cladding and instead are using mineral wool or other forms of cladding or insulation that are available.

However, I am afraid that these issues have to be addressed, and addressed now, by the Government. As we have seen in the trade press recently, the idea that desktop studies will be extended, and will become the norm rather than just being used occasionally, is horrifying.

Also, regarding the conflicts of interest at the BRE and the inadequacy of Approved Document B, some of us have known about them for many years and we have all known about them since Grenfell. As I understand it, although the Hackitt review is good as far as it goes, it does not look as if the final report—let alone the interim one—will give us clear guidance on these issues. It will say that the culture is wrong, but what it will not do is tell landlords—responsible landlords—what they should do. Has that review of Approved Document B got under way and, if it has, when is it due to report and when can we actually tell our landlords what should happen?

I commend the all-party group on fire safety and rescue for the work that it has done on this issue. I have attended a number of seminars on it. However, the Government have to act on it. It cannot be left to the industry alone or to us alone. We must have a solution.

2.54 pm

**Bill Wiggin** (North Herefordshire) (Con): I will speak very briefly, because a great many lives were lost and that always makes debates run hot. Also, given that there is an important theme to this debate about who is going to pay for works, I have no wish to divert the Chamber's attention from that.

However, I wish to follow the hon. Member for Hammersmith (Andy Slaughter), who has just made comments about insulation, because BS 8414 is a tough test. It also failed cladding that was non-combustible. The reason for adding this observation to the debate is that the situation is not as clear cut as we would all like it to be. This is an extremely difficult subject.

For that matter, the hon. Member for Croydon North (Mr Reed), who opened the debate, said that the cladding on Grenfell Tower was made by Kingspan. Kingspan has a factory in my constituency and that cladding was not made by Kingspan—it was made by a company called Reynobond and the majority of the insulation in Grenfell was made by a company called Celotex. I feel that it is helpful, given that all the experts are here, just to put a few of those facts on the record.

2.56 pm

**Mrs Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): I congratulate my hon. Friend the Member for Croydon North (Mr Reed) on securing this very important debate.

I will highlight the plight of leaseholders in Heysmoor Heights, Liverpool—it is a 16-storey building. Those leaseholders are now being presented with bills for £18,000 each to replace dangerous cladding and to

provide fire safety measures that have been deemed essential following the Grenfell Tower disaster. I commend the very swift action taken by Merseyside fire and rescue service; it acted very quickly. The dangerous cladding has now been removed from Heysmoor Heights and alternative covering is now in the process of being put up. However, as I say, the leaseholders are facing these bills.

I wrote to the Secretary of State for Housing, Communities and Local Government about this issue and on 11 December he replied. He stated that, in such situations:

“I urged those with responsibility to follow the lead from the social sector and private companies already doing the right thing, and not attempt to pass on costs to leaseholders.”

That is simply not happening. At Heysmoor Heights, leaseholders of modest means are being asked to find £18,000 each, and the fact that payment plans are being discussed does not make any difference to that essential figure. That is a bill for £18,000 to keep people safe in a situation that they could not possibly have anticipated.

**Sir Peter Bottomley:** Is that situation not an illustration of the terrible leaseholder landlordism, which treats leaseholders as tenants when it is convenient for the landlord and as property owners when it is not?

**Mrs Ellman:** The hon. Gentleman makes an important point. I call on the Minister to honour the commitment that the Secretary of State made in his letter to me. This issue is about leaseholders. They face paying bills to keep them safe and they could not possibly have anticipated this situation. I call on the Minister to honour what has been said. Leaseholders should not face these bills.

2.58 pm

**Mr David Lammy (Tottenham) (Lab):** I congratulate my hon. Friend the Member for Croydon North (Mr Reed) on securing this debate. I would also like to show my appreciation of all the work that my hon. Friend the Member for Kensington (Emma Dent Coad) has done since this terrible, terrible fire, which brings us here this afternoon.

The fire was a moment when I think that most of us across the House thought there would be a cross-party response showing huge urgency. We should keep in mind the 72 people who lost their lives and also keep in mind two very real issues. The first is genuine fear. There is very likely no one in this Chamber this afternoon who lives in a council tower block estate or who is a leaseholder of a former council building that they have bought. So there will be no one really in the Chamber who can speak to that issue, other than perhaps those of us who have grown up in council homes.

The second issue is trust. The Secretary of State said on 3 July last year that the Government would take every precaution in relation to this cladding. The Government said also on 26 June that they would put in place support for councils that could not pay for remedial works. As has been discussed, indifference to the context is now such that we might be moving to a situation in which desktop studies are done. Let us not dress that up in fancy language. It means that someone can sit in their office and determine a building's fire regulations without going out and getting into the detail. That is extraordinary, in light of the loss of life. None of us would have thought it possible that nine months later we would even be debating that possibility.

What has happened in relation to the dignity of those souls and lives lost? What has happened in relation to the successive reviews of and inquiries into fire regulations in this country? Why are we going to dismiss what came out of the Hackitt review? How do we breach that trust? How do we meet the fear of those who are in these buildings at this time? How do we keep it in our minds that we are talking about mothers on the 20th or 22nd floor who are worried about how they will get their children down and out of the building? We are talking about some councils that had a policy of putting old-age pensioners in those buildings. How do the Government live up to those expectations? That is what we wait to hear from the Minister.

**Mr Gary Streeter (in the Chair):** I call Marsha De Cordova. Take your time. People have been so very good that we have an extra couple of minutes, which the hon. Lady may take if she wishes.

3.1 pm

**Marsha De Cordova (Battersea) (Lab):** Thank you, Mr Streeter. It is a pleasure to serve under your chairmanship.

I congratulate my hon. Friend the Member for Croydon North (Mr Reed) on securing this important and timely debate. I have heard from many of my constituents in Battersea, including leaseholders, who are concerned about the fire safety of their homes, and the answer to those concerns is clearly stronger regulation and better enforcement by the Government. Many leaseholders are discovering not only that their buildings do not meet fire safety standards but that they will incur eye-watering bills to remedy the failings. It cannot be right for the Government to allow leaseholders to pay for failures that are not of their making.

This is not the first time I have raised the issue. In December last year, I asked what plans the Government had to ensure that private sector leaseholders were not held to ransom by freeholders over fire safety repairs. The Minister for Housing responded by talking about increased funding for the Leasehold Advisory Service, and about how the Secretary of State would “encourage” private sector freeholders not to pass on their costs, but gentle encouragement has achieved nothing, and that is a potential catastrophe for the leaseholders of the blocks. Constituents have told me that they felt physically sick when they heard that they might have to meet the costs.

In Battersea, the leaseholders of Sesame Apartments—a block completed only in 2014—face the prospect of being asked to pay an eye-watering £40,000 per flat to ensure that their block meets fire safety standards, news that came after a fire there last year revealed that fire safety standards were not being met, as did subsequent testing of the cladding. That cladding must now be replaced; a fire alarm system is due to be installed and a round-the-clock warden has been introduced. However, the block's safety should never have been in doubt, and the cost of remedying the failures should be borne not by the leaseholders but by those responsible for them.

The London Borough of Wandsworth is seeking to retrofit sprinklers in all blocks of 10 storeys or higher, which is a good thing, but they wish to pass on the costs to the leaseholders and have sought guidance on how to proceed from the first-tier tribunal. While the legal questions remain unresolved, people are still living in unsafe buildings, and every day that goes by there is the

[*Marsha De Cordova*]

risk of a disaster. It is only right that the Government do everything they can to ensure that repairs are carried out as soon as possible, but we need more than Government loans that leave leaseholders footing the bill. That is why, for the second time in four months, I ask the Minister what concrete action the Government are taking to ensure that homes are safe and that families and leaseholders are not held to ransom. The Government cannot go on simply applying gentle pressure on freeholders and talking about learning the lessons of Grenfell. Nearly a year has passed. Residents deserve to live in safe buildings and we need to find a way of protecting leaseholders from being hit by life-shattering bills. The Government need to accept that they are responsible and that they must take action.

3.5 pm

**Luke Pollard** (Plymouth, Sutton and Devonport) (Lab/Co-op): It is a pleasure to serve under your chairmanship again, Mr Streeter. I thank my hon. Friend the Member for Croydon North (Mr Reed) for securing the debate.

Last June, the nation was horrified to see images of smoke billowing out from Grenfell Tower, with residents trapped inside. It felt as though what was a national tragedy would be met by a national response, to ensure that such circumstances would never happen again, in London, or in Devon. In Mount Wise, in Devonport in my constituency, we have three tower blocks with combustible cladding, housing both leaseholders and social renters and, eight months on, too little has been done by the Government to prevent a similar tragedy from unfolding.

The grime artist Stormzy made his views clear at last month's Brits. I think he spoke for most of us here when he said, "Theresa May, where's the money for Grenfell?" I have a similar question for the Minister. Where is the money that was promised to support local authorities and housing associations in the removal of combustible cladding and the re-cladding of tower blocks in Plymouth? The most outrageous thing about this injustice is that there is money to pay for it. We know that, because last week the Secretary of State for Housing, Communities and Local Government gave £1.1 billion of the money in his budget that could have been spent on re-cladding back to the Treasury, as reported by *HuffPost* on 4 March. His decision was based on the idea that the money was no longer required. His memorandum for the 2017-18 financial year stated:

"The Department has surrendered £817 million of budget that is no longer required in 2017/18".

I think that residents of Lynher House, Tavy House and Tamar House in Mount Wise would say that the money was urgently required and that it should have been spent on re-cladding tower blocks. I think that hon. Members right across the House will agree that the money was required and that it could have been used by Ministers.

Small housing associations, such as Plymouth Community Homes, have done a fantastic job of securing and making safe as much of the tower blocks as they can—we have 60-minute fire doors, sprinklers being installed and 24-hour fire marshals—but Plymouth cannot afford the £13 million to £20 million it will cost to re-clad the three tower blocks. Will the Minister confirm

that his Department returned that money to the Treasury, and will he ask for the money back, so that it can be spent on re-cladding tower blocks, not only in Plymouth but right across the country, to ensure that people can live in safe homes?

In her statement on 22 June 2017, the Prime Minister said:

"We cannot and will not ask people to live in unsafe homes."— [*Official Report*, 22 June 2017; Vol. 626, c. 169.]

However, that is precisely what will happen if money is not spent to take action. There is an opportunity here, as was mentioned earlier, for this to be a cross-party moment, with all parties uniting to ensure that everyone lives in a safe home. That opportunity has not yet been taken by politicians, but it is being taken by people in communities who are fighting to secure their homes. Minister, please get that money back and let us spend it on cladding.

3.8 pm

**Jim Shannon** (Strangford) (DUP): I congratulate the hon. Member for Croydon North (Mr Reed) on securing the debate and on laying out the scene so very well, and also right hon. and hon. Members who have contributed so passionately on an issue that they have lived.

I am chair of the all-party parliamentary group for healthy homes and buildings and the issue is of great personal interest. Moreover, the tragedy of Grenfell continues to resonate with me and with all Members of the House, and some of them have said that several months later they are wondering just what is going on. That is the question. This is one of those times when actions speak louder than words, and what would be better than to see the actions of people who are in a position to change things? That is why I am sincerely grateful that the hon. Member for Croydon North has brought the debate to Westminster Hall.

Most of us typically live and spend 90% of our time inside buildings of one sort or another, so our homes and buildings should first and foremost be designed for people and have the safety of residents at their heart. I am all for beauty and aesthetics, but as the good book so aptly puts it, man looks on the outward appearance but God looks at the heart. The outside might be the first thing that people see, but the important thing is what the structure is below the outer core, and we are here today to see what is happening down below.

The dangers of constructing substandard buildings were tragically demonstrated in Grenfell last year. The fact that the aesthetics that were put in place to pretty the building up made the danger much worse makes it clear that we must have stricter controls in place to ensure that the frame and design is not compromised or scrimped on for any reason. Although we understand that the aim of fitting exterior cladding was to increase the lifespan of the tower blocks and improve their thermal efficiency, it also provides a protective outer skin to protect them from the elements. However, the results of that have been horrendous—that is a fact—and we must find another way of elongating the lifespan of the building and better insulation.

Such cladding appears to have health ramifications, with numerous examples of residents experiencing the stress and anxiety of living in dangerous accommodation—some Members have referred to that—and facing the financial burden that that has the potential to impose

on them. All those issues, aside from the cladding, need to be taken on board. A key recommendation by the all-party group for healthy homes and buildings—I look to the Minister for his response, please—was that the Government commit to making housing and building renovation a central infrastructure priority and develop plans for retrofitting the current housing stock that take a holistic approach to maximising health and wellbeing. Events such as those that took place on 14 June demonstrate the need for the UK Government to get behind and back such a scheme.

In Northern Ireland, an independent report suggested that social housing, or local housing authorities as they are called here, must consider installing sprinkler systems in tower blocks. Again, I look to the Minister. The report concluded that the housing body's four Belfast tower blocks that have cladding are safe and comply with regulations, but that there were some contraventions that hamper smoke extraction and ventilation. Automatic fire suppression systems such as sprinklers are mandatory for high-rise residential buildings in Scotland and Wales, but not in England and Northern Ireland. That must change. I look to Northern Ireland to make the changes as much as I look to England to make the same changes.

A terrible tragedy occurred, and I do not want to see anything similar on the shores of Northern Ireland. The report carried out by the University of Ulster on social housing also noted November's blaze at the 14-storey Coolmoyn House in Dunmurry, outside Belfast, where four people were treated by paramedics, and indicates that communications with tower block residents must be improved. I look to the Minister to make sure that that happens.

3.12 pm

**Mr Tanmanjeet Singh Dhesi** (Slough) (Lab): I congratulate my hon. Friend the Member for Croydon North (Mr Reed) on securing this important debate. Like him, I have in my constituency of Slough a residential building with aluminium cladding material. The building is called Nova House, a privately-owned seven-storey block of 68 flats in the town centre. Post the Grenfell horror, in the summer of 2017, that aluminium composite material cladding failed two of the tests conducted at the BRE on behalf of the Department for Communities and Local Government. In August last year, the Secretary of State wrote to all local authority chief executives about residential tower blocks with ACM cladding, telling them to take active steps and stating:

“If private sector building owners do not comply with your requests, I will look at what further action can be taken to support you in carrying out your responsibilities.”

To protect the safety of residents, Slough Borough Council has spent half a million pounds in making the building safe and funding a qualified and staffed fire vehicle at the building 24/7. The council's work has avoided the need for the evacuation of the building. Further, Slough Borough Council developed an ambitious plan to take ownership of the block's freeholding company, which will allow it to ensure the cladding is removed quickly and to carry out other critical safety work without delay.

Such a move by a local authority is without precedent, and I am sure the Minister will join me in commending Slough Borough Council for its commitment to the safety of constituents. The council has not hesitated to act.

Now I want to see the support promised by the Secretary of State. That should include contributing towards the costs incurred in protecting the safety of residents, rather than those extraordinary costs falling on the local council tax payer.

What would have assisted the council is the disclosure of documents from the building control inspector. However, approved inspectors are not required to provide anyone other than their client with copies of approvals or the reasoning behind them. What happens where a client no longer exists? Such documents might never be made available. Information in those documents might be critical for safety. Local authorities and other agencies should surely have sight of everything they need to protect residents. Will the Minister therefore introduce measures to ensure that critical safety information in relation to privately owned buildings is shared with local authorities carrying out their responsibilities?

