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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES
(HANSARD)**

Tuesday 27 March 2018

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Illegal Wildlife Trade

1. **Julian Knight** (Solihull) (Con): What steps his Department is taking to tackle the illegal wildlife trade. [904582]

3. **Alan Mak** (Havant) (Con): What steps his Department is taking to tackle the illegal wildlife trade. [904584]

The Minister for Africa (Harriett Baldwin): The UK is taking a leading role in ending the illegal wildlife trade globally. The Government are funding practical action to reduce demand, strengthen enforcement and develop sustainable livelihoods in the communities affected by the illegal wildlife trade. We will host an ambitious high-level international conference in October to push for further progress.

Julian Knight: Does the Minister agree that it is often the same criminal groups involved in the illegal wildlife trade who smuggle drugs, people-traffic and commit other nefarious acts? Does that not demonstrate why it is right that we do all we can to tackle them head on?

Harriett Baldwin: My hon. Friend is absolutely right to say that organised crime is attracted to the illegal wildlife trade, as it is attracted to others such as the drug trade and human trafficking. That is why this is a transnational problem, and why the world must work together to end this terrible crime.

Alan Mak: British scientists have developed new forensic techniques to help to identify ivory poachers, including new fingerprint kits. Will my hon. Friend continue to support scientific techniques to try to clamp down on illegal wildlife traders?

Harriett Baldwin: My hon. Friend is absolutely right to say that having the right forensic evidence in place is crucial. Indeed, many of the projects that the UK is supporting worldwide are using that expertise to get the right forensics, so that the criminals can be prosecuted and these crimes can be tackled worldwide.

David Hanson (Delyn) (Lab): The Minister will know that this is an important international issue, but the products also land in the United Kingdom. What discussions is she having with the Home Office to ensure that we raise the level of fines for those in receipt of illegal wildlife material in this country?

Harriett Baldwin: The right hon. Gentleman is right to suggest that it is crucial that we work to tackle this illegal trade right across the Government, not only with the Home Office but with our colleagues in the Department for Environment, Food and Rural Affairs, to ensure that we consult on further restrictions on this trade.

Mr Gregory Campbell (East Londonderry) (DUP): The Minister will be aware of the pitiful sight of the last remaining species of some wildlife disappearing from our planet for ever. What steps are being taken to ensure that that is not replicated, particularly across the continent of Africa?

Harriett Baldwin: The whole world was shocked by the case of Sudan, the last male northern white rhino. He was the last of the species. This shows the absolute urgency for the world to act together to tackle this illegal crime, which is why it is so important that we host the international conference in October.

Mrs Pauline Latham (Mid Derbyshire) (Con): The passing of Sudan marks not only the ending of that species; we could see the end of many other species in Africa and other countries if we do not take the lead and show the world what we are doing. I have been campaigning to stop elephants disappearing, as my hon. Friend is aware. Can we make sure that we take the lead in the world?

Harriett Baldwin: I pay tribute to my hon. Friend and her remarkable track record of campaigning on this issue. She is absolutely right to highlight the fact that, according to the Living Planet Index, global populations of fish, birds, mammals, amphibians and reptiles declined by 58% between 1970 and 2012. It is therefore crucial that, as a world, we work together to tackle this terrible crime.

Helen Goodman (Bishop Auckland) (Lab): On average, the UK Border Force seized 130 kg of illegally trafficked ivory in the years from 2013 to 2016, but in 2017 the figure fell to 40 kg. Is that because the trade is shrinking or because the Government are not catching as much?

Harriett Baldwin: It is testament to the incredibly important work that is done by the UK Border Force and the work that we do through the National Crime Agency overseas. In Côte d'Ivoire recently, I saw the work that we are doing with the police force on this worldwide phenomenon. We need to work together internationally to tackle this heinous crime.

Russia

2. **James Brokenshire** (Old Bexley and Sidcup) (Con): What discussions he has had with his international counterparts on the Salisbury incident; and if he will make a statement. [904583]

7. **Alan Brown** (Kilmarnock and Loudoun) (SNP): What recent discussions he has had with his counterparts in EU member states on diplomatic relations with Russia. [904589]

10. **Toby Perkins** (Chesterfield) (Lab): What discussions he has had with his US counterpart on the Salisbury incident; and if he will make a statement. [904593]

The Secretary of State for Foreign and Commonwealth Affairs (Boris Johnson): Following the abhorrent chemical attack in Salisbury, I have had a number of discussions with counterparts across the EU, the US and elsewhere, which has helped to foster an unprecedented, robust, international response to this reckless Russian act.

James Brokenshire: I commend my right hon. Friend for that approach. President Putin and the Russian Government should be in no doubt about the resolute response of the UK and our international allies to what remains a brazen and utterly repugnant act on UK soil. Given that we will need to continue to work with our allies, will he ensure that Russian intelligence officers, expelled from one country, will be denied entry into other countries? Will he also ensure that international co-operation is strengthened to trace tainted funds, enhance cyber-resilience and support criminal investigations into the deaths of Russian citizens in the UK and elsewhere?

Boris Johnson: My right hon. Friend makes an extremely good point. One of the conclusions that we can draw from the 23 countries who chose to expel diplomats or people whose presence was not conducive to the public good, as they say, is the importance that they attach to co-operation with our security services. He should be in no doubt that that co-operation will intensify in the months and years ahead.

Alan Brown: Although Scotland suffered a self-inflicted withdrawal from the World cup, many fans will still travel from Scotland to the tournament, as will thousands of England fans. Following the expulsion of UK diplomats from Russia, has the Foreign Secretary approached any EU colleagues to ask for additional consular assistance to be made available to the UK citizens who travel?

Boris Johnson: I understand the hon. Gentleman's point. We have not yet sought extra consular assistance from any other European country, and we are content with the arrangements that we have at the moment. The onus is clearly on the Russian authorities to honour their FIFA contract in full and to ensure that Scottish fans and all UK fans have a safe, enjoyable tournament.

Toby Perkins: I welcome both the domestic and international unanimity on this issue. Now that the Government support the Magnitsky Act, may I encourage the Foreign Secretary to do all that he can to learn from the Americans about how they have been able to prosecute the people who were exposed by Sergei Magnitsky? The UK is the only country that has not started criminal proceedings against such people.

Boris Johnson: I am grateful to the hon. Gentleman. As he knows, an amendment will be made to the Sanctions and Anti-Money Laundering Bill on Report, and work is going on across the Chamber to get that right.

We hope that that will make it even easier for our law enforcement agencies to prosecute such people. They already have such powers, and it is important that they are allowed to get on with their job without political interference.

Sir Nicholas Soames (Mid Sussex) (Con): Will my right hon. Friend congratulate the foreign service, the intelligence services and all those others involved in putting together this exceptional coalition? Does he agree that international institutions need strengthening against Russia's constant infiltration? Will he take steps to examine what might be done at the UN, the World Bank and the IMF to strengthen their resources against such infiltration?

Boris Johnson: I thank my right hon. Friend, who will know that we have enjoyed strong support, not just bilaterally but multilaterally, for our explanation of what happened at Salisbury. We had the NATO statement and the statements by our friends in the UN Security Council, and the EU ambassador to Russia has also been recalled.

21. [904606] **Dr Rupa Huq** (Ealing Central and Acton) (Lab): The Prime Minister swung full support behind her position among our EU allies, which is encouraging, but how will we ever replicate that influence on foreign policy after we leave, when we will not even have a seat at the table?

Boris Johnson: I am afraid I must correct the hon. Lady. The UK may be leaving the EU, but we are not leaving Europe, and we remain unconditionally committed to the security of our friends and partners. As she will know, we secured strong support from the EU both institutionally and bilaterally, but it is worth observing that not every EU member chose to withdraw—expel—diplomats. Many of them did, however, and that is a good omen for the future.

Jack Lopresti (Filton and Bradley Stoke) (Con): Does my right hon. Friend agree that the international response to the Salisbury incident demonstrates the enduring value, reliance and quality of our NATO alliance?

Boris Johnson: I do; I thank my hon. Friend for that excellent point. NATO was one of the very first off the blocks with a powerful statement, which a lot of people then echoed.

Nigel Dodds (Belfast North) (DUP): I too congratulate the Government on bringing together a strong, impressive and co-ordinated international response to the Russian threat, but does it not point out the need for the Government to plug the gaps in the defence budget that have been identified? We really need to match our words with our actions.

Boris Johnson: The right hon. Gentleman makes an important point, which was raised many times in last night's debate. As he knows, the Government are one of the biggest defence spenders in the whole European area, and the second biggest player in NATO. We remain committed to spending more than 2% of our GDP on defence.

Rachel Maclean (Redditch) (Con): Does my right hon. Friend not agree that, contrary to what some Opposition Members have just suggested, despite Brexit we will have strong foreign policy relations around the world?

Boris Johnson: I am delighted that my hon. Friend has said that, because I think that the events of the past few days have vindicated that very point. The contrast is very striking between the rather tepid response to the assassination of Alexander Litvinenko in 2006 and the overwhelming global response we have seen in the past few days.

Stephen Gethins (North East Fife) (SNP): The Foreign Secretary will be aware of calls across the House, including from the Scottish National party group leader, my right hon. Friend the Member for Ross, Skye and Lochaber (Ian Blackford), to tackle some of the financial measures, and that is very important. What conversations has he had with his counterparts about specific measures that might be taken?

Boris Johnson: The hon. Gentleman will know that under the Criminal Finances Act 2017, which came in last April, there is provision for unexplained wealth orders to be made against those whose assets might have been corruptly or illicitly obtained, and he can be in no doubt that the National Crime Agency and the national economic crime centre are looking intently at what avenues to explore. However, I stress that this is not something for political direction or control; we in this country operate under the rule of law.

Emily Thornberry (Islington South and Finsbury) (Lab): At the end of an excellent debate on Russia yesterday, I am afraid that the Foreign Secretary failed to answer a single one of the dozens of questions he was asked over the course of four hours, so may I repeat just two of them? First, will the Government now initiate a case against the Russian state at the European Court of Human Rights for its clear extraterritorial violation of human rights in relation to the Salisbury attack?

Boris Johnson: I believe that the right hon. Lady has legal training. We must wait for the investigation to be concluded.

Emily Thornberry: I do not really understand that answer, but I hope that the Foreign Secretary will give it some consideration. After all, a third of all cases currently before the Court relate to Russia, and its rulings have been used by leading opposition figures, such as Alexei Navalny, to send a powerful message about the Russian state's abuses.

Let me ask a second question that the Foreign Secretary failed to answer yesterday. Given the justified criticism of Donald Trump and Jean-Claude Juncker for congratulating President Putin on his re-election, will the Government guarantee, for the sake of consistency, that they will not congratulate President Sisi of Egypt on his sham re-election when it is confirmed next week?

Boris Johnson: If I may say so, I think that it is a bit much to bash America and the Trump Administration today, as much as that is the right hon. Lady's instinctive reflex. The United States has just led the world in

expelling 60 Russian spies. If she had an ounce of grace, she might concede that that was a very considerable gesture in the right direction. As for any future elections that might take place, we do not anticipate the outcome of any election.

Iran: Ballistic Missile Programme

4. **Jim Shannon** (Strangford) (DUP): What recent assessment the Government have made of the effect on stability in the middle east of Iran's ballistic missile programme. [904585]

The Minister for the Middle East (Alistair Burt): We make clear our concerns about Iran's destabilising regional activity, ballistic missile programme and support for the Houthis in Yemen. Increased dialogue, such as my right hon. Friend the Foreign Secretary's visit to Tehran in December and my hosting of Deputy Foreign Minister Araghchi last month, enables us to engage Iran on these challenging issues.

Jim Shannon: I thank the Minister for that response. Since the nuclear deal was signed some three years ago, Iran's hard-liners have benefited from sanctions relief and the country has tested at least 23 ballistic missiles, while human rights abuses have continued unabated and Iran continues to finance terrorist proxies and regimes in the region, including Hezbollah in Lebanon and Hamas in Gaza, so does the Minister agree that the nuclear deal has not yet curbed Iran's regional aggression, and how does his Department intend to rectify that?

Alistair Burt: The hon. Gentleman's question neatly encapsulates the dilemma in relation to Iran and its future. On the one hand, it has adhered to the provisions of the Joint Comprehensive Plan of Action—to that extent, that issue of the development of a nuclear weapons capability is being dealt with—but on the other hand Iran's activity still causes great concern. We do engage with Iran directly on those issues and they are known in the region. We believe there are better ways for Iran to demonstrate its relationship with the rest of the region, and we look forward to that.

Mr Philip Hollobone (Kettering) (Con): Iran is indeed fomenting terror in the region, with funding for the Houthis in Yemen, Hezbollah in Lebanon and Hamas in Gaza, and through propping up the Assad regime in Syria. Have Iran's efforts in this direction increased or reduced since we re-established diplomatic relations in September 2016?

Alistair Burt: What the re-establishment of diplomatic relationships has meant is that we have the ability to engage Iran directly and clearly on some of the matters my hon. Friend has stated.

Catherine West (Hornsey and Wood Green) (Lab): What recent dialogue has the Minister or officers had on human rights, particularly the position of women, in Iran?

Alistair Burt: The method of engagement with Iran enables these things to be dealt with very directly, although not always publicly. In pressing the case for a better human rights relationship in Iran, both among

its people and involving those from outside, our statement of beliefs is clear, and I am sure the direct engagement is always helpful.

Ross Thomson (Aberdeen South) (Con): Just last month, Iran dispatched an advanced drone into Israel's airspace from Syria, which led to a serious confrontation between Israel and Iran, and provoked a concerning escalation in tension throughout the region. Does the Minister share my concern at these events and will he join me in condemning Iran for its bellicose actions, which must be contained?

Alistair Burt: Yes. One or two direct instances of activities by Iran cause great concern, bearing in mind the risk of miscalculation and confrontation in the region. Whether we are talking about the United Nations panel of experts looking at materials that have been fired from Yemen into Riyadh or the drone incursion, these things make it very difficult for Iran to establish the sort of relationships it needs with those around it, and it has to reconsider that sort of activity.

Chris Evans (Islwyn) (Lab/Co-op): The Minister will know that cyber-attacks by rogue states are on the rise. This week, Iran has been reported to have launched a cyber-attack on British universities. Does he have any comment to make about that?

Alistair Burt: I do not have any direct comment on that, but clearly cyber-attacks directed against the UK, whether from external entities to states or from states, are not acceptable to the UK.

OECD

5. Bim Afolami (Hitchin and Harpenden) (Con): What plans the Government have to strengthen links with the OECD after the UK leaves the EU. [904586]

The Minister for Asia and the Pacific (Mark Field): Never let it be said that my hon. Friend does not have his finger on the pulse of his constituents. I am sure they talk of little other than the OECD in the Stockbrokers Arms in Harpenden. This country is a founding member of the OECD, and I am pleased to confirm our strong links with it, which will continue to go from strength to strength after Brexit. I visited the OECD in Paris earlier in the month, when I reiterated our firm support for the visionary future programme.

Mr Speaker: I am glad the Minister does not underestimate the sophistication and cerebral quality of the hon. Gentleman's constituents—that is very important.

Bim Afolami: Thank you, Mr Speaker. I shall take this back to the Stockbrokers Arms in Harpenden this evening. Will the Minister expand further on what the Government have been doing within the OECD to build up bilateral relationships within that multilateral organisation, to prove that this country is still at the forefront of international institutions?

Mark Field: I should point out that I was in no way saying anything untoward about Harpenden, which is indeed the most middle-class, and probably Tory-voting, town in the whole UK. [Interruption.] Dear, oh dear.

As I am sure Opposition Front Benchers will be well aware, the OECD has a crucial role to play in global regulation, enabling trade and investment and driving forward a number of important G20 initiatives. In the coming months, we expect to have a renewed commitment from the OECD and its members to continue to open global markets, particularly through the trade in services, and to explore new issues, including digital trade.

Peter Kyle (Hove) (Lab): The Minister will note that Hove is also middle class—it used to vote Tory, too.

In its last economic survey, the OECD said:

“In case Brexit gets reversed by political decision...the positive impact on growth would be significant.”

Does not that show that the Government's current Brexit policy is not driving us closer to the OECD but driving us apart?

Mark Field: I am sorry that the hon. Gentleman feels that way, but I am pleased that the OECD is an important issue in Hove, too. When I saw the secretary-general, he assured me that UK-OECD co-operation is strong and vibrant. Naturally, we talked about Brexit-related issues and the feeling was that we had an important ongoing role to play post Brexit. Above all, what struck me was just how valued the United Kingdom remains in institutions such as the OECD. We will continue to do important work on anti-corruption—for example, in south-east Asia, for which I have ministerial responsibility, we will continue to strengthen the anti-corruption initiatives.

Henry Smith (Crawley) (Con): Will the Government assure me that, as we evolve our relationship with the OECD, it will not be to the detriment of our supporting the British overseas territories, particularly in relation to development?

Mark Field: Very much so. I have been struck by the initiatives within the OECD, which is a 35-member strong organisation, with another half dozen countries wishing to join it. There is a recognition that global trade requires a sense of global protocols, and I think that that would apply to the overseas territories just as much as it does to the OECD's existing members.

Diplomatic Service: Funding

6. Patrick Grady (Glasgow North) (SNP): What recent discussions he has had with the Chancellor of the Exchequer on funding for the diplomatic service after the UK leaves the EU. [904588]

The Secretary of State for Foreign and Commonwealth Affairs (Boris Johnson): I am delighted that, as a result of conversations with the Chancellor of the Exchequer, I was able last week to announce the creation of 250 new diplomatic positions and 10 new sovereign posts, which means that for the first time in years this country has the most sovereign posts of any European diplomatic service, and more than France.

Patrick Grady: I wonder whether the Secretary of State can tell us how many of those diplomats are going to be stationed in far-off places such as Camden. More specifically, will he tell us how many are going to be stationed in Brussels and how much these new unelected Brussels bureaucrats are going to cost the public purse?

Boris Johnson: Perhaps I should have said that those 250 new diplomatic posts are in addition to the 50 extra diplomatic positions that we are putting into our European network.

James Duddridge (Rochford and Southend East) (Con): Is there a possibility of using some of the Brexit dividend to further expand our diplomatic posts, particularly in the Commonwealth?

Boris Johnson: My hon. Friend anticipates developments that may unfold in the next couple of months. I do not wish to steal my own thunder, though, so he will have to contain his impatience on that.

Mr Speaker: I call Mike Gapes.

Hon. Members: Hear, hear.

Mike Gapes (Ilford South) (Lab/Co-op): Wait till you hear what I have got to say!

There will be no Brexit dividend. The question is how we will be able to find the resources for these posts around the world, where we will have to do more bilateral work, rather than less. Is that not the reality? Is it not a fact that the Foreign Affairs Committee's recent report pointed out that half the 50 so-called improved posts were actually smoke and mirrors?

Boris Johnson: I am afraid the hon. Gentleman is talking complete nonsense. There are 50 new posts in the European network and, in case he missed my earlier answer, 250 more globally. That allows us to have 10 whole new postings—legations, missions, embassies—around the world and will take the representation of this country to the biggest of any European power. That is a fact of which the House should be proud.

Crispin Blunt (Reigate) (Con): I hope that those 250 posts may have been partly the product of the continued reports of the Foreign Affairs Committee in the previous Parliament about the utter paucity of resources for the Foreign and Commonwealth Office, given the task that it now faces in presenting global Britain. How much more revenue money has my right hon. Friend been given to fund those posts?

Boris Johnson: I thank the Foreign Affairs Committee, in all its incarnations, for the support that it has given to the cause of more money for the Foreign Office. The figure that my hon. Friend is asking for is £90 million.

Diplomatic Relations: Poland

8. **Robert Halfon** (Harlow) (Con): What recent assessment he has made of the strength of the UK's diplomatic relations with Poland. [904590]

The Minister for Europe and the Americas (Sir Alan Duncan): British-Polish relations are excellent and go from strength to strength. We enjoy a strategic partnership that is broad and diverse. The most recent milestone in the relationship was the second UK-Poland civil society Belvedere forum. May I say, Mr Speaker, that we remember with deep respect the Polish citizen who died in Harlow after a violent attack in 2016?

Robert Halfon: Will my right hon. Friend recognise the suffering of the Poles from Nazism and communism; their efforts, through the extraordinary Warsaw Jewish museums, to build relations with the Jewish community; and their prompt action in expelling Russian diplomats? Will he do everything possible to build relations between Britain and Poland and encourage our education system to recognise the Polish contribution to the United Kingdom?

Sir Alan Duncan: I wholeheartedly agree with my right hon. Friend. We all have the utmost respect for the significant contribution that the 1 million Poles living in the UK make to our society. He has been very supportive of his own local Polish community and his constituents fully recognise that. May I say on this occasion that we would like to thank the Polish Government for their full and vocal support for the United Kingdom following the attack in Salisbury?

Jo Swinson (East Dunbartonshire) (LD): Women's rights are human rights and they include reproductive rights. Poland already has some of the most draconian abortion laws in Europe, with illegal and potentially unsafe abortions estimated to be in the tens of thousands each year. This weekend, we saw thousands take to the streets to protest against a further crackdown. What representations have Ministers made to their Polish counterparts about these worrying laws and how are the Government promoting reproductive rights, including access to safe terminations, more widely?

Sir Alan Duncan: I recognise what the hon. Lady says but, obviously, countries across Europe have different laws on abortion. However, where they breach the sort of human rights that she is describing, we will, of course, always make representations when we meet Ministers from other countries.

Mr Khalid Mahmood (Birmingham, Perry Barr) (Lab): Will the Minister join me in recognising the contribution made by the million Poles, particularly those who served with RAF pilots and mechanics on the Spitfire in Birmingham? Will he apologise to the community for treating the rights of EU citizens in the UK as bargaining chips during the negotiations on our exit from the European Union?

Sir Alan Duncan: It is with deep regret that I must say to the hon. Gentleman that he belittles the respect that we have for the Polish community. I have a significant Polish community in my own constituency, in Melton Mowbray, and their contribution during the war remains deeply recognised and appreciated.

Afghanistan

9. **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): What recent assessment he has made of political developments in Afghanistan. [904592]

The Minister for Asia and the Pacific (Mark Field): The security situation in Afghanistan remains challenging as recent terrorist attacks have highlighted. It is clear that a political and diplomatic settlement is the only way to achieve lasting, sustainable peace. We warmly welcome President Ghani's recent offer to the Taliban of talks without preconditions. As I made clear at the UN Security Council in January, the UK's enduring commitment to Afghanistan is unwavering.

Daniel Kawczynski: Bearing in mind the extraordinary sacrifices that our country has made over many years in terms of the lost lives of our military personnel and the billions of pounds of taxpayers' money that have been spent trying to bring peace to this country, we are clearly very interested in ongoing political developments. What additional help is my right hon. Friend giving to the Afghanistan Government to bring about a political settlement in that country?

Mark Field: As I have said, the Taliban cannot win militarily and therefore a political settlement is the only way to achieve that sustainable peace. Through the Prime Minister's own special representative for Afghanistan and Pakistan, we have participated in a range of meetings. Any peace process will, inevitably, take time. One thing that I have been particularly encouraged by is the sense that a number of central Asian states—Kazakhstan, Tajikistan, and Uzbekistan—are looking to play an important part in economic development in Afghanistan. Without that economic development, there will not be the progress that we so dearly want.

Tom Tugendhat (Tonbridge and Malling) (Con): I very much welcome the additional money that is going to the Foreign Office and congratulate the Foreign Secretary on achieving that. Can he explain why the number of posts in Afghanistan will be falling? Will he reverse the decision that was initially set out? Why is he setting out priorities that put Chad over other places? Will he explain the prioritisation that he is intending to use for these additional missions?

Mark Field: Obviously, when we had thousands of troops in Afghanistan there was a very, very large diplomatic presence. Yes, it is true to say that that presence has reduced somewhat, although having visited Kabul myself last October, it is very evident that we have a lot of very hard-working diplomats on the ground. The other point, as my hon. Friend will be well aware, is that inevitably, because we are ensconced in Kabul rather than having a presence in parts of Helmand region, there is perhaps less need for the overall numbers within Afghanistan. It is also important to point out that we are looking across the globe. I look particularly, in the region for which I have ministerial responsibility, at places such as the Pacific islands, where we work very closely with Australia and New Zealand to try to increase our head count, and at the Association of Southeast Asian Nations.

Turkish Military Operations: Syria

11. **Ann Clwyd (Cynon Valley) (Lab):** What recent discussions he has had with his Turkish counterpart on that country's military operations in Syria; and if he will make a statement. [904594]

13. **Mike Kane (Wythenshawe and Sale East) (Lab):** What recent assessment he has made of the political and security situation in Syria. [904596]

The Minister for the Middle East (Alistair Burt): I discussed Afrin with the Turkish Government last week in Ankara, and stressed the importance of humanitarian assistance and protection for civilians. We welcome the progress made against Daesh in Syria. However, violence

continues across the country and the humanitarian situation is dire. None of these challenges can be sufficiently tackled without progress on a political solution under the UN Geneva process.

Ann Clwyd: As the Minister knows, it is often said that the Kurds "have no friends but the mountains". Many times in this Chamber we have praised the Peshmerga and the bravery of the Syrian Kurds in taking on ISIS. Are we going to abandon them to the Turks? What more can we do?

Alistair Burt: Apart from changing the aphorism to include the right hon. Lady as a friend of the Kurds as well, I would say that the situation there is complex between the various parties. We recognise the concerns that Turkey has about terrorism against its borders, but we have been very clear in stressing that there should be a de-escalation and a political settlement of the issues that affect it.

Mike Kane: Christian Aid is saying that there are now 98,000 internally displaced people in Afrin. What assessment has the Minister made of our relationship with Turkey on this matter?

Alistair Burt: As I indicated, the conversations I had in Ankara last week covered humanitarian assistance and the need to be able to get in to provide that, although the situation remains one of some risk. Afrin has a number of improvised explosive devices and booby traps, which has made progress and humanitarian access difficult. I made very clear the concerns about both humanitarian assistance and the protection of civilians in any ongoing incursion in the area. We stress the need for a de-escalation as quickly as possible.

Mr Speaker: I call Bambos Charalambous. [Interruption.] I thought that the hon. Gentleman wanted to ask a question. I would not want him to be afflicted by shyness and reticence.

Bambos Charalambous (Enfield, Southgate) (Lab): I will wait for a later question.

Mr Speaker: Very well.

Chris Stephens (Glasgow South West) (SNP): If the objective is to roll back Daesh, then surely the Kurdish community have done that more than any other. Is not what Turkey is doing therefore counterproductive to that objective? Is that something that we should expect from a so-called NATO ally?

Alistair Burt: I made the point very clearly that progress against Daesh must continue and that there should be no risk of forces being diverted in order to deal with other issues, rather than continue the pressure on Daesh. The Turkish Government are well aware of this risk but stress the importance of dealing with terrorism. There should be a different settlement with other aspects of the Kurdish community, which must be included in an overall settlement in relation to the future structure of Syria.

Andrew Bridgen (North West Leicestershire) (Con): Earlier this month the Syrian crisis entered its eighth year. Are we getting any nearer to an international solution?

Alistair Burt: I wish I could say yes, but that would not be entirely correct. The efforts being made by Staffan de Mistura, whom I also spoke to over the weekend, deserve our full commendation and support, but it is a difficult process. On the ground, there is the determination of the regime and its allies to continue their attacks against both the civilian population and others in the enclaves and areas that they are attacking now. If the regime would co-operate fully with the Geneva process, which it should do, these attacks could end instantly and the political process could be changed overnight.

Liz McInnes (Heywood and Middleton) (Lab): It was simply appalling to see the victorious militias backed by Turkey rampaging around Afrin, looting shops and houses, and tearing down the city's Kurdish cultural heritage. May I ask the Minister what that vandalism has to do with what the Foreign Secretary described as Turkey "protecting" its "legitimate interest"?

Alistair Burt: I cannot speak in any way for the conduct of Turkish forces or anything of the like. As I said to the House earlier, our aims in Syria are coherent: lasting defeat of Daesh, and political transition to a Government who protect the rights of all, including Kurdish communities and all minority groups. All activity that affects the Kurdish community should remember that the ultimate destination of Syria will depend on Kurdish communities feeling part of it, without the risk of terror across its borders, and that should be considered by all.

The Commonwealth

12. **Richard Graham** (Gloucester) (Con): What recent assessment he has made of future political and diplomatic opportunities for the Commonwealth. [904595]

The Secretary of State for Foreign and Commonwealth Affairs (Boris Johnson): The Commonwealth is a unique global framework. Its members are home to a third of the world's population, with a combined GDP last year of over \$10 trillion. That shows the extraordinary potential of the Commonwealth summit in London next month. We have a fantastic programme and agenda that includes the discussion of cyber, free trade and free trade deals, how to rid the world's oceans of plastics and how to ensure that every girl in the world gets 12 years of quality education.

Richard Graham: Given that this is the first Commonwealth Heads of Government meeting in London for 30 years, will the Foreign Secretary join me in celebrating Her Majesty the Queen's remarkable leadership of this unique global partnership? Does he agree that this is a great opportunity to promote two very good causes—Malaria No More and Vision For All—across the Commonwealth, alongside what he said about promoting trade and increasing cyber-defences?

Boris Johnson: Absolutely. I pay tribute to my hon. Friend for all the work that he has done. He led a very good debate on the Commonwealth last week. He is

quite right in what he says about halving the incidence of malaria, which is a further objective of the summit. He is also right to pay tribute to the absolutely central role of Her Majesty the Queen. The summit has an extraordinary turnout. Virtually every single one of the 53 Heads of State and Government is coming to London, and there is no doubt that the draw is not just our city or our country, but the chance to see the Queen herself.

16. [904601] **Wes Streeting** (Ilford North) (Lab): The Government of Sri Lanka continue to flout the obligations that they signed up to under a UN Human Rights Council resolution that they co-sponsored regarding truth, justice and reconciliation in that country. Given that our trade with Sri Lanka is currently conducted on preferential terms under the generalised scheme of preferences plus arrangements agreed with the European Union, will the Secretary of State make it clear to the Government of Sri Lanka that that preferential trade arrangement may not apply after we leave the European Union, and that certainly the Government will not be minded to give such preferential access to our markets unless and until Sri Lanka fulfils the obligations that it has made to its own people and the international community?

Boris Johnson: We certainly value our relationship with Sri Lanka, although I perfectly understand the hon. Gentleman's points about human rights. He can be in no doubt that we will continue to raise those points in our discussions with Sri Lanka.

David Evennett (Bexleyheath and Crayford) (Con): Will my right hon. Friend confirm that the upcoming Commonwealth summit is an opportune moment for us to demonstrate the strength and diversity of this unique family of nations?

Boris Johnson: I passionately agree. [Interruption.] "Say no", say Labour Front Benchers. That is their attitude. Is that not extraordinary? "Say no", says the noble and learned Lady, the Baroness, whatever it is—I cannot remember what it is. [Interruption.] Nugee. What an extraordinary thing. The Commonwealth is an institution that encompasses 2.4 billion people and some of the fastest growing economies in the world. We have an unrivalled opportunity to embrace them here in London, and we are going to do it.

Mr Speaker: Order. I do not want to be unkind or discourteous to the Foreign Secretary, but I say on advice, as the Clerks swivel round to me, two things. First, we do not name-call in this Chamber. Secondly—I am dealing with the matter, and the right hon. Gentleman will listen and benefit from listening—we do not address people by the titles of their spouses. The shadow Foreign Secretary has a name, and it is not Lady something. We know what her name is. It is inappropriate and frankly sexist to speak in those terms, and I am not having it in this Chamber. That is the end of the matter. No matter how senior a Member, that parlance is not legitimate. It will not be allowed, and it will be called out. I require no chuntering from a sedentary position from any occupant of the Treasury Bench. I have said what the position is, and believe me, that is the end of the matter. I hope I have made the position extremely clear to people who are not well informed about such matters.

FIFA World Cup

14. **Stephen Kinnock** (Aberavon) (Lab): Whether he has had discussions with his international counterparts on postponing the 2018 FIFA World Cup. [904599]

The Secretary of State for Foreign and Commonwealth Affairs (Boris Johnson): Mr Speaker, may I crave your indulgence to prostrate myself before you and to apologise for any inadvertent sexism or discourtesy that you may have deemed me to be guilty of? I heartily tender my apologies to the right hon. Member for Islington South and Finsbury (Emily Thornberry) if she was offended by what I said. I meant no harm, and I apologise unreservedly if I have offended her feelings.

Following the abhorrent chemical attack in Salisbury, the UK Government have engaged closely with our international partners on this and other issues, but the holding of sports events and the choice of venues is a matter for the relevant sporting authorities—in this case, FIFA.

Mr Speaker: I thank the Foreign Secretary for his gracious apology. As far as I am concerned, if I can use the expression again, that is the end of the matter.

Stephen Kinnock: I thank the Foreign Secretary for his response, but the fact is that sport and politics do mix. Who can forget Jesse Owens at the 1936 Olympics in Berlin or the sporting boycotts of the despicable apartheid regime? Surely the Foreign Secretary sees the profound inconsistency between the very welcome retaliatory measures that our Government and many other Governments have taken and us all trotting off to Russia in a few months to provide Mr Putin with a smokescreen for what he does and how he behaves.

Boris Johnson: There are no plans to boycott the World cup or to try to get a boycott by the England team—that is, after all, a matter for the Football Association and not the Government—nor is there any desire to punish England fans. As the hon. Gentleman knows, there will be no attendance by Ministers or members of the royal family, as the Prime Minister told the House on 14 March. As he knows, several other countries have decided to put in place the same measures.

Maria Caulfield (Lewes) (Con): English football fans were targeted by Russian football gangs in the Euro 2016 tournament, and many were left with life-changing injuries as a result. There are concerns that those Russian football gangs have links to President Putin's Government. Will the Foreign Secretary be updating travel advice for the 10,000 fans who are planning to travel to the World cup this summer?

Boris Johnson: I am grateful to my hon. Friend for her question. The travel advice has been updated. Fans should be aware of the possibility of political tensions between the UK and Russia and should be vigilant but, above all, should stay in touch with us and look at the Be on the Ball website.

Promoting Education in the World

15. **John Howell** (Henley) (Con): What recent discussions he has had with Cabinet colleagues on promoting education throughout the world. [904600]

The Minister for Africa (Harriett Baldwin): Promoting access to a quality education is a moral imperative and firmly in our national interest. As a passionate feminist and someone without a sexist bone in his body, the Foreign Secretary is an advocate for education and has discussed that with the Secretary of State for International Development and the Secretary of State for Education, among others.

Mr Speaker: I do not mean to be unkind to the Minister, and I know she will not take it amiss. The Foreign Secretary does not need to be defended by her, and I know she would not argue with the Chair; she would come off rather worse.

John Howell: In Nigeria alone, there is an enormous market for A-levels through to university education. What help is the Minister providing to enable us to tap into that market?

Harriett Baldwin: I pay tribute to my hon. Friend for his work as a trade envoy to Nigeria. I can tell him that the Prosperity Fund global education programme is due to start this year, aiming to improve standards of education and increase UK exports, and Nigeria will be one of the countries involved.

Topical Questions

T1. [904607] **Dan Carden** (Liverpool, Walton) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (Boris Johnson): My immediate priority is to help to mobilise international support following the horrifying event in Salisbury, and I am greatly encouraged by the response so far. I am also preparing for the Commonwealth Heads of Government meeting in London next month, which will be one of the biggest summits this country has ever hosted and a unique opportunity to renew the Commonwealth and take forward the priorities of global Britain.

Dan Carden: This week, the Yemen war has entered its fourth destructive year, and yesterday, the International Rescue Committee launched a new report showing the devastating impact of the conflict on Yemen's health system. What are the UK Government doing to put pressure on the Saudi regime to pay £2 billion into Yemen's central bank, as promised in the pledge it made in January?

Boris Johnson: The hon. Gentleman raises a subject that is at the very top of our concerns in the Foreign Office and across the Government as a whole. I assure him that we are working with all our friends and partners to try to persuade everybody involved in the Yemen conflict—particularly, of course, the Saudis—to get to a political process. In the meantime, we have been instrumental in getting the Saudis to open the port of

Hodeidah to allow not only humanitarian but commercial traffic to get in and relieve some of the suffering that is unquestionably taking place there. I share his sense of urgency.

T6. [904612] Peter Aldous (Waveney) (Con): As fishing licences in the UK overseas territories come up for bidding, will my right hon. Friend make a presumption in favour of local and UK businesses, which is so important both for sustainable fishing and for maximising the economic benefits to such communities?

The Minister for Europe and the Americas (Sir Alan Duncan): Fisheries licensing is generally a matter for the Governments of the individual territories; only in the specific case of South Georgia and the South Sandwich Islands does the Secretary of State give advice on licensing in respect of foreign policy. In the last round, three of the six licences were given to overseas territories.

Stephen Gethins (North East Fife) (SNP): The Foreign Secretary will be aware of the case of Professor Clara Ponsatí, whom the Spanish authorities want to extradite. Does he agree with the principal of the University of St Andrews, who has said that

“there are legitimate arguments that Clara is being targeted for standing up for her political beliefs”?

Sir Alan Duncan: The issuing of a European arrest warrant is a matter for proper judicial process, not for political interference.

Sir Desmond Swayne (New Forest West) (Con): What does the strength of the Russian reaction say about the influence of the British Council?

Boris Johnson: With great respect to my right hon. Friend, I prefer to look at the strength of the global reaction to what Russia has done and the corresponding influence of the United Kingdom on such deliberations.

Fabian Hamilton (Leeds North East) (Lab): Next Tuesday will mark two years since Nazanin Zaghari-Ratcliffe was detained in Iran on trumped-up charges, separated from her young child and thrown into jail. What steps is the Foreign Secretary currently taking to obtain her release so that she does not spend yet another year separated from her family?

Boris Johnson: As the House will know, we have a number of very difficult consular cases in Iran at the present time, and every effort is being made on behalf of each of those—each of those—individuals. All I can tell the hon. Gentleman is that none of those cases really benefits from public comment at this stage.

Alec Shelbrooke (Elmet and Rothwell) (Con): With CHOGM coming up, does my hon. Friend agree that if Zimbabwe held free and open elections, that would give it a route back to the Commonwealth and, indeed, give what used to be the breadbasket of Africa free trade agreements with the rest of the world?

The Minister for Africa (Harriett Baldwin): I assure my hon. Friend that, when I visited Zimbabwe recently, that was indeed the message I was able to convey to the new President.

T2. [904608] Richard Burden (Birmingham, Northfield) (Lab): It is nearly two years since the then Secretary-General of the United Nations, Ban Ki-moon, said:

“The closure of Gaza suffocates its people, stifles its economy and impedes reconstruction efforts. It is a collective punishment for which there must be accountability.”

Will the Foreign Secretary or one of his ministerial colleagues tell me who is being held to account for that collective punishment, and what specific measures would the UK Government support to hold those responsible to account?

The Minister for the Middle East (Alistair Burt): As the hon. Gentleman knows well, the situation in Gaza remains of deep concern. It is a wretched situation. We continue to make representations to all parties who have an involvement with the governance of Gaza to improve the conditions. It is more than just one particular group, but we do make representations to the Israelis about the possibility of improving steadily the position in relation to Gaza. Nothing will be settled until we get the agreement we want on the two-state solution.

Martin Vickers (Cleethorpes) (Con): Last month I was part of an Inter-Parliamentary Union delegation to Albania, where Ministers emphasised how important the security links are between our two countries. That was further re-enforced at a follow-up meeting with the ambassador. What plans do the Government have to further links with Albania?

Sir Alan Duncan: We work very closely with Albania, particularly on organised crime, and all the more so as we approach the very important western Balkan summit, which we will host here in July this year.

T3. [904609] Chris Elmore (Ogmore) (Lab): Poor vision is the world's largest disability, which, according to the charity Clearly, affects more than 900 million people in the Commonwealth. Ahead of next month's summit, may I press the Foreign Secretary to commit to working with our Commonwealth allies to ensure that vision is brought to everybody across the Commonwealth?

Boris Johnson: The hon. Gentleman raises a very good point. We will certainly make sure that in the discussions on health, which as I said earlier form a large part of our Commonwealth proceedings, that issue is raised.

Jeremy Lefroy (Stafford) (Con): In the Democratic Republic of the Congo, where 7.7 million people face severe food insecurity and 2 million children are at risk of starvation, the level of emergency has been put to number three, which is the highest level. The European Commissioner for Humanitarian Aid and Crisis Management says it is getting worse by the day and that it is not business as usual. What can Her Majesty's Government do to work with others both on humanitarian aid and on possibly increasing the number of peacekeepers for security?

Harriett Baldwin: My hon. Friend rightly raises the most appalling humanitarian situation. He will be aware that in Geneva—a week after next, I think it is—there will be a big pledging conference to raise money for a

humanitarian crisis that the United Nations estimates is going to need at least \$1.7 billion of aid in the coming months.

T4. [904610] Afzal Khan (Manchester, Gorton) (Lab): Last night I returned from Pakistan where I met the Prime Minister and the President of Azad Jammu and Kashmir. Both shared their concern at the escalating violence at the line of control and at the killing of civilians. This is a nuclear flashpoint area. Does the Minister agree that we cannot leave it to Pakistan and India to resolve the Kashmir dispute, because the stakes are too high and the Kashmiri have suffered for 70 years?

The Minister for Asia and the Pacific (Mark Field): I was at the Pakistani national day celebrations at the weekend as well. I think the hon. Gentleman will understand that there are good reasons why it is the UK Government's position, and has been in the 70 years since Pakistan and India were formed, that the Kashmir issue should be determined by those two countries. There is not a role for Britain to interfere or intervene. Ultimately, peace will only come when those two communities themselves can find their way to work that out. Clearly, it has to be an issue for the Kashmiri people.

Sir Patrick McLoughlin (Derbyshire Dales) (Con): Now the Prime Minister has put some backbone into the Foreign Office, is it not about time that we took some action against the Ecuadorian embassy? How long are we prepared to allow this situation to go on, where, as the Minister of State said in previous questions, a man is avoiding lawful arrest?

Sir Alan Duncan: It is of great regret that Julian Assange remains in the Ecuador embassy. It is of deeper regret that even last night he was tweeting against Her Majesty's Government for their conduct in replying to the attack in Salisbury. It is about time that this miserable little worm walked out of the embassy and gave himself up to British justice.

T5. [904611] Chris Evans (Islwyn) (Lab/Co-op): With the resignation of Jacob Zuma, who is about to go on trial on 6 April, is the Secretary of State confident that the cycles of corruption will now finally begin to be stamped out in South Africa?

Harriett Baldwin: The UK Government have welcomed and congratulated the new President, Mr Ramaphosa, and we are looking forward to his visit to the UK next month for the Commonwealth Heads of Government meeting.

Bim Afolami (Hitchin and Harpenden) (Con): In terms of the Commonwealth, will the Minister explain further how Global Britain will lead to furthering economic ties with our Commonwealth friends, and not just diplomatic ones?

Boris Johnson: My hon. Friend makes an excellent point. Of course, a large part of the Commonwealth summit is to talk about trade and prosperity and the opportunities that exist. As I said earlier, some of the fastest-growing economies in the world are in the Commonwealth—now growing, though I do not wish

to make any invidious comparisons, substantially faster than the EU, though we intend to trade very much with both of them.

T7. [904613] Karen Lee (Lincoln) (Lab): In the two years before President Sisi came to power in Egypt, only one person was executed in Egypt, and in the four years since, his military tribunals have executed more than 100 people. Can the Foreign Secretary remind the House why he said last year that he wanted to be a champion for President Sisi?

Alistair Burt: We continue to engage with a significantly important country in the region. Human rights form part of the dialogue with Egypt at all times. Internal matters are a matter for them, but I assure the hon. Lady that the relationship has to be strong to deal with exactly the sort of issues that she raises.

Andrew Bridgen (North West Leicestershire) (Con): Will the Secretary of State join me in reiterating that the issues this House and the international community have with Russia are with Putin and his cronies, not the long-suffering and hard-pressed Russian people, who are victims in this themselves?

Boris Johnson: My hon. Friend makes a very important point, which is made repeatedly by Members across the Chamber but cannot be made often enough. Our quarrel is not with the Russian people. We hold out the hand of friendship to the Russian people. They are not ringed with enemies. Our dispute is with the Kremlin as it is currently managed and the currently disruptive manner of Russian policy.

T8. [904614] Tracy Brabin (Batley and Spen) (Lab/Co-op): As my hon. Friend the Member for Liverpool, Walton (Dan Carden) said, yesterday was the third anniversary of the rising escalation of the conflict in Yemen, and the rainy season is almost upon us. Yesterday, UNICEF warned that another cholera outbreak is impending and it is bemoaning the fact that it has to spend valuable time negotiating with warring factions to get vital vaccinations and medicines to the people whose lives it could save. Can the Secretary of State reassure us that he will use all his diplomatic effort to ensure that vaccines get to those who need them?

Alistair Burt: It might help if I say that I keep speaking to the World Health Organisation in relation to the availability of vaccines, and we are pretty confident that the vaccines are there. I also spoke yesterday to UNICEF about the ability to get them through. We are pressing for the consolidated plan that it needs to do that. There is a conference on Yemen coming up shortly, but we press every day to make sure that the cyclical issue of cholera is indeed dealt with.

James Cleverly (Braintree) (Con): The trade out of poverty all-party parliamentary group, which I co-chair, is soon to release a report on trade and investment intra-Commonwealth. Will my right hon. Friend read that report and champion that agenda at the forthcoming CHOGM summit?

Boris Johnson: My hon. Friend makes an excellent point, because the job of the Commonwealth summit is not just to promote trade between the UK and our

53 Commonwealth friends, but to promote intra-Commonwealth trade, and that is where some of the biggest opportunities lie.

T9. [904615] **Nick Thomas-Symonds** (Torfaen) (Lab): This petition was handed to me by constituents, calling on the Government to do more about the plight of the Rohingya people. I know that the Foreign Secretary met Aung San Suu Kyi recently, but what further steps do the Government intend to take to try to deal with this appalling human tragedy?

Boris Johnson: I can tell the hon. Gentleman that our efforts have been directed at building an international consensus to ensure that there is a multinational, multilateral body to give the Rohingya refugees the confidence and security that they need to make a safe, dignified and voluntary return to northern Rakhine.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): There are growing international concerns about Germany's intentions to build an undersea gas pipeline directly to Russia. Does the Secretary of State share those concerns, because this will put at risk the energy security of our key NATO allies in central and eastern Europe?

Sir Alan Duncan: I recently met the head of Naftogaz, the main energy company in Ukraine, and we are fully aware of the issue my hon. Friend raises. We will look at the issue of Nord Stream 2 and the pipeline in the light of what has happened in Salisbury.

Bambos Charalambous (Enfield, Southgate) (Lab): Turkey's actions in Cyprus's exclusive economic zone do not create the right climate for reunification negotiations to recommence. Will the Minister join me in condemning Turkey's actions and call on it to withdraw its warships from Cyprus's exclusive economic zone, where they have been since 9 February?

Sir Alan Duncan: We fully recognise the rights within the economic zone, which the hon. Gentleman mentioned, and fully support the right to drill for oil.

Rachel Maclean (Redditch) (Con): Last night, I and many colleagues across the House attended a huge demonstration to say "enough is enough" to anti-Semitism. What more can my right hon. Friend's Department do to strongly send out the message to the Jewish community around the world that Britain is determined to stamp out this ancient hatred?

Boris Johnson: It is absolutely vital for everybody in this House to send out a very clear message that anti-Semitism anywhere is intolerable. I look to people on both sides of the Chamber to do that.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): Our silence over—indeed, our tacit support for—the wholly unacceptable and Franco-esque crackdown on democracy and human rights in Catalonia by the Spanish state is shameful and indeed makes us complicit. Will the Minister please rethink, speak to his Spanish counterparts and urge them to draw back from their counterproductive actions?

Sir Alan Duncan: I do not agree with the hon. Gentleman's interpretation of what is happening in Catalonia. We fully support the Spanish Government in upholding the proper workings of the Spanish constitution.

Thangam Debbonaire (Bristol West) (Lab): Will the matter of refugees and the global refugee crisis be on the agenda for next month's Commonwealth meeting?

Boris Johnson: We will of course discuss refugees and the refugee crisis.

Peter Grant (Glenrothes) (SNP): This week we learned that Spanish secret police have been operating in several EU countries. The Foreign Secretary and the Prime Minister have referred to the expulsion not of diplomats but of spies and intelligence officers. To the Government's knowledge, how many foreign powers currently have spies, intelligence officers and secret police agents operating in the UK?

Boris Johnson: I invite the hon. Gentleman to speculate himself on the answer to that question, because we do not discuss intelligence matters.

Alex Norris (Nottingham North) (Lab/Co-op): Last month, Impactt's audit of the Qatari supreme committee, which is responsible for the World cup, highlighted significant positive progress in areas relating to workers' rights. What efforts will the British Government make to support further progress and promote its spreading to neighbouring states?

Alistair Burt: I happened to see the Qatari organiser of the World cup just a couple of days ago. They gave an impressive presentation on what they had sought to do to improve not just workers' rights but workers' welfare, not just now but looking forward to the final construction phase. Concerns have been well expressed, but my sense is that the Qatari system understands that very well and is working hard to produce a good and safe World cup.

Rail Announcement

12.37 pm

The Secretary of State for Transport (Chris Grayling):

With your permission, Mr Speaker, I would like to make a statement about the future of the west coast main line, our plans for the integration of track and train on our railways and our plans for the transition to the operation of High Speed 2 as it opens up in 2026.

I have already set out for the House our plans to bring the operation of track and train together on a day-to-day operational basis around the country, with the creation of new alliances between Network Rail and the train operators on south eastern and midland main line and the strengthening of the existing alliance arrangements on south western and southern. I have also set out our plans for a new partnership between the public and private sectors to operate the east coast main line.

Today I want to explain how this approach could start to inform the development of the west coast main line and HS2. I am also today publishing the invitation to tender to be the new west coast partner, which, subject to their delivering on their commitments, will operate the route until 2031 and will work with HS2 Ltd to pave the way for the opening of HS2. The west coast main line is one of the busiest mixed rail routes, if not the busiest, in Europe: it carries commuter traffic to six of our biggest cities and express trains between them; it provides essential intermediate services to places such as Milton Keynes, Coventry, Warrington and Preston; it is an essential link to north Wales, Scotland and Ireland; and it is also one of our busiest freight routes. It is this complex mix of traffic that is a key part of the case for building HS2 so that we have the capacity to meet these growing needs in the future.

The west coast franchise has been very successful in recent years, with high passenger satisfaction and substantial revenue growth for the taxpayer. I intend the new contract to build on that, up to and including 2026. There is already a close working relationship between Network Rail and the train operator, and I intend that to deepen under the new contract with the new operator. After that, however, the way in which we run the railway will change. After 2026, the express services will start to move off an increasingly congested part of the existing network and on to HS2. Brand-new and more frequent trains will provide additional capacity on faster services, and space will be freed up on the existing routes for improved services to other destinations. That will require a carefully managed transition as initial services provide travel to Birmingham and then, gradually, the HS2 network provides more and more of the inter-city service.

I want to explain today how the new contract will ensure that that smooth transition takes place, and to set out what we are working towards. I should emphasise that final decisions on the transition and the operational details are years away, but I think it right that, as we publish this new invitation to tender, we start to look towards what that end point could be. For example, HS2 could be an integrated railway operation, in charge of both its infrastructure and its services. That would be akin to what is provided on some Japanese high-speed lines, and would accord with the Government's strategy of bringing together track and train. It could also be

structured as a public-private partnership. There will be other options that we should explore before final decisions are made.

The exact shape and end state of the organisation does not need to be decided now, but I am very clear about one thing. I want HS2 Ltd to become a strong British organisation, potentially capable of not just building but operating a successful railway here. It should also become a strong international champion for the United Kingdom, as the organisation that runs Manchester Airport has done. Manchester Airports Group is a strong and effective organisation that has expanded in the UK, running first-rate operations here, and is now doing so internationally. It has proved itself to be effective at managing major projects and delivering good customer service. Today's announcement, however, is not about creating a long-term organisational model for HS2. As we move into the 2020s we will need to prepare for the introduction of services, and through this new arrangement my Department is paving the way for that introduction.

The winner of the competition will help to design the new HS2 services, develop a new customer offering to take advantage of 21st-century technology and revolutionise the way we travel on high-speed rail, and provide input for my Department and HS2. It will run the existing west coast main line services until HS2 passenger services are introduced. After that it will continue to run successor services on the west coast main line until 2031, albeit to a different set of timetables and priorities, with a refocused service aimed at those intermediate locations. Between now and the start of HS2 services, it will also help to plan the introduction of the express trains to the new line and the move from one line to another, and help to put in place all the customer-facing resources that are necessary for the delivery of an excellent service on day one. If it performs strongly, it will also operate services on behalf of HS2 for a limited period after 2026. During that period, my Department will be closely involved with operations to ensure that the envisaged connectivity benefits of HS2 are realised.

The contract also includes a number of safeguards such as restrictions on branding, transfer of intellectual property and requirements for collaboration with HS2. That means that, while we will harness the innovative thinking of the private sector, no one bidder will be able to create something that only it could run in the future. The operator will also work with the Department and HS2 to consider the options for the end state, including what would be required for the transition to fully integrated operations undertaken by an eventual combined organisation. That short-term arrangement will be very similar to the *modus operandi* on Crossrail next year after it formally begins services as the Elizabeth line for Transport for London.

Throughout this period, the new operator will also deliver a high-quality experience for passengers and continue to drive growth on the existing west coast main line. Passengers will benefit from enhanced compensation for delays of more than 15 minutes, fares and ticketing systems that are simpler to understand, and the introduction of an accessibility panel to advise on all aspects of the way in which the railway is operated. It is important to ensure that all passengers are placed firmly at the heart of all planning decisions.

What I am setting in train today for the West Coast Partnership are our plans to keep industry-leading services on the west coast until HS2 enters operation, to ensure that the first HS2 services are delivered with the help of an experienced operator that has been working hard to plan for their introduction, and to use that approach to help to inform decisions on what the final shape of the organisation should be. I believe that that is the best way of ensuring a smooth transition to what will be an exciting new future for our railways, and I commend my statement to the House.

12.44 pm

Rachael Maskell (York Central) (Lab/Co-op): I thank the Secretary of State for advance sight of his statement, but I am perplexed as to why he has come to Parliament to announce a set of administrative arrangements. There are so many pressing rail issues that the Secretary of State should be bringing to the House, not least the promise to come back to the House about future arrangements on the east coast, which was of course due weeks ago, rather than to announce invitations to tender for rail franchises. If this House spent all its time looking at every franchise, we would not get through any other business. The statement is simply thin gruel. Once again it sets out vague aspirations and possible options. Yet again it is evidence that the Government will not set out a strategic direction, but instead just delegate decisions to the private sector.

