Tuesday
1 February 2022

Volume 708
No. 112

HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY DEBATES

(HANSARD)

Tuesday 1 February 2022

House of Commons

Tuesday 1 February 2022

The House met at half-past Eleven o'clock

PRAYERS

[Mr Speaker *in the Chair*]

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Cost of Living

1. **Alex Cunningham** (Stockton North) (Lab): What fiscal steps he plans to take to help reduce the impact on households of the rise in the cost of living. [905371]

5. **Ian Byrne** (Liverpool, West Derby) (Lab): What recent assessment he has made of the impact of inflation on trends in the levels of living standards. [905375]

8. **Paul Blomfield** (Sheffield Central) (Lab): What fiscal steps he plans to take to help reduce the impact on households of the rise in the cost of living. [905378]

17. **Derek Thomas** (St Ives) (Con): What steps he is taking to help people with the increasing cost of living. [905387]

18. **Lloyd Russell-Moyle** (Brighton, Kemptown) (Lab/Co-op): What fiscal steps he plans to take to help reduce the impact on households of the rise in the cost of living. [905388]

20. **Kirsten Oswald** (East Renfrewshire) (SNP): What recent assessment he has made of the effect of his fiscal policies on the cost of living. [905391]

21. **Ian Lavery** (Wansbeck) (Lab): If he will offer further support to people struggling with the rise in the cost of living. [905392]

The Chancellor of the Exchequer (Rishi Sunak): To help people with the cost of living, the Government are providing support worth around £12 billion in this financial year and next. That includes: cutting the universal credit taper rate to make sure that work pays; freezing duties to keep costs down; and providing support to households with the cost of essentials. In addition, the Government's plan for jobs is helping people into work and giving them the skills they need to succeed—the best approach to managing the cost of living in the long term.

Alex Cunningham: The Chancellor will have plenty of opportunities to get the answer right this morning. Data from the Office for National Statistics show that on average people aged 65 or over spend twice as much on energy compared with those under 30, so they will be hit twice as hard by escalating bills. Meanwhile, Energy UK tells us that without Government action there will soon be 6 million people, many of them pensioners, living in fuel poverty. Will the Chancellor persuade himself to really get into this and take up our pledge to remove VAT from energy bills and extend the warm homes discount? If he will not, what will he do, particularly for our most vulnerable pensioners who are suffering from this cost of living crisis?

Rishi Sunak: I am proud of this Government's track record in supporting pensioners. Thanks to the triple lock, in place since 2010, pensions are, relative to earnings, the highest they have been in more than three decades. However, I recognise the anxiety that many pensioners will feel about rising energy bills, and we are always looking at the best way to support people. To help with exactly that phenomenon, the winter fuel payment provides up to £300 for everyone over the state pension age.

Ian Byrne: With the cost of living crisis upon us, millions across our country must choose between heating their home or putting a meal on the table. Hunger is a political choice made by this Government and the buck stops with the Chancellor. Last week, he wrote off £4.3 billion of covid fraud. If he has the will, he can end the crisis of food insecurity for millions across our nation. Will he use his spring statement to implement a right to food, including universal free school meals and setting social security payments and the living wage at rates calculated to take account of the rising cost of food?

Rishi Sunak: On providing food for those who most need it, I am pleased that the recent spending review confirmed £200 million of extra funding for the holiday activity and food programme to provide support to families and children outside term time. The national living wage, which the hon. Gentleman mentioned, is going up by 6.6% to £9.50 in April, putting an extra £1,000 in the pockets of hard-working people up and down the country.

Paul Blomfield: A constituent wrote to me recently; she is 57 and works four days a week on the minimum wage. Her energy bill is rising from £95 to £220 a month, eating up an extra 11% of her take-home pay. Weekend reports suggest that Treasury action on the cost of living crisis has stalled due to the paralysis engulfing No. 10. Those struggling to heat their homes should not pay the price for the Prime Minister's conduct, so will the Chancellor agree to extend eligibility for the warm home discount further and increase it beyond the pitiful £10 that is planned?

Rishi Sunak: Although I do not know the specific circumstances of the hon. Gentleman's constituent, it sounds like she will benefit from two measures that we have already announced: the significant increase in the national living wage by 6.6% in April; and the cut in the universal credit taper rate, which will mean that a single mother working full time on the national living wage will be an extra £1,200 better off. That will help significantly with energy and other bills, and of course the warm home discount provides a £140 rebate to those who need it.

Derek Thomas: I have met a number of pensioners in my constituency who are on the state pension, but who also worked hard and saved for a private pension; not a huge pension, but a pension that they believed would help them meet the cost of living. Unfortunately, years of low interest rates and now the rising cost of energy, food and other things have made them begin to worry and they are very concerned about the year ahead. Can the Chancellor provide more information on how he will monitor the situation, and support the families and pensioners whom we encouraged to get private pensions but now find that they cannot meet the cost of living?

Rishi Sunak: My hon. Friend is absolutely right to highlight pensioners and their needs. As I said, I am proud of the Government's track record in supporting them. I can also provide him with the reassurance that we continue to look at the best way to provide support to all those in need, as we have done over the last year or two. In the meantime, he will be reassured to know that we have protected pensioners this coming year with the double lock and, as I said, the winter fuel payments providing up to £300.

Lloyd Russell-Moyle: Energy prices are rocketing but the price of producing energy has not, meaning that energy companies are experiencing record bonanza profits this year if they are producers. The Chancellor is, of course, worth more than a billion pounds. Could he tell constituents struggling to pay their energy bills what should be taking the cut? Should it be the profits of the energy companies or the lifting of the energy cap that he proposes, costing constituents £1,800 on average a year?

Rishi Sunak: The energy price cap has already protected millions of people against rising energy bills. On the taxation of companies, it is probably worth bearing in mind that one thing that the last few months have shown is that there is an opportunity to invest more in providing natural gas as a transition fuel as we make our way to net zero in a measured manner. To that end, we should be encouraging investment in exporting our natural resources, not disincentivising it.

Kirsten Oswald: While Ministers travel the globe in private jets, more and more families across the UK go hungry. Last year, the Trussell Trust delivered 2.5 million food packages through its food banks, which is 100 times more than in 2008-09. Now families face further cuts in benefits, increasing taxes and the cost of living crisis. Does the Chancellor not think that addressing that perfect storm of poverty drivers would be a better use of his time than plotting leadership bids as he waits for the downfall of his lame duck Prime Minister?

Rishi Sunak: The hon. Lady talks about poverty, but the track record of this Government and the Governments since 2010 shows very clearly that more than 8 million fewer people are living in poverty as a result of the actions of those Conservative Governments. Income inequality today is lower than it was in 2010.

Ian Lavery: It is not good enough to simply say that work lifts people out of poverty when we know that millions of people up and down this country with one job, two jobs or three jobs are still not even making ends meet. The universal credit cut is having a devastating impact, combined with growing food prices and the rise in rents—not to mention the huge hike in national insurance contributions.

I know it is difficult, Chancellor, for someone with financial privilege to really understand what is facing people in communities like mine, but I must say that when I have got elderly people freezing in their homes and more people than ever before using food banks, we need some help from the Government. Poverty is a political choice.

Rishi Sunak: Anyone who has questions about my values can just look at my track record over the last year or two. I am proud of this Government's achievements in supporting those who most needed our help at a time of anxiety for our country. I respectfully disagree wholeheartedly with the hon. Gentleman: I do believe that work is a route out of poverty. All the evidence shows that children who grow up in workless households are five times more likely to be in poverty than those who do not, which is why I am proud that there are almost a million fewer workless households today as a result of the actions of this Conservative Government.

Kevin Hollinrake (Thirsk and Malton) (Con): The most effective sanctions that we could impose on Russia would be to block Russian banks' access to UK and international markets. Will my right hon. Friend consider that and consider cushioning the inevitable blow to our banks, businesses and households from the financial impacts, including to the cost of living?

Rishi Sunak: My hon. Friend makes an excellent point. With regard to sanctions, absolutely nothing is off the table. We are working extremely closely with our international allies to make sure that we can send a robust signal to deter Russian aggression, and we continue to explore diplomatic solutions at the same time. He should rest assured that nothing is off the table.

Harriett Baldwin (West Worcestershire) (Con): I visited the citizens advice bureau in Malvern and people there were sharing with me the fact that they still have tens of thousands of pounds in household support grants that they can give away between now and the end of March. Will the Chancellor join me in encouraging families who are struggling with the cost of living to apply for the help available?

Rishi Sunak: My hon. Friend, as always, makes an excellent point. I join her in encouraging all those local authorities and others to get those funds out to people who need them as quickly as possible. That is why we have created the household support fund: half a billion pounds to provide £100 or £150 to millions of our most vulnerable families. It is there to help, and I hope we can get the rest of the money out as quickly as possible.

Stephen Crabb (Preseli Pembrokeshire) (Con): The Chancellor of the Exchequer is exactly right in all the measures that he describes the Government taking to protect families' incomes. He has always shown a powerful instinct for protecting those on the very lowest incomes, but may I say respectfully to him that we must do something about energy costs? On Friday, I met a couple in my constituency who showed me their fixed tariff agreement with their energy company, which is coming to an end, and the new one coming on stream, which is more than double. They will really struggle to pay their energy costs this year, so may I ask the Chancellor of the Exchequer to look at the issue? The warm home discount scheme is not perfect, but it is a useful vehicle for doing something to help those on the lowest incomes.

Rishi Sunak: My right hon. Friend speaks with compassion and authority on these topics, and I join him in making sure that we are aware of the issue. I am, of course, aware of people's anxiety about what is coming; he can rest assured that we continue to look at all the policies we have in place to make sure that we are supporting people in the best way possible through the months ahead.

Matt Hancock (West Suffolk) (Con): With the risk of inflation becoming entrenched, we need fiscal discipline while the Bank of England undertakes the tricky task of monetary tightening. What does the Chancellor think of proposals that would break down that fiscal discipline and therefore risk increasing inflation and being completely counterproductive?

Rishi Sunak: My right hon. Friend is absolutely right; given his career before he was in this place, he, too, speaks with authority on these matters. He is right to highlight that many of the proposals that people suggest would involve a significant fiscal loosening, which would be inflationary and counterproductive at this time. It is right that fiscal policy is supportive of people, but also mindful of the risks of rising inflation, not least because of the risks for the costs of servicing our debt.

Mr Pat McFadden (Wolverhampton South East) (Lab): The Chancellor will be aware that voters are being hit by a triple whammy on the cost of living: soaring energy bills, the Chancellor's own tax rises and falling real wages. Next week, the energy price cap could rise by as much as £600. Labour has set out a fully costed plan to cut these bills, funded by a windfall levy on the oil and gas companies making the most money from the current spike in prices. Where is the Government's plan for those energy costs? What has distracted them from producing one?

Rishi Sunak: I would probably slightly disagree with the idea that Labour's plans are fully costed, but it would not be the first time that its numbers do not add up. With regard to the responsible way forward, the right hon. Gentleman has talked about funding the NHS—a good example of something that is funded, because Government Members know that the NHS is the people's No. 1 priority. It is right that we tackle the backlogs and reform social care, as the Prime Minister has set out, but it is also right that we fund that sustainably and responsibly, which is what this Government are committed to doing.

Mr McFadden: On Sunday, the Prime Minister and the Chancellor nailed themselves to the mast of the national insurance rise coming in this April—like Thelma and Louise, they have held hands and are going to drive off the cliff. The Chancellor says that it is all about public services, but we know that the real reason he is so desperate to stick to the timetable is so that he can implement planned tax cuts before the next election. Why should the cost of living crisis be made much worse for families this year just to fit in with the Tory party's planning grid for the next election?

Rishi Sunak: With regard to the cost of living, the Government have, as we have already discussed, put a range of measures in place to help people, not least the increase in the national living wage by £1,000 a year, the cut to the universal credit taper rate and the freezing of fuel duty. The Government will not shirk from funding the NHS sustainably and responsibly. It is the people's No. 1 priority; the backlogs are rising at an unprecedented rate, and I think people would like to see them addressed, which can be done only with a sustainable funding stream. That is what we have created, and this is a progressive way to do it. Although these decisions are difficult, a responsible Government do not shirk from them.

Alison Thewliss (Glasgow Central) (SNP): Inflation is running at 5.4%, the highest level in nearly 30 years. It is already having a real and painful impact on people and businesses, with worrying reports today that increased bills are pushing businesses to lay off staff. The upcoming national insurance hike is a tax on jobs as well as on individuals. This is a cost of living crisis, yet today is the first time that the Chancellor has been to this House since the start of December, and we still do not hear a plan from him—he is too distracted by plotting for the Prime Minister's job to help those affected by this crisis. People are struggling, so what additional practical financial support can they expect from this Chancellor, and when?

Rishi Sunak: The hon. Lady talked about inflation; she is right and I am very cognisant of the anxiety that people are feeling about rising inflation. It is also right to put that in context. She said it is the highest tier since the early 1990s, and that is right. We are also seeing this as a global phenomenon—inflation in the US is running at its highest since the 1980s, and the highest since the eurozone was created—so we are not alone in facing those challenges. The Government have already set out a plan, but it is a plan that is working. In contrast to what she said about people losing their jobs, what we have seen is 11 months of falling unemployment, which is now back to the almost record pre-pandemic lows, and record numbers of people in work. That is the best way to tackle the cost of living—get people into work and make sure those jobs are well paid.

Business Investment

3. **Steve Brine** (Winchester) (Con): What steps his Department is taking to encourage businesses to invest. [905373]

13. **Marco Longhi** (Dudley North) (Con): What steps his Department is taking to encourage businesses to invest. [905383]

The Financial Secretary to the Treasury (Lucy Frazer): The Chancellor has brought forward a number of measures to encourage business investment, and I shall mention just two. Under the super deduction, from April 2021 until the end of March 2023, companies can claim a 130% capital allowance on qualifying plant and machinery investments. That is the biggest two-year business tax cut in modern British history. We have also extended the temporary £1 million annual investment allowance level until the end of March 2023.

Steve Brine: That was an interesting answer. There is a business in my constituency, Cytronex, which has developed a green solution to increase cycling rates by converting existing bicycles into e-bikes—I recommend it. Last year, its product won the e-bike of the year award; as a result, international demand has far outstripped its ability to support it. Cytronex is passionate about manufacturing its product in Britain and even assembles its own lithium battery packs in Winchester. What more can we do to help small businesses such as Cytronex make the leap into mass production, and will one of the excellent Treasury Front-Bench team meet us to discuss how we can explore that?

Lucy Frazer: Cytronex sounds like a fantastic company, and it is great to see it in Winchester. It is precisely the type of company that we want to support. As I mentioned, it could benefit from the super deduction that we have brought in. Under the super deduction, for every £1 a company invests, its taxes are cut by up to 25p. That type of investment will help manufacturing and the manufacturing sector.

Marco Longhi: Jobs and job security clearly depend on economic growth. The International Monetary Fund's forecast putting the UK at the top of the G7 is an endorsement of this Chancellor's and this Prime Minister's approach to economic policy throughout covid. Will the Minister assure me and my Dudley constituents that we will increasingly return to revenue from growth as soon as possible, and continue investing in skills for jobs for the future, building on, for example, the successful delivery of Dudley's institute of technology?

Lucy Frazer: My hon. Friend is absolutely right to focus on skills, and that is exactly what the Chancellor did in the spending review, with an investment, over the Parliament, of £3.8 billion. My hon. Friend mentions the Marches institute of technology, and we are investing in a total of 21 of those innovative institutions across England. Employer-led training is key to growth, and that is why we are quadrupling the scale of skills boot camps in England, including digital skills boot camps, which are available in Dudley and funded by the Government.

Gareth Thomas (Harrow West) (Lab/Co-op): Businesses in financial services are more likely to invest here as opposed to European markets if an agreement is reached with the EU on financial services regulation. Last March, the Economic Secretary to the Treasury, the hon. Member for Salisbury (John Glen), said that he expected such an agreement to be signed expeditiously. It still has not been. When does the Minister think the memorandum of understanding on financial services regulation will finally be signed?

Lucy Frazer: The hon. Member makes an important point. Financial services are very important to the UK. We are ready to make a deal and we look forward to hearing from the EU.

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): A local businessman in my constituency would love to be able to invest, but he is facing business ruin because he made an order to China for some fireplace tiles worth £15,000 and, because of anti-dumping duty, customs duty and various other taxes, he is going to be charged £43,000 of costs for a £15,000 order. He is a sole business person and he is facing bankruptcy. I have contacted HMRC about this, but I seem to be hitting a dead end, so will the Minister please look into this matter and see if anything can be done to help him?

Lucy Frazer: If the hon. Member wants to give me the details of her constituent's case, I would be very happy to look into it.

Glasgow Climate Pact: Fossil Fuel Taxation

4. **Caroline Lucas** (Brighton, Pavilion) (Green): What assessment he has made of the compatibility of his policies on the taxation of fossil fuels with the Glasgow climate pact. [905374]

The Financial Secretary to the Treasury (Lucy Frazer): I am pleased to have an opportunity to underline the Government's commitment to reducing carbon emissions through taxation and the UK's success in limiting global emissions at COP26. The Government have reduced carbon emissions through their carbon pricing policies, including through the UK emissions trading scheme. We are committed to delivering on our carbon targets, and our net zero strategy sets out a roadmap for reaching net zero by 2050.