In the meantime, what support and advice will the Minister give to local authorities when they need to secure vital documents? Will the Department write to building control inspectors and stress the importance of liaising with local authorities? In addition to the cladding, survey work has established that there are other serious deficiencies outside Nova House, calling into question whether it met building regulations when it was converted.

The Minister knows that wider concerns about the current system of building control have been raised by the Local Government Association, which might be a hindrance to effective inspection. The LGA warned that pressure to lower costs can lower standards and lead to fewer, less rigorous inspections. Will the Minister now commit to a review of the system of approved inspectors for building control checks, including the control and supervision of them, as well as the quality of their work?

Finally, building and fire safety are crucial for public safety and go to the heart of the purpose of Government. An increase in the effectiveness and quality of inspection regimes is crucial. Again, I commend Slough Borough Council for its proactive and innovative stance. Now let us see the support promised by the Secretary of State.

3.16 pm

**Karen Lee** (Lincoln) (Lab): I thank my hon. Friend the Member for Croydon North (Mr Reed) for securing this important debate. I will be brief. Lots of people have said things that I agree with, so I will not repeat them.

The cladding situation is deeply concerning. Remediation work is very limited, and where it is occurring it is failing the tenants involved. The Grenfell Tower fire happened on 14 June. Nearly nine months later, if anyone is listening, of the 314 buildings installed with ACM cladding that we know of, only 13 meet building regulations guidance. That presents fire hazards in 301 buildings more than 18 metres high. As Labour's shadow fire Minister, I have spoken with the Fire Brigades Union and it has advised me that had that tragedy occurred outside central London, it might have been much worse owing to a lack of resources. I hope the Minister is listening to me, because that paints a worrying picture.

For all the sympathetic noises, the Government's inaction is clear. The tragic fire at Grenfell has not pushed the Department into action. I find the pace of

[Karen Lee]

the Government's action extremely questionable, as do other people. At the heart of the matter is the Government's complete lack of direction. Ensuring the public's safety would undermine their austerity project and be averse to their cuts in every other sector. I urge movement on this issue as it is their moral duty to demonstrate clear leadership and ensure the matter is resolved in the interests of tenants' safety.

I went to Grenfell last June and laid flowers. I went on the silent vigil last month. The last thing that people see when they get to the end of the march is the tower—a truly shocking and haunting sight. For the sake of those who died in the fire and for the people left in the area who have to get up every morning and look at that tower, it is the Government's duty to act now.

3.18 pm

**Dr Matthew Offord** (Hendon) (Con): We all certainly felt the terrible tragedy at Grenfell. I remember waking up, watching the television and seeing the appalling conditions. I have not been to visit the tower, but I have seen it from a distance and it is an appalling sight. I certainly agree with the hon. Member for Lincoln (Karen Lee) about that.

Many Members have rightly spoken about local authority properties, but I want to raise the issue of leaseholders. In my constituency, just over two years ago, Premier House was converted from commercial to residential with 121 flats. We all know what it is like to raise the money for a mortgage and stamp duty, and in the first few months or years money is often quite tight, so I was shocked to find that at the beginning of January this year the people who had just moved into those properties were told that the service charge in the block had doubled from £2,200 a year to £4,200 a year because the cladding has to be removed, just two years after the property was converted.

In addition, the managing company is also hiring four fire marshals to patrol that building constantly. That is causing my constituents huge concern. Many are self-employed or have only just got a mortgage. Some are one-parent families and are struggling to keep up with their payments. A lot of them have formed an action group and want to take the matter to a first-tier tribunal. The problem is that, if the tribunal rules in favour of the freeholder, residents will be forced to pursue their solicitors and surveyors on the question of what the problem was with the building. Ultimately, if they refuse to pay the service charge or fall into any arrears, the freeholder can take the property back.

I sympathise with those in local authority housing, but those in the private sector, equally, face a difficult situation, which I want to bring to the Minister's attention.

3.20 pm

**Tulip Siddiq** (Hampstead and Kilburn) (Lab): I congratulate my hon. Friend the Member for Croydon North (Mr Reed) on bringing the debate to the House, and on all the work he has done in his constituency. His constituents are lucky to have him fighting their corner; I am sure they know that.

I will mention once again Stormzy's intervention at this year's Brit Awards, which secured headlines not just because of his profile, but because he articulated how the British people feel about many of the issues that

have been discussed today and how, nine months on, as many hon. Members have said, many questions remain unanswered and the victims of Grenfell have not received justice.

I want to talk about a case study in the Borough of Camden in my constituency. It relates to the human experience at the heart of the cladding question and the enormous financial burden being placed on local authorities in dealing with the matter. Many hon. Members will know that Camden Council took the urgent decision to evacuate more than 3,000 people from the Chalcots estate following tests on cladding. The tragedy at Grenfell prompted the tests, but it was the London fire brigade that ordered immediate evacuations following an assessment. The evacuation was carried out throughout the night, and has caused serious distress to residents. The upheaval of decamping to a hotel for several weeks was difficult enough, but cladding removal during the bitter cold of winter was even more difficult. Many residents' heating systems are not strong enough to heat their homes, now that they are so exposed.

I raise those experiences to underline the need for action on building regulations, but also to stress the trauma that my constituents on the estate have experienced owing to cladding replacement. They live with cold and with seemingly endless construction. Compensation is missing, and there is a 24-hour security presence months after buildings were declared fit for purpose. That is not a normal way to live, but it has been the reality facing nearly 3,000 of my constituents since July 2017. I am speaking on their behalf today.

Replacement is a protracted process. According to a recent Camden housing scrutiny report, the new cladding will not be fully fitted across the estates until August next year, so it is not hard to understand why councils are begging for the kind of political will that would confront contractors and create a clearer set of standards on fire safety practices.

Good financial management means that Camden has taken on the costs without cutting frontline services. I commend its decision to stop payments to the company that put up the flammable cladding on the Chalcots and endangered residents' lives. Camden hopes to spend the millions of pounds saved from abandoning the previous contract on safer cladding. The operation has cost more than £50 million and breaks down as £12 million for evacuation and safety management, including fire marshals; £9 million on repairs, including emergency repairs and doors; £10 million on cladding removal; and £22 million on cladding replacement. However, as my local newspaper, the *Camden New Journal*, put it, the council should not have had to do that. Had the Government kept their promise after the inferno at Grenfell, the council would not have had to drain its reserves and foot the bill.

At the heart of the debate is the question of how we make our constituents feel safe in their own homes. Replacing combustible cladding is an obvious and immediate place to start, but so too is addressing the reduced resources of the emergency services and local authorities. In the days following the Grenfell disaster, many promises were made about rehousing vulnerable residents and recouping the cost of new cladding, but that has not been the experience in my constituency. It is possible that the promise made by the Government has been forgotten, but proactive campaigners, MPs and councillors will not let it drop.

**Mr Gary Streeter (in the Chair):** The Scottish National party spokesman has graciously given us a few extra minutes, for which I am grateful.

3.24 pm

**Sarah Jones (Croydon Central) (Lab):** I congratulate my hon. Friend and neighbour the Member for Croydon North (Mr Reed) on his speech and on securing the debate. I welcome the contributions that have been made so far. Many thousands of residents face huge legal fees and potentially thousands of pounds of costs to remove ACM cladding from their buildings. Freeholders, developers and insurers will not take responsibility, nor will the Government. We are here today because the buck stops with the Government to sort the mess out.

In my constituency, there is a block of flats built nine years ago with ACM cladding. At least, we are as sure of that as we can be; residents were told that one set of cladding was ACM, and then that another set was ACM. They have been confused and let down from the start. The cladding needs to be replaced. There is a 24-hour waking watch, but residents are understandably nervous and of course anyone who wants to sell their flat clearly has no hope of doing that. The freeholder—Wallace Estates—has washed its hands of responsibility. The director told me in a letter that

“it is the case that the building is now deemed to be unsafe because of a belated recognition by those in authority that the standards governing building safety at the time of the development were inadequate”

and that those with

“responsibility for setting the standards should be liable”.

The developers, Durkin, have also washed their hands. I wrote to them but have not received a reply. They rang my office—I am not sure, but perhaps they were being careful not to put anything in writing—and said they had not done anything wrong. The insurers, NHBC, are considering the claim, but it has been with them for months and nothing has been forthcoming.

The Minister, in a letter to me today, has also washed his hands of responsibility, saying:

“I am clear that the morally right thing for building owners to do is take responsibility for meeting the costs of remediation and interim safety measures”.

So my constituents, living in an unsafe block, are left to sit in it and pay the bill for the cladding removal and replacement. They have already been asked to pay thousands of pounds and have been told that they will face a bill for thousands more. They are having to club together to pay legal bills. They have all the tea and sympathy in the world from everybody, but they still have to pay. The system has failed, and when that happens it must be the responsibility of the Government to step in and provide clarity or resources, or both, to resolve the issue.

There are big policy questions: how can Government let the legal system take over when their own testing process has been shown to be insufficient? If leaseholders are found liable, are the Government really content that residents should be made homeless—something the LGA has warned about? What about desktop studies? They have already been mentioned, so I will not go into detail.

I want briefly to suggest some things that the Minister might this afternoon commit to doing. Will he meet my constituents to learn about the pressures they face?

Will he start a proper dialogue with freeholders? I thank him for his response to my letter and his agreement to arrange a phone call with Wallace Estates. I agree with my hon. Friend the Member for Croydon North that the Government should take the lead, but if they feel that the moral responsibility sits with landlords, they have to act to ensure that action is taken on behalf of residents.

The Government should sit down with insurers to find out what is going on. There are many claims in play, and that is leading to months of uncertainty and legal wrangling, which does not help anyone.

The Government should look at ownership rules for property. As the hon. Member for Worthing West (Sir Peter Bottomley) said, there should be no more hiding behind offshore entities. One of the problems that we have had is working out who owns buildings and freeholds. There are shell companies and offshore companies that are impenetrable. Details cannot be obtained from the website. It is complicated to get through to them.

The Prime Minister yesterday addressed the issue of land banking, opening up the possibility that developers who sit on land might face restrictions in getting planning permissions. Will the Minister take a similar approach to developers, stopping planning permission being given to them if they sit on their hands and leave dangerous cladding in place?

The buck stops with the Government. If they believe that other people are responsible, they have to make sure action is taken. My constituents, who are the least able to pay and the least to blame, are in the firing line. The Minister must surely accept that that is not fair.

3.29 pm

**Matthew Pennycook (Greenwich and Woolwich) (Lab):** I congratulate my hon. Friend the Member for Croydon North (Mr Reed) on securing this timely debate and on his wider efforts to co-ordinate Members who are concerned that the Government should step up and do more. Two hundred and sixty-four days have now passed since we watched flames engulf the Grenfell tower block in north Kensington, yet on private freehold developments across the country hundreds of thousands of residents still live with the knowledge that their homes are covered in lethal material. New Capital Quay, a vast 980-home development in my constituency, is only one of hundreds of such cases, although it is perhaps the highest-profile.

Cladding on the site failed tests carried out by the Department in July last year, and eight months on that cladding and insulation remain in place with no timescale for their removal and replacement, and with an inadequate and expensive waking watch fire safety patrol still in place. Residents are left in limbo while the freeholder, Galliard Homes, and the National House Building Council tussle over whether there was a breach of building regulations at the time of construction, and about who is liable—this tussle might be settled out of court, but it might ultimately be resolved only through lengthy litigation.

Residents stuck in the middle of that messy squabble are terrified at the thought that their families are not safe, and leaseholders are anxious that they will be hit by the full costs of the work. At a public meeting last week, one elderly resident told me that she is resigned to the fact that she will not make it out of the building if there is a fire, even with the waking watch in place.

[Matthew Pennycook]

What has been the Government's position throughout? It has amounted to little more than a muffled and infrequent plea to the private companies involved not to pass on costs to leaseholders. No attempt has been made to ensure that the dangerous cladding is removed as a matter of urgency. In many ways, however, that is no surprise because the Government are deeply compromised on fire safety. In 2013, they failed to act on recommendations made after the 2009 Lakanal House disaster, and they chose not to rewrite procedural guidance set out in Approved Document B. They did nothing to prevent the installation of combustible polyethylene ACM cladding of the type found on New Capital Quay.

Presumably on the basis of advice from the BRE Group, in 2006 the Government opened the door to combustible insulation material such as the K15 Kingspan insulation found on New Capital Quay. That was approved as compliant through testing, when previously it had been impossible to meet the guidance by that route.

The Building Control Alliance determined to introduce a new route to compliance through desktop studies, but as the market became increasingly competitive its members began to approve cladding without even the need for such a desktop study. It is hard to believe that the Government were not aware that that was taking place, yet they failed to amend Approved Document B to respond to it.

If one steps back from all the legal wrangling between private companies about cladding and insulation on private freehold developments, one notes the flawed nature of the building regulations regime, the inadequacy of procedural guidance within that regime, and the passive response of Government to the behaviour of the combustibles industry since 2014. That explains why dangerous, combustible cladding and insulation of the kind that surrounds the homes of my constituents were signed off as compliant.

Let me be clear: the fault does not lie only with Conservative Governments since 2010, because successive Governments have failed to ensure that the building regulation regime was fit for purpose. However, the Government have a duty to act—if not a legal duty, then certainly a moral one—and they can do so speedily in a way that will make a big difference to my constituents by issuing clear, prescriptive advice about the final date by which dangerous combustible cladding must be removed from developments such as New Capital Quay. That is the least my constituents, and others across the country in a similar situation, deserve.

**Mr Gary Streeter (in the Chair):** I thank all hon. Members for collaborating on timing.

3.33 pm

**Martyn Day** (Linlithgow and East Falkirk) (SNP): It is a pleasure to serve under your chairmanship, Mr Streeter, in this well-attended and well-informed debate. I am grateful to the hon. Member for Croydon North (Mr Reed) for securing it, and for his clear and detailed summary of the situation. The statistic that he mentioned of one fire every month is alarming, and it certainly focuses the mind.

It is essential that everyone has a safe, warm and affordable home, but following the tragedy at Grenfell last year, many uncertainties remain about how safe

properties throughout the country actually are. Building and fire safety are critical components of public safety, not just in residential flats but in hotels, student accommodation and even hospitals—indeed, anywhere someone may be staying. It is concerning that so far only a fraction of that cladding known to be unsafe has been replaced throughout the country, and questions still remain about which materials are safe to use. The issue of flammable or combustible cladding must be clarified and, in my opinion, its use should be prohibited.

Further questions about who should pay—this is particularly an issue in privately owned blocks, where costs could be passed on to leaseholders—are alarming. That is not so much an issue in Scotland because the Abolition of Feudal Tenure etc (Scotland) Act 2000 and the Tenements (Scotland) Act 2004 effectively brought the last vestiges of leasehold to an end. However, the problem of owners being financially trapped in buildings affected by these issues does apply, and that has been further complicated by changes over the years to building regulations, and by responsible reconsiderations about the retrospective materials used. What may have been deemed acceptable in the past might not be now.