There are huge questions about the recent history of track and train alliances. That did not work on the south-western railway; it failed. Why will it be any different under this partnership? Today's announcement about an announcement is setting the course of the Government's real priority, which is privatisation of the infrastructure: a partnership with a private company, but extending its grip into the infrastructure, too.

Why would the Secretary of State bring the profit motive back into safety-critical parts of the railway? We must never forget why Labour brought Railtrack back into public ownership: it was for the safety of the great British public. None of us on the Labour Benches will ever forget the past, and how private profit was the objective. With private, we know that the objective is to put money into the shareholders' pockets, not to invest in the public. This is why Labour's plan to rescue the railways and bring them back into public ownership is more imperative than ever; the public demand it. Labour would never take such a risk with public safety, nor with public money.

Last month's supplementary estimate report said that the Department for Transport's rail revenue from train operators was down nearly £250 million this year and a Treasury bail-out of £60 million was needed. That is hardly evidence of a system working, is it?

Franchising has completely failed, with 13 direct awards and extensions to contracts. The west coast, however, is the jewel in the crown of the rail network. The Labour Government spent £9 billion upgrading it, but now the Secretary of State wants to flog off the family silver before it is even in public hands.

The UK railways have the best safety record in Europe; will the Secretary of State's plans guarantee this excellent safety record? The UK railways' safety record has been based on a rigorous risk management system; how will

these plans ensure that the risk management approach will continue across the whole network? Is this not a return to the bad old days of Railtrack?

Of course, the railway is about the growth of our economy, and the Secretary of State is handing over responsibility for the economy of the north to these private companies; no wonder people do not believe in the northern powerhouse. Why will the Secretary of State not do what the last Labour Government did in 2009 and take this franchise back into public ownership? That is the best way to preserve the taxpayers' money and the public interest.

Labour's integrated public rail will benefit the economy, the environment, the Treasury and the public. We look forward to the right to run our railways again.

Chris Grayling: This is the first time that I have been told off for being informative to the House about what we are doing. We are publishing today a pathfinding franchise agreement that will pave the way for Britain's most expensive and most substantial new railway for more than 100 years, and I am explaining to the House how we are approaching the issue of making that transition. This does not seem to me to be something I should not be informing the House about, but I am always surprised in this place.

The trouble with Labour is that it just thinks everything private is bad; it seems to be a completely ideological statement. After many years when the Labour party took a relatively common-sense approach to the balance between public and private, it has now walked a million miles away from that: everything private is bad, and it wants to nationalise everything and drive investment out of this country. Let us take an example. Labour cannot explain to us, in its plans to renationalise the railways, what it would do with what will by then be approximately £19 billion of privately owned trains on the network. All the new trains that are coming now and all the new trains that are being delivered in the future are privately owned. Where will the money come from to pay for those, and to pay for the new trains in the future? We get no answer at all from Labour on any of that.

The hon. Lady talked about safety, and safety is paramount in this country. We have an excellent regulator, and an excellent chief inspector of railways who does a very effective job, in my view, of holding the public and private sectors' feet to the fire to ensure that we maintain safety standards on the railways. That is something that will continue for the future. She also asked about the northern powerhouse. Let us look at how little investment in the railways took place in the north when Labour was in power. We are replacing every single train in the north, and I have just announced a £3 billion upgrade to the trans-Pennine rail line. We have done upgrades to the Calder Valley line and electrified the line between Liverpool and Manchester. We are currently electrifying the line to Preston. Those are things that never happened under Labour. The replacement of every single train in the north of England is something new or nearly new. None of that happened during Labour's 13 years in power.

The hon. Lady wants to take the west coast main line back into public ownership, but that is a railway line that is performing well and has very high levels of passenger satisfaction. The last thing we would want to

[Chris Grayling]

do is to hand it back to the Government. Let us allow it to carry on succeeding. That is what we are aiming to do. We are setting a path that will lead us to what I hope will be a fantastic new world for Britain's railways when HS2 opens after 2026.

Trudy Harrison (Copeland) (Con): I thank the Secretary of State for his statement. It will be welcomed across my constituency and throughout Cumbria, as will the introduction of Sunday services, starting in May, which will connect us to the west coast main line. Will he tell me what economic advantages this will bring to Copeland and to Cumbria?

Chris Grayling: The difference that HS2 will make is that it will provide far more capacity and better connections across the whole country. Whether you are coming to London from Cumbria, Manchester, Liverpool or Birmingham, or travelling to points in between, there will be more capacity, faster trains and better connections between intermediate places. That is so important. I am delighted about the arrival of the Sunday services in my hon. Friend's constituency. She and I stood at Seascale station while a Pacer train chugged past, and she will be delighted to know that in a few months' time that Pacer train will be in the scrapyard.

Alan Brown (Kilmarnock and Loudoun) (SNP): I thank the Secretary of State for giving me advance sight of his statement, but it really is lacking in detail. He said that he had already set out plans for a new partnership for the east coast main line, but I suggest that the plans for that line are still unclear. We need a lot more information on that. He also said that the congestion on the west coast main line and its links to Scotland and other areas underpinned the business case for HS2. That raises the question of why HS2 is being built only as far as Crewe, and why a north-south link is not being constructed at the same time.

The Secretary of State has detailed possible methods of operation, but he has said that they do not need to be decided on now, so what are the timescales for deciding future methods of operation? Will he confirm that the public sector will be involved and will be allowed to bid? When will we know the new timetables and priorities for the west coast main line? What will be the bid status for companies that have failed in existing franchises? The existing west coast main line contract was supposed to look at the remodelling of Carstairs Junction, so will he give us a progress report on that? Will he also tell us what discussions he has had with the Scottish Government on the existing underfunding of the rail settlement to Scotland, and on the impact that that could have on the west coast main line?

What tender appraisal lessons has the Secretary of State learned from existing failed franchises? What checks and balances will there be to ensure that we do not see further compensation disputes, conflicts of interest and armies of cost consultants involved in these franchises? What west coast main line upgrades will there be north of Crewe? I note that the current proposals will mean that new HS2 trains will run more slowly north of Crewe than the existing Virgin trains do. That would be an unacceptable performance measure, so will he tell us

what upgrades are planned for north of Crewe? Lastly, his Department has already needed £60 million from the Treasury to balance the books this year because of the failures in the existing franchise system. How sustainable will the future franchises be?

Chris Grayling: On that last point, there was a revenue issue last year around Govia Thameslink Railway and the completely unnecessary strike action taken by the unions. I am happy that that railway is now mostly back to normal and I hope that we will not have that issue again. The hon. Gentleman asked about the east coast main line. I will come back to the House when it is the right moment to do so, when we are ready to set out the approach that we are going to take. It is important to ensure that that is dealt with on a value-for-money basis but also on an operational basis, to ensure that passengers are not affected by the trouble on that route at the moment.

The hon. Gentleman asked about timetables on the west coast main line. That will come from the bids that are tabled for that particular route, depending on how the bidders plan to enhance services. The invitation to tender starts today, and we will start to get the proposals back during the course of this year. Of course, no one can bid for a franchise without a passport, and that will continue to be the case. He also asked about the funding level for Scotland. I simply remind him that the Government have provided more than would have been provided under the Barnett formula. Scottish Members normally argue for the Barnett formula, except when it is inconvenient for them to do so. The reality is that they should be glad to get anything more than the Barnett formula, because that is what they always argue that Scotland should receive.

The hon. Gentleman asked about learning lessons from failure. As I said in my previous statement on the east coast main line, we have tightened the risk-sharing mechanisms and we will be watching this particular franchise like a hawk to ensure that it is financially solid and robust. He also asked about the speed of journeys to Scotland. Of course, HS2 will reduce journey times to Scotland. There is an issue north of Crewe because the new classic-compatible trains are not tilting trains, and that is something we will have to address as we go through the 2020s, but the reality is that journey times to Scotland will be reduced as a result of HS2 arriving. That is part of delivering better services right across the country and, crucially, delivering jobs right across the country. That will happen all across Scotland, Wales, Northern Ireland and England.

Andrew Jones (Harrogate and Knaresborough) (Con): I congratulate my right hon. Friend on his statement. What he has outlined will mean a smooth transition to the national network upgrade that HS2 will deliver. Will he give the House a little more information about what the announcement will mean for passenger rail fares on the west coast main line?

Chris Grayling: It is really important that HS2 does not become a premium service that today's passengers cannot afford to travel on. Our expectation is that fare structures will stay broadly similar, and it is certainly not my intention to create a situation where HS2 suddenly becomes much more expensive than the west coast main line is today.

Lilian Greenwood (Nottingham South) (Lab): There was not actually much new information in the Secretary of State's statement, but it is clear that this invitation to tender is late, because it was expected in November last year. Will he explain the reason for the delay and its implications? Can he confirm that the award date is still November 2018, and that the new franchise will still start on 1 April 2019? Will he tell us whether the delay will have any wider impact on the Department's rail franchise schedule?

Chris Grayling: We do not expect this to have a significant impact on the franchise schedule. As the hon. Lady knows, we have just put in place a direct award to tide us over because of the delay. Things might be slightly late, but we are broadly in line with our original timetabling plans. It is important to get these things right. Also, given that the franchising team has had quite a lot to deal with lately, it is important to ensure that they have the time to get the detail right. That is what we have been seeking to do.

Mary Robinson (Cheadle) (Con): I am grateful to my right hon. Friend for his statement. Will he explain how, as the plans proceed, the economy of the north-west will benefit from the improved connectivity, particularly around the hub at Manchester airport? Will he tell us how that will improve the economy in the Greater Manchester area as well?

Chris Grayling: The hub around the airport is going to be particularly important, and it is very much on my mind as we develop phase 2b of HS2 and move towards the development of Northern Powerhouse Rail, where there must be a strong connection with the airport. The other benefit of the investment will be that it will create the space for more commuter services around Manchester. I know that there is significant congestion there—I have seen it in my hon. Friend's constituency—and we need to provide better commuter services into Manchester, and indeed into Birmingham, Leeds and London. That is one of the things that HS2 will do, by taking the existing express trains off the existing routes.

Mr Dennis Skinner (Bolsover) (Lab): Is the Secretary of State aware that if no changes are made to the proposals for HS2 as it goes through Derbyshire, 1,000 jobs will be lost at McArthurGlen, which is not far from South Normanton, and that more than 30 houses will be knocked down at Newton in my constituency? I have been working with the people at Newton in order to find alternatives, so will the Secretary of State meet the Newton people with a view to seeing whether there are any decent proposals for tunnelling, rather than knocking the houses down, and for ensuring that the jobs at McArthurGlen are safe? Will he give us that assurance today, so that I can make arrangements with the Newton people to come and take part in discussions?

Chris Grayling: As I have said all the way through, it is not possible to do something on this scale without having an adverse effect somewhere, but we will always do our best to minimise the impact. We are also always willing to have a dialogue with Members from across the House about such situations, so I will of course have that dialogue. I want to try to ensure that we do not

adversely affect centres of major employment, so either the HS2 Minister or I will happily pursue a conversation with the hon. Gentleman.

Jeremy Lefroy (Stafford) (Con): Stafford and Stoke-on-Trent currently have direct, high-speed services to Liverpool and Manchester respectively. However, the HS2 proposals mean that high-speed services from Stafford and Stoke will end at Macclesfield, so we will lose our direct connection with the northern powerhouse. That is unacceptable. Will the Secretary of State consider the situation again and see how its effects can be alleviated?

Chris Grayling: I am aware of the situation, and the important thing to say is that we are a long way away from detailed timetabling. I share my hon. Friend's view about terminating at Macclesfield, and I have told HS2 Ltd to do some work on that. We have to get the timetabling and the flow of services right, and I do not want anywhere to be disadvantaged by the transition.

Graham Stringer (Blackley and Broughton) (Lab): As a former chair of Manchester airport, I thank the Secretary of State for his kind words about how it has been run. One reason for the airport's success is that it has been careful in choosing its private sector partners over the years. Will the Secretary of State therefore explain why he is allowing private companies that have not honoured their contractual obligations in franchises to compete for important lines?

Chris Grayling: There are two points to make when talking about potential long-term private partners. First, the arrangements at Manchester airport have worked well. It is still majority-owned by local authorities, but it actually operates as an independent business with private shareholders. It is a good example of a public-private partnership, which may well be the way forward for HS2 Ltd. That does not mean that the organisations that are running franchises are those that might end up as private partners in the future, because we are looking at a different type of model for the future. Secondly, as for future bidding, as I have said before, I will fulfil my legal obligations, but I will also be as careful as possible to protect the interests of the railways and of passengers.

Maria Caulfield (Lewes) (Con): I welcome the announcement of the invitation to tender for HS2 and the benefits that HS2 will be bring the region. Will the new model be used when the Southern franchise is broken up and re-tendered? Is there a timescale for that?

Chris Grayling: The current Southern franchise will continue until 2021, and we are working through what the structure should be when it is re-let in a different form. I intend there to be a much closer alliance between Network Rail and the private sector, following a similar kind of model to that which we are using with Southeastern. It is necessary to bring the day-to-day operation of the track and trains together to improve performance. We have done some of that already on the Southern franchise, which has helped to make a difference, and that should continue.

Derek Twigg (Halton) (Lab): When the Secretary of State talked about Labour spending, he seemed to forget the £8 billion invested in the west coast main line.

[Derek Twigg]

When Labour took over back in 1997, the line was in a dreadful state, and it is so good today because of that Labour investment. The Secretary of State said several times during his statement that public satisfaction is high, that it is doing well and that it is well run, so what are his reasons for wanting to change it?

Chris Grayling: The hon. Gentleman asks, “What are the reasons for wanting to change it?”, but we are moving from one franchise to another; we are not looking to make massive changes to how the west coast main line currently operates. When it comes to 2026 and the arrival of HS2, that is a different situation. I am not talking about selling or privatising the infrastructure. Post-2026, we will have a separate network with its own infrastructure, and the question—it is not one for me, but for my successors—will be, “What is the best way of running that railway?” I have set out several strong options today, but the Government’s policy is that bringing together the operation of the track and trains—integration on the railway—is the best way of creating an efficient and effective railway.

Mike Kane (Wythenshawe and Sale East) (Lab): We know that the Secretary of State is desperate to get from his home in Surrey to his seat at Old Trafford more quickly, so why are the Government dragging their feet when it comes to funding for the station at Manchester airport and the east-west alignment negotiations at Manchester Piccadilly station?

Chris Grayling: The biggest challenge in getting to Old Trafford on a match day are all the roadworks on the M60, which are due to our investment in the motorway network, and all the roadworks around Old Trafford, which are down to the support we are providing to Manchester to invest in the extension of the Metrolink.

The hon. Gentleman will be aware that Network Rail and Manchester City Council are in detailed discussions about Piccadilly, and we are close to moving forward with desperately needed improvements to the two platforms, and I want that to start soon. As for the airport, we need a really good hub station at the airport, and we are now working through how best to take the Transport for the North proposals for Northern Powerhouse Rail and create a deliverable programme. The first bit of that starts next year with the upgrade of the TransPennine route.

Bim Afolami (Hitchin and Harpenden) (Con): Does the Secretary of State agree that working with private sector partners on the west coast main line has delivered huge improvements to reliability and customer service? Will he reassure my constituents that any operational changes that have been outlined or envisaged today will not have a negative impact on their service?

Chris Grayling: That is my goal. The thing is that I am very much in favour of the public sector and the private sector working together in partnership, and I have talked about that in other parts of the rail network. The difficulty is that the Opposition do not seem to want the “private” bit at all—everything has to be public. Both sectors bring strengths to the party, and the working partnership that exists today between Network

Rail and Virgin Trains on the west coast main line has delivered significant performance and customer satisfaction improvements over the past few years.

Mary Creagh (Wakefield) (Lab): Virgin-Stagecoach is not the first, not the second, but the third train company to walk away from the east coast franchise mid-contract, stating that it could only run it for a short number of months. I came running over to the Chamber today in eager anticipation of hearing the Secretary of State say that he was going to set up a directly operated rail company along the lines of the model we had in 2009, which delivered £1 billion back to the taxpayer over six short years. Will he tell the House what he is doing to get the east coast main line franchise back on track, delivering for passengers, staff and taxpayers? Will he ensure that no announcement is snuck out in the middle of the recess?

Chris Grayling: When we are ready to make an announcement about the future, I will come to the House to do so, and I have said that several times. We are ensuring that we get things right. As I have said before, we have been preparing the alternative operator of last resort for some months. When we are ready to take things forward, I will say so.

The hon. Lady compares the situation with what was there previously, and I simply remind her that, notwithstanding the financial problems in the franchise, it has a high level of passenger satisfaction and is running more trains, employing more people and delivering more money to the taxpayer. The problem is that there has been not enough success, not a lack of it.

Peter Kyle (Hove) (Lab): In the previous Parliament, the Department was so focused on HS2 that it took its eye off the real challenge facing our country: getting people to and from work in the south-east of England. Will the Secretary of State guarantee that he will not make the same mistake again and that the Southern rail fiasco will never be repeated?

Chris Grayling: We are slightly in the hands of militant trade unions deciding whether they want to cause trouble, because the analysis of what went wrong showed it was almost entirely down to the action of the trade unions. However, I have also said on many occasions that the unions were not the only issue on that line, and I hope he accepts that performance has improved, but it needs to carry on improving. We need a broad-ranging programme of renewals, because there are still too many track and signal failures, which is why we have set aside the biggest block of funding—£20 billion—for renewals in the next control period. Some of that will flow to the hon. Gentleman’s line, but it will also go around the country to deal with similar issues elsewhere.

Rachel Reeves (Leeds West) (Lab): Following the excellent question from my hon. Friend the Member for Wakefield (Mary Creagh), may I pick up on the issue of Virgin-Stagecoach and the east coast main line? In a matter of weeks or months the Government will have to make a decision for passengers in our constituencies in Yorkshire and elsewhere, so can the Secretary of State tell us when a decision will be made, whether there will be penalties for Virgin-Stagecoach for walking away

from the contract, and whether he will keep on the table the very sensible option of bringing the line back into public ownership?

Chris Grayling: I have said clearly that I am not simply evaluating, but preparing for two options: one is an operator of last resort controlled by my Department, and the other is a not-for-profit direct award. I will make that decision shortly, and when I do I will come back to the House. It is not just about being ready to make a decision; it is also about knowing whether whichever option I choose is ready to happen. It is as much about preparation as it is about deciding. When we are ready to take that step, we will do so. The reason I am taking the time to get this right is that I do not want passengers—the hon. Lady's constituents—to notice any change from one day to the next. They are the most important people in this.

Layla Moran (Oxford West and Abingdon) (LD): We of course welcome any investment in rail, but HS2 must not be allowed to soak it all up. The Government have an incoherent approach to electrification, which has been indefinitely delayed in Oxford and abandoned on the lakes line and the midland main line. Meanwhile, the Government have been pulled up again on air pollution. Why do they not follow their own lead on cars and move away faster from polluting diesel engines?

Chris Grayling: A central part of our strategy on the roads is hybrid cars, and a central part of our strategy on the railways is hybrid trains. The biggest difference we can make in getting people off the roads and on to rail is to ensure that we expand capacity, and that is what we are doing, with longer trains, new and reopened routes and new stations across the country, creating a better environment for people who want to travel by rail. It is the biggest programme of investment in our railways since the steam age.

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): The Secretary of State lauds the benefits of reduced journey times between London and Glasgow, but that is not the full picture, because we know that, as a result of the HS2 investment, journey times between Glasgow and Manchester will actually increase. How can this be benefiting all regions of the UK when journey times between Britain's second and third biggest cities will be increased? Is it not yet another example of putting the profit motive over the real national interest?

Chris Grayling: This has nothing to do with the profit motive; it has to do with whether or not trains tilt. We need to ensure, through timetabling and planning after HS2 is opened, that we deliver the best possible outcome for all the services and all the destinations it serves. It is not a question of the profit motive or the private sector; it is a question of technical capabilities and how we deliver the best possible outcome.

Paula Sherriff (Dewsbury) (Lab): Further to the question from my hon. Friend the Member for Wakefield (Mary Creagh), my constituency neighbour, can the Secretary of State confirm that Virgin-Stagecoach will be allowed to rebid for the east coast franchise when the contract is put out to tender, because that appears to be verging on the ridiculous?

Chris Grayling: I think that the hon. Lady has misunderstood our plans. From 2020 we are going to do things completely differently on the east coast main line; we will not be using the current bidding process. We are shaping a public-private partnership. It might be a public-private partnership that brings investment in digital rail, and it might have a completely different corporate structure. We are working through that longer-term plan now while preparing to put in place the intermediate arrangements. It is not a question of who will or will not be allowed to bid, because we have not even decided what the process will be.

Diana Johnson (Kingston upon Hull North) (Lab): It is disappointing that the Secretary of State has today said nothing about the burning issue in the north: poor connectivity between east and west. I am sure that he shares my concern that there is no direct service between Hull and Liverpool, or between Hull and Manchester airport, and that from May trans-Pennine services running from Hull to Manchester will be slower. Will he agree to meet me and key stakeholders from Hull to discuss what he can do to improve connectivity in the north?

Chris Grayling: I and my ministerial team are always happy to meet to discuss services to the great city of Hull. The hon. Lady is not entirely accurate, because I did refer to the announcement I made a month ago about the start of the £2.9 billion investment in the trans-Pennine upgrade, which will start next spring.

Chris Evans (Islwyn) (Lab/Co-op): The Minister will know that £1.2 billion was overspent on electrification between London Paddington and Swansea, and he knows that is not the only transport infrastructure project in relation to which the National Audit Office has found overspending. How confident is he that safeguards are in place for future infrastructure contracts for the east and west coast main lines, along with HS2, to prevent overspending that needlessly costs taxpayers millions?

Chris Grayling: It is always possible for technical problems to arise, as we are seeing in Bolton at the moment, but I think that lessons are being learned. Lessons are certainly being learned from the Great Western main line, which has not been run on an acceptable basis—it has been subject to reviews by the NAO, the Public Accounts Committee and the Transport Committee. I can assure the hon. Gentleman that Network Rail and my Department are seized of the need to ensure that that does not happen in future.

Northamptonshire County Council

1.15 pm

The Secretary of State for Housing, Communities and Local Government (Sajid Javid): With permission, Mr Speaker, I would like to make a statement about the independent inspection report on Northamptonshire County Council. Everyone in the House, regardless of party, appreciates the crucial role that local government plays at the frontline of our democracy, delivering vital services on which we all depend and helping to create great places to live, and, in doing so, making the most of every penny it receives from hard-pressed taxpayers to secure better outcomes, all of which builds confidence and trust between local authorities and those they serve. That is why the situation in Northamptonshire County Council is of such concern.

Prior to my instigation of the report, there were signs that the situation in the council was deteriorating. External auditors had lodged adverse value-for-money opinions in audit reports, suggesting that the council was not managing its finances appropriately. The former leader resigned in May 2016, which also signalled the need for change. As late as last year, the Local Government Association conducted a financial peer review, which concluded that there were issues with delivering the Next Generation reforms and, again, with the mismanagement of finances. The then chief executive, Paul Blatern, resigned in October 2017.

Those reports, along with concerns raised by district councils in Northamptonshire and by hon. Members who represent local constituencies, prompted me to act, as I was concerned that there were potentially fundamental issues within the council. On 9 January I informed the House that I had concerns regarding the financial management and governance of the council. I therefore decided to exercise my powers under section 10 of the Local Government Act 1999 to initiate a best value inspection of the council. I appointed Max Caller, an experienced former chief executive and commissioner, to conduct the inspection and report on whether the council was complying with its best value duty.

Mr Caller submitted his report on 15 March—I placed a copy in the Library of the House so that everyone could see what he had found and his recommendations. Before I go any further, I would like to thank Mr Caller and his assistant inspector, Julie Parker, for their dedication and focus in conducting such a thorough and prompt review.

When I commissioned the best value inspection, I asked the inspector to consider four things in particular: first, whether the council has the right culture, governance and processes to make robust decisions on resource allocation and to manage its finances effectively; secondly, whether the council allowed adequate scrutiny by councillors; thirdly, whether there were strong processes and the right information available to managers and councillors to underpin service management and spending decisions; and fourthly, whether the council was organised and structured appropriately to deliver value for money.

I have reflected on the contents of the Caller report. It is balanced, rooted in evidence and compelling. The inspector has identified multiple apparent failures by Northamptonshire County Council in complying with its best value duty—failures on all counts. While I recognise that councils across the country have faced

many challenges in recent years, the inspector is clear that the county council's failures are not down to a lack of funding or because it is being treated unfairly or is uniquely disadvantaged compared with other councils. His report concludes that

“for a number of years, NCC has failed to manage its budget and has not taken effective steps to introduce and maintain budgetary control”.

Furthermore, the complex structure of financial support meant that oversight was difficult and accountability was blurred. The report says that Northamptonshire's Next Generation approach, which envisaged outsourcing many of the council's functions, had no

“hard edged business plan or justification to support these proposals”.

That

“made it difficult to ensure a line of sight over costs and operational activity”

and

“made it impossible for the council, as a whole to have any clarity or understanding as to what was going on.”

Similarly, the inspector found that Northamptonshire County Council used capital receipts to support revenue spend

“without documentary evidence demonstrating compliance with the Statutory Guidance and Direction.”

Furthermore, until this February, there was no report to full council on the proposed projects and their benefits. He says in his report:

“Savings targets were imposed without understanding of demand, need or deliverability and it is clear that some Chief Officers, did not consider that they were in any way accountable for the delivery of savings that they had promoted.”

On the question of scrutiny, the report says:

“The council did not respond well, or in many cases even react, to external and internal criticism. Individual councillors appear to have been denied answers to questions that were entirely legitimate to ask and scrutiny arrangements were constrained by what was felt the executive would allow.”

I want to emphasise that the report also indicates that the hard-working staff of Northamptonshire County Council are not at fault and have worked hard to provide quality services.

With all this in mind, it is clear that I must consider whether further action is necessary to secure compliance with the best value duty. In doing so, I want to reassure the residents of Northamptonshire that essential services will continue to be delivered. The inspector is clear:

“The problems faced by NCC are now so deep and ingrained that it is not possible to promote a recovery plan that could bring the council back to stability and safety in a reasonable timescale.”

He recommends:

“A way forward, with a clean sheet, leaving all the history behind, is required”.

I am therefore minded to appoint commissioners to oversee the authority, using my powers under section 15 of the Local Government Act 1999. From day one, I propose that they take direct control over the council's financial management and overall governance. Getting these basics right must be the first step in stabilising this authority. I also propose giving them reserved powers to act as they see fit across the entirety of the authority's functions if they consider that they must step in. My officials are writing to the council and to the district councils today to this effect, and they can make representations on this proposal. I will consider any representations carefully before reaching a final decision.

The Caller report makes a clear recommendation on restructuring, and notes that there are a number of options available. So, in addition, I am inviting Northamptonshire County Council, and the district and borough councils in the area, to submit proposals on restructuring their local government. I would like those councils to think about what is right for their community and the people they serve, and to come forward with proposals. This invitation and the letter to Northamptonshire that I mentioned earlier have been published today, and I have placed copies in the Library of the House.

It is clear to me that any proposals from the councils should seek to meet the criteria for local government restructuring that I have previously shared with the House. They are that the proposals should improve local government; be based on a credible geography; and command a good deal of local support. I will be particularly interested in hearing how the councils have consulted with their communities to ensure that Northamptonshire's future is truly locally-led.

The findings of Mr Caller's inspection report on Northamptonshire County Council are extremely serious, which is why this Government are prepared to take decisive action to ensure that local people receive the high-quality services they need and deserve, and to restore faith in local government in Northamptonshire. I commend this statement to the House.

1.23 pm

Andrew Gwynne (Denton and Reddish) (Lab): I thank the Secretary of State for advance sight of his oral statement and for bringing to the House a much-awaited response to the sorry crisis in one of his own party's councils.

The best value inspection of Northamptonshire County Council of 15 March makes very sorry reading and is an indictment of not only mismanagement locally, but eight years of intransigence and austerity nationally. The Secretary of State will know that Northamptonshire's problems have been building over a number of years, yet the council bragged about its "pioneering" approach to council services, running them as a business and operating "almost like a PLC", according to the former chief executive. It did not take long before it became clear that just like the public sector, the private sector cannot deliver adequate services when there is still too little funding.

In 2015, the Local Government Association warned that forcing councils to spend reserves to plug funding gaps—something the Secretary of State's predecessor, Sir Eric Pickles, used to demand of all councils—would be a "reckless gamble" and

"would put local communities on the fast-track to financial failure."

As we have heard, back in September last year, the LGA conducted a financial peer review, warning that Northamptonshire would be the first to collapse. I am not sure whether the Secretary of State had read that report because he was soon cutting the ribbon at the new £53 million headquarters, as the authority was preparing the paperwork to declare itself bankrupt.

Worse, the *Local Government Chronicle* has suggested that there are already at least 10 authorities preparing to issue section 114 notices, and now the National Audit

Office has warned that one in 10 councils with social care obligations will have exhausted their reserves within the next three years. So can the Secretary of State tell the House: what contingency arrangements have been put in place should other authorities follow Northamptonshire over the cliff edge?

I hope that the Government will learn from the failure in Northamptonshire. Even now, we are still learning more; we found out just this week that the ex-chief executive was paid more than £1,000 a day, while people were losing their jobs and services. That is why it is so crucial for commissioners to be sent in. The problems at Northamptonshire are so deep-seated that the residents of the county should not expect more of the same mismanagement from the Tory councillors who have driven it into the ground.

The Secretary of State says that he is minded to appoint commissioners. The Labour party has been calling for that for some time. Can he give a timescale—when will he make a formal decision? Should he decide to appoint commissioners, how soon does he expect them to be in place following that decision? Does he expect that their remit will be as extensive as that recommended in the report? If he does, he will have our full support.

On the budget, it is clear that Northamptonshire's problems continue. Creative accounting may have got the county through the year end and through the budget setting for 2018-19, but Northamptonshire's finances remain in a precarious state, and the principal pressures in children's and adults' services remain serious issues for the authority. What certainty does the Secretary of State have that Northamptonshire will be able to meet those cost pressures in the new financial year without additional central Government resource? What level of direct budget monitoring will be taking place by his officials in the Ministry throughout the year and will he be recommending that Northamptonshire undertakes additional in-year budget-setting exercises should it need to?

We give a cautious welcome to the reorganisation of local government in Northamptonshire, but changing lines on a map does not, in itself, resolve the deep-seated problems facing local government. In asking Northamptonshire's councils to make suggestions to him, does the Secretary of State agree that any proposals for new councils must have the widest possible degree of consent from the communities they seek to represent? What resources will be made available to the new authorities to start them off on a sustainable footing? Does he envisage a Northamptonshire residuary body that will be established to take on the historic problems associated with the county's finances, so that the new councils can start with a clean slate? And what assessment has he made of the financial capability of unitaries to run the functions of local government in Northamptonshire?

Northamptonshire is the first but it will not be the last. Given the assessments by the NAO and the *Local Government Chronicle* that other councils will follow Northamptonshire in the coming years, what assessment is the Secretary of State making and what resource is he going to make available to ensure that that does not happen? This is what happens when a Government have created a £5.8 billion gap in local government funding. Everyone is saying that social care is on its knees and

[Andrew Gwynne]

when children's services need an additional £2 billion. Local government cannot be allowed to collapse on this Government's watch.

Sajid Javid: I thank the hon. Gentleman for his comments, but I must say that I do not think he listened to a word of my statement. Once again, he appears to have come to the Dispatch Box with a pre-prepared statement. It is clear that he is very disappointed indeed by the report because it is not what he wanted. He wanted a report that he could use for party political purposes, so that he could play his favourite game, political football—a game that has no respect for the people of Northamptonshire.

The hon. Gentleman wanted to claim that what has happened in Northamptonshire was due to a lack of funding. He did not listen to what I said in my statement and he clearly has not read the report. He comes to the Dispatch Box having not even read the report—and he calls himself the shadow Secretary of State for Housing, Communities and Local Government. Had he read the report, he would have seen that the independent inspector is crystal clear that it is not an issue of lack of funds; it is to do with poor governance and poor financial management.

The hon. Gentleman must have been very disappointed that the report did not allow him to make his party political arguments. I noticed that he conveniently ignored the history of local government interventions, so let me remind him: in 2001, Hackney, Labour-controlled; in 2003, Hull, Labour-controlled; in 2008, Stoke-on-Trent, Labour-controlled; in 2009, Doncaster, Labour-controlled; in 2014, Tower Hamlets, Labour-controlled; and in 2015, Rotherham, Labour-controlled. Perhaps he can detect the pattern, but if he cannot, let me help: all those councils were Labour-controlled. He has conveniently ignored that.

The hon. Gentleman did manage to get round to a few questions, so let me try to answer them. He asked about the timescale for the decision that I am considering on sending in the commissioners. It is a “minded to” decision at this point. I will take representations, as I rightly should, up to 12 April, after which I will make a final decision. If the decision is to send in commissioners, they will be in place by the end of April.

The hon. Gentleman asked whether there will be more funding for the council. As I have said, the inspector has said that lack of funding is not the issue. Simply to give the council more funding would be to reward mismanagement and would clearly be wrong.

The hon. Gentleman asked about reorganisation. It is of course necessary to consider reorganisation, because that is one of the inspector's central recommendations. I do not want to predetermine the outcome. The inspector has recommended two new unitaries. We are open-minded about the proposals and I will consider them carefully, to a timeframe that allows us to look at them properly and to make sure that any options are consulted on properly.

Finally, I suggest kindly to the hon. Gentleman that, if he wants to come to the Dispatch Box and be taken seriously, can he listen to my statements in future, instead of appearing and talking about fiction?

Mr Peter Bone (Wellingborough) (Con): I thank the excellent Secretary of State for his statement and agree entirely with its content. I share the sense that the

shadow Secretary of State, the hon. Member for Denton and Reddish (Andrew Gwynne), does not seem to have read the report. Had he read it, he could not possibly have considered the situation to have anything to do with funding.

We must look to the future. Does the Secretary of State agree that the locally led initiative for the new structure must come from people locally and must come urgently? Can we ensure that we look into whether the council's having a cabinet system rather than a committee system was one of the reasons for the failure? The new authorities should have not a cabinet but a committee system.

Sajid Javid: I thank my hon. Friend for all the work that he has done and continues to do to help his constituents in Northamptonshire, which he has demonstrated so ably again now. I agree that any reorganisation must be locally led, which means including the districts and local people themselves in any consultation. I heard what he said about the cabinet system; I am sure those are the kinds of things at which we will look carefully.

Paula Sherriff (Dewsbury) (Lab): Will the Secretary of State confirm exactly how many local authorities have contacted him to warn him of a current or impending financial crisis?

Sajid Javid: I am not aware that any local authority has contacted me, and I am certainly not aware of an impending financial crisis. That is not to say that local authorities do not contact the Department all the time, with all sorts of issues and concerns, as they should, because that is why the Department is there.

Andrew Lewer (Northampton South) (Con): As a former leader of Derbyshire County Council, it was particularly disappointing to read in the report of the local mismanagement, which the report indicates is obviously the cause of the crisis in Northamptonshire County Council. Notwithstanding that, does the Secretary of State accept that the pressures on adult care nationwide are such that both fairer funding and the tackling of health and social care integration need to be Government priorities in the years ahead?

Sajid Javid: I thank my hon. Friend for the work that he has done and continues to do for the people of Northamptonshire. He is right to raise the pressures being felt by Northamptonshire County Council and many other councils, particularly on adult social care and children's social care. He will know that at last year's spring Budget there was a record settlement, with an additional £2 billion going into adult social care. Looking to the long term, that is exactly why we have the Green Paper, and I hope that he will provide input into that process.

Mr Kevan Jones (North Durham) (Lab): The Secretary of State talks about being crystal clear. What is crystal clear is the mess that Northamptonshire County Council finds itself in as a result of the incompetence and mismanagement of local Conservative politicians. Will he therefore issue an apology to the electors of Northamptonshire, on behalf of the Tory party, for the mess that they have found themselves in?

Sajid Javid: First, I highlight the fact that the new leader of the county council has made an apology. I say to the people of Northamptonshire that what they are looking for and have contacted us about, either through their MPs or directly, is decisive action, and that is exactly what they are getting from the Government.

Tom Pursglove (Corby) (Con): The inspector's report is clear about the issue of national funding, but in any event the shadow Secretary of State, the hon. Member for Denton and Reddish (Andrew Gwynne), and the Labour party voted against the local government finance settlement, which gave extra money to local government in Northamptonshire. I welcome the robust steps my right hon. Friend has taken to address the concerns that we Northamptonshire MPs have raised. When it comes to reorganisation, I note that any proposal has to be bottom-up—it has to come from local government in the county. Will he keep in mind the importance of the reserves that have been diligently accrued by the districts and boroughs being spent in the areas in which they have been accrued; the need for strong area representation; and the committee system, which I think would be hugely beneficial?

Sajid Javid: I commend my hon. Friend's work for his constituents in Northamptonshire. For that matter, I also commend the Under-Secretary of State for Digital, Culture, Media and Sport, my hon. Friend the Member for Northampton North (Michael Ellis), for the work that he continues to do. I commend the interest that they have both taken in the report. I very much agree with the issues that my hon. Friend the Member for Corby (Tom Pursglove) raised, particularly in respect of reserves, which of course belong to those local councils and districts. That will not change in any reorganisation. When the proposals for reorganisation come through, it is important that all the options are looked at properly so that we get the best outcome for the people of Northamptonshire.

Wera Hobhouse (Bath) (LD): I am sure we all accept that the failures of Northamptonshire County Council are not necessarily down to a lack of funding altogether, but we cannot ignore that all councils throughout the country are under big financial pressure. Core central Government funding will be cut in half over the next two years and almost phased out completely by the end of the decade. There is not yet a plan in place for how it is all going to work out. When will the Minister set out a long-term financial future for councils?

Sajid Javid: I say gently to the hon. Lady that, if she wanted to see local authorities get more funding, she should have voted for the local government financial settlement. With that vote, we increased funding for local councils throughout England in real terms for the next two years. I believe she did not vote for that.

Bob Blackman (Harrow East) (Con): I have some experience of unwinding creative accounting in local authorities, but the serious business that I am concerned about is the decision that was made to use capital funds for revenue funding. What action is my right hon. Friend taking to make sure that that does not happen, not only in Northamptonshire but in other local authorities? Will he review what is going on elsewhere in the country to find out whether other authorities are involved in such creative accounting?

Sajid Javid: My hon. Friend makes a good point. He will know that there are legitimate ways for local councils to use capital for resource, but under very strict rules. What the inspector has highlighted here is his concern that those rules were not followed, and that does require further work, which is exactly what we are doing.

Kevin Brennan (Cardiff West) (Lab): If this situation is not due to a lack of funds, then, obviously, it follows that the Secretary of State's position is that the council has enough funds to fulfil its statutory obligations, which includes providing a comprehensive and efficient library service. Currently, the Secretary of State for the Department for Digital, Culture, Media and Sport is formally investigating a complaint about the cuts, which means that the council is not providing a comprehensive and efficient library service. Therefore, does the Secretary of State for Housing, Communities and Local Government agree that those cuts should be stopped and that the Secretary of State for DCMS should report as quickly as possible on whether that complaint should be upheld?

Sajid Javid: The hon. Gentleman has highlighted the fact that it is the responsibility of DCMS to look at the statutory requirements around libraries. I will make sure that my right hon. Friend, the Secretary of State there, hears his concerns.

Mr Philip Hollobone (Kettering) (Con): I thank the Minister for his statement and agree with his recommendations on what is a sad day for Northamptonshire. We now enter quite a dangerous period between the Secretary of State's statement and the potential sending in of commissioners when, perhaps, some wrong decisions can be taken by the county council still in existence. May I ask him to look at three things: first, the sale of the Angel Square headquarters, which, if it goes through, could saddle future authorities with a 25-year rental liability; secondly, sending in the Government's library taskforce to sort out the disgraceful proposed closure of 21 libraries in the county; and, thirdly, liaising with the Home Office to transfer the fire service as quickly as possible out of the county council before further cuts are levied?

Sajid Javid: Again, let me thank my hon. Friend, who represents a constituency in Northamptonshire, for all his work and caring concern. He has raised three very important matters. On the question of the headquarters, he will know that Northamptonshire is an independent council—independent of central Government—that has to take its own decisions, but we are very alive to that situation and we are in touch with the council. It knows that there are certain requirements that it must meet. I am sure that if anything happened, it would be something that the commissioners would want to look at carefully. On the library, it is the responsibility of DCMS, but we are in touch with that Department, too. I will certainly get in touch with the Home Office on the other issue that he raises.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): The Secretary of State continues to use core funding as a way of masking the eight years of cuts that have been levied on councils across the country. Even the Local Government Association says that it does not correctly represent the cash that is available to fund public services,

[Gareth Snell]

so will the Secretary of State please stop using that number? But what I wish to ask is this: when will he meet trade unions? As he talks about reorganisations of districts, councils and county councils, there will be a number of staff who face a period of uncertainty and insecurity in their work. It is only fair that they, as well as elected Members, know what is happening during this process.

Sajid Javid: I must tell the hon. Gentleman that core funding is absolutely correctly used, because that is what it refers to—all the different sources of funding that local authorities have. If I am not mistaken, I think that that approach was actually determined by the previous Labour Government, and so I would have thought that he would welcome that. He mentioned the role of trade unions. As I have said, if there is any reorganisation—and I think that it will certainly be looked at now—then of course everyone should be involved. If trade unions have certain concerns, they should raise them during the consultation period. My understanding at the moment is that the local trade unions have come out in favour of a unitary system.

Chris Green (Bolton West) (Con): I commend the Secretary of State for his swift action with regard to Northamptonshire Council. Does he agree that this shows the importance of an open and transparent culture in local government right across the country?

Sajid Javid: I very much agree with my hon. Friend. Indeed, the independent inspector, Mr Caller, has highlighted the importance of culture and how, in this case, it failed. It is something that we need to keep in mind in the future with regard to other councils, and certainly as we reorganise this one.

Diana Johnson (Kingston upon Hull North) (Lab): So, we have a Conservative Secretary of State and we have a Conservative council that is in a mess. Can the Secretary of State tell us how things got to this point on his watch, and does he think that there are any other Conservative-controlled councils that are not fulfilling their responsibilities?

Sajid Javid: I have only a few things to say to the hon. Lady: Hackney, Hull, Stoke-on-Trent, Doncaster, Tower Hamlets and Rotherham.

Andrew Jones (Harrogate and Knaresborough) (Con): As someone who used to have responsibility for my local council's finances, I know that swift action has been critical, so I commend my right hon. Friend for taking it and for his open mind on what the new local government arrangements might look like. As he approaches this issue, will he make sure that the voices of local residents and existing councillors at district level will be taken into consideration as he plans that reorganisation?

Sajid Javid: I can give my hon. Friend that reassurance. As my hon. Friend the Member for Kettering (Mr Hollobone) has just said, this is a sad day for the council. Residents will reflect on this, but it is now important that we make the most of this difficult situation and that, when we have that reorganisation, we ensure that we listen to local residents, including, of course, the borough councils.

Lloyd Russell-Moyle (Brighton, Kemptown) (Lab/Co-op): During the local government funding settlement statement, I asked about local government funding, and the response that I got from the Chief Secretary to the Treasury was that local government had plenty of reserves. She pointed out that it had £23 billion of reserves that could be used. First, has that set a dangerous tone to local authorities that they should be spending their reserves? Secondly, does the report suggest that the privatisation of services has meant that councils cannot properly control them?

Sajid Javid: No on both counts.

Maria Caulfield (Lewes) (Con): I also commend the Secretary of State for his swift action in response to this problem. I am pleased that the inspector has said that these problems are not centred on funding. Is the Secretary of State concerned that there are other councils at risk of not being able to meet their best value duty, and what steps is he taking to identify such councils?

Sajid Javid: If we had concerns that a level existed similar to the one that materialised in Northamptonshire, I certainly would have taken action by now. That is not to say that there are not councils that we are working closely with, that we are keeping an eye on and that we provide advice to. It is important that we continue to operate in that way, that we continue to have a high hurdle for intervention, but that we do not fail to intervene whenever necessary.

GKN: Proposed Takeover by Melrose

1.47 pm

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): With permission, Mr Speaker, I will make a statement about the current takeover bid by Melrose plc for GKN plc.

Following the announcement of the bid, I spoke to the chief executives of GKN and Melrose to understand their plans, and I have done so again as the bid timetable draws to a close and changes have been made to the original terms. My quasi-judicial role requires me to treat all parties fairly and so I should disclose that I have also had a briefing with the chief executive of Dana Incorporated, which has been proposed as a partner in a transaction with GKN.

As hon. Members know, the long-standing British manufacturing and engineering company GKN is subject to a current takeover bid from the British company Melrose plc. One of the most important features of the British economy is that we have a vigorous market for corporate control. Business are kept competitive and efficient by the possibility of the current management being replaced by another set of managers if, in the view of their shareholders, they are underperforming and the company could be better run. However, uncomfortable that constant threat may be for incumbent managements, it is an important one, and acts against complacency and inefficiency, and so is in the interests of employees, customers, suppliers and taxpayers as well as shareholders. It is worth reminding ourselves that shareholders include the pension funds on which millions of working men and women rely for a comfortable retirement.

There are strict and limited grounds for ministerial intervention in proposed mergers. The limited exceptions apply where one or more of the three public interest grounds are engaged. These are those of national security, media plurality and financial stability. The Enterprise Act 2002 gave powers focusing narrowly on those grounds to refer a bid to the Competition and Markets Authority. Such a reference is possible until four months after the completion of a transaction.

I will make such an assessment following receipt of advice from the Ministry of Defence and other agencies on the final terms of a bid, if it is successful, and I will inform the House immediately if an intervention is launched.

However, beyond that formal statutory role, I am concerned to ensure that significant takeover bids shall not act against the interests of our economy, employees, or the broader set of stakeholders. It has long been recognised that companies and their directors have duties that extend beyond current shareholders alone. Indeed, section 172 of the Companies Act 2006 sets out a requirement for directors to have regard to, among other things, the interests of the company's employees; its business relationships with suppliers, customers and others; and the impact on the community and the environment. In my view, this establishes the principle that we expect interests broader than pure shareholder value to be taken into account by directors, and also in the attitude of the Government.

In the past, some takeovers have had consequences for these groups that were not only deleterious but were at odds with the indications given during takeover bids.

For this reason, a new regime was established whereby bidding companies can make legally binding commitments as to their intended conduct in the event of the bid succeeding. Having established this regime, I believe it should be used in takeover bids where the interest of stakeholders is engaged, as is clearly the case here. GKN is a valued employer, directly and through its supply chain, and it plays an important role in Britain's automotive and aerospace sectors. Through its research and development, it has a vital role to play in our industrial strategy. It benefits from Government-sponsored contracts and participates in sectors that enjoy active engagement from Government-sponsored R&D programmes. It also carries responsibility for a large number of pensions that depend on GKN's prosperity to fund the pension scheme, which is currently in deficit.

Melrose's business model is based on acquiring, improving and selling businesses to new owners after a small number of years. While this approach can have advantages in terms of efficiencies, tensions can arise between it and the need for long-term investment and stability for important relationships. With the deadline for the offer period closing on Thursday, and without prejudice to my use of Enterprise Act powers—which, as I said, operate according to a longer timetable—I believe that Melrose should set out more clearly its intentions towards wider stakeholders and, specifically, make commitments concerning them in a legally binding form before the opportunity is lost with the closure of the offer period.

Accordingly, I wrote to Melrose yesterday asking it to set out clearly its proposed commitments, including on maintaining the business headquartered and listed in the UK; maintaining a UK workforce and respecting their employment rights, as well as engaging closely with their representatives; continuing to pay tax as a UK taxpayer; continuing to invest in R&D programmes that are crucial to our industrial strategy; investing in the training and development of the workforce, including in apprenticeships; treating suppliers well, including the prompt payment of suppliers; and making arrangements for current and future pensioners that are to the satisfaction both of the trustees and the independent Pensions Regulator.

In addition, stable ownership and financing is an important part of the underpinning of trusted relationships that particularly characterise the defence sector. That stability is also important for research and development partnerships, which, by their nature, endure over many years, whereas Melrose's model has been built on short-term ownership. I have therefore sought a legally binding commitment from Melrose to greater continuity of ownership specific to the defence-related businesses and to excluding the option of a short-term sale of this business without the prior consent of the Government. I have also made it clear that in the event of a successful bid, the Ministry of Defence would look to require a legally binding commitment relating to the management of any defence contracts. It is important to emphasise that these would be voluntary commitments by the company, over and above questions of the use of Enterprise Act powers. But I do think it is right that these wider issues of public concern should be addressed by Melrose before the bid closes formally. Melrose has earlier today given a response to my letter that I will place in the Libraries of both Houses, alongside my letter.

[Greg Clark]

Subject to the powers that I have described, it is for shareholders of GKN to decide which management team they wish to run their company. But my strong belief is that where broader interests are at stake, and having established a new regime in which legally binding commitments about the future can be given, they should be used before the opportunity to do so expires. I will continue to keep the House up to date at every phase of these proceedings. The House can be assured that I will carry out my responsibilities seriously, meticulously and fairly in representing the public interest in the future of such an important company. I commend this statement to the House.

1.54 pm

Rebecca Long Bailey (Salford and Eccles) (Lab): I thank the Secretary of State for today's update. Sadly, however, the letter sent by the Government yesterday and the response by Melrose offer very little certainty and raise even more questions.

First, it was on 8 January 2018 that the board of GKN received a preliminary and unsolicited proposal from Melrose to acquire the entire share capital of GKN. Melrose put in its formal offer on 1 February. Concerns about Melrose's plans had been raised by trade unions, Members of this House and the media for months, yet it took until 26 March for the Government to write to get some assurances from Melrose. So why did the Secretary of State wait until the last minute?

My second question concerns the enforceability of the assurances themselves. Which of the assurances and commitments given by Melrose in its letter of 27 March are actually legally enforceable and binding, because on my reading of the letter, it seems that very few are? Specifically, can the Government confirm that the commitments given under the heading "Takeover Panel enforceable undertakings" are indeed enforceable and will be enforced by the takeover panel? Can the Government also confirm that all the commitments below the paragraph headed "Long-term commitment" are totally unenforceable? What powers do the Government have to enforce any of the empty promises from page 2 onwards that are not post-offer undertakings? My discussions with the takeover panel suggest that enforceability is indeed limited to the areas referred to in Melrose's letter under the heading "Takeover Panel enforceable undertakings". I must also express concern regarding the "flexibility" that Melrose requests in relation to any offers it receives to sell the aerospace division prior to 2023. What will the Government do to protect this business and, indeed, the other elements of the business that are not even referred to in Melrose's letter? Do we take their omission as a clear indication that they will not be protected?

My third question is about the substantive content of the assurances. Why did the Government not ask for or receive any post-offer undertakings on maintaining or increasing employment at GKN over a 10-year period? These can clearly constitute post-offer undertakings under takeover code. Indeed, when SoftBank took over Arm Holdings, it promised to increase the total number of UK Arm group employees to at least double the total number as at the takeover date. It is also not clear why Melrose did not include UK tax residency as a

post-offer undertaking. Similarly, I would argue that many of the things that the Government asked for were weak and meaningless. For example, when the Government asked for the maintenance of a UK workforce, what did they actually mean? Is one employee in the UK enough to fulfil this condition? Similarly, on investing in the training and development of the workforce, how much, and by what time?

My fourth question concerns the Secretary of State's powers under the Enterprise Act 2002 to block the bid on national security grounds. It would be helpful if he confirmed that Melrose has indeed waived the condition to get the approval of the Committee on Foreign Investment in the United States. More importantly, the Secretary of State still has the powers to block this on grounds of UK national security, so will he confirm unequivocally today whether he will do this?

Finally, there are reports that merger arbitrage funds are planning to accept the Melrose offer, but as they are holding derivatives of GKN shares, they will not pay stamp duty on the transaction. Will the Secretary of State undertake that if Melrose does indeed proceed with this offer, the Government will investigate all share dealings to ensure that the correct stamp duty has been paid?

If the Government think that today's weak, late and unenforceable assurances from Melrose are sufficient, then they are deeply mistaken. There is nothing to assure workers, nor to put to bed concerns about our industrial strategy and national security. As my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) so eloquently stated recently, GKN is a jewel in Britain's industrial crown that employed generation after generation. It needed a Government prepared to fight for its future, and I am afraid that the response so far has been far less than adequate.

Greg Clark: Everyone in this House, on both sides of the Chamber, agrees that GKN is a very important company that is crucial to vital R&D work and employs thousands of people across the country. That is why I consider it important, over and above my statutory powers—I have explained very clearly that this is without prejudice to the use of those powers—to encourage the bidder to set out much more clearly than it has done so far its intentions on many of the matters that the hon. Lady mentioned, such as research and development, being based in the UK, and a commitment to the length of tenure of this very important aerospace business. That seems to be an appropriate action at this stage in the proceedings.

Of course, this is a contrast to the sorry situation that arose—there are Members in this Chamber who will remember this—during the time in which the hon. Lady's party was in government, when Cadbury was sold to Kraft and a plant that was expected to be kept open was closed forever. In response to that, when we came into government a regime was established that allowed legally binding undertakings to be given. I have said repeatedly in this House and to hon. Members that, given that that regime exists, I expect it to be used. I was not satisfied with the degree of commitments that had been given so far by Melrose, so I think that it was the right step, over and above my statutory powers, to set out those concerns in writing and to invite Melrose to respond to them.

The hon. Lady knows very well the statutory powers that I have. Again, they were passed when her party was in government, under the Enterprise Act 2002. The question of national security is a quasi-judicial one that will be addressed separately. It is not a subjective decision that I can take. It has to be based on a clear assessment. I make the commitment that I will take that assessment meticulously. There is a closing window for this bid, and it is right to use that window to obtain statements as to Melrose's intentions.

The hon. Lady asked questions about the enforceability of the commitments. Melrose has said in its response that it is in discussion with the takeover panel. I regard that as the best way to lodge the commitments, so that they are enforceable with severe penalties, including contempt of court, if they are broken. The takeover panel monitors the adherence to the commitments after the event, were the bid to be successful. On security, the hon. Lady also asked about the company's conversations with the US Administration. It is the case that the company took a decision to waive that condition.

The hon. Lady asked a question about commitment to the workforce. I have met the trade unions twice now. I specified in my letter to Melrose that I expected it to make a commitment to deal fairly with the trade unions in order to ensure that the future of the workforce is taken seriously, in lockstep with the trade unions. That is important. She also made a point about the avoidance of stamp duty. Clearly, any taxes that fall due ought to be paid.

I hope that the hon. Lady and the House—whatever their assessment of the bid—would, in recognition of the powers available, think that it is the right step to approach the bidder at this stage, before the timetable closes, in order to set out in a way that can be enforced for years to come, undertakings against which it can be held to account. That is the basis of my letter to the company.