Caroline Lucas: I thank the Minister for her answer, but she will know that the UK has one of the most lax tax regimes in the world for the oil and gas sector. In 2019, companies got away with paying 12.5 times less tax for a barrel of oil produced here compared with in Norway, for example. In 2020, Shell paid absolutely no tax in the UK, the only country in the world where it operates where that was the case. For 2021, HMRC expects that the industry will pocket £910 million-worth of tax reliefs for decommissioning. Given our commitments under the Glasgow climate pact, and given the fact that the oil and gas industry is currently making near-record profits while UK households are struggling with a real cost of living crisis, will the Minister address the imbalance and commit to a review of the tax regime?

Lucy Frazer: The hon. Member will know that the oil and gas sector does pay significant taxes. Indeed, it pays additional taxes, and to date it has paid more than £375 billion in production taxes.

Insurance Industry Regulation

6. **Shabana Mahmood** (Birmingham, Ladywood) (Lab): What recent discussions he has had with the Financial Conduct Authority on the regulation of the insurance industry. [905376]

The Economic Secretary to the Treasury (John Glen): I hold regular discussions, usually on a six-weekly basis, with the chief executive of the Financial Conduct Authority on a range of issues regarding the regulation of financial markets, including the insurance market.

Shabana Mahmood: Insurance companies are exploiting the cladding scandal by charging leaseholders extortionate, punitive and unethical prices for their buildings insurance. The Treasury and the FCA have frankly done nothing while people are forced to find eye-watering sums of money because of a scandal that they did not cause, and there is no transparency as to how their premiums are being calculated. After many years, a Government Minister has finally written to the FCA, but will the Treasury now step up and ensure that the FCA not only looks into this matter but provides redress for my constituents and the thousands of people across this country who are experiencing severe financial distress?

John Glen: The FCA has been looking at this matter, and last week my colleague the Secretary of State for Levelling Up, Housing and Communities wrote to the FCA to ask it to look at whether there is a market failure. Since then, it has written back, with the Competition and Markets Authority, to say that they are engaging with the industry and will produce a statement on the matter in due course. I recognise the concerns that the hon. Member has raised and the dysfunctionality that may exist in the market, and it is important that that is looked at carefully.

Theresa Villiers (Chipping Barnet) (Con): Reform of Solvency II could unlock billions to create jobs, enhance prosperity and help to raise living standards. May I ask the Government to make some progress on this?

John Glen: We are making progress. We are in deep conversations with the Prudential Regulation Authority and its actuaries on the way that the risk margin and the matching adjustments should be altered to release that additional capital. We are confident that progress will be made and we are also working closely with the insurance industry to see that that comes to pass.

National Infrastructure Projects

7. **Kenny MacAskill** (East Lothian) (Alba): What recent estimate he has made of the value of infrastructure projects to be delivered through the national infrastructure and construction pipeline. [905377]

The Exchequer Secretary to the Treasury (Helen Whately): The 2021 national infrastructure and construction pipeline set out nearly £650 billion of planned and projected public and private investment in infrastructure over the next 10 years. Last year's Budget and spending review set out how we will deliver on commitments in the national infrastructure strategy, and go further in providing more investment to every part of the UK.

Kenny MacAskill: The first great energy revolution of oil and gas saw Scottish communities largely miss out, other than in Shetland. The offshore renewables revolution is occurring off East Lothian's coast and landing on its shores, largely then to be cabled south. Where are the jobs and benefits for the county, or the revenue that accrued to Shetland? Will the Minister agree to meet me and representatives of East Lothian Council to ensure that the offshore renewables revolution benefits the communities where it actually lands?

Helen Whately: The Government are committed to ensuring that the whole of the United Kingdom benefits from our investment in renewables and our transition to net zero and the growth that that affords us, and I am happy to look into the matter that the hon. Gentleman raised.

Support for Lowest-income Households

9. **Tom Hunt** (Ipswich) (Con): What steps his Department is taking to increase wages and support the lowest-income households. [905379]

The Chief Secretary to the Treasury (Mr Simon Clarke): As my right hon. Friend the Chancellor has announced, we are increasing the national living wage to £9.50 an hour for workers aged 23 and over from this April. That means a pay increase of £1,000 a year for a full-time worker earning the national living wage, and keeps us on track to meet our target to end low pay by the financial year 2024-25. As we have heard, we have taken further decisive action by cutting the universal credit taper rate and increasing the universal credit work allowances.

Tom Hunt: When it comes to high-paid jobs in the Ipswich area, Freeport East has generated great interest. However, my constituents are keen to see meat on the bones, and for that exciting principle to become a reality. Currently, the plan is to put in the full business case this April. Clearly, that is a most exciting prospect, being near to Ipswich. Will my right hon. Friend give me a firm guarantee that rocket boosters will be put under the plans, to ensure that the benefits of Brexit and the benefits of the freeport can be realised for my constituents as soon as possible?

Mr Clarke: I thank my hon. Friend for his question. In the week that we announced the Brexit freedoms Bill, that is a really good example of why our decision on the Government Benches to honour the people's decision to leave the European Union was the right one, and why the Labour party was so wrong to oppose it. The Prime Minister was at Tilbury only yesterday to identify the benefits of freeports, and I can reassure my hon. Friend that we are putting rocket boosters under this policy, for the benefit of places like Ipswich.

Sammy Wilson (East Antrim) (DUP): Does the Minister agree that some of the ways in which low-income families could be helped would be to drop the national insurance increase, which is wiping out part of the increase in the national living wage anyhow, and to drop many of the green levies, which have a massive impact on electricity bills—up to 20%?

Mr Clarke: I thank the right hon. Gentleman for his question. He knows the high regard that I have for him. I do, however, respectfully disagree with him on these points. There is no other responsible way for us to finance the 9 million more checks, scans and operations that the health and social care levy will unlock than through a broad-based tax increase, which is highly designed to ensure that we protect vulnerable families, so that the 6 million lowest-paid will pay no extra tax at all as a result of the levy.

When it comes to the green levies, it is worth noting that we have reduced our reliance on natural gas, as a country, by 26% since 2010. That is saving taxpayers now, in an era of ultra-high gas prices. It is also worth noting that clean technologies are now the cheapest form of new energy to procure—cheaper than new gas.

Mr Richard Holden (North West Durham) (Con): Lower-paid, and especially young part-time workers, do not currently benefit from tax relief or employers' contributions towards pensions under the auto-enrolment scheme. Will the Minister speak to colleagues across Government to look at extending auto-enrolment to lower-paid workers, to ensure that they get the long-term benefits?

Mr Clarke: My hon. Friend has campaigned consistently on this theme. I would certainly be very happy to have further discussions with him about it. It is worth noting, and celebrating, the fact that the proportion of people who are in low-paid work is actually at its lowest since records began in 1997.

Geraint Davies (Swansea West) (Lab/Co-op): The Trussell Trust finds that three out of four referrals are disabled people, and the Office for National Statistics finds that people who work online at home are more likely to work longer and not retire early, particularly if they are disabled. So will the Chancellor, the Treasury and the Minister look at the idea of promoting working from home after the pandemic, to help enable people with disabilities and other people to be more productive, and at the same time target more support for those in greatest need, as we have found from the Trussell Trust?

Mr Clarke: I thank the hon. Gentleman for his question, and for the spirit in which he asks it. Over the course of the spending review we are investing £1 billion in disability-related programmes, and that is an aspect that I am happy to look at further. More broadly, the Government as a whole spend £58 billion a year on wider disability support, so we certainly take that area very seriously.

Mr Philip Hollobone (Kettering) (Con): Some of the lowest-income households are made up of pensioners, and important extra help for the most vulnerable is already available and budgeted for through pension credit, yet up to 1 million people—including, potentially, 4,500 pensioners in north Northamptonshire—are failing to claim up to £1.8 billion in pension credit. Please will the Government do more to promote the take-up of pension credit?

Mr Clarke: My hon. Friend raises an important point. The state pension and pension credit are rising by 3.1%, which is helping to protect more than 12 million pensioners from cost of living increases. It is vital that people get the help to which they are entitled. If any Member has any practical suggestions to bring to our attention, we will happily look at those, and I will task officials to make sure that we are doing all we can.

Council Tax: Second Homes

10. **Tim Farron** (Westmorland and Lonsdale) (LD): What discussions he has had with Cabinet colleagues on the potential merits of increasing council tax on second homes. [905380]

The Financial Secretary to the Treasury (Lucy Frazer): I am aware that the hon. Gentleman raised a similar question with the Chancellor when the Chancellor was a Local Government junior Minister. The hon. Gentleman will know that we announced in the middle of last month that we are closing a tax loophole that allowed owners of second homes who claimed that their often-empty properties were holiday lets to receive small business rates relief instead of paying council tax. We are also committed to ensuring that first-time buyers are able to get on and move up the housing ladder.

Tim Farron: Rural Britain's housing crisis has become a catastrophe over the last two years of the pandemic. The Chancellor will know all about that, given the kind of constituency he represents. Some 80% of all house sales in the lakes and dales in Cumbria have been to the second home market, and in some rural communities there has been a reduction in the private-rented affordable market of 70%. Local families are being forced out of our communities. The need for drastic and immediate action is obvious, well over and above what has been said. Will the Minister agree—or will she agree to persuade her right hon. Friend the Chancellor—to meet me, as the Chancellor's constituency neighbour, to sit down and look at seven steps for saving our rural communities, so that we can prevent our towns and villages being emptied of their full-time populations? That will surely include giving councils the freedom to double council tax on second homes.

Lucy Frazer: I am happy to meet the hon. Member to discuss the points he raises. We have taken a number of steps to ensure that people pay the full rate of council tax on second homes—96% of second home owners pay the full rate of council tax. He will know that the Government introduced the higher rate of stamp duty land tax for those purchasing additional properties, and only last year introduced a new SDLT surcharge of 2%, to ensure that houses are available for local people at reasonable prices. I am happy to discuss this further with him.

Kickstart Scheme

11. **Tom Randall** (Gedling) (Con): What assessment he has made of the progress of the kickstart scheme. [905381]

16. **Danny Kruger** (Devizes) (Con): What assessment he has made of the progress of the kickstart scheme. [905386]

The Chief Secretary to the Treasury (Mr Simon Clarke): We know that young people have been disproportionately affected by the pandemic. I am delighted that, to date, more than 122,000 kickstart jobs have been started by young people across Great Britain, including in the constituency of my hon. Friend the Member for Gedling (Tom Randall). Youth unemployment fell by 11.1% in the three months to November 2021 and is lower than it was prior to the pandemic, and in December there were half a million more employees aged under 25 than in December 2020.[1]

Tom Randall: I recently visited Severn Trent Water in Gedling, and staff told me how impressed they were with the kickstarters that the company had taken on. Can my right hon. Friend assure me that he is working

1.*[Official Report, 7 February 2022, Vol. 708, c. 7MC.]*

hard to encourage more companies and organisations to get involved in the kickstart scheme, to get even more people back into work?

Mr Clarke: I completely agree with my hon. Friend. Kickstart is delivering valuable jobs and work experience to young jobseekers at risk of long-term unemployment. Although kickstart closed to new applications on 17 December, we are genuinely delighted at the response from employers. As I noted, more than 122,000 kickstart jobs have been started so far, and we expect more between now and the end of March. Employers should continue to engage with Department for Work and Pensions jobcentres and support the new way to work campaign to get more people into work.

Danny Kruger: In my constituency, 130 new jobs for young people have been created. A group of young people started this week at Ball Aerocan in my constituency. The company is very pleased with the scheme and the young people it found but said it took a little while to get through the system. What can the Government do to encourage businesses to make use of the scheme before it ends in March?

Mr Clarke: My hon. Friend is absolutely right that we want to encourage maximum uptake. Kickstart is only one part of the comprehensive package of support available to young people and, following the closure of this scheme, young jobseekers will still be able to benefit from the DWP's wider youth offer, while work coaches across the country are working to support young people into jobs.

Matt Western (Warwick and Leamington) (Lab): Young people who lost jobs during the pandemic have returned to less secure jobs, typically gig economy roles. The Resolution Foundation report published yesterday showed that one third of 18 to 34-year-olds who have returned to work have returned to atypical, insecure jobs. Almost 18 months ago, the Chancellor launched his kickstart programme, setting a target of 250,000. The Minister has said how many have found jobs, but, on the evidence of the Resolution Foundation report, those jobs just are not there and they are typically insecure.

Mr Clarke: I am afraid the hon. Gentleman confuses what he is talking about. The fact that we have not hit the target is precisely a reflection of the fact that the wider economic recovery has been so strong. It is a measure of the success of the wider recovery that we simply do not need to offer those opportunities and that the regular economy is generating them.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I have heard from so many on the Government Benches how good the kickstart scheme is. It has huge potential, but I keep telling the Treasury Bench to get their finger out and get on with it. It needs to be bigger and better; it must be linked to green skills and real opportunities for getting young people to roll up their sleeves and work in the community. It could be backed by a windfall profit tax on supermarkets and others, or on the gambling industry. Get on with it!

Mr Clarke: We are getting on with it. I remind the hon. Gentleman that when we compare the scheme to the last Labour Government's future jobs fund, we see that we have already comfortably exceeded the number of young people it supported into work. Those are good, well-paying jobs in sectors that, he rightly highlights, are some of those of the future.

Public Spending: Value for Money

12. **Kate Hollern** (Blackburn) (Lab): What recent steps he has taken to help ensure value for money in public spending. [905382]

The Chief Secretary to the Treasury (Mr Simon Clarke): I will comment specifically on some of the fraud relating to Government economic support schemes put in place during the pandemic. My colleagues and I share the anger and frustration of hon. Members across this House and of people across this country that schemes designed to help businesses to get through an unprecedented crisis were exploited by a minority. We rightly placed an emphasis on speed when introducing those schemes, but we will robustly pursue anyone who has taken advantage of the Exchequer.

Kate Hollern: I welcome the Minister's response, but does he realise that people in Blackburn are really concerned about our cost-of-living crisis? They have a right to expect this Government to be prudent with the public purse, but what they find is that this Government simply do not operate under normal rules. They have hit working people and ordinary businesses with tax rises, yet wasted billions of pounds on contracts, fraud and outsourcing. Does the Minister accept that people should not have to pay for a Conservative tax rise when billions in taxpayers' money has been leaked due to fraud and mistakes—or, as Lord Agnew said last week, "schoolboy errors"?

Mr Clarke: I thank the hon. Lady for her question, and I completely agree that we want to pursue fraud whenever it has occurred. That is why, at the March 2021 Budget, we established a £100 million taskforce with more than 1,000 employees, designed precisely to go after every penny that has been taken by people not entitled to it. Her Majesty's Revenue and Customs has already recovered and prevented £743 million-worth of loss; the taskforce is expected to recover £800 million to £1 billion from fraudulent or incorrect payments over the two years of its existence, and HMRC reserves the right to carry on for as long as it takes.

Mr Mark Harper (Forest of Dean) (Con): I welcome the Chancellor's clear confirmation last week that, far from writing off any of that money, the Government are going after everyone who has claimed it fraudulently. However, it is important to remember the context. The businesses in my constituency know the jobs that were saved by the rapid roll-out of bounce back loans and furlough and know that the Chancellor had to balance those constraints: while it is right to go after criminals, it was also right to make fast, smart decisions to protect thousands of jobs across our nation.

Mr Clarke: My right hon. Friend puts it extremely well. We must remember the context: the economy was going through a heart attack at that time, owing to the necessary steps we took to support wider public health. I would remind the Opposition Benches that the shadow Chancellor wrote to the Chancellor at the time, describing the loan scheme application process as "cumbersome" and calling for access to be made easier. We were operating in that context of needing to ensure that businesses could access the support to which they were legitimately entitled.

Abena Oppong-Asare (Erith and Thamesmead) (Lab): What does the Minister think would happen to an employee in the private sector who lost more than £4 billion of someone else's money to fraud, having ignored numerous warnings? Would they really be eyeing up a possible promotion, or is it more likely that they would be sacked on the spot?

Mr Clarke: We are running the Government of the United Kingdom, and we needed to respond at speed to an unprecedented public health emergency. If we had failed to provide the £400 billion of support that we gave, we would have seen the worst fears, with millions of people unemployed and thousands of companies closing. We struck the right balance in getting that support out to firms and then building in the protections needed to protect the taxpayer interest, and we are, as I have said, going to go after anybody who has defrauded the Exchequer.

Topical Questions

T1. [905362] **Kirsten Oswald** (East Renfrewshire) (SNP): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Rishi Sunak): Thanks to our vaccine booster roll-out, we now have one of the most open economies in Europe, and thanks to our economic plan, we are set to have one of the highest growth rates in the G7 this year and last. We continue to deliver on our plan for jobs, doubling down with a new target to move half a million more people off welfare and into work by the end of June. Unemployment is falling and is now down to almost record lows. Youth unemployment is already at record lows. All of this shows that our plan for jobs is working.

Kirsten Oswald: People in Ukraine are living in dread at the prospect of Russian invasion. While the UK Government talk tough about sanctions, US think-tanks warn that the UK is such a haven for money laundering that such sanctions would not be meaningful. Will the Chancellor take heed of Lord Agnew's powerful resignation speech and bring his powerful economic crime Bill before the House as soon as possible?

Rishi Sunak: With regard to sanctions, as I said to my hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake), nothing is off the table. It is right that we work with our international partners to develop the most robust sanctions package that we can. The hon. Lady can rest assured that I and my team are doing that. With regard to the economic crime Bill, which contains important measures to strengthen our ability to tackle money laundering, obviously it would not be right for me to pre-empt the Queen's Speech, but the hon. Lady can be assured that I, the Home Secretary and others fully support the Bill.