I represent a constituency that has no high-rise domestic buildings. Nevertheless, following the Grenfell tragedy there was considerable anxiety among many constituents living in lower level multi-story flatted accommodation. I am grateful to both local authorities in my area—Falkirk and West Lothian—for reviewing the fire safety arrangements after Grenfell, and for confirming that all council properties have appropriate fire safety arrangements in place, including both annual and five-yearly fire safety assessments. There are issues in other parts of Scotland. For example, Glasgow City Council has identified two buildings where PE ACM has been used.

**Carol Monaghan** (Glasgow North West) (SNP): Some Glasgow Harbour flats in my constituency have that ACM cladding. The residents have no recourse with builders or insurance companies, and they have to pay for fire wardens. They now face enormous bills for replacement of the cladding. With no one claiming responsibility, does my hon. Friend agree that residents should be receiving financial support for this remedial building work?

**Martyn Day:** I certainly agree with my hon. Friend—the issue of who pays has been raised yet again.

In Scotland, since 2005 building regulations have required all new build high-rise domestic buildings to be fitted with sprinklers. In January, Labour MSP David Stewart proposed a Member's Bill that aims to make the installation of sprinklers mandatory for all new build social housing. The consultation document also considers the retrofit of sprinklers to social high-rise blocks. In September last year the BBC broadcast a programme that stated how out of 15 fatalities and 480 injuries in high-rise fires in Scotland since 2009, only one of those casualties occurred in a flat fitted with a sprinkler system. That is a significant statistic, although sprinklers are only one of a number of fire safety measures that may or may not be installed in any particular building.

The Scottish Fire and Rescue Service has commissioned research into a targeted approach to fire safety, based on a detailed analysis of Scottish fire deaths and serious injuries between 2013 and 2016. That research will include a forensic assessment of whether residential sprinklers

would have been effective in preventing death or injury. The outcomes of that research will help to inform future Scottish Government and Scottish Fire and Rescue Service policy, and to reduce fire deaths and injuries in the future.

This issue does not just affect residential buildings. The Queen Elizabeth University Hospital and the Royal Hospital for Children in Glasgow will have a small amount of cladding panels removed and replaced at a cost of £6 million. That work will be completed early next year, and the Scottish Government have committed to pay for it.

In conclusion, many issues of fire safety guidance have been raised from Members across the House. I was particularly interested in the point raised by the hon. Member for Worthing West (Sir Peter Bottomley) about the possibility of excluding VAT from remedial works. I would support such a measure, and I look forward to hearing the Minister's response.

3.37 pm

**Tony Lloyd (Rochdale) (Lab):** It is a pleasure to serve under your chairmanship, Mr Streeter, and the fact that you managed to allow 19 people to contribute to this debate is significant. I congratulate my hon. Friend the Member for Croydon North (Mr Reed). He spoke only briefly today, but I know the assiduous work that he has put into this issue over a long time. His constituents should be proud of what he is trying to achieve. This has been a rightly challenging debate, and I hope that the Minister will take that on board. He is relatively new in office and has the capacity to begin to effect a change and recognise that this challenge is legitimate. This is not moral panic or outrage; this is a basic safety case that we must take on board.

Many years ago we had a major fire in Manchester—the Woolworths fire—and those of us of an older disposition, like myself, remember it well. People died and as a result the law was changed and polyurethane foam was banned for use in domestic furniture. We must be prepared to be radical if we are to make our safety case. My hon. Friend the Member for Greenwich and Woolwich (Matthew Pennycook) made a point about fire marshals. It is good to see those marshals, but they cannot be a permanent solution—it is a short-term safety case. We must look towards the longer term, which is about ensuring that those buildings are safe from fire as far as is humanly possible. That will mean the removal of existing cladding where that is inappropriate, and its replacement with more suitable materials.

I want to begin by talking about the question of responsibility, which has engaged Members from all parts of the Chamber. It is important to say that leaseholders cannot seriously be expected to foot these enormous bills. I think it was my hon. Friend the Member for Croydon Central (Sarah Jones) who quoted from the Minister's letter, which used words identical to those of the Secretary of State in a letter to my hon. Friend the Member for Croydon North. I say this kindly to the Minister, but it is not enough to write that "I believe that the morally right thing is for the building owner to take responsibility for meeting the cost of remediation".

The Minister is a lawyer, so he will know that moral rectitude will not stand up in court or pay the leaseholders' bills. I am not sure whether this still applies, but in the

early moments of the situation with Citiscape, the freeholder was saying to leaseholders that unless they were prepared individually and collectively to agree to pay for the remedial works, no remedial work would take place. That is not moral responsibility; that is an outrage. We collectively have to do something about it.

**Dr Dan Poulter (Central Suffolk and North Ipswich) (Con):** On this issue of moral and legal responsibility, does the hon. Gentleman agree that we can learn lessons from the private rented sector? It has taken legal measures to force landlords to bring properties up to basic safety standards, with fire alarms and improved insulation for energy-poor households. Does he agree that in this matter, moral responsibility will not work? Legislation from the Government is needed to sort the problem out.

**Tony Lloyd:** I hope the Minister is listening, because that demand is coming from all parts of the House. At this level, the matter is not party political; we have a recognition that we need the Government to act as the Government. They are the only responsible agency that can begin to show the determination.

We cannot wait for the courts. My hon. Friend the Member for Croydon North said that the property managers had referred the Citiscape case to the first-tier tribunal, but as a lawyer the Minister knows that the matter could be with the courts not for weeks and months, but years—it could be years before we get resolution. We cannot wait for some sedentary legal process; we need action to determine where the responsibility lies.

I have great sympathy with the point that my hon. Friend the Member for Hammersmith (Andy Slaughter) made: that it is unreasonable for social landlords, whether they are local authorities or housing associations, to have to pick up the tab. That would mean we were saying to a subset of British society—tenants of a particular landlord—that they will pay for the cost of remediation, when the responsibility does not lie with the tenants or the social landlords any more than it lies with the leaseholders.

Importantly, as my hon. Friend the Member for Greenwich and Woolwich said, the responsibility comes back to failures of Governments of all descriptions. The reality is that the failure is recognisable here and now, and the responsibility has to be picked up here and now. It is incumbent on the Government to ensure that the matter is resolved. It is not about moral responsibility, but practical action that says to leaseholders, "You will not have to face bills of £40,000-plus." That is what the amount is in some cases, and frankly people cannot afford that.

Has the Minister had any contact with the insurance industry? That is not about the responsibility for paying for the work that needs to be done, but about whether it will be prepared to insure buildings in the longer term. It would be significant if the insurance industry walked away from insuring buildings that we know have difficulties. We have to sort out the question of responsibility. In the end, that falls on the Government because of the past failure of the regulatory system.

We need to look at some of the wider issues that have emerged. This month the Peabody Trust found that one of the cladding materials it was using to replace the Grenfell tower cladding—Xtratherm—is no longer an acceptable material, as it is flammable. Peabody faces

[Tony Lloyd]

the bizarre situation of having to remove things that it used to replace what it had already removed. Who picks up the consequences of that? In the end, we have got to give people living in our tower blocks some certainty that their homes are safe, and that brings us to the question of how quickly we will see removal and replacement. Fire marshals are useful, but removal and replacement has to be part of where we move to.

Do we now have absolute accuracy about which materials are potentially affected? Do we have absolute accuracy about the number of tower blocks that may be affected across the country? That basic information will determine whether we can move forward. I may be wrong, but I am not certain that the Ministry has knowledge of all the private buildings out there that may be affected. That is a significant challenge. It means that people are living in blocks and do not know that they may be affected. Indeed, there may be private owners who do not know that their property is affected.

We have got to begin to go beyond the question of the building regulations and bringing them up to standard. A report said:

“Advice from the independent expert advisory panel set up to ensure buildings are safe and published by MHCLG in December 2017 tells building owners they can still rely on desktop assessments.”

It is not enough for the Ministry to say that to the world. Desktop assessments are only credible in this country; I understand that they would not be allowed anywhere else in Europe. Also, the building regulations are only advisory. We cannot have a situation where people can pick and choose which bits of the regulations they apply.

We have to move on to something that takes us away from the failures of the past. As some of my hon. Friends have said, we need transparency about what has happened to know what the technical specifications should be. We need to ensure that we do not have this conflict where the Building Research Establishment is taking money from its clients to be part of the testing process. We have got to ensure that the regulations are fit and proper for the future.

This has been an important debate. When we look to the longer term, the question of cost arises. A number of Members—I know that my hon. Friend the Member for Croydon North raised this issue with the Secretary of State—have asked whether the cost could be removed from recladding. While there may be legal issues around European legislation, the Government can get around that by simply putting that 20% back into the pot where remedial work is taking place. Government can do that.

I come back to the point that my hon. Friend the Member for Plymouth, Sutton and Devonport (Luke Pollard) made. When the Government can return hundreds of millions of pounds to the Exchequer, the money is there to do this kind of remedial work. We owe it not simply to those who died in Grenfell tower, but to all those living in tower blocks to say that the time has come for the Government to act. Only the Government can act. We look to the Minister to say now how they will act.

3.48 pm

**The Minister for Housing (Dominic Raab):** It is an honour to serve under your chairmanship, Mr Streeter. I pay tribute to the hon. Member for Croydon North (Mr Reed) for securing this debate and speaking powerfully

about the situation his constituents find themselves in. I am very grateful for the contributions of Members from all parts of the House. I will try to address as many of them as possible in the limited time available.

Before I address squarely the issues facing residents in Croydon and people in other residential buildings we have heard about today that have rightly been raised, I want to give a little bit of wider context. The fire at Grenfell Tower was a terrible tragedy—a tragedy that should not happen in 21st-century London or anywhere in this country. The Government are committed to learning the lessons from Grenfell and ensuring that nothing like that can ever happen again. Like the hon. Member for Lincoln (Karen Lee), I have been down there and seen the devastation. I have talked to residents of the Lancaster West estate. I am personally committed to learning the lessons.

Immediately after the fire, the Department set up a building safety programme with the aim of ensuring that all high-rise residential buildings are safe from the threat of fire and crucially, as Members have rightly said, that residents can feel safe and can rest assured in their homes. To support that, the Secretary of State appointed an expert panel to ensure that the necessary steps are taken to ensure the safety of residents of high-rise buildings. We have consistently relied on that expert advice, because the issue of public safety is central to what we need to achieve.

Through screening tests, we swiftly identified social housing blocks and public buildings with unsafe cladding. Working with the expert panel, the Government provided advice to building owners on the interim measures that they should put in place to ensure the safety of their residents. Of course, that depends on the individual property, as hon. Members have rightly said, but interim measures can include warden systems, measures to prevent the spread of fire to or from car parks, and all sorts of other things. All the affected social sector buildings that have been identified have those measures in place. We are confident that that addresses the immediate issue of safety for residents. I do not think that that should be elided or confused with the wider remediation efforts that, quite rightly, also need to take place. We can give that assurance to residents.

At the same time, we tested different combinations of cladding and insulation to see which met the building regulations guidance. We published consolidated advice last autumn confirming the results of those tests, with advice for building owners, as the hon. Member for Hammersmith (Andy Slaughter) discussed. Since then, we have been working with building owners and the industry to support remediation work. The hon. Gentleman suggested that the Government have not provided clear guidance on the materials for remediation. Actually, the expert panel published advice on 5 September, and further advice was published in December, including an information note for building owners. The Building Research Establishment has also published a catalogue of past BS 8414 tests to assist building owners choosing compliant materials. I hope that that gives the hon. Gentleman some reassurance.

We have been working with local authorities to help them identify private residential buildings with similar cladding, and to ensure that they, too, are made safe. At the same time, as hon. Members know, we have asked Dame Judith Hackitt to undertake an independent

review of building regulations and fire safety, to ensure that buildings are safe in the future, in recognition of the clear flaws that have been discovered in relation to the previous system. We welcomed her interim report, which was published in December, and have committed to implementing all her recommendations.

The suggestion that we are sitting on our hands, that we have not looked at this matter soberly, properly and carefully, or that we are not taking action is quite wrong, as the action in relation to Dame Judith's review illustrates. We look forward to the publication of the final report later in the spring. Obviously it is a detailed piece of work, which needs to be done carefully and properly.

The hon. Members for Croydon North and for Hammersmith asked about the role of desktop studies. We will consult on that shortly in response to the recommendations from the Hackitt review, so we are already taking some of the findings forward. The hon. Members for Greenwich and Woolwich (Matthew Pennycook) and for Croydon North mentioned the tragic Lakanal House fire in Camberwell in 2009. Just for the record, and as a matter of balance in today's debate, it is right to point out that the shadow Housing Minister, the right hon. Member for Wentworth and Dearne (John Healey), refused extra funding for fire safety measures when he was the Housing Minister, because he did not deem them necessary. I am not saying that to score political points. *[Interruption.]* I am making the argument—

**Marsha De Cordova:** Why would you say it, then?

**Dominic Raab:** I am saying it for balance. Any hon. Member in the post of Minister would look at the matter carefully and responsibly, and take the expert advice. That is what the right hon. Gentleman did, and that is what we have done.

Let me turn to some of the specific points that have been raised today, starting with the identification of buildings with unsafe cladding. We believe that we have identified all affected social housing blocks and public buildings, and interim measures are in place as and where necessary, suitable to the individual buildings, as I have described. With regard to private sector buildings, the Government made the testing facility at the Building Research Establishment available free of charge. We continue to urge all building owners to submit samples for testing if they think that there is any reason to believe that they may be unsafe because of cladding.

In addition, the Secretary of State wrote to local authorities in August asking them to identify privately owned buildings with potentially unsafe cladding. It is their statutory responsibility to do so. The majority of local authorities recognised the urgency of that work, and provided relevant information. We are very grateful for all their hard work, and I pay tribute to the hon. Member for Slough (Mr Dhesi), who talked about some of the good work that has been done by his local authority.

This is not a straightforward task. We have been in continual dialogue with local authorities ever since that point. The collaboration is close and constant, and it continues. In fact, an event is taking place a few hundred yards from here as we speak, bringing together the Ministry and its experts, local authorities, officials and the fire and rescue service to discuss best practice.

In response to the question asked by the hon. Members for Manchester Central (Lucy Powell) and for Slough, just last week we announced a financial support package of £1 million to assist the most affected local authorities in identifying private high-rise buildings with potentially unsafe cladding. We are also looking at the statutory guidance and the statutory operating directions for local authorities in their relationship with those private sector building owners. Those measures will reinforce local authorities in carrying out that work. I assure hon. Members that as soon as we are notified of buildings with potentially unsafe cladding, we will work with the owners and the relevant fire and rescue service to ensure that those interim measures are put in place.

**Emma Dent Coad:** Will the Minister give way?

**Dominic Raab:** I will make a bit more progress, given the time available, and the need to allow the hon. Member for Croydon North a bit of time to wind up. Our No. 1 priority is the safety of residents, and the interim measures ensure that that is the case.

**Emma Dent Coad:** On that point, will the Minister give way?

**Dominic Raab:** I want to address not just the points that the hon. Lady has made, but those made by all hon. Members in the debate.

The Government have been very clear that the remediation should be done as swiftly as possible, but it must be done properly—precisely because we are talking about the long-term public safety of residents. Let us be clear: the remediation of buildings with aluminium composite material cladding is a complex process. It involves major construction work that needs to be planned, consulted on, and carried out professionally and carefully.