Rachel Maclean (Redditch) (Con): I thank the Secretary of State for his statement. Like many colleagues, I have a constituency interest in the matter. As he knows, because he has been kind enough to meet me, the global headquarters of GKN is in Redditch. Some 260 people, many of whom are my constituents, have been told that their jobs will go if this takeover goes ahead. I welcome the commitment that he has been given by Melrose to maintain the UK headquarters for a five-year period. What does he understand that this would mean for my constituents in Redditch?

Greg Clark: It is important that we recognise the benefits and valued presence of GKN in many parts of the country. It is a pivotal UK engineering firm, with a long heritage. The commitment that I obtained from Melrose was for that to continue, and that is what it has set out, but it is for shareholders to judge the decisions that the future management may make.

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I thank the Secretary of State for advance sight of his statement. He is right to seek undertakings at this stage, because the concerns are many and varied, including: taxpayers' money being used in GKN's programmes; defence contract concerns; and the location of GKN's headquarters. Another concern

is security of employment, as Melrose is not known for its hesitation in stripping out what it sees as unimportant to its aims. There are concerns about training, research and development, and the long-term security of sensitive intellectual property, and there are written concerns from the Pensions Regulator that the pensions of employees could be seriously weakened by the proposed takeover.

I understand from the Secretary of State's statement that he will place Melrose's response in the Library, but will he give the answers to my questions in the House today? Is he confident that the Melrose line of, "Buy, improve, sell" is not in actual fact likely to be, "Buy, strip and sell what is left"? What detail will he require to be satisfied of this, or is it, in Melrose's words, to be done "in good faith"? If the Secretary of State for Defence is to receive assurance for his "serious concerns", will he come to the House to confirm that he is happy with the answers given? Will the Secretary of State outline the mechanism by which Melrose will guarantee that jobs will not be shipped abroad, and that the pensions of GKN workers will be fully funded? Finally, will he assure the House that he will intervene if any of the questions asked about the many concerns that are left remain unanswered?

Greg Clark: I have set out in terms in my letter to Melrose and in my statement that, in many respects, the model of short-term ownership—especially for assets connected with defence purposes, in which long-term relationships are important—is in tension with the model of these industries. That is why I set that out, outside the statutory determination that I have to make. I suggested that the commitments that Melrose makes are legally binding. The takeover panel provides one mechanism for that, which I commend, but there are other ways in which the undertakings could be made legally binding.

The hon. Gentleman asked about the assessment of the Ministry of Defence. At the close of the bid—when all of the facts are known, including what has been said this morning—the Ministry of Defence and other agencies will make an assessment and advise me on whether there are grounds for an intervention in the interests of national security. I have made a commitment to this House that I will take that expert advice seriously and meticulously, and will make a decision when I have it before me.

On pensions, Melrose and GKN have been in discussion with the pension trustees and with the Pensions Regulator. It is for the Pensions Regulator to determine whether the arrangements are satisfactory for the interests of not just current, but future pensions.

Chris Skidmore (Kingswood) (Con): Many of my constituents have bitter memories of the promise made to keep open the Somerdale factory site in Keynsham when Kraft took over Cadbury, under the previous Labour Government. That factory site is now closed and is a housing estate. What commitment can the Secretary of State give to my constituents that this will be different, and that these legally binding commitments will be properly enforced this time?

Greg Clark: My hon. Friend makes an excellent point. I have visited the site he mentions. That situation was a breach of the indications given during the bid, which is

[Greg Clark]

why this regime of legally binding commitments was introduced. It is my view that such a regime exists not simply to be available in principle, but to be used in practice. The force of the law applies to adherence to those commitments in a way that sadly was not the case with Kraft and Cadbury.

Rachel Reeves (Leeds West) (Lab): May I ask the Secretary of State why it took until three days before shareholders had to vote on this bid for you to write to Melrose to get some assurances, which are frankly pretty limited? It is too late in the day now for you try to drive a harder bargain—not you, Mr Speaker; you would drive a very hard bargain. The Secretary of State says it is still possible to call this in, but the takeover has been hanging over GKN and its employees and wider stakeholders for more than two and a half months now. What more information do you need to gather to decide whether to call this in? When will the Secretary of State finally make a decision on whether or not to call this in? It is too late now, isn't it?

Mr Speaker: Order. Before the Secretary of State replies, I say this with great courtesy to the Chair of the Select Committee. It was in fact raised at the morning briefing meeting which I chair, accompanied by the Deputy Speakers and senior procedural advisers, that there has been an unhealthy tendency recently for Members to start using the word “you”. In case people observing our proceedings wonder what the fuss is about, “you” refers to the Chair, and debate must be conducted, as ordinarily the hon. Lady would do, through the Chair, and Members are referred to in the third person. There is good reason for that: it preserves the basic civility of our exchanges. I accept that it was accidental—the hon. Lady, in her passion, got carried away—but we must now return to good order, exemplified, I am sure, by the characteristic courtesy of the Secretary of State.

Greg Clark: I would say to the Chair of the Select Committee on the point about the statutory grounds that it requires an assessment when all facts are known of the implications for national security. That will come to me, and I will make a decision on that basis once the bid has closed. I observed her Committee's scrutiny of the bid and of GKN itself. She asked for commitments to be given beyond what is statutorily required. I think she was right to do so. She was not satisfied with the response to that. I would have thought she would welcome the opportunity of my using my influence at this stage, before the bid closes, to push the company further to state clearly in the public domain, so that people can make a decision, very important matters concerned with the length of ownership and the investment in research and development that go beyond the commitments made to her Committee. I think it is welcome that they are in the public domain. It is now for shareholders to decide, and I will make a decision on my statutory powers when I am in receipt of the assessment from the security authorities.

Jack Lopresti (Filton and Bradley Stoke) (Con): I welcome my right hon. Friend's statement and congratulate him on it. I know that he and his Department have done lots of work over recent times on this very important

issue. That will provide some comfort to thousands of GKN workers in my constituency, but obviously there is still a process to go through and an end to reach. Does he agree that it is vital that we continue to protect our sovereign defence manufacturing capability, not only on the grounds of national security and our ability to produce platforms and equipment to defend ourselves, but post-Brexit, in terms of exports, global Britain and all that?

Greg Clark: I completely agree with my hon. Friend. This has been a successful business, and whether we are talking about the defence industries or the aerospace sector, these are areas of British strength in which we expect and want to see improved export performance around the world. For all the reasons that he describes, it seems important, before the opportunity is taken away through the closing of the bid, notwithstanding the fact that these are voluntary undertakings, to press the company to make clear its intentions.

Jack Dromey (Birmingham, Erdington) (Lab): I led the battle against the Kraft takeover of Cadbury. That was wrong then, as the Melrose takeover of GKN is wrong now. The commitments that have been given—less on research and development, no guarantee that it will all be done in this country, five years on aerospace in a sector that typically thinks 15 years ahead, and no guarantees on Driveline—are simply not good enough. Those are “guarantees” that do not go far enough. This cannot be the last word. I have two questions. First, will the Secretary of State be seeking further undertakings from Melrose? Secondly, can he confirm unambiguously that, if advised that there are defence and strategic grounds that merit it, he will intervene and block this hostile bid?

Greg Clark: Given the hon. Gentleman's experience of Cadbury and Kraft, he will know that there was no possibility of taking any legally binding undertakings as to their future behaviour. We saw the consequences of that, as my hon. Friend the Member for Kingswood (Chris Skidmore) said. I have been very clear with the House that what has been extracted from the company by way of commitments is without prejudice to my statutory powers. Of course I will make the decision seriously, following expert advice from those concerned. In terms of commitments, the bidding company made certain statements in response to the Select Committee. It has made further statements in response to my letter. I dare say that the views of Members expressed today will be heard by both companies concerned and can be taken into account in the remaining days of the bid.

Luke Hall (Thornbury and Yate) (Con): I welcome the Secretary of State's statement. The shareholders include many of my constituents, who are relying on pensions from GKN. Can he reassure me that any decision taken by his office will be in the interests of all the people who are relying on those pensions for a comfortable retirement?

Greg Clark: I have been very clear with the company and in my discussions with GKN that the welfare of current and future pensioners is extremely important. We have a Pensions Regulator, which has the ability to scrutinise and advise on these matters, and the trustees

are independent of the company. As I said in my letter, the pensions arrangements should be to the satisfaction of both.

Stephanie Peacock (Barnsley East) (Lab): One of the most pressing issues when there are major corporate changes in an employer is pension security, as the Secretary of State just outlined. Can he expand on what assurances have been given? Has he looked at the British Steel scheme, where members transferring to the Pension Protection Fund have been told that if there are processing delays by the Government, they may lose some of their pensions? Will he or another Minister meet me urgently, as the deadline on that issue is tomorrow?

Greg Clark: I would be very happy, either by myself or with a colleague, to meet the hon. Lady. For matters of pensions, including steel pensions, the Pensions Regulator is quite rightly there to operate independently of Government and of the companies, to ensure that fair decisions are taken. That is a good arrangement, but I am happy to arrange the meeting she asks for.

Kevin Foster (Torbay) (Con): I welcome the Secretary of State's statement. In relation to the defence contract, is he aware of Melrose talking to the Ministry of Defence? What information will he seek from the Ministry of Defence in coming to a decision on a quasi-judicial basis in relation to whether there are national security concerns?

Greg Clark: I am grateful to my hon. Friend for his question. My understanding is that there have been discussions between the Ministry of Defence and Melrose. Should the bid be successful, the MOD and other agencies would then need to form a view as to any consequences it had for national security and advise me accordingly.

Layla Moran (Oxford West and Abingdon) (LD): I have a constituency interest: the GKN Innovation Centre lies in Abingdon. Under the 2002 Act, the Minister is able to test whether or not such takeovers are in the public interest, but only for very specific things. Does this not show us that we need to look again at the public interest test, so that it can look at things such as the industrial strategy and the UK's capability to deliver R&D?

Greg Clark: R&D was one of the important matters that I specified in my letter about which it is in the public interest for commitments and assurances to be given. Commentary has been made on that, and the hon. Lady will want to study what has been said, in particular about Abingdon. The tests for public intervention are long standing, consistent and required by European law, and they relate to financial stability, media plurality and national security. For many years, they have limited the grounds for intervention, which is why it seems right and appropriate, where there are wider issues of concern, that I should use my ability to write to and press the company to be clear about its intentions.

Jeremy Lefroy (Stafford) (Con): What manufacturing industry in the UK needs is long-term, patient investment, as exemplified by companies such as JCB, Rolls-Royce and Toyota—all in the west and east midlands. What we see in this case, however, is a company willing to come in for a few years, make short-term gains and pass back

all that money to shareholders, with very little investment, which is not in the long-term interests of the UK economy. I accept that the Secretary of State is limited in what he can do now, but will he take another look at this whole issue and at where we can promote long-term, stable investment in manufacturing? That is precisely not the approach exemplified in this case.

Greg Clark: Such long-term commitments and partnerships are important, which is why they were among the concerns I raised with the bidding company, although it is obviously a matter for shareholders to decide. It is fair to observe that GKN has also proposed to make some changes to the ownership of its activities on the automotive side. My hon. Friend is absolutely right about our commitment to the very successful focus of our industrial society on the automotive and aerospace sectors, and I expect the owners of GKN—whether the existing management or an alternative—to maintain that very deep involvement in a very successful set of arrangements.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): The Melrose commitment not to sell the GKN aerospace division before 2023 falls well short of the investment cycles of 20 to 40 years needed in the aerospace industry. It also fails to meet the concerns expressed by companies such as Airbus about the security of the long-term availability of the products they need. Will the Secretary of State commit to take whatever action is necessary, including blocking the bid, to preserve this division?

Greg Clark: The hon. Gentleman, who formerly chaired the Select Committee, went through the experience of Cadbury and Kraft and knows there is no ability to extract commitments on these matters. I know from speaking to him about this that he thinks the use of the new powers is a step forward in that respect. When it comes to investment in the future, it is for shareholders to compare the approaches offered by the management. He knows very well the powers I have and the regime I operate under, but, as I have told the House, on the grounds that I can consider, I will look very carefully at the advice I am given on the question of national security.

Lucy Allan (Telford) (Con): I welcome the statement from the Secretary of State and the undertaking he has secured from Melrose in the event of a successful bid. GKN has long been an important employer in Telford and many of my constituents are GKN pensioners, so does my right hon. Friend feel comfortable with Melrose making special dividend sweeteners to shareholders of over £1 billion while making only a small contribution to the pensions deficit?

Greg Clark: It is paramount that the interests of pensioners should be secured. I have said very clearly that I expect the Pensions Regulator and the trustees to be satisfied in relation to both camps—GKN or Melrose—that pensioners' interests are being considered and protected, and that must of course come before the pay of executives.

Mr Jim Cunningham (Coventry South) (Lab): Has the Secretary of State received a commitment from this particular company, which is well known for short-term investments, on longer-term investments? In the defence industry and in manufacturing in general, everybody—and I have worked in the defence industry—knows that any

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project runs beyond five or possibly 10 years, so such a commitment is needed to guarantee employment in this area. Has he been given any such commitments?

Greg Clark: I agree with the hon. Gentleman, who knows the industry well and with whom I have discussed this matter. That is why I consider it important to request and advise the company to be clear about its commitment to research and development. In its reply to me, it has made some statements about that, which he and others can evaluate, along with some specific commitments about the level and nature of R&D. His description of the need for such a commitment to research and development is absolutely right.

Richard Burden (Birmingham, Northfield) (Lab): Most of the undertakings that Melrose has given in answer to the questions that the Secretary of State put to it will expire after five years. As the Secretary of State has already heard, lead-in times for the aerospace and defence industries can be five, 10, 15 or 20 years, and Airbus has said that Melrose's business model may threaten its ability to continue to be a customer of GKN. Does the Secretary of State consider the undertakings given by Melrose to be satisfactory or sufficient answers to the questions he has asked?

Greg Clark: It is not for me to evaluate the competing bids, given that I may have a quasi-judicial role in determining whether to intervene. However, I thought it was right to set out the areas on which I would invite the bidder to state its intentions so that those intentions are clear not only to shareholders but to this House, including the hon. Gentleman, and members of the public, and they can make their own assessment.

Kelvin Hopkins (Luton North) (Ind): I have constituents who work at the GKN plant in Luton, and I recently met trade union representatives who are understandably concerned about the future. Older Members in the Chamber, of whom I am one, will remember that hostile takeovers, merger mania and short-termism were core factors in the devastating era of asset stripping and deindustrialisation that led to the disappearance of vast tracts of British manufacturing and to our current yawning trade deficit. The Government are paying at least lip service to an industrial strategy, so will the Secretary of State now make that strategy real by stepping in to save one of our most historic and valuable manufacturing companies by simply stopping this takeover?

Greg Clark: The hon. Gentleman is aware of the regime under which we operate. I hope that he agrees that it is right, before the shareholders make their final decision, to encourage the company to set out more clearly than it has done its future intentions, not only so that that information is known, but so that, where it makes commitments, were it to succeed, it can be held legally to account for those.

Wayne David (Caerphilly) (Lab): The Secretary of State specifically referred in his statement to the importance of the defence sector. However, the reply from Melrose to him, which I have looked at, states in one short sentence that it

"will execute a deed of undertaking in favour of the Ministry of Defence".

One legal point of view is that that is a weak legal basis to base that on. Will he or the Secretary of State for Defence come to the Chamber at an appropriate time to give their response to that letter and indicate whether they intend to take action under the Enterprise Act 2002?

Greg Clark: When I receive the appropriate advice and make a decision as to whether an intervention is required, I will of course inform the House.

Mr Kevan Jones (North Durham) (Lab): I thank the Secretary of State for his statement. He rightly raises the importance of GKN to our defence sector. In his statement, he said that

"in the event of a successful bid, the Ministry of Defence would look to require a legally binding commitment relating to the management of any defence contracts."

What assurances has he had from Melrose about the protection of GKN's intellectual property and classified contracts, particularly in relation to their sale to countries that we see as a security threat? Not only would that be a threat to UK security, but it would hinder our future co-operation with our "Five Eyes" partners in developing new technologies.

Greg Clark: These are all precisely the issues on which Melrose is required to reach agreement with the Ministry of Defence, for all the reasons that the hon. Gentleman states.

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): The Secretary of State perhaps has a somewhat nostalgic view of what shareholders might do in the interests of this company. From the litany of disastrous takeovers in years gone by, it is clear that shareholders often do not act in the best long-term operational and industrial interests of British industry, and we need to challenge that in this House in redefining company law. Given that Melrose's practices are at odds with the ambition of GKN, will the Secretary of State consider whether the five-year time limit is long enough? Does he agree that we should consider reforming company law to ensure that shareholders genuinely act in the long-term industrial interests of British industry?

Greg Clark: I hope the hon. Gentleman will reflect that this is the first time a set of concerns outside a Secretary of State's statutory powers has been laid before a bidding company, with the ability to discharge them through legally binding undertakings. I was very clear that section 172 of the Companies Act embodies a range of commitments that go beyond those just to shareholders. I hope the hon. Gentleman would agree that, by taking the action I have, I have reflected the wider concerns that exist.

Darren Jones (Bristol North West) (Lab): Many of my constituents in north Bristol rely on work with GKN and its largest supplier Airbus, including for the A400 military aircraft carrier. Both the Secretary of State and Airbus have said that a short-term approach to ownership is not compatible with the long-term interests of the defence sector, so if the Secretary of State will not intervene in this hostile takeover, will he seek to extend the five-year period, which we have heard is not long enough? In doing so, will he speak with Airbus about what the appropriate length of time should be?

Greg Clark: The decision in terms of the implications for national security has to be taken under advice. I think I have been clear to all Members that that is not a subjective decision. It has to be based on the formal advice that I take from the expert agencies involved. I set out in my letter to Melrose that I thought it was necessary for it to set out its intentions with regard to the period of ownership, specifically in relation to aerospace. Without that we would have been in the dark as to its intentions. It is helpful to know what that period is and for it to be legally enforceable. The suggestion is that only with the consent of the Government could it make any change before then.

Vernon Coaker (Gedling) (Lab): May I press the Secretary of State? The F-35, F-18, Chinook and Black Hawk helicopters are all defence contracts with which GKN is involved. What assurances did he seek from Melrose in relation to those contracts? I think all of us in this House are worried about the implications for defence, were the bid to be successful.

Greg Clark: The hon. Gentleman, who served as a distinguished Defence Minister, knows that these are squarely in the field of national security, for which there are statutory powers on which I will be advised by the Ministry of Defence and the agencies. What I have been discussing today are areas that are outside that statutory regime. There is still a very profound public interest that Melrose should set out its intentions. That is what it has done and that is now in the public domain.

Frank Field (Birkenhead) (Lab): You, Mr Speaker, have a well-known prowess on the tennis court. If I had a fraction of those skills, I would have made it for the beginning of the statement, but I did at least beat the delivery of the statement, so I am immensely grateful to you for calling me.

The Secretary of State talks about the role of the Pensions Regulator. He does not know, I do not know and no pension trustees know on this deal which is the best longer-term buy to go for. Will he put forward and defend the strategic interests of pensioners by waiting for the Pensions Regulator to report to him on where the long-term interest lies, and block the deal if the strategic interests of pensioners are not met?

Greg Clark: I am grateful that the right hon. Gentleman made it for the statement. The role of pensioners is of course very important and it is why I set it out there. The Pensions Regulator, as I understand it, has been in discussion with the trustees, and it is for the Pensions Regulator to form its view. The right hon. Gentleman knows very well that media plurality, financial stability and national security are very specific grounds. They do not include, in terms of that statutory regime, the consideration of pensions, but I set out in my letter that I expect that the trustees and the Pensions Regulator should be satisfied that either proposal will operate in the interests of the pensioners.

Points of Order

2.34 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): On a point of order, Mr Speaker. I seek your advice on how to get Foreign Office Ministers to respond adequately to Members' questions, especially when life is at risk. Liam Colgan, from Inverness, has been missing in Hamburg since 10 February and his disappearance is causing his family enormous distress. Despite writing to Ministers a month ago and raising the matter with the Leader of the House in this Chamber, the response still fails to answer the specific questions his family have asked with regard to the support they require to find him and bring him home. How can I get answers from the Ministers on behalf of his family?

Mr Speaker: I am most grateful to the hon. Gentleman for his point of order. I must advise him, with reference to the precise wording of his point of order, that the Chair has no responsibility for guaranteeing what he referred to, namely adequacy. The question of the adequacy or otherwise of a ministerial response cannot be a matter for the Chair, save in so far as the question involves timeliness. Ministerial replies to questions should be timely. Moreover, it is a convention, I think one now generally accepted, that Ministers should provide substantive replies. A continual stream of holding replies—"I will reply to the hon. Member as soon as possible"—really does not cut the mustard. I think the Leader of the House tends to chase ministerial replies to Members and it is right that that should be so.

More widely, my advice to the hon. Gentleman, seeing as he clearly invests in me great power, potential influence or even wisdom, is to say to him one word beginning with p and ending in t: persist, man! Persist! Persist! Persist in putting down questions and framing them in terms that are so clear that there can be no means, entirely inadvertently of course, of a Minister failing to see the purport and responding thereto.

Lisa Nandy (Wigan) (Lab): On a point of order, Mr Speaker. Over many decades through the child migration programmes, the UK Government, churches and charities sent British children in their care overseas. Many of those children were physically, sexually and emotionally abused. They were separated from their families, and they were wrongly told that they were dead. Earlier this month, the independent inquiry into child sexual abuse published a report that recommended surviving child migrants be paid compensation urgently; many have died and others are seriously ill. Originally the Department of Health and Social Care had lead responsibility for this matter, but when the report was published the Home Secretary published a written statement to this House. When I asked further questions of the Home Office, however, they were answered by the Department of Health and Social Care. I have spoken to the Table Office and we cannot get to the bottom of who is actually responsible. This has made it almost impossible to hold anyone to account. I am concerned that this reflects a lack of urgency and priority to this matter within Government. Can you advise me, Mr Speaker, on how, given the confusion within Government about who is actually responsible, Members can progress this important matter?

Mr Speaker: I am grateful to the hon. Lady for her point of order. She too, like the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry), should persist. She can of course table further written questions. However, given the evident urgency of this matter, not least because of the age and state of health of some of the people involved, my strong advice to her would be to persist in the Chamber. How she does so is a matter for her, but ultimately government is one and indivisible. It is in the interests of the House and of all Members that they should know which Department is handling a matter. It is really quite an elementary principle, but if there is ambiguity about that it must be resolved. The best course of action for the hon. Lady is to seek to raise these matters, perhaps even at the very highest level, in the Chamber.

I hope that the hon. Lady and other Members will take it in the right spirit when I say that my advice is that she should make a thorough nuisance of herself in the Chamber, in an entirely orderly way, by raising the matter as often as is necessary to secure clarification. That might mean raising it tomorrow, at business questions and every day for an appreciable period. That should not be necessary, but if that is what is necessary, that is what she should do. There will always be a friend in the Chair when Members from either side of the House and from whatever party try to pursue matters in that way.

Discarded Needles (Offences)

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

2.40 pm

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): I beg to move,

That leave be given to bring in a Bill to make it an offence to discard needles in public places in specified circumstances; and for connected purposes.

It is important for the House to understand why I am bringing this Bill forward, and why the existing law fails to make adequate provision for the act to which I refer. I believe that the Government should legislate for a new offence of discarding used drug needles in a way that recklessly or intentionally puts other people in danger.

In October last year, my four-year-old constituent, Riley Ashton, was playing after school in the public play area behind Tees Street in East Loftus in my constituency. One place in which Riley and his friends like to play is a sort of natural den created by bushes at the side of the park. It was here that Riley discovered an open handbag dangling from one of the branches. Inside it were 40 to 50 dirty hypodermic needles, discarded by local heroin addicts. Notwithstanding the danger, Riley seized a handful of the needles and ran to his mother shouting, "Look Mummy, stabby needles!" We can all imagine the sheer horror and panic that Paige experienced as she saw not just the contents of her son's hand, but that it was bleeding. Needless to say, Riley was rushed to the James Cook University Hospital, where he spent the night undergoing an exhausting series of tests for HIV and hepatitis. Paige was then told she would face an agonising three-month wait before the results of those blood tests would be returned.

I pay tribute to Paige for her courage in bringing this story to my attention and for challenging the drug users and dealers in Loftus who make a misery of other people's lives and rely on people being too scared to speak out. Her dignity is hugely impressive and she deserves better protection from the state than we have been able to give her so far.

Following Paige informing me of this incident, I took a number of steps to try to prevent such a thing from happening again. I contacted the excellent chief executive of Redcar and Cleveland Council, Amanda Skelton, who committed that authority staff would conduct regular sweeps of the play area to keep it safe, as well as cutting back the shrubbery in which the incident occurred. The council already has a well-established and important commitment to responding to any reports of discarded drug paraphernalia within two hours. That is really important and I hope that it will continue.

I also contacted the then chief constable of Cleveland police to request a greater police presence in the area in an attempt to keep drug users away. The park was duly added to the patrol pattern of local police community support officers. Today is not the day for this, but I believe that Cleveland police need to allocate greater resources to rural East Cleveland, which too often feels like the forgotten area of their patch. I will raise that issue separately with our new chief constable.

Riley's incident has subsequently, I am pleased to say, led to the establishment of a drug-related litter working group that is exploring ways in which this nuisance can

be stamped out. Although that is welcome, it is local in scope. I therefore also asked the House of Commons Library to look into what criminal sanctions exist for people who put the public at risk in this way. I was shocked to discover that the only offence with which an individual who discards used needles can be charged is that of general littering under part IV of the Environmental Protection Act 1990. Just consider that for a moment: an individual can inject themselves with heroin, itself a criminal offence, go on to discard their needles in a way that endangers the lives of children and others, and be given nothing more than a fine for littering. I find that pretty staggering. The moral difference, both in intention and consequence, between discarding used drug needles and, say, a sweet wrapper, is patently obvious, and yet the law as it stands fails to recognise this difference.

Let us be clear: we are never going to eradicate the scourge of hard drugs in our society. There are users in every constituency in our country and we need to help and support those people to get clean if they want to. However, most users manage to dispose of their needles in a sensible way. What happened to Riley in Loftus is different. I can see no way in which the needles were placed in a children's play area, in their den, in a way that positively invited them to investigate without a sick intention to cause harm to a child. For that reason, I believe the Government should look seriously at creating a new criminal offence of recklessly or intentionally discarding used drug needles. This happens too often in Redcar and Cleveland, and I am certain elsewhere, for us to tolerate it any longer.

Since I became the local MP last summer, I have had reports of discarded needles from other towns in East Cleveland including Saltburn and Guisborough, as well as Middlesbrough and Redcar. Many other colleagues must be similarly affected. In 2005, a Government consultation opted against changing the law on the basis that it was unlikely that users would inject themselves or discard their needles in view of those in authority who might hold them to account. I make two points on that. First, the rise of CCTV and the growing sophistication of DNA testing means that fewer and fewer cases would be genuinely off record to authorities, if the will existed to deliver prosecutions. Secondly, in a close-knit community such as Loftus, local people and the police have a very shrewd idea of who the main offenders are. I simply do not accept that there are insuperable barriers to prosecution.

In Loftus, these people form a small minority in a town where there is a fierce desire to change things for the better. Loftus has faced really difficult times in recent years, driven both by the loss of traditional jobs and the fact that many troubled families have been placed there from elsewhere in the authority area. However, there are some amazing people in the town and great organisations, such as the Rosecroft Action Group, Loftus Accord, the Loftus co-op and the Friends of Loftus Library, who are bringing people together who want to smarten things up, attract new jobs and restore a sense of pride and purpose. I am very proud to work with them all and they would all want me to emphasise that there is much more to Loftus than a problem with drugs.

For those who love cycling, Loftus will feature in this year's East Cleveland Klondike grand prix race, showcasing the beautiful local countryside and proving that North Yorkshire does not have a local monopoly on stunning scenery. It has a fantastic market square and a great number of small new businesses are opening up, including two that I have had the pleasure of opening recently—Mad Alice's Micro Bar and Miss Fisher's Emporium. I pay particular tribute to two of the local councillors, Wayne Davies and Mary Lanigan, who work tirelessly for the betterment of their community. All this hard work, investment from the Big Local and the transformative potential of the new Woodsmith mine mean that there is hope in Loftus when for too long, there has been none. To build on this, we must ensure that we have the legislative tools in place to ensure that we can crack down on the discarding of used needles.

I conclude by telling the House that I have recently been informed that Riley's blood-test results have come back clean, and that he is safe and well. However, I am also very conscious that we might not be so lucky next time. I believe that we have it in our hands to give the police the powers to ensure that this is a tragedy averted, rather than one waiting to happen. It is therefore in hope that I recommend my Bill to the House.

Question put and agreed to.

Ordered,

That Mr Simon Clarke, Anna Turley, Luke Graham, Julia Lopez, Vicky Ford and Eddie Hughes present the Bill.

Mr Simon Clarke accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 23 November, and to be printed (Bill 191).

EU Referendum: Electoral Law

Emergency debate (Standing Order No. 24)

Mr Speaker: We now come to the emergency debate on the EU referendum and alleged breaches of electoral law. This debate, as colleagues will know as I informed the House yesterday, can run for up to two hours.

2.48 pm

Tom Brake (Carshalton and Wallington) (LD): I beg to move,

That this House has considered the EU referendum and alleged breaches of electoral law.

Thank you, Mr Speaker, for helping to facilitate this debate, which as you said yesterday, was in order for an emergency debate under Standing Order No. 24. I start by reminding colleagues of what the Prime Minister said yesterday about Brexit:

“They want us to get on with it, and that is what we are going to do.”—[*Official Report*, 26 March 2018; Vol. 638, c. 525.]

She also dismissed concerns about Vote Leave’s activities, in answer to a question from the hon. Member for Airdrie and Shotts (Neil Gray), who is not in his place but was here yesterday. She is hiding behind an increasingly tatty and threadbare comfort blanket—the will of the people: her sole justification for the disastrous act of self-harm she is imposing on the country. She has not in this place been able to deploy any sound economic, diplomatic, cultural or security reasons why Brexit is good for the country, but she has frequently referred to the will of the people.

Frank Field (Birkenhead) (Lab): Will the right hon. Gentleman give way?

Tom Brake: I am happy to take a friendly intervention.

Frank Field: I am grateful. Although the debate is about electoral law, might I put it on the record, as somebody who wanted to leave, that the law is the law and nobody is above it, and if the law has been broken, or if there are grounds to suspect that it has been broken, the full weight of that law should be thrown at those organisations?

Tom Brake: I was not entirely anticipating a friendly intervention, but indeed it was a very friendly intervention.

The Prime Minister does not appear willing to entertain any prospect that the allegations are true and that therefore the will of the people might have been usurped and the people cheated. It was my concern that the law might have been broken that led me to refer the matter to the Electoral Commission and the police.

Mr Jim Cunningham (Coventry South) (Lab): Does the right hon. Gentleman agree—I do not think he is suggesting this for one minute—that this will have had no effect on the outcome of the referendum?

Tom Brake: The hon. Gentleman encourages me to speculate on a matter to which it is difficult to respond. If these allegations, which are unproven, are true and £625,000 was spent illegally in a very focused campaign and, by definition, was targeted on a very small number

of people, it is very hard to say what the effect might have been. That is partly what I hope any inquiries might clarify.

Henry Smith (Crawley) (Con): Would the right hon. Gentleman not acknowledge that the remain campaign spent about one third more on the EU referendum and indeed that the Government spent more than £9 million of taxpayers’ money sending a leaflet to every house in the UK promoting our remaining? Could that not be seen as biased in favour of that campaign?

Tom Brake: Many Members on the Opposition Benches, and possibly some on the Government Benches, will have seen a comprehensive dossier of ways in which Vote Leave and BeLeave allegedly broke the law. If the hon. Gentleman wants to bring to the House, or present to the Electoral Commission and the police, a similar dossier of allegations against Britain Stronger in Europe, of course he should do that, and Members on both sides of the House would welcome it, but the fact is that all we have is the dossier that the Electoral Commission and the police are now considering in relation to Vote Leave’s and BeLeave’s activities. He should not, then, try to muddy the waters in the way I am afraid he is seeking to do.

Sir Edward Davey (Kingston and Surbiton) (LD): Many of us in the House were around during the Iraq war debates, when we were given a dossier. Many of us were not convinced, having read that dossier in detail, but others were, and the House voted to go to war, even though the facts on which that decision was based proved not to be true. This dossier is far more convincing than the previous dossier. [*Laughter.*] Does he not therefore agree that it should be investigated and taken seriously by everybody in this House?

Tom Brake: Yes, and I am sorry that there was laughter from the Government Benches. Members of Parliament, whether they supported remain or leave, should be interested in finding out whether the law has been broken. It should not be a subject of hilarity in the way that it seems to be for some Members on the Government Benches.

Mr William Wragg (Hazel Grove) (Con): Will the right hon. Gentleman give way?

Tom Brake: I hope it will not be an hilarious intervention.

Mr Wragg: No, it is deadly serious. Can the right hon. Gentleman tell me the size of the fine the Liberal Democrats received from the Electoral Commission for breach of election law during the referendum campaign?

Tom Brake: I am happy to say that it was, I understand, £18,000. The slight difference, though, is that as a party we would love to be able to spend close to the spending limit in relation to election law, but as a party we are never able to. The allegation here is that the combination of Vote Leave and BeLeave spending broke the law, so the hon. Gentleman should wipe the smile off his face, focus on whether the law has been broken and treat the matter more seriously than he appears to be doing.

Caroline Lucas (Brighton, Pavilion) (Green): Would the right hon. Gentleman agree that the tone of the debate so far is incredibly disappointing? We are discussing something that goes to the very heart of our democratic processes. If the allegations in the report are correct, it shows that there is something rotten at the heart of our democracy, and it would behove the other side to take that rather more seriously, because it affects all of us and the credibility of our democracy.

Tom Brake: I could not agree more. I am sure that others will contribute to this debate—they may principally or exclusively be from the Opposition Benches—express their concerns about these allegation and ask that the matter be fully investigated in the way it deserves.

Mr Ben Bradshaw (Exeter) (Lab): I am sure that were he not at the Liaison Committee, the Chair of the Digital, Culture, Media and Sport Committee, who has done such a fantastic job on this and has just spent four hours listening to the testimony of Christopher Wylie, would be here making exactly the same points as the right hon. Gentleman.

Tom Brake: I thank the right hon. Gentleman for that equally helpful intervention. I hope that during this debate Members who heard that evidence will be able to contribute and update the House on what was said there, although I suspect that a lot of that information will have been contained in the papers this weekend, which I am sure many Members have spent hours assessing over the weekend and since.

I want to focus briefly on the Electoral Commission. This is how its website describes its role in relation to referendums:

“Our focus is on voters and on putting their interests first. Our objectives for referendums are that:...they should be well-run and produce results that are accepted...there should be integrity and transparency of campaign funding and expenditure”.

It is safe to say that neither of those objectives was met with respect to the EU referendum campaign—I am not blaming the Electoral Commission but others involved in the campaign.

What action has the Electoral Commission taken to date? The allegations we read about this weekend were new allegations, but there were existing allegations working their way through the system. I thank WhatDoTheyKnow, openDemocracy and FairVote for their work on this issue. They obtained internal emails from the Electoral Commission that described Darren Grimes’ spending as “unusual”. I think we can all agree it was remarkable that someone whose organisation in the first 10 weeks of its existence apparently managed to raise £107 was given £625,000 to spend in a completely uncontrolled manner. It is remarkable that such confidence was placed in that organisation and the one or two people behind it.

Layla Moran (Oxford West and Abingdon) (LD): I spoke to some people in the industry about this, and they told me that unless there was collusion it would have been impossible to mine such big data in the timeframe the money was given to BeLeave. Does my right hon. Friend agree that this is suspicious indeed?

Tom Brake: I do not want to comment directly on that, but clearly it is a very serious allegation that I am sure will be a subject of the Electoral Commission and

police inquiries. The commission has confirmed that there is a live investigation under way and that therefore it cannot confirm what progress has been made, but it is under way, and I welcome that.

In the internal emails, the Electoral Commission described Grimes’ spending as “unusual” and found that he broke some of its rules, but it decided to take the matter no further as there were “no reasonable grounds” to believe that Vote Leave and Grimes had been working together.

I must say that the Electoral Commission will have to have very clear reasons if it does not believe this to be the case now, following those new allegations from three whistleblowers at the heart of the Vote Leave-BeLeave machine. It is worth underlining that they are new allegations. What we have heard from the supporters of Vote Leave is “All this has been investigated. There is nothing new here”, but these allegations from three whistleblowers at the centre of the organisation are completely new. These are matters that have not been investigated. Anyone who supported Vote Leave and is now saying, “Don’t bother, it has been done” is wrong.

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): Does the right hon. Gentleman agree that when the former chief executive officer of Cambridge Analytica, whose subsidiary, or associated, company AIQ is linked with many Leave campaigns, is openly bragging that it can alter election outcomes for a fee, that is a shaming indictment of the nature of British politics today, and shows that money tends to be seen as more important than our democracy and the force of argument?

Tom Brake: I will come on to some reforms that might be needed in terms of the law. Some of what has gone on, if it is indeed within the law, should concern us very much, and we may need to look very carefully at the law itself.

The new nature of the allegations is critical, because the Brexit cheerleaders, such as the Foreign Secretary and the Secretary of State for Environment, Food and Rural Affairs, have been quick to say “Nothing to see here. Move on. The result must be respected. Vote Leave won fair and square.” They will pretend that all this has been investigated before. It has not, and only when it has will we know whether the trail of deceit which so publicly started with the incredible slogan slapped on the side of that infamous red bus—the Foreign Secretary’s comprehensively demolished claim that there would be £350 million a week for the NHS, which he keeps repeating to this day—leads directly to today’s Cabinet table.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): The right hon. Gentleman talks about journeys of deceit. He will have noted that no members of the Scottish Conservative and Unionist party have joined us today. Their former vice-chair, Richard Cook, leads a group called the Constitutional Research Council, which gave £425,000 to the Democratic Unionist party during the last general election. Will the right hon. Gentleman join me in asking Mr Cook to assure us, first, that none of that money came from Russia, and secondly, that none of it was used to co-ordinate other election campaigns such as those on the European Union referendum?

Tom Brake: The hon. Gentleman has made a valid point. Those too are serious allegations that need to be investigated, and I will touch on them briefly in a moment. One thing that concerns me about the donation to the DUP is that it was apparently spent on an advertising campaign that was wholly based in England. That seems a rather strange use of money allocated to the DUP which one might have expected to be spent in Northern Ireland.

Darren Jones (Bristol North West) (Lab): Does the right hon. Gentleman agree that the Secretary of State for Culture, Media and Sport should table urgent amendments to the Data Protection Bill on Report to give the Information Commissioner the initial powers that she needs, but also to enhance co-operation between the Information Commissioner's Office, the Electoral Commission and the Financial Conduct Authority so that they can follow the money as well as the data?

Tom Brake: Absolutely—and I would add that they should be able to follow the money abroad, because I think that there is substantial concern about the possible involvement of foreign actors in our elections here, about the possible sources of funds, and, indeed, about the possible sources of advertising on Facebook and other media.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The right hon. Gentleman has mentioned a number of investigations involving the Electoral Commission that are currently under way. Does he believe that the commission should undertake the task, or should there be a public inquiry, as suggested by the journalist who broke the story?

Tom Brake: I am open-minded about whether that might be a way forward. My only concern about it is that the commission has not proceeded as swiftly as we would have liked in the investigations that are already under way. A public inquiry is, by definition, likely to take a considerable period of time, and if there is much more water under this particular bridge I think it will lose its focus. I think it is important for us to focus on this now in a way that will deliver an outcome swiftly, so that people can have certainty about the fairness of our elections.

Open Democracy states:

"The referendum saw a number of different groups register as campaigns on each side. These campaigns were given spending caps, designed to limit how much the rich can sway our democracy. But if one campaign can simply get round its limit by donating to another on the same side, then the cap verges on meaningless. And so Electoral Commission rules are meant to restrict campaigns from getting round spend limits in this way."

The question, therefore, is whether the commission interpreted the law correctly originally, and how it will interpret it now, given what I believe is substantial new evidence.

Tim Loughton (East Worthing and Shoreham) (Con): Is the right hon. Gentleman aware—in terms of new allegations—that a month before the referendum itself, the remain campaign set up no fewer than five new campaigns, at DDB UK Ltd, Best for our Future Ltd, The In Crowd, Virgin Management Ltd and Wake Up. Vote? Is he aware that remain channelled £1 million to

those five organisations? Does he think that they should be investigated as well, and, if so, why has he not mentioned them so far?

Tom Brake: I thank the hon. Gentleman for making that point. I hope he will produce the evidence that he says he has to hand, and allow the matter to be investigated thoroughly. Otherwise he will be at risk of simply trying to muddy the water, and I am sure that he is not trying to do that.

If the Electoral Commission did indeed interpret the law correctly, we should note that Open Democracy also states:

"As a registered Leave campaigner, Grimes was allowed to spend" £625,000

"during the referendum. Earlier this year a Vote Leave source told a parliamentary committee that it had enlisted Mr Grimes's BeLeave campaign because it was close to breaching its £7 million spending limit and wanted to ensure all the money it had been given would be used. Under UK electoral law, this is fine. The Electoral Commission has ruled that such donations are allowed—so long as there was no 'plan or other arrangement' between Darren Grimes and Vote Leave about how the money was spent."

In other words, one organisation, Vote Leave, can pass a huge amount of money to another, just before it would break the legal limit if it carried on spending. Although that second organisation is very familiar with the activities of the Vote Leave organisation—indeed, co-located with it, using the same supplier for the delivery of targeted messages and, presumably, the same or a remarkably similar specification for the work that Vote Leave pays for—the law says that the two are not acting in concert. If that is a correct interpretation, or indeed if that is how the Electoral Commission will interpret the law once it has considered the new evidence, I must say that I think the law is an ass and will need to be changed, because what it means, in effect, is that there is no limit to the amount that third parties can spend on supporting the main designated campaign organisation in any future referendums.

Adam Holloway (Gravesend) (Con): I would love to hear what the "new evidence" is. It is coming from some very junior people who are currently making contradictory claims on different television programmes. Let us hear what it is, and let us leave it to the Electoral Commission. It has already cleared this twice.

Tom Brake: Perhaps the hon. Gentleman was not concentrating on what I said earlier, and I forgive him if that is the case. I said very clearly that the new evidence had been provided by three people who were at the heart of BeLeave and Vote Leave, and who were probably the only people who were working for BeLeave. Let us face it: this was not a large organisation. It was an organisation that had a handful of people working for it. I suspect that they know more about BeLeave's activities than anyone in this place, which is why I have referred the matter to the Electoral Commission and the police so that they can carry out appropriate investigations.

Christine Jardine (Edinburgh West) (LD): We are hearing about a potential abuse of electoral law, which is threatening to pull perhaps the most important decision of a generation down into complete farce. The Court of Session in Edinburgh has said that it will allow a petition about article 50 to go ahead. There seem to be

weekly concerns about Brexit, the vote and the potential economic impact. Does my right hon. Friend agree that the wheels are coming off the great big red Brexit bus that he mentioned earlier? Perhaps it is time for the Government to stop before it crashes completely.

Tom Brake: My hon. Friend has carefully enumerated all the different ways in which some of the promises made during the EU referendum campaign have been broken, and why people might now be thinking that a vote on the deal and an exit from Brexit is the only way out for them. Certainly, I must say that sometimes I wonder if the Prime Minister feels the same way, because when she seeks to answer questions about the economic benefits for the UK of us doing this, she is sorely short of any sensible answers.

I want to focus briefly on the issue of the Electoral Commission's resources. It has confirmed in answer to my letter that it does have the resources it needs. I welcome that and take its word for it; however, when I was a Minister and had some responsibility for this area I was aware from contact with charities, political groups and others that the Electoral Commission often struggled to respond to queries in a timely manner, and there was always an appetite for more guidance and more detailed guidance. Perhaps the resourcing has changed, as it seems to be confident that it has what it needs to investigate this, but, as I said earlier, my hon. Friends and I have concerns about the progress made on some of the existing inquiries.

As long ago as 10 March last year Lord Tyler drew the attention of the Minister in the Lords to the fact that the leave campaign stood accused not only of lying in the substance of its campaign, but of cheating in the process of delivering it. He instanced the claim, which others have just referred to, by Arron Banks that Cambridge Analytica had played a crucial role in the campaign and "won it for Leave". He also described the use of a very substantial anonymous donation to the Democratic Unionist party, as has also been mentioned, to fund a campaign wholly targeted at the British mainland. I am a little perplexed as to why those on the Conservative Benches do not get aggravated about the fact that in the UK it is fine for a very large anonymous donation to be made to a political party such as the DUP and for it then to be spent not in Northern Ireland. That smells rather bad to me, and I am surprised that Conservative Members do not share my concern.

Peter Grant (Glenrothes) (SNP): I am sure that, like me, the right hon. Gentleman is at least cheered by the fact that some Conservative MPs seem very keen to participate in today's debate despite the fact that 24 hours ago none of them thought there was anything worth debating. Does the right hon. Gentleman agree that on matters as important as the long-term constitution and international status of these islands, it is not enough for somebody to assert, full of bluster, that there is nothing wrong? All of us individually and collectively must be seen to be above suspicion, and when suspicions are raised with the volume and intensity of the last few days, there must be a full investigation, hopefully to prove nothing is amiss, but if there is anything amiss, those responsible must be held to account or the public will completely lose any faith in our democracy?

Tom Brake: I thank the hon. Gentleman for his intervention, and his point is well made. I am sure he will agree with me and the other Members who have

already expressed strong views on the fact that when anyone has broken electoral law—if indeed it has been broken—that requires investigation and appropriate action needs to be taken.

Wera Hobhouse (Bath) (LD): Does my right hon. Friend agree that Conservative Members are so desperate to get Brexit that they are happy to get Brexit at any price, even at the price of democracy?

Tom Brake: I do not know if that is the case for all Conservative Members; we will see whether their enthusiasm for the debate leads any of them to make a contribution setting out concerns about whether democracy might have been jeopardised if these allegations are true. But they seem to be treating the debate more as a matter of hilarity, so I am not entirely confident that their contributions will reinforce the points made from the Opposition Benches.

I am now going to ask the Minister some questions which I hope she will be able to answer. In some respects I feel sorry for her in this, as I know her to be a very fair Minister. I would much rather have had the Foreign Secretary here to answer questions, because he has a lot of questions to answer in this respect, including on the role he played in the Vote Leave campaign.

I hope the Minister will be able to explain why the investigations of the existing allegations have taken so long. Is that a question of the Electoral Commission or the police lacking appropriate powers or resources? We have heard that the Electoral Commission has said it is not a resource problem. Is there a discrepancy between the different statutory regimes for elections on the one hand and for referendums on the other, which cause difficulty in the examination of infringements? Do these differences cause particular problems when seeking to establish illegal collusion or ineligible donors?

Can the Minister also set out what action the UK Government intend to take to address any failings in electoral law they or the Electoral Commission have already identified, and set out what mechanisms are in place to right past electoral wrongs? Given the narrow margin of the result—for every 17 people who voted to leave, 16 voted to remain—does the Minister recognise that continuing doubts about the referendum's integrity fuel challenges to the legitimacy of the entire Brexit process? Is the Minister confident that no one who works for the Conservative party, or indeed Ministers or the Prime Minister, is going to be charged as part of this investigation?

I will conclude by saying that whether people voted leave or remain, they are entitled to know that the EU referendum campaign was fairly and squarely delivered, or that people were in fact cheated and the law was broken. As Members from all opposition parties, at least, have said, this will require a thorough investigation. It requires Ministers to refrain from the Trumpian tweeting preferred by the Foreign Secretary, who has already said that there is no case to answer before the case has actually been heard.

3.16 pm

Mr Ben Bradshaw (Exeter) (Lab): I congratulate the right hon. Member for Carshalton and Wallington (Tom Brake) on securing this emergency debate. As Members will know, I have been raising this issue and concern in

[Mr Ben Bradshaw]

the House for almost 18 months now, and when I first did so I was treated as a bit of a crank. Subsequently, however, almost every single allegation that I have used parliamentary privilege to put on the record in this place has proven to be correct.

This debate needs to be taken extremely seriously. It is not about who won or lost the referendum; it is about the integrity and security of our democracy and electoral system. Any of the sceptics who have cast doubt on the nature and quality of the evidence of the whistleblower, Chris Wylie, should watch the four hours of testimony that I watched today before the Digital, Culture, Media and Sport Committee: it was absolutely shocking and astonishing, and it should go to the heart of anybody who cares about our democracy.

Mr Wylie laid out clear evidence of serious lawbreaking by the leave campaign: not only collusion between Vote Leave and BeLeave, which is the one that has got most publicity, but collusion between Vote Leave and some of the other leave organisations, including Veterans for Britain, and indeed the DUP. Each of those organisations used either Cambridge Analytica—we know all about that, having heard the revelations last week about how it illegally harvested the Facebook data of tens of millions of people—or Aggregate IQ, a supposedly separate company based in Canada. It is not separate at all; it is all part of the same organisation. We know that 40% of Vote Leave's budget was spent on Aggregate IQ and the work that it did. We still do not know how AIQ got that data, where the data came from or whether it was legally obtained and used. These are serious questions, and I am very pleased that the Chairman of the Digital, Culture, Media and Sport Committee, who is a Conservative, is clearly taking the allegations seriously. He will be putting them to the Prime Minister at the Liaison Committee later this afternoon.

Norman Lamb (North Norfolk) (LD): Does the right hon. Gentleman agree, given the scale of the spending on digital campaigning now, that along with the investigation into what happened during the referendum there is an urgent need for a complete overhaul of the electoral rules to ensure that they are fit for the digital age?

Mr Bradshaw: Yes, I entirely agree. I shall go on to say something about that a little later.

Mr Wylie provided compelling and credible evidence not only of the collusion but of the effectiveness of the targeted advertising campaigns that these data companies conduct, based on the data that they have. In the case of the referendum, the campaigns were targeted on 7 million voters whom the companies had carefully profiled as people whose opinions they could shift. In his evidence to the Committee today, Mr Wylie produced a staggering statistic. He said that, in his experience, the methods used by Cambridge Analytica and AIQ in this case would have had the potential to shift between 7% and 10% of the people targeted. Let us not forget that he was and remains a leaver. He wants Brexit to happen, but he does not want it to happen based on a fraud on the British electorate. He said that

“it is completely reasonable to say that there could have been a different outcome in the referendum if there hadn't been, in my view, cheating”.

There have been attempts to discredit Mr Wylie. There was even a disgraceful attempt from Downing Street to discredit one of his co-whistleblowers by, among other things, outing him as gay. I am amazed that the man who did that is still in his job, because that was totally unacceptable. Let me tell those people who are trying to discredit Mr Wylie that he is one of 200 people who have been allowed into this country because of their brilliance. He has been allowed a special visa because of the amount he knows about how all this stuff works. I do not have a clue how it all works, but he is one of the world's leading experts, and he is a very serious whistleblower. Not all Conservative Members dismiss his evidence, but those who do so at their peril. Let us just wait and see where all this ends. Mr Wylie also made a very worrying statement, and I think that this is the first time that a connection has been made between Cambridge Analytica and the Russian FSB—although I had heard about it privately—via the work that it did for the Russian oil company, Lukoil.

It must be clear to everyone in the House, whatever their view on Brexit, that the powers and resources of the Information Commissioner and the Electoral Commission are wholly inadequate. If the Government were serious about getting to the truth by letting the commissioners do their job, we would have less of this “what-aboutery” and more action and support for the Electoral Commission and the Information Commissioner, in terms of their powers and—critically and more immediately—their resources. Mr Wylie has been working for many hours with the Information Commissioner, and one of the worrying things he told the Committee was that he had had to explain to the officials in that office what all this was about. They do not have enough technical experts. They do not have people who actually understand how all this works and what has been going on. In my view, this guy should be employed by all the global regulators, because he seems to be one of the few people who knows how this electoral corruption works, not only in our country but elsewhere. There was loads of evidence, for example, about what has been going on in Nigeria and in parts the Caribbean. This is not just a problem for this country.

Tulip Siddiq (Hampstead and Kilburn) (Lab): My right hon. Friend is making a powerful speech. The accusations that he is outlining go to the heart of the Government, and the people who led the leave campaign are now senior Cabinet members. Does he therefore agree that the Ministers in question should excuse themselves from this investigation and possibly from Brexit-specific Cabinet meetings in the future?

Mr Bradshaw: What matters at this stage is that the Electoral Commission, the Information Commissioner, the Digital, Culture, Media and Sport Committee, the Intelligence and Security Committee and Robert Mueller's investigation in the United States, which is examining things that are relevant to us here, are given the full support and resources from our Government and from all their agencies that they need to do their jobs properly. In contrast to the outbursts from the Foreign Secretary and the Secretary of State for Environment, Food and Rural Affairs trying to rubbish this testimony, I note that most of the rest of the Cabinet said that the Electoral Commission should be allowed to finish its work properly.

Ms Angela Eagle (Wallasey) (Lab): Does my right hon. Friend share my astonishment that it took the Information Commissioner so long to get a warrant to search Cambridge Analytica's premises, given that Facebook got in there in a minute and a half?

Mr Bradshaw: This is in no way a criticism of the Information Commissioner or of the Electoral Commission—they are doing their best—but they do not have enough people, expertise, money or power. My hon. Friend is absolutely right. We had the farcical scene of the Information Commissioner trying to get access to Cambridge Analytica's office for almost a week, while Facebook had got in right at the start. That just symbolises the paucity of the powers that we have to deal with this digital world when our legislation and resources are based on an analogue age.

Martin Docherty-Hughes: Given today's evidence to the Digital, Culture, Media and Sport Committee, when clear links were made between Cambridge Analytica, Facebook and GCHQ, there is now a question not only of the electoral system, but of national security.

Mr Bradshaw: I agree. Any legislator in this House who takes his or her job seriously needs to read the testimony of Christopher Wylie before the Digital, Culture, Media and Sport Committee today.

Finally—this is slightly away from the evidence given by Mr Wylie today—I have received other new information that also concerns me. Members will recall the dreadful murder of Daphne Galizia in Malta last year. At the time she was murdered, I am informed that Ms Galizia was investigating Pilatus Bank, which had its assets frozen last week owing to fears of money laundering. She was also investigating Cambridge Analytica and Henley & Partners, which sells citizenship in Malta, and there are other links with the Legatum Institute, concerns about which I raised in the House several months ago, and the mysterious Maltese professor, Professor Joseph Mifsud, who is named in an indictment by Robert Mueller's inquiry. All those matters need to be examined incredibly carefully, and I want the Minister to give a full and categorical assurance that, given the significant British links, the Maltese authorities that are investigating such matters will receive the full support and co-operation they need from our law enforcement, intelligence and security agencies.