T2. [905363] **Kate Griffiths** (Burton) (Con): Will my right hon. Friend urgently review the Government's pothole fund and consider whether the level is sufficient to adequately maintain the road networks, given the current rising cost of materials and labour? Will he also consider setting the budgets for three or more years ahead, to allow councils to plan more effectively, rather than it being an annual allocation?

Rishi Sunak: My hon. Friend makes an excellent point about giving local councils that certainty to plan budgets years at a time. That is why I am pleased that last year's spending review was a multi-year spending review—the first we have had in some time—so there are now three-year budgets in place to enable that planning. In terms of the overall quantum, it is £2.7 billion, which represents a 10% increase on the amount we spent on local maintenance in the last Parliament. Hopefully that is reassuring to her and her local council.

Rachel Reeves (Leeds West) (Lab): Mr Speaker:

> "Schoolboy errors… a combination of arrogance, indolence and ignorance… nothing less than woeful."—[*Official Report, House of Lords,* 24 January 2022; Vol. 818, c. 20-21.]

Those are not my words, but those of former Treasury Minister, Lord Agnew. Some £4.3 billion of taxpayers' money has been written off as a result of the Chancellor's fraud failures; a thousand loans were made to companies that were not even trading at the start of the pandemic; and £50,000 was awarded to a person with 48 criminal convictions, and £25,000 to a drugs gang. Is the Chancellor really saying that such examples strike the right balance between getting money to the businesses that need it and looking after the public finances? Will he inform the House of the total amount lost to fraud underwritten by the Treasury and the amount recovered to date?

Rishi Sunak: First, I take this opportunity to pay tribute to Lord Agnew for all his work. I am very grateful to him for everything that he did, and of course we will listen to what he has to say. With regard to the hon. Lady's questions, she talked about fraud estimates. It is important to be clear, as my right hon. Friend the Chief Secretary to the Treasury said, that nothing has been written off in that regard—we are going after each and every person we suspect of defrauding the taxpayer. I am pleased to tell her that the original estimate of £4.9 billion of fraud—it was an estimate, independently provided—has already been revised down by a third since it was first published, thanks to the actions that we are taking. She asked how much has been paid out already, and I can confirm that the sum total to date is £13 million.

Rachel Reeves: It is in black and white on the Government's own website still today, and in the Government accounts—£4.3 billion written off. Despite the Chancellor's words, "written off" means giving up on that money. This is just the tip of the iceberg. *[Interruption.]* It is on the Government's website and in the Government's accounts. Can he tell us how many of the covid fraud cases have gone to court? Given his failure, will he ask the National Crime Agency to conduct a full investigation into all cases of covid fraud and ensure that those responsible are held to account? It is not the Chancellor's money to write off; it is the public's money, and the public want their money back.

Rishi Sunak: It is great that the Labour party has realised that it is the taxpayer's money and not the Government's money. I am glad that it has joined us in recognising that. I can say categorically that no one has written this off; we are going after it, as the Chief Secretary said. We invested £100 million last March in creating a taxpayer protection taskforce staffed with over 1,200 people to recover hopefully up to £1 billion. That is just one of the many things we are doing, as well as taking more powers to go after rogue directors, enabling Companies House to do exactly that. The hon. Lady asked about the National Crime Agency. I am pleased to tell her that it has already helped in investigations that have led to 13 arrests with regard to bounce back fraud, so that work is already under way.

T4. [905365] **Nigel Mills** (Amber Valley) (Con): Does the Chancellor agree that one of the key lessons from the pandemic was about helping people to improve their own financial resilience by saving? Will he now finally support measures to extend auto-enrolment down to the first pound of earnings and down to those aged 18, so that we can help everyone start saving for a pension for their retirement?

The Economic Secretary to the Treasury (John Glen): My hon. Friend, who has great expertise in this area, makes a reasonable point. The Government's Help to Save scheme is under way, but the Government continue to work very closely with the Money and Pensions Service to look at new ways of increasing financial resilience and getting young people to understand the opportunities of saving earlier.

Alison Thewliss (Glasgow Central) (SNP): Lord Agnew resigned because he could no longer defend the level of fraud in the bounce back loan scheme and the lack of action to tackle it. Much of that has been facilitated by the absolute shambles of the Companies House register. I do not want Ministers to fob this off to the Department for Business, Energy and Industrial Strategy, because that is exactly the disconnected approach that Lord Agnew criticised. If there is an economic crime Bill, will Ministers take action to give Companies House anti-money laundering responsibility, rather than watching as fraudsters using UK shell companies waltz off with billions of pounds of public money?

John Glen: I am grateful to be able to confirm to the hon. Lady, as I have on numerous occasions in Committees over the last two or three years, that this is a key priority for us in the Treasury. Obviously, as the Chancellor said, we cannot comment on future legislative agendas, but the measures she mentions, picking up on the Financial Action Task Force report from 2018 with respect to Companies House, are something we agree with.

T5. [905366] **Selaine Saxby** (North Devon) (Con): Does my hon. Friend have plans to help high streets such as that in Barnstaple in North Devon, which has many large vacant units with several storage floors above them, with measures such as business rates reform or a redevelopment fund, to enable those empty buildings to be repurposed and become smaller units combined with much-needed housing, so that town centres can bounce back after covid?

The Exchequer Secretary to the Treasury (Helen Whately): Like my hon. Friend, I am keen to support high streets in towns such as Barnstaple. At the autumn Budget, we announced business rates relief for thousands of retail, hospitality and leisure businesses to help them get through the pandemic and adapt to wider economic changes. I would also point my hon. Friend to the £4.8 billion levelling-up fund and encourage Barnstaple to apply for round 2, which will be opening this spring.

James Murray (Ealing North) (Lab/Co-op): Last month, the Government came out against Labour's plan to help people on modest incomes pay their energy bills using a one-off £1.2 billion windfall tax on the profits of oil and gas producers. The Education Secretary complained that oil and gas companies are "already struggling". The truth is that pensioners and people on modest incomes are the ones who are struggling. Oil and gas companies are expected to report near-record income this year. Will Ministers now admit that the Government have got it wrong and commit to looking again at our plan?

The Financial Secretary to the Treasury (Lucy Frazer): The hon. Member will know that the oil and gas industry pays a significant amount in taxation—I mentioned the figure earlier. In terms of helping people who are struggling with their bills, he will know that we already have the energy price cap, the winter fuel payment, the warm home discount and the cold weather payment. We are looking out for and supporting those on the lowest income to enable them to get through this difficult period.

T7. [905368] **Simon Jupp** (East Devon) (Con): Pubs, restaurants, cafés and hotels were brought to their knees again over the festive period as people simply stayed at home. Will the Financial Secretary consider extending the reduced rate of VAT on hospitality and tourism to help those hard-hit businesses?

Lucy Frazer: My hon. Friend will know that we have already made a significant input to support those in the hospitality and tourism industries. He will know that we extended the 5% reduced rate of VAT for those sectors to the end of September. On 1 October, we reduced the rate to 12.5%. That relief has cost the Government and the taxpayer more than £8 billion. Although all taxes are kept under review, there are no plans to extend the 12.5% reduced VAT rate.

T3. [905364] **Afzal Khan** (Manchester, Gorton) (Lab): Threats to Putin's regime would be stronger if the Government had implemented the recommendations of the 2020 Russia report. The lack of progress in the registration of overseas entities Bill and the economic crime Bill rings alarm bells here and with our allies. Will the Chancellor explain his failure to take action in our national interest and name a date for that to be remedied?

Rishi Sunak: The hon. Gentleman is right to point out the measures that we can take to strengthen the powers against money laundering and illicit crime. Those measures require legislation, as he knows. Although I cannot pre-empt the Queen's Speech, he should know that I, the Home Secretary and others strongly support the inclusion of the economic crime Bill, which contains those measures.

T8. [905370] **David Simmonds** (Ruislip, Northwood and Pinner) (Con): I have heard a great deal from the local authorities that serve my constituency about the benefits of early intervention, especially when it comes to tackling poverty and disadvantage. What assessment is the Treasury planning to undertake to establish the benefits to taxpayers of that investment in vital services?

The Chief Secretary to the Treasury (Mr Simon Clarke): My hon. Friend raises an important point. My right hon. Friend the Chancellor worked closely with him in his previous post as a local government Minister. The supporting families programme provides funding for local authorities to deliver early intervention in children's services. The programme was the subject of a robust national evaluation between 2015 and 2020, which demonstrated that in addition to improved outcomes for children and families, it delivered a return on investment of £2.28 of economic benefits for every £1 spent.

T6. [905367] **Tony Lloyd** (Rochdale) (Lab): Government Ministers will know that bus manufacture is an important skilled employment base in the north of England, Scotland and Northern Ireland. The zero-emission bus regional areas programme, which is due to bring in innovation in engine technology, is supposed to be technologically neutral, even though we know that hydrogen buses almost certainly create more jobs in the UK. In that context, can the Chancellor tell us why every scheme so far has been for electric vehicles and not hydrogen technology? Is that a Treasury bias or a bias in the Department for Business, Energy and Industrial Strategy?

Rishi Sunak: I am happy to look at the point that the hon. Gentleman raises. I do not think there is a bias against that. The spending review contained billions of pounds for new bus transformation deals across the country and thousands more zero-emission buses. I know that the Prime Minister is passionate about hydrogen buses, so we will look into it and get back to the hon. Gentleman.

Bob Blackman (Harrow East) (Con): I have no argument against compensation being paid to the victims of the London Capital & Finance scandal, but I am concerned that they were paid 80% of the losses, yet the 800,000 victims of Equitable Life received only 22%. Does the Minister agree that it is a principle of fairness and of ensuring that people who save for their retirement are properly compensated?

John Glen: I thank my hon. Friend for his question. He has a long-standing interest in the issue. The difference between the two is that people received compensation from Equitable Life on the basis of relative losses, which is the gap between what they received from their policy and what they could have expected from investing in a similar product. With LCF, the bondholders were expected to lose the majority of their principal investment and stood to get less back than they put in. The schemes were looked at in the context of their respective instruments and appropriate support was given. There are no plans to open up compensation for Equitable Life again.

Dan Jarvis (Barnsley Central) (Lab): The Budget confirmed that total funding through the UK shared prosperity fund will, at a minimum, match the size of EU funds in each nation, and in Cornwall. If the Treasury were to do the same with all the other less-developed regions, as it should, South Yorkshire would be on course to receive £900 million of investment over the next seven years. Will the Chief Secretary to the Treasury give an assurance that we will get our fair share?

Mr Simon Clarke: I have the highest regard for the hon. Gentleman, and he is a doughty champion for the people of South Yorkshire. The levelling up White Paper will be a key moment in setting out our plans in that space, and my right hon. Friend the Secretary of State for Levelling Up, Housing and Communities will be coming to the House shortly to set out our plans in that regard.

Robin Millar (Aberconwy) (Con): I welcome the Government's intent that levelling up should be measured by more than simply spending money. Indeed, the data that is collected across the UK to measure its effect varies. What is my right hon. Friend doing to address that, and will he reassure Aberconwy residents of an effective UK-wide levelling up?

Helen Whately: Absolutely. My hon. Friend makes an important point, and we should indeed measure success in outcomes, not just inputs. The Department's delivery of levelling up ambitions will be monitored, and it will of course be held to account. I point my hon. Friend towards the levelling up White Paper, which will be published shortly.

Valerie Vaz (Walsall South) (Lab): Going after money means that the Chancellor is recovering a debt, so there is a hole in the finances. Will the Chancellor tell the House this: why did Lord Agnew resign?

Rishi Sunak: Lord Agnew, obviously, has spoken for himself, and I do nothing but thank him for his service. We look forward to continue working on all the areas he has mentioned, in most of which we are already undertaking work. We are relentless in our aim to tackle those who have defrauded the taxpayer, and we will not stop until we have got as much back as we can.

Sarah Atherton (Wrexham) (Con): The Wrexham Gateway levelling-up fund bid attracts around £35 million of private finance. However, that investment in Wrexham will depend on a successful levelling-up fund bid the next time round. Will the Minister explain what considerations are made for bids with substantial private investment?

Mr Simon Clarke: My hon. Friend is a fantastic advocate for Wrexham, and for wider pride in north Wales, which is incredibly important. I am happy to meet her to discuss any aspect of the bid process that it would be helpful to discuss further.

Ronnie Cowan (Inverclyde) (SNP): Will the Chancellor confirm or deny that millions of pounds of taxpayers' funds have been sunk into an online gambling company with the Government's start-up scheme? If so, is this the right time to invest in a private gambling firm, since a review of the Gambling Act 2005 is already being undertaken?

Mr Clarke: I thank the hon. Gentleman for his question. This relates to the future fund, a rules-based scheme that means that any firm is eligible for funding, providing it meets the required eligibility criteria for the scheme and passes the necessary checks. Neither the Government nor the British Business Bank chose specific investments; it is about helping innovative equity-backed companies to weather the economic disruption caused by covid and continue their long-term growth projection.

Peter Gibson (Darlington) (Con): I commend my right hon. Friend for the steps he has taken to level up in Darlington, with the establishment of the Darlington economic campus. Will he update the House on the progress to bring high-quality, well-paid jobs to my constituency?

Helen Whately: I am delighted to update the House on the progress the Treasury is making with our Darlington economic campus. We have already recruited more than 100 Treasury employees to be based in Darlington, and we are on track for our ambition of 300 employees based there.

Points of Order

12.34 pm

Anneliese Dodds (Oxford East) (Lab/Co-op): On a point of order, Mr Speaker. Seventy-six days have passed since this House agreed to the terms of a Humble Address compelling the Government to publish the minutes and notes of the meeting of 9 April 2020 between Lord Bethell, Owen Paterson and Randox representatives, and all correspondence relating to two specified Government contracts awarded to that company. Sixty-seven days have passed since the Secretary of State for Health and Social Care promised, in writing, that the Government would respond to the House no later than the end of January. Given that today is 1 February, and taking into account the fact that the Chair has expressed an expectation on the Government to fulfil their obligations under that Humble Address in a timely fashion, is it in order for Ministers to fail to meet a self-imposed deadline to comply with the instructions of this House? If not, what consequences should befall those on the Government Benches who failed to keep their promise?

Mr Speaker: The Secretary of State for Health notified me yesterday that he will confirm that the relevant materials will be laid by the February recess. If not, I am sure that the hon. Member would use an urgent question and other ways to ensure that they are delivered, but that is the state of play at the moment.

Christian Matheson (City of Chester) (Lab): On a point of order, Mr Speaker. Yesterday the Prime Minister answered questions in this House on the initial Sue Gray report, and we saw the usual bluster and thrashing-about stream of unconsciousness that we are used to. But in reply to one particular question, I think from my right hon. and learned Friend the Leader of the Opposition, in thrashing about, he threw in the question of Jimmy Savile—and actually I think it was found out that he was factually wrong on that. There are many, many victims of that awful, awful person, and I felt that for him to use that scandal and that tragedy in the way that he did was not only inappropriate and tasteless but perhaps out of order. I seek your guidance on his use of that awful, awful example.

Mr Speaker: I remind the House that I am not responsible for Members' contributions and will seek not to intervene unless something is said that is disorderly. Procedurally, nothing disorderly occurred, but such allegations should not be made lightly, especially in view of the guidance of "Erskine May" about good temper and moderation being the characteristics of parliamentary debate.

While they may not have been disorderly, I am far from satisfied that the comments in question were appropriate on this occasion. I want to see more compassionate, reasonable politics in this House, and that sort of comment can only inflame opinions and generate disregard for this House. I want a nicer Parliament, and the only way we can get a nicer Parliament is by being more honourable in the debates that we have. Please let us show each other respect as well as tolerance going forward.

Tim Farron (Westmorland and Lonsdale) (LD): On a point of order, Mr Speaker. I rise in relation to media reports this morning of new education investment areas across England. This announcement was, once again, made to the press instead of to this House. The Government are disregarding their duties to Parliament and short-changing the people by preventing their representatives from questioning Ministers on this. Our constituents will be reading about these changes without access to information about which areas will be affected or the criteria for extra funding. I would be really grateful if I could have your guidance on this, please.

Mr Speaker: I thank the hon. Member for giving me notice of his point of order. He will appreciate that I have not had the opportunity to look into the detail of the case he has raised. I have made my position clear on the principle that important announcements of policies should be made first to this Chamber. I expect, Members expect and our constituents expect that we should hear it first—and the ministerial code, as we keep stressing, requires it. Unfortunately, I say to Members, I have not got power over the ministerial code, but that is where it lies.

I expect urgency in that anything of this type should be brought to this House first for constituents of all parties. You were elected to hear it here. We have got to remind the Government that they are accountable to this House and not to the media. I am very worried and very concerned about where this House is going. I take seriously the way that it is going. Unfortunately, the public out there somehow think I have got this magic power, but you, the Members, give me the power. If you are not happy with the power I have got, it is in your hands to change it.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Further to that point of order, Mr Speaker. I congratulate you on what you have just said. Is there anything we can do about Ministers who are serial offenders? The Secretary of State for Digital, Culture, Media and Sport keeps doing this. Only this week, she announced a whole new package of investment in the arts in the northern regions without coming to this House. She is a serial offender. Could we do something about her?