Planning alone can take up to a year. It is not just a case of ripping down the cladding then deciding what to do next. I am encouraged that remediation is already under way in 58% of affected social housing buildings, and that seven have finished their remediation work already. Clearly, there is a long way to go, but that is significant progress. At least one or two hon. Members in today's debate seemed to be blithe about the work that is under way, how difficult it is, and how important it is to do it properly.

Let me turn to the issue of funding.

**Emma Dent Coad:** Will the Minister give way?

**Dominic Raab:** I am not going to; I will address the direct questions asked by the hon. Member for Croydon North and others about funding. In the social sector, all the local authorities and housing associations that we have spoken to have indicated that they are choosing not to pass on the costs of essential remediation to individual flat owners within their buildings. We will also consider financial flexibilities for local authorities to fund essential fire safety works to buildings that they own. We have not yet declined a single request. We are taking this very seriously, and have engaged in protracted dialogue with those people who have come to us.

In the private sector, of course, the allocation of responsibility depends on the terms of the leasehold arrangements, as qualified by general law. The determination of the legal position will obviously need to be settled

[Dominic Raab]

ultimately by a court. Proceedings are under way in the constituency of the hon. Member for Croydon North, as I am sure he knows. I took the point that my hon. Friend the Member for Hendon (Dr Offord) made: that it cannot be right for a Minister to pre-empt or prejudge the legal determination of a relationship, where it is not only spelled out in the leasehold arrangement, but qualified by general law.

In some cases, the costs fall, in practice, to landlords or building owners; it may be clearer in some leases than in others. Where the costs do not fall to landlords or building owners as a matter of strict law, we continue to urge those with responsibility to follow the lead of the social sector. We urge those private companies to do the right thing, and not to attempt to pass the costs on to residents. They can meet some of those costs—hon. Members asked about this—through alternative routes such as insurance claims, warranties or legal action. It is rightly for them to pursue those avenues. They have the financial means, the relationship—legal or otherwise—and the wherewithal to do so. The Secretary of State and I have been clear about that in direct conversations, including with those who own the property in the constituency of the hon. Member for Croydon North. Where building owners are seeking to pass on remediation costs to leaseholders, it is important that leaseholders are able to get specialist advice. The Government have provided free legal advice and support through a range of measures, including the Leasehold Advisory Service, or LEASE—a free and tailored service.

In the time available, I hope that I have illustrated not just the complexity of the challenge that we face across the private and social sectors, but the Government's concerted effort to deal with the immediate issue of public safety and to ensure that the allocation of responsibility sits in the right place, which in our view is with the building owners.

3.59 pm

**Mr Reed:** I am grateful to everybody who has taken part in today's debate and provided such powerful testimony from across the country. The Minister seems to be heavily relying on the expert panel that he mentioned, but that panel is chaired by the man who signed off the kind of cladding on Grenfell as safe—I have the document that shows it here, and will give it to the Minister afterwards. I wonder whether he should question a little more, rather than just listen to the advice that he is receiving.

The industry is still very confused about what it needs to do when this kind of cladding is found on buildings. The Department needs to issue clearer advice. Finally, we bailed out the banks when they broke the banking system. Why can we not bail out leaseholders, who are innocent victims of the Government's failed, flawed fire safety regime?

*Question put and agreed to.*

*Resolved,*

That this House has considered cladding and remedial fire safety work.

## NHS Wholly Owned Subsidiary Companies

[MR PHILIP HOLLOBONE *in the Chair*]

4 pm

**Liz Twist** (Blaydon) (Lab): I beg to move,

That this House has considered wholly-owned subsidiary companies in the NHS.

It is a pleasure to serve under your chairmanship, Mr Hollobone. I am glad to have secured this albeit brief debate on the issue of NHS wholly owned subsidiaries, and this fairly recent but rapidly developing situation spreading across the NHS. What are these companies? They are organisations set up by NHS trusts as subsidiary companies to the trust, into which a range of NHS facilities management staff are transferred. When I say facilities management staff, I mean all the porters, cleaners, catering staff, estates and maintenance staff, and others who keep our hospitals going. Those staff are an essential part of the NHS.

**Rachael Maskell** (York Central) (Lab/Co-op): York Teaching Hospital is about to enter into an alternative management company for the facility staff there. Those are staff that want to work for the NHS, not least because they get the benefit of NHS terms and conditions and pensions. Does my hon. Friend agree that the loopholes in the taxation of the NHS need to be addressed so that those people can remain working for the NHS?

**Liz Twist:** I most certainly do agree with my hon. Friend. We know that NHS trusts are under incredible financial pressure and are looking for ways to stretch the available funds. Some trusts have seen wholly owned subsidiaries as a way of reducing costs. Those trusts include the Gateshead Health NHS Foundation Trust, which provides excellent hospital services to many of my constituents.

The cost savings come about in two main ways: through saving VAT and by saving on staffing costs. For some, there may be a third area of income—advising other NHS trusts on going down the same path, which is one of the reasons why they are spreading across the country. In November 2017, the then Health Minister, the hon. Member for Ludlow (Mr Dunne), stated that:

“NHS Improvement is aware of 39 subsidiaries consolidated within the accounts of foundation trusts”—[*Official Report*, 14 November 2017; Vol. 631, c. 129.]

We know that more are being created even now.

**Jim Shannon** (Strangford) (DUP): The issue of pensions is very much at the forefront of the minds of myself and others in this House. Does the hon. Lady agree that it is essential that staff working through the front door of the NHS or the back door of the wholly owned subsidiary company must be entitled to retain their NHS pension? Any attack on the pension scheme must be wholly rejected and the trusts must all be made to understand the position on pensions when these types of actions are taking place.

**Liz Twist:** I most certainly do agree, not just for pensions but also for terms and conditions.

What is the problem with these companies? First, it is that they come at a price, which for the most part is met by the staff who work for them. Secondly, the VAT saved by trusts with these companies is not new money coming into the NHS—the money that trusts save will be lost

elsewhere in public services. Already, the Department of Health and Social Care has reminded trusts by letter that they should not engage in any activities that may be construed as tax avoidance, and the loophole could be closed in the future. Thirdly, the establishment of wholly owned subsidiaries leaves the services open to privatisation in the future, continuing the fragmentation of our NHS.

**Alex Cunningham** (Stockton North) (Lab): The North Tees and Hartlepool NHS trust set up a limited liability partnership last week. Even according to its own published material, it provides no guarantee of job protection beyond a few months and will create a situation with different employees on very different terms and conditions. Is this not all about Government cuts? Does my hon. Friend not agree that we could see even more staff transferred into this sort of arrangement in order to meet the Government's cuts agenda?

**Liz Twist:** I most certainly do agree. I think this is the start of a very worrying process, not just for facilities management stuff but potentially for other staff.

**Tulip Siddiq** (Hampstead and Kilburn) (Lab): My hon. Friend is being very generous in taking interventions. Unite points out that over the past five years, more for-profit companies have won contracts to run NHS services, with the total value of contracts awarded in 2016-17 standing at a staggering £3.1 billion. Does my hon. Friend agree that the Government must compel Her Majesty's Revenue and Customs to close this tax loophole, so that NHS trusts are not forced to consider outsourcing NHS services?

**Liz Twist:** I most certainly agree that the issue is a dangerous one that needs to be looked at, and it is a very worrying one because, whatever happens, the staff who have transferred are in a very difficult position.

In the longer term, the establishment of the wholly owned subsidiaries leaves services open to privatisation in the future, continuing the fragmentation of our NHS, which is not in the long-term interests of all who use the NHS. There is no evidence that the plans will improve efficiency or productivity in the NHS. They exploit a tax loophole and seek to exploit the future workforce.

**Dr Dan Poulter** (Central Suffolk and North Ipswich) (Con): The hon. Lady and her colleagues are right to highlight the fact that the financial pressure on the NHS is the main driver for this situation. Does she agree that it is very difficult in some services to differentiate between administrators and back-office services, and frontline services? Sometimes, administrators and back-office workers are embedded in clinical teams, and this actually worsens fragmentation and makes it much more difficult to deliver high-quality patient care.

**Liz Twist:** The hon. Gentleman makes an excellent point. NHS staff, whatever their job, are all part of a team that delivers a service, and they all work together. For example, the catering and cleaning staff who looked after my mum's hospital ward when she was in hospital recently were also a part of the NHS caring process. I think that is a really important point.

**Judith Cummins** (Bradford South) (Lab): One of the major problems with the creation of these wholly owned companies is that they lead to a two-tier workforce in

which often the lowest paid staff, such as domestics and security guards, are on worse terms and conditions than other staff. Does my hon. Friend agree that that represents a race to the bottom and is not just bad for those moved over to the new companies but bad for the NHS overall?

**Liz Twist:** I most certainly do agree, and I will expand on that point shortly.

I want to speak about the impact on staff—some of the same staff we have all been praising in recent days for turning up to work in the snow and coping when we have the only too frequent crises. They are an integral part of the NHS team, as the hon. Member for Central Suffolk and North Ipswich (Dr Poulter) said, making it possible for nursing and medical staff and other allied health professionals to do their bit in caring for patients.

On transfer to a wholly owned subsidiary company, staff already employed by the trust will be transferred on their existing terms and conditions. That is, on "Agenda for Change" terms and conditions and pay rates, negotiated nationally and checked to ensure equal pay for work of equal value. They will retain their membership of the NHS pension scheme and a set of decent terms and conditions applying to all NHS staff. The main way that trusts can make savings through these companies is by employing new staff on different, and worse, terms and conditions.

**Mike Hill** (Hartlepool) (Lab): On the point made by my hon. Friend the Member for Stockton North (Alex Cunningham) about North Tees and Hartlepool Solutions, as the LLP is called, does my hon. Friend agree that its immediate intention to introduce worse terms for new starters sets a dangerous precedent?

**Liz Twist:** I very much agree. It is a very dangerous precedent that does not respect the rights of those staff.

**Alex Cunningham:** Further to that point, is my hon. Friend aware that the question and answer document produced by the North Tees and Hartlepool NHS Foundation Trust says that NHS staff transferred into the new company can expect a pay rise this year, but nothing is guaranteed in the future? They are already seeing their future conditions eroded, unless the new company awards them the pay rise they will get under the current system.

**Liz Twist:** That is absolutely correct, and I have raised with my local trust the potential move away from NHS pay rises.

The main way trusts can make savings is by employing the new staff on worse terms and conditions, which means lower pay rates, less holiday, inferior sickness schemes and no access to the NHS pension scheme. As colleagues said, even transferred staff may be moved on to the worse terms and conditions over time. Trusts are doing that to the lowest-paid workers, who are essential to keeping our hospitals going.

**Mike Amesbury** (Weaver Vale) (Lab): Does my hon. Friend agree that doctors and clinicians should prescribe only medicines that have a strong evidence base and have been shown to be effective in trials? On that basis, does she agree that wholly owned subsidiaries for the treatment of illness would be ineffective?

**Liz Twist:** I certainly agree that this is the wrong medicine for the NHS's problems, which, as hon. Members said, derive from the pressure on NHS finances and the underfunding of the NHS.

**Rachael Maskell:** The last time there was a segmentation of facilities management, we saw the rise of MRSA and other communicable diseases, so the evidence shows that this is a bad move.

**Liz Twist:** That is a very valid point, and it must be considered carefully.

We are creating divisions between staff in the facilities management companies and other NHS staff by introducing a two-tier workforce, which health service unions such as Unison—my union—have worked hard to move away from. The setting up of these wholly owned subsidiaries is a retrograde step. It insults and undervalues the staff who do essential but less visible jobs in the NHS. It deprives them of the pension scheme that their colleagues have access to and exposes trusts to equal pay claims. Equally important, it risks breaking up our NHS—perhaps not today, but in the near future.

I have been looking at the health press in preparing for this debate, and I have seen that there are plenty of companies out there willing to advise on setting up NHS subsidiary companies and look at the benefits of such companies. There are no such advantages. There is no reason why NHS staff working together cannot produce a better NHS. Indeed, they are doing so all over the country. We need to stop this trend of establishing wholly owned subsidiaries in the NHS. We must respect all our hospital staff and prevent the fragmentation and privatisation of our NHS.

4.13 pm

**The Minister for Health (Stephen Barclay):** It is a pleasure to serve under your chairmanship, as always, Mr Hollobone. It is also good to see a number of Members from across the House in the Chamber to debate this important issue. I congratulate the hon. Member for Blaydon (Liz Twist) on securing this debate. I am pleased to be able to join her in discussing an issue that is of concern and interest to many in the House.

I understand that Gateshead Health NHS Foundation Trust established its wholly owned subsidiary company, QE Facilities, in 2014 to provide estates, building and engineering services to the trust and cleaning services to the new emergency care centre building. QE Facilities is a separate legal entity, which operates along commercial lines. It has separate governance arrangements and the ability to employ its own staff and deliver services to other organisations on a commercial basis. As the hon. Lady said, a number of staff from the Queen Elizabeth Hospital in Gateshead transferred under TUPE rules to the new organisation in December 2014. I will respond to her points.

A number of hon. Members raised the concern that what happened amounts to privatisation, but I must point out that the legislation enabling NHS organisations to create subsidiaries of this sort was put in place by the Labour Government in 2006. If it is privatisation, it is privatisation enabled by Labour legislation, and I do not think that is the way Ministers described it to the House at the time. The subsidiaries are also 100% owned by the trust, so they are within the NHS family.

It is right that the board of the Queen Elizabeth Hospital was able to use the powers enacted by the previous Labour Government. It did so because creating a subsidiary is, in its view, the most effective and efficient way of maintaining the trust's hospital estate, which includes several new buildings. Again, that is consistent with the previous Labour Government's approach, which was to allow local trusts to determine the best manner of managing their own estates.

**Alex Cunningham:** I do not care which Government provided the enabling legislation. Surely the Minister agrees that the intention was never to undermine the working terms and conditions of people within the NHS just to enable trusts to cut the amount of money they need to spend?

**Stephen Barclay:** I will happily address that. The hon. Member for Bradford South (Judith Cummins) also made that point and said that this is about exploitation. The hon. Member for Stockton North (Alex Cunningham) may not care whether the legislation was introduced by a Labour Government; I was merely drawing hon. Members' attention to the fact that when the legislation was passed it was not described as privatisation. It is obviously a leap to describe the legislation as enabling privatisation when the subsidiaries are wholly owned by the NHS.

**Alex Cunningham:** I am grateful to the Minister for giving way again. The North Tees and Hartlepool NHS Foundation Trust said in its question and answer document that such an organisation could be taken over by another organisation—in other words, it could be privatised. This is one step along the way to the potential privatisation of all those services.

**Stephen Barclay:** The trust has stressed that the organisation remains in public ownership. Let me deal with the hon. Gentleman's substantive point—it was also raised by the hon. Member for Bradford South—that this is about exploitation. I discussed that point with the trust ahead of the debate.

Previously, the trust had difficulty in attracting and retaining quality maintenance staff because the salaries paid in the local market were about £19,000 per annum. Under the subsidiary company, multi-skilled craftspeople are employed at about £25,000 per annum, plus a performance bonus, attracting better-qualified staff and ending retention issues, in exchange for the fact that they do not have access to the NHS pension.