3.27 pm

Caroline Lucas (Brighton, Pavilion) (Green): I have to start by saying that it is truly shocking that Government Members do not seem to think that this debate is worth taking part in. The staggering hypocrisy of MPs—

Sir Peter Bottomley (Worthing West) (Con): On a point of order, Mr Speaker. Will you confirm that listening is taking part in a debate? We do not have to speak to learn.

Mr Speaker: The hon. Gentleman has made his pithy point pithily, and it is on the record. People can listen and be attentive, and I have become accustomed to listening to the hon. Member for Brighton, Pavilion (Caroline Lucas) over the years, which I have always found an enjoyable experience.

Damian Collins (Folkestone and Hythe) (Con): On a point of order, Mr Speaker. For the record, I would have applied to speak in this debate, but I have been chairing three and a half hours of Select Committee evidence from Chris Wylie this morning.

Mr Speaker: The debate was granted yesterday, so there was quite a lot of time yesterday in which to apply to participate. If the hon. Gentleman meant that he was not certain when he would be available because of his pressing commitments, that is duly acknowledged.

Damian Collins *indicated assent.*

Mr Speaker: Perhaps we can now proceed with the speech of Caroline Lucas.

Caroline Lucas: I recognise that the Chair of the Digital, Culture, Media and Sport Committee has been doing some incredibly important work this morning. Notwithstanding that, I still make the case that there is staggering hypocrisy among a large number of MPs who promised to enhance democracy by leaving the EU, but who cannot even be bothered to turn up to talk about the potential radical undermining of our democratic processes. I find that genuinely quite breathtaking.

I start by paying tribute to the dedicated, fearless journalism of Carol Cadwalladr over the past year. She has led us to the extraordinary revelations that we are debating this afternoon.

Much of the discussion so far has been about the validity of the referendum vote itself, but I want to argue that this goes much deeper and wider than that single vote, vastly important though it is. The revelations by *The Guardian*, Channel 4 and others over the past few days go right to the heart of the kind of country we think we are living in. I argue that they demonstrate that current electoral law is woefully inadequate. I think they show that the regulation governing our democratic processes urgently needs to be updated and reformed. They show, I believe, that something is rotten in the state of our democracy.

The combination of big money and big data is overwhelming the chronically weak structures that are supposed to protect us against cheating and fraud. As others have said, we are trying to apply laws from the analogue era to the very different reality of the digital age, and it simply is not working. It took the Information Commissioner almost a week to get authorisation to get through the front door of Cambridge Analytica, during which time presumably the delete button had been pressed a great many times. The Electoral Commission, meanwhile, has been investigating claims of the misuse of electoral funds for almost a year. Why on earth do we not have rules that require donations to be reported in real time, and the same for spending? Why do we not have a body with more resources and real teeth? Things urgently need to change.

Electoral law is based on two fundamental principles. The first principle is that parties and candidates compete on what should be a level playing field in terms of resources, which is presumably why we have national and local spending limits in elections. The second principle is that elections are open and transparent, so parties and candidates have to be transparent in their communications with the voters and it is unlawful to

[Caroline Lucas]

make false claims in those communications. The allegations about the true nature of the relationship between Vote Leave and BeLeave suggest that there may well have been cheating when it comes to the first principle, and the investigations into Facebook and Cambridge Analytica, and the spending of huge sums of money on micro-targeted political advertising based on data harvested from voters' social media profiles, suggest that the second of these two principles is also under great strain in the digital age.

Frankly, Facebook's desperate adverts on the back pages of Sunday's newspapers, just a couple of days ago, suggest to me that it knows that its bubble is bursting. We now need to update the law to ensure that people are protected from this social media mega-monopoly. Just because the chief executives of Facebook and Google wear T-shirts to work and turn up on skateboards does not mean that they are not aggressive capitalists, and we need to get a bit wiser to that fact.

The law regulating campaign activity and finance—the Political Parties, Elections and Referendums Act 2000—was drawn up almost 20 years ago, long before Facebook or Twitter even existed, let alone had any role in political campaigns. It is considerably more difficult to ensure the compliance of adverts on social media than the compliance of adverts in newspapers or on billboards. Voters simply do not know what is being done with their data by a company that, ultimately, wants to make as much money as possible from the information it has on each of us. Not surprisingly, the regulators struggle to regulate.

This undoubtedly presents a complex challenge to all politicians, as social media platforms overtake the national and local press and media through which we have traditionally communicated with our electorate, but without the same level of transparency and scrutiny. However, it is a challenge that we must meet. The need for a reprogramming of the way parties and campaigns are funded could not be greater. Whether it is donations from Russian oligarchs on one side of the House or from former Formula 1 bosses on the other side, people are sick and tired of a politics that is awash with big money without proper oversight. I argue that the case for state funding for political parties could scarcely be stronger.

Layla Moran: Does the hon. Lady share my concern that the House voted for the Democratic Unionist party's donation not to be scrutinised before 2017, so that massive donation now cannot be scrutinised in the proper way? We do not know the origin of that cash.

Caroline Lucas: I absolutely share the hon. Lady's concern; she is right that that should have been looked into at the time, rather than pushed into the long grass. It is yet another reason why I am calling for urgent cross-party talks on updating our online campaign regulations and reforming the Political Parties, Elections and Referendums Act, including consultation with the Electoral Commission and the Information Commissioner on what new powers and resources they need in order to fulfil their role in safeguarding our democracy.

The revelations by Shahmir Sanni about Vote Leave and BeLeave raise related but somewhat different questions, some of which need to be addressed to, and answered by, certain Members on the Government side of the House,

for they strongly suggest that some of those who worked for the official Brexit campaign during the 2016 referendum, some of whom now work for the Prime Minister in Downing Street, committed criminal breaches of electoral law on overspending and collusion. Vote Leave, whose leading members included the current Foreign Secretary and Environment Secretary, formally declared it had spent £6.77 million during the 2016 campaign—this was within the £7 million limit. But that sum does not include a £625,000 donation that Vote Leave gave to BeLeave, the Brexit campaign aimed at students and young people, which BeLeave spent on the very same digital marketing company, Aggregate IQ, used by Vote Leave. As the right hon. Member for Carshalton and Wallington (Tom Brake) set out powerfully, there is substantial evidence of constant communication between Vote Leave and BeLeave, which were based in the same office, shared the same computer drive and seem to have had advice going between them as to the setting up of their constitution, their bank account and so on. It is insulting to suggest that these two organisations were not co-ordinating very, very closely.

So it is simply not good enough for the Prime Minister to have airily dismissed the questions that were raised by these revelations as she did in the House yesterday. I might add that her attempts to brush off complaints about the disgraceful outing of Shahmir Sanni were beneath her and bring shame on her office. If the laws were broken, those involved need to be brought to justice, because if they are not, and if we do not fix the shortcomings of our electoral law and its regulation, this Government will go down in history as the one who sat and watched while the very lifeblood of our democracy drained away, and voters will have taken back control for nothing. That is why I also think we need an independent public inquiry to establish, as a matter of urgency, whether electoral law was broken by any of those working for Vote Leave and BeLeave, and, crucially, what current Ministers knew at the time.

3.36 pm

Heidi Alexander (Lewisham East) (Lab): May I start by congratulating the right hon. Member for Carshalton and Wallington (Tom Brake) on securing this debate and on the way in which he opened our deliberations? May I also pay tribute to my right hon. Friend the Member for Exeter (Mr Bradshaw)? He suggested that when he first started raising these issues in Parliament some people perceived him to be something of a crank, but I think he is one of the finest politicians of our generation, and I am proud to sit on these Benches alongside him.

So many things need to be said in this debate that it is hard to know where to start. The three contributions we have heard so far all referred to the recent revelations about the close relationship between Vote Leave and BeLeave, and what that might mean for the ongoing debate about Brexit and the referendum. I agree with all that has been said: there are serious questions that need to be fully investigated by the Electoral Commission, and no stone should be left unturned in understanding who knew what and when.

Having said that, I want to make some different observations about what recent events suggest about our politics and our democracy. At heart, I fear there have been appalling and repeated abuses of power. What seems to have gone on within the various different

elements of the leave campaigns just does not sound right. We are talking about people with years of experience dealing with campaign volunteers, some barely out of university, and advising them on setting up a separate legal entity, through which serious funds end up being channelled, at a time when some of the individuals in question are having a campaign fling, only for that relationship to be outed 18 months or so later in a statement from No. 10—the whole thing stinks.

I do not know whether criminal offences have been committed or whether electoral law has been broken, but I am pretty sure that people have abused their power. I may be naive, but I am a firm believer in decency in public life: doing the right thing, even if it may not be to your own immediate personal interest or to your party's or your campaign's electoral advantage. Some people would say that I am not cut out to be a politician, and perhaps I am not, but this insidious, cynical, arrogant, perpetual game playing has to stop. It has real consequences for real people's lives. It will also kill our democracy, and I am sick of it. Perhaps it was my upbringing, but I have some pretty basic values. You do not lie. If you do something wrong, you admit it. You treat people the way you would want to be treated. You respect the law—the letter of it as well as the spirit of it. You play fair; you do not play dirty. In having power, your primary duty is to exercise it responsibly.

Sir Edward Leigh (Gainsborough) (Con): Will the hon. Lady give way?

Heidi Alexander: I am afraid I will not. If the hon. Gentleman wishes to make a speech and contribute to the debate—contributions from the Conservative Benches have been so sadly lacking—he will have time to do so.

I have read the reports over the past few days and looked at some of the emails that were exchanged between some of the key players, and I am worried that what I see is a corrosive abuse of power. If we want the British people to have faith in us, we need to find a way to conduct our politics with decency. I fear that the opposite is currently the case. It has to stop.

Geraint Davies (Swansea West) (Lab/Co-op) *rose*—

Sir Edward Davey *rose*—

Mr Speaker: Order. I should say to the right hon. Member for Kingston and Surbiton (Sir Edward Davey) that I am not in receipt of an application from him to speak in the debate, whereas others have applied. I know that he is a figure of considerable celebrity in his constituency and, although it is a divisible proposition, arguably within the House. I am sure that I will be happy to hear him, but he has a habit of looking at me astonished that he has not been called immediately, so in case he wonders why I am not calling him immediately, I say very gently to him that other people, also busy with many commitments and very full diaries, actually got around to applying to speak, so he had better wait. We can look forward to his eloquence and erudition.

3.41 pm

Geraint Davies (Swansea West) (Lab/Co-op): It is absolutely amazing that the Foreign Secretary is not in his place, given the gravity of the accusations, his personal centrality to them and the pivotal part he played. He has

said that the allegations are “ludicrous” and farcical, that the vote was won legally and that there was fair play. Frankly, what we have already heard and know casts those basic assumptions into doubt. These issues need to be looked at very carefully.

We are talking about the electoral law on which our democracy is based. People watching this debate will be asking themselves whether the referendum was a cheat. Was it based on a lie? Were the economic dice loaded with illegal and dark money? Were the electorate cynically manipulated by Cambridge Analytica, which illegally harvested people's Facebook data without their knowing it and manipulated their choices to take us on the journey we are now on, which is going to take us into economic Armageddon?

Mrs Madeleine Moon (Bridgend) (Lab): In yesterday's Russia debate, I called on the Government to pull together a Russia commission so that we can have a root and branch examination of where Russia has interfered not only in our elections, but in our economic, legal and accounting systems. Does my hon. Friend agree that the problem we currently have is that the Electoral Commission and the Information Commissioner lack the powers and the numbers of staff required to carry out the sort of inquiry we need to the depth that we need?

Geraint Davies: I certainly agree with my hon. Friend's last point. The Electoral Commission and the Information Commissioner are going to have a great deal of difficulty evaluating Cambridge Analytica's role and the dirty money involved. Russia is a much bigger question. There are questions around whether the targeted bombing of innocent civilians in Syria in the run-up to Brexit, in the knowledge that the Germans were allowing in a million refugees, was instrumental in the Brexit result and whether that was intentional; there are questions about whether President Trump was elected through the influence of the Russians; there are questions about whether the fascists in France got a third of the vote because of the Russians; there are questions about how the Russians influenced the German elections; and there are certainly questions about how they influenced Brexit.

I suggest that I limit my comments here to Cambridge Analytica, its abuse and manipulation of British voters and the dirty money behind it.

Damian Collins: *rose*—

Geraint Davies: I will give way, but just let me finish this point.

People seem to have this misconception that the Brexit result was not close, but I put it to you, Mr Speaker, that if we ushered 33 people into a room, and 17 voted one way and 16 the other, that is the most marginal vote that we could get. That vote could be swayed by Cambridge Analytica and by the other forms of manipulation. It is in sharp contrast to the natural and rightful instincts of British people that this is simply not fair play.

Damian Collins: The hon. Member for Bridgend (Mrs Moon) made an important point about the power of the Information Commissioner to investigate these matters. The hon. Gentleman raises serious issues in his remarks, but, often, the Electoral Commission, and the Information Commissioner in particular, do not have the power to go behind the curtain and take the data

[Damian Collins]

that they require to support their investigations. They are largely reliant on companies complying with information notices, and, as we have seen over the past few weeks, that can be a frustrating process.

Geraint Davies: That is an excellent point very well made. Obviously, it brings into question what further powers those commissioners or others should have to secure the information that they need to bring their legitimate concerns to a conclusion.

Tom Brake: On this issue of data, is the hon. Gentleman aware that one of the other allegations that is made is that, after the Electoral Commission's first inquiry in which it found no case to answer, some of the people who are now at No. 10 allegedly went onto databases to unlink certain documents so that it appeared as though those documents were not available to everybody on the Vote Leave and the BeLeave campaigns. Is he concerned about that?

Geraint Davies: Well, I am profoundly concerned about that. Again, facts are emerging day by day, and they need to be forensically examined and it is very important that the resources are there to do that. That sort of information coming forward gives us greater reason to be enormously concerned about this. That is why I am so saddened to see that the Government Benches are empty, when the essence of our democracy, as we are about to step on the biggest journey—

Sir Peter Bottomley: On a point of order, Mr Speaker. I do not want to cast any aspersions on the hon. Gentleman's ability to see if he cannot see that these Benches are not empty. If he can see, he can see that they are full, and he should not say what he said.

Mr Speaker: The Benches are not empty. The hon. Gentleman has made his point, and I invite the hon. Member for Swansea West (Geraint Davies) to continue his speech.

Geraint Davies: Yes, as a point of information—

Sir Edward Leigh: Will the hon. Gentleman give way?

Geraint Davies: One moment. I am still dealing with the previous intervention.

For the record, the Government Benches are virtually empty. They may be 1% full—I do not know—but, frankly, it is pathetic. I am very grateful to have the opportunity to point out that the Government do not seem to care about the integrity of democracy and the law.

Sir Edward Leigh: When it comes to the question of fairness, does the hon. Gentleman think that it was entirely fair that, while the remain camps and the Vote Leave camps were allowed to spend £7 million each, the Government spent £9 million of taxpayers' money to convince people to vote remain. Whether or not he thinks that that is fair, it obviously made no, or very little, difference and, therefore, all these arguments are grossly exaggerated. The British people have the good sense to make up their own minds.

Geraint Davies: If the hon. Gentleman is suggesting that because one side spent more than the other side, it is all right for the other side to behave illegally, it is not a very persuasive argument. This behaviour—the clandestine manipulation of people's views through Facebook and other things plus the dirty money—casts into question the very integrity of our democracy and the decision that was made. That influence may have been pivotal. If one were asked whether an Olympic athlete would have won a race had he not been doped up, one might come to the conclusion that perhaps he would, or perhaps he would not, but the point is that they would have been disqualified, and quite rightly so. The British people want fair play. They want the rule of law, and, fundamentally, that has been cast into doubt.

Even before this unhappy episode, people were already saying that the Foreign Secretary had stood in front of a bus claiming that we would spend £350 million a week on the NHS, had said that he favoured the single market and would vote for it but now says that he does not, and had said that we would take back control but of course we have not had democratic control in this place because it has been given to Ministers. People are saying, "Hold on—that's not what we voted for." They are questioning whether there is legitimacy in what has been happening. They are saying to me, certainly in Swansea, that what they now want, in terms of fair play, is to have a vote on the deal having checked that it does satisfy what they were promised.

But now we are in a completely different ballpark. We are saying that those people were not only misled but cynically manipulated through Facebook, with millions of voters involved in dirty money. The British people are saying, "Hold on—let's have another look at this." They are already saying to me, as to everybody, "This whole Brexit process is taking too long, it's costing too much, we didn't know the facts, it's terribly complicated, the EU is running rings round us, and the UK is incapable of negotiating properly. There is a problem here and there needs to be a solution." That solution, they are saying to me, is that they want a public vote on the deal. Now we have this situation with Cambridge Analytica, which is completely in breach of fair play. Anybody who thought, "Actually it would be unfair to have a vote on the deal because we've had a vote", now realises that what fair play demands is to move forward and have a final vote on the deal.

People like the Brexit Secretary have said, "Democracy isn't democracy unless it has the right to change its mind." I agree. People like Nigel Farage have said, "It would be unfinished business if the vote was 52:48—we need a two-thirds majority." People like the Member for—I have forgotten his constituency. The Member for Somerset—you know, Moggy—said that we should have a second—

Mr Speaker: Order. The hon. Gentleman should not refer to a colleague in that way. I think the person he has in mind is the hon. Member for North East Somerset (Mr Rees-Mogg).

Geraint Davies: That is correct.

Mr Speaker: Yes. That is the proper way to refer to him.

Geraint Davies: Thank you very much, Mr Speaker. I am glad that you prompted me because I could not remember the “North East” bit so I inadvertently said “Moggy”. I am sorry about that. The hon. Gentleman is on the record as saying that perhaps there should be a second referendum when the negotiation is completed.

As we go through this unhappy episode and find that we have had electoral breaches, that there is an inherent breach in our democracy, that there are questions over the legitimacy of the referendum, and that there is a need for fair play, people are now asking whether Facebook and Google should have these sorts of powers. Should they not be publicly regulated, as they are becoming very much instrumental in our democracy and we need to overturn that so that the public and our democracy can be protected?

People who were 13 during the referendum will be 18 by the time it is now planned to leave. Surely their futures are paramount. Sadly, many of the people who voted will not be with us then any longer. Now that we are seeing the legitimacy of these votes cast into doubt, surely there is a compelling case, in terms of fair play, that the public should have a vote on the deal. We should move forward, refresh and renew our democracy, and do the right thing for Britain.

3.53 pm

Sir Edward Davey (Kingston and Surbiton) (LD): I am most grateful to you, Mr Speaker, for allowing me to catch your eye without a written application to the Chair. If I may say so, in humbly apologising to you, I had thought that Conservative Members would make speeches in the period of up to two hours that you had allocated to this debate, but we have not had a single speech from the Conservative Benches. I had not written to you, Sir, because I did not think an extra speech would be needed. However, I think it is important that Conservative Members hear the allegations that are made, because they are very deep allegations.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I would have liked to speak in this debate had I not had other matters to participate in. Is it not astounding that the only contributions we have heard from Conservative Members thus far have been what-aboutery and trying to draw equivalence with other matters? On the critical issue that we are addressing today, we have heard nothing. Not one Conservative Member has found it in themselves to address this issue, which is at the heart of our democracy.

Sir Edward Davey: The hon. Lady is absolutely right. It is astounding, because this debate is about more than Brexit and the issues being raised in this debate are bigger than Brexit. They are about how our democracy works, parliamentary sovereignty and the rule of law. I thought that Conservative Members, particularly the Brexit Conservatives, had wanted to pull us out of the EU in order to defend parliamentary sovereignty and the rule of law as they describe it. But they are not here to defend that rule of law today, which is what is so shocking about their failure to make speeches in this debate.

Mrs Moon: Does the right hon. Gentleman agree that if we ignore this issue—if we do not take it apart and examine it in full—we are allowing a criminalisation of

our democracy? We must acknowledge that that is what is at risk here. No matter how inconvenient a truth it is, we must absolutely get to the bottom of it.

Sir Edward Davey: Of course, the hon. Lady is absolutely right. If the law has been broken in the serious way that is alleged, it will be a criminal offence. If that is the case, that criminal offence would have been committed in relation to a massive vote that will result in huge constitutional changes. As this is such a serious matter, I would have thought that right hon. and hon. Members from both sides of the House would surely want not just to listen, but to participate.

Simon Hoare (North Dorset) (Con): During the referendum campaign the Government were in favour of us remaining in the European Union—a position that I shared—and the Conservative party took a corporate stance to be neutral in that campaign. As the leave campaign and the remain campaign have ceased to exist as legal entities, does the right hon. Gentleman accept that any allegations made against either campaigning organisation in the referendum is best dealt with by the Electoral Commission, not by Parliament? This is not for the Government to answer, because this is not about a Government policy.

Sir Edward Davey: I find the hon. Gentleman's intervention rather odd. First, it is in the tradition that we are seeing from the Conservative Benches in this debate—a “what-aboutery” statement. I would have thought that the hon. Gentleman would want the House to hear and debate these allegations, which are in the public domain. They are in the press and the public are talking about them, and it is vital that the elected Members of this House get a chance to debate them. I am so grateful to my right hon. Friend the Member for Carshalton and Wallington (Tom Brake) for securing this debate, and I am proud of the Liberal Democrats for calling for it.

Tom Brake: Following the intervention from the hon. Member for North Dorset (Simon Hoare), is it not the case that the Government do need to answer, because some very prominent Cabinet Ministers were at the centre of these allegations?

Sir Edward Davey: My right hon. Friend anticipates a line of argument that I wish to come to in due course. He is absolutely right, though, that the Foreign Secretary and the Secretary of State for Environment, Food and Rural Affairs were closely involved in the Vote Leave campaign, and we need to know whether these allegations go to the very top table.

Mr Bradshaw: I should not be doing the Conservative Members' job for them but, in the interests of fairness, the hon. Member who has probably done more than most on this—certainly more than me—and who knows more than most about this subject is the Chair of the Select Committee on Digital, Culture, Media and Sport, the hon. Member for Folkestone and Hythe (Damian Collins). He could not take part in the debate because he was hearing this vital evidence from Chris Wylie. I am sure that he will also be doing his job very adequately in front of the Prime Minister later this afternoon. We need to approach this issue as consensually as we can because it is about not party politics, but the integrity and security of our electoral system.

Sir Edward Davey: I agree with the right hon. Gentleman about the efforts and expertise that the Chair of the Select Committee is bringing to that inquiry, which is important to the whole debate. I also agree with the right hon. Gentleman on the need for us to try to cross party divisions, and the divisions that we saw both during and after the referendum campaign.

I have been contacted by leave voters who are disturbed by these allegations. Many leave voters are very patriotic people who believe that one of the key traditions and values of this country is that we respect the rule of law and do not allow cheats to prosper. This issue can bring Parliament and both sides of the debate together. Whoever cheated during the referendum—if anyone cheated—needs to be held to account.

Sir Edward Leigh: With respect, the right hon. Gentleman has not answered the point made by my hon. Friend the Member for North Dorset (Simon Hoare). Of course he is entitled to give his speech, and Parliament is entitled to debate this, but the question we want him to answer is: who should decide whether to take action? Is it the Government, who were *parti pris* and took one side of the debate in the referendum, or should it be an independent body, namely the Electoral Commission? Who should make the final decision?

Sir Edward Davey: A number of bodies could ultimately look at the different accusations. We have a live investigation by the Electoral Commission, and we await the result of that. My right hon. Friend the Member for Carshalton and Wallington spoke very much about the Electoral Commission in his speech. We also have the investigations by the Information Commissioner's Office into the related allegations with respect to Cambridge Analytica and Aggregate IQ. Many of us feel that the evidence so far suggests that the police should be investigating these organisations, because there could be a criminal act. Let me absolutely clear: I certainly am not suggesting that Ministers are responsible for any investigation. That would not meet my requirements for an inquiry.

Wera Hobhouse: Does my right hon. Friend agree that while an independent body should investigate, we perhaps need to update the law and do something here in Parliament in order to adequately respond to these things in the future?

Sir Edward Davey: Indeed. I have written to the Chair of the Home Affairs Committee, the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper), to ask whether her Committee could hold a parliamentary inquiry into the different aspects that are not covered by the inquiry of the Digital, Culture, Media and Sport Committee. I seriously think that the House needs to augment and support the investigations by those independent bodies. We have powers in the House to bring people to the bar to discuss and to give evidence, and that is the right and proper thing to do.

Susan Elan Jones (Clwyd South) (Lab): Does the right hon. Gentleman think it is an irony that the same Government who were so keen on the lobbying Act—to such a degree that small charities around the country were frightened of intervening near elections—and who are introducing voter identification and all sorts of ID,

simply so that they catch the 29 people or however many it was who committed electoral fraud last time, seem remarkably lacking in concern over this?

Sir Edward Davey: The hon. Lady makes a good point. The fundamental issue here is: did people in the leave campaign cheat? Did they break the law? That is what we need to focus on. The hon. Member for Swansea West (Geraint Davies) made an analogy with athletes and sport. If athletes dope, we expect that to be investigated and then punished, whether or not that cheating affected the result of a race or any competition. It is the cheating and the breach of the law that needs to be followed through, whether or not it relates to the outcome of the referendum.

Geraint Davies: Does the right hon. Gentleman agree that if Ministers—I am thinking specifically of the Foreign Secretary and the Environment Secretary—are implicated in any illegal activities and are the dopers in the analogy he is using, they should not be above the law, and that when the police are doing the investigation, they should not be intimidated or deterred from putting forward a legal case against Ministers, irrespective of their position in this place?

Sir Edward Davey: In responding to the hon. Gentleman, I want to be clear that these are all allegations. We need proper authorities to investigate, but of course, if those investigations go to the door of any Member of this House, be they Minister or not, the full weight of the law should go against that individual. No Member of this House should be above the law in those investigations.

I want to be a little clearer than the debate has been so far about how the Electoral Commission, which is key to this, thinks about whether there has been cheating. The Electoral Commission's guidelines about whether a campaign has colluded are quite clear. It sets out three criteria for whether campaigns are highly likely to be working together.

The first is whether the campaigns spend money on joint advertising campaigns, leaflets or events. The evidence brought forward by Fair Vote, which can be seen by anyone at www.fairvote.uk, suggests that Vote Leave and BeLeave co-ordinated with the same digital strategy vendor, Aggregate IQ, so there does seem to have been co-ordination between their advertising campaigns.

The second test the Electoral Commission has set out is whether campaigns have co-ordinated their spending with another campaigner. The evidence produced by FairVote is very clear: it shows that BeLeave appears to have been assigned specific responsibility for the youth audience by Vote Leave. That is co-ordination and collusion.

The third test on cheating set out by the Electoral Commission is whether a campaign can approve or has significant influence over the spending of another campaigner. Again, the dossier shows that BeLeave was based at Vote Leave HQ, as we have heard, and appears to have reported to Vote Leave directors and shared all its information with their staff.

In other words, the three tests put forward by the Electoral Commission on whether illegal collusion has occurred appear to have been met, according to the evidence in this dossier. I urge all right hon. and hon. Members to read and think about it before they tweet in the way that was done by the Foreign Secretary, who at the weekend dismissed these allegations as ludicrous.

The Foreign Secretary may well have tried to dismiss these allegations, because if they prove to be true, the investigations and inquiries that we all want to follow this debate and public discussion may well want to ask him questions. Ultimately, he was in charge of and a key player in the Vote Leave campaign, and people will want to know whether he knew about this collusion. Did he know that moneys were going from Vote Leave to BeLeave? Did he know that the staff of both campaigns were colluding and working together? Did he know that Aggregate IQ was being used by both campaigns in a very similar way? These are very serious allegations, and we need to have independent inquiries. The same questions could of course be applied to the Secretary of State for Environment, Food and Rural Affairs.

I would like to ask the Prime Minister whether she has asked her Foreign Secretary and her Environment Secretary about what they knew. If she is in charge of her Government, she ought to be asking her Ministers what they knew, given the severity and gravity of the allegations now in the public domain. If she is not getting good enough answers from the Foreign Secretary and the Environment Secretary, she should be taking action. There is another issue with regard to the Prime Minister's responsibilities, which is that she has key members of staff in No. 10 who were staffers in these campaigns and appear to be part of the alleged collusion. At the very least, she should be asking them questions and getting assurances from them, and if those assurances are not good enough, she should take the appropriate action.

I want to ask the Minister whether the Foreign Secretary was speaking for the Government when he pushed aside these allegations as nonsense. Is that what she will say at the Dispatch Box in a few minutes' time? Does she, speaking on behalf of her Majesty's Government, agree with the Foreign Secretary that these allegations are all complete nonsense—before they have been investigated? That would be a quite extraordinary position for Her Majesty's Government to take, and particularly for the Foreign Secretary to take, given that he is supposed to speak for this country about the rule of law in other countries—and one wonders, doesn't one?

Mr Bradshaw: Does not the right hon. Gentleman also think it is telling that the Foreign Secretary put out his statement as soon as the news broke on Friday evening? He cannot possibly have read the three huge files of documentation that have been presented to the Electoral Commission and the ICO, can he?

Sir Edward Davey: One does wonder about the people connected to the Vote Leave campaign who have tried to get in their rebuttals and answers rather rapidly. The head of the staff side of the Vote Leave campaign, Mr Dominic Cummings, put out a pre-rebuttal before the allegations were in the public domain. It sounds as though he knew quite a lot about what the allegations would be, but perhaps he knew the truth. I am afraid that his pre-rebuttal did not convince anybody. Now that we have the allegations, with detailed evidence of emails and photo grabs of things that have since been deleted, we know why Mr Cummings was desperate to get in his rebuttal. I cannot know whether the Foreign Secretary was in the same position, but one has to have one's suspicions raised.

It is because the allegations are so grave, affecting the most momentous decision this country has taken since the second world war, that the Liberal Democrats, supported by all colleagues on the Opposition Benches, are absolutely right to ask these questions of the Government. Just because there is no Division after this debate does not make these questions and this debate something the Government can push aside. I say to the Minister that we will be coming back and back again to this until we have answers. When the Electoral Commission reports, the Information Commissioner reports and, hopefully, the police report, those reports need to be published and debated here in this House. We will not let this lie. Why? Because we want to defend British democracy. We want to defend parliamentary sovereignty. We want to defend the rule of law. I hope the Minister will say from the Dispatch Box that that is what she is going to do, too.

4.10 pm

Tommy Sheppard (Edinburgh East) (SNP): I congratulate the right hon. Member for Carshalton and Wallington (Tom Brake) on securing this debate. I find myself in agreement with him and with most of the speakers from the Opposition Benches.

I have a direct, personal interest in this matter: it is not one I need to declare under the code of conduct, but I have direct experience of operating in a campaign under the very regulations we are talking about today. In the summer of 2014, I was an activist and campaigner in the Scottish independence referendum. Because of my history and background in the entertainment industry, I was part of a group that was trying to co-ordinate that campaign among the arts and culture industry in Scotland. We wanted to organise a major, high-profile concert in the run-up to the event to demonstrate support and to provide a fillip for the campaign in the final days.

We went to the Yes Scotland campaign, the designated organisation, with the proposal. It said that it did not want to include it in its campaign plan and spend money on it. The advice was to go away and do it ourselves, so that is what we did. I registered my own events company with the Electoral Commission as a permitted participant in the organisation. We hired the Usher Hall, the grandest concert hall in Edinburgh, and we booked the bands. We arranged the production and the publicity, and we had a very successful event. Afterwards, we provided the Electoral Commission with a report and a detailed budget of what we had spent and the money we had received. At no stage did we either report to, or seek the involvement of, the official designated organisation.

Tom Brake: I am sure when the hon. Gentleman was considering what actions to take he would never have considered, for example, co-locating with the designated organisation, sharing a server with the designated organisation, or sharing the same supplier on the same basis as the designated organisation.

Tommy Sheppard: The right hon. Gentleman is ahead of me. I was going to say that I have had cause over recent weeks to wonder: what if we had done it differently? What if the designated campaign organisation had come to me and said, "We would like you to do this activity, and the best way to do it, because we do not want it in

[Tommy Sheppard]

our budget, is if we set up a separate organisation. Just to make it easier for you, our lawyers have done the paperwork to set up the organisation. Just to make it easier for you, you can have our staff and you can work out of our office. Just to make it even easier for you, you don't need to bother about writing the cheques, because we will book and pay for the hall and the production"? What would have happened if we had done that, I wonder? I am in no doubt about what would have happened: the Electoral Commission would have investigated. It would have found me and Yes Scotland in breach of the regulations. We would have been fined and we would have been reported to the procurator fiscal for prosecution on criminal charges.

I say that because that lived experience frames my opinion of the events we are talking about today, and my opinion is that this stinks to high heaven. In preparation for this debate, I looked at the original investigation and judgments of the Electoral Commission with regard to these complaints, and—I recommend hon. Members do this—at the High Court judgment on the application for judicial review of that decision. What it comes down to—what is absolutely central to this debate—is not whether different campaign organisations were arguing for Vote Leave, but whether they colluded to breach the expenditure limits that were set down. That is central.

Looking at the High Court judgment and other documents, it is clear that the most important thing is whether or not a common plan was in existence between Vote Leave and BeLeave, as defined under the 2000 Act. I have to say, in a situation where Vote Leave sets up a subsidiary organisation called BeLeave, uses its own personnel to establish it, manages to send it its lawyers and all sorts of support, and provides offices, computers and drives on the server for the same people, it is very difficult indeed to escape the conclusion that there was collusion and organisation between the two.

We are being asked to believe that Darren Grimes took a £600,000 contract and went to a data analytics firm in Canada, completely independently of people in Vote Leave, who had already spent £2.7 million with the very same company. It is literally unbelievable and we need to support the Electoral Commission and others in investigating this to the bottom.

Layla Moran: Does the hon. Gentleman not agree that what would be even worse than any of this would be if the Electoral Commission came to the conclusion that it cannot prove it? That would say to me that there is something fundamentally wrong with the laws under which the organisations are operating. That is what this debate is about: how do we stop this happening again, should they not be found to have been colluding?

Tommy Sheppard: Indeed, and we will have to await the outcome of the Electoral Commission's investigation before we consider whether the legal framework and the support that is provided for the Electoral Commission are in fact adequate for this task.

We have this new evidence. The Electoral Commission, by the way, had already reopened the investigation before the whistleblowing information came out in the last seven days, but we are surely indebted to Shahmir Sanni for what he has done in the service of democracy

in this country. I have watched his video recordings and it is clear that we do not share the same point of view. We did not share the same point of view on Brexit during the campaign, and we do not share it now, but I do not think that anyone who watches those interviews can fail to be moved by the decency, integrity and bravery of that young man in coming forward and putting himself at risk. We owe him a great debt.

The response of our Government to the whistleblowing allegations therefore worries me. Others have mentioned this, but the Prime Minister's explanation yesterday that this was a personal statement by Stephen Parkinson just does not hold water. How can it be a personal statement when someone is at a desk in No. 10 Downing Street, at the heart of Government—when they are on the payroll, issuing a statement from No. 10 Downing Street? This must be the first occasion in history, certainly that I can remember, when the Government have decided to attack a whistleblower by outing them as gay, causing them the possibility of actual harm to themselves and their family, and it is a disgrace.

Mr Bradshaw: Is the hon. Gentleman also aware that according to reports, that statement was approved by the Prime Minister's chief communications officer, Robbie Gibb? There is no way that that was not an official statement, as the Prime Minister claimed yesterday.

Tommy Sheppard: I agree, and on the email it says "official", so there can be no question that the Prime Minister did not know what Stephen Parkinson was saying. I have written to the Government today to demand that this young man be apologised to for the actions that have been taken. That is the very least that we can expect. Most reasonable people in this country will be wondering why Stephen Parkinson has not already been sacked, quite frankly, and in many other companies and areas of life, that is exactly what would happen.

Adam Holloway: Look, let the Electoral Commission do its investigation. Why is this House trying to pre-empt it? No one should be sacked until we actually have a decision.

Tommy Sheppard: I was not talking about the Electoral Commission investigation. I was not talking about the allegations of collusion between Vote Leave and BeLeave. I was talking about a senior official of the Government exposing somebody for being gay in response to their blowing the whistle on what has been happening in Government. That speaks to the character of this Government, who have hours, rather than days, to claw this back and put it right. I hope that when the Minister gets to her feet she will say that the Government will respond to these concerns, speak to Mr Parkinson and take the appropriate action—and I cannot see any other action possible than to say that this man is no longer fit to hold office in government.

What happens when the Electoral Commission does its investigation and comes to its conclusion? Even if the collusion is proven and the regulations were breached, it will not change the result of the referendum; it will not be overturned. Some on the pro-Brexit side seem to believe that the referendum was mandatory on Parliament and the Government. It never was—it was an advisory referendum—so even were the result to be challenged, it would not call into question the many decisions on

article 50 and leaving the EU that Parliament has already voted on. I do believe, however, that it would add further poison to the well of British democracy, coming on top of the most mendacious campaign in political history—that fought in 2016—when people were lied to about what it would mean to leave the EU.

Not only were these lies told—lies that were not worth the bus they were written on, frankly—but the regulations and laws governing the conduct of the referendum might have been broken. The Minister needs to reassure us that the Electoral Commission will have all the resources it requires to get to the bottom of this matter. That said, I think that there is already enough evidence—because I presume that the whistleblowers' statements will be sworn under oath—for this matter to be referred to the Crown Prosecution Service and for a police investigation to take place. That investigation needs to interview under caution the players in this debate, including those who now sit in government holding the highest offices in the land.

That brings me to the Foreign Secretary, who has chosen not to be present. Others have commented on how quick off the mark he was to denounce the allegations and the new information. I am left wondering whether this was just his attempt to be the English Donald Trump or whether this is someone using one of the highest offices in the land to bring their power and authority to bear to intimidate those who would criticise him and make these allegations, and that is very worrying indeed. I want an assurance from the Government today that if the Electoral Commission finds that there has been collusion and breach, those Cabinet Ministers involved in the management of the Vote Leave campaign will resign from office and take no further part in government. It would be ridiculous and would undermine our credibility if the Foreign Secretary and others, having been involved in a breach of our electoral law, were then to seek to hold the highest office in the land.

Finally, my hon. Friend the Member for West Dunbartonshire (Martin Docherty-Hughes) raised a very important matter. As we uncover this, we will find more traces of dark money creeping into our electoral system, and we need the utmost transparency if we are to resist it. I therefore invite the Minister to comment on what action she and her colleagues will be taking with regard to the Constitutional Research Council and the money it siphoned to the Democratic Unionist party for the Brexit campaign. This is an organisation that has no website, no published report, no published accounts—it is the very definition of shady, and it is not something that we should accept in our democracy.

4.23 pm

Jon Trickett (Hemsworth) (Lab): Thank you, Mr Speaker, for granting this debate. We have heard a number of important contributions, and it is difficult to disagree with any of them, given that nobody on the Government Benches actually bothered to make a speech, although they attempted to prick the arguments from time to time.

However we voted in the referendum and whatever our views now, the recent revelations in connection with the Brexit campaign raise serious questions about the functioning of our democracy and go to the heart of who we are as a country. First let me say, however, that we would not even be holding this debate were it not for the hard work, courage, diligence and honesty of journalists in the media.

Theirs is a profession that politicians rarely thank. The same applies to whistleblowers. However uncomfortable it may be for the powerful in our society, or for any of us, it is clearly essential to the functioning of a democracy that we protect the roles of both journalists and whistleblowers. It demeans our politics to attempt to destroy a whistleblower's case not by addressing the matters that were being raised, but by insinuating that there was a malicious personal motive on the part of the whistleblower. It is especially sinister—indeed, it is shameful—when those insinuations emerge from Downing Street and when their source is defended by the Prime Minister personally. After all, the Government have a clear policy on whistleblowing. Their website states:

“As a whistleblower you're protected by law—you shouldn't be treated unfairly or lose your job because you 'blow the whistle'.” But Mr Sanni has been treated unfairly and in a way that is absolutely disgraceful.

Democracy depends on more than just journalists and whistleblowers. It needs transparency and a rules-based level playing field. If those attributes are missing, our democracy will be in severe danger and I believe that it may well be. The stakes have never been higher because the referendum itself was a major turning point in the country's history. Moreover, the House will not forget that the Leave campaign was headed by two distinguished Members of this House, who arguably owe their membership of the British Cabinet to the role that they played in the Brexit campaign. To the victor belong the spoils, as they say.

It is too soon yet to draw any firm conclusions that Vote Leave broke the rules, but there are clearly reasons to worry. Before reciting some of the known facts, I remind the House that the law on referendums, which we passed, does not prevent donations from one campaign body to another, but it does forbid collusion between them, because otherwise there would not be a level playing field between the two sides in the referendum. If one campaign exceeds the spending cap by deliberately and surreptitiously spawning satellite or puppet operations, that crucial principle of equity between the two parties is lost.

Let me briefly list the facts that we do now know, some of which have already been mentioned. We know that Vote Leave raised more money than the statutory spending cap. We know that it donated surplus funds to other campaigning bodies, including a youth body called BeLeave. We know that the two campaigns shared the same building, and that there was a revolving door for staff between the two organisations. We know that they both used the same small Canada-based company, AIQ, whose purpose seems to have been to harvest data from social media in order to target Leave messaging to British voters. By a strange coincidence, the Leave.EU campaign—led by Messrs Farage and Banks, among others—used the very same small Canadian firm.

Incidentally, at least two other bodies, which have been mentioned briefly today, received donations from Vote Leave. One is Veterans for Britain and the other is the Democratic Unionist party, none of whose members are in the Chamber. Another remarkable coincidence is that both bodies reportedly used that same firm based in Canada, AIQ, whose premises are, I am told, above a shop.

Martin Docherty-Hughes: Will the hon. Gentleman give way?

Jon Trickett: I will, very briefly.

Martin Docherty-Hughes: The hon. Gentleman mentioned Veterans for Britain. Is he aware that that organisation consistently gives evidence to the Defence Committee and that—this is relevant to my earlier comments—there is now grave concern about the links between national security and this very debate?

Jon Trickett: I think that the hon. Gentleman's point speaks for itself.

So far, so good. Those are the facts as I understand them. Until last week, there was evidence that the various Leave campaigns rubbed shoulders with each other, but no evidence that there was specific collusion. This is where the recent revelations by the whistleblower that have given rise to this debate change the nature of our understanding of what happened. Mr Sanni was right at the core of the BeLeave organisation from its inception; indeed, I understand he was the treasurer, although he says he never saw the money pass through the accounts. He had previously worked in the Vote Leave organisation and says he was directed by it to join BeLeave. He goes on to say that BeLeave was established by Vote Leave and the money it donated was in effect under the control not of BeLeave but of senior members of the Vote Leave staff, and he argues that the money allegedly donated by Vote Leave to BeLeave was actually directed by Vote Leave, to be spent on AIQ. If these allegations of collusion are true, they amount to a serious breach of the regulations and a de facto fusion of the two campaign groups, and one has to assume that under those circumstances there was an illegal spend by Vote Leave-BeLeave of about 10% of the total statutory cap.

That was illegal, yet a further allegation has been made. It is said that after the referendum Vote Leave staff destroyed or doctored the electronic data files they held in order to remove any reference to an interconnection between the two campaigns. It is therefore hard to conclude anything other than that this was a puppet campaign designed to avoid electoral law. If there was nothing to hide, why would they destroy or change the files?

Given the historic scale of the referendum and what it has presaged for our country, we must have a proper and urgent investigation, but the truth is that the House is not the proper place to carry it out, and let us be blunt about the reason why: it is because the Government are in this up to their neck. Two Cabinet Ministers fronted the organisation. They sit here week after week, the Bonnie and Clyde of Brexit—I will leave it to the House to decide who is Bonnie and who is Clyde. They had a pantomime swag bag allegedly full of £350 million a week for the NHS, which, as we know, turned out to be completely untrue. Meanwhile, the sheriff herself, in the shape of the Prime Minister, has publicly defended her own political secretary after his personalised attack on the whistleblower. They cannot represent themselves as honest brokers, so who will step up to carry out the investigation into these new revelations?

It must be the Electoral Commission and, if necessary, the police. At present, however, the Electoral Commission is under-resourced and lacks the necessary powers to carry out the task. After all, the situation last week with

the Information Commissioner revealed how limited its powers and resources are in trying to get access to Cambridge Analytica files.

We on this side of the House demand that the Government recuse themselves from looking into these matters and commission a wholly independent investigation instead. The Electoral Commission should be given the extra powers and resources it needs to follow the evidence wherever it takes it. It should then report to this House and to the public directly, so that there is no suspicion of interference by interested parties in powerful places.

Sunlight is the best disinfectant. We have seen the Prime Minister beholden to the extreme wing of her party, who are running wild and unchecked. If she wants to stand up for our democracy and show she has nothing to hide, she will surely now work with any investigation as a matter of urgency.

Several hon. Members rose—

Mr Speaker: Order. Before I call the Minister to reply on behalf of the Government, I gently make the point that in conformity with convention she will, as a most courteous Minister, seek to allow a minute or two for the right hon. Member for Carshalton and Wallington (Tom Brake) to conclude.

4.34 pm

The Parliamentary Secretary, Cabinet Office (Chloe Smith): Thank you, Mr Speaker. I shall, with pleasure, leave time for the right hon. Member for Carshalton and Wallington (Tom Brake) to conclude the debate.

There are two things that I ought to begin by saying. The first is that, as a Minister, I shall respect the integrity of independent investigations. I shall therefore not comment here today on allegations that rightly belong with the Information Commissioner's Office or the Electoral Commission for investigation. I hope that right hon. and hon. Members will join me in respecting that rather important legal principle, which I set out here at the beginning of my remarks to give the House clarity. Secondly, as the Minister responsible for the electoral system, I am proud to say that the UK has a clear and robust electoral system, and we should all be proud of the democracy in which we live and work. I would like to place on record my thanks to all those involved in the electoral community who work hard at every poll to deliver it within the law, such that we can be proud of our democracy.

I turn now to the EU referendum. The Electoral Commission concluded that it was a well-run poll and that it was delivered without any major issues. We also know that it was one of the largest democratic exercises in our history. I recognise that that referendum and its subject matter still elicit high emotions on both sides. Indeed, we have seen that here today. However, with 17.4 million votes to leave the European Union, more people voted for Brexit than have ever voted for anything else in the UK. We therefore have to respect the will of the people in that referendum and we are delivering it. This Government are committed to ensuring the best possible outcome for the British people in the negotiations to leave the EU.

Neil Gray (Airdrie and Shotts) (SNP): The Minister has just repeated a line that the Prime Minister used to dismiss my inquiries regarding this matter yesterday.

Given that some of the Prime Minister's Downing Street staff are the subject of these allegations and used disgraceful "House of Cards"-style tactics to divert attention by outing a whistleblower as being gay, and given that senior Cabinet Ministers led the Leave campaign, do not the Prime Minister and her Government have a number of questions to answer regarding these events, outside of the Electoral Commission investigation?

Chloe Smith: I will not be adding anything in this debate to what the Prime Minister said on those issues yesterday.

Turning to the matter at hand under the application, I should like to thank hon. Members for their comments during the debate. Various allegations have come out in the media over the past week, and it is important to be clear about what they involve and about which ones are directly linked to the UK's electoral law and which ones might not be. First, there was a series of allegations about Cambridge Analytica using Facebook data to profile American voters. That is primarily a data protection issue. It is a serious allegation and the Information Commissioner is undertaking a formal investigation using its powers. The Government are strengthening the remit of the Information Commissioner through our Data Protection Bill, giving it tougher powers to ensure that organisations comply with its investigations, including the ability to impose significant fines. We will consider the Information Commissioner's proposal for further powers as the Bill passes through Parliament.

Secondly, there have been allegations about whether some of the spending ahead of the EU referendum was properly declared. Some of those matters have already been subject to Electoral Commission investigations, and others might well be so in due course. I return to the point I made earlier that I shall not comment on investigations that are being carried out. In this country, the Electoral Commission is the independent body that oversees the conduct of elections and referendums and regulates political finance. The commission reports regularly on the running of elections and referendums, and conducts thorough investigations into allegations that rules have been breached.

Neil Gray *rose*—

Chloe Smith: Does the hon. Gentleman have a better question than the one he asked last time?

Neil Gray: Given that the points I made were about the conduct of Downing Street staff and Government Ministers, this is not about the Electoral Commission. It is about the Prime Minister's integrity and the judgment involved in appointing those members of staff.

Chloe Smith: I regret to say that the hon. Gentleman seems to be under a misunderstanding about the debate that you have granted, Mr Speaker. It is about electoral law, and as the Minister responsible for electoral law, I shall answer on that point.

The Electoral Commission is independent of the Government. It is accountable to Parliament via the Speaker's Committee on the Electoral Commission. One important point that has come up today is the suggestion that the Electoral Commission is under-resourced. I encourage hon. Members to look at the

commission's operating costs for this year, which show an underspend against its anticipated budget. Indeed, in January this year, it returned funds. Now, I leave it to others to draw conclusions from that about whether the Electoral Commission is resourced correctly, but I say again that the commission is accountable to Parliament and that such questions could rightly be in looked into by Parliament and your committee, Mr Speaker.

Geraint Davies: Will the Minister give way?

Chloe Smith: I will not, because this is a time-limited debate.

To safeguard elections, it is vital to have an independent regulator. The Electoral Commission needs to be able to act independently, without Government interference. I am a little disappointed by the loose thinking of the hon. Member for Hemsworth (Jon Trickett), because I think his argument was that the Government ought to have been able to investigate such things, but then he said that that was not correct. He then said that the Electoral Commission can do that as a fall-back. Let me be absolutely clear that it is a good thing this country has that independent regulator, and we cannot have it both ways. The independent regulator should do its independent job. I have heard too many arguments in the Chamber this afternoon that suggest that this House ought to pre-empt the commission, but we should not do so and, as I said at the outset, I will not do so.

Allegations have been made about campaigners during the EU referendum, and the specific allegations about spending rules and the accuracy of campaigners' spending returns fall squarely within the remit of the Electoral Commission. The commission has announced investigations into various campaigners in that referendum and has already investigated a number of complaints and found no wrongdoing. It will publish its findings in due course. As the right hon. Member for Carshalton and Wallington, who requested this debate—I thank him for doing so—acknowledged yesterday, there may be sub judice issues here, so I repeat that it would not be appropriate for me or the Government to comment on any ongoing investigations.

Mr Bradshaw: Will the Minister address the concern raised not only by me, but by the whistleblower Christopher Wylie, who spent a great deal of time with the Information Commissioner this week, that it does not have the resources or the expertise that it needs to do these investigations properly?

Chloe Smith: I think the right hon. Gentleman is asking me whether the Information Commissioner has the necessary resources. Is that right?

Mr Bradshaw: And the expertise.

Chloe Smith: And the expertise. Okay, I understand the point. The right hon. Gentleman, who is a senior and experienced Member, will appreciate that I am here to answer about electoral law, such was the title of the debate, but it is important that such issues come together. He will have seen the Minister of State, Department for Digital, Culture, Media and Sport, my hon. Friend the Member for Stourbridge (Margot James), who is leading

[Chloe Smith]

the Data Protection Bill Committee, listening to part of the debate. The right hon. Gentleman will know that the Government are seeking to give the Information Commissioner stronger powers, such as around warrantry, compulsion and sanctions, and that the Government are considering doing even more after the Cambridge Analytica allegations. I believe that that will have been made clear to the members of the Data Protection Bill Committee. As for whether the Information Commissioner has the expertise, I would hope that it does, but I shall ask my hon. Friend the Member for Stourbridge to contact the right hon. Gentleman to ensure that he receives a satisfactory answer.

Allegations that the electoral rules may have been breached are rightly a cause for concern, but that does not mean that the rules themselves were flawed. It is not right to reach any conclusions on such issues until the Electoral Commission's investigations are complete. It would not be right to jump to conclusions or to attempt to amend the system before any allegations have been proven.

In conclusion, the Government will continue to work closely with the Electoral Commission, along with many other stakeholders in the electoral system, to protect the integrity, security and effectiveness of referendums and elections. Let me make it clear for the record that we will continue to implement the referendum's result and to make a success of it.

4.44 pm

Tom Brake: May I start by once again thanking you, Mr Speaker, for facilitating this debate?

The Minister said that she would not be drawn on the allegations that have been referred to the Electoral Commission and the police, although she did go on to say that we have a clear and robust electoral system. I must gently chide her, because she might want to wait for the outcome of the investigations to see whether our electoral system is in fact clear and robust.

The Minister also would not comment on the actions of the Prime Minister's political officer. As a number of Members have said, that is not a matter that is sub judice. I think that it is a matter of morals, as the actions that were taken have exposed someone to risk. The Minister did not want to respond to that, so perhaps her view is that it is something the Prime Minister should look into very carefully, and consider carefully the position of that member of staff.

We have heard many challenging contributions from the Opposition Benches and silence from the Government Benches, apart from the Minister's speech and a few interventions. I asked her a few specific questions at the end, which she did not answer, so I hope that she will be able to do so in writing, specifically on whether any legal reforms are needed.

In conclusion, I do not think that anyone on the Opposition Benches today will leave reassured that the law was not broken and that the people were not cheated, but we will have to wait for the outcome of the inquiry to see whether these allegations are true or false.

Question put and agreed to.

Resolved,

That this House has considered the EU referendum and alleged breaches of electoral law.

Lucy Powell (Manchester Central) (Lab/Co-op): On a point of order, Mr Speaker. Have you received any notice from the Government that they intend to make a statement on the very important Kerslake review of the response in the aftermath of the Manchester Arena attack? Although it was positive in many ways, it has raised serious questions about some national protocols and the national helpline run by the Government.

Mr Speaker: The short answer is no. The hon. Lady highlights an extremely important and sensitive matter, and I appreciate that she does so not least in her capacity as a constituency Member of Parliament. It will be a matter of considerable concern, not just to Members in affected constituencies, but right across the House. I have received no such notification but, knowing the perspicacity and ingenuity of the hon. Lady, I feel sure that she will find a way of highlighting the matter in the Chamber sooner rather than later.

Sir Edward Davey (Kingston and Surbiton) (LD): On a point of order, Mr Speaker. The Minister mentioned the role of the Speaker's Committee on the Electoral Commission in these types of discussions and inquiries. My understanding is that your Committee's statutory duties are focused on matters such as the estimate and the resources available to the Electoral Commission. That has been raised as a matter of debate, so I wonder whether you could enlighten the House on what role your Committee might take in this regard.

Mr Speaker: The short answer is that the right hon. Gentleman is right; the Speaker's Committee on the Electoral Commission preoccupies itself with the estimate, and scrutiny thereof. That is a narrow albeit important remit. We are concerned with resources. There have been occasions when a particular issue appertaining to the Electoral Commission has arisen that has caused the Committee to meet to hear from its officers. However, so far as investigations are concerned—to be fair, the Minister did not suggest otherwise—those are not matters in which my Committee would in any way become involved. There is a model for this in relation to the Independent Parliamentary Standards Authority—the model of a Committee scrutinising an estimate—and Members should have that in the forefront of their minds. We do not get involved in investigations. In so far as the right hon. Gentleman's point of order and my response to it has made that even clearer, I welcome that.