Mr Speaker: I think I have made my position very clear, and I do not want to extend this into a debate. However, I recognise the frustration of Members in all parts of the House. This is a problem that we have to deal with: the House has the right to hear things first.

Let us not delay any more. We now come to the ten-minute rule motion.

Social Housing (Emergency Protection of Tenancy Rights)

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

12.40 pm

Helen Hayes (Dulwich and West Norwood) (Lab): I beg to move,

That leave be given to bring in a Bill to give social housing tenants the right to continuity of secure tenancy in circumstances when they have to move because of a threat to the personal safety of the tenant or someone in their household; to place associated responsibilities on local authorities and social housing providers; and for connected purposes.

If a member of our household were threatened with violence, and the police advised us that we had to move straightaway in order to stay safe, any one of us would find that terrifying and bewildering. We might reasonably expect to receive support; we would not expect to lose our home altogether and find ourselves in the homelessness system. However, that is what happened to my constituent Georgia when gang members came to her home and threatened her teenage son.

Georgia is a housing association tenant who had lived in her home for nine years. She and her children were very happy in their home, which she had recently decorated. Then her neighbours told her that one afternoon while she was at work, they had heard loud banging on her door. Georgia eventually coaxed out of her son the information that he had witnessed something that some local gang members had not wanted him to see, and they had come to her home looking for him.

Georgia contacted the police, who told her that she had to move, immediately, for her family's safety. She got in touch with her housing association, who told her that it was the council's responsibility to provide emergency housing. The council placed Georgia and her children in temporary accommodation. The temporary accommodation was in another borough, was of poor quality and was very expensive. Georgia's children did not have enough space, the flat was damp and dirty, it was hard for her children to do their homework, and Georgia started to suffer from panic attacks which affected her work.

By the time Georgia's friend got in touch with me because she was worried about Georgia's health and the wellbeing of her children, they had been in the temporary accommodation for six months. Worse than that, her housing association had started the process of ending her tenancy because she was no longer living in her flat. The consequence of this, in the context of the UK's housing crisis, would have been Georgia and her children being added to the statistics of homeless households, in temporary accommodation and on the housing waiting list.

No one should become homeless because their child is threatened. In one London borough, 47 housing association tenants have required homelessness assistance from the council as a result of violence since 2019. Across the country, that means that thousands of families have to leave their homes each year, with their secure tenancies potentially at risk, on top of having to rebuild their lives in a new area.

Homelessness is fundamentally destabilising, involving the loss of a sanctuary and of a place in one's community. It is deeply traumatising to have to make an emergency move because of a threat of violence and start again somewhere else. Our housing system should do everything possible to help families in such circumstances make the transition to a new permanent home as soon as possible, to limit the harm caused by the threat. My Bill would do that. It would require social housing landlords, whether councils or housing associations, to protect the tenancy rights of their tenants who have to move owing to a threat of violence. It would also confer a new duty on social housing landlords to co-operate with each other in circumstances in which a tenant, for safety reasons, has to move to an area where his or her current landlord does not own any property. There are some good examples of co-operation already, such as the pan-London housing reciprocal, and I commend that work, but for as long as this remains voluntary, some tenants will fall through the gaps.

I am delighted that this Bill has the support of Shelter and the National Housing Federation. Shelter has highlighted the case of Corey Junior Davis, "CJ", whose mum had asked her housing association for an urgent move after her son had been threatened and had told her that he feared for his life. CJ's mum had done everything possible to keep her son safe, including sending him to stay with relatives in a different area, but six months after her initial request, while they were still waiting for a move, CJ was shot and killed. I have also met constituents who have sent their children away to keep them safe, because they fear the consequences of being placed in temporary accommodation and losing their tenancy. That is not a choice any parent should have to make.

We have a housing crisis in the UK, and we need a comprehensive plan to tackle it involving the building of genuinely affordable, secure social housing and reforming the private rented sector to give greater security and stability to private tenants. I pay tribute to councils and housing associations across the country that work tirelessly to provide social housing and to support their tenants, but there is more we can do, right now, to stop many families entering the homelessness system by preventing families that already have the security of a social housing tenancy from losing that security and being added to housing waiting lists. This is not asking social landlords to find additional properties, because the people who would be protected by this Bill are already their tenants. It would simply require them to do everything possible to limit the harm of the traumatic event that has resulted in a need to move home.

In the end, following my intervention, Georgia's housing association found her a new home in a safe area, but the months in temporary accommodation took a devastating toll on Georgia and her children. What started as one traumatic incident spiralled into long-term consequences.

The provisions in this Bill would apply in any situation where the police decide that a tenant should move because of a threat of violence, including: domestic abuse where the perpetrator does not live at the same address as the victim; an escalating neighbour dispute; or the threat of violence to a young person in the household. It would not have any impact on the existing rights and responsibilities of either the landlord or the tenant under the terms of the tenancy.

This Bill enjoys cross-party support, and I am grateful to all the co-sponsors and the shadow Housing Minister, my hon. Friend the Member for Greenwich and Woolwich

[Helen Hayes]

(Matthew Pennycook)—I know he has seen similar cases in his constituency—for their support. I am grateful to the Under-Secretary of State for Levelling Up, Housing and Communities, the hon. Member for Walsall North (Eddie Hughes), for attending the Chamber to listen to the argument for this Bill.

I hope the Government will agree with us that no one should be made homeless because they or a member of their household is threatened, and I hope they will support this small reform that will make a really big difference to vulnerable families, such as Georgia's, across the country.

Question put and agreed to.

Ordered,

That Helen Hayes, Mr Clive Betts, Bob Blackman, Ms Karen Buck, Stella Creasy, John Cryer, Florence Eshalomi, Robert Halfon, Dr Rupa Huq, Caroline Lucas, Luke Pollard and Christina Rees present the Bill.

Helen Hayes accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 25 February, and to be printed (Bill 243).

Opposition Day

[11TH ALLOTTED DAY]

Tackling Fraud and Preventing Government Waste

12.49 pm

Rachel Reeves (Leeds West) (Lab): I beg to move,

That this House agrees with the remarks of Lord Agnew of Oulton in his resignation letter that the Government's record on tackling fraud is lamentable; recognises the vast amount of taxpayers' money that has been lost to waste and fraud since the start of the coronavirus pandemic, including the estimated £4.3 billion recently written off from Treasury-backed Covid business support schemes; notes the Government's unacceptable record of poor procurement over the last decade, including £13 billion wasted on defence projects; further notes the warnings the Chancellor received in 2020 regarding the serious weaknesses allowing for public funds to be diverted to criminal enterprises; calls on the Government to set out a strategy to recover all taxpayers' money obtained by criminal groups and to fully engage with a thorough National Crime Agency investigation into all issues related to the fraudulent exploitation of the covid-19 support schemes; and further calls on the Chancellor of the Exchequer to make a statement to this House before 31 March 2022 detailing how much taxpayers' money has been successfully retrieved.

Millions across our country are facing a cost of living crisis, but while many are worried about soaring energy and food bills, the Government are preparing to hike taxes for working people and businesses. It will be the biggest tax burden in 70 years, yet while the Government are delving into people's pockets for their hard-earned cash with one hand, they are throwing it away with the other. With endemic waste and fraud, taxpayers' money is being poured down the drain. We see billions of pounds of waste on vanity projects, crony contracts and poor procurement. Basic checks and measures on who was handed covid support are completely ignored. We have had £4.3 billion in fraud written off by the Chancellor—that is a third of the tax hike that the Conservatives are about to impose on working people and the businesses that employ them.

The truth is, that is only the tip of the iceberg. That is why Labour has brought this motion before the House, calling on the Government to come back by 31 March with a clear answer on the true extent of fraud in their covid support schemes and to report back on how much taxpayers' money has been clawed back from the criminals. It is because the Chancellor has lost a grip—and he seems to have fled the scene—that the motion calls on the Government to allow the National Crime Agency full access to investigate all aspects of fraud within covid support, not just the mere 13 cases that the Chancellor suggested they are looking at.

Dame Angela Eagle (Wallasey) (Lab): Was my hon. Friend as surprised as me not only by the terms with which Lord Agnew, the Minister in the Lords, resigned—the "schoolboy errors" made—but to learn that the National Crime Agency was shooed away by the Treasury when it offered help to try to get back some of the fraudulently taken money?

Rachel Reeves: It was nice to see a Government Minister with a bit of integrity doing the right thing and resigning because of the errors that the Government are making.

Let us look at the details. On 12 January, the following details were published on gov.uk: £5.8 billion of fraud, with—yes—£500 million already retrieved and up to £1 billion to be clawed back by the end of 2023. That leaves an outstanding £4.3 billion of fraud written off by the Government. The grants number refers to the assessment of the losses made by Her Majesty's Revenue and Customs from just three schemes: the coronavirus job retention scheme, which was £5.3 billion; the self-employment income support scheme, which was £493 million; and eat out to help out, which was £71 million. That fraud adds up to a combined £5.8 billion. In addition, page 121 of the Department for Business, Energy and Industrial Strategy's annual report states that bounce back loan fraud is estimated to be 11% of the total. When the Minister comes to the Dispatch Box, will he tell us whether he recognises those figures? Does he understand what an affront that is to taxpayers and to those who were excluded from Government support during the pandemic?

Catherine West (Hornsey and Wood Green) (Lab): The shadow Chancellor is making an excellent speech. Does she agree that not only is it a disgrace to write off all those billions, but, to add insult to injury, working people will have to pay for that with the national insurance tax rise and through a lack of help on energy bills, which is another worry for households all around the country?

Rachel Reeves: My hon. Friend is exactly right. The Government say that they need to raise taxes to fund public services, and yet at the same time they are writing off billions of pounds-worth of taxpayers' money. That is why I say it is an affront to taxpayers and to all those businesses who were excluded from Government support when they most needed it. They now know that criminals got their hands on the money while genuine businesses and self-employed people could not get a penny.

Dame Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Given the rate of return for every pound spent by HMRC in compliance, is my hon. Friend puzzled about why money is not being invested to get back furlough fraud?

Rachel Reeves: My hon. Friend is absolutely right that it is good value for money to invest in HMRC to get that money back, but the truth is that it did not need to be like this in the first place. The Government could have avoided these enormous levels of waste and fraud, but they set up the covid support scheme without proper checks and balances. It is not beyond the wit of Government to direct money where it is needed without giving it to organised criminals and fraudsters. It is incredible that the Government were dishing out lump sums of £50,000 to businesses that were not even trading at the start of the pandemic. It just does not make any sense. The Treasury did not even require checks with Her Majesty's Revenue and Customs to see that self-certifying businesses had made a tax return as proof that they were genuine. What on earth was going on in Government? Those checks take just a matter of minutes. The result of those failures was that criminals created fake companies to receive public money and that is a disgrace.

Stephanie Peacock (Barnsley East) (Lab): My hon. Friend the shadow Chancellor is making an incredibly powerful speech on the eye-watering sums that have been wasted by this Government. The amount of funding that has been lost in Barnsley since 2018 is £30 million. In that context, is it not outrageous that the Chancellor, who cannot even be bothered to turn up today, has wasted so much public money?

Rachel Reeves: As an hon. Member mentioned earlier today, this morning was the first we had seen of the Chancellor at the Dispatch Box since the beginning of December—perhaps we were lucky to see him today.

Disturbing reports of court cases are now emerging. They reveal how an organised crime leader, with no less than 48 previous criminal convictions, was handed £50,000 of taxpayers' money. If only that were a one-off case. The same judge had seen, two months prior, a case where a drugs gang had been given a £25,000 Treasury bounce back loan. Well, good for them to bounce back! What about those who were excluded?

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): I thank my hon. Friend for making an incredible speech. What we cannot forget are the stories we have heard, like the one from a woman in my constituency who had set up a business as a driving instructor. The rules the Government set meant that she was entitled to no compensation and no support whatever. She was left with no income and had to rely on food banks. As my hon. Friend says, at the same time that drug barons were being given taxpayers' money, people in my constituency were given absolutely nothing and were forced to rely on charity. It is a disgrace.

Rachel Reeves: My hon. Friend speaks powerfully. I would like the Minister to explain, at the Dispatch Box, why drugs gangs got tens of thousands of pounds of taxpayers' money when my hon. Friend's constituents could not get a penny.

The Chancellor and other Ministers were warned repeatedly about the risk of fraud. In June 2020, the Chancellor was advised by the Fraud Advisory Panel, Transparency International, Spotlight on Corruption and the former director of the Serious Fraud Office that there were

> "serious weaknesses that enable fraudsters and corrupt insiders to exploit the bounce back loan scheme and the covid business interruption loan scheme."

and that that would create a "risk to the taxpayer". They offered to provide the Chancellor with information, advice and support to improve the control of the funds, yet it seems the Government were not interested in that advice.

Richard Fuller (North East Bedfordshire) (Con): Stripping away the political rhetoric, the hon. Lady is making some very serious points for the Government to consider. However, on reflection, does she now think it was wrong for her Labour colleagues in 2021 to call so readily for the Government to use taxpayers' money to support GFG Alliance, which was subsequently investigated by the Serious Fraud Office?

Rachel Reeves: I understand that MPs want to represent businesses employing people in their constituencies, but it is the role of the Chancellor and the Government to make sure that money goes only to people who deserve

[Rachel Reeves]

it, not fraudsters. The hon. Gentleman was a member of the Business, Energy and Industrial Strategy Committee, which I chaired. The Committee did ask the Government to get money to businesses that needed it, like those mentioned by Labour Members, but basic checks that could have been done in a matter of minutes were not done. He will know, because of this Government's tax rises and the increase in energy prices, that an average household in his constituency will, from April, be £1,378 worse off.

Kim Johnson (Liverpool, Riverside) (Lab): Does my hon. Friend agree that the £4.3 billion that has been written off is a disgrace, given that the austerity that local authorities have suffered over the past 12 years has had a major impact on the people they serve and our communities?

Rachel Reeves: My hon. Friend makes an important point. Her council in Liverpool and all our councils have lost money, and this Government are handing it out to criminals. Billions of pounds of taxpayers' money has been written off, but it was not the Chancellor's money to write off; it is the public's. The Government have clearly lost their grip. We must restore faith and confidence in how taxpayers' money is spent.

We have a National Crime Agency in our country for a reason: to tackle serious and organised crime. It should be the National Crime Agency that the Government ring first on such occasions, but instead there are reports that they do not even want it to look into the matter. The Chancellor said earlier that just 13 cases are being looked at by the National Crime Agency. That is why Labour has brought our motion to the House today: to call on the Government not only to come back by 31 March with a clear answer about how much of their money has been clawed back from criminals, but to allow the National Crime Agency full access to investigate all aspects of fraud within covid support. The Government should not be resisting any effort whatever to retrieve taxpayers' money and to hold people responsible. We need to know how it is so easy for organised criminals to steal from right under the Treasury's nose.

Kevin Hollinrake (Thirsk and Malton) (Con): As a point of correction, the hon. Lady says that the Chancellor said that only 13 cases were being looked into by the National Crime Agency, but what he said was that 13 people have been arrested. Many more cases have been looked into.

I think the hon. Lady is in danger of missing the point. Lord Agnew actually said that the Government did a very good job of rolling out the schemes; his problems were with the checks and balances afterwards on banks drawing on the guarantee. Two banks were responsible for 81% of claims on the guarantee. That is where our attention should be focused: what are the banks doing about getting the money back?

Rachel Reeves: Lord Agnew did not resign from the board of a bank; he resigned as a Government Minister because of

"schoolboy errors…indolence and ignorance."—[*Official Report, House of Lords,* 24 January 2022; Vol. 818, c. 20-21.]

How does the hon. Gentleman explain to constituents in Thirsk and Malton that they will be £1,175 worse off in April because of the energy price hike and the tax increases from this Government, who all the while are giving money away to criminals? That is why Labour has brought our motion to the House.

Fleur Anderson (Putney) (Lab): The shadow Chancellor is giving an excellent speech exposing the systemic problems with the Government's schemes. Does she share my concern that the emergency procurement procedures and the crony contracts given out for personal protective equipment meant that £280 million-worth of substandard masks were contracted for, with £100 million on unusable gowns and £200 million to Conservative party friends and donors, yet those shady and untransparent emergency procurement procedures are still being used?

Rachel Reeves: My hon. Friend is absolutely right. What we are talking about would be appalling even if it were a one-off example of waste, but it has become the hallmark of this Government that they waste money and treat taxpayers' cash with a lack of respect: £13 billion was wasted on failed defence procurements, including £4.8 billion of taxpayers' money handed out for cancelled contracts. If that waste of public money had been avoided, more money would surely have been available for our armed forces, whose budget was cut by the Chancellor in October.

As my hon. Friend says, that just scratches the surface. Some £3.5 billion went on crony contracts, £300,000 went from the levelling-up fund to save a Tory peer's driveway and £500,000 went on the Foreign Secretary's flight to Australia, ignoring her own advice from 2009:

"Every public sector worker should feel personal responsibility for the money they spend and the money they save. They should spend taxpayers' money with at least the care they would give to their own."

I do not know what care the Foreign Secretary gives to her own money, but I would not spend £500,000 of taxpayers' money like that. Some £900,000 was spent on working out whether a bridge between Scotland and Northern Ireland was remotely viable and cost-effective. I could have given that advice for nothing.