**Liz Twist rose—**

**Stephen Barclay:** I will happily give way to the hon. Lady in due course.

That is not about exploitation; it is about empowering members of staff. They get higher pay in the short term in return for a less generous pension. The hon. Member for Stockton North might disagree—

**Judith Cummins:** Will the Minister give way?

**Stephen Barclay:** I signalled that I will give way to the hon. Member for Blaydon. She called the debate, so she should go first.

It is not accurate to say that this is simply about exploiting people if their base salary is increasing from £19,000 to £25,000, as it is in that trust. One can look at the wider bundled package of benefits and total remuneration, but one cannot describe a salary increase of £6,000 as exploitation.

**Liz Twist:** The Minister is raising an issue of great concern to me, which I have discussed with the chief executive of the foundation trust, so this is not coming as news to him. If we move away from a structured pay system and give additional salary payments over and above allowed recruitment and retention bonuses, we are laying the trust or the organisation open to the claim that they are not providing equal pay for work of equal value. A huge amount of work went into creating “Agenda for Change” to avoid exactly that problem and to address recruitment and retention.

**Stephen Barclay:** The hon. Lady is ignoring the fact that that already happens in the NHS, for existing trust staff: some staff opt out of the NHS pension, and not all the staff who TUPE-ed across in this arrangement were in the NHS pension. Once again, those on the Labour Benches want to deny the choice and options that apply to NHS staff.

**Judith Cummins:** I thank the Minister for giving way, because he has heard me twice now, but I welcome the opportunity. Does he not agree that the difference between then and now is that NHS trusts now are being forced down the path of wholly owned subsidiary companies because of financial constraints? It is not good enough for the Government simply to stand by and watch that happen.

**Stephen Barclay:** Again, that is a complete misrepresentation. The trust itself has pointed to the benefits of the arrangement. Let me give a concrete example of how the arrangement is delivering to the trust savings in the interests of patients.

Under the previous delivery system, local pathology samples were sometimes lost and delayed—that is not in the interests of patients. The QEF brought in a revised system of procuring all sample containers and issuing those to GPs across the region before delivering samples to the hospital pathology laboratory hubs within four hours. The trust forecasts that that will deliver significant benefits—indeed, other trusts are interested in the services. By operating on a more commercial model, therefore, not only has the trust improved how it deals with samples and prevented those samples from being lost as in the past, but it has put in place a system that is better for patients and attractive to GPs in other trusts who now want to contract the services.

**Dr Poulter:** The Minister is slightly at odds about the point being made. The point is not how it is open to the trust to procure the best clinical services but how, later, through a company, staff might be re-employed on a lower salary. Clearly, trusts already have flexibility through “Agenda for Change” to start people on a higher pay point, but I wondered more generally whether my hon. Friend supports national pay bargaining and “Agenda for Change”.

**Stephen Barclay:** The Chancellor made his support for the “Agenda for Change” programme clear in the Budget. My hon. Friend is aware of the commitment

that the Chancellor made to fund that outwith the spending review 2015 process. That is a matter of record and one my hon. Friend is well aware of. The point being made, however, is that the flexibilities are popular with staff within the trust. Again, that is not simply a matter of me saying that; it is reflected in the staff survey of those working at the trust.

**Several hon. Members rose—**

**Stephen Barclay:** I will happily take interventions, but first I will finish this point, addressing the previous issue. The recent staff survey was extremely positive: 86% felt part of the Gateshead Health NHS Foundation Trust group. Furthermore, the figure for those with a positive response to the level of pay was 15% higher than the NHS comparator. The idea that the arrangement is exploiting people when the staff survey shows them to be 15% more approving than in other areas is again not a fair representation of the case.

**Karin Smyth (Bristol South) (Lab):** In the short time remaining, I would like to move the Minister on to the issue of accountability for public money. Following a freedom of information request, in the case of Yeovil we understand that the benefit to the trust is several million pounds-worth of income, which is a lack of income from the Treasury—I have written to the Minister about this and I will be grateful for an answer. Is the Government’s position that they would be happy to forgo the expected income to the Treasury so that those companies can be set up to undercut wages?

**Stephen Barclay:** As I set out in my reply to the hon. Lady, the Department has been clear that setting up a subsidiary is not a vehicle to avoid VAT—that is not acceptable. In the autumn, we sent out guidance to make that clear. As a former Treasury Minister myself, I assure her that Treasury Ministers would take a very close interest if they felt that an abuse of VAT was taking place.

The reality is that commissioners and regulators are responsible for ensuring that NHS providers act in the best interests of patients and taxpayers. We would expect providers to work closely with their employees in any developments.

**John Grogan (Keighley) (Lab):** Will the Minister give way?

**Stephen Barclay:** I am conscious of the time, but I am very keen to take an intervention from the hon. Gentleman.

**John Grogan:** The Minister is being very generous. Clearly there is a substantial difference of view here, but would he agree that given that public money is involved, it is very much in the public interest that the business plans that the trusts are producing for the wholly owned subsidiaries are published and public, so that they can be scrutinised? In the case of the Airedale trust in my constituency, we discovered that 60% of the savings on purchasing are in VAT. Those figures should be in the public domain, so people can see what is being done with public money in their interests.

**Stephen Barclay:** The slightly puzzling issue here is that the savings accrued from the subsidiaries are for the benefit of the local health economy, of the trust. This is a subsidiary company 100% owned by its host trust.

[*Stephen Barclay*]

The more efficient the subsidiary is, the better it is at dealing with things such as its pathology—not only do we avoid samples being lost, but we run a more efficient system in a more commercial manner, which brings more money into the healthcare economy and gives the flexibility to compete effectively in the local job market for maintenance staff and others.

The benefits of those arrangements accrue to the trust that owns 100% of the subsidiary. That is why, under legislation of the previous Labour Government—correctly in my view, but clearly not in the view of the Labour Members—the local trust is empowered to empower in turn the local members of staff. That is then reflected in the staff survey, which shows a more favourable result in this trust.

**Rachael Maskell:** I am grateful to the Minister, who has been generous with his time, but does he not acknowledge that the failing finances of the NHS are forcing trusts down that route? I am meeting the Minister next week to talk about York Teaching Hospital's failed finances. That is the driver of the changes and, therefore, the fundamental issue still has to be addressed.

**Stephen Barclay:** I do not know whether we are moving away from the subject to a wider debate about finance, but the Chancellor's Budget settlement makes the Government's finance commitment clear. The fact is that the issue of subsidiary companies is about using the resources of the NHS in the most efficient manner. That is the view not just of the Government and of the previous Labour Government, but of the trust itself. It is delivering a better outcome for patients and delivering savings—I repeat, the savings accrued go to the benefit of the trust that owns 100% of the subsidiary. It is a shame that those on the Labour Benches seem to want to deprive staff of choice and opportunity. Staff are benefiting, and that is reflected in the staff survey.

I hope that in responding to the debate I have allayed a number of the concerns of the hon. Member for Blaydon about the setting up of subsidiary companies by trusts. I am sorry that there is such concern about the legislation put on the statute book by the previous Labour Government and that it is being deemed to be a form of privatisation.

**Alex Cunningham:** Does the Minister think it is fair for one of two different people in an organisation to receive a defined benefit pension scheme with a 50% contribution and the other to get 3% into a defined contribution scheme worth a fraction of the other in pension terms?

**Stephen Barclay:** Within the NHS as a whole—nothing to do with subsidiaries—there is a range of treatment of staff on pensions. First, there are the legacy pension arrangements for staff in previous schemes and, secondly, people opt out of existing pension arrangements in the NHS. Again, it is a complete mischaracterisation of this debate on subsidiaries to suggest that there are differences. The point, however, is that there are also differences in pay, as has come out of this debate: the maintenance staff for whom the trust is paying a premium can be paid so because of the subsidiary.

**Liz Twist:** I thank the Minister for giving way—the only way I can get a response in is by intervening. I have a few separate points. First, on the Labour legislation, is it not strange that the subsidiary companies have only started to appear in this form since 2014? As my colleagues said, that is a reflection of the fact that we have a shortfall in funding for the NHS. Secondly, I want to mention the path lab example the Minister gave. As I said in my speech, there is no reason why existing NHS staff in the NHS trust cannot make the improvements—they do all the time—

*Motion lapsed (Standing Order No. 10(6)).*

## Police Station Closures: Solihull and West Midlands

4.30 pm

**Julian Knight** (Solihull) (Con): I beg to move,

That this House has considered the proposed closure of police stations in Solihull and the West Midlands.

It is a pleasure to serve under your chairmanship, Mr Hollobone. I am sure I am not alone in saying that crime is one of the issues that people most frequently raise on the doorstep and in constituency surgeries. Few things matter more to my constituents than knowing that the streets are safe and that Solihull remains a peaceful, welcoming and vibrant community. That is why I have made standing up for local police services one of my top priorities. Since being elected in 2015, I have fought successfully to prevent cuts to our local team of police community support officers and I have supported calls for Ministers to increase police funding across the west midlands. In that same period, David Jamieson, the police and crime commissioner, quite clearly has been running down police services in Solihull, cutting the number of patrol cars in the borough and closing one of my constituency's two police stations in 2015.

**Emma Reynolds** (Wolverhampton North East) (Lab): Will the hon. Gentleman confirm that West Midlands police has lost £145 million in funding, through decisions made by the Tory Government and, before them, the Tory-Liberal Democrat coalition from 2010?

**Julian Knight:** The Government have been pretty clear that police funding has been protected in real terms once local funding is taken into account, and they are investing £1 billion more in policing in 2017-18 than in 2015-16, despite continued pressure on public finances. Labour always likes to insist that someone else will pick up the tab, but if PCCs want the power to help their police forces, they must expect the responsibility that comes with it, including questioning by Members of Parliament.

Mr Jamieson has announced plans to close Solihull police station, leaving my constituency without a single proper police space. The commissioner claims that it is under-utilised, but why should that come as a surprise when he has been paring back our local police services for years?

I strongly believe that for local politicians to be held accountable, the devolution of power must be accompanied by the devolution of responsibility, including financial responsibility. The public elect representatives to take decisions, not simply to shift blame and demand more money from someone else. In 2015, I joined my hon. Friend the Member for Dudley South (Mike Wood) in urging Mr Jamieson to take responsibility for his powers and to raise the funds needed by the West Midlands police, and lobbied Ministers to grant our region an exemption from the usual 2% ceiling on raising the precept.

**Jack Dromey** (Birmingham, Erdington) (Lab): The hon. Gentleman says that police funding was protected. He has just referred to the precept—the precept flexibility raises £9.5 million. The police service needs £22 million to stand still. It is not true, therefore, that police funding has been protected, is it?

**Julian Knight:** The £9.5 million is a significant sum in that respect; I will move on to where, specifically, I think the money should come from, in terms of the police and crime commissioner.

Devolution does not mean leaving each region simply to sink or swim on its own. At Westminster, we help to oversee the pooling and sharing of resources across the UK. I was therefore pleased that the Government recently announced hundreds of millions of pounds in extra cash for policing, including a £9.5 million boost for the West Midlands police, which the hon. Member for Birmingham, Erdington (Jack Dromey) has just referred to. I was confident, along with many of my constituents, that that had put our vital police services on a secure footing, so hon. Members can imagine my shock when I learned that the commissioner plans to close Solihull police station and many police stations across the west midlands.

Let us be clear: there is no good financial case for this closure. According to the press, Mr Jamieson is sitting on a £100 million reserve. On top of that, he recently spent an extra £10 million on non-frontline staff, many of whom do very valuable work but cannot substitute a strong, local police presence. In such circumstances, extra cuts to frontline services are completely non-justifiable. We must not underestimate the significance of this: until recently, our town had two proper community police stations.

**Steve McCabe** (Birmingham, Selly Oak) (Lab): I want to ask about the £10 million for non-frontline staff. Will the hon. Gentleman confirm that we are talking about fraud investigators, child abuse investigators, 999 call handlers and forensic scientists? Does he think that getting rid of those will help to drive crime down or up?

**Julian Knight:** Of course, I recognise that the non-frontline staff do very valuable work. However, as I will explain shortly, the police and crime commissioner cannot say that his cuts will make a substantive difference either to frontline services or to these non-frontline staff.

In my view, what Mr Jamieson has done is a straightforward breach of trust. When Shirley police station closed its doors in 2015, local residents were reassured that the Solihull branch offered a long-term future for a properly resourced local police presence. Now, less than three years later, it is to go, too. Instead of the Solihull branch, the commissioner proposes to have a front desk somewhere in the borough, but even though the consultation on that proposal is under way, we have not been told where that will be or what precisely it will comprise. Before Solihull police station is closed, I strongly believe that local residents have a right to know exactly what will replace it. At present, they are simply being told to trust Mr Jamieson—as I have already explained, they have no reason to do that.

Worse, research by my hon. Friend the Member for Aldridge-Brownhills (Wendy Morton), who is here today to show her strength of feeling and support—as a Whip she is not permitted to speak—raises serious doubts about the extent to which the money raised from the sale of our police station can be redirected to frontline staff. According to the Library, police and crime commissioners are allowed to move funds from their capital to their revenue accounts only in very limited circumstances—primarily to deliver structural changes and to unlock long-term savings.

[*Julian Knight*]

My constituents deserve to know whether—and how—Mr Jamieson actually intends to use the sale to boost local policing, as I have certainly heard nothing about new capital projects in Solihull or in any of the constituencies of my hon. Friends. It will not do for our police station to be sold to finance new programmes in other parts of the west midlands. My constituents should be given clear assurances that any revenue savings made by closing the station will be spent to boost local police services, and that there is not *carte blanche* to redirect them all over the place.

Not that local residents have had much of an opportunity to have their say—stakeholders have been offered only 18 working days to respond to the consultation, and originally no point of contact at all was provided for the general public. Only after a lot of chasing by my office was an email address finally provided for the public. Other concerned MPs, including my hon. Friend the Member for Aldridge-Brownhills, and I were not even given the courtesy of a call before the details were released to the press. My colleagues and I find that the commissioner is growing ever more autocratic in his dealings with us and our communities, issuing diktats from the centre against the will of local residents.

Solihull is a large town with a distinct character. Residents expect to see that fact reflected in their public services. Local Conservatives and I fought hard over the past few years to secure a devolution deal for the west midlands that brought power down from Westminster, while protecting the authority and independence of our local council. Decisions such as these will only confirm many of my constituents' worst fears about how communities like Solihull risk getting short-changed by regional institutions that focus too heavily on major urban centres.

**Mr Jim Cunningham** (Coventry South) (Lab): The hon. Gentleman must realise that West Midlands police received £444.1 million in 2017-18 and will receive the same amount under its budget for 2018-19. By any logic, that means there has been a cut somewhere. We are faced with the likely closure of at least three police stations in Coventry: Willenhall, Canley and Foleshill. Something has to give, and he should recognise that there has been a cut somewhere.