Geraint Davies (Swansea West) (Lab/Co-op): On a point of order, Mr Speaker. This debate has questioned whether the Brexit vote may have occurred illegally—or illegal activity may have affected the outcome—and therefore it questions the legitimacy of the vote itself and subsequent activity in this Chamber. In your view, what should be the next steps, in the event that it is found categorically that illegal activity may have reasonably been found to have distorted the outcome of that democratic referendum?

Mr Speaker: I am bound to say to the hon. Gentleman, who is quite an experienced Member of the House, that that is a triumph of optimism over reality. For him to seek to beguile me into participating in an exchange on that matter is not reasonable, and the puckish grin on his face suggests that he is keenly aware of that fact.

The question he puts to me is a hypothetical one and I have always thought that the late Lord Whitelaw spoke very good sense when he said, “On the whole, I prefer to cross bridges only when I come to them.”

FINANCIAL GUIDANCE AND CLAIMS BILL [LORDS]

Bill to be considered tomorrow.

Business without Debate

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 28 March –

(1) paragraph (2) of Standing Order No. 31 (Questions on amendments) shall apply to the Motions in the name of the Leader of the Opposition as if the day were an Opposition Day; proceedings on the motions may continue for up to six hours from the start of proceedings on the first such motion, and shall then lapse if not previously disposed of; and Standing Order No. 41A (Deferred divisions) shall not apply; and

(2) the Speaker shall not adjourn the House until any Message from the Lords has been received.—(*David Rutley.*)

SCIENCE AND TECHNOLOGY COMMITTEE

Ordered,

That Clive Lewis be discharged from the Science and Technology Committee and Liz Kendall be added.—(*Bill Wiggin, on behalf of the Selection Committee.*)

PETITION

Royal Bank of Scotland

4.51 pm

Gavin Newlands (Paisley and Renfrewshire North) (SNP): I rise to present a petition about the closure of the Renfrew branch of the taxpayer-owned Royal Bank of Scotland. The closure of this branch remains a mystery to the people of Renfrew, as it is situated in a busy and thriving town centre. The fact that the branch is popular with businesses and regular customers alike is one to which I can testify, as a branch user who has to wait in a queue each time I bank there. Indeed, RBS fully refurbished the branch, at no small cost, just months ago. This closure would leave one Paisley branch, hundreds of metres from the nearest bus stop, to serve the 50 square miles of my constituency.

The petition states:

The petition of residents of Paisley and Renfrewshire North,

Declares that the proposed closure of the Renfrew branch of the publicly-owned Royal Bank of Scotland will have a detrimental effect on the local community and the local economy.

The petitioners therefore request that the House of Commons urges Her Majesty’s Treasury, the Department for Business, Energy and Industrial Strategy and the Royal Bank of Scotland to take account of the concerns of petitioners and take whatever steps they can to halt the planned closure of this branch.

And the petitioners remain, etc.

[P002127]

Council Housing

Motion made, and Question proposed, That this House do now adjourn.—(*David Rutley.*)

4.53 pm

Matt Western (Warwick and Leamington) (Lab): We are all agreed: the UK has a housing crisis. No matter which party is speaking, there is universal recognition of the desperate need to urgently increase the supply of housing. So there is no debate, then, is there? The global financial crash had a catastrophic impact on the house building industry in this country. Given that much of the credit crunch was down to bad debts, particularly those resulting from bad lending in the US domestic housing market, this was perhaps to be expected. In just two years, the number of homes built crashed by 30%, and with this the supply of housing just dried up. That economic shock forced the then Labour Government to drive for affordable house building as part of an economic stimulus programme to help the country through the deep recession.

By 2009, the foundations for a new era of affordable house building were laid, with a £4 billion annual affordable housing programme, backing for councils to receive grant funding and build new council housing, full localisation of council housing finance agreed with the Treasury to boost building still further, and a programme of progressively higher standards agreed with industry to make all new build homes zero carbon by 2016. It was a comprehensive programme.

Since the change of Government in 2010, public policy has been perceived as at best indifferent and at worst hostile to affordable housing. One of the first decisions made by Conservative Ministers after the 2010 election was to cut back new housing investment by more than 60%. As a result, the number of new Government-backed homes for social rent started each year has plummeted from almost 40,000 to fewer than 1,000 last year. The number of new low-cost ownership homes being built has halved. The plans that Labour left to get councils building 10,000 homes a year were undermined, dashing any hopes of councils being able to build at scale again.

At the same time as the number of new homes being built has fallen, there has been a huge loss of existing social homes. In 2012, right-to-buy discounts were hiked to a massive £100,000.

Jack Lopresti (Filton and Bradley Stoke) (Con): On a point of information, is the hon. Gentleman aware that since 2010 more than three times as many council houses have been delivered than in the previous 13 years—the golden era of Labour government that he talks about?

Matt Western: Yes, the figures do show that, but if one drills down into the number, one will find that they were provided by Labour authorities, and that is despite the borrowing cap that has been placed on them. Without that cap, to which I shall refer, far greater supply would be available.

Despite a promise that there would be one-for-one replacements, in some areas only one in five homes sold under the right to buy has been replaced. A new kind of publicly funded housing was introduced. Ministers branded

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it “affordable rent”, with rent set at up to 80% of the market price and thereby directly linked to often unaffordable private market rents.

Siobhain McDonagh (Mitcham and Morden) (Lab): I feel sure that my hon. Friend is likely to come to this point, but does he agree that the term “affordable rent” is an offence to the English language, because affordable clearly does not mean affordable if it is 80% of market rent?

Matt Western: I thank my hon. Friend for her informed intervention. My very next sentence was going to address that point. If something is already expensive, making it 80% of expensive is still expensive. That is where we find ourselves.

Mark Tami (Alyn and Deeside) (Lab): My hon. Friend mentioned right to buy. Some of the right-to-buy houses that were originally bought by their renters have now been sold on, often to landlords. Some of those properties are not in the best condition and on many estates they are the ones that really stick out, often because rogue landlords are not looking after them.

Matt Western: I thank my hon. Friend for his timely intervention. He is of course absolutely correct. One issue we have had over recent decades is that so much of this property has fallen into the hands of landlords and others, the investment has not been made, and they are now charging extortionate rents. Had it been left to local authority provision, those renting would be able to afford the properties more readily.

Organisations that bid for Government grants were told to re-let homes for low-cost social rent at the new so-called “affordable rent”. It is now estimated that 150,000 homes for social rent have been lost in the past five years. More recently, the Government proposed to add to the sell-off by extending the right to buy to housing association tenants, funded by an extraordinary forced sell-off of council housing to the highest bidder.

Matt Rodda (Reading East) (Lab): I associate myself with my hon. Friend’s points and the genuine and deep concern that he shows for the needs of tenants throughout the country, many of whom are struggling with high housing costs, as indeed they are in my constituency. Does he agree that it was an outrageous mistake and serious error by the Conservative Government to stop many local authorities building council houses when they had fully costed schemes that were ready to go and, indeed, shovel-ready? Reading had a plan for 1,000 new council houses, but unfortunately it was stopped by George Osborne in 2015.

Matt Western: My hon. Friend is, of course, absolutely correct. There is a suppression of building low-cost rental properties by local authorities. Those local authorities know that there is a need, and we must allow them to have that responsibility. Preventing them from supplying that housing has had a huge social and economic cost in our communities.

Siobhain McDonagh: Does my hon. Friend also agree that preventing councils from building housing means that it is unlikely that the Government will achieve their

target of building 300,000 homes a year? The last time those figures were reached was in 1969 when both councils and housing associations were building, as was the private sector.

Matt Western: I thank my hon. Friend once again. Not only is she very well informed, but she is very experienced in this matter. She is absolutely right. The high levels of housing that we have needed over the decades have been delivered by a mix of providers. The crucial element that is now missing is the housing that is provided by local authorities. In its absence, we will never achieve the objective that has been set by the current Government. If we look through the decades, we can see how, in the post-war periods of the 20s and then the 50s and 60s, the local authorities were allowed to ensure a good supply of housing, which they recognised was needed because of the constraints in the private sector.

It is worth looking at this matter in the round. Over the past 10 years, the overall supply of new homes has seen an under-delivery of at least 80,000 to 100,000 homes a year. The result is that the UK faces a desperate shortage of at least 1 million homes. The Royal Institution of Chartered Surveyors now forecasts that we will reach a shortage of 1.8 million low-cost rental properties—that is just low-cost rental properties—by 2022.

All areas of the UK need housing, both public and private, but there is particular and desperate need for low-cost housing for rent. In my constituency there are more than 2,400 people on the housing waiting list. Homes are being built, but not enough are under construction to satisfy this social need. Once again, it is the wrong mix of housing that is being delivered. So, what is the answer? Of course, opinions vary, and the solutions presented to the electorate in last year’s election showed clear blue water between the main parties.

Recognising the critical importance of the housing shortage in its 2017 manifesto, Labour committed to the creation of a new department for housing. Importantly, on house building, we promised at least 1 million new homes over the next Parliament, which, as we now know, can be a very short time, and a new target of 250,000 new homes a year being built by 2022. Of those, at least 100,000 per year, or 40% minimum, would be genuinely affordable homes to rent and buy per year, including the biggest council house building programme in more than 30 years. If I am honest, I would personally like to see a lot more.

Subsequently, at the autumn party conferences, much time and debate were given over to this challenge, and the Prime Minister announced that she was committed to delivering 300,000 new homes. Specifically, she stated that £2 billion would be committed to helping the delivery of affordable housing, but, of course, that equates to just 25,000 properties. Clearly, housing is rising up the political agenda, and it is now one of the biggest domestic issues that we face.

My contention is that we now face a social crisis that is without precedent in the past 50 years. We have thousands of families without their own homes, waiting desperately for accommodation. We have record numbers of people rough sleeping. In my constituency of Warwick and Leamington, we have the highest number in terms of people per 1,000 of the population in the whole of

the west midlands. Over the decades, the overall supply of housing has not delivered. Now must be the time to change that.

I am convinced that council housing was, is and will be the answer to our housing crisis. The Government need to release local authorities from the bounds of their borrowing cap and allow them to use their pension funds to invest in their communities. The use of public land holds the key to unlocking the potential to deliver this. Simply selling public land to the highest bidder will not solve anything. Land is the fundamental denominator in the cost equation of UK housing, and the planning process surrounding it needs urgent, radical reform.

Building more council housing solves at least two key problems: first, the lack of genuinely affordable housing for those who cannot afford market rents; and secondly, the chronic under-supply of housing that is the root cause of our housing crisis. As I said, there is a lack of genuinely affordable housing, with historically high waiting lists of 1.16 million households nationally. The easiest way to help those in need is to provide council housing. If we fail to do this, the result will be increasing homelessness, which we have witnessed more than doubling nationally since 2010. Another, less frequently made, argument is that building more council housing is the key to boosting overall supply, thereby addressing the root cause of the UK's housing crisis.

The Government's own target is to build 300,000 new homes each year, but the number of additional homes delivered in 2016-17 was 217,000, falling well short of their target. Although last year was the first year since the financial crisis in which over 200,000 homes were added—and I do applaud that—it was not enough, and the wrong mix of homes is being built. It is now stated that 300,000 houses would just about keep up with demand. Even if the Government hit this target, it is unlikely to bring down house prices and rents significantly. Also, in order to deliver those 300,000 houses, we need all providers to be supplying into the process.

History provides important lessons. It is no coincidence that house building rates reached their post-war peak during the 1950s and '60s, when successive Governments were committed both to private sector and public sector house building. At the time, housing was plentiful and house prices stayed low, so that many on low to average incomes could afford to rent or buy their own homes. The success of the '50s and '60s shows that prioritising council housing need not be a partisan issue. Harold Macmillan, the Conservative Housing Minister from 1951 to 1954, initiated some of the greatest council house building programmes in order to meet his target of building 300,000 homes a year. During those Macmillan years, local authority housing made up 87%, 84%, 77% and 69% of completed dwellings per year respectively. This compares with just 1% in each of the past four years under this Government—or about 20% each year if we include housing associations as well as councils. Importantly, as I have illustrated elsewhere—I want to give credit where it is due—post-war Conservatives recognised that the public sector must build the homes that the private sector will not build during a housing crisis, which is where we find ourselves.

So why will this Government not do that? I would like to believe that it is not simply ideology that says that the state is bad while the private sector is good and will solve all our problems, because this crisis is holding

back our country socially and—I cannot stress this enough—economically. I believe that there is a duty on one-nation Conservatives to come forward and urge the Government to commit to a mass council house building programme if they are serious about solving our housing crisis. In this light, I have recently relaunched, with my hon. Friend the Member for Stroud (Dr Drew), the parliamentary campaign for council housing. I invite all MPs to get involved with this cross-party initiative that aims to see more council houses being built.

Central Government policy currently acts as a disincentive for councils to build more council homes: first, because, there is next to no funding from central Government for the provision of council housing; and secondly, because there has been just £5.9 billion gross investment in social housing in 2015-16 compared with £10 billion in 2009-10, and the vast majority of this will be directed to housing associations.

This compares with the £22 billion forecast to be spent on housing benefit in the 2017-18 financial year, which is a direct result of not building the housing we need. Is that not ironic? Surely the Government would rather not line the pockets of landlords in the private sector, but prefer to invest long term in the council housing that we need. Is that not pragmatic? The additional £2 billion investment announced by the Prime Minister at the conference was welcome, but it will only provide a few thousand homes by 2021, including the affordable homes that can be anything up to 80% of the market rent. The money is not ring-fenced for genuinely affordable social rents.

As I said earlier, the borrowing cap stifles a council's ability to build where councils can currently only borrow up to a certain amount to invest in council housing. I welcome the announcement in the Budget that the Government will raise the cap by a total of £1 billion for areas under high affordability pressures, but more needs to be done. If the Government accept that the cap stifles building, why will they not lift it entirely for all areas, as has been done in Scotland?

Matt Rodda: Does my hon. Friend agree that there is a considerable need for greater house building in high-cost areas, and that there is actually a lot of available land in many of those areas? There certainly is in Reading. In our case, it is brownfield land from our light industrial past, and I assume that that may also be the case in Warwick and Leamington. Does he agree that urgent Government action is needed to free up that land in order to support the local economy in those areas and to support local public services? There is a particular pressure on local schools and the NHS in my constituency, as people move to lower-cost areas. Will he endorse my points?

Matt Western: I thank my hon. Friend for his informed and relevant intervention. He is of course absolutely right that this essentially leads to what may be described as social cleansing. We may actually be creating ghettos of particular types of community, when we should be striving for sustainable, balanced communities for our economic and social good. I totally endorse my hon. Friend's points.

It is estimated that lifting the cap would allow £7 billion to be injected over five years, providing an additional 60,000 council homes. Even the Treasury Committee,

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chaired by the right hon. Member for Loughborough (Nicky Morgan), has called for this and stated:

“raising the cap would have no material impact on the national debt, but could result in a substantial increase in the supply of housing.”

The Local Government Association agrees. In my view, we should lift the cap entirely and take borrowing to invest in council housing off the country’s balance sheet, as is standard in other European countries. Why not?

Returning to the use of land and its availability, there is clearly much land available, but it is questionable in terms of its efficient use. As my hon. Friend the Member for Reading East just alluded to, there is land—including public sector and brownfield land—but it is all about the planning process and how that land is brought into the equation in order to deliver affordable housing. The current planning policy framework makes it prohibitively expensive for this to happen. The whole process needs radical reform.

Councils are currently incentivised to sell off the overpriced land that they own to highest bidder, rather than to use it for the common good. This needs to be reconsidered urgently. I am calling for us to recognise this national crisis in housing by legislating for all unused local authority and public sector land to be used exclusively for council housing. That is the nature of the crisis we face.

The inflated land prices across the country are preventing local authorities from being able to assemble the land to build on. Land is currently priced at its potential future development value, rather than at its existing use value, as is done in other countries. This pushes up the cost of undeveloped land that would be suitable for housing development, making investment in council housing more expensive. Bizarrely, it also rewards landowners for housing and infrastructure developments to which they do not contribute.

The homelessness charity Shelter has argued that a few small reforms to the Land Compensation Act 1961 and associated legislation on compulsory purchase orders would enable local authorities to purchase land at a fair market value—one that reflects both the current value of the land and reasonable compensation, and allows for the delivery of high-quality, affordable developments. This is not rocket science; it is not complicated. That is what they do in other countries in Europe and elsewhere. It is just about changing the planning approach so that it favours the local authorities.

Mike Amesbury (Weaver Vale) (Lab): Does my hon. Friend agree that the current section 106 arrangements and the community investment levy have failed to deliver affordable housing for our local communities?

Matt Western: My hon. Friend is absolutely correct, as ever. This needs radical reform. The section 106 moneys are understood by few, and the provision of those moneys for housing is not being realised. This goes back to my point about how the planning process and the planning policy framework need urgently to be addressed.

Councils currently retain only one third of receipts from homes sold through right to buy, while the rest goes to Treasury coffers. Why should that be? Surely it

should be in the gift of the local authorities. They are the ones that are adding the value to this process, not the Treasury and not the developer. That means that council housing is lost and never replaced, with 40% of that stock now in the hands of private landlords who, in some cases, are charging up to 50% more rent than is being charged for comparable local authority-owned housing.

It also acts as a disincentive for councils to build. Why risk building new council homes when they could be bought three years later, and two thirds of the receipts will then go to the Treasury? Right to buy in its current form must be scrapped, or at the very least radically reformed, if we want to build the new homes we need. At the very least, councils must be allowed to retain 100% of the receipts from the homes that they lose.

We urgently need to change the language around housing in this country. For 40 years, the sector has become dominated by talk of assets and investment, rather than provision for people’s essential needs for security, refuge and living. Housing also meets the needs of our society more widely and determines the communities in which we live. Housing is so simple, so fundamental and so basic. It provides a sense of place and connectedness in our communities. What is rarely discussed is the vital importance of low-rent council and social housing to the UK economy and how that has been ignored by recent Governments. High rents contribute to pressure on household budgets, lead to lower savings and lower consumption and may lead to poorer health.

The time has come to address this failing and the urgent need to restore much needed balance to the UK housing sector by allowing local authorities to build council housing on a scale not seen since the 1970s. That would mean 120,000 new council homes being delivered per year across the UK. Council housing was and is the answer to our housing crisis—I have absolutely no doubt about that. It is about time the Government recognised that and got on with the job of building it.

5.18 pm

Dr David Drew (Stroud) (Lab/Co-op): I am delighted to make a short contribution, which I am sure the Minister will be pleased to hear. I congratulate my close colleague on this issue, my hon. Friend the Member for Warwick and Leamington (Matt Western), on securing the debate. What he said was well worth listening to. I wish to make a couple of observations that relate largely to my locality of Stroud. I come to help the Minister, not in any way to criticise, because we have to recognise that this is not about party politics. It is about the fact that we need to deal with the housing problem, and we need to deal with it now.

I am making this plea following a letter that was sent by my local authority, Stroud District Council, on my behalf and that of the hon. Member for The Cotswolds (Sir Geoffrey Clifton-Brown). He does not necessarily sign up to everything in the letter, but we felt it was important to send it to the Department so that it understands some of the issues we are facing. This is about the way in which the housing revenue account is now, bizarrely, almost acting against the very thing the Government want, which is to build more houses and make sure that they are fit for the people who desperately need rented accommodation.

The letter makes two pleas: first, as my hon. Friend the Member for Warwick and Leamington has said, to adjust or possibly remove the current borrowing cap so that Stroud District Council can undertake further prudential borrowing consistent with its 30-year business plan; and, secondly, to enable the council to use 100% of its right to buy capital receipts to build those new council homes. Stroud District Council is not unique, but it is unusual in that it now owns its own stock. We bid £98 million for the self-financing regime that the Government kindly made available, so this is a question of the council wanting to use its own resources in the most appropriate ways.

Stroud District Council has had a five-year capital programme to build some 236 council homes, which for a small area such as Stroud is a not insignificant commitment and contribution. That has not in any way crowded out the private sector, but has been in addition to it. These homes are of a high standard, and they are taking people out of fuel poverty, while lifetime arrangements mean that these quality homes are ones that people want to live in. It is a myth that people end up in council housing because they have no alternatives. These are very much sought-after homes, and ones that we want to see alongside other forms of affordable homes.

Local business is very supportive, and it has highlighted the need for housing to be given a very high priority for the simple reason that that is how people can live and work in the Stroud district. We estimate locally that we need 425 new units per annum, which, at the moment, is in effect all the units being provided. However, of the 430 new homes built in 2015-16—the last year for which we have figures—only 120, or 28%, were affordable, which is well below our level of need. This is a question of our not meeting the current demand.

There are 2,525 households on the housing register, with about 440 new lettings of social and affordable housing each year. Rent levels in the private sector are increasing much more quickly than we want, which leads people to look for alternatives to the private sector—one of those alternatives is council housing—and that is particularly true of younger people. In Stroud, the average wage to house price ratio is now 1:10, which is above the national average of 1:8. That means fewer people are becoming owner-occupiers, which is another reason why they are looking for alternative rented accommodation.

Dare I say it, but the private rented sector in Stroud is not necessarily good, which again drives people to look at ways in which social housing, particularly council housing, can provide an answer. There are elements we always want to provide, such as extra care. That needs to be mentioned, because this is not just about younger people or younger families, but about providing a social care element. It is only really the council that can do so, because it recognises that it must supply such support. We have also had a 30% increase during the past year in homelessness applications, which is another driver.

One thing for the Minister to address is the local housing allowance. In a previous debate, I argued that the simple fact that Stroud is included with Gloucester and the Forest of Dean causes us problems. We are an area with higher rents, which means that, because the local housing allowance is based on an average, people paying rent have to make good the difference between what they are allowed and what the benefit system permits them.

I appeal to the Government to work with us to allow us to carry on with our council housing programme. The local plan allocates over 5,000 homes, but sadly too few are coming forward. If the local authority could play a bigger part we would be able to bring forward those homes and ensure we deal with the housing shortage, which I am sure Members on all sides of the House agree is real and pertinent. We need a range of housing, including council housing. This is a cross-party agreement. We are a hung council. The local Conservatives support the programme and were instrumental in it, and they have been willing to stay with it over a long period of time. We need help to either remove or relax the housing revenue account, so we can get back on with the programme.

Sadly, the cap means it is likely that we will have to pay back to the Government £1 million in unapplied right-to-buy receipts for 2016-17. The Minister looks a bit curious, but that is the reality. If we do not have the ability to match fund, we pay back the money from receipts. I do not expect the Minister to say he has a magic solution, but perhaps he could look at that to ensure we do not have such anomalies in the system which mean that the very people who want to build are being prevented from doing so. The 1% rent reduction makes matters worse, because of its impact on the flexibility that councils need for their business plans—in our case, a 30-year business plan. Overall, that has a negative impact of some £10 million, which is a huge influence on the number of houses—we reckon 100—that we want to build but have not been able to.

I hope the Minister has listened. I do not expect him to come up with all the answers, but we will work with him. We are a good authority. We want to overcome the problems of the lack of affordable housing, particularly council housing. I hope he has heard us and will be able to say that the Government are at least willing to contemplate looking at the borrowing requirement and how right to buy affects authorities like Stroud.

5.27 pm

The Minister for Housing (Dominic Raab): I congratulate the hon. Member for Warwick and Leamington (Matt Western) on securing this important debate on local authority housing. It is a pleasure to speak in it. I appreciated his thoughtful speech and I was even sympathetic to his yearning for a return to the Macmillan era—although I am not quite sure how far he would go in that regard. He raises a number of important issues and I will try to address them in turn. He omitted one or two others and I might seek to address those as well.

The reality is that in the last year 217,000 new homes have been delivered, the highest level for all but one of the last 30 years. The hon. Gentleman referred to the financial crash, which clearly had a big impact on the housing market. I think he will be relieved to note that, this month, the national data for the last year showed the number of new build starts and completions at their highest level since 2007. That is good news and positive for homebuyers up and down the country. He also referred to the record of the previous Labour Government on council homes. As my hon. Friend the Member for Filton and Bradley Stoke (Jack Lopresti) mentioned, under this Government, over 10,000 new local authority homes have been built. That is triple the number under the entire 13-year period of the previous Government.

[Dominic Raab]

None the less, I accept the premise of the hon. Gentleman's speech and the restlessness to do much, much more. There is no escaping the fact that we have a housing crisis. He focused on council housing, but we have to build more homes across the board. Providing good-quality and affordable homes for people who need them is an absolute top domestic priority for this Government.

Eddie Hughes (Walsall North) (Con): As the chair of the board of Walsall Housing Group, I feel almost affronted by the idea of housing associations not getting a mention. In 2016-17, I believe that there were 47,000 starts for new homes built by housing associations. WHG is celebrating its 15th birthday this week. Over that period, it will have built or acquired 2,000 new homes, but more importantly perhaps, it will have spent £700 million on modernising its existing stock.

Dominic Raab: I wish a happy birthday to my hon. Friend's housing association, and I commend housing associations and local authorities up and down the country that have the ambition to get the homes built. We will do our bit as central Government, whether that is on planning reform or infrastructure funding, but we need local authorities to be up for this challenge, so I commend him for the work that he and his housing association are doing.

Since 2010, we have delivered over 357,000 new affordable homes, including over 128,000 homes at social rent. The hon. Member for Warwick and Leamington will know that, between 1997 and 2010, the number of social homes for rent fell by 420,000 and waiting lists rocketed by 70%.

Siobhain McDonagh: Would the Minister address the issue of what "affordable" means? What would he say to my constituent, Tracey, who could not move into a brand new London and Quadrant property where she needed it? She said, "Siobhain, I can't move in there. Me and my partner work but we can't afford the £1,000 a month rent."

Dominic Raab: I say to the hon. Lady and her constituents across the board that we are absolutely restless to create more affordable homes so that they can realise their dream of home ownership. I encourage her and her party not to vote against cutting stamp duty for first-time buyers. I do not think that doubling council tax would be the answer, but I share her aspiration to help precisely those people to realise the dream of home ownership. We will be straining every sinew to make sure that that happens.

That is why we have announced a package of measures to help local authorities to build additional affordable homes for their local communities. The autumn Budget provided a further boost with the announcement that local authority housing revenue account borrowing caps will be increased by £1 billion, as was mentioned both by the hon. Member for Warwick and Leamington and the hon. Member for Stroud (Dr Drew). That is good news; it is something on which we are making progress. Local authorities will be able to bid for increases in their caps from 2019-20, up to that total of £1 billion by the

end of 2021-22. Again, it will be for local authorities in areas of high affordability pressure, where authorities are ready to start building, but the decision should be welcome news. I hope that the hon. Member for Warwick and Leamington will take that back to his local authority.

The increase shows that we have listened to local authorities and hon. Members across the House who asked for it. It will come on top of the £3.5 billion-worth of borrowing headroom that is already available to local authorities across England. We will release information shortly about how councils can apply for an increase in their local housing revenue account cap. I am keen to see local authorities, wherever they are across the country and irrespective of where they are across the political divide, take up the opportunity to bid. I hope that local MPs will get on board and back them and that we can have a broader cross-party approach to this. I want to see that programme well subscribed, so I encourage all local authorities to think about how the additional borrowing can help them to deliver more council homes for their local community.

Mike Amesbury: Why do the Government not consider removing the cap altogether?

Dominic Raab: We have raised the cap by £1 billion. If we are going to go further, we need to take a more balanced approach and make sure that we are fiscally responsible, as well as giving the leverage and flexibility to local authorities, but we do keep the position under review. Therefore, I recommend that the hon. Gentleman supports his local authority in any bids that it puts forward. I say that to all hon. Members across the House.

On top of that, we recently announced an extra £2 billion to deliver new affordable housing for social rent, taking our total investment in the affordable homes programme to £9 billion over the period 2016-21. The chief executive of the National Housing Federation, David Orr, has described this extra money as "a watershed moment for the nation."

Local authorities, as well as housing associations, which my hon. Friend the Member for Walsall North (Eddie Hughes) referred to, will be able to bid for this money, which will go where it is needed most, and particularly to areas of acute affordability pressures. Again, we will be releasing information shortly about the programme. I encourage local authorities and housing associations to bid and local MPs to get behind it.

In addition, we are giving local authorities more certainty over their rental income to 2025. We are setting a longer-term rent deal for local authorities, enabling them to increase rents by up to CPI plus 1% for five years from 2020. That will provide local authorities with extra oomph and greater confidence in their approach; enable increased future rental income to underpin future house building plans; and—we hope and are confident—give local authorities greater reassurance and confidence to build more homes more quickly, and to do so in a way that benefits local communities. All of this—the rent certainty, the additional HRA borrowing, the billions for new affordable housing—affirms our commitment to ensuring extra council housing built to scale, as does our commitment, of course, to giving councils the tools, flexibility and leverage to do the job.

Edward Argar (Charnwood) (Con): The Minister is rightly highlighting, as all speakers have done, the importance of council housing, and he is also emphasising the strong support the Government are giving to councils in that respect. As my hon. Friend the Member for Walsall North (Eddie Hughes) made clear, however, a range of models and types of housing are important in the provision of social and affordable housing. Does the Minister agree that the forthcoming social housing Green Paper is a good opportunity to look at that mix and how we deliver social housing in the round?

Dominic Raab: My hon. Friend is absolutely right. We are not dogmatic about the vehicle or the form. The nature of the demand will be different from area to area, depending on the demographics and geographic locality, and we need the flexibility to provide the right housing at scale to meet the individual needs of local communities.

Under the reinvigoration of right to buy in 2012, local authorities were allowed, for the first time, to keep the receipts from additional sales to fund new affordable housing. The hon. Members for Warwick and Leamington and for Stroud both made that point. Overall, councils have risen to the challenge and used their receipts to deliver new homes. Warwick District Council, for example, has demonstrated a commitment to building replacement homes and is working hard to ensure that delivery is on time. In fact, I prised out the local data for the council because I knew the hon. Member for Warwick and Leamington would wish to applaud it: 33 of its 110 additional sales needed to have been replaced by now, under the three-year deadline, but it has started or required 87 replacements, so is more than meeting the one-for-one commitment locally. I know that he will want to applaud the council for taking a lead in that regard.

Eddie Hughes: I just want to clear up a point that the hon. Member for Warwick and Leamington (Matt Western) made. He said that houses purchased through right to buy had fallen into the hands of others. Given that the policy was introduced in 1980—38 years ago—and given that the right to buy goes hand in hand with the right to sell, it is perhaps not surprising that some have been sold on. We are, I hope, about to enjoy a trial of voluntary right to buy in the west midlands, and I am hoping that the Minister could perhaps touch on that.

Dominic Raab: My hon. Friend makes some important points. I am looking forward to the midlands pilot of the housing association voluntary right to buy scheme and to renewing and reinvigorating our commitment to right to buy in that sector.

We have been consulting with local authorities and housing associations on their views, and those will be fed into the social housing Green Paper. Of course, the measures I have already announced will also help to make a difference in enabling councils to deliver new homes.

Helping local authorities to increase council housing is, of course, only part of the story. That is probably where I differ slightly from the hon. Gentleman. We are also implementing a range of other measures to increase the supply of homes across the board. Whether those

homes are for rent or for ownership, and whatever the sector, it is the overall supply of new homes that will reduce unaffordability over time if we get it right.

To ensure that we could deliver that, housing was front and centre of the autumn Budget, which made available more than £15 billion of new financial support for house building over the next five years, bringing the total support for housing to at least £44 billion over the period. That was the biggest budget for housing in decades. More money was announced for infrastructure: we almost doubled investment in the housing infrastructure fund to £5 billion and promised an additional £400 million to regenerate rundown areas. As the hon. Gentleman probably knows, Warwickshire has benefited from both the viability funding and the forward funding—millions of pounds for extra infrastructure to help authorities to build those extra homes so that we do not just build more homes, but build up our communities. We also gave more help to small and medium-sized builders.

On planning reform, we have revised the national planning policy framework, which has gone out to consultation. That will help us to focus local authorities and developers on the delivery of housing. The review panel chaired by my right hon. Friend the Member for West Dorset (Sir Oliver Letwin) will report in time for the next Budget. It will present proposals to address the issue of build-out rates, and the need to ensure, when developers are given planning permission, that the homes are built. Planning applications and permissions should not be the start of some endless haggle with local authorities which leaves communities understandably frustrated.

We are taking action on all fronts. We are providing significant new funding, reforming the system and working with local authorities. I think the hon. Gentleman himself made the point that this is a team effort. I have already mentioned the Green Paper on social housing, but I think it worth emphasising that we should look at not just the volume but the quality of the social housing that we are delivering. We should also consider the relationship between landlord and tenant, and, indeed, the stigma that has arisen in relation to social housing. My experience of meeting social tenants is that they work hard, take pride in their communities, and want to be treated independently and with some respect. We must ensure that we get that right as well. The Green Paper will be informed by the views of the tenants whom we have been meeting in recent months, in the Grenfell area—which was, of course, the catalyst for the Green Paper—but elsewhere in the country as well. Even in the limited time in which I have had this job, I have been down to Basingstoke as well as to North Kensington.

We are grateful to the large number of tenants who have shared their views and fed in their experiences. Those people and their communities remain our guiding light—our lodestar if you like, Madam Deputy Speaker—as we take forward our proposals. I look forward to working with the hon. Gentleman, and with others in all parts of the House, to ensure that we deliver the safe, secure, affordable homes that the country and local communities need.

Question put and agreed to.

5.43 pm

House adjourned.

Westminster Hall

Tuesday 27 March 2018

[JAMES GRAY *in the Chair*]

Court Closures and Reform

9.30 am

Mr Tanmanjeet Singh Dhesi (Slough) (Lab): I beg to move,

That this House has considered court closures and reform.

It is a pleasure to serve under your chairmanship, Mr Gray. I am very pleased to have secured this debate on an extremely important topic that is long overdue for discussion.

The justice system is to undergo a radical programme of modernisation. The Minister will no doubt tell us about the potential for information and communications technology to deliver efficient and improved justice. However, against a backdrop of 40% cuts to the Department's budget since 2010—the most of any Department—there is serious concern that this will be done without the proper safeguards to prevent our justice system from being undermined, and that it will therefore lead to reputational damage.

In January, the Government announced a consultation on the future estates strategy for the Courts and Tribunals Service, with a focus on ensuring access to justice. Separate to that are five consultations on proposals to close a further eight courts: the Banbury magistrates and county court and Maidenhead magistrates court, which will have a direct impact on my Slough constituents; the Cambridge magistrates court; the Chorley magistrates court and the Fleetwood magistrates court; Northallerton magistrates court; and Wandsworth county court and Blackfriars Crown court. Given how many courts the Government have closed in recent years—258 since 2010—there seems little doubt about what conclusion will be reached. Are the consultations not simply a smokescreen for yet more court closures and staff losses?

Capacity should not be the only criterion used to determine court closures. Geographical coverage and the representation of the justice system throughout our country are also important. As I will set out, there remain genuine concerns and a serious lack of detail to the Government's plan to use technology in the court system, to reduce the court estate and to change the role of case officers. There could be no better response from the Minister today than an announcement that the Government are finally publishing the draft courts Bill. I hope she will give the date for that, as only then can the reforms be subjected to full scrutiny.

Thousands of court staff have been axed in recent years—more than 5,000 since 2010. That is an incredible number; however, the consultation is silent on the impact that further closures will have on staff. Indeed, they are merely called “other impacted groups”. On top of that substantial loss of expertise and experience, the closure of the eight courts would displace more than 130 staff. Does the Minister agree that court staff should be properly included in consultations?

Against this background of funding cuts, court closures and loss of staff and their expertise, outsourcing and temporary staff costs have rocketed. Figures obtained

by the Opposition show the cost of the Government's obsession with outsourcing, privatisation and the use of agency work. The Courts and Tribunals Service spent some £50 million last year on agency and contract staff—a tenfold rise since 2010.

The Government claim that these closures are part of a £1 billion modernisation of the courts service through better use of technology. Where is the evidence to justify the push for a digital courts programme? The Government should publish the business case for their modernisation programme so that the risks of a move to online and virtual justice can be fully examined.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): I speak as the co-chair of the justice unions cross-party group. Does the hon. Gentleman share my fears that we have not yet had an effective evaluation of the impact of digital technology on justice and on whether court proceedings carry on? That should be done as a matter of urgency before the Government introduce yet further digital technology into the court system.

Mr Dhesi: I thank the hon. Lady for her pertinent point and fully concur, as I will elaborate.

Virtual courts may significantly increase the number of unrepresented defendants, discriminate against vulnerable defendants or those who do not speak English well, and negatively affect the relationship between defence lawyers and their clients. There are already concerns about video equipment that is in use, including technology failure, poor sound quality and mismatches of sound and image.

In my constituency, I have a large volume of immigration cases. Reports of video links between the Taylor House tribunal hearing centre and Gatwick detention centre breaking down are frequent, as are complaints about the poor sound quality. I am told that users must shout to be heard. That has been unresolved for many years. Likewise, there are concerns about the difficulty of holding confidential discussions where there is inadequate soundproofing. The Bar Council stated last month that “virtual hearings diminish the ability of parties to follow proceedings and to understand each other. This inevitably will have serious consequences on the quality of justice as it is done and as it is seen to be done.”

Given the current situation, what plans are in place to guarantee that legal advice discussions between clients and lawyers remain confidential when held over video link? In the rush to digitalisation, where is the evidence, rather than the mere assumption, that there will be a reduced need for court buildings in the near future? After all, the Courts and Tribunals Service has recently confirmed that virtual hearings will not be imposed where participants do not wish it, so it is likely that physical hearings will be the norm for some time to come. Has that been a factor in any of the consultations?

I would also like to discuss travel times to court, which will be a significant issue if the courts estate shrinks further. Longer journeys will have a negative impact on the delivery of justice. As the Chair of the Select Committee on Justice, the hon. Member for Bromley and Chislehurst (Robert Neill), wrote recently to the Minister:

“No convincing policy justification has been offered for the current proposal, which appears to favour the principle of value for money over the principle of access to justice.”

Liz Saville Roberts: I represent Dwyfor Meirionnydd. Dolgellau, the last magistrates court in my constituency, was closed in the last round. It is now impossible to arrive at either Aberystwyth or Caernarfon, the alternative courts, from Meirionnydd by 9.30 am. Does the hon. Gentleman agree that given the situation in rural constituencies, this discriminatory approach needs to be evaluated thoroughly before we move to further changes?

Mr Dhesi: The hon. Lady speaks with a great deal of experience. Indeed, while this will impact everybody in our country, the impact on rural communities will be disproportionately higher.

Does the Minister agree with the Chair of the Justice Committee's remarks? Our constituents must not be discouraged from seeking justice, and witnesses must not be put off giving evidence. Is the Minister not concerned that court closures will make it less likely that victims and witnesses will travel to courts to give evidence? The equality analysis accompanying the consultations makes no mention of the indirectly discriminatory impact of lengthy round trips on elderly people or women, who are more likely to be caring for pre-school and/or school-age children.

There are relevant points of fact on travel time that consultations neglect to take into account. The consultations assume that a court user is on time if they are there at the time when the hearing is due to start, rather than in advance, when negotiations may take place or further instructions may be given. The Minister will be aware that in a public law children's hearing, it is a requirement that all parties attend court an hour before the hearing. Will she ensure that such factors are considered when travel time is assessed?

What assessment has been made of access to justice if court users are required to pay for overnight accommodation, leave home in the early hours or return home late at night?

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Gentleman on securing the debate. On the issue of accessibility, a few colleagues fought an ultimately successful campaign to retain the courthouse in Limavady, a small town in my constituency. The lack of public transport accessibility to the alternative locations that would have been available was a crucial factor in retaining it. Does the hon. Gentleman agree that that should apply across the UK?

Mr Dhesi: The hon. Gentleman makes an excellent point. That situation has been replicated in other parts of the country, as the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) said in her intervention. All those issues need to be taken into account, especially when dealing with the more vulnerable in our community.

What assessment has been made of access to justice if court users are required to pay for overnight accommodation? Two or three-hour increases in travel time before and after a full day's hearing, let alone post-hearing conferences, would be onerous—if not impossible—for many constituents.

In my region, the Thames valley, Maidenhead magistrates court and Banbury magistrates and county court are under consideration for sell-off. It is assumed that the workload would be redistributed to other magistrates and family courts in the region, including the small

magistrates court in my constituency. According to the Government's proposals for those three courts, people living in the areas affected by the court closures would be within an acceptable travelling distance of the court that the work was transferred to.

My constituents who rely on public transport will face a significantly longer journey if Maidenhead cases are redistributed to Reading. They will not find that acceptable. It should be noted that Reading has already received the workload from the closure of the West Berkshire magistrates court in Newbury in 2016. Instead of the 20-minute, seven-mile journey between Slough and Maidenhead, people will face a 20-mile journey to Reading or journey times of about one hour to High Wycombe or Staines.

Unsurprisingly, longer journeys also cost significantly more. An off-peak return journey by train between Slough and Maidenhead is £3.90. Between Slough and Reading it is £9.30. During peak times, the Maidenhead journey is £4.40 compared with £10.60 to get to Reading. Whatever the time of day, it is more than double, yet in the Government's proposal there is no mention—not even one word—of addressing the financial cost to individuals travelling further.

The extra costs will be borne by victims, their support network, witnesses and others. How can the Government claim to have truly assessed the impact of possible closures on court and tribunal users when transport prices have not been considered? It goes without saying that such information is factual, freely available and easily found. There is no excuse for it to be overlooked.

It is not only Opposition Members who are concerned about the lack of information in the Government's plans. The Minister will know that Cambridge magistrates court, which was purpose-built less than 10 years ago and which serves her constituents, is earmarked for closure. Has she had sight of a letter from the hon. Member for South Cambridgeshire (Heidi Allen) that calls the plans “ambiguous” and “lacking in detail”? Does she disagree with her hon. Friend?

Much more could be said about the use of technology in the court system, the ongoing reduction in the court estate and planned changes in the role of case officers, and about the Law Society's warning of substantial additional costs for legal aid firms and the impact on police resources and on other organisations that use the courts. Will the Minister address the lack of clarity in the consultations and confirm that more of the necessary research into the digitalisation of court services will be carried out?

While the “Fit for the future” consultation takes place, and until the courts Bill is published, further court closures and digitalisation contracts should be halted. It is time for the reforms to be subjected to full parliamentary scrutiny. I hope the Minister will be able to give us information about the scope of the promised courts Bill and, better still, to answer the fundamental question: when will the Government publish it?

9.45 am

John Howell (Henley) (Con): It is a pleasure to serve under your chairmanship, Mr Gray. I am here because I am a member of the Justice Committee, which is meeting now. I have permission from the Chairman, my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), to attend and speak in the debate.

The hon. Member for Slough (Mr Dhesi) has raised an important point about access to justice. We ought to keep that concept firmly in mind. We in the Committee—certainly myself—are concerned for access to justice to remain a preferred concept throughout the process, and for it to permeate everything we think and do.

There is a need to maintain a network of well-maintained and fit-for-purpose courts. I understand what the hon. Gentleman has said but, unfortunately, some courthouses are not fit for purpose, and it is necessary to root them out, look at them and make changes to the way they function.

There are three other reasons why the court system is undergoing change and why it needs to be rigorously looked at. The first reason relates to Lord Justice Briggs's work to set up the online courts, which are not yet set up in full. Lord Justice Briggs has made proposals to change the civil rules that govern how the courts work, which are being piloted in a three-stage process. It is an attractive system for running the courts, particularly for people who wish to avoid huge legal costs. The way in which the courts are being sorted out by that process is focused on the needs of individuals, because litigants in person are expected to be its clients.

Liz Saville Roberts: I listen with great interest to what the hon. Gentleman says, but does he share my concern that there are discrepancies in power between a person at a distant site contacting a court through video conferencing and a person in the court itself? We need to consider the impact of that on justice outcomes before moving ahead. As the process is at such an early stage, now is the time to do that.

John Howell: I will speak about aspects of the technology, but postpone answering that question for now, if I may. Having discussed online courts with Lord Justice Briggs, I am enthusiastic that they will come through in the fullness he wants.

The second reason for change is the need to improve technology. I recently did an Industry and Parliament Trust fellowship in law, where I sat with a number of judges in the High Court and the Court of Appeal for two and a half weeks. I sat with Mr Justice Knowles in a hearing in the commercial courts that was conducted entirely in Portuguese, because a Portuguese lawyer had brought the case and had elected for his case to be heard in English law. The level of sophistication of the technology had to be seen to be believed. Almost instantly after the appellant said something, the judge got a transcript in English on his laptop on his desk in front of him. That was an extremely efficient way of using technology. In the Court of Appeal, I saw for myself in a number of sentence referral cases that the court had been connected via video technology to the individual who was still in prison, in order to hear the case. I am absolutely convinced that that is a correct way to try to improve the technology.

In contrast, I experienced sitting with an employment tribunal where, as far as I was concerned, it was so antique that we might as well have been using the quill pen. Three judges were sitting. I coughed and spluttered when they said they would sit for seven days, but it was seven days because a litigant was appearing in person. Nothing was done that could not have been done on the first day—the other days were scheduled in order to ensure that more time could be given to the litigant if necessary.

Liz Saville Roberts: I want to alert people to the need to be very careful about how we use different languages in the courts, with reference to the last round of court closures. The Ministry of Justice has a Welsh language scheme, part of which is a requirement to carry out an impact assessment of changes. I and others had to press for that impact assessment to be carried out. Welsh speakers have a right to use their language in court, but with technology and changes to courts, that is truly a matter of concern.

John Howell: I will stick to the point that I started making. From what I have seen of how the courts are using technology, it is going in the right direction. The courts are making full use of the technology—indeed, they are pushing the technology beyond how we would normally expect it to be used.

The third element is alternative dispute resolution—I say that as the chairman of the all-party parliamentary group on alternative dispute resolution. Alternative dispute resolution takes cases out of the ambit of the courts and puts them in the hands of arbitrators who are able to hear the cases and resolve them, and they should do so. During the time I sat with judges in the commercial courts, it was obvious—the judge said it on many occasions—that people should have gone to arbitration before they went to court.

The last time I spoke on this issue, I was asked whether we ought to consider compulsory arbitration. I was doubtful at the time, but as I have come to consider it more, I now believe that a form of compulsory arbitration would be a good thing and should be included within the arbitration rules. This process is not just about the arbitration, or the alternative part of dispute resolution. Bodies such as Network Rail try to solve disputes before they happen by putting in place the mechanisms to solve them.

I mention that because it is an important point about how courts are not being used as much as they were. Alternative dispute resolution is cheaper, quicker and gives much more immediate access to justice—we should not forget that access to justice is one of the key elements of the process. It takes nothing away from the courts: if the alternative dispute resolution fails, there is still recourse to the courts at the end of the process.

Through all of this, there is a need to ensure that we connect with the communities that we are serving. Doing that through existing buildings without exploring the use of town halls and other buildings within a community is not the right way of proceeding.

Kevin Hollinrake (Thirsk and Malton) (Con): My hon. Friend made the point right at the start of his remarks about access to justice. Is he aware of any system operating thus far whereby technology replaces the entire work of a magistrates court in a full criminal case, or is that yet to be proven?

John Howell: If I do not know the answer, I think my hon. Friend is about to tell me where that is the case.

Kevin Hollinrake: No, I am asking you.

John Howell: I do not know of a case where that is happening across the whole system. The courts' use of technology and how they are pushing it, including the

[John Howell]

exemplary work by Lord Justice Briggs to set up an online court, is going in the right direction in respect of bringing access to justice within the ambit of a huge number of people for whom—I say this with all deference to the Minister—the legal fees involved are out of this world. We should keep that in mind as being a fundamental part of ensuring access to justice.

9.57 am

Daniel Zeichner (Cambridge) (Lab): It is a pleasure to serve under your chairmanship, Mr Gray, and I congratulate my hon. Friend the Member for Slough (Mr Dhesi) on securing this debate and on his excellent introduction to the overall subject.

It will perhaps come as no surprise to you, Mr Gray, that I will mainly concentrate my comments on the potential closure of the magistrates court in my constituency of Cambridge. I should say that I am grateful to the Minister for the discussions that we have had. I understand that she will not make the decision about Cambridge in particular, although I am sure that she is in a position to pass the comments made in this debate to whoever will make that decision and to respond to some of the points that are made today.

The reaction in Cambridge to the news that our very expensive court, which was newly created just a few years ago, was up for closure was one of universal astonishment and dismay across the board. We have heard from court users and magistrates. There has also been an open letter from 39 very senior academics, as one would probably expect given that there are a lot of experts in penal injustice issues in Cambridge. They made many of the points that have been made very eloquently today by my hon. Friend and they also reflect the fact that the justice system is changing. No one is denying that the world is changing; the question is whether this is the right pace of change and the right way to change it.

Some of the opposition has come from quarters that would not normally be expected to provide opposition. The police and crime commissioner for Cambridgeshire, Jason Ablewhite, is a Conservative, of course, and I do not always agree with him on everything, but he has produced a very detailed response to the proposed closure, with many sensible points. He describes himself as being “deeply concerned”, and he finds it “surprising” and “disappointing” that the Ministry of Justice is making these suggestions about Cambridge, and he needs to be convinced that the proposals have been fully thought through.

The latter is the point that I wish to develop, because I hardly need to point out to the Minister, who knows this very well, that Cambridge—and Cambridgeshire—is one of the fastest growing parts of our country, and it has huge problems in terms of its local transport infrastructure. With one of the fastest-growing economies in 2018, the combined authority assumes that the population will grow by more than 100,000 by 2031, and we have seen the Government’s enthusiasm for promoting such growth, with their ideas about east-west rail and so on. Obviously, we would all hope that such growth would produce a record number of well-behaved citizens and that there would be no further problems and no need

for a justice system but, sadly, I do not think that likely. At a time when our city is growing so fast, it seems absurd to suck out of it modern facilities that were provided at huge cost only a few years ago. A particular irony is that the consultation talks about the capital value that may be unleashed but there will be no capital savings because the building is leased—the value might not even exceed the £1 achieved when Ely magistrates court was sold a few years ago.

A final point on the Cambridge position is that I am grateful to local blogger Antony Carpen for digging out the history of the city’s justice system. He tells me that Professor Helen Cam found out that Cambridge’s first courthouse was established in 1572. So here we are, 450 years on, and I hope that the Minister will not be the one responsible for undoing that long tradition of local justice in Cambridge.

In the details that underlie the proposal to claim Cambridge magistrates court, the basic case is that it is underutilised. When I visited the court a few months ago, and when I talked to people involved, that was the crux of the issue. Sadly, it has taken freedom of information requests to drag out some of the detailed figures that one would hope would shed more light on the claim of underutilisation: why is this modern court underutilised? When we look at those numbers, an even more puzzling story begins to emerge. Her Majesty’s Courts and Tribunals Service management system tells us that in 2014-15 just over 7,000 cases had their first hearing at Cambridge magistrates court. The following year, the number jumped dramatically to more than 14,500 but the year after that it lurched back to 8,000. That is not about virtual courts, nor is it about changes in the number of people brought to and from court; I am afraid it is about a system that is woefully understaffed and effectively in chaos on a daily basis. I am told that listings are currently running seven or eight months away. It is not underutilisation; it is a building that does not have enough staff in it.

The comparison would be running a village shop with nothing in it—Government Members love the village shop analogy when talking about economics. If there is nothing in the shop there is nothing for people to buy, so it gets into trouble and the answer is to either close the shop or stock it properly. I would say that we have a very modern facility that should be used properly. I understand that there is an issue with the configuration; we have three court buildings in Cambridge and others around the county. The question is how best to do this.

There is also a cost issue. Possibly due to commercial confidentiality, the Ministry of Justice sadly seems unwilling to share this information, but figures are bandied around locally and I am told by some that this is the cheapest court to run in Cambridgeshire and that the private finance initiative court in Huntingdon is extremely expensive by comparison. There may well be contractual issues as to why one might be chosen over the other, but perhaps we ought to know and, particularly at a time of changing lease values in city centres, we ought to look ahead rather than responding in a short-termist way.

We have heard the argument about travel times—travel times will always be discussed in debates on these issues—and the Minister needs no reminding of how difficult it is to travel in and out of Cambridge. Many of the people who have come to me and have written to the local newspaper have explained just how difficult it

would be to go to Peterborough or Huntingdon, with the journey sometimes taking much longer than an hour. One person said it took her 40 minutes to get in from Grantchester, which is roughly the time it would take to walk. To get to Peterborough and back in a day is impossible for some people. Those are the same issues as the ones my hon. Friend the Member for Slough raised.

Going back to the fine detail, we also have concerns about the suggestion that non-custodial work might remain in other court buildings in Cambridge. That is to be welcomed, but it might have been useful if the Ministry of Justice had been able to explain at the outset just what the split between custodial and non-custodial work was. My hon. Friend the Member for South Cambridgeshire (Heidi Allen) asked about that in a letter, which was referred to by my hon. Friend the Member for Slough, and a freedom of information request revealed dramatic numbers: 326 of the 14,000 cases in 2015-16 and 481 of the 7,500 in 2016-17 were custodial ones. That rather raises the question of whether it is possible to configure the three courts in Cambridge creatively, to most effectively help everyone.

The consultation has been run oddly, starting with a headline about closing a magistrates court when it should have been about how to make best use of the buildings we have. One of the most useful things I have done, apart from visiting the court and seeing it in action, is to have a conversation with a group of defence lawyers in Cambridge. Their account of what the system is like on a daily basis verged on harrowing. They said that it was extremely pressured, with real issues of access to legal aid in the area and pressure on local defence lawyers, and that there was the possibility, with this kind of change, that people would no longer have access to defence lawyers, because many of the smaller practices would not be able to bear the costs of travelling to and from Peterborough and Huntingdon. I have made an offer to the Minister, which I hope she will pass on to one of her colleagues, to come to Cambridge and sit down with the dozen women lawyers, as I did. They are all friendly, pleasant people and would explain what their daily lives are like and what life is like for defendants. They have very legitimate concerns about what they potentially face.

I conclude by reflecting on a couple of accounts by people who are in and out of the courts. When I visited, it was a long time since I had been in a court and it was pretty much as I remembered from elsewhere—a busy, fraught experience. It was also difficult to organise, and I sympathise with those trying to list cases, ensure that people turn up and deal with what happens when cases overrun or not everything is ready. It is of course hard to run a system to maximum efficiency, but a local journalist, Tara Cox from *Cambridge News*, who regularly goes to the court, writes:

“Every day there are delays, adjournments, and rescheduling of court hearings at the last minute. If you want to find out exactly how the magistrates’ court operates”

come and see. I extend that invitation to whichever Minister is making the decision: come and see exactly what people are up against.

Another journalist who spent a day at the court talking to its users was told:

“it would have taken me a silly amount of time to get to Peterborough”.