It all adds up to a total disrespect for taxpayers' money—and it all matters, because if a Government Minister wastes money by letting it slip through the net into the hands of fraudsters and wastes huge sums of taxpayers' money on vanity projects, they have to raise taxes to find the money. The fact that taxes are at a 70-year high is the other side of the coin from the waste that we are talking about. With one hand, the Government raise taxes; with the other, they throw away taxpayers' money.

Labour would treat taxpayers' money with respect. We care about value for money because we respect taxpayers and we respect our public services, which have been starved of funds by 12 years of Conservative Governments. We want to break our economy out of the cycle of low growth and high taxes. We will build a stronger economy, in which prosperity and security are enjoyed all across our country. That is why we will tax fairly, spend wisely and get our economy firing on all cylinders. People are facing a cost of living crisis. Labour's answer is not to dip into their pockets even more or waste their money on vanity projects or fraud. As the

Conservatives ask families and businesses to pay even more, the very least the Government can do is try to get their stolen money back. That is why I urge all Members to support the motion.

1.5 pm

The Paymaster General (Michael Ellis): This is a Government who have been relentless in their efforts to protect lives and livelihoods throughout the pandemic, taking unprecedented steps to see the country through what have been difficult times for us all. It goes without saying that we took and continue to take our responsibilities to taxpayers extremely seriously. They rely on us to make decisions on their behalf in their best interests, and that is exactly what we do. As a Government, we have been consistent in doing exactly that, acting, in the words of the Chief Secretary, "quickly, effectively and responsibly".

Several hon. Members *rose—*

Michael Ellis: I will just make some progress.

I am sorry that Lord Agnew chose to resign from his position as a Minister in the Treasury and in the Cabinet Office, and I want to take this opportunity to thank him very much for the important work he did while he was in government. The Government have been working to achieve better quality government for citizens, with relentless focus on outcomes, ensuring every pound of taxpayers' money is spent well; ensuring policy making reflects the communities we serve through, for example, the movement of civil service jobs away from London to Darlington, Stoke, Preston and elsewhere; driving the post-Brexit procurement rules reform to make procurement more transparent, provide better services to citizens and deliver social value; and procuring ventilators at the beginning of the pandemic. We have focused on value for money and supporting the taxpayer.

Andy McDonald (Middlesbrough) (Lab): The Minister is talking about good stewardship of public money, but was he as concerned as I was to read in the press that, under the Tory Tees Valley Mayor, the public share of the joint venture to develop and secure major industrial opportunities, which has had tens of millions of pounds of taxpayers' money invested in it, has been transferred to JC Musgrave Capital and Northern Land Management? Does that not raise major questions about how public moneys have been spent? Does he agree that, given wider concerns about governance and the vested interests of political donors, what is needed is an independent inquiry into the governance of the Tees Valley Combined Authority and the South Tees Development Corporation?

Michael Ellis: What I do know is that Ben Houchen is an excellent Mayor and Labour wishes that it had mayors like him.

Fraud is unacceptable wherever and however it is perpetrated. The Government remain determined to stamp it out. I can say that as a Minister and a former Attorney General, and as someone who prosecuted such cases in an earlier life—

Several hon. Members *rose—*

Michael Ellis: I will make a little progress, if I may.

As the House will be aware, since March 2020, the Government have delivered a comprehensive multi-billion pound package to support households and businesses. Before I turn to specific measures that we are taking and have taken to combat fraud, it is worth reminding ourselves of three key facts. First, with regard to the covid schemes that we introduced, the vast majority of people did the right thing. They understood what the schemes were for and accessed them in a way that was wholly appropriate. Secondly, this was a once-in-a-generation event and I ask the House to accept that. Businesses were on the brink of collapse. They needed support really quickly—something that the Labour party understood and Labour Members were screaming about at the time. We were able to deliver that support, and to do so properly, in record time and in a way that the world was envious of.

Thirdly, the support worked. Many thousands of jobs were saved, and today we have a thriving labour market, with record low unemployment, the economy returning to its pre-pandemic size faster than expected, and you know what, Mr Speaker—the fastest-growing economy in the G7.

Alexander Stafford (Rother Valley) (Con): Clearly, the Government have given unprecedented levels of support to people, especially those in Rother Valley. So would the Minister condemn, as I condemn, Labour-run Rotherham Council, which handed back millions of pounds of discretionary funding to the Government because it could not get the money distributed fast enough? That is a waste of taxpayers' money and giving the money back to the Government was a scandal.

Michael Ellis: That is a very peculiar happenstance that my hon. Friend rightly mentions. Other local authorities around the country made good use of that generous provision, and I think Rotherham have questions to answer.

Nick Smith (Blaenau Gwent) (Lab): On Lord Agnew of Oulton, who resigned over the fraudulent covid business loans, the good, decent Lord said that there was "zippo of detail" on how the Government plan to deal with the issue of business loans. Can the Minister say how the Government will claw back the £77 million loss on the eat out to help out scheme from the missing Chancellor?

Michael Ellis: If the hon. Gentleman will allow me to make some progress, he may hear about what the Government have been doing, and will continue to do.

The Government's priority at the time was to get financial support to businesses. That was the alpha and omega of everything—it was to get that financial support to businesses, and their employees by extension, and as quickly as possible, to protect jobs and livelihoods. In total, we made available over £100 billion of loans and grants to over 1 million businesses, through bounce back loans, the coronavirus business interruption loan scheme, the coronavirus large business interruption loan scheme, and business grants. There were myriad schemes that we were using.

Emma Hardy: The Minister's defence—that this was a pandemic and the Government had to act quickly—does not seem to hold any water when we know that back in 2014 there were problems with Companies House. There

[Emma Hardy]

were problems with international fraud and money laundering, and problems with how easily businesses could be set up through Companies House, yet the Government have dragged their feet; they have not taken action. That was years before the pandemic hit the United Kingdom. Had the Government taken action when they knew about the problems with Companies House, we probably would not be dealing with the amount of fraud that we are right now.

Michael Ellis: As it happens, we have given, as a Government, over £60 million to Companies House to continue its necessary reforms and we have undertaken myriad measures to prevent the problems that the hon. Lady refers to.

The first lockdown came into force on 23 March 2020. By 24 May, just a couple of months later, we had already paid out almost £28 billion in loans, rising to £80 billion by the time that the schemes closed on 31 March 2021—astronomical support.

Kevin Hollinrake: Much has been made of Lord Agnew's resignation and we should take his resignation points very seriously. We should also acknowledge that he described the bounce back loan scheme, in his resignation piece to the *Financial Times*, as an "important and successful intervention". Is not his real point that we need to make sure that checks and balances have been followed by all banks who were given the responsibility of distributing these loans?

Michael Ellis: I agree with my hon. Friend on that, and also on Lord Agnew, who is a noble man and was an excellent Minister. The sheer volume of schemes introduced and the speed with which they were designed and implemented meant it simply was not possible at the time to prevent every instance of fraud and error, and I accept that. However—

Several hon. Members *rose—*

Michael Ellis: I must make some progress. The measures that we implemented to minimise fraud and error were robust and comprehensive. Some £2.2 billion of what were deemed potentially fraudulent bounce back loan applications were blocked through up-front checks—£2.2 billion that the Labour party has not said anything about. Lenders were required to make and maintain appropriate anti-fraud, anti-money laundering and "know your customer" checks. Specifically, they were required to use a reputable fraud bureau to screen against potential and known fraudsters and, if an application failed the lender's fraud checks, the lender was unable to offer a loan.

There were measures in place: those lender checks, with the duplicate loan check, incorporation date check and change in director check that were put in place in the following months, were the most impactful of all the checks implemented. The minimum standards were agreed following consultation with PwC and lenders on what would have the biggest impact on preventing fraud while still meeting the policy objective of delivering finance quickly.

It is true that PwC originally estimated the extent of fraud relating to bounce back loans at £4.9 billion, but last December it revised that figure down to £3.3 billion—so, as usual, the Labour party has its figures wrong. We will not be taking lectures from a party that, I seem to recall, left a multi-billion-pound black hole in the Defence budget the last time it was in government.

Dame Meg Hillier: I should just pick up on that point. As the Paymaster General knows, those figures are all still highly uncertain. Around £17 billion—another highly uncertain figure—of the £47 billion of loans may never be paid back. Some of that will be fraud and some because businesses have gone under. However, the key point is that he says checks and balances were put in place. He knows that was not the case: they were dropped for speed. We all lobbied for speed but, as my hon. Friend the Member for Leeds West (Rachel Reeves) said, it was the Treasury's responsibility to ensure that the checks were in place. Why were 61% of loans by value out of the door before checks were introduced in June so that people could not apply twice? That is a simple thing, and the door was shut after the horse had bolted.

Michael Ellis: The hon. Lady has fairly said that she and others on the Opposition side did push for the Government to take action. They are right to accept that—and they were right to do so. This Government did take the precautions and, if we had waited any longer, businesses would have gone under. They would have gone down.

I suggest to the House that the news has been good in other ways too. In 2020, a National Audit Office report contained an estimate that as much as 60% of the sums lent might never be recovered. In fact, nearly 80% of the loans are being repaid or have already been repaid, and we are keeping up the pressure. For instance, we have given the Insolvency Service and Companies House new powers to prevent rogue company directors from escaping liability for their bounce back loans. So far, that has been used in respect of—

Dame Meg Hillier: On a point of order, Mr Speaker. I am reluctant to make a point of order in a debate, but it is important to reflect on what the Paymaster General has just said and he may wish to correct the impression that he gave. Those loans are 10-year loans, so it cannot be the case that 80% of them have been repaid at this point. He may want to look again at his notes and perhaps correct the impression he gave.

Mr Speaker: I think that is more a point of clarification than a point of order, but it is now on the record.

Michael Ellis: It is not worth answering that point, Mr Speaker.

As I said, we have given the Insolvency Service and Companies House new powers to prevent rogue company directors from escaping liability for their bounce back loans. So far, that has been used in respect of almost 62,000 companies holding loans worth £2.1 billion. We are giving the Insolvency Service new powers to disqualify rogue company directors and we have already introduced regulations that allow for greater scrutiny of pre-pack administrations.

Crucially, newspaper reports that the Treasury has written off £4.3 billion in fraudulent covid support payments are simply not true. The £4.3 billion is not a figure produced or recognised by HMRC. As the Chancellor of the Exchequer has said, we are not—I repeat, not—ignoring money relating to fraud in our covid support measures and we are definitely not writing it off. We were and remain determined to crack down on fraud wherever it arises. That is why, for instance, we invested more than £100 million in a taxpayer protection taskforce. At the March Budget last year, we created a taskforce of more than 1,200 HMRC staff to combat fraud in our coronavirus loan schemes. To hear the Opposition, they would deny the existence of those 1,200 staff, who are busy working away to combat fraud. The taskforce is expected to recover up to £1 billion from fraudulent or incorrect payments.

Richard Fuller: Can my hon. Friend take us back to the points that Lord Agnew made and clarify whether I have it correct? In putting out much-needed money, the Government relied on intermediaries, and therefore much of it went through the banking system. I think I heard Lord Agnew say in the other place that many of the issues related to two banks out of the seven. It looks to me that a lot of the concerns raised by Opposition Members—validly—relate to processes within some of the banks. Can my hon. Friend clarify whether I am right on that, and the Government's intentions regarding that?

Mr Speaker: May I suggest that there is plenty of space if the hon. Gentleman wishes to speak? These are becoming speeches, rather than questions. I am more than happy to put him on the list if he wishes. We have plenty of room.

Michael Ellis: As Mr Speaker says, a more detailed response can be given to my hon. Friend's question in due course, but he is quite right to focus on the point about banks. More than 75,000 people have been contacted and could face criminal prosecutions and financial penalties. HMRC has already recovered more than £500 million through other robust measures, including: building automated controls into the digital claims process, to prevent more than 100,000 mistaken claims; blocking more than 29,000 claims through pre-payment checks based on risk and intelligence; using cut-off dates around scheme eligibility; and requiring customers to be registered for pay-as-you-earn online and self-assessment. Nor is HMRC's work done; work to recoup fraudulently obtained funds continues. Those identified face repaying up to double the amount they actually received, plus interest; in more serious cases, they risk criminal prosecution.

The motion also refers to public procurement, another area in which the Government take our responsibility to the taxpayer extremely seriously. In the case of personal protective equipment, our focus was on saving lives and protecting our healthcare workers. That was the top priority, and I make no apologies for that. But again, that did not mean, either then or now, that we were lax in our approach to procurement. We acted swiftly to secure and deliver more than 17.5 billion pieces of PPE to the frontline. The vast majority of the PPE we ordered—in the region of 97%—was suitable for use, either in the NHS or other non-medical settings.

My right hon. Friend the Health Secretary explained in a written statement to the House that the need to procure PPE at incredible speed necessarily involved a change in risk appetite. However, I am also clear that, at all times, the principles set out in "Managing Public Money" continued to apply, even under the pressures at the time. The Health Department took decisions on the basis of sound commercial advice. All transactions were approved by the Cabinet Office and the Department of Health and Social Care clearance board. Treasury Ministers and officials made a calculated judgment that the costs of expediting normal processes were outweighed by the benefits to the health of the country. The health of our healthcare workers came first.

Importantly, as with alleged fraud relating to the covid support schemes, this is not over: the Government will pursue any contracts where there has been a technical failure or breach. I said that approximately 97% were okay, but we are pursuing those that were not, in line with the resolution process referred to in each contract.

Emma Hardy: On the issue of PPE procurement, which I have raised several times, it is frankly astonishing that the Government could not google "leading PPE equipment suppliers" and come up with the name Arco, which is a world leader in safety and PPE equipment. When it offered its services to the Government, it says that it was cold-shouldered and ignored, and that the Government went straight to those with connections to the Conservative party. It is disgraceful that the Government ignored a high-quality, world-leading company such as Arco.

Michael Ellis: I think the hon. Lady forgets that, at the time, the whole world was googling for PPE. There was a desperation for PPE. I do not know anything about the company that she mentions, but the reality is that there was a massive desperation to secure PPE for our healthcare workers.

The Government absolutely reserve the right to take legal action against suppliers where that is required, and the Treasury will continue to support the Department of Health and Social Care in doing whatever it needs to protect taxpayer money where there was a breach of contract. The House may also be interested to know that in cases where there is a significant surplus of PPE, we are passing that equipment to schools and public transport workers in this country, or we are donating it to other countries in need, alongside other efforts to sell or repurpose it.

The motion also refers specifically to defence projects. The Ministry of Defence is delivering some of the most complex and technically challenging programmes across Government. There is no doubt that defence acquisition has faced and continues to face some challenges, but we are working hard to address them. The National Audit Office has recognised that we are making progress. For example, in its March 2020 report, it noted that the MOD has reduced delays to delivering programmes over the last 10 years. We are determined to continue to build on that.

The financial settlement awarded to defence at SR20 has been a crucial opportunity for the MOD to move to a sound financial footing, and we are working hard with it to strengthen mechanisms to drive value for money, implement improvements in programme delivery and

[Michael Ellis]

ensure that it can manage complexity, risk and the pace of technological change in a way that is rigorous and affordable.

This is not just about what we have already done; it is about constantly refining and improving the tools we have at our disposal. That is why we are committed to delivering reforms in the economic crime plan as well as those set out in the upcoming fraud action plan. The combination of last year's spending review settlement and private sector contributions through the economic crime (anti-money laundering) levy will provide economic crime funding totalling nearly £400 million over the spending review period.

Importantly, the Government counter-fraud function is leading a review into counter-fraud workforce and performance, delivered jointly with the Treasury. The aim of the review is to map the counter-fraud workforce and capability across central Government and selected agencies to identify current resources and how that links to each Department's ability to prevent, detect and recover fraud and error losses.

To conclude, the purpose of the debate seems to be to try to talk down all that the Government have done on behalf of the taxpayer in the last two years, but I am afraid that the facts paint a different picture. We understand our responsibilities as a Government and will never take them lightly. We will act at all times quickly, effectively and responsibly.

1.28 pm

Alison Thewliss (Glasgow Central) (SNP): "Lamentable", "woeful", "arrogance, indolence and ignorance"—the words of Lord Agnew's resignation should still be ringing in the Minister's ears, as should the fact that the disconnect and disinterest in a range of Departments were part of the problem that he outlined. His words should prompt the Government to take action to fix the scandal of taxpayers' money walking out the door.

In Lord Agnew's resignation letter, he said:

"As the Minister for Counter Fraud, I have been asked today to publicly defend in Parliament our track record in countering fraud across Government. Unfortunately I am simply not able to do that given the lamentable track record that we have demonstrated since I took up this post nearly two years ago.

It has certainly not been through want of trying, but the Government machine has been almost impregnable to my endless exhortations."

That is certainly a condemnation of the Government. The Paymaster General has become the Minister for defending the indefensible in the House, as he does yet again today. Perhaps if other Front-Bench Ministers and Conservative Back Benchers took the example of Lord Agnew and his attitude to them, many of them would learn something and resign too.

We are in a cost of living crisis, yet the sums of money that could go to help people now lie in the offshore bank accounts of crooks and fraudsters. Let us not forget that HMRC has stated that the levels of fraud in the covid support schemes are in line with its original planning assumptions. Planning for £4.3 billion-worth of fraud is absolutely breathtaking. The money that was committed in the Budget came far too late because these problems have been known about for years. The bounce back loan scheme, about which Lord Agnew was denied information as a Minister—that should really worry us all—is of course a UK Government-backed scheme, with an estimated £4.9 billion lost to fraud. Just look at the loans paid out to companies that were not trading. Lord Agnew indicated that 26% of losses are estimated to be attributed to fraud rather than to credit failure. This cannot be fobbed off to the banks, because the Treasury asked them to do this and they did it because the loans were Government-backed.