**Julian Knight:** I do not know whether the hon. Gentleman is arguing for the closure of his local police stations. I certainly would not do that in this respect. I agree that there needs to be a reallocation of resources, and perhaps there are older properties that might be used more usefully, but at the heart of this issue and of the real anger in my community is the arbitrary way closures have been made, the lack of proper consultation and the fact that there seems to be no real path for the future of policing in Solihull. If the police and crime commissioner had come to us and said, "This is what will replace it. We recognise that your town has a large population and a growing issue with certain types of crime,"—I am about to touch on those—I would have said, "Okay, let's have a conversation," but he did not call. He just decided to make closures and release the details to the press.

The difficulty is that that brings devolution into a little disrepute. Of course Birmingham has its own policing needs and the commissioner has a duty to see that those are met. I am sure that the centralised and reactive policing model he appears to favour is better

sued to urban trouble spots than to suburban and semi-rural communities, but boroughs such as Solihull face discrete policing challenges of their own. Residents often tell me of their serious concerns about so-called acquisitive crime, such as burglary, and vehicle crime, which is on the increase in the borough. Another potentially serious public order problem that Solihull has faced over the years—certainly since I have represented it in this place—is the repeated occupation every summer of our parks and open spaces by unauthorised encampments. Those events are a source of enormous disruption and distress for local residents, many of whom bring their concerns to my office or tell me about them on the doorstep. A strong local police presence is crucial to protecting communities such as Solihull from unauthorised Traveller encampments. When it comes to that, the reactive approach is the wrong approach.

I will close by saying that this is not the end of the fight. Mr Jamieson may have tried to push decisions through without proper consultation, but both in this place and on the ground in the west midlands, my colleagues and I will keep his proposals under the closest scrutiny, bring him to account and continue to make the case for a wiser and fairer deal for our constituents from this police and crime commissioner.

**Several hon. Members** *rose*—

**Mr Philip Hollobone (in the Chair):** Order. I am obliged to begin calling the Front Benchers at seven minutes past five. Five Members are seeking to catch my eye, so I am going to impose a five-minute limit so that everyone can get in. I call Jack Dromey.

4.43 pm

**Jack Dromey** (Birmingham, Erdington) (Lab): Thank you for calling me to speak, Mr Hollobone. It is a pleasure to serve under your chairmanship.

The last Labour Government built neighbourhood policing. We put 17,000 extra police officers and 16,000 police community support officers on the beat. We did so because we took seriously the first duty of any Government: to ensure the safety and security of their citizens. That model of detection and prevention was popular with the public and saw crime fall by 43%. That was slammed into reverse when this Prime Minister was Home Secretary. The number of police has fallen by 20,000 overall, and by 2,000 in the west midlands. Crime is up 14% overall, with gun crime up 15%, serious acquisitive crime up 17% and burglaries up 8%.

The Tories frequently praise the police but then fail to stand up for them in this place. Do they not hear what we hear in our constituencies? I organised a public meeting for local people who were deeply concerned about rising crime, and one woman had spent 66 years—

**Julian Knight:** The hon. Gentleman said that the Tories do not do a lot in this place to try to get the best deal for the police. He and I, and my colleagues, have worked together on this issue for a long time. Does he not recognise that decisions such as these and the way they are taken break the bonds of trust between us?

**Jack Dromey:** The decisions are actually proposals from the chief constable in the first instance—I do not know whether the hon. Gentleman is criticising the

chief constable—and then they go to the PCC. The simple reality is that our police service in the west midlands faces increasingly impossible pressures because of the cuts that have been made by the hon. Gentleman's Government, and he has not once stood up and opposed those cuts or voted against them.

**Mr Khalid Mahmood** (Birmingham, Perry Barr) (Lab): Does my hon. Friend recognise that my constituency, which neighbours his, has lost more than 15 community support officers, numerous police officers and a huge number of support people due to police stations closing? That is purely the responsibility of this Government, who have failed to fund the police service properly.

**Jack Dromey:** My hon. Friend is absolutely right. He hears in his community what I hear in mine. He hears, for example, about elderly residents' fear of going out at night. Local retailers increasingly complain that people do not come out when it is dark, such is people's fear of going on to the streets in some of our communities.

Do Government Members not talk to police officers like we do? One officer said to me, "Jack, criminals increasingly have free rein to do what they want, because there are simply not enough of us to keep our community safe." Do Government Members not know that response times are going up, including for victims of domestic violence? Do they not understand that the hollowing out of neighbourhood policing undermines the struggle to combat the growing and uniquely awful threat of terrorism?

The Prime Minister said, "We cut police and cut crime, we protected budgets, and our approach is fair." Yes, the Conservatives cut police, but she is wrong that they cut crime and protected budgets. Some £145 million has been cut overall and there has recently been, in effect, a £12.5 million real-terms cut. As for fairness, the west midlands certainly has not been treated fairly compared with Surrey, the Thames valley or Hampshire, for example.

The police also have paid a price. We do not hear Government Members standing up for them. The thin blue line is being stretched ever thinner. There are mounting problems of sickness and stress. Officers frequently put their lives on the line to protect the public, and some are seriously injured as a consequence. The hundreds of officers in the west midlands who were forced out under regulation A19 paid the price with their jobs.

What cheek Conservative Members of Parliament have to come here and protest about the impact of police cuts when they are guilty of a lamentable failure to stand up for the police service. They supported the biggest cuts since the war, including recent real-terms cuts. To blame our chief constable and our police and crime commissioner is completely wrong. We could give numerous examples of Conservative attacks—my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) mentioned back office staff—but let me quote what the Minister said about head office at Lloyd House:

"Officers and staff in the West Midlands do an excellent job keeping our communities safe and this refurbishment will not only save money, but will also mean they will have an improved working environment to carry out their vital duties."

The Conservatives have sought every spurious way possible to escape responsibility, but they cannot. The people of the west midlands know that the Conservative party has failed to stand up for them and that Labour always will.

4.48 pm

**Preet Kaur Gill** (Birmingham, Edgbaston) (Lab/Co-op): Mr Hollobone, £145 million has been cut from the West Midlands police budget since 2010—a truly staggering cut for a police force to absorb. To set that in context, that money could have paid the salaries of 750 police constables over the past eight years—police constables who could have been patrolling our streets, tackling crime and antisocial behaviour.

Since the Conservative Government came to power in 2010, West Midlands police has lost 2,000 officers, taking their number to its lowest since 1974—the year the force was established. The demands on our officers, however, have not fallen in a similar fashion. If anything, they have increased, with emerging issues such as cyber-crime and the persistent threat of terrorism adding to the force's already heavy workload.

The constant pressure exacted by the Conservative Government's never-ending diktat to do more with less is taking its toll on our overstretched and under-resourced officers. On one day last summer, a check of the force sickness system revealed that 612 officers and staff were booked off sick, with 176 suffering mental health conditions such as anxiety, depression, fatigue and stress. Given that West Midlands police now requires an additional £22 million simply to stand still, the chief constable is left with two choices, each as unpalatable as the other: to reduce manpower further or close police stations.

Let me be clear: despite efforts to blame the chief constable and the police and crime commissioner for making difficult decisions, the cuts have been inflicted on our constituents clearly and unambiguously as a result of the Conservative Government's ideological austerity programme. As a result, the chief constable has proposed to release 24 buildings, which will save £5 million a year: enough to protect the jobs of 100 police officers. While I accept that the majority of the buildings to be closed are not open to the public, their closure will still have a detrimental impact on officers who will have to travel further to use essential services, wasting valuable police time.

We cannot ignore away the fact that the police grant settlement confirmed real-terms cuts, including a £12.5 million reduction in spending power for West Midlands police. The police and crime commissioner, David Jamieson, recently summed up the situation rather succinctly. He said:

"West Midlands police has suffered the biggest cuts in the country and now the Tory MPs who voted for those cuts recently are complaining about the consequences in their constituencies."

It seems the irony is indeed lost on some.

The Government have argued that council tax can be increased by the PCC by up to £12 for a band D property, a measure that has been adopted by all but three PCCs. Despite that, West Midlands police has the lowest budget increase per head of population in the country, further damaging its ability to carry out its full range of duties. It has also been claimed that back-office costs have risen by £10 million, but, when one looks a little deeper, one sees that those so-called back office costs include nationally mandated pay increases, the hiring of specialist staff to allow police officers to carry out warranted duties such as arresting criminals and the hiring of call handlers to deal with the surge in demand faced by the police force.

[Preet Kaur Gill]

These issues are only a snapshot of the systemic and unprecedented pressures faced by our police service. Police officers exude many of the most admirable characteristics of our society. Brave, caring and committed, they do their duty to allow us to go about our daily lives, safe in the knowledge that we and our families are safe.

**Mr Jim Cunningham:** Recently, in the Willenhall area of Coventry there have been public meetings where the public have voiced concern about increases in drugs, burglaries and so forth. As a result, the police have looked at the possibility of using surge tactics in those areas. That demonstrates how the public are becoming aware of the under-policing in Coventry—we have lost between 200 and 300 officers—and they are uneasy about the policing and crime situation in the west midlands, starting in Coventry.

**Preet Kaur Gill:** I absolutely agree. Police officers join the force because they want to make a difference, serve their communities and help people. We accept their service gratefully, but, in so doing, we also accept a responsibility to offer them the same protection and support that they provide us. Policing cannot be done on the cheap; the safety of our families is worth too much. That is why I will continue to stand up for my local police force and my constituents by continuing to oppose the Government's damaging and dangerous cuts.

4.53 pm

**Steve McCabe** (Birmingham, Selly Oak) (Lab): Good afternoon, Mr Hollobone. It is a pleasure to serve under your chairmanship. There are mixed views about the value of police stations. Paul Kohler, a London university lecturer who was subject to a savage beating when a gang broke into his home, has stated that he is still alive only because of the rapid response from the police station, which is 300 yards from his home in Wimbledon. It is pretty understandable that someone who has had that horrendous experience takes that view. However, my neighbours live about 3.2 miles from the nearest police station, so they could not possibly benefit similarly. The current Met commissioner, Cressida Dick, stated that she believes having police out on the streets is the best guarantee of a rapid response.

What we know about the west midlands is that the latest settlement means a real-terms cut. Even after we increase the precept for some of the poorest families, we are left with a £12.5 million gap. Forcing us to rely on the precept to fund policing means that we end up with less than Hampshire, despite its smaller population and lower levels of crime.

“Closure of police stations” is not always accurate as a description. In some situations, it refers to the closure of public desks rather than an actual facility. To return to the plans for the west midlands, I understand that only two of the 24 buildings for closure are police stations open to the public. As we have heard, the purpose is to save £5 million a year in order to protect 100 police officer posts. Given that we now have 2,000 fewer officers than in 2010, I am anxious not to see any further loss of personnel.

There are currently 10 publicly accessible front desks across the west midlands, and the proposals set out to retain 10 publicly accessible front desks. We must bear it in mind that some 361 police stations closed between

2010 and 2012. The police, to be fair, point out the cost of keeping such buildings open and the often low level of usage by the public.

Back in 2012, a report by Her Majesty's inspectorate of constabulary warned that 264 police stations would close to the public over a three-year period, as chief constables attempted to balance the books. The then Policing Minister, the right hon. Member for Arundel and South Downs (Nick Herbert), responded by saying that what mattered was that frontline policing was preserved. That same view was expressed three years later by the right hon. Member for Hemel Hempstead (Sir Mike Penning), then the Policing Minister. He said in a Westminster Hall debate in 2015 that it was not about buildings but about people. However, the Tory police and crime commissioner for Thames Valley threatened legal action against the Home Office over cuts to his budget in the same month of that year, because he said they would force him to close three police stations with the loss of 147 jobs.

When the right hon. Member for Ashford (Damian Green) was Policing Minister, he considered the closure of police stations to be an operational matter for chief constables. And, of course, in a famous memory lapse, the former Mayor of London—now the Foreign Secretary—complained about the closure of a police station in his constituency, having forgotten that he had ordered the closure of 65 police stations.

Arguments about the closure of police stations are not new. The received wisdom of the Government to date is that it is an operational matter; that it is about putting police on the street rather than in offices and adapting to new ways of working. That is, it would appear, until we are talking about the west midlands and a Labour police and crime commissioner.

We should not be mourning the closure of police stations. The problem before the House is not local mismanagement but the culmination of a series of untenable cuts that started when the present occupant of 10 Downing Street was the Home Secretary and which continue today, destroying the capacity of our police to control the streets and protect the public from violent crime.

4.58 pm

**Liam Byrne** (Birmingham, Hodge Hill) (Lab): It is a privilege to serve under your chairmanship, Mr Hollobone. Not so long ago, the Government invited us to believe that it was possible to cut crime and cut the police at the same time. Over the last couple of years the idiocy of that idea has been exposed for all to see. The truth is that crime—violent crime in particular—is now rising, and on the streets of my constituency there is real concern about the growth of dealing in drugs out on the streets, often in broad daylight. When people report that problem, the police simply do not have the resources to respond in the way that the community wants and expects.

In the west midlands, as I know from my constituency, we are blessed with some of the greatest police officers in the business. It was five years ago that I had to go and give thanks to PC Adam Koch, who had literally thrown himself onto a knifeman in one of our mosques in Ward End. He put his life on the line to protect the lives of the worshippers in that mosque. Today, we have great police officers such as Sergeant Hanif, who leads an extraordinary team across east Birmingham, cracking down on drugs and drug dealing, seizing the proceeds of crime and taking firearms off the streets at every

opportunity. The relationship of trust that he has built with the community has transformed the amount of intelligence coming in to the police and the effectiveness of the police in response.

What great police officers such as Sergeant Hanif and PC Adam Koch need is a Government who are on their side, rather than a Government who are determined to cut their service to ribbons. As my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) so eloquently put it, West Midlands police is now the smallest it has been since it was created in 1974. It has suffered real-terms cuts of something like £145 million. The idea that somehow different decisions on the precept could have corrected a cut on that scale is frankly fanciful. Given the rise in crime that we have in the west midlands, and the fact that we are one of the most dangerous hotspots for counter-terrorism policing in the country, it beggars belief when we put that risk of harm alongside the cuts we have had, which are so different from the financial settlements that other police forces have enjoyed.

**Mr Andrew Mitchell** (Sutton Coldfield) (Con): Will the right hon. Gentleman give way?

**Liam Byrne**: I will happily give way; perhaps my close neighbour can tell me how it is that Hampshire can enjoy a different settlement from the West Midlands police force when we have a threat assessment that is so very different.

**Mr Mitchell**: I just want to be clear: the right hon. Gentleman refers, quite rightly, to the fact that the west midlands is a hotspot for some of the specialist terror policing, but will he also acknowledge that the Government have, quite separately, given significant increases of funds for that very purpose?

**Liam Byrne**: There has been a provision for counter-terrorism policing, but, as the right hon. Gentleman knows better than I do, neighbourhood policing is the frontline of the fight against terrorism in this country. The stronger the frontline, the safer we are. In the west midlands, our frontline is being cut to shreds.

**Mr Jim Cunningham**: My right hon. Friend will notice that in an intervention earlier I mentioned Willenhall in particular, where there have been public meetings. It is strange when we talk about fighting terrorism that there is a police station in that area in which high-profile prisoners are kept. I wonder where in the west midlands they will put them if there are any further arrests.