The mother of a teenage defendant said it had taken her an hour and 15 minutes from a village just outside Cambridge and one can imagine how much longer it would take her to get to Peterborough or Huntingdon—it could well be the best part of two and a half hours each way, which is impossible to do. The journalist also spoke to court staff, who told her that in their view the court closure would lead to an increase in the number of defendants and witnesses not turning up, which, they said, was already a significant problem. Surely the extra cost of failures to appear must be balanced against any potential savings—a point the police and crime commissioner makes forcefully in his submission.

I ask the Minister to consider the matter closely and think hard about the best way of configuring services in a city such as Cambridge. I have nothing against considering how to make best use of our existing estate but the overall message should be clear: keep the magistrates court in Cambridge open.

10.9 am

Douglas Ross (Moray) (Con): It is a pleasure to serve under your chairmanship, Mr Gray. I congratulate the hon. Member for Slough (Mr Dhesi) on securing the debate.

I speak with a Scottish element. I will not take up too much time as that is not the remit of this Parliament, but it provides the experience of similar changes north of the border. I was my party’s justice spokesperson in the Scottish Parliament at a time when a number of courts were closed by the Scottish National party Government. The Library briefing for this debate states:

“Successive governments”

—of both political persuasions—

“have identified the courts estate as a target for efficiency savings”.

It states that that is for two main reasons:

“The first is that the utilisation rate of some courts is low...The second is the policy aim of reforming access to justice through modernisation, and by increased use of technology in particular.”

I want to focus on both those points in terms of what we have been discussing today and what we have been through in Scotland. Between November 2013 and January 2015, 10 courts were closed in Scotland for exactly the reasons mentioned in the briefing. Those closures were objected to by many people across the political spectrum—even SNP Members, although ultimately when it came to a vote, they voted with the Government. It is useful to look at Scotland as an example. Figures uncovered by the Scottish Conservatives in November last year show that in the previous year, only three of the 39 sheriff courts across Scotland met the target for dealing with 100% of cases within 26 weeks of someone getting a citation or caution. We have seen the impact that closing 10 courts across Scotland has had on the remaining courts. The problems are getting worse. In the past year, Elgin sheriff court in Moray has not once met its target to deal with 100% of cases in 26 weeks.

I also want to speak about digitalisation. I understand the concerns that the hon. Member for Slough has articulated, but there are great benefits. We are behind the curve in Scotland. Lord Carloway did a review in 2015 of evidence and procedure. He was a very good person to do the review, because in 2013 he said that there should be “clear sky thinking” about digitalisation in our courts system. We are no further on from his

[Douglas Ross]

comments in 2013 or his report in 2015. We are still suffering as a result of the lack of use of digital in our court system in Scotland and the rest of the UK.

Lord Carloway said:

“Police Scotland is currently migrating to a unified IT system, known as i6”—

that was a computer programme that Police Scotland was going to take in—

“which will resolve the inconsistencies currently experienced because of the incompatibilities of the legacy systems from the eight predecessor forces.”

He said that in his report in 2015. We are now in 2018, and Police Scotland has abandoned its plans to introduce i6. Three years on, we have not resolved the issues. In fact, the issues remain. He also spoke about a

“digital evidence vault to securely store all documents, audio, pictures and video content, preserving citizens’ privacy”.

There is now an evidence vault, but it is rarely used, because lawyers and the police are not happy with it. There are still problems with getting digital to have an impact in our courts. It would have great benefits.

When I was on the Justice Committee, we did an inquiry into the issue. We were looking at the role of the Lord Advocate and the Crown Office and Procurator Fiscal Service. We were given an example of a case that had been given a date. Everyone turned up—the witnesses turned up, the accused turned up and the defence was ready. Then they said that they were not able to view the key piece of evidence, which they had had months and months to look at. It was a CCTV image. When the police had copied it on to a disc and given it to the defence solicitors, the defence solicitors could not view it on their DVD player. Witnesses had travelled a considerable distance. We had the cost of the court sitting that day only for the case to be put back again to get a new disc produced that was compatible with the defence solicitors’ DVD player and Police Scotland’s DVD player. It is 2018, and we still have such instances. They are causing delays in our court system, which is causing significant strain on our resources and considerable difficulties to witnesses and victims. They are turning up for trials, which are being put off and delayed because what we are doing is not in the modern era.

Since Lord Carloway’s report, there has been some progress on child and vulnerable victims, but not enough. I listened carefully to what Members have said, but I think that part of the barrier is the legal profession itself. It may be ironic that Members of this House are speaking about moving into a more modern age, but there seems to be resentment of change in some parts of the legal system. It has been their career, and their lifestyle has been immersed in a more traditional way of doing things, but we have got to overcome that. We are in the modern era, and there are modern technologies that we can adapt and use in our court systems. We should look to do that.

In conclusion, the Minister is obviously carefully considering the changes being proposed for England and Wales. She has to take care with those changes. I have no doubt there will be many benefits, but there will also be some dangers. I urge her not to do what the SNP Government have done in Scotland, which is to ignore all the warnings and forge ahead with the changes

regardless. By doing that, the SNP has introduced changes that have resulted in our justice system suffering north of the border. More crucially than that, our victims and witnesses are being let down by justice in Scotland just now.

10.15 am

Mohammad Yasin (Bedford) (Lab): It is a pleasure to serve under your chairmanship, Mr Gray. I congratulate my hon. Friend the Member for Slough (Mr Dhesi) on securing this important debate. The Ministry of Justice finishes consulting later this month on eight closures across five regions, which would add to the 200 courts and tribunals closed since 2011. The lack of clarity from the Government on the court reform programme has been appalling. Bedford magistrates court closed in 2017 amid confusion over when services would be lost and where they were going. We were told that employment tribunal court services would remain, but then a shock announcement by the Ministry of Justice in July confirmed that Bedford tribunal court would close due to the termination of the lease on the building. That problem surely could have been foreseen.

I was assured by the former Justice Minister, the hon. Member for Esher and Walton (Dominic Raab), that the tribunal service would move to the former home of the magistrates court in Shire Hall. Technically, tribunal cases can be listed at Shire Hall, but that is not happening in practice. As I understand it, only one case has been listed at Shire Hall since the move. That case, to be heard in June, was granted under exceptional circumstances. I hope the Minister will clarify the status of court listings in Bedford when she speaks.

Access to justice is being denied to Bedford residents. Nearly all cases are now heard at least 30 miles away. The cost of transport is prohibitive to many, and the change comes at a time when peak rail services are also set to be cut. What about the dedicated court staff and lay members who have to make difficult journeys to work? The number of court officials and lay members leaving the job is rising at a time when the workload is vastly increasing.

One of the Government’s main arguments for closing courts is the underutilisation of facilities, but that argument does not stack up. Since the Supreme Court ruled employment tribunal fees unlawful in 2017, the workload for cases in Bedfordshire has gone up by 100%. Those are new cases, not the backlog. The Government can talk up their series of reforms and modernisation to make much greater use of digital technology and increase access online, but none of that means anything if people cannot access it.

The Government have committed to moving to a system where access to justice is not defined by proximity to a court or tribunal building, but ordinary people are finding it more difficult to access justice because of legal aid cuts, court closures and increased court fees. There is little evidence of the benefits the Government are trying to sell us. Instead, we have further announcements of closures, and further consultations that seem to ask questions but not listen to the answers. The Government should cease any further court closures until their promised courts Bill is published and their reforms can undergo full parliamentary scrutiny.

10.19 am

Kevin Hollinrake (Thirsk and Malton) (Con): It is a pleasure to serve under your chairmanship, Mr Gray. I thank the hon. Member for Slough (Mr Dhesi) for securing this very important debate. The policy certainly affects my constituency, with Northallerton magistrates court scheduled for closure. We cannot disconnect this policy from the overall policy of trying to improve our public finances. It has been a long road from the position in 2010 when our day-to-day spending, which is a key measure, was in deficit by £100 billion a year, but finally in 2017 we got that back in the black, if we exclude investment spending, for the first time since 2001, which is a remarkable achievement.

We must always be careful when talking about the spending of taxpayers' money, so it is absolutely right that we look for efficiencies. That cannot exclude our courts and court estate. The Minister has been a model Minister in her engagement. She has gone out of her way to engage with me, and I am sure other colleagues, to ensure we understand the policy and the reasons behind it. My principal question is: has the policy been properly rural-proofed and is it fair?

My constituency of Thirsk and Malton is very rural with far more acres than people. It is not a rotten borough—just a huge constituency, with 77,230 people entitled to vote in it—although it was rotten in the 18th century when Edmund Burke represented it. There are many similar constituencies up and down the country: 20% of our population live in rural areas; such areas have 25% of all businesses; 3.4 million jobs are in rural areas; and 16.5% of our economy is in rural areas. There are demographic challenges in rural constituencies. I know we are not debating the NHS, but I can draw a parallel in some of the consequences of policies. I recently had correspondence from a constituent who lives near Scarborough and had been forced to travel to York for her operation. She had to take a bus and stay overnight even for a consultation. Policies in rural areas have a profound effect and might have a similar effect in terms of people's access to justice.

Many other services are impacted, such as bus services. In my constituency, because of the demographics, we have many bus passes but not many buses. All that needs to be taken into account in policy. If Northallerton court closes, travel times will increase significantly. The logistics must be considered. For example, a journey from Rosedale to York would require three different buses and would probably be a four-hour round trip. Hawes to Skipton would take a similar time. That can affect access to justice in rural areas.

It is important that defendants are able to access justice fairly. I have talked to magistrates, including one who works in my constituency office, Nigel Knapton, who is a JP. A lot of defendants are vulnerable and have mental health conditions, and difficulties in accessing a different court would be more profoundly felt by them.

The journey times would effectively transfer cost and time from the Ministry of Justice budget to the police budget, because our police officers would have to travel to the courts. We have seen that in other areas with the closure of the custody suite in Northallerton, which means our police officers have to take an individual they have arrested to Harrogate, which is an hour's

journey. That might seem like a sensible efficiency, but is transferring costs from one budget to another a false economy?

There is also an effect on witnesses if they have to travel to courts that are hours away. They can be compelled to attend, but that is not usually the approach. Having to travel early to get to a morning session would be harshly felt by many witnesses, which could mean fewer prosecutions being brought. Magistrates, who are volunteers—we need more magistrates and are looking to recruit—might be less attracted by the prospect of travelling to a court in Teesside, Harrogate, Skipton or York, miles away from my constituency.

I have talked to JPs such as Michael Colyer, who came to see me in 2016. He was worried about the potential closure of Northallerton magistrates court, and we were assured at that time that there were no plans to close it. He made the point that 95% of all criminal work is heard in a magistrates court, yet only 1% of the cost of the judicial system is in our magistrates courts. He asks why, instead of saying magistrates courts are not busy enough, the threshold for cases that can be heard in a magistrates court cannot be opened up. The current limit is six months. The Minister will know more than I do but, if we increased that to 12 months, magistrates could hear many more cases, and those cases could be heard in the most efficient part of the justice system.

The Minister was clear that we need to look at the issues carefully and to see whether technology can provide a solution to some of the challenges for rural areas. I am certainly very happy to move with the times, but we need to ensure that there has been a successful evaluation of the technologies to ensure they can deliver suitable access to justice for people in rural areas. I was interested to hear my hon. Friend the Member for Henley (John Howell) talking about Justice Briggs and his online courts. I am not against that, but my concern is that the announcement of the potential closure, which is rightly subject to a consultation, is premature, coming before we have seen the outcomes of the pilots. I would welcome a pilot in my area to see whether my concerns and those of many other people who have contacted me, including my police and crime commissioner, can be eased. I am happy to move with the times, but the policy must be fair and rural-proofed. People in rural areas must have access to justice just like everyone else.

10.27 am

Jim Shannon (Strangford) (DUP): It is a pleasure to be called to speak in this debate, Mr Gray. I congratulate the hon. Member for Slough (Mr Dhesi) on setting out the case so very well and on giving us an opportunity to participate in the debate.

We increasingly live in an age that seeks to centralise things and to consolidate physical holdings. Why have a bank in rural villages when people can bank online and can attend the bank in the next bigger town? The next step, more recently, has been the closure of banks in our bigger towns, with the main town of my constituency, Newtownards, having lost the First Trust Bank, the Bank of Ireland and the Halifax bank, and all branches making changes to the way they do things, all in the name of streamlining.

[*Jim Shannon*]

Yes, we have to streamline—in a way this debate is about streamlining—and yes, we have to modernise, yet there is a time and a place for that. Like the hon. Member for Moray (Douglas Ross), I want to comment on that and encourage the Minister. I know she listens to what we say and makes sure our viewpoints are taken on board, which is important.

I recently had a proposal on my desk to close the courthouse in Newtownards in order to centralise in Belfast. It was a worrying move that concerned us. The proposal was, if I can use these words, Mr Gray, absolutely crazy. The idea of closing the third biggest courthouse in the Province was simply a threat to justice in the area. The issue is as simple, as big and as important as that.

David Simpson (Upper Bann) (DUP): The former Minister decided to close a lot of courthouses in Northern Ireland—a decision that the new Minister reversed. The former Minister would have closed the only courthouse in the city of Armagh, the citadel city. That decision was rightly reversed, so that people could still access it.

Jim Shannon: I thank my hon. Friend for his intervention. I will tell the story from my constituency, as the hon. Member for Moray told his constituency's story. It is wonderful to discover that things in my constituency are very similar to those in Moray, because things happen that are universal across the whole United Kingdom of Great Britain and Northern Ireland.

The Northern Ireland Department of Justice proposal was to reduce the court estate from 20 to 12—a 40% reduction. That is a massive reduction, and that did not include the courts that had already closed, including smaller courthouses such as a neighbouring one in Bangor, the closure of which was a downwards step. I believe that the level of closures was disproportionately high compared with the closures in England and Wales referred to in the Department of Justice consultation paper; there was a 28% reduction in 2010. That level of culling of courthouses in Northern Ireland was not necessary or beneficial, and did not provide basic access to local justice.

Newtownards courthouse has a significant volume of business. I want to put something important on record that relates to the reasons for retaining that courthouse: it is the busiest court outside Belfast and Londonderry, dealing with all types of specialised court business—civil, criminal and family. It is now a specialist centre for children's courts, youth courts, magistrates courts, civil courts and Crown courts. The work of that courthouse has increased, taking a bit of pressure off the larger ones. Many disability living allowance and other benefit appeals are now held there, because the safety and security aspect is much better. That is important not only for confidentiality but for those who attend. The courthouse is now seen as thriving and constantly busy. It also brings business to the local coffee shops. The spin-off from the courthouses to the surrounding area can never be ignored, and shops in the town must also be taken into consideration.

The idea of taking justice from Ards to Belfast without just cause, closing the courthouse after spending almost £1 million on refurbishing it—the hon. Member for Slough referred to the spend on another courthouse—made

no sense. Asking people to make the journey from Portaferry to Belfast made even less sense, and would in itself have been a barrier to justice, as the courts there are already overworked. The Department's target that people should be able to reach a courthouse within an hour by car is fine for those who have a car in which to travel, but for too many people it is a matter of catching a bus or train. The hon. Member for Thirsk and Malton (Kevin Hollinrake) spoke about people having to make three bus changes to get to a new court. That is illogical and unfair. Catching a bus or train rarely, if ever, takes less time than it takes someone to jump into their own car.

Another important point is that people have to be at court at a particular time. They have to get up at whatever time is necessary and get on buses or trains to ensure that they arrive in advance. The hon. Gentleman referred to a four-hour journey for some people to get to court on public transport. The hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts)—I hope I said that right, Mr Gray; my Welsh accent is atrocious, but I tried very hard to grasp those two words—mentioned that as well. The issue of distance is very real to all of us in the Chamber.

I do not find the mentality of “Oh, what's an hour's drive?” acceptable. I do not accept it in my constituency of Strangford. I therefore support my hon. Friend the Member for Slough, if I can call him that, in his stand against the reforms in his constituency. The good news is that we managed to overturn them in ours. The legal community, the community of Newtownards, elected representatives, the local council and elected representatives from the Northern Ireland Assembly managed to combine our efforts and present an evidence base to Ministers to overturn the “economy savings” in my constituency by proving that it was a false economy. Ministers accepted that, and we now have a thriving and retained service in Newtownards as a result.

Douglas Ross: I am listening to the hon. Gentleman's passionate speech about what happened in Northern Ireland, and how the Assembly listened to the concerns of the local community and experts. The Scottish Government and the Scottish National party failed to do that north of the border. There was clear evidence from experts and local communities that the 10 closures over two years would be damaging. We are now seeing that in Scotland, but the Scottish Government and the SNP would not listen.

Jim Shannon: I will not get involved in the local politics, but I will say that it is important always to listen to the evidence.

I trust that the hon. Member for Slough will succeed in showing that what matters more than the red or black line in the accounts is accessible justice—enabling victims to come to court and do what needs to be done, without being stressed by additional worries about journeys, bus routes or anything else. We should enable victims to have time to speak with their solicitor, rather than their solicitor being on the commute, unavailable to meet them until the court time. There are so many ways in which a victim is better supported by a court that is close to hand rather than removed. I know that the Minister has listened intently to all the comments in the Chamber, and will listen to those of the shadow Minister.

I hope that the Minister will take on board those viewpoints and the evidential base for keeping courthouses in place.

10.35 am

Yasmin Qureshi (Bolton South East) (Lab): It is a pleasure to serve under your chairmanship, Mr Gray. I congratulate my hon. Friend the Member for Slough (Mr Dhesi) on securing such an important debate at a crucial time. The scale and pace at which the Government are pursuing change necessitates careful consideration of the costs and benefits of the proposed changes. With £1 billion being spent and more than 250 courts having been closed already, it is crucial that they are carefully considered and scrutinised.

We are not against court closures or digitalisation in all instances, but we want to see justice done in the most effective manner possible. We believe that the local court system must meet the demands of the 21st century, catering to the needs of all our citizens. However, we have become increasingly concerned that the Government have instituted changes that will disproportionately harm the most vulnerable, and have prioritised cutting expenditure over the delivery of justice. The Government have closed courts, or proposed closing courts, without taking into account, for example, the issues surrounding the Cambridge magistrates court closure, which my hon. Friend the Member for Cambridge (Daniel Zeichner) set out in detail. My hon. Friend the Member for Bedford (Mohammad Yasin) set out his own case as well.

Importantly, in 2010, the travel time standard used to determine court location was one hour, but that has now gone up to a whole day for a return trip. Clearly that will affect many courts, and the most vulnerable will bear the heaviest costs. For young mothers who are unable to find care, or the elderly who find long journeys difficult, such court closures will prohibitively reduce access and will cost more. It is therefore hard not to share the conclusions of the Justice Committee last month that underlying such changes is an approach

“which appears to favour the principle of value for money over the principle of access to justice”.

In the light of that, I ask the Minister directly whether the Government are seriously not concerned that court closures will make victims and witnesses less likely to travel to courts to give evidence.

I acknowledge the contribution of the hon. Member for Thirsk and Malton (Kevin Hollinrake), who set out in detail what court closures could involve for all the people who use the system. It may be a case of a false economy: saving in one budget, but spending from another. Does the Minister agree that the reduction in courts is a backward step for our criminal justice system, because it would be difficult for people to access it?

Another important point is that the price at which the vast majority of such buildings has been sold seems alarmingly low. We recently found out that 80% of courts sold—that is, more than 120 courts—raised an average of not much more than the price of an average UK home. Research has shown that half the courts were sold for less than one and a half times the price of an average UK house. That is worrying, considering that most courts are in central city locations and are much bigger than most houses. Of the money raised so far, almost two thirds was generated by the sale of just

nine courts in prime sites in and around London. Indeed, with courts in Ely, Rochdale and Consett being sold for a grand total of £21,000 combined, we see a clear picture of public property being sold off at knock-down prices. Perhaps that is not unsurprising from the party whose Government oversaw the underselling of Royal Mail by £1 billion.

The pace and width of sales bears the distinctive hallmarks of a Government who are selling off the family silver, which Conservative Governments have engaged in in the past. They find underutilisation and say that it is done for that reason, but that is not right. We know that courts are being utilised far more than is said. Hon. Members have already alluded to the fact that, for many of the courts that have been earmarked for sale on the basis of underutilisation, that is not actually the case, for example in Cambridgeshire or at Blackfriars Crown court, not far from here. Are the Government not concerned that selling recently updated buildings represents a clear waste of public money? Clearly, they need to reconsider whether there really is a need to close a court, in light of not just cost but the impact on everyone who uses it.

The digitalisation of courts is a historic shift. Digitalisation and virtual courts will have a lasting impact on our judicial system. Again, we have no objection to that. As the hon. Member for Henley (John Howell) said, technology can be used very effectively in courts. However, we are concerned about whether the Government have carried out proper consultation, looking at not just cost-effectiveness but the impact on people. At the moment, there is nothing on record from the Ministry of Justice to show what impact virtual courts and digitalisation will have on people involved in court proceedings.

A recent survey of magistrates, lawyers, probation officers and defendants highlighted serious concerns that appearing on video may make it more difficult for defendants to understand and participate in court hearings. Shockingly, prior to the introduction of the Prisons and Courts Bill in the previous Parliament, which was aborted due to the general election, no research had been carried out on the effects of virtual justice reforms on victims or defendants. In light of that failure, I ask the Minister again that she will guarantee that research into that key area will be done and published in advance of the courts Bill being brought to the House.

Further, in the push to move to virtual courts the Government seem to be assuming that town halls, police stations and other civic buildings will be able to provide space for virtual courts, and witnesses giving evidence from one court to another. No research has been done on whether any of that is plausible.

In addition, little consideration has been given to ensuring that there is proper legal advice for defendants. In the present system, if someone goes to court, a clerk and sometimes even friendly lawyers are on hand to give advice. I remember being in court and hearing somebody who was unrepresented saying something. I intervened, saying that they might need to see a lawyer or get advice. Obviously I cannot give advice in that situation, but guidance can be given. That happens so much in court, but it will not happen in a virtual court, because nobody is going to be there to see the problems arising. That aspect of the change has not been considered at all.

[Yasmin Qureshi]

For most people, courts are something they only face once in their lifetime and the court system is alien, highly intimidating and difficult. Constituents have come to me with simple, straightforward issues, and they are so worried about what to do if they have to go to court, because it is an unusual situation for them. Although we have no problem with virtual courts, digitalisation or technology, there is again a question about how that is rolled out and how people who could be affected are considered.

The Government's plans for automatic online convictions risk defendants pleading guilty without understanding the full implications of doing so. I ask for reassurance from the Minister that defendants will have sufficient legal advice to ensure that that does not happen. What mechanisms will be put in place to ensure that people online understand what is happening? Some of us may be computer-literate, but there are many people who do not have email accounts or internet in their home. What will be done about that?

In the reform proposals, the Government have spent more than £100 million on contractors, £30 million of which has gone to management consultants such as PwC. The amount of money spent—I would point out that it is equal to the amount raised from the sale of 223 courts—on projects that depend on an unpredictable future is a worrying sign of this Government's attitude to proper parliamentary scrutiny.

Going forward, I ask the Government to ensure that all those concerns are addressed and that the issue of transparency is taken into account. If people are sitting in small rooms in different offices in civic buildings giving evidence or being dealt with, how do we ensure that our justice system is transparent? At the moment, we have physical courts that we can go and see, so how to ensure transparency in the court system must be addressed. Justice must be done and must be seen to be done. I ask the Government to look at the issues we and other hon. Members have raised and to promise that there will be no further court closures or reforms until they have published the draft courts Bill, fully detailing their proposals, and this House has debated those proposals.

10.46 am

The Parliamentary Under-Secretary of State for Justice (Lucy Frazer): It is a pleasure to serve under your chairmanship, Mr Gray. I congratulate the hon. Member for Slough (Mr Dhesi) on securing this debate. He made some important points about the justice system in general. I am grateful that he secured the debate, has raised those points and has given me an opportunity to respond.

I make one point at the outset. The hon. Gentleman talked about cuts. The reform programme is certainly not about cuts. As he mentioned, the Government are putting £1 billion into our court reform programme and every time a court closes, the money from the sale of that court goes straight back into our justice system—more particularly, our court system.

Like the hon. Gentleman, I would like to address the issue of justice in broader terms. We should start by asking ourselves a question in the context of the debate. What is justice, and how should it be administered? It is not necessarily about a court, a wig and a dock—it is

much broader than that. It is not constrained by a particular location or a setting. It is about the fair determination of rights. Although a court of course plays an important part in the determination of those rights, we must also think about how in the modern world we can deliver better, fairer and more effective justice, which is why the Ministry of Justice has started to invest £1 billion in our justice system over the last few years.

We are upgrading our system so that it works better for everyone—judges, legal professionals, vulnerable victims, witnesses, litigants and defendants. We are modernising the system. The hon. Member for Slough asked what the evidence is of the advantage of technology, and I will answer that. The Civil Justice Review of the 1980s said that we needed to use computers to manage listing. Lord Woolf called for the use of technology in the 1990s. In 2015, the Civil Justice Council stated that online dispute resolution had the possibility and potential to bring forward advantages to our justice system, such as lower cost but also more access to justice. When the court reform Bill went before the House before the general election, a document on transforming justice was put together by the Lord Chief Justice and Lord Chancellor of the time and the Senior President of Tribunals. They all called for our justice system to be brought up to date using technology. They recognised that it would bring our system forward and that by doing so, we would need fewer court buildings. I was interested to hear my hon. Friend the Member for Moray (Douglas Ross) calling for more digitalisation in Scotland.

John Howell: Would the Minister accept that the move towards, for example, online courts has come not from judges but from potential litigants who would like to see that as an alternative?

Lucy Frazer: My hon. Friend is absolutely right. It is not only justices who are advocating online courts but people who use the system. We recently launched our online digital court process, through which people can make claims of up to £10,000. The pilot has been extremely successful.

That brings me on nicely to our other pilots. We are in the midst of upgrading our system in a variety of ways, in different courts and for different remedies that people need. It is now possible to apply for an uncontested divorce and for probate online. It is possible to make pleas for lower level offences, to respond to jury summonses and to issue and respond to civil money claims online. In the social security tribunal system, it is possible to track an appeal online and get mobile updates about the progress of a case. Those changes are making access to justice more efficient, quicker and, for many, much easier to use.

Thousands of people have already used those pilots and received straightforward digital access to justice for the first time, and the public feedback has been extremely positive. By providing services online, we are significantly improving the experience of those using the courts. We see that in the number of forms completed correctly. The rejection rate for paper divorce applications was 40% due to errors and omissions. Since the latest release of the online divorce service, the online rejection rate is now less than 1%.

The hon. Member for Bolton South East (Yasmin Qureshi) made some important points about vulnerable people. She is right that not everybody has a computer, uses the internet or is comfortable doing so. We are establishing a range of support channels, including telephone and face-to-face assistance, and we have worked closely with other Departments to ensure vulnerable people are protected. Our experience shows that the most vulnerable will still be able to access digital services. For example, in relation to our help with fees, the rejection rate stands at about 20% after the introduction of digital processes, compared with 75% for the paper version.

The hon. Lady also said that court can sometimes be intimidating. I said previously that we have social security updates for people going through the system on their mobile phone, and the feedback from that has been extremely positive. Someone said recently, “Courts, judges, decision all quite frightening. This completely calmed me down.” My hon. Friend the Member for Henley (John Howell) talked about the possibility of technology improving our court service—not only in the commercial court but elsewhere. It is right that we consider the possibilities for justice.

We are not just investing in digital. Since April 2015, we have spent £108 million on capital maintenance to improve our estate, including £2 million for refurbishments in Manchester Central, £1.5 million for rewiring and replacing windows in Preston and more than £1.5 million for a roof and lift replacements in Leeds Central.

Other hon. Members raised issues about court closures. We must recognise some important facts about the court and tribunal estate, which is underused. About 41% of courts and tribunals used less than half their available hearing capacity in financial year 2016-17, and much of that space is in poor condition. The hon. Member for Slough talked about Maidenhead. The court is underused and sat for less than one third of its available hours in the past financial year. It is in a poor state of affairs and requires a new roof and windows, generating a total maintenance backlog of more than £1 million.

Kevin Hollinrake: The Minister is making a very good point about buildings that need investment, but is she aware that Northallerton is in fantastic condition, having recently been refurbished, and that it has the best disabled access in North Yorkshire?

Lucy Frazer: I was coming to Northallerton, but as my hon. Friend raises it I will deal with it now. As always, he made some very valid and rational points in his speech, including about the need to keep our finances under control. We are doing that and must continue to do so. He also made some valid points about rural areas. I represent a rural area, and I understand his concerns. I am pleased to have met him and the police and crime commissioner for his area. There is a good service in Northallerton, but it is underused. An interesting fact that has recently come to light is that only 11% of cases held in Northallerton magistrates court actually come from the Northallerton area, so the court actually serves a much wider area. That is how our civil justice system operates.

It is important that when we are looking to close courts—of course, no decisions have yet been made about any of the courts that are under consultation—we need to ensure that the technology we are talking about is operative so people still have access to justice.

Mr Marcus Jones (Nuneaton) (Con): Should we not thank lay magistrates and justices of the peace who support our magistrates courts across the country for very little recompense, other than the satisfaction of contributing towards society? When court reorganisations take place, should we not consult magistrates to ensure we get the best outcome for local people?

Lucy Frazer: My hon. Friend makes a very important point. Magistrates voluntarily make a significant contribution to our justice system. I recently met the Magistrates Association, which does incredibly important work, and I will continue to engage with it. I met a number of magistrates in my constituency. This is not just about them; there are also volunteer legal professionals and victim liaison and support workers. A lot of people do pro bono work. The justice system relies on the voluntary work of a lot of people in our communities.

It is important that we ensure witnesses can get to court. Our use of video technology means that people do not necessarily have to go to court at all. Therefore their journeys are non-existent, rather than increased.

The hon. Member for Slough asked whether court staff should be invited to respond to the consultation. They have been, and we welcome any responses to it.

I am pleased that the hon. Member for Cambridge (Daniel Zeichner) acknowledged that justice is changing, and that we need to adapt to that. His points have been heard and will be passed on.

The hon. Member for Slough talked about the principles we should think about when we close a court. That is why, alongside the consultation on the eight courts, we opened the consultation “Fit for the future: transforming the court and tribunal estate”, which sets out our strategy for the wider reform of our court system and underlines principles that should be considered. People can have input into it as we go forward.

It is important that we have a sensible, proper debate about how we spend our money in the court system. We have consolidated our court and tribunal estate since 2016, and we have put the money from those surpluses into our court estate, and we will continue to do so. I am grateful to have had the opportunity to debate this important topic. The Government are investing to transform the service provided by our courts and tribunals so we continue to deliver an effective and fair justice system that serves all users whenever they need it.

10.58 am

Mr Dhesi: Again, I am grateful for having secured this important debate, and I am grateful to all hon. Members who contributed to it. Many talked about the effect on their constituencies. The hon. Member for Henley (John Howell) talked about the use of technology in hearings and about alternative dispute resolutions. My hon. Friend the Member for Cambridge (Daniel Zeichner) spoke persuasively about the impact of the court closure in Cambridge, and about how local justice, which dates back centuries and for which we in this country are famed, will no longer be available if the court is closed.

I thank the hon. Members for Moray (Douglas Ross) and for Strangford (Jim Shannon) for their kind support. They spoke passionately about the impact that this is already having on Scotland and Northern Ireland. We

[Mr Dhesi]

need to be careful, because the closure of banks, which the hon. Member for Strangford mentioned, and courts is ripping the heart out of local communities. My hon. Friends the Members for Bedford (Mohammad Yasin) and for Bolton South East (Yasmin Qureshi) spoke passionately about the impact in their communities. My hon. Friend the Member for Bolton South East called for a halt to the sell-off until the courts Bill is published.

Nobody would argue against reform, but it must be done in a holistic and sympathetic manner. The Minister referred to Maidenhead, but it is not merely about costs and savings—

Motion lapsed (Standing Order No. 10(6)).

Lymphoedema Services

11 am

Tonia Antoniazzi (Gower) (Lab): I beg to move,

That this House has considered provision of lymphoedema services.

It is a pleasure to serve under your chairmanship, Mr Gray, and I thank the Minister for being here to respond. This is the first Westminster Hall debate I have secured, and I am proud it is on an issue that affects many people in the United Kingdom. It was first drawn to my attention by my constituent Melanie Thomas MBE.

Lymphoedema or chronic oedema is a chronic swelling due to the lymphatic system failing. It mainly occurs when the lymphatic system is damaged by surgery, radiotherapy, trauma or infections. People can also be born with lymphoedema if the lymphatics have not developed properly. It affects people of all ages, and the swelling can occur in any part of the body. People think it is rare, but it is not, and research suggests that about six people per 1,000 have lymphoedema which, to put that into perspective, is about 400,000 people in the UK. If we look at the legs and feet of people in supermarkets or even here in Parliament, we will see swollen oedematous legs.

The problem of chronic oedema is getting worse as we get fatter and live longer with the consequences of other health conditions. Fifty-five per cent. of the average community district nurse case load is people who have swollen oedematous legs, with or without wounds. Such nurses, however, are not lymphoedema experts, and most do not have the skills in lymphoedema bandaging or prescription of compression garments.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Lady on achieving this Westminster Hall debate. She referred to 400,000 people suffering from lymphoedema. Macmillan Cancer Support has estimated that there are 124,000 sufferers in the UK. Does she agree that there must be a better NHS support system, including more practice nurses, and specific training in lymphoedema care? The Government need to allocate the funding to support those suffering from this chronic condition.

Tonia Antoniazzi: I wholly agree with the hon. Gentleman. I will discuss training needs later—there is a definite need.

Lymphoedema can affect people physically, psychologically and socially. It has a significant impact on quality of life and prevents people from undertaking the normal activities of daily living. Reported issues include: massively swollen limbs that leak through clothes and soil carpets and beds; poor mobility; the inability to find shoes that fit and a limited choice of clothes; increased pain; inability to work; frequent admissions to hospital with cellulitis; stigmatisation and people being scared, anxious and depressed; and inability to cope and a feeling of lost control.

We might think that people can get treatment, but they cannot—that is the problem. Lymphoedema services are scarce. People suffering with lymphoedema cannot access the treatment they need or deserve. There is wide variation in the organisation and delivery of lymphoedema services throughout the United Kingdom. Some areas have commissioned full lymphoedema services—services for both cancer and non-cancer patients—others offer cancer-only services, and others provide no lymphoedema services at all.

Lymphoedema services that have been commissioned range from lone practitioners to small teams, so waiting and treatment times vary, as do treatment options. That diversity is not a result of patient need and is not patient-centred. Most people with lymphoedema go undiagnosed and untreated for long periods as a consequence of the poor level of knowledge among health professionals and the limited support from healthcare managers and commissioners. Lymphoedema is a growing condition, so what support are the Government providing to develop pre-graduate and postgraduate education for healthcare professionals to raise awareness of the condition? Something has to change.

Becoming aware of the lack of lymphoedema services in Wales, the Welsh Government listened to its members. I am very proud of that. The Conservatives might slate the Welsh NHS in the Chamber, but this is a wonderful area of work that has been developed in Wales, and I want to hail it. In 2009, the Welsh Government commissioned a lymphoedema strategy for Wales, which sets out clear aims to enable access for all lymphoedema patients to the appropriate services at the right place, at the right time and with the right person, regardless of whether their lymphoedema is related to cancer. Lymphoedema strategies have also been written in Northern Ireland and Scotland. England is the only nation not to have one.

In 2011, the Welsh Government invested £1 million to implement their lymphoedema strategy. The funding enabled lymphoedema services to be set up under every health board in Wales, managed by Lymphoedema Network Wales to maintain strategic oversight of the strategy for lymphoedema in Wales. Services are also made available in the more rural areas of Wales by the Tenovus Cancer Care mobile unit, which works closely with Lymphoedema Network Wales and the Abertawe Bro Morgannwg University Health Board.

Lymphoedema has always been a chronic, incurable condition, but new evidence suggests that significant improvements can be made for patients. In Japan and Europe, a super-microsurgical technique, which joins the defunct lymphatics to a functioning vein, has seen a 96% reduction in cellulitis episodes, and 70% of treated patients have stopped utilising compression garments as a result. The technique—lymphatic venous anastomosis, or LVA for short—is available on the NHS only in Wales. The Welsh Government supported the investment to make that happen and 42 patients per year can now have the innovative surgery that has the potential to cure their lymphoedema.

Bambos Charalambous (Enfield, Southgate) (Lab): I have a constituent called Caroline, who is in her late 30s. She has had lymphoedema affecting her leg for several years. She recently had an infection and had to go to accident and emergency three times. She now has to wear surgical stockings for the rest of her life. Had she been diagnosed earlier, she would not be in that situation. Does my hon. Friend agree that, if a strategy had been in place, my constituent would not have needed to go to the NHS so often, saving money by controlling the condition when she was first diagnosed?

Tonia Antoniazzi: My hon. Friend makes a valuable point about the waste of money. The money is wasted on services because the lymphoedema is not being

treated properly with the correct garments. We hope that that will be addressed so that the NHS can save money and be more effective.

We want better outcomes for patients as well as to save the NHS money. LVA is available privately in the UK, but not everyone has the £15,000 needed to have the surgery. LVA has the potential to cure lymphoedema and stops the need for admissions to hospital for cellulitis and for expensive compression garments. When will this surgery be available on the NHS for England, Scotland and Northern Ireland?

Wales also leads the way in developing a national paediatric lymphoedema service. Children can have lymphoedema, and in Wales 260 have the condition. Last summer I had the opportunity to meet some of them in Margam at an event organised by the Lymphoedema Wales Network. I saw them participate in a wide range of sports—that is important, because having lymphoedema does not mean people cannot participate in sport, and those young people were being actively encouraged to play football and rugby. The most important thing that came out of that day was the opportunity for young people to meet people like them, and for parents to meet one another. It was absolutely invaluable for those young people and their families to discuss things and have a support network.

Hon. Members should not think that Wales has it easy, because it does not. When it got the funding, the prevalence of lymphoedema was two per 1,000. It has now tripled to six per 1,000. It is the same story in Northern Ireland—when the Lymphoedema Network Northern Ireland was started, the prevalence was 1.33 per 1,000; it is now five per 1,000.

A small change can make a difference. If Wales and Northern Ireland can do it, why can we not have an equitable service among all nations? In England, I have been made aware that Herefordshire, Bedfordshire, Tamworth, Coventry, Luton, Southport and Aintree have services available only for cancer patients. Warrington, Barking and Bolton have no lymphoedema services at all. Morecambe bay's services were under threat, but there was good news of additional funding. What is NHS England going to do to support its clinical commissioning groups in commissioning lymphoedema services, to end the inequity of service provision and patient suffering?

The NHS is wasting money trying to treat lymphoedema patients, as well as having a huge impact on patients' lives. Many tell stories of wasted time, of being referred to numerous hospital specialties, of inappropriate wound dressings, with bandages often used, and of patients being admitted to hospital with cellulitis because the lymphoedema has not been treated. We need to save money and start treating patients with lymphoedema better. Let us improve education on chronic oedema, get more clinical expertise in the community to prevent complication and admissions, and ultimately, stop the current postcode lottery as well as the non-cancer inequity.

In 2002, a debate was held in this place. Very little has changed in the 16 years since. What will the Government do to support our constituents to gain the lymphoedema services they so rightly deserve? I would welcome the opportunity to facilitate a meeting between Lymphoedema Network Wales and the Minister at his earliest convenience.

11.12 am

The Parliamentary Under-Secretary of State for Health (Steve Brine): I congratulate the new hon. Member for Gower (Tonia Antoniazzi)—I knew the last one—on securing her first debate in Westminster Hall, as she said, which is on a very important issue.

Lymphoedema Awareness Week took place earlier this month, so today's debate is timely. We heard much from the hon. Lady on the impact of the condition, which she set out very well, although Members should watch themselves looking at people's legs and feet in supermarkets. I am sure therein lies a problem for me in Winchester, but I take her point. She set out very well the difference that high-quality care and support can make. We can all agree that we want that for people affected by lymphoedema. I hope the debate will encourage service providers across England to consider the improvements that they might make.

It is estimated that between 75,000 and 220,000 people in England are affected by lymphoedema. The condition is caused by abnormal accumulation of lymph fluid in body tissue, which can be the result of a congenital defect, of damage to the lymphatic system or of removal of lymph nodes by surgery, radiation, infection or injury. Obviously, cancer plays a role in that, which I will come to. Regardless of the cause, it is important that the NHS responds appropriately in diagnosing and managing the condition, and that it provides appropriate support and advice to those affected. A lot has changed since we had the last debate.

Mr Marcus Jones (Nuneaton) (Con): Will the Minister say more about consistency of services for lymphoedema across the country, and acknowledge the role of our hospices? In my constituency, the Mary Ann Evans Hospice, of which I am a patron, has a lymphoedema care service, which is very valuable to local people.

Steve Brine: In my response I will touch on services across England. My hon. Friend is right to mention the hospice movement. Many people working in hospices become experts in this field by virtue of their day-to-day work. I am very happy to endorse what he said, and I thank everyone working in the hospice movement who is helping patients affected by lymphoedema.

In Scotland, Wales and Northern Ireland, certain national lymphoedema initiatives have been developed—we have heard about the initiatives in Wales. Health is a devolved matter, and devolution is important. The devolution settlement from the last Government stands, and allows the four nations of our United Kingdom to develop the services that they believe meet the needs of their resident populations and the respective size of them. In England, responsibility for determining the overall strategic national approach to improving clinical outcomes for healthcare services lies with NHS England, and the provision of lymphoedema care is the responsibility of local NHS commissioners.

Although lymphoedema has no cure, interventions such as decongestive lymphatic therapy, skincare, exercise advice and weight management can ease symptoms and improve quality of life for those affected. The hon. Lady was absolutely right to raise the issue of weight management—there is a lot of discussion in this place about the obesity challenge that we face. This condition is a not-often-talked-about consequence of the obesity

challenge, and I am grateful she raised it. People with lymphoedema can usually be treated through routine access to primary or secondary care services with access to dedicated lymphoedema clinics. I have experience in my family of attending such clinics.

To support clinicians in the diagnosis, treatment and support of patients with lymphoedema, an international consensus document on the condition was produced in 2006, which is endorsed by the British Lymphology Society and the Lymphoedema Support Network. Additionally, the Royal College of General Practitioners offers an e-learning course on lymphoedema—the hon. Lady said that that was one of her concerns. That often supplements GPs' existing understanding of the condition, which is covered in the GP curriculum, and I am pleased to say that it is identified as a key area of knowledge that we expect of them in their qualifying exams.

We heard from the hon. Lady about calls for a national lymphoedema service in England. Hon. Members may be aware that, in 2015, the British Lymphology Society submitted a proposal for a nationally commissioned specialised lymphoedema service to the Prescribed Specialised Services Advisory Group—we like our titles and acronyms in health—which is an expert committee appointed by the Department to consider these very matters.

Four factors should be considered when determining which prescribed specialised services should be directly commissioned by NHS England, the first of which is the number of individuals needing the service. The second factor is the cost of providing the service—after all, it is a publicly funded health service. The third consideration is the number of persons able to provide the service—the workforce—and the fourth is the cost to clinical commissioning groups in England for providing the service.

Taking account of those four factors, the advisory group concluded that lymphoedema services were not suitable for national commissioning. As the patient population was high in England, there were numerous providers and the burden to commissioners was low. However, we keep that under constant review, which links to my next point about Wales. We recognise that there can be opportunities to learn from our partners in the devolved Administrations while taking high-quality clinical advice from our advisers, such as I just mentioned.

We are aware of the recent evaluation of the lymphoedema service in Wales, which was published in the *British Journal of Nursing*, and we agree that the results appear to be very positive in addressing the challenges faced in Wales. We also note the caution applied to some of the figures but, as I say, we keep it under constant review, and the hon. Lady's debate is helpful in that regard.

In my experience as a Health Minister, NHS commissioners are always keen to hear about services that have demonstrated savings and improved care in other parts of the country and the United Kingdom. For example, the Healthy London Partnership, a collaboration including London's NHS, councils and Public Health England, for which I have responsibility, has drawn on the work of the Welsh lymphoedema service for its own service. We watch that closely. NHS England is also aware of the evaluation of the Welsh service and—the hon. Lady asked about this—is in

touch with the national clinical lead for lymphoedema in Wales, who is one of her constituents. That relationship is ongoing and bearing fruit.

The hon. Lady mentioned cancer, for which I am the Minister responsible. Lymphoedema resulting from cancer treatment, which, sadly, has touched my life, is common. About one in five people have lymphoedema of the arm after breast cancer treatment that affects the lymph nodes, which are so difficult. Much of the lymphoedema service improvement in England has developed as a result of national initiatives to improve cancer services and, sadly, the high number of breast cancer incidents. There is growing recognition of the need to support cancer survivors after they fall off the cliff edge when their treatment ends. Lymphoedema services are a key part of that, and I have seen them when out and about doing my job.

Over the years, the Government have driven forward the cancer survivorship agenda, which I am passionate about and committed to, first through the national cancer survivorship initiative, and then through the living with and beyond cancer programme, for which I am responsible. Central to that work has been embedding in mainstream NHS commissioning a recovery package, which is a combination of interventions that, when delivered together, can greatly improve outcomes and the co-ordination of care beyond the cancer pathway, which is what we are looking at, including through better and earlier identification of the consequences of treatment for conditions such as lymphoedema.

Members will be aware that our world-class cancer strategy for England, which has another two years left to run, was published in July 2015 by the independent cancer taskforce. It recommended that NHS England should accelerate the commissioning of services for cancer survivors, including the development of a minimum service specification to be commissioned locally for all patients, based on the recovery package I just mentioned. That specification was published in April 2016 and includes provision of lymphoedema care. It was followed

by £200 million of funding to support the implementation of the recovery package and other areas of the strategy, which I am sure I will talk about again in debates in this place. Those services should be provided on the basis of need, not of whether someone has had cancer.

Finally, let me highlight the research that is being undertaken. We invest more than £1 billion a year in health research through the National Institute for Health Research. The NIHR is currently supporting three important lymphoedema studies: an analysis of genes and their functions in primary lymphoedema; an investigation of the pathophysiology of breast cancer-related lymphoedema of the arm, which I mentioned; and a feasibility trial of early decongestive lymphoedema treatment for women newly presenting with breast cancer-related upper limb lymphoedema, which is very important.

As well as thanking you, Mr Gray, for sitting through what I hope has been as interesting a debate for you as it has been for us, let me thank the hon. Lady again for using her first Westminster Hall debate to raise this important issue and highlight the many challenges that people with lymphoedema face. I am confident that, by continuing to build our expertise, increasing the research I listed and ensuring that our commissioners and clinicians have the training, tools and guidance to deliver high-quality lymphoedema care, we can ensure that patients receive the treatment and support they need and deserve. As ever, I am grateful to Members. We keep everything under constant review, because ultimately we have a publicly funded health service that is there for patients. As the Minister with responsibility for primary care, I have responsibility not only for cancer but for prevention, and I am interested in anything that can help us to reduce people's suffering and the cost to that publicly funded health service.

Question put and agreed to.

11.24 am

Sitting suspended.

Digital Taxation

[DAME CHERYL GILLAN *in the Chair*]

2.30 pm

Neil O'Brien (Harborough) (Con): I beg to move,

That this House has considered digital taxation.

It is a pleasure to serve under your chairmanship, Dame Cheryl. Let me start by thanking all hon. Members who have come to take part in the debate. I feel we have a slight imbalance of forces in the Chamber, but none the less it shows the high level of interest in the subject.

My interest in it comes from talking to the small businesses in my constituency. Those Members who know my constituency well will know it is not a place with one large or dominant employer or sector but a place of very successful small businesses. We have wonderful independent shops in Market Harborough and on Bell Street in Wigston, we have fantastic manufacturing businesses such as COBA in Fleckney, which I visited the other day, and we have great high-tech businesses, particularly around Kenilworth Drive in Oadby. A lot of small businesspeople ask me, "We are paying our business rates and taxes, but are large international digital businesses paying their fair share of tax?" We need to ensure that the answer is an unambiguous yes.

This debate is timely. At the time of the spring statement, we saw the Treasury publish its position paper, "Corporate tax and the digital economy," and since then the OECD has produced a report on the same issue as part of the work on base erosion and profit shifting that the UK has led on and, just last week, the European Commission published a paper on the same subject. It is significant that both the European Commission and the Treasury have independently arrived at some similar conclusions. In fact, both the Treasury paper and the European Commission put forward two options: a comprehensive international reform, or an interim tax to be levied before such a reform can be agreed internationally.

It is clear from reading all of those documents that taxing large digital businesses and distinguishing them from other firms that trade internationally is not simple or straightforward at all. None the less, I was encouraged to see the Treasury consulting on that question and being prepared to think radically about what we need to do to address it.

What is the case for action? Put simply, international tax treaties were designed in an era when doing business internationally inevitably meant having to have physical premises, offices, factories and lots of people in the country where business was to be done. However, today things are different. A large digital business could sell advertising to firms in country A, to be seen by users in country B, served off servers in country C, perhaps under a brand owned in country D, which is financed and owned by a company in country E. That business can ensure that its profits are booked in whichever jurisdiction taxes are lowest.

That is the issue in abstract; let me give a concrete example. I do not want to pick on a particular business, but I use the example cited by Jonathan Ford in the *Financial Times* relating to Google in 2014. He reported that the firm had made about £4.3 billion of sales in the

UK and that, in line with its global profit margin of about 26%, that would have meant about £1.1 billion of profits to pay tax on—and, in turn, a corporation tax payment of £220 million. However, he reports that in that year it paid only £30 million in corporation tax.

A simple division of Google's global profits by its share of users in the UK would not be a fair basis to work out its tax liability here, because obviously a large proportion of its engineers and research and development are in the US. None the less, it feels like we might expect a bit more of the value created by UK users to be reflected in taxable value in the UK.

Since 2014, things have moved on. We have seen the introduction of the so-called Google tax to stop some of the worst abuses of the international system, stopping firms from artificially signing all of their contracts in a particular country, and looking through some of the artificial arrangements put in place by some firms. However, there is much more to do.

In fact, this issue is far from unique to the UK. The European Commission reports that digital companies pay on average roughly half the effective tax rate of firms in the traditional economy. A revealing map in the Commission's impact assessment shows very little correlation between where digital businesses' user activity is and where in Europe their profits are booked. In other words, there is no real link between where value is being created and where tax is being paid. It is therefore absolutely right that the Treasury is consulting on going further.

That is the case for action. Our approach should be guided by three principles. First, any new tax has to be for the largest international businesses only, with generous allowances to carve out small firms. We do not want to do anything to hamper the vibrant tech start-up scene we have in the UK, and it would make no sense to try to impose a large and complex tax on minnow-sized companies where the cost of administration would outweigh the benefit of the tax we might collect. I was glad to see a nod in the direction of carving out smaller firms in the Treasury paper, if I have interpreted it right.

Secondly, we need a tax that has a clear distinction between tech businesses and other international firms. We do not want to unravel the complex web of global tax agreements we have at the moment or come up with something that can never be agreed internationally. We need to distinguish between tech and other sectors. Let me give an example. There is no real difference between selling advertising on a British newspaper website or a popular blog and selling it in a physical newspaper—the value is still created by the journalists based in the UK. If, on the other hand, I post a video I have made or a song I have recorded—many Members will be horrified by the idea of listening to me singing—even if that website is ultimately owned in some tropical tax haven, I have created the value in the UK, and it is right that the profits should be booked here and taxes paid here. The emphasis in the Treasury's paper on the concept of user-created value is the right way to make that distinction.

Thirdly, we need small businesses to reap the benefits from any new tax on large digital firms. I am proud that we have helped hard-working people in the small firms in my constituency by reducing corporation tax and taking large numbers of small firms out of business rates altogether, but many still do pay a lot and it would be good to be able to go further.

Realistically, a new tax on large tech firms is unlikely to raise more than a few hundreds of millions of pounds, which is not a huge amount in the grand scheme of Government spending but none the less enough to help level the playing field a bit and allow the Government to do more to cut tax on small businesses. For example, the Government recently allocated £25 million to reduce business rates for small pubs, which has been a huge help to many of them. If we could raise more from large tech firms, we could do even more of that.

Those are the principles. Let me turn to the detail of how we might implement such a tax. There are a number of important decisions to make about its design. First, what should we be trying to tax? The clear principle we must push for internationally is that a business's profits should be taxed in the countries where the value is created. At present, the accounting profits are simply too easy to move to a low-tax jurisdiction. Some in the media have talked about a tax on sales, but ultimately they are not a good proxy for value being added. Sales overseas are far from unique to digital businesses, and the idea of sales is not necessarily easy to define for businesses that have a free-to-use model. The Government are right to focus on the core concept of user-created value. What kinds of businesses does that mean we should try to tax? It means the free-to-use services that many of us use, be they search engines, social networks, app stores or online marketplaces; I am sure we could all name firms in all those categories. Those online platforms are not like other kinds of businesses, which perhaps create or store a bit of data on their customers; they are platforms substantially made up of user-generated content or have very valuable data from deep engagement with their users.

It is sometimes said online that with some of these businesses, "If you aren't the customer, then you are the product." Personally, I would put it more positively: the users are both the producers and the consumers for those new types of business. The European Commission uses the rather ugly word "prosumers" to describe that business model. That new business model is the reason why the tax system now needs to change to keep up.

The third question of detail is how exactly to design a tax on that new category of business. There is a distinction to be made between the ideal international agreement and something we could implement in the nearer term. Looking at an international agreement, I note that the Treasury's paper talks about allocating,

"a share of the profits of the principal companies after routine functions in the group have been remunerated with an arm's length return. That share would be designed to approximate the value that users generate for the business."

That is simultaneously the right thing to be taxing, and something that will be quite an art to determine. I will give a couple of examples of the complexities here. The Treasury paper includes a discussion of the different kinds of value created by more or less active users and the issues created by users who cross borders regularly. It also explores some of the potential avoidance measures that firms might be tempted to take.

Looking at the positions that different Governments around the world are taking on this question, it seems unlikely that a new global agreement will be reached soon. Both the Commission and Treasury papers talk about a simpler interim tax on revenues in the meantime, which I think it is right for us to consider despite the difficulties of revenue-based taxes. The Commission

paper talks about three types of revenues that would be taxed—revenues from selling online advertising, from digital marketplaces and from the sale of user-provided information. The Treasury's paper has a similar range of options on the design of a tax: types of business, types of activity or a hybrid of the two. Personally, I think types of activity looks like the simplest option, but any of them could potentially work.

Finally, questions arise about what rate we might reasonably set, how much a tax could raise and who would be paying such a tax. A study by the United Nations of the largest 100 digital businesses in the world suggests that around two thirds of them are based in the United States, compared to only one fifth of other multinationals. We might expect such a levy to fall mainly on US-based firms. The European Commission in its paper goes a little further than the Treasury and sets out some potential thresholds and rates; it suggests taxing firms with worldwide revenues of over €750 million and European Union revenues of €50 million. There are, of course, very few firms with revenues on that scale. To me it feels as though that is the scale of businesses we should be aiming to tax.