Let us put these figures into some context, because they are massive amounts of money. Scotland's entire devolved social security system is forecast to cost £4.1 billion in the next financial year. The Institute for Fiscal Studies has calculated that a one-off £500 stimulus cheque for those on universal credit could cost £3 billion. A 5% pay increase for all the NHS staff in England would be £1.7 billion. This is money that could have been much better spent had it not walked out the door and into the hands of fraudsters.

We cannot deny that the money needed to go out the door quickly in the pandemic. I remember, during those early days, hearing on the Treasury Committee from banks and Treasury officials about how concerned they were about the fraud risk. Some of the checks that could have prevented this fraud are simple—a national insurance number or an HMRC reference—but others speak to a long-term systemic failure that the UK Government have been warned about repeatedly—the system of registration at Companies House. That is not an issue of reform, as some have tried to point out; it is an issue of legislation and an opportunity that this Government have missed time and again.

Richard Fuller: I am looking forward to hearing the hon. Lady's recommendations on reforming this important area. She mentioned her role on the Treasury Committee. Did she, at the time, have concerns about the use of the British Business Bank for the delivery of loans to businesses?

Alison Thewliss: The British Business Bank being a relatively new mechanism, of course there were concerns about that. We took a lot of evidence on the concerns that existed around loans and other things that were going out the door, but that does not mean that things could not have been put in place to prevent this, and we did hear evidence to that end.

Richard Fuller *rose—*

Alison Thewliss: I have a lot to get through. If the hon. Gentleman wants to make a speech later on, I am sure we will all be incredibly interested to hear what he has to say.

I have spoken at every opportunity, and Ministers have heard me at every opportunity, on the need for reform of Companies House, and it still baffles me why the Government are so lackadaisical about this clear open door to fraud. Companies House remains a repository of information, not a checking service. It is not an anti-money laundering supervisor. In answer to me at Treasury questions earlier, the Economic Secretary to the Treasury referred to the 2018 Financial Action Task Force report, but that still means four years of inactivity in this House. In 2018, as he will remember, we also had the Sanctions and Anti-Money Laundering Act 2018, a further missed opportunity to have closed this door and locked the fraudsters out.

Companies House has no connection with the UK Government's Verify scheme, which is required for a passport, a driving licence or a tax return. For a minimal fee of only £12, someone can set up a company in the UK with no checks on who they are and what they intend to do with that company. Compare this with, for example, the £1,012 for a child to take up their right to citizenship. The money involved is absolutely baffling. Last year, in *This is Money*, Martin Swain, director of strategy, policy and external communications at Companies House, admitted:

> "Even though, sometimes, we know that the information is incorrect or potentially fraudulent, the registrar is legally required to register it."

The Companies House website even has a disclaimer at the top that says:

> "Companies House does not verify the accuracy of the information filed".

Why is this being allowed to continue? Even a simple drop-down menu in the registration process would stop people putting in things like "Anytown, Anywhere" rather than a place that really exists.

Emma Hardy: The hon. Lady is making an excellent speech and pointing out all the problems with Companies House. At the moment, as it says, it would take over 10 years, on the pace of change that we have from the Government, to see action taken on this, and all the time people are setting up these fraudulent companies.

Alison Thewliss: The hon. Lady is absolutely correct. The rate at which people are doing that should be causing the Government real fear, and it is not. This makes no sense at all. Every day that the Government allow it to continue, the register becomes more and more useless and more and more full of junk information and fraudulent transactions, and they should be embarrassed by that.

It has been a matter of public record for years that the Companies House register is utter guff. It contains names such as "Holy Jesus Christ", whose nationality is listed as "angelic", residence as "heaven" and profession as "creator", and "Adolf Tooth Fairy Hitler", listed as one of the clearly invented directors of a company calling itself Spypriest Ltd. There are also some highly precocious company directors who are only a few months old. Research by Global Witness in 2018 identified 4,000 listed beneficial owners under the age of two, including one who had yet to be born—talk about being born yesterday!— as well as five beneficial owners who controlled more than 6,000 companies. This is just not credible, and the Government know it.

During the past week, the Companies House expert Graham Barrow has been monitoring in real time the construction of a network of companies using real names but fictitious addresses. This leaves real people affected, but often unaware that their names are being abused—and difficult to contact, because the addresses are not real. It also affects the counter-fraud efforts to which the Minister referred. The people setting up those fake companies cannot be traced and chased down, and are allowed to get away with it.

It gets worse, however, because this open door at Companies House allows dirty money to be laundered through the UK. Oliver Bullough is one of many who have pointed out that kleptocrats from around the world have been abusing UK corporate structures—including Scottish limited partnerships—for years to shift their ill-gotten lucre. There are pressing implications for the current situation in Ukraine, but this is not new; it has been going on for years, completely unimpeded. The news that the National Crime Agency has today been able to seize £5.6 million from an Azerbaijani MP based in London is of course welcome, but that is short of the £15 million that the NCA wanted to seize. It is the tip of a massive iceberg. Duncan Hames of Transparency International has said that it estimates that the ruling elite of Azerbaijan own £700 million worth of property in the UK, and that about £2 billion has been shifted around Europe, some of it through our corporate structures. That makes the delaying of a registration of overseas entities Bill even more unacceptable, and even more baffling.

Catherine West: Does the hon. Lady agree that while the arrangements relating to foreign entities do need to be a tightened, a culture change is also needed? She will be aware from press reports that the Foreign Secretary dined out at a Tory donor's restaurant and charged that to the taxpayer although civil servants had said that the restaurant was too expensive. Does she agree that the Foreign Secretary should have to pay the money back?

Alison Thewliss: I agree that there needs to be probity when it comes to that kind of money and that kind of behaviour—particularly the overruling of civil servants, if that has indeed been the case.

When I raised some of these matters in the House last week, Ministers pointed to unexplained wealth orders as a great badge of success, so I tabled a parliamentary question to find out how successful they had been. In 2018, the year in which they were introduced, there were three. In 2019, there were six. I thought, "That is great—the numbers are going up", but there have been none since then. Is this a measure that is actually effective in tackling unexplained wealth? I am not sure that it is.

Peter Grant (Glenrothes) (SNP): My hon. Friend will recall that the first ever unexplained wealth order was awarded against someone who was only allowed to become a United Kingdom citizen because of the billions of pounds that she had promised to bring into the United Kingdom. Does my hon. Friend believe that that is an indication that Government policy is fighting against itself? On the one hand the Government want to get people with lots of money into the UK, and on the other hand they do not ask too many questions about where that money has come from.

Alison Thewliss: My hon. Friend is absolutely correct to draw attention to that. It is one of many deficiencies in the Home Office systems as well. It seems that those with money are given a free pass, whereas those who come here with more humble undertakings to begin their lives here, to work and to build a family, end up being penalised and having to pay an awful lot more in fees, and experiencing all the challenges that that brings.

Hon. Members may think that some of these issues with Companies House seem a bit remote from the real world and the real lives of our constituents, but that could not be further from the truth. During lockdown, a company in Glasgow using myriad company structures made claims under the furlough scheme, but employees

[Alison Thewliss]

of that company never received the money that they were entitled to. Even if the company directors ended up being prosecuted, or HMRC ended up getting its money back, those employees would still get nothing. That shows the complete unfairness in the system. I would be interested to know whether the Government have any figures, from when they have chased down these companies, on how many employees never saw the money that they should have got and that they needed to get by.

For those completely excluded from the covid support schemes, this is all the more galling. Limited company directors and pay-as-you-earn taxpayers were left out because they were deemed too much of a fraud risk, and new mothers who had taken time off to have a child in the preceding three years lost out because calculating their maternity leave was thought to be too complex. Yet as they were being told that by Ministers, the real fraudsters were raking it in, with drugs gangs getting payouts, and many of the people who benefited will never be caught.

These most recent examples of the Government's relaxed attitude to the wasting of public funds are by no means the only cases. Best for Britain's "scandalous spending tracker" sets out the following examples—I will list just some of them; otherwise, we could be here all afternoon, and I am sure that others want to speak—since the current inhabitant of No. 10 Downing Street came to office. It categorises them in three ways: as "crony contracts", "duff deals" and "outrageous outgoings".

Here are a few highlights: £11 million on blue passports; over half a million on chauffeuring Government documents, never mind Government Ministers; £56 million contracting to big consulting firms outside tendering processes; £29 million on the festival of Brexit; £900,000 painting a plane; £900,000 researching a bridge to Ireland, which I could have saved the Government money on, because I did a second-year geography project—at high school, not university—that could have told them it was a ropey idea; £32 million on unusable PPE suits; over £38 million on a test and trace contract that was not fulfilled; £10 billion on a failed test and trace system; over £300 million on expired PPE, and billions more on contracts for friends and family of Ministers and Conservative party donors through the fast-track lane.

All that totalled £25 billion, and all of it at a time when the screw was being tightened on those who have the least, with cuts to universal credit, some getting no money at all, and more effort spent chasing down those who happened to wrongly claim child benefit than those who deliberately defrauded the public purse to the tune of billions.

I find it difficult to understand why the Government are so careless with our money and why they do not want to act on fraud and money laundering. The question "who benefits?" continues to rattle around in my head. While those on the Government Benches do not like the inference that it was them and their chums, I wonder whether the fact that this coincides with the undermining of the Electoral Commission and the relaxing of the rules on overseas donors is any kind of accident. It is not just me; the Centre for American Progress flagged recently:

> "Uprooting Kremlin-linked oligarchs will be a challenge given the close ties between Russian money and the United Kingdom's ruling conservative party, the press, and its real estate and financial industry."

This should worry us all, but it does not seem to worry those on the Government Benches.

Lord Agnew's estimate of the total fraud loss across UK Government Departments is £29 billion per year. That could go, as he suggested, to tax cuts or, as we on the SNP Benches would argue for, to investment in public services and increases in social security. Either way, there is a cost to this fraud, and it remains absolutely baffling that this UK Government have continued to let it go on their watch.

Kevin Hollinrake: Will the hon. Lady give way?

Alison Thewliss: I am just coming to a close, but I am sure that the hon. Gentleman will have a contribution to make later.

The solution is not difficult if the will is there. We have lost too much time and too many opportunities to bring forward measures in different Bills. If we are to have an economic crime plan, it must tackle all these issues; we must not miss another opportunity. If the Government will not act, they should devolve full powers in this area to the Scottish Parliament and let our colleagues in Edinburgh get on with the job. Scotland has no desire to be tarnished yet further by this grubby excuse for a Government.

1.44 pm

Simon Fell (Barrow and Furness) (Con): I am slightly surprised to be called so early in the debate, but very grateful. It is an honour to follow the hon. Member for Glasgow Central (Alison Thewliss), who spoke a lot of sense about Companies House in particular. I welcome the Opposition's use of their time on this debate, as this is an important matter that goes to the heart of competence in what the Government are supposed to deliver: good decision making while acting prudently with the public purse. Let us be clear that fraud and waste of public funds are entirely unacceptable.

Before I continue, I should point to my entry in the Register of Members' Financial Interests. For 10 years, before becoming an MP, I worked in fraud and financial crime, and the organisation I worked for chaired the Joint Fraud Taskforce. I should perhaps also start with an apology. I have heard the phrase "single transferrable speech" a few times in this place, and this might be my opportunity to make one. My hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) and the right hon. Member for Barking (Dame Margaret Hodge) secured a debate on economic crime, and I will repeat some of the points I made in that debate, if the House will indulge me.

We would be right to be dismayed by some of the unrecovered sums from the various covid support measures, but we should not be quite so quick to jump down the Government's throat. The recovery of such moneys, as the Minister said, takes time, and we must be realistic that the headline figure will look very different in six months' time, let alone 12 months' time. Having spoken to Ministers about this, I am reassured by their determination to drive down those figures further and further, and by the measures that they have already taken, but this is another reminder that we should be considering an economic crime Bill as a matter of urgency.

Here is where the single transferrable speech kicks in. I met the National Crime Agency a few years ago, and it had mapped an organised crime group and followed how it laundered the proceeds of economic crime, picking up money along the way from our constituents who had been defrauded, from people running small boats across the seas, from organised crime and from the dark web. The chain runs from telephone fraud across the channel and to the poppy fields of Afghanistan, and these groups are not rag-tag bunches of criminals; they are organised, they are not chancing their arm and they are deeply successful. They are not paying tax, and there are many of them out there.

As sure as eggs is eggs, some of the people who have been exploiting these Government schemes are connected to organised crime. They know how to manipulate the system, and they know how to avoid all the very good, robust checks that the Government mandated for the covid schemes. One of the things we need to do is tighten up the system and, again, there should be an economic crime Bill.

Emma Hardy: The hon. Gentleman is making an incredibly thoughtful speech, and so far I agree with all of it. Does he share my concern that the cut in Government aid means the National Crime Agency has had to put on ice its plan to grow the international corruption unit to look at this international form of organised crime?

Simon Fell: I do not know enough of the detail to answer that question responsibly, but what would unlock the power of the NCA is far more access to data and data sharing. If we can get people sharing robust, high-quality information from the public sector and the private sector, the NCA could draw down on some of this economic crime with the tools it already has.

Some of the people responsible for misusing and misappropriating Government funds are engaged in high-level economic crime, but we need to consider the circumstances of the time. These support schemes, as has been said, were set up in very quick order, and they were designed to help people and businesses that were facing a very imminent precipice. I think we all acknowledge that furlough and income support saved thousands of jobs and helped to aid the recovery and the buoyant economy we are now seeing as we leave the pandemic.

The Chancellor has been clear that he will do everything he can to get that money back and to go after those who took advantage of the pandemic, and the taxpayer protection taskforce, which has had a £100 million investment, is a welcome measure. It is a good demonstration that the Government are working together and pulling together.

We should also consider what has already been achieved. Last year, the Government stopped or recovered nearly £2.2 billion-worth of potential fraud in bounce back loans and £743 million in overclaimed furlough grants, but we cannot afford to take our eye off the ball. Fraud is the No. 1 volume crime in the UK. It is an epidemic that is out of control, and we simply do not have enough of a grip on it. I will repeat myself: we need an economic crime Bill to give law enforcement the tools they need to collaborate better with the private sector.

Alex Sobel (Leeds North West) (Lab/Co-op): The hon. Member's experience is really useful in this House. I have found, through a case involving one of my constituents, that the perpetrators of fraud are not being pursued and that the victims of fraud are being targeted, particularly by HMRC, for tax liabilities that should rest with the perpetrators. Does he agree that an economic crime Bill is really necessary to protect the victims of fraud, not just from the perpetrators but from tax liabilities?

Simon Fell: The hon. Member makes a valid point. Too often, people are subject to fraud and they get almost no response whatsoever. That undermines faith in the system and in policing. In some truly terrible cases, it has a huge emotional and psychological impact on the victims.

As I was saying in answer to the previous intervention, we need to give law enforcement, the public sector and the private sector the tools they need to better share information so that they can drive some of this stuff down and start to turn the ship. Prevention is better than cure and, as great as the taxpayer protection taskforce is, we need to invest early on in spending a fraction of the money on stopping the money walking out the door, rather than trying to recover it after the fact. Data sharing is the key to that.

As the MP for Barrow, the home of the national deterrent, it would be remiss of me not to linger on some of the points that have been made by the Opposition on defence spending, which has been called out as an area of waste. I have read the report that this claim is based on, and I have to say that I am somewhat sceptical about some of its claims. It is of course crucial that the Government improve on the procurement of defence matériel, and on the contracts they sign. Some of the details in that report do raise eyebrows. They relate to accounting adjustments, extensions and overruns, which are not the same as waste, let us be honest. Going into the detail of the report, we see that two of the programmes commissioned by the Opposition account for half the waste being claimed: Nimrod, which accounts for £3.7 billion; and aircraft carriers, which had a £2.7 billion overspend priced in.

Peter Grant: The hon. Gentleman seemed to cast doubt on the reliability of some of the reports that Opposition Members have relied on. I know that he has a keen constituency interest in the MOD's nuclear activities. The Public Accounts Committee published a report on the management of contracts for defence nuclear infrastructure—the nuclear infrastructure part of the MOD—and found a total overspend of £1.35 billion. Does the hon. Gentleman accept the reliability of that report, which was unanimously agreed and backed by a Committee with a Conservative majority?

Simon Fell: The hon. Gentleman makes a perfectly valid point. I am not throwing the entire report under the bus, but I think we have to be sceptical of some of the claims that were made in it. When I sit down with the managers in the shipyard in Barrow, it is clear that the programme is moving on and that we cannot look at it as a static object that is being built. The requirements are changing, and what will be delivered is also changing. There is a cost attached to that.

[Simon Fell]

We need to question the constant undercutting of our national deterrent. This is a real concern. To make a political point, which I rarely do in this place, the Leader of the Opposition did not come forward and back the AUKUS deal, which will lead to a considerable number of jobs and skills, and will bottom out the supply chain, not just in my constituency but across the country. That is a tremendous opportunity for us, in partnership with Australia, and we need to support such deals. We need to show across the House that we are backing them. I have digressed, but I hope it was worth it.