**Liam Byrne**: Exactly. Those threats are now multiplying across the region.

I respect the task that the Police Minister has to try to perform. He has taken the time to listen to representations from west midlands MPs of all political stripes. I am afraid that he was not backed up by either the Prime Minister or the Chancellor; they did not give the Home Office in general, and him in particular, the financial settlement that we needed in order to safeguard our communities. For us in Hodge Hill, that means that we now have the proposed closure of the Shard End police base—something that both Councillor Ian Ward and I disagree with.

We need a police base in Shard End, because—as was explained to me during my own glorious fortnight as the Minister for police and counter-terrorism, before I

went on to serve a further two years as a Home Office Minister—neighbourhood policing creates a different kind of relationship between the police service and the community. It unlocks a level of trust, intelligence and insight that makes it much easier to crack down on crime. When we shut down police bases, we weaken the frontline in that fight. I do not want to see crime, drug dealing and violent crime rise any further. That is why I call on the Minister today to fix the problem in the West Midlands Police finances, give us the money we deserve and let our brave men and women of the West Midlands Police service get on with the job they are so dedicated to doing.

5.4 pm

**Mr Andrew Mitchell** (Sutton Coldfield) (Con): It is a pleasure to follow my parliamentary neighbour, the right hon. Member for Birmingham, Hodge Hill (Liam Byrne), and to congratulate my other parliamentary neighbour, my hon. Friend the Member for Solihull (Julian Knight).

I will add a few points to those that have already been made. Of course it is common across the Chamber that we support and praise the excellent work that the local police do. I pay particular tribute to Jane Bailey, who is responsible for policing in the royal town of Sutton Coldfield and is the latest in an excellent line of chiefs of police. This is also a community of Members of Parliament who, on the whole, work quite well together on common themes. I think of GKN, of homelessness and our common purpose—I say this particularly to the Police Minister—in trying to ensure proper funding for the families of those who suffered so grievously and have not yet got closure following the terrible bombings in Birmingham, many years ago.

We do co-operate, but today there is a raw party political difference between us, which was set out clearly by my parliamentary neighbour, the hon. Member for Birmingham, Erdington (Jack Dromey). I agree with quite a lot of what the right hon. Member for Birmingham, Hodge Hill said about the nature of policing. My principal complaint, however, and the reason why I am pleased to support the case put by my hon. Friend the Member for Solihull, is that does not appear to have been any proper consultation. Indeed, I learned about the proposition of closing the royal town's police station through a leak from a Labour councillor, which then appeared in the local press. That is not the proper way to consult.

There is a consultation going on now in the royal town, through the town council, and this is the motion that was passed very strongly last week. It said:

“This Council is extremely concerned that the West Midlands Police Crime Commissioner (PCC) is proposing to close Sutton Coldfield Police Station...The Council notes that the PCC has made a number of budgetary decisions, such as investing heavily in buildings elsewhere and cutting front line policemen, that materially disadvantage our Town no longer meeting the needs of our community and demands in the strongest terms that the closure decision is reversed immediately.”

It went on to say:

“The Council further registers its disappointment that there has been zero engagement by the PCC with the residents or their elected representatives.”

It is that lack of engagement that I wish to bring to the Minister's attention.

[*Mr Andrew Mitchell*]

In her opening speech, Janet Cairns made a truly excellent point. She said:

“I understand that the service could move to another area or to another building but it would not be the same, it would not be the bespoke service that we have now. It would not give us confidence as residents”.

The other councillors who spoke made the same point. There is a strong feeling that a party political point is being made here in identifying Solihull and Sutton Coldfield as the two key targets that lose their major police facility. Councillor David Allan said, “It’s a political attack on the Tory heartlands.”

I am concerned at the lack of consultation and very specifically at the way in which it appears that Conservative areas are being targeted. No one doubts that this is a tough settlement, but I will ask the Minister three very brief questions.

**Jack Dromey:** Will the right hon. Gentleman give way?

**Mr Mitchell:** I will, yes—

**Mr Philip Hollobone (in the Chair):** Order. It is not for me to interfere, but I am afraid that the right hon. Gentleman simply will not have enough time if the hon. Gentleman intervenes.

**Mr Mitchell:** I apologise to the hon. Gentleman. I have three questions for the Police Minister. First of all, will he confirm that, although we can do almost anything with statistics, funding this year over last year is up by £9.5 million, so those who referred to this year’s “cuts” are either innumerate or deliberately deceiving our constituents? Secondly, will he confirm that the West Midlands police has reserves of £121.1 million, or 20.2% of overall funding—the average figure across England and Wales is 15.1%—and there has been an increase of just under £27 million in those reserves since 2011? Thirdly, and finally, will he confirm that there is scope for greater efficiency, and that the report by Her Majesty’s inspectorate of constabulary and fire and rescue services on the efficiency of West Midlands police downgraded the force’s overall efficiency level rating? As I understand it, the professional opinion is that West Midlands police was not as efficient in its use of taxpayers’ money as it should be—

**Mr Philip Hollobone (in the Chair):** Order. We come now to the Front-Bench speeches. I call Louise Haigh.

5.9 pm

**Louise Haigh (Sheffield, Heeley) (Lab):** It is a pleasure to serve under your chairmanship, Mr Hollobone. I thank the hon. Member for Solihull (Julian Knight) for securing the debate, as it allows us to set the record straight on police station closures—not only in the west midlands, but across the country.

I start by zooming out for a second and taking a look at what has happened to police stations and front counters over the last eight years. More than 40% have been shut during the time the Conservative party has been in government. In 2010, there were 901 front counters able to deal with the public; the figure today stands at just 510. West Mercia, just next door to the west midlands, now relies on only three front counters, down from 31.

Warwickshire has four, down from 14. Bedfordshire has just two to serve the entire county. In Cambridgeshire last month, Jason Ablewhite, the Conservative police and crime commissioner, was forced to announce the closure of one of only two police stations open to the public left in Cambridge as part of a massive savings drive.

Collectively, that handful of stations now serve millions of people. In those counties, stations were a fixture in each town. They have disappeared. The face-to-face contact and the trust that that engendered, as my right hon. Friend the Member for Birmingham, Hodge Hill (Liam Byrne) said, has gone, as officers have been reduced to offering a purely responsive service. Officers now routinely have to travel large distances to book in suspects or take evidence. Preventive and proactive crime prevention, which would have taken place out of a community hub, has now been diminished.

We could make party political points in each of these cases. After all, the closures mentioned in all those examples were under Conservative PCCs. However, the public would recognise how absurd that is—they would call me disingenuous—because the chief constables, in consultation with the PCCs, can only play the hand they have been dealt by the Government in Westminster. That hand has been anything but helping. More than £2.7 billion has been cut from the overall police budget in real terms since the Conservatives came to power, with more than 21,000 police officers lost. Meanwhile, crime has soared and demand has rocketed. Communities have noticed it; they see police officers less and they feel increasingly insecure.

The force in the west midlands knows that as well as any. The last eight years have been truly unprecedented in its history, as we have heard. It has reached the bare bones—of that there can be no doubt. The choice facing the West Midlands chief constable, and indeed the PCC, is now an unenviable one. Do they add to the toll of 2,000 officers lost, when more than 80% of the force’s budget is for staffing, or do they make savings in the estate? Is that a choice any force would like to face? Of course not, but it is a choice that has been imposed on them.

**Julian Knight:** Does the hon. Lady not recognise that, as my right hon. Friend the Member for Sutton Coldfield (Mr Mitchell) said, with £121 million in reserves, the police and crime commissioner could at least wait and show us precisely what he plans for my borough and its policing?

**Louise Haigh:** I do not know whether the hon. Gentleman has spoken to either the PCC or the chief constable recently, but I have a detailed plan from the chief constable of what he plans to spend his reserves on. The force currently has £106 million in reserves. By 31 March 2019, it will have £54 million, of which £12 million is required by the National Audit Office to be held for general reserves, and £10 million will be held for an insurance reserve. By 2020, reserves will be held only at levels legally required and necessary for day-to-day operational policing.

The hon. Gentleman mentioned earlier that he had not heard of any capital projects going ahead in the west midlands. In fact, Her Majesty’s inspectorate of constabulary has praised West Midlands police for preparing for the future and investing in a huge IT transformation

project and data-driven analysis, so it is interesting that he does not know of those projects, or indeed what the reserves are being spent on.

**Julian Knight:** I did not actually say that there were no capital projects; I said that the money from the sale of the police stations could not be used to directly fund capital projects unless they could be shown to be money-saving.

**Louise Haigh:** I think the hon. Gentleman said that he was not aware of any capital projects benefiting Solihull. There are two that will directly benefit Solihull and indeed will replace the front station access that is being closed down.

Incredibly, the outlook that I just set out is set to get even worse as a result of further real-terms cuts that Conservative Members from the west midlands voted for last month. David Jamieson has warned that, after receiving the biggest cut in the entire country, West Midlands police will need £22 million just to stand still. This is not only at a time when crime is soaring: 999 and 101 calls have reached levels that only used to be received on new year's eve; missing persons are being reported to the police at unprecedented levels; and mental health calls are being dealt with by the police at levels never seen before. Some 83% of calls to command and control centres are now non-crime, while crime and antisocial behaviour is soaring.

Counter-terror spending was also mentioned, as well as the reserves. Both are used by the Government and Government Members as a diversion, saying that money is being spent on policing when in fact, for every £1 spent on counter-terror, £2-worth of demand is generated for local forces. Neither of those can be said to be reducing demand and increasing funding to West Midlands police or any other police force across the country. The fact is that six Conservative Members from the west midlands voted for these cuts and are now crying foul when the chief constable has been forced to set out their consequences.

The 24 buildings that the chief constable plans to release will save £5 million per year. Regrettably, that will not make up for the real-terms cut in Home Office funding for West Midlands in the year ahead. Nevertheless, even while making those savings, which have been forced on the force, the plans will retain all 10 front counters, recognising the vital service that they offer to the public, while tech and data innovations will mean that the police are not required to return to the station as often as they used to.

However, with crime continuing to soar in the west midlands—14% in the last year alone—further real-terms cuts are reckless, and the public are clear that the responsibility lies with the Government and with Government Members who voted them through. It is the Tories who took a reckless gamble with public safety, and now communities in the west midlands are paying the price.

**Mr Philip Hollobone (in the Chair):** Will the Minister conclude his remarks no later than 5.28 pm, to allow the hon. Member for Solihull (Julian Knight) to respond?

5.16 pm

**The Minister for Policing and the Fire Service (Mr Nick Hurd):** It is a pleasure to serve under your chairmanship, Mr Hollobone. I start by congratulating my hon. Friend the Member for Solihull (Julian Knight) on securing the debate. In my experience, few Members pressed me harder on the case for more support for the police in the run-in to the funding settlement. He is a tireless advocate on that point.

I also associate myself with the remarks from my right hon. Friend the Member for Sutton Coldfield (Mr Mitchell) and the former Policing Minister, the right hon. Member for Birmingham, Hodge Hill (Liam Byrne), in praising the work of West Midlands police, which is recognised to be one of the most effective, innovative and important police forces in the country. My right hon. Friend asked for verification, and he is right that its efficiency rating was downgraded from outstanding to good. However, it is generally recognised that West Midlands police does an extremely good job under very difficult circumstances indeed.

What is the debate about? Labour Members have tried to make it a tribal debate about police funding. Listening carefully to what my right hon. Friend the Member for Sutton Coldfield and my hon. Friend the Member for Solihull actually said, the debate is about accountability and respect to the public whom we serve as elected representatives. The point made to the House is that there has been a deficit and a failing in that respect, which I will address in my remarks. The reality is that—again, Labour Members have tried to shift around on this—we operate in a system of accountability, in which Ministers are thankfully not responsible for decisions on police stations in Solihull or anywhere else.

The accountability to the public that we serve is through the directly elected police and crime commissioners. Whether Conservative or Labour, PCCs are accountable to the public for these kind of operating decisions, which matter because the public care about them. People are sensitive about police stations, as I know from my own area. We need to be clear about where accountability lies. The attempt to blame others is disingenuous. Accountability needs to be clear: the directly elected PCCs, whether Labour or Conservative, are accountable to the public for those decisions. We do these issues a disservice if we try to fog that.

In this context, let us be clear: the PCC in this case—I would say the same whether he was Labour or Conservative—has a very difficult job to do, because resources are constrained. However, the reality is that any PCC has active choices. When they have active choices, they have to make an argument to the public about why they are taking the decisions that they are. In this case, he has active choices because there is more money in the West Midlands police system.

Again, my right hon. Friend the Member for Sutton Coldfield is absolutely right: as a result of the funding settlement, which Labour voted against, there will be an additional £9.5 million for West Midlands police, which is a 1.8% increase. As has also been pointed out, West Midlands police has significant levels of reserves—more than £100 million as of March 2017, which is 20.2% of its total cash funding and five percentage points above the national average.

[*Mr Nick Hurd*]

Here is the critical point, which has not yet been made: those reserves have increased by £26.9 million since 2011. That is the context for all this doom and gloom about savage cuts to West Midlands policing: the police and crime commissioner has increased his reserves by £26.9 million. One can do that only by not spending the money that one has been given by the taxpayer. The police and crime commissioner has active choices at this moment in time; it is disingenuous to pretend otherwise.

**Jack Dromey:** Will the Minister give way?

**Mr Hurd:** In that context, I would suggest to the police and crime commissioner that instead of blaming the Government and everyone else, he has to make an argument to the people whom he serves, and there is an argument to be made. The right hon. Member for Birmingham, Hodge Hill and the hon. Member for Birmingham, Selly Oak (Steve McCabe) were actually almost thoughtful on the point about the debate that can be had about the role of police stations in 21st-century, modern policing. I am talking about looking at the data about how the public actually use them and at the potential for mobile working. There is a debate and an argument to be had. It is not good enough to fog that out by simply blaming the Government.

**Mr Mitchell:** The point about the reserves is incredibly important. It was made eloquently by the experienced Conservative town councillor in Sutton Coldfield, Councillor Ewan Mackey. The people of Sutton Coldfield demand an answer to the question—one of the three that I posed to the Minister—about why the reserves have had to be increased so much.

**Mr Hurd:** It is an active choice made by the police and crime commissioner. The irony of the situation is that the hon. Member for Sheffield, Heeley (Louise Haigh), who speaks from the Front Bench for the Labour party on the police, has more information about the police and crime commissioner's plans for the use of reserves than the elected Member of Parliament for Solihull does. What does that say about the flows of information between the elected police and crime commissioner and the elected representatives for the west midlands? That is why I am pressing police forces across the country to be more transparent about their use of reserves—because they are sitting on £1.6 billion, and the figure has increased since 2011 by more than a quarter of a billion pounds. It is the public's money, and they have a right to better information about how it will be used, particularly when they are being confronted with hard choices and decisions.

My final point is about the consultation. I am arguing that the PCC has to take an argument to the public. There is an argument to be made about rationalising the police estate and about the role of police stations. It is not good enough to blame others. The PCC should make the argument and—I do not want to be accused of being tribalist, because that would be unfair—he might want to take a lesson from the Labour Mayor of London, who also went out to consultation on closing police stations. He made a complete hash of it, I would say, but to his credit and that of his office, when confronted with evidence of the hash they were making, he changed his mind. He planned, in my constituency, to close all police stations apart from one.