Nick Boles (Grantham and Stamford) (Con): I congratulate my hon. Friend on securing this debate. This is an important, interesting and tricky subject, and one that we need to take a good long run-up to, so it is exactly the kind of debate we should be holding. He seems to be addressing mainly the question of how to make corporation tax, the historic tax on profits, work in a new age with these new kinds of businesses. Does he not feel that we should also be thinking about what is happening to the property taxes we have historically raised from business, and our likely need to replace business rates as a source of revenue? Rather than just fixing the profit tax, which he seems to be mainly suggesting, should we also be thinking about whether we might use whatever new tax base and taxing mechanism is created to also replace some of the property tax that businesses currently pay?

Dame Cheryl Gillan (in the Chair): Order. I am delighted to welcome the hon. Gentleman back to Westminster Hall for, I think, the first time in two years. I will just remind him that interventions need to be short.

Nick Boles: Forgive me, Dame Cheryl.

Neil O'Brien: I thank my hon. Friend for his thoughtful contribution. I agree that there are a number of different aspects of the tax system that are no longer very buoyant and need to be modernised. He picks on one that is perhaps a debate for another day, but none the less an important one.

Coming back to my point, few businesses would be affected by a tax with the kind of carve-outs that the European Commission is talking about. I hope that similarly, when a detailed proposal comes from the Treasury, we will also see a generous carve-out for smaller businesses. To give a sense of the difference it makes, I note in the Commission's impact assessment that reducing the threshold for inclusion from €750 million to €500 million would double the number of firms affected and caught up by such a tax, but only raise revenues received by 7%—a lot more bureaucracy for not a lot of gain. That suggests to me that a focus on the very largest players is the right one.

[Neil O'Brien]

On that basis, and on that base, the Commission suggests a 3% tax on revenues of those kinds, which it believes would raise around €5 billion a year across the EU as a whole. That would potentially mean hundreds of millions of pounds in the UK if we did something similar. As the Treasury moves towards making its own decisions on setting rates and thresholds, I am sure the Minister will be thinking about the same considerations and thinking about how a UK tax might fit alongside an EU one, if the EU ends up with a consensus to take action.

To conclude, while a new tax on large digital businesses might not raise vast sums, it could raise enough to make a substantial difference to small businesses in my constituency. It would be a welcome addition to the raft of anti-avoidance measures that we have seen in recent years—over 100 measures now, raising over £175 billion since 2010 alone—and if we can get those large, digital businesses to pay a fairer share of tax, we can go further in cutting the taxes small businesses pay, such as doubling the small business rate relief we have seen and extra help for small shops and pubs on top of that.

To get big tech to pay a fair share of tax, it seems to me that the Treasury is gearing up to propose some pretty bold and unconventional measures. I am sure some people and some firms will come out to oppose that, but given that we have completely new business models changing our economy and a clear case for reform, Ministers should be bold and I encourage them to go for it.

2.47 pm

Damien Moore (Southport) (Con): As a member of the Science and Technology Committee, I am delighted to contribute to this debate and champion the transition to a digital form of taxation. The issue here is not only the businesses that we will be looking to tax, but the form that our taxation regime takes. Far too often, Governments are slow to modernise and adapt to the times, and I am glad to see that my colleagues in the Treasury have chosen to focus their attention on this area. I will follow the results with great interest.

Although I would never encourage digitalisation simply for its own sake, developments over the last five years have made the creation of a workable, transitional period leading to digital taxation an absolute necessity. We live in an age when cryptocurrencies, challenger banks and blockchain technology are taking off, while e-commerce continues its shake-up of the retail sector. Furthermore, the closure of local bank branches en masse around the country has resulted in individuals having to adapt to a rapidly changing pecuniary landscape. Her Majesty's Revenue and Customs can and must keep pace with the innovations of Silicon Valley and Tech City, as more and more tech companies enter the financial arena.

From a purely practical standpoint, the current annual system of tax returns is an administrative burden and an overly lengthy process for businesses. The programme of reforms will contribute to the HMRC target of reducing tax administration costs by £400 million by the year ending 2019-20. The old system was far too complex, and businesses would often only know their tax liabilities at the end of a

financial year, which imposed uncertainty on them and ultimately prevented them from planning for the future.

As I understand it, by 2020, businesses, self-employed individuals and landlords will have the option of keeping track of their tax affairs digitally, updating HMRC at least quarterly via their digital account. Those quarterly updates will not amount to four separate tax returns in a year, despite a degree of uncertainty on that point. The Government have assured us that bureaucracy and constant form-filling will become a thing of the past, with the information that HMRC requires being automatically uploaded on to people's digital accounts.

Businesses will be required to use the Making Tax Digital for Business system only from April 2019, and even then only to meet their VAT obligations. That will apply to businesses with a turnover above the VAT threshold; the smallest businesses will not be required to use the system, although they can choose to participate voluntarily. I believe that businesses with a turnover of below the £85,000 VAT threshold can also be great beneficiaries of digital taxation, and I hope the Government will give a lot of thought to the bespoke and innovative ways in which small businesses will be able to engage with these new foundations of tax.

Currently, most taxpayers cannot see a single picture of their liabilities and entitlements in one place. However, by 2020 customers will be able to see a comprehensive financial picture of their digital account, as they can with their online banking. HMRC customers and their agents will be able to interact with HMRC digitally and at their convenience. They already have access to a digital account, which will allow them to access an increasingly personalised picture of their tax affairs, along with prompts, advice and support through webchat and secure messaging. Digital record-keeping software will be synced with HMRC's systems, allowing customers to exchange information directly from their software. I welcome these innovations and can see the utilisation of this system eventually being as natural as online banking.

The Government have said that they will not widen the scope of Making Tax Digital beyond VAT before the system has been shown to work well. I, for one, will be following the development of the programme throughout its implementation, with the expectation that this change will result in the desired outcomes. There will inevitably be some kinks in the system, and I hope that they will be ironed out. However, make no mistake: this is a progressive move that will encourage greater engagement with HMRC, save both the Government and the taxpayer money and ensure that businesses, whatever their size, are not shackled by bureaucracy and burdened by paperwork.

2.52 pm

Robert Courts (Witney) (Con): It is a pleasure to serve under your chairmanship, Dame Cheryl.

I start by congratulating my hon. Friend the Member for Harborough (Neil O'Brien) on bringing about this extremely important and timely debate. I know that many points will be made that reflect the strength of feeling in our own constituencies, as well as points about what we will look for from the Government in due course. I declare an interest at the outset as the chair of the all-party parliamentary group for small and micro business.

Online businesses are growing rapidly and will continue to do so. I think we probably all agree that, as that happens, our tax system must catch up. As my hon. Friend said, international tax treaties and much of our domestic tax system were designed in an era when doing business necessitated having a physical presence. Large tech companies are able to create large, complex international tax structures to keep their taxes as low as possible, at the same time as their businesses stretch across borders. Small businesses in west Oxfordshire often ask me whether those large companies, which now take up so much of the market, are paying their fair share of tax. It is a real sore point and a bone of contention for small businesses that are required to have a concrete, bricks-and-mortar presence when many larger companies do not.

Independent high street shops, trading from brick-and-mortar premises, are now competing, in a very real sense, against large online companies that do not pay the same business rates in particular, because they do not have that same physical high street presence. Moreover, large companies can absorb the costs of bureaucracy and overheads—the costs involved in all businesses—much more because they have a larger presence but without the physical footprint.

Small businesses do not have international structures, and they do not have teams of expensive accountants and lawyers to help them to make the system work for them. In many cases they are run by a husband and wife, a father and son or members of a family who have owned a business for years and still work every hour God sends to make it work. The role of Government is therefore to help to level the playing field, to make sure that these engines of our economy and these jewels of our high street are able to compete with the large multinational companies on the internet.

We can all agree that we want our high streets to remain vibrant, buzzing and full of different businesses that sell, make and create all sorts of different products and jobs. I am particularly reminded of that every time I spend a day in my constituency in west Oxfordshire, or when I go around the streets of Witney or Chipping Norton or Woodstock. I know that the shadow Chancellor has a red book that he likes to illustrate his points with. I also have a red book that I will illustrate my point with. I can see the alarm on the Minister's face as he wonders precisely which red book I am about to brandish, but it is a leaflet for the west Oxfordshire business awards 2018, which I attended last Friday night.

There are an extraordinary number of businesses in west Oxfordshire that do wonderful work, covering everything under the sun that one could possibly imagine: coffee, children's clothing, travel, gardening and speciality milkshakes—who would have thought it? That is only the finalists for this year's competition. Hundreds of others were not listed as finalists, and hundreds were listed last year or the year before.

If ever there was an illustration of quite why it is important that the Government pursue the business-friendly policies that they do, it is contained in this little red book—this bible, if you will, of economic success. It is a real testament to the dedication, passion and commitment of people all over west Oxfordshire who wake up one morning, have an idea, take a chance and then, without a large physical presence or large teams of international lawyers and accountants, make that idea a success. It is to help them that I rise today.

I have set out my stall, but what can the Government do? I submit that they can take a number of actions. In 2017, Amazon—I should say that other large online retailers are available—paid £7.4 million in corporation tax, despite making sales worth more than £7 billion in the UK, because tax is of course paid on profits, not on revenue. I suggest that more can clearly be done, and I know that the Government are starting to look at doing it, to reflect the true value of such companies and to ensure that our tax system is designed for the 21st century, not the 20th or the 19th.

I welcome the Treasury's consulting on a new tax on the tech giants. We need to ensure that they pay their fair share alongside the smaller companies, and moreover that small companies are confident that the tax system is not stacked against them. I draw a distinction between types of online companies. My point is about large online companies; of course, many tech start-ups are online but are very small. I suggest that any such taxation—whether a new tax or an amendment to the existing tax system—should be reserved for the largest international businesses. What better way could there be to fund the NHS, defence or schools than by ensuring that those larger online companies pay their fair share of taxation alongside the small companies?

I am delighted that the 2017 global start-up ecosystem report from Startup Genome ranked London as the third best city in the world for tech start-ups—the only European city in the top five—behind only New York and Silicon Valley. Large cities tend to dominate the headlines, but as I hope I have illustrated, in the green lanes and rural villages of west Oxfordshire are hundreds of companies that drive our economy every day. It is those businesses that will make a real difference to all our constituents, our constituencies and the nation's economy overall. We must not burden those start-ups with further administrative costs or further taxation. I welcome the action that the Government have taken to reduce corporation tax, but the additional revenue from any tax on big online retailers could enable us to help small businesses further with their corporation tax or to provide for further relief or exemptions for small firms—particularly those on the high street.

The Government can help with this issue, but I am very keen, in the final moments before I let others have a say, to say that there is more that we can do as well. The Government can help to level the playing field, but we must not forget that we all have a responsibility to shop local whenever we can and to support local businesses when possible. We must try to shop from them and not simply go to the large online retailers. That may make things easy, but it does not support those who are living in our towns and villages. We need small businesses—they are the engines of our local economies and they bring jobs, services and colour to our high streets. I ask the Government to bear those points in mind as they consider a way to tax the large retailers.

3 pm

Lee Rowley (North East Derbyshire) (Con): It is a pleasure to serve under your chairmanship, Dame Cheryl. I am grateful for the opportunity to speak. Like my hon. Friend the Member for Witney (Robert Courts), I congratulate my hon. Friend the Member for Harborough (Neil O'Brien) on securing this vital and incredibly timely debate on an issue that we talk about in this Chamber and beyond.

[*Lee Rowley*]

An important principle that needs to be established is that of a level playing field on taxation as a whole across commerce. If we do not ensure that people have confidence in that, legitimate questions can be and are asked about how markets work, whether they are effective and whether the Government are regulating them properly.

Before I talk about the specific issue before us, it is important to recognise the huge benefit that the development of the internet has brought over the past 20 or 30 years. It is something of a truism to say this, but we have an entirely epoch-changing set of opportunities before us because of what the internet offers us and what e-commerce hopes to drive. We have been able to make more perfect—I use that phrase advisedly—markets in terms of reduced barriers to entry. We are able to serve customers in an easier, more timely and more convenient way. We can ensure that people have the things that they want, and that we respond to the combined views of people, as demonstrated via the mechanism of the market. In the United Kingdom, 1.5 million people are employed in e-commerce businesses directly, and a vast supply chain and vast group of people support those industries indirectly. It is important to recognise and acknowledge the benefits that the internet has brought over the past 15 or 20 years—within our lifetimes—to the country as a whole and to the world in general.

However, the principle that my hon. Friend advances is absolutely right. We must have a taxation system that is fair, notwithstanding the huge benefits that have been brought to society by the internet over the past 15 or 20 years. I completely agree with the statement in the Government's paper that failure to find the right system undermines the fairness, sustainability and public acceptability of the corporate tax system, which we need to avoid at all costs.

I therefore welcome the review of taxation and what the Government are doing to look at the matter in more detail. I acknowledge and recognise the challenge—my hon. Friend outlined that better and more comprehensively than I could ever hope to do it. The Government are right to have an open mind on many aspects. It is right that they will have an open discussion with those who are interested, and to set out that, of necessity, they are likely to look at both short and longer-term solutions.

Underneath, there is an inherent tension and problem, which is how we define user-created values. I think I accept the principle that taxation should be based on value creation as a whole, but how we define that and whether we create a system that is incredibly complicated in order to be able to tax it is something on which the debate and discussion has a long way to go. It is good to see the Government are approaching the matter in that open way.

I also think we have to get away from some of the tendencies over the past five years or so on corporate tax to shout loudly as a collective political class about corporate tax, rather than doing some of the hard spade work. That is exactly what the paper suggests and what many hon. Members are debating. It is no good shouting at companies in Select Committees when they are obeying the letter of the law, even if they are not obeying the spirit. Let us change the law so that that does not need to be done. I say that as someone who has

just joined one of those Committees and will probably be shouting at people over the coming months and years as a result.

I understand why that happens, but I am similarly sceptical of gifts, benevolence and contributions to the Exchequer for no apparent reason, much as I understand the principle. That kind of approach is not one that we should perpetuate over the long term if we want to create the stable taxation system that attracts companies, promotes economic growth and supports development on all sides.

I therefore welcome the discussion. I welcome the willingness to review and to do so in such an open way. I agree with many of the points that have been made, particularly in the introduction. I would just like to broaden the subject slightly and make two additional points.

This is a symptom of a much wider challenge in capitalism, corporation tax and taxation in general. We are entering an era of internationalisation with regard to many of the challenges. That has been evident for a number of years, but has come increasingly to the fore over the past decade or so. I am thinking of the cross-border challenges that my hon. Friend outlined. What the OECD has done to date is a good start—the principles it has outlined are positive—but there appear to be limited opportunities to move that forward in the short term. We have to encourage supranational organisations to take on these knotty problems and look more closely at how they can solve them over the long term. If we do not have the institutions that can support the regulation of things such as tax, we will lose the confidence of populaces that rely on us to ensure that taxation is taken. We can debate in this Chamber how big or small that taxation should be, but we have to ensure that the framework is there in the first instance to support it.

There is a much wider conversation to be had, not just about taxation but about the approaches within the sphere of the internet, and how it has commercialised over the past 20 years or so. That is probably a debate for another time, but I hope you will allow me to spend just 30 seconds on it, Dame Cheryl.

I separate out entirely the many hundreds of thousands, or millions, of companies that use the internet to deliver services daily in a cheaper, and a more efficient and effective way. I welcome and celebrate them as an excellent example of how capitalism works, but a very small number of very large companies at the top of the tree have created what are essentially monopolies. They have essentially taken over whole swathes of industries. Some of them have created those industries, and all credit to them. Many of them have become very rich in doing so, or the people behind them have. But they have essentially annexed an individual industry. In any other area of commerce, we would call them out for what they are. They are monopolies or oligopolies. If someone has 90% of the search engine market, they are a monopoly. If they have 100% of the social media market, they are a monopoly. If they have 47% of the e-commerce market in the United Kingdom, they are a monopoly.

We can debate the definition of monopoly, but there are monopolistic companies at the top of these industries, and we have to think in the longer term about how we address that. If we do not do so, we will lose the confidence of people that we can regulate effectively. Either they have become so embedded that they are

ultimately the infrastructure—they are the pipes upon which things run—and should be regulated accordingly, or we have to look at how we can stop monopolistic practices. The first duty of those of us who are pro-free market and pro-capitalist is to avoid corporatism and monopolistic practices at the top. Perhaps that is a debate for another time, but it is important for the wider point about how we tax, because of the activities of those companies. The reasons why we tax them in the first place derive from some of the things that they do—some of the practices and some of the monopolistic instincts that, for good or otherwise, have grown up over the past decade or so.

I therefore very much welcome the debate. I again thank my hon. Friend the Member for Harborough for introducing it and for giving us the opportunity. I look forward to the Government's response in relation to the paper.

3.8 pm

Mr Ranil Jayawardena (North East Hampshire) (Con): It is a pleasure to serve under your chairmanship, Dame Cheryl, and to see in his place the Paymaster General, who is one of the most thoughtful Ministers in the Government and whom I look forward to hearing from later. I congratulate my hon. Friend the Member for Harborough (Neil O'Brien) on securing this important debate. I do not wish to go through content that has already been provided to hon. Members, but I do wish to approach the topic from a slightly different direction.

This is an exciting time for the United Kingdom. Whatever side of the fence people were on, we are leaving the European Union, and we need to ensure that the economy and the country are fighting fit, not only for businesses to exist for their own sake, but for the people they are there to create jobs and wealth for, and for the next generation who will live with the consequences of our decisions today.

I am very pleased that the Government have an agenda for a more global Britain. We are finding our feet in the world and want to ensure that we build bridges with more countries around the world, and become more internationalist and a great trading nation once again. In that context, it is important to consider, as my hon. Friend the Member for Havant (Alan Mak), who is not able to be in his place this afternoon, would say, the fourth industrial revolution, which is at a critical juncture in our country's and the world's history.

Technologies are emerging and affecting our lives in ways that former generations could not have imagined, perhaps in ways that we could not have imagined only 10 years ago. We are in a new era that builds and extends the impact of digitalisation in new and unanticipated ways. In that context, it is important that my hon. Friend the Member for Harborough secured this debate.

In 2016, digital tech employed some 1.5 million people in this country with about £6.8 billion worth of investment in the United Kingdom, which is 50% higher than any other European country, which shows that this country is leading the way. There is always more to do, but we have a good track record of success. It is important to cite that, because we must ensure that, as we develop our industrial strategies, and as the Government develop their digital taxation policies, we continue to back the innovators and drive growth. We must support those

creating jobs and those who trade with the world to create lower prices for our consumers, providing greater choice for people across this country, but we must step in when people do not play by the rules.

Some Members have made the point about the delicate balance whereby we want to grow the economy and back those who do the right thing, but must ensure that it is fair. It is that sense of fairness—it is almost a gut feel—that people out in the country feel is often not delivered on. I welcome the fact that the Government are trying to tackle that but, as I said, there is always more to do. That comes in the great context of the UK economy growing. It continues to grow—it has grown 14.8% since 2010, perhaps confounding those who are pessimistic about the United Kingdom's prospects in the years ahead. I mention that because it is important that digital taxation and the plethora of Treasury policy is pro-business and pro-people.

Corporation tax is 19%, down 9% since 2010, with a target of going further, which is a good thing, but I agree with my hon. Friend the Member for Grantham and Stamford (Nick Boles), who referenced earlier in an intervention that it is not just corporation tax that counts, and that business rates are very important to small businesses, to which we have given a significant number of exemptions. That is welcome, but there is always more to do. Why? Someone can have a big warehouse in any town or even in the countryside selling lots of very low-margin products, on which they will not make much profit.

Such businesses face challenges when they compete with small offices, or perhaps not even offices, selling high-margin products but paying low rates or no rates, and of course they compete with others further afield who have a different tax regime, with different rates or different regimes entirely. We must ensure we are internationally competitive. Just as we have reduced corporation tax so that we are leading the world, we must ensure we do the same in other taxation.

It is important that we raise taxation in a fair way. We are raising taxation because, without a strong economy delivering it to the Exchequer, we cannot fund public services. Nor can we help people to keep more of the money they earn. We have cut income tax for 31 million people, raising the personal allowance to do so. We have taken a lot of people out of tax altogether. We can afford those things in the long run only if we get taxation right, and only if we ensure that business taxes are internationally competitive. We should encourage businesses to base themselves here, and ensure that they genuinely get money into the Exchequer.

As I said earlier, we must ensure that the system is fair, because tax evasion and aggressive tax avoidance irks people. I am pleased that, since 2010, HMRC has recovered £160 billion for the Exchequer, which is good news. That money can go into public services when it did not previously. I understand we are trying to combat online VAT fraud as well. That is good progress, but there is more to do.

I note in the Government's report that they seek to have more OECD and G20 co-operation to control those measures and tackle the issues. The report states: "the preferred and most sustainable solution to this challenge is reform of the international corporate tax framework".

I agree with that because there is no point in our doing one thing if other countries do not follow, and no point

[Mr Ranil Jayawardena]

in our doing one thing if we cost jobs in this country and put businesses out of business. That is not in the Government's, the country's or the people's interest.

Businesses employ people who need to look after themselves and their families through the security of a job. We must maintain competitiveness and ensure we deliver lower taxes for all, but we must ensure that those taxes are fair and that they are paid. I am afraid to say that that is absolutely in stark contrast to Labour party policy. Although the hon. Member for Bootle (Peter Dowd) is a good chap with whom I have had many pleasant exchanges, I have concerns that the Labour party—I wait to be confounded and corrected—does not seem interested in how to make businesses and taxes work, and instead is looking at policies concerned only with protectionism, looking at the past and taxing hard-working people more.

Luke Graham (Ochil and South Perthshire) (Con): My hon. Friend is making a very good point about Labour and tax, but it is not just about Labour. It is important to take into account the Scottish National party. Its tax-varying powers were used to increase bands of taxation, which has led to unintended consequences. The impact on marriage allowances and pensions and things will disadvantage people in our constituencies.

Mr Jayawardena: My hon. Friend makes a strong point. It is right that we consider the implications across the whole of this country of the policies of the Labour party and the SNP-led Government. We should also look at where the Liberal Democrats and Greens wish to take our taxation system, which is wrong-headed in so many ways. The tax systems they espouse seem to look back and to tax people more. They do not seem to be interested in how to boost business. They are not interested in the future. They do not seem to care about the next generation and how we will ensure that we create a Britain fit for the future.

Several hon. Members *rose—*

Dame Cheryl Gillan (in the Chair): I call Chris Philp.

3.18 pm

Chris Philp (Croydon South) (Con): Thank you, Dame Cheryl, for a carefully considered selection. I am glad I was the least worst alternative.

Dame Cheryl Gillan (in the Chair): Order. I was expecting another hon. Member to stand to indicate that they wished to speak. They have not yet stood, so you may speak, Mr Philp.

Chris Philp: I am sorry that that more attractive alternative did not present itself. However, it is of course an enormous pleasure to serve under your chairmanship, Dame Cheryl. I add my congratulations to my hon. Friend the Member for Harborough (Neil O'Brien) on securing the debate.

I am not sure I want to confess this in public, but I will: when this document, "Corporate tax and the digital economy: position paper update", arrived in my inbox this month, I quivered with excitement because the topic is so important. I am delighted to see the Government,

and particularly the Financial Secretary to the Treasury, my right hon. Friend the Member for Central Devon (Mel Stride), who I gather has been upgraded to be the Paymaster General as well—

The Financial Secretary to the Treasury (Mel Stride): Both.

Chris Philp: He is a man of many talents. I was delighted to see him taking the initiative in this important area.

It is worth saying that significant progress has been made in the past eight years, as some colleagues have mentioned. The country's tax gap is at just 6%, down from 8% in 2010, and is the lowest among OECD countries, which is a very good thing. The amount of corporation tax that we have collected has gone up from about £35 billion to about £55 billion in the past eight years, despite the fact that, as my hon. Friend the Member for North East Hampshire (Mr Jayawardena) mentioned, the rate at which it is levied has gone down. That is all extremely welcome, and the Government are to be warmly commended for that progress.

It is, however, also true—I think this view commands widespread support—that a number of typically large multinational companies, often providing digital services, such as Google and Facebook, have succeeded in organising their affairs, fully in conformity with current international tax laws, such that they manage to argue that the substance of their economic activity takes place in very low-tax jurisdictions. Those jurisdictions are often in the Caribbean, and I suspect that they are not selected for their clement climate. That situation strikes me as fundamentally unfair and unreasonable. The Government have, of course, already taken a lead in the matter, via the base erosion and profit shifting initiative, including such things as limiting the deductibility of interest expense to 30% of earnings before interest, taxes, depreciation and amortisation. The UK Government led on that, and are to be strongly congratulated on it. However, there is scope to go significantly further.

It just does not seem right or fair that a company such as Google, with revenues in relation to UK customers in the order of £4 billion, pays virtually no tax by successfully arguing that the substance of its economic activity lies elsewhere. That is why I was so excited by the position paper update, published a few weeks ago. The approach laid out in the excellent position paper, which by the way I fully support, is a multilateral one of trying on an international basis to redefine economic activity to account for the value created by users. It is exactly the right thing to do, and I hope we are successful in that. However, I suspect that as with any multilateral enterprise, it will take time to get agreement with many other countries, particularly when some of the companies concerned will use their influence to try to slow things down and stymie progress. While it is certainly right to take a multilateral approach to changing the way we define economic activity, it is important to have a plan B that could be implemented much more quickly.

The position paper deals with that admirably. It discusses a tax on sales and, as hon. Members have said, the European Union is looking at that. I fully support that approach. A threshold of the kind that we have talked about, to exclude small and even medium-sized companies, is the right thing. The number that I heard mentioned—3% of sales—seems reasonable. A point

that I want to make more for the 27 European countries than for us is that care should be taken to ensure that the EU does not use it as a pretext for retaining the tax receipts and developing a European Union treasury function for the first time. That will not, I think, concern us, but it might concern the other 27 members.

I advocate that if the European Union does not move quickly enough and implement the sales tax in a timely fashion—and by “timely” I mean that I hope it would happen in the next 12 to 24 months—the UK should take unilateral action. My hon. Friend the Member for North East Hampshire made a cautionary point about not making the UK uncompetitive, but of course the tax would be based not on where the company was domiciled but on where its sales occurred and where its users were. It would not be a disincentive to locating in the United Kingdom, either for permanent establishment or locus of incorporation. A sales tax or, indeed, a user tax would not violate the principle of competitiveness to which my hon. Friend rightly referred. We are generally speaking the second largest market for the companies in question, behind the United States of America. We are significantly larger than Germany because our economy tends to be rather more intensively digital. I do not think that, if we took unilateral action, Google or Facebook would suddenly refuse to do business in the United Kingdom. If they did, they would be pulling out of their second largest global market.

I suspect that unilateral action on a sales tax while we are a member of the European Union—and, I suspect, during the transition period up to December 2020—would probably be classed as VAT, or sufficiently similar to VAT to fall foul of European regulations. If we have to consider unilateral action, which I advocate and support, prior to our exit from the EU or the end of the transition period, something other than a sales tax would have to be considered. Something we might consider that would not fall foul of EU regulation on sales taxes and VAT would be a tax based on users. We might set a user-based tax of a certain pound amount per active user, for example. That would, again, apply only to the very largest companies with, perhaps, a UK turnover in excess of £100 million. That would make sure that they made a reasonable contribution before we managed to come up with a multilateral solution at global level or a sales tax at European level. It would, I think, be a good move. It would not undermine our competitiveness and it would mean that those companies were seen to make a fair contribution.

The proceeds of such a tax could usefully be applied in the area of business rates. Several colleagues have mentioned that, and I am sure that small businesses in all our constituencies have raised the issue of business rates with us. Of course, digital companies such as Google and Facebook—and even Amazon, because it operates from large warehouses in remote locations that do not have a high rateable value—pay little in business rates. They also pay little in corporation tax, although of course they pay their full share of payroll taxes. It is inherently rather unfair: local high street businesses pay their full share of business rates and corporation taxes. So some of the money raised by the digital tax, whatever form it might take, could be applied to offer business rate relief, particularly to smaller businesses—perhaps those with less than £28,000 a year of rateable value.

I should be interested to hear the Financial Secretary's response to the one or two ideas that I have set out. Really, however, I want to express my strong and enthusiastic support for the course that he has laid out. It is a great pleasure to come here and support it.

3.27 pm

Mrs Kemi Badenoch (Saffron Walden) (Con): What a pleasure it is to serve under your chairmanship, Dame Cheryl.

When I heard that there was to be a debate on digital taxation I was really excited, because digital and tax are two of my favourite subjects. I am sure that hon. Members know that I classify myself as a low-tax Tory, but not many people will know that my career to date has been in digital. I congratulate my hon. Friend the Member for Harborough (Neil O'Brien) on securing the debate and wholeheartedly support his comments and suggestions. I shall focus on user-generated content, an important matter that he spoke about.

Many hon. Members have spoken today about property taxes, business rates and the losses that smaller companies have had to endure in competing with large digital companies. Inevitably, the wider discussion when we talk about large tech companies is about tax avoidance and tax evasion. Tax has various purposes, and one is to deal with the negative side-effects of those activities. The Financial Secretary will be familiar with Pigouvian taxes, which are designed specifically to tackle those negative externalities. That is what I propose today.

The main externality for my constituency is to do with crime and policing. Cyber-crime has grown exponentially, and user-generated content is a significant part of that. There are crimes we never saw previously—the creation, sharing and distribution of indecent images, especially of children; harassment on social media; cyber-bullying and other activities designed to cause distress and anxiety; and, of course, online activities related to terrorism, hate crime and all sorts of incitement. All those activities take place on large digital platforms, but it is claimed that the content is not theirs but belongs to the user. How are we going to deal with that? This issue has taken up a significant proportion of the time and priorities of Essex police. The police and crime commissioner and the chief constable have reiterated that dealing with cyber-crime is their No. 1 priority, and a lot of police time is redirected to that area. Who has suffered? The people with whom many of these large digital businesses are competing.

Local businesses in my high street have suffered an unprecedented spate of burglaries. I will not get into arguments about cuts in police numbers or whatever, because I do not think it is about that. This is about the police having to do so much more than they ever did before. Many of the crimes that I have listed did not exist 20 or 30 years ago. This is not just a matter for the Home Office; it is one for the Treasury.

The principle of a Pigouvian tax is a financial matter and has been established in many other areas. For example, the British Transport police are funded by subscriptions paid for by train companies, and local businesses in certain towns invest in business improvement districts that fund police officers. Pubs and clubs have to pay licence fees that contribute to the policing of the negative externalities that come from their activities. Recently, I have seen beauty parlours have to get a

[Mrs Kemi Badenoch]

licence because they have been used as a cover for money laundering and other illegal working. We should consider taxing this new area. I do not like to propose new taxes, but the cost of these activities is being borne by citizens and businesses across the country, and it is those who make the most money from them who should be paying.

A double dividend comes from these sorts of taxes—we can see the cost of the crimes and direct money to the areas most affected. It is not good enough for companies to say that the issue has nothing to do with them, or not to appreciate the social cost of their activities. My remarks have been brief, but my question to the Minister is this: given the many externalities from online businesses, and particularly from user-generated content, should the large digital companies that create and run those platforms pay a significant amount of the cost?

3.32 pm

Stewart Hosie (Dundee East) (SNP): It is a pleasure to serve under your chairmanship, Dame Cheryl, and I congratulate the hon. Member for Harborough (Neil O'Brien) on securing this genuinely important debate. I agree with much of what he said at the start of his contribution, particularly about tax base erosion. That is why I welcome what the Government have said previously about the focus being on economic activity rather than simply profit. We must begin to tackle the rather vexed and long-standing issue of profit shifting.

However, I am not sure whether the hon. Gentleman's interim solution would work. In essence it would be a turnover tax, and although there might be some superficial merit in that, it could potentially be damaging for high-volume, low-margin businesses. It would also, I suspect, immediately increase the risk viewed by those who provide capital for large digital start-ups—perhaps those with a large turnover and a business plan that will not see profit for some time. One can see how the funders of capital for such start-ups might be tempted to put their money into similar businesses located elsewhere.

Chris Philp: Google and Facebook can be described as many things, but “low-margin” is not one of them. I suggested a threshold of £100 million for UK sales or €750 million for EU-wide sales—such businesses are certainly not the start-ups referred to by the hon. Gentleman.

Stewart Hosie: Indeed they are not, but I was referring specifically to an increased risk for start-ups that perhaps have a similar model. That is important if we are to tackle the monopoly argument that was raised earlier.

This debate is not only about taxing digital companies; it is also about the UK Government policy of making tax digital. The SNP fully supports the principles behind that and the move to a phased introduction of digital reporting, not least because we called for it previously. However, we have concerns about the implications that digital reporting might have for small businesses with limited connectivity or in rural areas. We are also concerned about the closure of HMRC offices in Scotland and the rest of the UK, because that will limit the Revenue's ability to provide the help and guidance that small businesses and individuals need.

Let me briefly take those three issues in turn. Following the consultation, on 13 July the Minister outlined the new timetable, which we welcomed, and said that only businesses with a turnover above the VAT threshold would have to keep digital records, and only for VAT purposes. That will happen in 2019, and businesses will not be asked to keep digital records or to update the Revenue quarterly for other taxes until at least 2020. We welcome those measures, but they will still require businesses to face challenges. Those challenges include changes to record keeping, because businesses will no longer be able to rely solely on manual records. There will also be changes to VAT returns, which must be submitted through the functional compatible software and not the normal HMRC portal, and all that is supposed to take place at around the same time as the UK leaves the EU. We all know that in a period of flux when there are changes to systems, there is more opportunity for fraud. What action will be taken so that we are observant and ensure that people do not try to fiddle the system at a time of a number of simultaneous changes, which include leaving the EU and the introduction of the online digital report?

As I said, the SNP is concerned about the effect that digital reporting could have on small businesses with limited connectivity or in rural areas. In particular, we are concerned about the impact on small businesses with limited technology for connectivity—or those that do not make much use of the internet—if they have to report online. Such measures will also affect smallish businesses in rural areas, where connectivity may not be as good as is required. I know there is a fall-back position, which I welcome, but will the Minister confirm that if digital capacity is not there, the fall-back position will be the current manual system, and that we will not create a new manual system to replicate the online system as it goes live?

The closure of HMRC offices could limit the Revenue's ability to help businesses and individuals. That is important because as we know, a large part of the tax gap is due to error by both those paying and the Revenue. With the introduction of a new system, combined with the closure of local tax offices, may we have an assurance that there will be a good degree of forbearance for anything identified as an honest mistake during that period? I am also aware, as other hon. Members will be, of how specific local knowledge has uncovered fraudulent activity that would have gone undiscovered in a more general, generic system. Will the Minister confirm what checks and balances will be introduced with the new digital reporting, particularly on VAT, to ensure that some of the rather more obvious scams that we all know and have seen are detected, and the fraudsters punished?

My final point is slightly tangential, but it is important: we must not let technology drive the policy. If the digital tax roll-out is a huge success, one can see the temptation for the Government to say that we should lower the VAT threshold—after all, it is only a change to a number in the computer system. However, if the VAT threshold is lowered—it was rumoured that that would happen at the last Budget—businesses that turn over £60,000, £70,000 or £80,000, and make a good living for someone, or even two livings, will suddenly have to take 20% off their bottom line because their raw costs are low and they can claim little back. If the digital tax roll-out works, the Minister must not allow that to drive the policy and drive down the VAT threshold.

I believe that would be a mistake, because it would crush entrepreneurialism and start-ups if people thought that with that additional VAT burden, it would be a struggle to make even one living out of a business that turns over £60,000 or £70,000.

3.39 pm

Peter Dowd (Bootle) (Lab): It is a pleasure to serve under your chairmanship, Dame Cheryl. I thank the hon. Member for Harborough (Neil O'Brien) for securing this debate on this important topic. I am in agreement with much of what has been said: I am not sure whether I should be worried about that or the other side of the Chamber should be. As for the hon. Member for Witney (Robert Courts), I am more than happy to get the shadow Chancellor to sign his red book, if he thinks that will be of help. I think I will give the hon. Member for North East Hampshire (Mr Jayawardena) a copy of "Funding Britain's future", and he will be as excited and quivering as the hon. Member for Croydon South (Chris Philp) as he reads it.

In today's tax system there is clearly one rule for workers, small businesses and the self-employed and another rule for large multinational corporations, which have successfully harnessed globalisation to maximise profits while minimising the tax they are required to pay. People have indicated that today. According to HMRC, multinationals avoided as much as £5.8 billion last year in corporation tax alone. That represents a 50% increase from the Government's previous forecast.

The growing discrepancy, as hon. Members have alluded to, between the revenues that companies such as Google and Amazon record and the low level of tax they pay in the UK only demonstrates how divorced from the reality of the modern economy our corporate tax system has become. Small businesses, on the other hand, will be subjected by April 2019 to increasing regulations and stricter timetables for the filing of online taxation, notwithstanding some of the amelioration of that process. The Opposition have raised that issue many times. The mandated start time for small businesses to file online for returns will coincide closely with Brexit, so there is a serious risk that they will be overwhelmed with the nature and scale of changes required during that period, especially in relation to digitalising tax returns.

I congratulate the Minister on his Paymaster General position. That reminds me, when the cheques are signed in Her Majesty's presence and it is not the Minister, I am not sure who does not trust whom in that situation. Despite the Minister's promises over the past year, I am not quite sure that enough has been done to trial the software and that should be looked at. There is a consensus across the Chamber about large multinational technological companies not paying their fair share of tax, and increasingly shifting profits offshore to tax havens and countries with low-tax regimes. We have heard, for example, that eBay paid £1.6 million on £1.3 billion worth of revenue raised in the UK. It goes on and on. Credit to those hon. Members who have raised this.

There is also the question of HMRC resourcing—raised by the hon. Member for Dundee East (Stewart Hosie)—which is an elephant in the room as far as I and other hon. Members are concerned. The Government launched two consultations last year on corporation tax and the

digital economy, and royalties on withholding tax. Those are important steps, but they remain pretty poor compensation when considering the deficit of meaningful action that is being taken. The EU, on the other hand, is already considering, as hon. Members have indicated, the introduction of 3% tax on the revenues of multinational digital businesses. That tax would affect firms such as Facebook and Google with a global annual revenue—as the hon. Member for Croydon South has said—of above €750 million and taxable EU revenue above €50 million. So the policy reflects a growing shift across the world, where many countries are moving towards a tax system where companies would be expected to pay a tax on revenues rather than profits. For example, there is currently a Bill going through the Indian Parliament that would force companies to pay tax on their economic presence. Those are all options for discussion and debate. I am pleased that the hon. Member for Harborough has brought this debate to us today, because we can start the particular process of teasing out those options. That was a problem first raised at the global level by the OECD in 2012 via its base erosion and profit shifting initiative, which has also been mentioned today.

In the press, the Financial Secretary to the Treasury said that a tax on the revenues of tech companies in the UK is the "preferred option". It might come out in the Government's review. It will be interesting to know how the Financial Secretary came to that decision. Perhaps he can tell us more about that today. The Chartered Institute of Taxation has rightly pointed out that any action must be in co-operation with other states, as far as possible, to prevent the UK becoming an outlier. It argues that unilaterally abandoning a negotiated international approach to allocating taxable profits between countries would risk retaliation, double taxation and perversely new arbitrage opportunities.

Chris Philp: The hon. Gentleman is right to point out that in terms of profit allocation that does need to be done multilaterally on a global basis, but does he accept that a sales tax—or certainly a user tax—could be done unilaterally?

Peter Dowd: I think the debate is to be had. That is the point. In the spirit of co-operation the debate has been started today and I have tried to put in my tuppence worth, as have other hon. Members. With that in mind, I ask the Minister what discussions the Chancellor has had with EU counterparts about an EU-wide initiative to tax tech companies' revenues. How will the EU's initiative complement the Government's plans? What is the likelihood of the EU's tech tax being introduced before we leave the EU on 29 March 2019? Will the UK adopt the EU's tax on tech companies' revenues irrespective of us leaving?

Finally, what discussions has Her Majesty's Treasury had with representatives from other countries outside the EU on a tax revenue for tax companies, particularly at last week's G20 meeting? It is extremely important that the UK acts as part of a collective effort to stand up to tax avoidance and to ensure that tech companies and other multinational corporations pay their fair share and cannot operate outside the law. I exhort the Government to test out some of the suggestions made today. I look forward to hearing the Minister's response.

3.47 pm

The Financial Secretary to the Treasury (Mel Stride):

It is a pleasure to serve under your chairmanship, Dame Cheryl. It was a pleasure to hear the opening speech, because it was insightful, clear and well-structured and set out. Given that this is a highly technical subject, that was quite an achievement. It was also extremely thoughtful. It has been remarked by a number of hon. Members that there are quite a few of us on this side of the House. That is because we care deeply about issues such as tax. Traditionally, we like to see taxes as low as possible, as my hon. Friend the Member for Saffron Walden (Mrs Badenoch) rightly pointed out, but we also recognise that tax is important, because it provides the finances for vital public services—our national health service, our social care, our armed forces, our police, our teachers and so on. We also recognise, as several hon. Members have pointed out, that it is important in terms of fairness and of having a level playing field—particularly, in that context, for those hard-working small businesses that occupy our high streets, which have to pay their business rates, a tax which cannot be avoided whether a business is profitable or unprofitable. On this side of the House, we recognise the paramount importance of getting to grips with the issues we have been discussing today.

Hon. Members have, understandably, raised the issues of avoidance, evasion and non-compliance. Conservative Members have dealt at length on the great success we have had in that respect. We have raised or protected £175 billion since 2010. We have one of the lowest tax gaps in the world—the difference between what we could collect and actually do collect—at 6%. HMRC is doing a great job, by and large, in ensuring that those who are due to pay tax do indeed pay it.

It is important to point out, as several hon. Members have, that what we are discussing today is predominantly not about avoidance and evasion. That is an important distinction. Whatever we may feel about tech companies or internet-based businesses—and they do not always acquit themselves admirably—the accusation is not in any way that they are avoiding taxation, but simply that the current international tax regime does not effectively accommodate the way they generate value within the United Kingdom.

If this is not about avoidance, what exactly is it all about? It is about the way the current international tax regime assesses taxation and where corporation tax should fall due based on where the economic activity occurs. As my hon. Friend the Member for Harborough (Neil O'Brien) rightly pointed out, typically we would be looking at the factories, the employment of people, where the intellectual property lies and where the decisions around risk and investment in the business are taken. We know that for certain types of digital platform—typically, the search engines, the online marketplaces and the social media providers—a lot of the value is generated via the interaction between the end user and the platform itself. Therein rests the actual value. The question we then have to ask is how do we effectively address that situation and ensure that where businesses generate huge sums of profit within the United Kingdom, a fair share of corporation tax falls due to them.

We have already brought in a measure, announced in the autumn Budget, to tax the royalties that flow to intellectual property held in zero and low-tax jurisdictions.

This is very much a front-foot approach to those digital-based businesses that are shifting profits out of the United Kingdom in tax terms. We are consulting on that and legislation will come forward in due course. We expect it to raise around £800 million by 2023. That is a significant sum. It is the kind of amount that could potentially be useful to ease the pressure on our high streets, as many have called for this afternoon.

The position paper last year and the March paper we just introduced by way of consultation were mentioned. In those papers, we have suggested that our preferred route is a globally negotiated deal with our partners in not just the European Union but the wider OECD. That is to ensure that any agreement works effectively, and that we avoid the problems associated with unilateral action, such as situations of double taxation between ourselves and countries that we trade with around the globe. However, in that paper we do set out an interim position.

I should make clear the Government's intention that if we do not move forward at sufficient pace to put the appropriate measures in place, we will seriously consider an interim position—a unilateral move, which my hon. Friend the Member for Croydon South (Chris Philp) was keen to see. Under those circumstances, we would potentially look at a tax based on revenue, recognising that we do not want to capture market entrants or early-stage companies that may have some level of revenues and therefore fall to this type of tax, but which could be unprofitable at that stage of their development. This is where the whole issue of *de minimis* and thresholds comes in, which hon. Members have spoken about this afternoon.

In that context, it might be worth briefly referring to the proposals put forward by the European Union in its recent paper. As my hon. Friend the Member for Harborough pointed out, it has suggested that a 3% tax on revenues would be appropriate, raising about €5 billion, but that there should be a *de minimis* on the basis of those companies' worldwide turnover and the level of taxable revenues that would fall due within the European Union. It also makes the point that it is important, within EU domestic tax legislation and the treaties between member states, that we have a definition of the concept of significant economic presence, which captures this idea of creating value in the way that I described. It also recognised the importance of going further and factoring in those definitions within the bilateral or multilateral trade agreements and tax treaties that we have with the rest of the world—with non-EU member states. That is to capture the fact that it is often companies outside of the EU that are transacting in this manner—many of those businesses are in the United States.

I will conclude by saying that we are very serious about this matter. I have a great deal of time and some affection for the shadow Minister, the hon. Member for Bootle (Peter Dowd), despite the red book that beats in his breast pocket as I address him. In response to him I have to say that it is this party, the Conservative party in government, that is doing something about this issue. It is not the Labour party that ever got on top of avoidance, evasion and non-compliance—just look at the 6% compared with the 8%-plus under Labour. We are the party that is bearing down on these issues.

My hon. Friend the Member for Harborough, who will wrap up the debate in a moment, has my personal assurance that we will continue to take this matter extremely seriously. We will press ahead with vigour on the basis that, ultimately, it is only fair to do so.

3.56 pm

Neil O'Brien: It has been a pleasure to serve under your chairmanship, Dame Cheryl. It has been a huge pleasure to see so many right hon. and hon. Members and Friends taking part in this debate and we have heard some brilliant contributions.

My hon. Friend the Member for Southport (Damien Moore) made a series of good points about Making Tax Digital and the huge £400 million benefit of reduced administrative costs that we might see from it. My hon. Friend the Member for Witney (Robert Courts) represents Woodstock. Although it was not in his constituency, it is sometimes said of the Woodstock festival that, "If you can remember it, you weren't there." Clearly the same is true of the West Oxfordshire business awards. He made the good point that we must all shop local.

My hon. Friend the Member for North East Derbyshire (Lee Rowley) made a brilliant speech and talked about the potentially monopolistic nature of some of these firms. That was a further rationale, which I did not pick up in my speech, for having a tax that is targeted on the very largest firms. My hon. Friend the Member for Saffron Walden (Mrs Badenoch) added another rationale for such a new tax—to pay for the externalities caused by this. People running trains pay for the police on the trains. People in business improvement districts pay for extra policing. It is right that some people pay for the costs created by the growth of the online economy.

My hon. Friend the Member for North East Hampshire (Mr Jayawardena) made the point about Britain's incredibly strong tech start-up scene compared with those of other countries, and the need to protect it. My hon. Friend the Member for Croydon South (Chris Philp) made the really interesting point that we might be less concerned about the development of the EU's tax in this area because we are leaving. It might unite leavers and remainers to think that this is an instance in which we might be leaving, but becoming good neighbours.

The hon. Member for Dundee East (Stewart Hosie) raised some important questions and concerns about such a tax, including answerable questions about carving out start-ups and lower margin businesses, which my right hon. Friend the Minister answered well. The hon. Gentleman is right that a turnover tax is quite an unusual thing to be doing. However, because it is the only way to solve the problem, it is right to explore it.

The hon. Member for Bootle (Peter Dowd) said that we might all wonder who is more worried about the growing consensus. All I can say is that I look forward to being in the same Division Lobby as him later in the year perhaps. I thank the Minister for his kind words and reassurance that the Government plan to press ahead carefully but decisively to ensure we have what we all want on this side of the House—a low-tax system that is also a fair tax system.

Question put and agreed to.

Resolved,

That this House has considered digital taxation.

Emergency Services and New Estates

[MR PHILIP HOLLOBONE *in the Chair*]

4 pm

Jenny Chapman (Darlington) (Lab): I beg to move,

That this House has considered the response of emergency services to calls from newly built estates.

It is a pleasure to serve under your chairmanship, Mr Hollobone. I am grateful for the opportunity to bring this issue to hon. Members' attention. In August 2017, my constituent Charlotte told me about a heartbreaking incident that claimed the life of her partner and changed her life dramatically. My constituent and I want the debate to be the beginning of a meaningful conversation, and to press for change in the way that emergency services and local authorities communicate when a house becomes occupied on a new housing estate.

On average, it should take the emergency services seven minutes to be on the scene of a critical incident, or a maximum of 15 minutes. In my constituent's case, it took over half an hour. Neither the operator nor the paramedics were at fault. Instead, we found a significant problem with the GPS system on which our first responders rely.

We all have new developments springing up in our constituencies.

Gloria De Piero (Ashfield) (Lab): I thank my hon. Friend for securing the important debate. I had a similar incident in my constituency in Kirkby on a new housing estate, where the ambulance took 30 minutes to arrive. Thankfully, that did not result in my constituent's death, but we are talking about life and death situations. There must be a practical way of solving the problem.

Jenny Chapman: I agree, and I am grateful to see my hon. Friend and other hon. Members present. I regret not asking for more time, because conversations that I have had with hon. Members in the lead-up to the debate have indicated that there is substantially more interest in the problem than I had realised.

Like many young couples, Andy and Charlotte had recently moved into their new property. It was their first home together, in which they dreamt of starting a family. On the night of 11 February 2017, Charlotte found herself in a situation she had never thought she would encounter. Her partner Andy, a fanatical cyclist, had just completed a 50-mile bike ride—he had ridden more than 1,000 miles in the previous year. After settling down for the night, Andy became unwell, and it was later confirmed that he had suffered a cardiac arrest. Charlotte called 999, proceeded to carry out CPR on her husband and spoke to the operator.

Charlotte told the operator that the ambulance crew would need to access her estate via a particular road. Unfortunately, although a property may have a postcode, many homes on the 40,000 unadopted roads on new estates are not visible on the systems used in emergency or first responder vehicles.

As I later found out by sending freedom of information requests to all ambulance trusts, in many cases, emergency vehicle sat-navs are updated only every six to eight weeks on average. Even when updated regularly, the information used to update the sat-navs is only as up to date as that

[*Jenny Chapman*]

provided by Ordnance Survey. There is no standard process across ambulance trusts or other emergency services. One trust stated that it is

“aiming to update a minimum of every 6 months but sooner if practically possible”.

Thanks to Charlotte’s directions, the paramedics were in the correct area, but the ambulance ended up driving down a lane that led to a river bank with no bridge across to her estate. Charlotte could see the ambulance, but its way was blocked by a five-foot wall on one side and a six-foot fence on the other. The paramedics had no choice but to reverse back up the lane for three quarters of a mile, causing further significant delay.

Charlotte heroically gave CPR to her husband and directions to the operators. Thirty minutes after she dialled 999, paramedics finally arrived on the scene and took control. Their best efforts to resuscitate Andy tragically came too late to save his life.

I applied for the debate because in different circumstances, we would not be having this discussion. It is often the case that, through awful events, faults are identified and can be dealt with. Although nothing can bring Andy back, Charlotte would like his story to be used to stop similar incidents happening in future.

About 200,000 homes were built in 2017. Many hon. Members have such developments in their constituencies, so it is important that we get this right.

Melanie Onn (Great Grimsby) (Lab): Has my hon. Friend given any consideration to earlier action? Perhaps local authorities could better engage with health services, ambulance services and Ordnance Survey at the planning stage.

Jenny Chapman: Yes. As I will go on to explain, the problem is that there is no standardised approach, but there ought to be.

At the moment, ambulance trust mapping databases are provided under the national public sector mapping agreement. Under the terms of that agreement, Ordnance Survey releases updates free of charge every six weeks, but it is reliant on local authorities or developers submitting a request. As I mentioned earlier, emergency vehicle GPS systems are updated only every six to eight weeks on average, when they receive a routine mechanical service—though even that is not the case for all trusts. There is potential for delay at several stages of the process.

There is no consistency between local authority areas, and I have found idiosyncratic practices. In one local authority, the ambulance trust said that its way of dealing with the problem was to send its officers along to planning meetings in person so that it could be promptly informed of new developments. Surely we can find a better way of doing it than that.

If different systems operate across emergency services, we miss the opportunity to find a much more collaborative approach. I ask the Minister whether, given the technological advances at our disposal, an auto-upgrade solution is possible. Most of us have self-upgrading smartphones. With lives at risk, surely we must be able to find some kind of new solution along those lines.

The practices of local authorities and developers could be standardised to ensure that they request that Ordnance Survey carries out work when at least one

property on a development is occupied, even if the development is not completed and the roads are not adopted. If the postal service and Amazon can find a property such as Charlotte and Andy’s to deliver mail, could procedures and knowledge not be shared in a joint approach?

A good example can be found in the north-west. The North West Ambulance Service Trust response to my freedom of information request stated:

“On new large developments the map is often blank...so the team add descriptive route notes to aid crews. For example, take the first left on to Flower Crescent off New Bridge Street”,

which might be an existing road. That highlights that different and better ways of developing new mapping systems could save such incidents from occurring.

In speaking on Charlotte’s behalf, I want to make it absolutely clear that what happened was in no way the fault of the paramedics or the operator. It is a flaw in the complex system that our emergency services work with. I have called the debate to make the Minister aware of the problem in the hope that he will commit to act promptly to find the best way to resolve it.

To give some additional information, we sent an FOI request to every ambulance trust. I can provide the Minister with the responses we received, so he can see the disparity for himself. London Ambulance Service said that it had recorded 17 of these occurrences during the last three years, whereby crews had encountered difficulties in locating new build properties. The Welsh Ambulance Service recorded four occurrences, but most ambulance trusts just did not record incidents at all, so we do not know how frequently they are happening.

Given the risk to our constituents and the number of new developments, and the fact that this is a completely solvable problem—it does not require additional resource, and requires only someone’s attention to look at the process and organise it—the Minister could commit to action today.

Bill Grant (Ayr, Carrick and Cumnock) (Con): I thank the hon. Lady for securing a very important debate and for sharing the details of the extremely regrettable tragedy endured by her constituent. After 31 years in the fire service, I understand what she is saying, and my heart goes out to the family and to those who responded, for the challenges that they face in dealing with incidents that would have affected the fire service, the police service and other emergency services. I agree with her point that if Amazon and DHL find places, we should be doing it, and doing it better.

Should that be a planning obligation somewhere in the conditions of planning consent? Prior to a purchaser occupying a house, the developer could be obliged to ensure that the emergency services are aware, so that they can respond to calls using new technology? It is so important.

Jenny Chapman: That is a very sensible suggestion. I called for this debate not to provide the Minister with the answers—I just wanted him to know what the problem was and make him understand that it has a direct impact even though it is completely solvable. Nevertheless, the hon. Gentleman’s suggestion may well be a helpful contribution and could well provide us with a sensible way forward that would help significantly.