I praise the Chancellor and his team for their work to cut down on fraud and waste, but much more can and should be done. I return to my point that we need an economic crime Bill; as the hon. Member for Glasgow Central says, it needs to reform Companies House, make it transparent who owns property in the UK, and introduce an offence of failure to prevent economic crime. That would strike the right balance between shining a light and providing a disincentive of peril to stop bad actors going ahead.

My other point is that there needs to be enhanced data sharing across the public and private sectors and an emphasis on fraud, so that when our constituents are hit by fraud—when they get that phone call or that scam email—they can be relieved to know that there is support for them and that we will go after the perpetrators. Fraud so badly affects so many of the people we represent. We need to step up and deal with it.

1.55 pm

Dan Carden (Liverpool, Walton) (Lab): It is a pleasure to follow the hon. Member for Barrow and Furness (Simon Fell). He made a worthy contribution, and I did not disagree with anything that he put forward, but from listening to him and the Paymaster General, one would not think that Lord Agnew, the anti-fraud Minister, had resigned in the past few days, saying that there was "zippo" detail from Treasury Ministers or officials on how they would deal with covid fraud, and that there was "arrogance, indolence and ignorance" when it came to the Government's fraud agenda.

A Minister resigning on principle is a rare thing to see in politics these days. I congratulate Lord Agnew on standing up to "smash some crockery", as he put it, and make a noise about all this. Thousands of companies that were not even trading were able to get access to bounce back loans. According to Lord Agnew, the Government will lose £29 billion a year to fraud.

The schemes that we are talking about had loopholes and openness to fraud built in. I sit on the Public Accounts Committee, and HMRC and others have come before us. Even since becoming aware of the numbers and the scale of the fraud, with £4.3 billion being written off on some schemes, HMRC and Treasury Ministers do not seem to have the appetite to go after it—and that is without even mentioning the billions handed over to Tory friends and donors over PPE contracts or the fast lane that the Government were operating, which was found to be unlawful.

The Chancellor has a very savvy image and the Government's messaging on keeping the public finances in order is very tight, but the reality is that before the resignation of Lord Agnew, the Government were planning to drop the public register of foreign ownership. They rejected proposals and did not plan to bring them forward in an economic crime Bill. They ignored repeated warnings from the fraud advisory panel on the serious weaknesses in business loan schemes.

This is about more than the figures—the billions and millions that have been handed over to Tory friends and donors and lost through fraud. We have had the Panama papers, the Paradise papers and the Pandora papers. What we have learned from the past few months, whether from the Downing Street parties or from the lenient attitude to public money, is that there is a belief in this place that there is one rule for those at the top—they can party and break the rules, and if they have money it usually means access to more money and that the rules can be bent.

The importance of all this is that it goes to the heart of the kind of country we are. I think the public know that there is a stink. They deserve much better.

1.59 pm

Jerome Mayhew (Broadland) (Con): Like my hon. Friend the Member for Barrow and Furness (Simon Fell), I am rather surprised to be called so early. I am grateful to Her Majesty's loyal Opposition for securing this debate, because fraud and the efficient use of public resources is a topic that we in this place should always be discussing and hold close to our hearts. I could have started with a mutual blame game, where we look back to the Blair years and point to fraud. A couple of my examples have already been drawn to the attention of the House, so I will not do that, save for one issue that is particularly close to my heart, because I remember feeling so angry about it at the time: the private finance initiative scheme, so beloved by Tony Blair and Gordon Brown.

The Centre for Health and the Public Interest has recently come out with a report that has calculated that, for the benefit of £12.4 billion of hospital assets, the taxpayer will now be paying £80 billion by the time those assets expire in 2050. If we are talking about waste of public money, Labour is late to the party, and I am not sure there are many lessons to be learned from that.

Siobhain McDonagh (Mitcham and Morden) (Lab): I know the hon. Gentleman is giving a speech about a popular view of the private finance initiative, but I wish to make him aware of the Atkinson Morley wing at St George's Hospital, which is a brilliant neurological centre that cost £50 million through PFI. It was built in the late 1990s, and it has saved hundreds and thousands of people. It is a building, and an opportunity to have a service, that was not coming any other way. I give thanks for that PFI deal, and I give thanks for those people who have been saved by it.

Jerome Mayhew: I am grateful for the hon. Lady's intervention. I was not suggesting that the assets should not be built; it is about the way they were financed. Think how many more hospitals we could have built, and how many more people who could have been helped, if we had taken a more responsible approach to PFI.

Turning to the meat of today's debate, we have heard a lot of speeches about the covid response and the fraud that has been associated with it, and it is right that we focus on fraud. However, there seems to be a case of partial amnesia about this, because if we cast our minds back to the early months of 2020—it was not that long ago—the conversation was expressly about the trade-off between speed and the level of security needed to protect the public purse from fraud. That was not an after-the-event discussion; that discussion was going on, certainly on the Government Benches, at the time of the innovative and brilliant polices brought in by the Chancellor and the Government to support our economy and the people working in it. This was a deliberate trade-off, but it was not "get the money out" with no defence against fraud. We have heard in a number of contributions that there were a significant number of effective protections against fraud, including for business bounce back loans, and more than £2 billion of applications were caught by that protection.

We must recognise, in the fullness of our hindsight, the urgency of need. I refer to my entry in the Register of Members' Financial Interests, because I used to be the managing director and a significant shareholder of a company that employed about 1,200 people in a leisure centre. On 23 March 2020, it was ordered to close by the Government. That was its week of minimum cash flow for the entire year. It is substantially closed during the winter, and it employs another 750 to 800 people at the start of the season and trains them up ready for Easter. By ill chance, the lockdown, which started on 23 March, coincided with that planned dip in cash flow. Without quick public support, that business would have had a very high chance of going under. It did not, because it was able to take advantage of the Government's coronavirus business interruption loan scheme, and also the furlough scheme, which was enormously important as well. As a result, on 4 July 2020, when the economy was substantially reopened and recreation and leisure was reopened, those jobs were saved. The business was still going, and it has gone on to thrive. That is just a simple example of how the speed at which the Government acted was effective in saving jobs.

We can expand that out to the national economy, because hon. and right hon. Members will recall that the economists were predicting an unemployment rate of 12% in response to the covid closure. We forget that now, because in fact the unemployment rate nationally today is 4.2%. That is millions of jobs and millions of families—hundreds of thousands of families, certainly—whose economies and lifestyles have been protected by the very speed at which the Government acted, but there was a partial cost to pay for that.

I accept, and it was accepted at the time, that with speed necessarily comes a reduced ability to follow up on every single aspect of fraud prevention. Given that, it is noteworthy that the estimated percentage fraud rate is about 7.5% for the bounce back loan scheme and much less for CBILS. That compares with a national average for Government contracts of about 5%. To my mind, given the necessary need for speed, the differential between those two rates is surprisingly small, and it is coming down month by month in estimates from such bodies as PwC. We have already heard reference to the reduction in the estimates of overall fraud.

What is more worrying to me is not the headline rate of 7.5%, but the ongoing long-term rate of 5% for estimated fraud in Government contracts. That is a scandal, and I strongly encourage my hon. Friend the Economic Secretary to the Treasury to take that enormously seriously, because we need to focus on the real costs to the economy and to society that Lord Agnew ably demonstrated in his resignation speech. He highlighted the economic costs as being about £29 billion a year, or 1% off the cost of income tax. That is enormously important. We could do a huge amount with that money should we not choose to return it to its rightful owner, the taxpayer.

Arguably the greater damage to our society is if we as a society and a Government accept that fraud is one of the costs of doing business. That should never be the case. The morality of our society and the realistic expectation of our constituents is that people who do right are stood by—that is terrible English, but I hope the House understands what I am trying to say there—that fraudsters are not tolerated, and that we go after them and there is an ongoing war against fraud.

I commend Lord Agnew for having highlighted the need for a renewed focus on this issue. I do not accept that there are huge lessons to be learned from Labour on this, but I look forward with interest to the Government's renewed long-term focus on fraud throughout the economy. I also adopt the multiple pleas from my hon. Friend the Member for Barrow and Furness for an economic crime Bill.

2.9 pm

Ben Lake (Ceredigion) (PC): It is a pleasure to follow the hon. Member for Broadland (Jerome Mayhew). I agree that we should not accept fraud as a cost of doing business—indeed, there is a moral imperative for us to pursue fraudsters for any losses to the public purse as a result of fraudulent activity. When we come to have further discussions about taxation and increases in taxation, it is even more important that any losses are pursued, as he described, with vigour and that those who commit fraud in such a way are brought to justice.

I thank the shadow Chancellor, the hon. Member for Leeds West (Rachel Reeves), for bringing forward the debate. I intend to keep my remarks brief by focusing on some of the startling figures already raised in the debate, foremost among which is that about 26% of public money unlawfully taken from covid-19 schemes is likely not to be recovered by HMRC, so £4.3 billion of the total £5.8 billion stolen from covid-19 support schemes will be in effect written off.

It is important to put the figures in some context. In doing so, I would like us to consider another large figure: £3 billion. That, at just over half the cost of the moneys lost to fraud, is the cost of increasing working-age benefits and pension credit by 6%—the likely inflation rate by April—rather than the planned 3.1%. That prompts the question of what the Treasury could afford, if it wished, to end the cost of living crisis and build towards our net zero transition, or indeed honour promises to match EU regional funding for Wales and other parts of the UK that previously received it.

The outrage and indignation that we have heard is understandable, but the mismanagement of some of our public finances by the UK Government should not come as a great surprise. One need only read some of the Public Accounts Committee's work to understand that there are many examples of serious mismanagement of public finances. I call to mind its July 2020 report that concluded that

[Ben Lake]

"HMRC does not understand the impact of any of the largest tax reliefs".

Indeed, it found that between 2015 and 2020, HMRC did not "evaluate the effectiveness" of the 10 largest tax reliefs supporting economic and social objectives. Those unevaluated reliefs cost about £117 billion, which is some 5% of the UK's GDP. One could argue that we have been very lax with our public finances for quite some time, yet such laxity does not always extend to smaller businesses.

I listened with great interest to the Paymaster General's remarks, and I accept that the need for speed, which we have discussed, meant that there was always a risk of some fraud. I do not think that necessarily justifies there being no need for checks and safeguards on any of the schemes. However, it makes me think of a few examples from Ceredigion of businesses that were in receipt of furlough funding and entitled to it—HMRC accepts that—but, due to some clerical errors in real-time information submissions, now have to repay thousands of pounds. HMRC acknowledges that those businesses would have been entitled to that money, but sadly they have fallen foul of RTI submission rules. One can accept that—those are the rules—but here are businesses being pursued for thousands of pounds for a clerical error while we see the potential for writing off billions of pounds of money lost to fraud. It is difficult for those businesses to accept that they must be brought to task when others are getting away with it.

We find ourselves facing a mounting national debt alongside cost of living and climate crises. I accept that the public finances are in a precarious position, but, if the Government seek to convince us that they cannot afford greater support for in-need households or greater measures to tackle the climate crisis, they must do more to recover the billions of pounds of public money lost to fraud and hold those who have benefited from unscrupulous deals to account. If they fail to do so, they will have little moral authority to increase tax on households and businesses in April.

2.14 pm

Kevin Hollinrake (Thirsk and Malton) (Con): It is a pleasure to speak in this debate; I welcome the Opposition motion on fraud. I am one of several people on the Government Benches who often speak out about tackling fraud, so I object a little to one or two of the comments from the Opposition that Conservative Members are not bothered about fraud. Nothing could be further from the truth, for a number of reasons, including the cost to our taxpayers. It undermines the very system that underpins our economy if people do not feel that the game is fair for all players, and fraud undermines the principle of everything I have stood for over my whole life in business—the fundamentals of a free-market economy are that it is a fair and level playing field.

I draw the House's attention to my entry in the Register of Members' Financial Interests. Like my hon. Friend the Member for Broadland (Jerome Mayhew), my company took a coronavirus business interruption loan—quite a sizeable one—which was paid back in full without touching it, which I am sure the Economic Secretary will be pleased to hear: we discussed it at length at the time.

It is important to put the issue in context. I had an urgent question on the issue last week, following Lord Agnew's statement, because I was very concerned by many of the things he said in it and in his subsequent press articles. He said that the bounce back loan scheme, which has been the subject of many comments in the debate today, was

"an important and successful intervention".

It was critical at the time. It is easy with hindsight to say that mistakes were made—of course they were, given the speed with which the scheme was rolled out. The initial iterations of the loan schemes did not include a bounce back loan scheme, which was introduced at a later stage, vitally.

Peter Grant: I certainly would not disagree with the hon. Member about the remarkable speed from when the Treasury sat down to devise the scheme to when the first loans were delivered. Does he share my disappointment that in the 10 years from 2010, when we knew a pandemic was coming, no planning whatever was done for the economic impacts and the impact on businesses of the protective measures that the Government might be forced to implement when the pandemic finally got here?

Kevin Hollinrake: The hon. Member makes a very good point. The whole country would acknowledge that we need to be better prepared for a future pandemic. One of the lessons that we need to learn is to have a template ready for bounce back loans and other measures that we can roll out at pace, but we should not undermine the ability of that scheme to get money out to businesses in need.

The British Business Bank said that it had

"ensured that key counter-fraud measures consistent with the…design of the scheme were in place from the outset."

It is not the case that the schemes were rolled out without any consideration for the potential for fraud. That highlights the issue of what checks and balances were in place—the Paymaster General set out some of them in his speech, which was useful—and which banks performed better in taking into account those measures. As Lord Agnew said, 81% of the amount that has not been repaid so far—as far as we understand from the Treasury—relates to two of the seven biggest banks. Clearly some banks did better than others with know your client checks and fraud checks.

We need to understand exactly what happened. We cannot just roll out a scheme, let it run and that is it. The implications for recovering loans are hugely important. We need the dashboard of information that Lord Agnew called for so that we can clearly understand the performance of the banks. One criticism that I would level at the Treasury is that far more transparency is needed about which banks are issuing loans, what percentage of applications are successful and the success in recovering loans. As somebody who took a loan for my business, I would advocate complete transparency about which businesses take loans. If all that were open—access to Government loan schemes or furlough, and so on—it would be far easier for the public, the media and parliamentarians to hold individual businesses to account. Businesses motivated by wrong and perhaps nefarious purposes would be far less likely to try to access the loans in the first place. Far greater transparency is needed, and to get that taxpayers' money back there certainly needs to be transparency around the bank's performance now.

Many people have called for an economic crime Bill, and some of us have been banging on about that for some time. It could really help. One of the elements is the failure to prevent economic crime. I think that corporate liability should extend to individuals, rather than at corporate level. The No. 1 thing we could do to deter financial organisations and corporations, even smaller corporations, from defrauding people or enabling fraud and money laundering is to say to the individuals behind those companies that they will be held personally responsible. It could have had an effect on the bounce back loan scheme if the banks that cared a little bit less about where the money went were held to account through the senior managers regime and the Financial Conduct Authority, and potentially by other charges too. Failure to prevent is absolutely fundamental to the economic crime Bill.

Companies House reform is also absolutely fundamental. It is clear that that should be the case and I know the Government are doing something on that already. One perverse situation at the moment is that if someone sets up a business through a company formation agent, they should be subject to money laundering checks by HMRC. If they set up a company directly with Companies House, however, there are no money laundering checks. It simply cannot be right that if someone goes to one and cannot get set up, they can go to Companies House. Companies House, therefore, needs to be a regulator, rather than just a register.

The register of overseas entities does not come under the taxpayer, of course, but through a simple levy attached to the cost of creating a company, currently £12. That could raise enough money for Companies House to be that regulator, so we could see who was trying to launder money through UK properties. That is absolutely critical. The Government are committed to all this stuff, but we just need them to commit to bringing it forward in the next parliamentary Session. It was great to hear what the Chancellor said on that today. He seemed to be really keen on that being in the next parliamentary Session. I hope recent events will push it up the political agenda.

One issue we neglect in the conversation about cutting economic crime is the role of whistleblowers. Most economic crime is not highlighted by our very good agencies. They are good sometimes and the legislation we are bringing forward will help them to take forward successful prosecutions, but they need the evidence in the first place. I am sure my hon. Friend the Member for Barrow and Furness (Simon Fell), who made a fantastic speech and who has huge experience in this area, agrees that we need people to come forward with the evidence. Our regulators and fraud agencies can only really be watchdogs rather than bloodhounds and they need to be given access to the information in the first place.

Whistleblower protections in the UK are pretty woeful now compared with how they used to be. We used to be world leaders in this area. If we want to uncover economic crime, we have to make sure that the people who identify and highlight it, and help the Serious Fraud Office to make prosecutions stick, are protected. That is not the case at the moment. My constituent Ian Foxley highlighted the case of GPT special projects. Some £28 million-worth of economic sanctions against that company were handed down in Southwark court, but for 10 years my constituent has gone without a penny, having had a six-figure salary in his previous role. He blew the whistle. One could say that his whistleblowing led to the Airbus fine of £3 billion, of which £860 million came to the Treasury, but he has gone without a single penny and that cannot be right. We have to make sure people are protected when they come forward, and are properly compensated for the distress and financial impact it has on their lives.

2.23 pm

Ian Lavery (Wansbeck) (Lab): It is quite simple really: the Tories cannot be trusted with taxpayers' money. Since we have been in the Chamber, headlines in the national news have described as jaw-dropping the revelations in the Department of Health and Social Care annual report. Buried on page 199 is a suggestion that there were £8.7 billion in losses on PPE in the Government accounts:

> "£0.67 billion of PPE which cannot be used,"

perhaps because it is defective,

> "£0.75 billion of PPE which is in excess of the amount"

that might need to be used,

> "£2.6 billion of PPE which is not suitable for use within the health and social care sector",

and,

> "£4.7 billion of adjustment to the year-end valuation of PPE".