Faced with the evidence that we presented about the folly and the lack of preparation, the Mayor has actually changed his mind and is re-consulting on Pinner, is keeping Ruislip station open and is working with Hillingdon on its plans to buy Uxbridge police station. He has been open-minded. That is a Labour Mayor of London—I do not want to be accused of being tribal—showing some genuine flexibility in the face of public opinion.

I have heard from my colleagues about the consultation. If the PCC has gone into the consultation in the way described—I have heard about Members of Parliament hearing things at second hand, from other people; I am hearing the words “zero engagement with people”; and I am hearing about a short consultation period—I suspect that he is going to fail on this, and therefore I would urge him to listen quite carefully to the people who represent the people whom he serves and to recognise that on the issue of people's police stations, which is one of great sensitivity, he has not taken people with him. I therefore urge him to think again.

**Jack Dromey** *rose*—

**Mr Hurd:** I am delighted to give way to the hon. Gentleman, who has been patient.

**Jack Dromey:** On accountability, which is very important, does the Minister accept responsibility for £145 million-worth of cuts to the West Midlands police service budget, the loss of 2,000 police officers and, more recently, a real-terms cut in funding for the police service? That is surely a matter for the Government, because the Government have made the decisions. Does the Minister accept responsibility for those decisions?

**Mr Hurd:** I accept responsibility for a funding settlement that will increase police funding by £450 million next year. That means that we will be spending £1 billion more next year on our police system than we were in 2015-16. It is a settlement that the hon. Gentleman and others voted against.

However, the point that I am trying to make in this debate is that I do not think that this is an issue about funding in the west midlands, because we are talking about relatively small sums of money in the context of an organisation with a budget of over half a billion pounds a year. I think that this is an issue of accountability and a flawed process of consultation with the people whom we serve and the police and crime commissioner serves. Therefore, I urge him to listen very carefully to the representations made by Conservative Members of Parliament: my right hon. Friend the Member for Sutton Coldfield and my hon. Friends the Members for Solihull and for Aldridge-Brownhills (Wendy Morton). Clearly, something has gone wrong in the process of consulting and engaging with the people whom the PCC represents.

This matter should not be shrouded in tribal rhetoric about funding the police. Funding for West Midlands police has gone up. They are sitting on large reserves that have grown since 2011. There are active choices. In that context, the police and crime commissioner should show some respect to the people whom he serves and engage in a meaningful dialogue and engagement with the people on an issue on which they are clearly very sensitive.

5.25 pm

**Julian Knight:** I thank the Minister and, indeed, everyone who has spoken in a debate that has been interesting and, at times, quite feisty—that is right, because passions are running incredibly high. Police stations are hugely important to our communities. They are a focal point; they are a reassurance to our communities, and it is right that we look to defend them. At the same time, though, we must always be cognisant that there can be options whereby this can shift; things can change over time. I am very willing to talk with the police and crime commissioner properly about what we do with policing in Solihull.

However, as the Minister stated, there has been a failure of respect. That is such an apposite phrase—“a failure of respect”. That is what the consultation process has shown. The police and crime commissioner has made

an active choice to close my constituency’s final police station—a police station in a borough of 200,000 people that will no longer have a police station because he has chosen to close it. He can make another choice today, after hearing this debate—to pause, to reflect, to consult properly and to use the reserves in order to have time so that he can properly map out for my constituents, and for all those who also face police station closures, what precisely he is going to do, rather than, frankly, relying on a wing and a prayer.

*Question put and agreed to.*

*Resolved,*

That this House has considered the proposed closure of police stations in Solihull and the West Midlands.

5.27 pm

*Sitting adjourned.*



# Written Statements

Tuesday 6 March 2018

## TREASURY

### ECOFIN: 20 February 2018

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

A meeting of the Economic and Financial Affairs Council (ECOFIN) was held in Brussels on 20 February 2018. The UK was represented by Mark Bowman, director general, international and EU, HM Treasury. EU Finance Ministers discussed the following:

*Early morning session*

The Eurogroup President briefed Ministers on the outcomes of the 19 February meeting of the Eurogroup, and the Commission provided an update on the current economic situation in the EU. Ministers also discussed developments regarding United States tax reform.

*Appointment of the vice-president of the European Central Bank*

The Council agreed a recommendation confirming the nomination of Luis de Guindos as vice-president of the European Central Bank.

*Financial services legislation*

The Bulgarian presidency provided an update on current legislative proposals in the field of financial services.

*Sustainable finance*

The Council exchanged views on the recommendations of the high-level expert group on sustainable finance.

*Discharge of the 2016 EU budget*

Ministers approved a Council recommendation to the European Parliament on the discharge to be given to the Commission in respect of the implementation of the 2016 EU budget.

*EU budget guidelines for 2019*

Ministers adopted Council conclusions on the guidelines for the 2019 budget, which will serve as a point of reference in the forthcoming budgetary cycle.

*Public procurement and strategic investment*

The Commission presented information on the public procurement strategy it adopted on 3 October 2017.

[HCWS510]

### Financial Services

**The Economic Secretary to the Treasury (John Glen):**

Following the Financial Conduct Authority's (FCA) announcement that it has now concluded its enforcement investigations into the Co-op Bank and related individuals, I have today laid a direction before Parliament requiring the Prudential Regulation Authority (PRA) to carry out an independent review into the prudential supervision of the Co-operative Bank between 2008 and 2013, using powers under section 77 of the Financial Services Act 2012.

In November 2013, the then Chancellor of the Exchequer announced the Government's intention to direct the regulators to launch an investigation into the events at the Co-operative Bank, following its withdrawal from

the bidding process to purchase 632 bank branches from Lloyds Banking Group — known as Project Verde. It was stated at the time that this review would not take place until the conclusion of all regulatory enforcement action relating to the Co-operative Bank. Today's announcement by the FCA means that this has now happened.

The review will look at the actions, policies and approach of the Financial Services Authority, and latterly the PRA, as the institutions with statutory responsibility for the prudential supervision of the Co-op Bank during the period in question. It will focus on the outstanding questions identified by the House of Commons Treasury Committee in its 2014 report 'Project Verde' (HC 728-I). As recommended by the Committee, the review will have access to all relevant documents and correspondence, including the record of Government contacts concerning the Lloyds "Verde" bidding process.

I have approved the PRA's appointment of Mr Mark Zelmer to carry out the independent review on its behalf. The review is expected to run for 12 months, after which HM Treasury will publish a report of the review's findings. A copy of this report will be laid before Parliament.

The Government are committed to creating a stronger and safer banking system. A vital part of this is ensuring that our regulatory system can learn from past events. The launch of this independent review is a further demonstration of this commitment.

[HCWS512]

### Double Taxation Convention: United Kingdom and Mauritius

**The Financial Secretary to the Treasury (Mel Stride):**

A protocol to the Double Taxation Convention with Mauritius was signed on 28 February 2018. The text of the Protocol is available on HM Revenue and Customs' pages of the gov.uk website and will be deposited in the Libraries of both Houses. The text will be scheduled to a draft Order in Council and laid before the House of Commons in due course.

[HCWS513]

## DEFENCE

### Contingent Liability

**The Parliamentary Under-Secretary of State for Defence**

**(Guto Bebb):** I am pleased to inform the House that I am today laying a departmental minute to advise that the Ministry of Defence (MOD) has received approval in principle from Her Majesty's Treasury (HMT) to recognise new contingent liabilities associated with the Astute boat 7 "whole boat" contract. Negotiations are ongoing and the contingent liabilities will come into force on signature of the contract.

The departmental minute describes the contingent liability that the MOD will hold as a result of placing the Astute boat 7 "whole boat" contract, which will provide for the production and testing of the vessel. The maximum contingent liability against the MOD is unquantifiable and will remain until the out of service date of the submarine.

It is usual to allow a period of 14 sitting days prior to accepting a contingent liability, to provide Members of Parliament an opportunity to raise any objections.

Within the boat 7 contract, BAE Systems Marine Ltd limit their exposure to product liability to £1 billion per incident and £300 million in any 12-month period. This limits the contractor's exposure for claims by the MOD for losses associated with the product being defective or deficient, and creates an exposure for MOD to third party claims against the contractor for losses associated with the product being defective or deficient. It is the view of the Department that the likelihood of any claim is remote.

The boat 7 contract also includes a narrative Shipbuilders Risks Indemnity (SRI) condition rather than Defence Condition (DEFCON) 663 which would provide a standard form of SRI.

[HCWS516]

### National Employer Advisory Board

**The Secretary of State for Defence (Gavin Williamson):** The Ministry of Defence (MOD) has conducted a review of the role and status of the National Employer Advisory Board (NEAB), a non-departmental public body sponsored by the Department.

The review found that the NEAB had made a major contribution to shaping Defence's relationships with employers, particularly in connection with the Future Reserves 2020 White Paper (2013). However, although there was a continuing requirement for support in this area, the scale of need, in the foreseeable future, was unlikely to be sufficient to justify a standing board, constituted as a non-departmental public body, and committed to meeting a set number of times each year.

After careful consideration, I have decided that the NEAB should be dis-established with effect from 1 April 2018. In doing so, I have taken account of the growing success of defence relationship management (DRM)<sup>1</sup>, and the emergence of other ad hoc sources of advice on employer issues, which together are now well placed to meet our current requirements in this area.

I would like to take this opportunity to thank the chairman and individual members, past and present, for all they have done to support the MOD.

<sup>1</sup> Defence Relationship Management, a Future Reserves 2020 White Paper commitment, was created in 2014 to manage the MOD's relationship with employers in support of the Defence People objectives including the recruitment and retention of reserves; resettlement of service leavers; rehabilitation of wounded, injured and sick; and improving employment opportunities for service spouses and partners.

[HCWS514]

## ENVIRONMENT, FOOD AND RURAL AFFAIRS

### Water Supplies: Severe Weather

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey):** The exceptionally cold spell last week and the rapid thaw that followed has caused widespread water supply issues in the country. Over the weekend and at the start of the week tens of

thousands of people across the south-east of England have experienced loss of water supply in their homes and even more have had to cope with low water pressure following leaks from burst pipes. We recognise that this has been a difficult time for many residents and businesses.

The immediate priority is to get water back up and running for those people who have been affected, in particular vulnerable people, and businesses, hospitals and care homes. Water companies have been following standard practice including isolating bursts and redirecting water to mitigate this problem. Bottled water has been provided in the areas most badly affected and water has been provided by tanker to keep hospitals open.

Today I have chaired a meeting of water company chief executives, OFWAT and Water UK to make sure that water companies in England are working to restore supplies as quickly as possible, and that water companies in other parts of the country are preparing for the thaw as it spreads across the country, including learning any lessons from places that have already experienced higher temperatures.

The challenge the sector faces is the sheer number of bursts following the rapid change in weather across multiple companies' networks. Many of these have been relatively small and difficult to detect; some of the loss of pressure is due to leaks in private homes and businesses.

Water companies have been working hard to address the issues. This includes increasing their staff on the ground out identifying where bursts have occurred and repairing them, as well as moving water across their networks to balance supply across the areas they serve. We should recognise the efforts of the engineers and all involved working through the night to fix these problems. Once the situation is restored to normal we expect OFWAT to review the performance of the companies during this period.

This Government actively support a properly regulated water sector. We have high expectations of water companies on increasing their investment in their water and sewerage networks. This was laid out clearly in the strategic policy statement issued to OFWAT last September, and reinforced by the Secretary of State for Environment, Food and Rural Affairs last week when he addressed the water industry and said that he expects the industry to increase investment and to improve services by maintaining a resilient network, fixing leaks promptly where they occur and preparing for severe weather.

[HCWS509]

## FOREIGN AND COMMONWEALTH OFFICE

### Biological and Toxin Weapons Convention

**The Minister for Europe and the Americas (Sir Alan Duncan):** States parties to the biological and toxin weapons convention (BTWC) held their annual meeting 4 to 8 December 2017. This was the first such meeting since the convention's eighth review conference in November 2016, on which I made a statement to the House on 10 January 2017, *Official Report*, Vol. 634, column 8WS [HCWS400].

The convention is one of the foundation stones of the international disarmament and arms control system. The UK, one of the convention's three depositary Governments, is strongly committed to its effective and universal implementation as an essential instrument in

helping combat and mitigate the threats posed by biological warfare. Our objectives are to enable the convention to remain relevant in addressing the evolving threats of biological or toxin weapons being developed or used, and to keep pace with the rapid and diverse advances in many fields of science and technology.

At December's meeting of states parties, we sought to agree a substantive new programme of work to advance our objectives, through a series of expert technical meetings leading up to the next review conference in 2021. The UK, with the US and Russia, the two other depositary Governments for the convention, worked with many other states throughout 2017 to build consensus around common elements of such a substantive new work programme.

I am pleased to inform the House that this hard work is paying dividends. States parties joined consensus to agree a new programme of expert meetings each year from 2018 up to and including 2020. The meetings will discuss issues such as the preparedness and response to any potential use of biological and toxin weapons, and developments in science and technology. The agreed programme will discuss and promote common understanding and effective action on these issues, aiming to strengthen the implementation of the convention as a whole to respond to evolving challenges. Importantly, future annual meetings of states parties have authority to respond to these expert discussions, including by taking necessary budgetary and financial measures by consensus with a view to ensuring the proper implementation of the work programme.

This outcome was the product of determined diplomacy over a number of years. The achievement is all the more notable after the disappointing result of the 2016 review conference, and a cycle of relatively unproductive meetings which had lowered expectations of progress on a more ambitious work plan.

The UK will continue to work hard to support further tangible progress towards universal and effective national implementation of the convention, and to enable it to maintain its relevance and vital role as a keystone agreement in the broader international disarmament and non-proliferation architecture.

[HCWS515]

## HEALTH AND SOCIAL CARE

### Abortions in England for Women in Northern Ireland

**The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price):** On 29 June 2017, the then Minister for Women and Equalities wrote to MPs and informed

them that women normally resident in Northern Ireland would no longer be charged for abortions received in England. An update informing the House of progress was given on 23 October 2017. The scheme is now in place and I am pleased to provide a further update.

The three main providers of abortions in England have been awarded grants by the Department of Health and Social Care to fund service provision in England for women resident in Northern Ireland. The cost of this service will be met by the Government Equalities Office with additional funding provided by HM Treasury. A small number of procedures will continue to be provided through the NHS where this is necessary for medical reasons. NHS providers will be reimbursed by the Department of Health and Social Care.

Women from Northern Ireland seeking medical support in England are eligible for:

A consultation with an abortion provider in England, including an assessment of whether the legal grounds for an abortion are met;

The abortion procedure;

HIV or sexually transmitted infection testing as appropriate;

An offer of contraception from the abortion provider; and

Support with travel costs if the woman meets financial hardship criteria.

This is comparable with the experience that women in England receive.

We have established a central booking service that will be run by the British Pregnancy Advisory Service. The central booking service will simplify the process for women who choose to access these services. It means that women from Northern Ireland will have a single telephone number to call and an appointment will be made with the most appropriate provider, based on the woman's requirements, her medical condition and the availability of the providers. The central booking service has been up and running since 1 March 2018.

This scheme does not change the position in relation to the provision of abortions in Northern Ireland. Our scheme does not include the provision of any services in Northern Ireland.

[HCWS511]



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