That is all I wanted to say. I just wanted to make the Minister aware of this problem, and I look forward to hearing his reply.

4.11 pm

The Minister for Health (Stephen Barclay): It is a pleasure to serve once again under your chairmanship, Mr Hollobone. I commend the hon. Member for Darlington (Jenny Chapman) for securing this debate. First, I extend my sympathies and, I am sure, the sympathies of all those present, to Charlotte for her loss.

The hon. Lady has used a Westminster Hall debate in the finest tradition, by raising an issue that I was not previously briefed on to the degree that I am now as a consequence. There is ongoing work on it, which I will happily update her and the rest of the House on. She has highlighted an issue that affects all of us in all our constituencies, because as the Government seek to build more housing, this issue will grow across constituencies and have greater reach. Also, as she rightly said, it applies not only to the ambulance service but to the blue-light fraternity as a whole, so I very much commend her for raising the issue.

The hon. Lady showed that she already has an in-depth knowledge of some of the challenges caused by the time lag in how systems are updated. However, I am pleased to reassure her that there is work ongoing in this area specifically. The Department of Health and Social Care is centrally procuring new control room and vehicle communications systems for NHS ambulance trusts, which will be able to update wirelessly. There are questions as to the frequency of those updates, which relates to the point that my hon. Friend the Member for Ayr, Carrick and Cumnock (Bill Grant) made about the flow of information from the Department for Communities and Local Government, the planning system and the Ordnance Survey. The ongoing work in the Department is looking at how the central procurement of information into control rooms can ensure that there is a better supply of data about new housing of the sort that the hon. Member for Darlington referred to.

Although the effective deployment and maintenance of GPS systems is, as I am sure the hon. Lady recognises, an operational matter, they are centrally funded systems. As she said, the Department for Business, Energy and Industrial Strategy sponsors the Ordnance Survey, which owns the public sector mapping agreement. That is a 10-year agreement entered into in 2011, which provides the geographical datasets that are used centrally. That information includes data to advise emergency services of the best locations in which to position their vehicles at any given time of the day, based on historic patterns of where they are most likely to be needed. Updates to those datasets are available every six weeks, and the Ordnance Survey is engaged with the emergency services on their specific needs and on whether increasing the frequency of that supply of information would be useful.

As the hon. Lady may be aware, there has recently been a trial, which concluded at the end of February, and the Ordnance Survey is currently analysing the findings of that work in order to develop options. The North West Ambulance Service—not the north-east service—was part of the initial trial, and it has fed its experience into that process. So there is ongoing work

on central procurement and also on that trial, examining the issues that the hon. Lady has brought before the House today.

I recognise that the frequency of the updates has been variable, and the hon. Lady was quite right to draw the House's attention to that. As part of the ambulance radio programme, a replacement mobilisation application has been procured for use in ambulance vehicles across all the NHS ambulance trusts in England. Under that contract, the supplier is required to provide mapping software and an embedded satellite navigation system to assist ambulance crews with the prompt location of emergency incidents. The contract also requires the supplier to provide automated, over-the-air map and satellite navigation updates on a quarterly basis, and to report the current versions of the maps being used for audit purposes.

I am sure the hon. Lady will join me in welcoming those developments. The new system will make up-to-date map and satellite navigation data more readily available to all emergency crews.

Melanie Onn: Has the Minister given any consideration to my hon. Friend's concern about the lack of data that has been collected, and would there be any benefit to collecting that information, to make sure that the new system that will come on-stream is distinctly preferable to the old system?

Stephen Barclay: The hon. Lady makes a pertinent point; I was just going to come on to the issue of timing. There are two aspects to this process: the updating of control systems and the updating of vehicles. Different work is happening on both those things, but she suggests a third point to be considered—the data that feeds into those two systems, and the time period between housing development coming on-stream and the systems being updated. Those are the points that I take from her remarks and they will inform further discussions with Government as part of the pilots and the other work that is already under way.

The North East Ambulance Service has improved the processes for updating its mapping system, and I suspect that much of the credit for that goes to the hon. Member for Darlington for raising the issues that she has raised. The trust has upgraded its computer-aided dispatch system and control room mapping updates, and they can now be installed without affecting the wider system, which was one of the difficulties previously. The upgrade allows for six-weekly additions of notifications received from local authorities when new housing estates are opened, better equipping 999 dispatchers to guide ambulance crews to locations when they need assistance. Other ambulance trusts have similar arrangements for updating the control room systems that are currently in place.

The North East Ambulance Service Trust has also improved the frequency of its updates to its individual vehicle mapping systems, moving from an annual update to one every six months. Again, that is not the timeline that the hon. Lady quite rightly highlighted, but it does show that there is a focus on this area, and it shows the direction of travel on improvements.

We recognise that there is variation in the updating of ambulance vehicle systems. That is driven by the fact that different systems are in place in different services.

[Stephen Barclay]

For example, some trusts are able to update their ambulances through wi-fi, while others require lengthy manual updates to be performed during regularly scheduled vehicle servicing. Following this debate, one of the issues that I will be keen to explore further with officials is what will happen as we procure new vehicles. We will consider what can be done to address the issues that the hon. Lady raised today.

The common ambition among ambulance trusts is to upgrade vehicles in a six-month rotation, and we will improve on that rate further with the new national solution. Some trusts have also taken the approach of providing personal-issue tablets with online-style mapping, which can be used by ambulance crews as a back-up to the vehicle's satellite navigation system and use the most recent commercially released maps.

A range of work is under way within the ambulance service on changes to how calls are triaged and processed, which will address some of the imbalance between rural and urban areas that we have seen in the past. There is work on changes to control room systems and on upgrades. I will happily take forward the point raised by the hon. Member for Great Grimsby (Melanie Onn) about the timescales and about what work can be done and is being done on that.

The hon. Member for Darlington deserves credit within her own trust area for raising these issues as a consequence of the tragedy that Charlotte has had to endure. There is a focus within ambulance trusts across England on the need to ensure that upgrades are made in a more timely fashion. The hon. Lady has rightly brought that point before the House, and I will continue to take it forward with officials in the weeks and months ahead.

Question put and agreed to.

Legal Aid: Birmingham Pub Bombings

4.30 pm

Richard Burden (Birmingham, Northfield) (Lab): I beg to move,

That this House has considered legal aid for families of the victims of the Birmingham pub bombings.

It is a pleasure to serve under your chairmanship, Mr Hollobone. This debate follows on from an Adjournment debate in October 2016 led by my hon. Friend the Member for Birmingham, Yardley (Jess Phillips). What I am going to say has the support of every single Birmingham MP, irrespective of party, and has wide support across the House, as I think will be demonstrated by the contributions we will hear.

At around 8.20 pm on 21 November 1974, two explosions rocked two pubs in Birmingham: the Mulberry Bush and the Tavern in the Town. Twenty-one people were killed and some 222 people were injured. A third bomb placed at Barclays bank on Hagley Road was defused the same evening. We know that six men were jailed for that atrocity, and we now know that that was a miscarriage of justice. It took years for that to be addressed and for those six innocent men to be finally released.

There was, however, to be no release for the families of the 21 who died and the hundreds who were left with injuries and the trauma of that night in November 1974, because nobody has been brought to justice for those 21 murders. There remain big unanswered questions about what exactly happened that night, including the circumstances surrounding the plantings of the bombs, if and how warnings were given and how the police reacted that night and subsequently. Some of those family members are watching our debate, and I am sure all Members would wish to join me in welcoming them to this place and in paying tribute to their tenacity over so many years in trying to get the answers they deserve.

For years, those families have had to overcome hurdle after hurdle in pursuit of justice and to get answers. They had to fight to get the inquest into the pub bombings reopened in the first place. They then had to fight to be granted legal aid to be legally represented at that inquest. Now, having eventually won those battles, they have once again been denied legal aid for a Court of Appeal hearing on the rules governing that self-same inquest. Why is that? Last year, the Chief Coroner, Sir Peter Thornton QC, ruled that the people suspected of carrying out the pub bombings cannot be identified at the inquest. The families disagreed and took their case to the High Court. They won, and the coroner was directed to review the ruling he had made on the identification of suspects. We now know that the coroner has responded by applying for leave to take the case to the Court of Appeal, as he has every right to do. The fact that different conclusions were reached by the High Court and the coroner himself—he is a senior QC—underlines the difficult and complex legal issues that the case raises.

Today's debate is emphatically not about taking sides on whether suspects should be identified at the inquest—that is properly a matter that should be decided by the courts—but about whether both sides should have an equal opportunity to put their case to the court. However, as things stand, that equality is missing in practice,

because although public funds will rightly be available to present the coroner's appeal against the High Court's judgment, the families have been told that they have to pay for their own legal representation to defend the High Court's decision. That is the disparity I am asking the Minister to address today.

The disparity was not addressed when the case was at the High Court. The families were refused legal aid at that stage and were only able to fight and win their case there by the generosity that ordinary citizens showed in response to their crowdfunding appeal. The families should not have to go through that again at the Court of Appeal. It is in the public interest that all the arguments for and against the identification of suspects at the inquest are heard by the Court of Appeal so that it can make its decision on the merits of the case with confidence that a shortage of resource has not hampered either side from putting forward their cases.

It is not only Members and the families who are asking for the situation to be rectified. The coroner himself has said that public funding should be made available to the families so that legal representation can be secured for them to contest the case he is taking to the Court of Appeal.

Dame Caroline Spelman (Meriden) (Con): I am grateful to the hon. Gentleman for securing this debate so that we can show our concern as MPs for the families, who still have no closure. The early-day motion tabled by the hon. Member for Birmingham, Yardley (Jess Phillips) has garnered, as far as I know, 21 signatures across the House. It emphasises that the Chief Coroner has called not once, but twice—and recently—for legal aid to be provided. While these events occurred a long time ago, it is still a live issue, and the Chief Coroner, whom we must respect in this matter, has called for legal aid to be granted.

Richard Burden: The right hon. Lady is absolutely right. The early-day motion tabled by my hon. Friend the Member for Birmingham, Yardley—I am pleased to welcome her to the debate—is getting wide support across the House, irrespective of party. This is not a party matter; it is a matter of justice and parity. As the right hon. Member for Meriden (Dame Caroline Spelman) said, the fact that the coroner supports public funding being made available for the families of the pub bombing victims underlines that he understands that this is a question of justice. We are asking for Ministers to have that same level of understanding.

The Legal Aid Agency is insisting that existing regulations prevent it from providing assistance, even though the families were eventually granted legal aid for the inquest. One reason the LAA put forward is that the families should instruct lawyers on a no-win, no-fee basis. That argument is undermined by the fact that a protective costs order was already accepted by the High Court and would quite possibly be accepted by the Court of Appeal. The avenue of getting representation on a no-win, no-fee basis is simply unlikely to be available to the families.

However, it seems that the Legal Aid Agency's main reason for refusing legal aid this time is because the collective capital of the families provides

“potential source of funding from which it would be reasonable to fund the case”.

Indeed, in a letter to one of the law firms representing the families, the Legal Aid Agency went so far as to suggest that the possibility of further crowdfunding appeal could suggest that the families do not need legal aid to present their case. I find that suggestion astonishing. It is in the public interest for this case to be heard; it should not be dependent on how successful the families are in passing the hat around. The bottom line, however, is that in a letter to me and other Birmingham Members, the Legal Aid Agency insists that it has no discretion to come to any decision other than to refuse legal aid.

From my reading of the rules governing legal aid, I do not know whether the Legal Aid Agency has no discretion here. It is not clear how the refusal of legal aid for the Court of Appeal hearing logically squares with the fact that families finally won legal aid for their representation at the inquest. As inconsistent as it may appear, if for whatever reason there is no discretion by which the families can be granted legal aid, my request to the Minister is for the Government to step up to the plate for justice by directly authorising that public funding be made available outside the regular legal aid framework.

Ian Paisley (North Antrim) (DUP): I commend the hon. Gentleman for the way in which he introduced the debate. He is right that this is a cross-party, cross-nation issue. One of the premises of British law is that justice must be seen to be done. Is he as perplexed as I am by what has happened in this case? The British public are aghast, wondering why other groups and individuals appear to find it so easy to get legal aid, while a group of victims who have gone through the wringer for many decades cannot access justice, and are therefore having justice denied them.

Richard Burden: The hon. Gentleman is right that people in Birmingham, and people throughout the west midlands and beyond, are looking at this situation and saying: “If it is the public interest for the case to be tested at the Court of Appeal, how can it be that only one side is being funded to do so?” I am not sure that I agree with him that it is easy for a lot of other people to get legal aid. In fact, the changes to the legal aid system have been a concern for a wide range of people seeking public support in their quests for justice. Certainly in this case, however, it is astonishing that legal aid has been denied.

Ministers know that public funding has sometimes been made available outside the legal aid system. It was rightly made available for the Hillsborough inquests, when legal aid was not available. I therefore ask the Minister: does she agree with the Legal Aid Agency's contention that it has no discretion at all to grant legal aid for the appeal court hearing? If she does not agree, will she put the Legal Aid Agency right? If she agrees with the Legal Aid Agency, does she also agree with my contention that it is in the public interest for both the coroner and the families to have equal resources to test their cases at the Court of Appeal, and that the Government should therefore make available the public resources to achieve that objective outside the regular legal aid framework?

Beyond the specifics of this case, I refer the Minister to what the then Minister, the right hon. and learned Member for North East Hertfordshire (Sir Oliver Heald),

[Richard Burden]

said in response to the Adjournment debate secured by my hon. Friend the Member for Birmingham, Yardley in 2016. He said that

“families in very difficult circumstances with complicated cases have gone unrepresented while public bodies and individuals are represented at a cost to the public. The Ministry of Justice and the Home Office are rightly working collaboratively to consider that issue”

and

“are looking at the best way forward.”—[*Official Report*, 26 October 2016; Vol. 616, c. 400-402.]

Furthermore, in October last year the Lord Chancellor issued a written ministerial statement confirming that a post-legislative review of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, better known as LASPO, was commencing. Will the Minister please update the House on the progress of that post-legislative review, particularly given that a number of bodies, not least the Law Society, have called for the criteria for providing public funding to be simplified, and for the guidance to the Legal Aid Agency to be amended to widen the scope for funding for representation, particularly of bereaved families?

Irrespective of what progress is or is not being made in those inter-departmental discussions and in the post-legislative review, the issue of how these families' cases will be funded at the Court of Appeal will not wait. If the system has failed them, and if legal aid has failed them, it is time for the Government to step up to the plate directly and make public funds available some other way. It is simply about fairness and parity. Justice demands no less.

Several hon. Members rose—

Mr Philip Hollobone (in the Chair): Order. I am obliged to call the first of the Front-Bench spokespeople at no later than 5.7 pm. The guideline limits are five minutes for the Scottish National party, five minutes for Her Majesty's Opposition, and 10 minutes for the Minister. Mr Burden will then have three minutes to wind up. Until 5.7 pm, the debate is open to Back-Benchers. Two stood to speak, and more may be motivated to stand as the debate goes on, but first I call another Birmingham MP, Jess Phillips.

4.44 pm

Jess Phillips (Birmingham, Yardley) (Lab): Thank you very much, Mr Hollobone. I thank my hon. Friend the Member for Birmingham, Northfield (Richard Burden) for a forensic trot-through of the problem that we face. I will not cover the same ground, but I associate myself with everything he said in laying out exactly how long we have been to-ing and fro-ing on this issue.

I feel as if I am on a merry-go-round. I have been on it for only about four or five years, from just before I was elected. I meet with the families regularly. They are in their 40th year of dealing with this issue, and I feel tired of having to bring it up once again. We have won this argument before, and we have been here before. They were refused legal aid at the inquest stage and there was a lot of hullabaloo from many of the same people who are in the Chamber today, from both parties. We won that argument, yet here we are again.

For me, the fundamental problem is inequality of arms. These people are ordinary citizens. It is not okay for the public bodies involved, whether they be police forces, Government Departments, or in this instance the coroner, to have a resource that is simply not available to the party that represents the victims. Not a single one of the families of the 21 people murdered on that night wishes to be in this position. They do not want to be any trouble and to have to constantly make these arguments. They wish, more than any of us, that we were not standing here having this debate. They wish that in a way that most of us in this place will never understand, although unfortunately some Members of the House do have personal experience in that regard. The fact that we are here again, with ordinary citizens feeling as though they were begging the state to allow them to be represented, is a source of deep sadness. I feel a bit tired by this constant battle, although having met the families I know that they are battle-weary but fairly tough.

I want to go over some of the reasons why legal aid, at this stage, has been refused, most recently to my constituent Margaret, who was the mother of one of the victims. Just to big up the women who come from my bit of the world, hon. Members will never meet a woman as tough, steely and certain as this woman. She makes me look like a wallflower.

Stephen Pound (Ealing North) (Lab): Good God.

Jess Phillips: Yes—you can imagine. As her MP, I know what it is like to sometimes have to disappoint her. The fact is that as my hon. Friend the Member for Birmingham, Northfield outlined, the most recent round of legal aid has been endorsed by the coroner as the only fair way for justice to be served in the appeal process.

The reason given to the families for legal aid not being granted is that, despite the eligibility of one applicant, the other families cumulatively have sufficient resources to fund the legal action. I know these families. They are not rich people. They are ordinary people who live in ordinary houses. They are all extraordinary people in their own way, and in what they have been fighting, but they are not like the people we meet in this building. They are not people with thousands and thousands of pounds in the bank. They are ordinary people who perhaps own ordinary houses.

Are we saying, as the state, that if someone—a normal Joe or Jill—wants to seek justice, they will probably have to sell their house? That if someone's family is murdered, in order for them to go through the process of getting justice we will take away all their assets? My constituent will also be judged on the assets of her children—we are going to strip away those assets because they want to go through the process. What they want is justice. Taking away their assets is not an acceptable standard for any of us here; I am certain that Government Members do not feel that it is. I wish that I could hold up photos of these people's homes, so that hon. Members could see what ordinary lives they lead. They are ordinary Brummies.

Dame Caroline Spelman: The hon. Lady is making a very good point. There is an absurdity to any argument that justice should be means-tested, in the sense that property prices are so significantly different around the

country that there is an in-built disadvantage for some parts of the country. I do not know whether the Minister knows what the average property price is in the west midlands, but the average home in the west midlands is sub-£200,000. Most people living in London could only dream of a house at that kind of level—they do not exist anywhere in London—so straight away there is an absurdity to the argument that a person's principal home should be considered as part of a means test for achieving justice. It just is not right.

Jess Phillips: It certainly is not. I remember giving the figures on the day when the threshold for inheritance tax was raised to £375,000, when I stood up and told the Minister that, in my constituency, eight people would benefit from that, and they had to be dead. My husband said that that Budget day was a great day to be dead. That gives a bit of an idea of the property prices in the area that I represent and live in.

The second issue that my hon. Friend the Member for Birmingham, Northfield raised was the idea that because the families have previously been successful in raising funds themselves, they could probably lean back on that. To be clear, are we saying that if families, victims or anyone else wants to seek justice, the state currently feels that it should fall to those who can shake a tin best, or perhaps run a fun run? We could dress up as—I don't know—victims, and do the London Marathon, and see how many people wanted to give us some cash so that we could find out some of the answers that the families have waited decades for. Even for those who do not know the families and do not have personal involvement, that cannot be a standard for our justice system. Crowdfunding and who can write the best tagline on a website and bleed the most hearts should not be the most likely way for people to access justice, going up against a state actor that is paid for by the same people's taxes—we are the same people.

Stephen Pound: My hon. Friend will be aware that on 6 November 2014, Nils Muiznieks, the Council of Europe commissioner for human rights, addressed this issue. His ruling, which we signed up to and support, was:

“It is clear that budgetary cuts should not be used as an excuse to hamper the work of those working for justice.”

We as a nation support that. Should we not extend that to this horrendous case?

Jess Phillips: I could not agree more. There are probably endless quotes from the bishop who did the inquiry into the Hillsborough situation, and we will almost certainly face the exact same arguments when the Grenfell disaster eventually comes before inquiries, courts and inquests. This is not just about the families in Birmingham; it is about a standard of justice. It is a David and Goliath situation, where David is the one paying for Goliath. That cannot be right, yet these families, having already lost family members, are having to do the heavy lifting for the rest of us to have a better system. For that, on behalf of anybody who has ever gone up against a state actor, we owe a debt of gratitude to families such as the Justice for the 21 families and the Hillsborough families, who are doing this on behalf of all of us to make justice better and fairer.

I worry that the Legal Aid Agency is using its powers to make decisions on whether it grants funding based on the merits of a case, and is deciding that it has

authority on those merits. A High Court judge has agreed that the review should take place. It is perfectly reasonable that the coroner feels they have the right to appeal against that decision—that is absolutely fine—but it is not acceptable for the Legal Aid Agency to decide on the merits of that case. Are we saying that in the very complicated hierarchy of justice that these ordinary people have had to learn—they could probably sit legal degrees with ease now, these ordinary people with ordinary jobs, who did not know anything about this—the Legal Aid Agency now sits above a High Court judge in deciding which cases have merit? I hope the Minister can answer that question, because I am confused. She is learned; I am not learned—nobody gets to be learned just from being street smart, unfortunately. If only there was a degree in that.

Stephen Pound: My hon. Friend would be a professor emeritus.

Jess Phillips: I would be an emeritus professor in street smarts.

I feel that the Legal Aid Agency or the Government will eventually renege on this point. I associate myself with all the requests made by my hon. Friend the Member for Birmingham, Northfield, but we have had to go around the hamster wheel again to ask whether, if the Legal Aid Agency is not the route for families, justice can be served through extra funding that the Government allocate from elsewhere.

Mr Jim Cunningham (Coventry South) (Lab): My hon. Friend is making a very good point. Most people can remember where they were on the day when this tragedy happened. It is interesting that the Government can find the money when they want to do something, but when ordinary families want to take legal action and get justice, the Government cannot find the money. I always thought it was the Government's duty to protect people, and one way to do that is through securing justice for them. Does my hon. Friend agree?

Jess Phillips: Quite. I cannot remember where I was on that day, because I was not yet born, yet it has stayed in the history of the city that I come from and have lived in all my life. If Birmingham were cut, it would bleed still with this unsolved disaster. After years of quite rightly hearing about the miscarriages of justice for those who were convicted of the crimes, the victims in the story have been lost, and it is now time for their story to be told.

I absolutely agree with my hon. Friend—the Government will perfectly easily fund the side that fights against this. I have no doubt that the coroner will have all the resources that are needed. Why can they always find it for one side and not the other? This is not a case of people making vexatious claims that will open the door to everybody being able to make a load of claims against the state really easily. If these families have proved anything, it is that this is no picnic. It is not easy. There is nothing easy about this process, and that suggestion should be disregarded as a reason why what seems to be an austerity measure is affecting them so much.

I finish my remarks by paying a massive tribute to the families in this case. I am often proud to be from Birmingham—in fact, almost daily. These families make me incredibly proud of my city's resolve in keeping on going.

4.59 pm

Jim Shannon (Strangford) (DUP): It is a pleasure to speak in this debate. I congratulate the hon. Member for Birmingham, Northfield (Richard Burden) on bringing this issue to the Chamber. He and the hon. Member for Birmingham, Yardley (Jess Phillips) passionately presented the case of the victims of the Birmingham pub bombs.

I am here today not because I am from Northern Ireland but because, like my hon. Friend the Member for North Antrim (Ian Paisley), I have empathy with and a real understanding of the victims' families. In my constituency, there are many people in a similar situation, whose lives have been torn apart by evil men. The victims had no sin and no guilt, but were in the wrong place at the wrong time. While the world seeks to brush over the atrocities of the past, and people—at least in New York—seek to rename St Patrick's day after the unrepentant terrorist Gerry Adams, the families of the 21 people murdered by the Birmingham bombs daily pay the price in sorrow and tears. The hon. Members for Birmingham, Northfield and for Birmingham, Yardley spoke with passion and belief. I am sure everyone in the Public Gallery is proud of them and of all Members who are here to support the case of the victims' families and make sure it is well made.

The hon. Member for Birmingham, Yardley, in her passionate and compelling speech, told us about the victims of the Hillsborough disaster. Let us be quite clear: we all wanted them to get legal aid, but we also want the families of those who were killed in the Birmingham pub bombs to get it. Those families see single parents where once there were two; mothers at their child's graveside, against the natural order of things; little girls walking down the aisle without their father; lives half-lived because huge parts have ripped away—all because IRA men decided to make their point by choosing that place at that time. That is my concern, and that is why I am here today. When the hon. Lady secured her Adjournment debate, I went along to support her, not because I intervene in them all but because I agree wholeheartedly with what she was trying to do. I am here to do the same thing again.

Those families seeking justice should not have to fight so hard in this day and age. When I think of the public money that was spent on the Bloody Sunday inquiry into an incident in which 13 people died—I am in no way trivialising those families' heartache—and see a bill in excess of £195 million, I am flabbergasted. I cannot understand the rationale for not allowing the families to seek justice through the legal aid system. I make that point about the Hillsborough inquiry and about the Bloody Sunday inquiry.

Do the lives of those 21 people not count enough? Is it simply that the wrong people were killed? Do we run a two-tier system, in which some people are entitled to legal help for justice and closure while others are not allowed that support? I hope we do not. I am putting the Minister on the spot, but we look to her with concern, and we request a positive response. That is not the system I signed up for. I believe in real equality—hon. Members know that. Everybody aggrieved by the troubles deserves the same time, attention and support.

I read an article that said that although the application of the families of the victims of the Birmingham pub bombs for legal aid was turned down, the black cabbie

rapist has accessed £166,000-worth of legal aid. Am I the only person who sees something wrong there? We all do. He got an obscene, disgraceful amount of legal aid. I am really lost for words sometimes when I try to understand how the system works. I stand by people's right to have legal support regardless of whether they are innocent or guilty, but it hurts to see these families denied access when there is no question of guilt. I understand the system, but understanding it does not make it right. The fact is that this is wrong.

I say respectfully and gently to the Minister that I am looking to her to make it right and ensure this case is reassessed. For too long, the victims of IRA atrocities have had to fight for the recognition that their families are important. This fight for legal aid is yet another example of salt being poured into wounds that cannot heal because they are not allowed to. Reopen the inquest, hear the evidence, do the right thing by those people, who have done no wrong. Please—for those victims and the victims of terror at home, enough is enough. I want to send this message to those families: they are not being asked to drop the case while watching the perpetrators and masterminds being celebrated, lauded and, in some cases, almost canonised and made into saints. The families of the victims of the Birmingham pub bombs deserve at least as much help, support and consideration in their quest for justice as those affected by other troubles-related murders.

I support the families' quest and that of the two MPs who have spoken and those in the Public Gallery who are here to request legal aid help. I am sorry for the price they are paying and the grief they continue to go through. I am sorry that they are not getting the support they should get without question. They are not alone; I stand with them in this House.

5.5 pm

Joanna Cherry (Edinburgh South West) (SNP): It really is a pleasure to serve under your chairpersonship, Mr Hollobone. I congratulate the hon. Member for Birmingham, Northfield (Richard Burden) on securing this important debate, and the other Members of Parliament who have fought for this right and just cause. I pay tribute to the families' courage and bravery.

As the hon. Member for Coventry South (Mr Cunningham) said, those who were alive at the time of this incident will never forget it. I was just a little girl, but I do remember it. I looked again at photographs of the victims today, and it is fair to say that their faces are familiar to those of us who are strangers to them: they have haunted us for many years.

It puzzles me that it has taken so long to get to the bottom of who carried out that atrocity. One almost wonders whether it suits some in authority for us not to get to the bottom of it. We are close to getting to the bottom of it. It is many years since innocent men were imprisoned and cleared in relation to the atrocity. There should have been inquests. The inquests that were originally opened in 1974 should have been reopened when the Birmingham six were cleared, but they were not. They were reopened in 2016 because of the families' campaign.

The coroner's decision—he is entitled to make it, but it is controversial—should be challenged because the decision to exclude the perpetrators from the scope of the inquest means that it will avoid the crucial issues of

who carried out the bombing, who organised it, who ordered it, who made the bombs, who planted them and who their associates were. The families of the victims have the right to know the answers to those questions. As others said eloquently, this is about access to justice and equality of arms.

As others said fairly, the coroner himself said that the families should get those funds so the fight can be equal. Other parties will be publicly funded, so why should the families not be? I am a Scots lawyer, so I do not really understand how the Legal Aid Agency works down here, but it puzzles me greatly that people are seriously expected to give up the homes in which they live to fund this litigation.

I am a member of the Joint Committee on Human Rights, and we are currently carrying out an inquiry into the enforcement of human rights and access to justice, which is a very important issue in our society—it is a fundamental right. Many of the witnesses who have given evidence to our inquiry have said that an independent review is needed of legal aid in England. The LASPO review is under way, but it is not independent. The witnesses who have given evidence to our Committee have, in the main, said that there should be an independent review separate from the Government so the matter can be looked at independently.

North of the border, there has been an independent review into legal aid, separate from the Scottish Government, who run legal aid in Scotland, and it has made certain recommendations. It also found that although the Scottish Legal Aid Board spends less per head than is spent in England per head, there is much wider scope to and eligibility for legal aid in Scotland—indeed, 70% of the population of Scotland are eligible for legal aid.

It is therefore possible to run an economic and effective legal aid system. A legal aid system that denies access to funding for people to get to the bottom of the truth about who killed their loved ones cannot be a just system. Will the Minister consider holding an independent review into the Legal Aid Agency and into the criteria and eligibility for legal aid south of the border? In support of others' requests, will she tell us clearly whether some special arrangement could be made to fund the families pending the outcome of any independent review into legal aid? If the answer to both those questions is no, will the Minister tell us how she thinks it is possible for there to be true access to justice when there is such inequality of arms?

5.10 pm

Gloria De Piero (Ashfield) (Lab): It is a pleasure to serve under your chairship, Mr Hollobone.

I thank my hon. Friend the Member for Birmingham, Northfield (Richard Burden) for securing this debate. He and other colleagues who have spoken today have stood with the families of the Birmingham 21 as they have campaigned tirelessly for justice for the loved ones they lost on that terrible night. As others have done, I pay tribute to the families themselves. I am in awe of the determination of people such as Margaret Smith, Brian and Julie Hambleton, and all the family members who are still fighting for the truth about what happened on that terrible night. It is testament to the strength of their love for the family members they lost that they are still fighting for justice 43 years later.

Fight is what the families have had to do every step of the way. They fought to reopen the inquest after 40 years without support or answers, and they had to fight to receive legal aid for that inquest. I am proud that the Labour party has long supported the families in their quest for legal aid so that they can pursue justice for their loved ones. The Labour party will continue to do that.

Dame Caroline Spelman: Over 43 years an awful lot of Ministers of different political persuasions have looked and looked at this. Will the hon. Lady join me in appealing to the new Minister who is picking the issue up for the first time to look at it with fresh eyes? Everyone who has filled her role comes to the view that it needs to be put right, but every fresh start is more pain for the families concerned.

Gloria De Piero: The right hon. Lady is right: this is an opportunity for a fresh start, and I agree that there have been many opportunities for such fresh starts. Now the families are fighting for the scope of the inquest to include those believed to have been responsible and their actions leading up to the bombing. They therefore raised £20,000 through crowdfunding for the judicial review into the scope of the inquest. At the end of last year they won their battle in the High Court.

Even now, however, the families cannot stop fighting—they have been denied legal aid to represent themselves at the coroner's appeal against the High Court's decision. Mr Malcolm Bryant, in his letter to the families denying legal aid for the challenge, stated:

"I am confident that a new crowdfunding drive could provide an alternative means of funding the appeal."

The head of the exceptional case funding team for high-cost complex cases is suggesting that families must resort to crowdfunding in order to obtain justice. Is that not a sign of something very wrong in our justice system that bereaved families are being told to resort to crowdfunding drives to continue their quest for answers?

Families must apply for exceptional case funding and meet stringent tests in order to receive legal aid at an inquest. In certain cases the Legal Aid Agency may decide to waive the financial eligibility test for family members, if it can be argued that it would be unreasonable for the family to bear the full costs. Where the family has lodged a legal challenge to the basis of the inquest—the Justice for the 21 group has asked for the suspects to be named—there is no such discretion, even though legal fees to defend the families' point in the Court of Appeal might run into tens of thousands of pounds.

Will the Minister therefore ask the Lord Chancellor to review the Legal Aid Agency's decision not to grant legal aid in this case? Will the Government consider extending the financial eligibility waiver to proceedings directly related to the inquest so that the families of the Birmingham 21 and others can be sure of a level playing field when fighting for the truth? When families are grieving and simply looking for the truth, they should not have to think about taking out loans, resorting to crowdfunding or being burdened with legal fees.

The Government claim that families do not need legal aid for representation at an inquest because it is not an adversarial process, but if that really is the case will the Minister explain why the Government still feel

[Gloria De Piero]

the need to spend hundreds of thousands of pounds in public money to ensure that their side is represented effectively at inquests? Why should families not have access to the same degree of representation? It is a simple matter of ensuring a level playing field.

The families of the Birmingham 21 were victims of an act of terrorism, and then of a system that has made them fight every step of the way for answers. Families who have been through so much, who have suffered the death of sisters, daughters, husbands and fathers, should not have to fight every step of the way for answers to how their loved ones died and who was responsible. I hope that today the Minister will back the families of the Birmingham 21 and all those fighting for answers, and guarantee that legal aid will be made available.

5.15 pm

The Parliamentary Under-Secretary of State for Justice (Lucy Frazer): It is a pleasure to serve under your chairmanship, Mr Hollobone.

I am extremely grateful to have the opportunity to respond on such an important issue in such an important debate, and I congratulate the hon. Member for Birmingham, Northfield (Richard Burden) on securing it. He has been very active in supporting his constituents and in making representations to the Legal Aid Agency, as the hon. Member for Birmingham, Yardley (Jess Phillips) has been in raising the profile more broadly. Like them, I welcome the families to Westminster today.

I understand why there is such strength of feeling on the subject from hon. Members on all sides. I have the deepest sympathies with the families and friends of those who were injured or lost their lives in the terrible atrocities that took place in Birmingham in 1974. I cannot imagine what they have been through. I understand the inquest plays a crucial part in the investigations that continue, and I appreciate that it plays an important role in enabling families to understand and make sense of what happened to their loved ones.

Much of the debate has focused on legal aid. The hon. Member for Birmingham, Northfield asked me to explain how legal aid differs in the various types of cases for which it can be granted in relation to an inquest. It is therefore important to identify the types of assistance that can be granted and have been sought in this case.

The Ministry of Justice acknowledges that, in certain cases, legal aid in the lead-up to an inquest may be required, and has ensured that early legal advice for inquests is available under legal aid for those who are eligible. I understand that such legal aid was sought and granted in this case. Next is the issue of legal aid for representation at the hearing itself. An inquest should be an inquisitorial process that focuses on establishing the facts of death. It should not really be an adversarial hearing, and should be conducted in a very different way from a court proceeding. Participants do not always need to present legal arguments and so, in most inquest hearings, the bereaved family do not need representation to participate in the process. Most inquest hearings are conducted without the need for publicly funded representation.

Having said that, publicly funded representation may be needed in certain circumstances and is then sought. Legal aid is available for legal representation at inquests under the exceptional case funding scheme. Legal aid is awarded through that scheme on a case-by-case basis. In deciding whether funded representation may be necessary, the Legal Aid Agency considers all the relevant individual facts and circumstances of the case, which usually include the particular circumstances of the family. Legal aid for representation at inquests is subject to means and merits tests. In such circumstances, means can be waived.

As the hon. Member for Birmingham, Northfield highlighted, the families have previously received publicly funded legal representation for the inquests on this matter.

Joanna Cherry: Like me, the Minister practised in the courts before she became an MP. Does she agree that, where the families of the bereaved are not represented at inquests, stones are often left unturned that would have been turned had the families had a lawyer?

Lucy Frazer: The hon. and learned Lady makes an important point, as always. The position is that it is not always necessary. If it is necessary, families are able to apply for it, but in his report on Hillsborough, the Bishop of Liverpool identified that, according to a 2003 fundamental review of death certification and investigation cases, no representation was needed in 79% of cases, because the families could represent themselves.

In many inquests, legal aid is not needed because the families do not need to advance legal arguments, because it is not an adversarial process, but I recognise that in some cases, it becomes a very adversarial process—that is not really appropriate, but it does become that—and legal aid can be and is sought. In fact, exceptional case funding has been granted in half the cases where people have applied for it.

Gloria De Piero: The Minister mentions the Bishop of Liverpool's review. His report called on the Government to instate:

“Publicly funded legal representation for bereaved families at inquests at which public bodies are legally represented.”

It has been five months since that report was published, but we still have not had a response from the Government.

Lucy Frazer: The hon. Lady is right—others have also called for that. That is why the Government are undertaking a review, which has started and which I will come to, in relation to legal aid funding and the Legal Aid, Sentencing and Punishment of Offenders Act 2012 generally, but more particularly and more relevant in this case, in relation to legal aid funding for inquests.

I have identified the two circumstances where legal aid was sought and granted in this case. The third, which is what the debate centres on, is the provision of legal aid for judicial review. Legal aid is available for judicial review in generic terms. However, as with legal aid for inquests, this availability is subject to a number of restrictions. Applicants must satisfy statutory tests for their means and merits in order to qualify for legal aid for judicial review. The reason that they are required to satisfy those tests is to ensure that the resources that are available for legal aid generally are given to those

who are most in need. In the case in question, which was an application for funding for a judicial review, the Legal Aid Agency determined that those requirements were not met.

I fully appreciate that the families have found that decision of the Legal Aid Agency very frustrating. The hon. Member for Ashfield (Gloria De Piero) asked whether I can review that decision, but it is important to point out that funding decisions are made by the Legal Aid Agency independently of Ministers. I am not privy to the details of the decision. The decision whether to provide legal aid funding in an individual case should not be a political one. It is solely for the director of the legal aid casework at the Legal Aid Agency to decide whether a case is within the regulations and the laws that Parliament has set. I was not aware of the reasons why legal aid was determined—that is a decision of the Legal Aid Agency independent of Ministers.

My right hon. Friend the Member for Meriden (Dame Caroline Spelman) and the hon. Member for Birmingham, Northfield made very important points at the beginning of the debate about the coroner having called for legal aid to be reinstated but, as I said, that is not a decision for me or for him—the decision on legal aid is a matter for the Legal Aid Agency.

Dame Caroline Spelman: Will the Minister give way?

Lucy Frazer: I am conscious of the time, so I would like to press on.

I will make two wider points about legal aid outside this case. First, legal aid is a fundamental pillar of access to justice. More than a fifth of the Ministry of Justice's budget is spent on legal aid in England and Wales. The system was designed when it was implemented in 2012 to ensure that those who are most vulnerable and have no other means of funding support are provided with assistance. Those principles in generic terms are fair ones.

Secondly, we recognise that it is right to look at and review inquests more broadly. An inquest ought to be an inquisitorial process that focuses on establishing the facts of death and should not be adversarial. The presence of several lawyers at a hearing often adds to the distress and anxiety of the family, who feel, as was stated by many hon. Members, that there is an imbalance and unfair representation. With that in mind, the Ministry of Justice is undertaking and exploring a number of ways to make inquests less adversarial and more sympathetic to the needs of bereaved people. We are working with other Government Departments that are often represented at inquests, as well as the legal profession. We are looking at ways to reduce the number of lawyers, training for coroners and lawyers, extending support services, updating our written guidance and updating the legal guidance on deaths in custody, so that we ensure the starting presumption is that legal aid should always be available.

Many Members mentioned that we are reviewing legal aid for inquests in general. That review has started already. Experts are giving evidence, and there will be a public consultation. I encourage family members to give evidence to the public consultation if they wish to do so. I also encourage Members to respond. The hon. Members for North Antrim (Ian Paisley), for Birmingham,

Yardley and for Strangford (Jim Shannon) made powerful points in relation to justice, and said that justice needs to be done. They put forward many arguments for why the families need support.

I recognise that getting the inquest right for the families is incredibly important. Families who have suffered dreadfully are entitled to justice. I thank the hon. Member for Birmingham, Northfield and all hon. Members who have spoken and contributed to this important debate.

5.25 pm

Richard Burden: First, I express my appreciation to hon. Members from across the House who have given their support in the debate: my hon. Friends the Members for Birmingham, Yardley (Jess Phillips), for Birmingham, Selly Oak (Steve McCabe)—he could not stay for the entire debate but was here to give support—for Ealing North (Stephen Pound) and for Coventry South (Mr Cunningham); the right hon. Member for Meriden (Dame Caroline Spelman); the hon. Members for North Antrim (Ian Paisley) and for Strangford (Jim Shannon); and on the Front Bench for the Scottish National party, the hon. and learned Member for Edinburgh South West (Joanna Cherry); and for Labour, my hon. Friend the Member for Ashfield (Gloria De Piero). They all made powerful points.

I have to confess to being disappointed by the Minister's response. She spent time discussing whether legal aid should be available and the circumstances in which it should be available for inquests. I think she was wrong in saying that any legal aid has been provided in this case—I do not think that a penny of legal aid has yet been paid—but she is right that legal aid has been granted for the inquest. The point that we are putting to her is that, if it is appropriate to provide legal aid for the families for the inquest, why does it become inappropriate to provide legal aid for those same families for an important point of law arising out of that inquest? It is simply illogical. I am afraid that the Minister did not answer that point.

The Minister says she cannot intervene in the Legal Aid Agency decision on whether legal aid can be granted, but has not said whether she feels it has discretion to come to a different decision.

Lucy Frazer: I am sorry if that was not clear. The reason that it can be granted in the first two circumstances is that the means test is discretionary and can be waived, but in a judicial review, it cannot.

Richard Burden: The Minister says that there is no discretion, and that the matter is being reviewed. I am glad that it is being reviewed, but frankly, this case will not wait. The families need a decision now. The decision that they have had from the Legal Aid Agency is not in the interests of justice. If there are no avenues through the regular legal aid system to provide them with the support that they deserve—support that the coroner himself says should be paid—in the interests of justice, either because the Legal Aid Agency does not have discretion or because it does not feel that the means test requirements have been met, the problem is still there. It therefore comes back to the Minister to say what she is going to do about that problem, which will not wait.

[Richard Burden]

In the situation applying to the Hillsborough inquest, the Government eventually said that this was a matter of such fundamental public interest that a special fund should be made available to ensure that families have legal representation. We are simply saying that if that rightly applied in the Hillsborough case, it should also apply here. It is simply illogical that the families are denied equality of representation in the Court of Appeal, where representation is available to

the coroner. That has to be put right. Only the Minister can do that, and I hope she reconsiders the points she has made today.

Question put and agreed to.

Resolved,

That this House has considered legal aid for families of the victims of the Birmingham pub bombings.

5.29 pm

Sitting adjourned.

Written Statements

Tuesday 27 March 2018

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

Companies House Public Targets: 2018-19

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Andrew Griffiths): My noble Friend the Parliamentary Under-Secretary of State for the Department of Business, Energy and Industrial Strategy (Lord Henley) has made the following statement:

I have set Companies House the following targets for the year 2018-19:

Public targets

Ensure our digital services are available 99.9% of the time.

Ensure no vacancy within the digital area remains unfilled for more than three months.

Provide a digital service for the filing of small full accounts.

Achieve a digital take-up rate of 40% for filings for voluntary dissolution.

Ensure that 97% of companies have an up-to-date confirmation statement.

Respond to 95% of complaints about information on people with Significant Control (PSC) within 10 days.

Achieve a customer satisfaction rate of 88%.

Reduce the cost of our business activities by 3.5%.

[HCWS587]

TREASURY

Decommissioning Relief Deeds

The Exchequer Secretary to the Treasury (Robert Jenrick): At Budget 2013, the Government announced it would begin signing decommissioning relief deeds. These deeds represent a new contractual approach to provide oil and gas companies with certainty on the level of tax relief they will receive on future decommissioning costs.

Since October 2013, the Government have entered into 86 decommissioning relief deeds.

Oil and Gas UK estimates that these deeds have so far unlocked more than £5.7 billion of capital, which can now be invested elsewhere. In compiling this estimate, Oil and Gas UK discovered a clerical error in their previous estimate. As a correction, the figure reported for 2015-16 should have read £5.5 billion. Independent checks have been made to ensure the error has not been repeated.

The Government committed to report to Parliament every year on progress with the deeds. The report for financial year 2016-17 is provided below.

Number of decommissioning relief agreements entered into: the Government entered into 11 decommissioning relief agreements in 2016-17.

Total number of decommissioning relief agreements in force at the end of that year: 83 decommissioning relief agreements were in force at the end of the year.

Number of payments made under any decommissioning relief agreements during that year, and the amount of each payment: two payments were made under a decommissioning relief agreement in 2016-17, totalling £5.4 million. These were made in relation to the provision recognised by HM Treasury in 2015, as a result of a company defaulting on their decommissioning obligations.

Total number of payments that have been made under any decommissioning relief agreements as at the end of that year, and the total amount of those payments: two payments have been made under any decommissioning relief agreement as at the end of the 2016-17 financial year, totalling £5.4 million.

Estimate of the maximum amount liable to be paid under any decommissioning relief agreements: the Government have not made any changes to the tax regime that would generate a liability to be paid under any decommissioning relief agreements. HM Treasury's 2015-16 accounts recognise a provision of an aggregate £327 million in respect of decommissioning expenditure incurred as a result of a company defaulting on their decommissioning obligations. The majority of this is expected to be realised over the next five years.

[HCWS590]

EXITING THE EUROPEAN UNION

General Affairs Council

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker): Lord Callanan, Minister of State for Exiting the European Union, has made the following statement:

I represented the UK at the General Affairs Council (GAC) meeting in Brussels on Tuesday 20 March. The main items on the agenda were preparations for March European Council on 22 March and the European semester. Under any other business, the Commission provided an update on its dialogue with the Polish authorities over the rule of law in Poland.

A provisional report of the meeting and the conclusions adopted can be found on the Council of the European Union's website at:

<http://www.consilium.europa.eu/en/meetings/gac/2018/03/20>.

Preparation of the European Council on 22 March 2018

Ministers discussed draft council conclusions ahead of March European Council, which included: jobs, growth and competitiveness; trade; taxation; and external relations.

On jobs, growth and competitiveness, I supported calls for further ambition on the Single Market and Digital Single Market. Ministers also discussed climate action, social and economic issues and preparation for the EU-Western Balkans summit in May.

Discussions on trade focused primarily on recent US announcements on tariffs on steel and aluminium.

Deliberations on external relations included Turkey and the attack on Sergei and Yulia Skripal in Salisbury on 4 March. I thanked member states for the solidarity and support shown and welcomed the inclusion of this item on the agenda at the March European Council. I informed Ministers that, at our invitation, experts from the Organisation for the Prohibition of Chemical Weapons had arrived in the UK on 19 March. I also called for a strong leader level statement which was clear on attribution and on building collective resilience.

European semester

The Commission updated Ministers on its ongoing dialogue with Poland regarding the rule of law and the triggering of Article 7 (1) of the Treaty of the European Union. Poland confirmed that it would submit its response to the Commission on 20 March. I intervened to stress the importance of continued dialogue between Poland and the Commission, with the best solution being one that is mutually agreed between them. I emphasised that the UK would not want to prejudge the outcome of that process. I reiterated that the UK places great importance on respect for the rule of law while recognising constitutional arrangements are primarily a matter for national governments, within the framework of international norms.

[HCWS591]

HEALTH AND SOCIAL CARE

Maternity Safety

The Secretary of State for Health and Social Care (Mr Jeremy Hunt): I am today announcing steps towards ensuring that the majority of women will receive care from the same small team of midwives throughout their pregnancy, labour and birth by 2021, starting with 20% of women benefiting from a 'continuity of carer' model by March 2019.

Women who have continuity of carer are 19% less likely to miscarry, 16% less likely to lose their baby and 24% less likely to have a premature baby.

To support this, the Department of Health and Social Care is planning the largest ever increase in NHS midwives and maternity support staff, 650 new training places for midwives in 2019—a 25% increase. We will continue to work with universities and the NHS to create even more training places in subsequent years to fill the gap of 3,000 midwives.

Other key parts of the announcement include:

Professionalising the maternity support worker role by developing a nationally defined role and national competency frameworks for maternity support workers together with a voluntary accreditation register.

Working with our key partners including the Royal College of Midwives, to identify better and clearer pathways for staff to progress and to develop new training routes to become a registered midwife.

[HCWS588]

Paterson Inquiry

The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price): On 7 December 2017 the hon. Member for Ludlow (Philip Dunne), then the Minister of State for Health, announced an independent, non-statutory Inquiry, under the Chairmanship of the Right Reverend Graham James, Lord Bishop of Norwich into the circumstances and practices surrounding the former breast surgeon Ian Paterson, who was convicted in April 2017 of wounding with intent and unlawful wounding.

Since then the Bishop has worked with affected families to ensure their views are taken into account in shaping the terms of reference.

Today, I can announce the terms of reference for the inquiry, which will report in summer 2019.

The remit of the independent, non-statutory Paterson Inquiry will be to:

Examine and seek to learn from what happened to former patients of Ian Paterson, both in the independent sector and in the NHS informed by their experiences and concerns; and Review the circumstances and practices surrounding Ian Paterson as a case study, and consider other past and current practices, so as to draw conclusions in relation to the safety and quality of care provided nationally to all patients.

The inquiry will consider issues raised in previous relevant reports about Ian Paterson, but does not intend to revisit the evidence that led to his conviction.

A central objective of the inquiry is to afford former patients of Ian Paterson and their families an opportunity to tell of their experiences and to be heard.

The inquiry will aim to report its conclusions and recommendations by summer 2019. It will publish its report and the Secretary of State for Health and Social Care will make arrangements for its presentation to Parliament.

This announcement marks the beginning of the important work of the inquiry in listening to the experiences of former patients and gathering other evidence to ensure that the independent healthcare sector and the NHS are able to learn the lessons from Ian Paterson's appalling malpractice that has taken or damaged the lives of so many people who invested their trust in him.

It can also be viewed with the Terms of Reference at: <http://www.parliament.uk/writtenstatements>.

[HCWS589]

HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

Troubled Families: Update

The Secretary of State for Housing, Communities and Local Government (Sajid Javid): As required by the Welfare Reform and Work Act 2016, section 3(1), my Ministry has published the second annual report, setting out how the Troubled Families Programme (2015-2020) has been supporting disadvantaged families. We are laying this report today, and are placing a copy in the House Library.

This notice details what the report covers, for the period up to the end of March 2018, as well as for the next financial year, including setting out which families are eligible for the programme and how the progress of families will be measured.

“Supporting disadvantaged families, annual report of the Troubled Families Programme 2017-18” details how the programme is working with families as a whole to provide the stability and practical support they need to overcome complicated problems including ‘worklessness’, uncontrolled debt and truancy.

This programme of whole family working has achieved significant progress over the past 12 months with:

- more than 90,000 families having met the improvement goals agreed with local services against each of their agreed ‘headline’ problems. This is up more than 48,000 on the previous year; almost 14,000 of these families where progress has been achieved, one or more adult has succeeded in moving into continuous employment, an increase of over 4,800 since last year; and

- reduced demand on children’s social care services. The programme’s focus on preventative services is starting to show positive results with families getting the type of help they most need, so lowering the number of cases for example that need to be escalated to costly children’s social care.

Rather than responding to each problem or single family member separately, and merely reacting to crises assigned Troubled Families keyworkers champion working with the whole family so that they receive support from co-ordinated services working together to identify and solve their problems as early as possible.

Since the current programme began in 2015, local authorities and their partners have worked with 289,809 eligible families. This compares with only 2,000 families who had received whole family support in England between January 2006 and March 2010.

Following a review of the programme’s funding model, the report notes which local authorities will pilot a new payment model, named “Earned Autonomy”, whereby upfront payments will be given to areas to accelerate ambitious plans for service reform.

Families classed as ‘relevant households’ on the programme, as defined by section 3 of the Welfare Reform and Work Act 2016, have at least two of the following problems:

- parents or children involved in crime or anti-social behaviour;
- children who are not attending school regularly;
- children who need help; that is children of all ages who need help, are identified as in need or are subject to a child protection plan;
- adults out of work or at risk of financial exclusion or young people at risk of worklessness;
- families affected by domestic violence and abuse;
- parents or children with a range of physical and mental health problems.

The rationale for these eligibility criteria and an explanation of the way in which local authorities should identify families using a range of indicators, suggested referral routes and information sources were set out in the refreshed version of the Financial Framework, published on 8 December 2017. The Financial Framework also sets out how the progress of families supported will be measured.

As the Troubled Families Programme enters its final two years, we will continue to drive forward changes to services which secure positive and lasting outcomes for families. We will continue developing a robust cost benefit analysis to show the savings to the public purse.

[HCWS592]

Petition

Tuesday 27 March 2018

OBSERVATIONS

WORK AND PENSIONS

Child maintenance payments

The petition of residents of East Renfrewshire,

Declares that it is currently lawful for an individual to reduce the level of child maintenance payments which they are liable to pay, by diversion of income into a personal pension; further that it is unfair that a non-resident parent with a higher income than a resident parent can reduce their liability in this way.

The petitioners therefore request that the House of Commons reviews the rules which govern child maintenance and pension payments and to ensure that rules which allow for pension payments cannot be exploited to allow non-resident parents to reduce liability for child maintenance payments.

And the petitioners remain, etc.—[Presented by Paul Masterton, *Official Report*, 20 March 2018; Vol. 638, c. 5P.]

[P002124]

Observations from the Secretary of State for Work and Pensions (Ms Esther McVey):

The Child Maintenance Service calculates maintenance based on the paying parent's gross annual income information provided by HM Revenue and Customs for the latest available tax year.

Contributions made by a paying parent to a registered occupational or personal pension scheme are deducted from the historic income figure before it is used in the maintenance calculation. This is because either the contributions themselves or the earnings from which they are paid qualify for income tax relief. It is also reasonable to make allowance for parents to plan for their future by making pension contributions.

The petition is concerned that paying parents are able to influence the amount of child maintenance due to be paid by excessively increasing their pension contributions and asks for changes to legislation to prevent this. There is already existing child maintenance legislation to prevent such diversion of income and diversion in other manners, such as into a business or to another person. Where it is considered by a receiving parent that excessive pension contributions are being made then the Child Maintenance Service can be requested under this legislation to look into the circumstances of the case. Where such a case is upheld then the amount determined to have been diverted from income will be added to the paying parent's income for the purpose of calculating the maintenance liability.

Each application for a variation on these grounds will be considered on a case by case basis case, taking into account all the information available.

Where circumstances are potentially complex and a need for specialist investigation is needed any caseworker can refer such cases to the Child Maintenance Service's Financial Investigation Unit to look into the case further.

As existing legislation exists to deal with pension diversion affecting a child maintenance liability the Government have no plans to change the law in this area.

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PETITION

Tuesday 27 March 2018

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**not later than
Tuesday 3 April 2018**

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