Alex Cunningham (Stockton North) (Lab): I remember the statement in the House, way back in 2010, when the Government cancelled the new hospital for my constituency. It was going to cost about half a billion pounds. Does my hon. Friend agree that we could have had our hospital, and many others too could have had their hospitals, if this sort of waste was identified properly in Government?

Ian Lavery: I fully agree. What could the Government have used £8.7 billion for? A new hospital in my hon. Friend's constituency? Other hospitals and clinics? Looking after the 6 million people who are still on the NHS waiting list as we sit in this Chamber?

That loss is in addition to what has already been explained in previous speeches. I repeat: the Tories cannot be trusted with taxpayers' money. Lord Agnew's resignation has rightly renewed interest in the Government's attitude towards fraud and the wider handling of public money. He spoke about "schoolboy errors" with regard to this Government—hardly schoolboy errors, by the way, when we are talking about billions and billions of pounds. Is it any wonder that Lord Agnew—a true blue, a loyal blue—stormed out of the Lords? He stormed away because he thought this Government were making schoolboy errors, and he wanted absolutely nothing at all to do with the Treasury decisions and the facts of wasted taxpayers' finances and fraud.

The figures are staggering. It is estimated that £29 billion a year is lost across Government in fraud, and £4.3 billion of that, paid out in fraud and error under covid support schemes, has simply been wiped away. It has been deleted. Some £3.5 billion in covid contracts was awarded to Tory-linked firms, implicating senior Ministers of the Cabinet. Yet, other than the odd ritual sacrifice to

[Ian Lavery]

give the impression that they care, the Government and those involved have shown no accountability for that shocking mishandling of public funds.

I can guarantee that, had the 2019 election result been different, things would have been completely different. The right-wing politicians and the press would not have so keenly turned a blind eye to what is happening before our eyes. Mark my words, if £4.3 billion was lost through benefit fraud, the Government would not be taking such a relaxed view on things.

People are 23 times more likely to be prosecuted for benefit fraud than tax fraud in the UK, despite the fact that tax crimes cost the economy nine times more. I could talk for hours about how the Government attack people on benefits and disabled people, how they hound people through the horrible methods used to track down people who are merely existing in life. Yet, if someone has a super-yacht, they can go anywhere and forget everything. That is the sorry state we see our nation in.

It is not an accident or a fault in the system; it is how the system has been carefully designed. The richest in our society have close ties to the Government; they ensure that their money can be shuffled around in offshore accounts and through tax loopholes, while the poorest are relentlessly hounded by a bureaucratic leviathan, which ensures that the system does not give them an inch. This disproportionate focus on working-class crime and the benefit scroungers narrative, peddled relentlessly in the press through tabloids and programmes such as "Benefits Street", which we all saw on television, has warped public perceptions in a deliberate strategy of divide and rule by the handful of those benefiting handsomely from this fraud at the very highest level.

Lord Agnew's revelations tell us nothing that we did not already know. Whether that was through the Panama papers, the Paradise papers or the Pandora papers, it is a well-documented fact that the super-wealthy hoard their money to avoid tax that might actually improve society for the many. Instead of tackling this issue, which could save billions of pounds in funds for things such as social care, the Government would rather raise national insurance and cut universal credit, throwing thousands more families into poverty, while inexplicable sums of money accumulate in the hands of the global elite.

Just a nice taster: the rising fortunes of the world's billionaires during the pandemic fuelled record sales of super-yachts, to the tune of £5.3 billion—that is not bad, is it? Eight hundred and eighty-seven super-yachts were sold in 2021—a 75% increase on the previous year. It is all right for some, is it not? It is not for others, of course.

I urge the Government to finally commit to putting an end to the rampant levels of corruption at the highest level, rather than punish the people of this country yet again.

2.31 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): On the Chancellor's watch, £4.3 billion of covid business support has been stolen by fraudsters—£4.3 billion. Of course we recognise the scale of the covid support schemes and the speed with which they had to be developed, but upon their formation HMRC made it crystal clear that those schemes would be targets abroad. How right it was: 8.7% of furlough payments, 8.5% of the eat out to help out scheme and 2.5% of support for freelancers and entrepreneurs has all fallen into the hands of fraudsters and been written off by the Treasury. It is a complete disgrace.

However, from the evidence that I have heard in the Treasury Committee, we should add another half a billion pounds to the list of wasted funds. I am talking of Greensill Capital. At the height of the pandemic, Government Departments were infiltrated by the desperate lobbying of a former Prime Minister, phoning friends for Lex Greensill, the founder of Greensill Capital and the originator of a Ponzi scheme, a derivative of supply chain finance, known as prospective receivables. Twenty-five texts, 12 WhatsApp messages, eight emails, 11 calls and nine meetings with senior Ministers and officials—David Cameron was WhatsApping his way around Whitehall on the back of a fraudulent enterprise, based on selling bonds of high-risk debt to unsuspecting investors. It was all under the guise of so-called supply chain finance, but the reality is that 90% of Greensill's business was nothing more than clairvoyancy, lending against transactions that had never happened and might never happen—companies did not even know that they were involved—and then selling that as a low-risk investment, half the time without any invoice evidence that anything had ever happened.

There was overwhelming evidence that this was a business based on deception, years before. In 2019, Reuters published articles highlighting the precise reasons why Greensill would collapse two years later. At the time of those articles, Greensill sued Reuters and lost. Meanwhile, the late Lord Myners, a former Treasury Minister, was asking questions about the Greensill business model in the House of Lords.

Again, at the beginning of 2019, the Bank of England's Prudential Regulatory Authority began an investigation into Wyelands Bank, the banking arm of GFG Alliance, Greensill's principal partner. In February 2020, the Bank even set out its concerns to the Serious Fraud Office and the National Crime Agency. It is inconceivable that this was not detected or known. Greensill was a crook parading a Ponzi scheme in plain sight, but was introduced across the highest levels of Government. It is an embarrassment for Britain's financial reputation.

The biggest loser in this whole sorry saga is the British taxpayer. Our Committee's concerns were batted away by the Treasury, which insisted that it had rejected Greensill's attempts to secure funding. As ever, the devil is in the detail. The Treasury declined the lobbying with one hand but with the other palmed the organisation to the British Business Bank—a public institution backed by taxpayers' money—which handed out £400 million of loan guarantee funds. As Mrs Thatcher famously said:

> "There is no such thing as public money; there is only taxpayers' money."

Instead of unlocking finance for small businesses, it unlocked finance for fraudsters. Fraudulent organisations such as Greensill were able to lucratively lobby and receive hundreds of millions of pounds while many businesses and hard-working families in my constituency, and every constituency across the country, were left with nothing.

Waste is not just happening in private business dealings; it is also happening in the scheme for the Prime Minister's promised 40 new hospitals. The wild west of NHS South West London is recklessly plotting to downgrade Epsom and St Helier University Hospitals by moving the A&E, intensive care, maternity unit, children's services and 62% of beds to healthy, wealthy Belmont. As I have repeated time and again to the Government, however, using allocated funds to improve services where health is poorest has been proven to save up to £200 million. That sum would not clear the Greensill balance sheet, but no doubt it would go some way to doing so.

2.37 pm

Alex Cunningham (Stockton North) (Lab): Today, we have heard many extremely worrying examples of fraud, waste and corruption by this Tory Government, with the NHS getting the headlines. Sadly, that kind of behaviour is not limited to Westminster. In the Tees Valley, waste and dodgy deals are happening on a concerning and escalating scale under the leadership of the Conservative Tees Valley Combined Authority Mayor.

A few days ago, *The Northern Echo* and the *Daily Mirror* revealed that the majority of shares in Teesworks, the former steelworks site, have been handed to Tory donors. Until recently, half the shares were owned by the public, but at the end of last year, 90% were held by joint venture partners JC Musgrave Capital and Northern Land Management, with no procurement or open tendering process to oversee the site's development.

A director of the same Northern Land Management has donated to the political funds of not only the Tees Valley Mayor but north-east Tory MPs. Joseph Christopher Musgrave, who gives his name to JC Musgrave Capital, has also donated to the Conservative party. The whole thing smacks of cronyism but, as today's debate has shown, that is no surprise. Sadly, the Tory party and the Tory Government are becoming synonymous with the mismanagement of public money.

Teesworks has benefited from huge sums of public money since the steel producer SSI was closed in 2015 after the Tory Government let it go to the wall. That led to the redundancies of 2,300 steelworkers and the end of 170 years of steelmaking on Teesside—the industry on which the entire area was built. Taxpayers in both Teesside and across the country have paid tens of millions of pounds to purchase the site, keep it safe in the meantime and clean it up for regeneration.

What return will taxpayers have if the site ever returns a profit and what say will the public have over who comes there? Is the 10% share that the South Tees Development Corporation still has sufficient to ensure that taxpayers get value for money? To me, that seems very doubtful. We all want to see the successful development of the site, but if it is successful, 90% of the profits will go to the private companies that now control Teesworks.

There are also hugely valuable materials in the land at the site, including millions of pounds' worth of sandstone, steel and copper. I am told that lorry loads of materials are leaving the site every day without proper audit—to where, who knows? I would also like to know who got those contracts and how they were won. Was there a tendering exercise or was it just the old pals act? Now that so much of the site is under private ownership, I wonder whether the public will reap the financial benefits of the assets when they are sold on, or whether instead the millions will line the pockets of the Mayor's donors.

The site is fundamental to the economic future of Teesside. It has the potential to be a major site for new green industries such as carbon capture and storage and hydrogen. It can help us to rebuild a sustainable modern industrial future for Teesside, but who will be making the decisions on who invests there and what industries and businesses are allowed to set up shop? Surely such decisions are too important to our local economy to be left in the hands of property developers who will always put profits before anything else.

I am at a loss about where to turn to get answers for local people on these pressing issues. One of the most frustrating elements of the Tory Mayor's apparent leadership of the combined authority is how difficult it is to access information about how public funds are being managed and spent because he acts behind a cloak of secrecy. Deals that involve such large amounts of public money should benefit from public scrutiny, but there is a complete lack of transparency in the Mayor's dealings, which seems to me to be evidence of a contempt for his constituents, who have a right to know how their money is being spent.

It has become impossible to get information that in the past would have been routinely available to the public. The Mayor has created layers of organisations through which his dealings take place, some of which are not even subject to the Freedom of Information Act. Teeswork itself is a classic example: the Mayor set it up in summer 2020, promising that the body would oversee the regeneration of the SSI steel site. But it is not clear what Teeswork actually is. Is it a brand name? Is it a company? What is its constitution? How are decisions made? None of that can be found anywhere online. Its board was hand-picked by the Mayor—a mix of local Tory businessmen, local government officials, the independent leader of Redcar & Cleveland Borough Council and the Tory MP for Redcar. There are no published minutes or paperwork anywhere on the website.

It is appalling—this is simply no way to run a public administration. Taxpayers footed the bill for the site when it was purchased and it is only right that they should reap the benefits of what the site has to offer. As my hon. Friend the Member for Middlesbrough (Andy McDonald) said, there needs to be a full investigation into all of this.

I have seen the Mayor commenting that handing over such a large proportion of the site to private firms was apparently necessary to create jobs. To which I say: we lost 2,300 jobs when Conservative inaction shut down the steelmaking industry on Teesside after a proud 170-year history. Local shareholders lost out when the Conservative Government and Tees Valley Mayor stood by when the Sirius mine project needed support, instead leaving it to be taken over by a multinational company, which left local investors—some of whom had put their life savings into the project—high and dry. We lost jobs when the Tories failed to support the world-famous Cleveland Bridge Company, which built the Sydney bridge. It just had a cash-flow problem. Despite the Tories' promises to save the company, it closed, with the loss of a large number of highly skilled jobs.

[Alex Cunningham]

I understand that the Mayor has been in the news this week throwing his weight behind our disgraced Prime Minister. He shared his concern that, without the Prime Minister, levelling up will be dead. I am sure that, like all of us here, the Mayor is looking forward to reading the levelling-up White Paper tomorrow. I wonder if he will find it to be the rubbish that the Secretary of State apparently says it is. I wonder whether this is what the Mayor means by levelling up—giving more power to Tory donors at the expense of local people, who should be benefiting from investment and jobs. I wonder whether he thinks levelling up includes billions of pounds of taxpayers' money being mishandled while a town such as Billingham, in my constituency, fights to get £20 million from the levelling-up pot but keeps being rejected, even though it has a higher need than other areas that have been awarded cash.

That is what so-called Conservative levelling up looks like to me—more money for the Tories' friends and crumbs left for the local community. The message is clear: the Conservatives, both nationally and locally, cannot be trusted to treat taxpayers' money with respect and get them the value they deserve.

Madam Deputy Speaker (Dame Eleanor Laing): I call Jessica Morden.

2.46 pm

Jessica Morden (Newport East) (Lab): Thank you very much, Madam Deputy Speaker, and happy birthday. What a wonderful way to spend your birthday. May I thank members of the Opposition Front Bench for choosing this subject to shine a light on? With everything else that is going on, it is really important not to lose sight of the Government's woeful record on waste and fraud. I will speak on behalf of constituents—taxpayers—in Newport East hit by rising bills and energy costs, stagnant wages and facing the national insurance rise in April.

Families struggling just to get by, desperately wondering how they will cope through the coming months, are told time and again by the Government that there is little they can do to help; that the NI rise cannot be rethought because the Chancellor sees

"little headroom for fiscal loosening";

that the £20 universal credit uplift cannot be maintained because of costs and an

"ever-emerging and changing situation";

and that they will not take VAT off fuel bills, with Government Members even trooping through the Lobby to vote against Labour's motion on this, despite the Prime Minister telling us during the Brexit referendum that:

"When we Vote Leave, we will be able to scrap this unfair and damaging tax."

That is not to mention all those excluded throughout this from Government schemes.

Yet all the while, the Government are writing off billions of pounds of taxpayers' money lost to waste and fraud. As Conservative peer Lord Agnew—often mentioned today—said when resigning last week:

"Total fraud loss across government is estimated at £29 billion a year. Of course, not all can be stopped, but a combination of arrogance, indolence and ignorance freezes the government machine."—[*Official Report, House of Lords,* 24 January 2022; Vol. 818, c. 21.]

That is from their own side. The Government have been cavalier not only with lockdown rules and drunken parties but with due diligence when it comes to public spending. Just this week, it was revealed that £2.7 billion of taxpayers' money was spent on PPE products that will go unused by the NHS; 71 UK Government contracts, with a total value of £1.5 billion, were awarded to suppliers without due diligence, with hundreds of millions going to firms with no experience of public contracts, including the Florida jewellery company and the pest control company; and £3.5 billion of covid contracts were given to Tory-linked firms. As the National Audit Office said, the Government's approach "diminished public transparency" and fell short of the

"standards that the public sector will always need to apply if it is to maintain public trust."

The Conservative party defends all this by pointing to the extraordinary circumstances of the pandemic, but other Governments did not make the same mistakes. In Wales, the Auditor General saw no evidence of priority being given to potential suppliers depending on who referred them, and the Welsh Labour Government introduced legislation, the Social Partnership and Public Procurement (Wales) Bill, to ensure that procurement contracts are fully open and responsible throughout supply chains—a Labour Administration doing it the responsible way.

As we have heard throughout the debate, the Department of Health was not alone in squandering our money. Thanks to my right hon. Friend the Member for Wentworth and Dearne (John Healey), we know that the Ministry of Defence wasted £13 billion of taxpayers' money since 2010 on failed procurement projects, overspends and other admin errors. The Public Accounts Committee concluded that the Ministry of Defence procurement system

"is broken and is repeatedly wasting taxpayers' money."

The Ministry of Justice also wasted around £240 million in the last year on an array of projects, including £98 million on the new case management system for the electronic tagging of criminals, which was scrapped before it could be used.

As the Public Accounts Committee reported, the Department for Work and Pensions allowed universal credit fraud to spiral during the pandemic, with more than £8 billion lost to scams and errors. We all wanted money to go as quickly as possible to those who needed it, but the system was vulnerable to attack by organised crime groups and was overseen by Ministers who, to quote the Public Accounts Committee, had simply "lost control."

The Chancellor has now decided to write off £4.3 billion of funds allocated to the coronavirus help schemes. As my right hon. Friend the Member for Wolverhampton South East (Mr McFadden) highlighted last month:

"It is roughly the same as half the annual policing bill for the…country."—[*Official Report*, 18 January 2022; Vol. 707, c. 219.]

Hard-working police officers in Gwent police would have valued that money after a decade of Tory cuts in which they saw their budgets cut by 40%. It is more than the whole towns fund, it is almost the cost of the levelling-up fund, it is the same amount as the Chancellor took off universal credit in the autumn Budget, leaving thousands of my constituents worse off, and it would have been enough to help every family in the country who are suffering with their energy bills.

As my hon. Friend the Member for Leeds West (Rachel Reeves) said, this all matters because it means less money for everything else and nothing to help with the cost of living crisis, and it means the Government are raising taxes in April. One of the many families in my constituency who have been in touch with me talked about how they have had to cut down to one meal a day so they can heat their home through the night to keep their baby warm. That is just one of hundreds of harrowing stories, and it is all down to competence and political choices. What this Government have shown us is carelessness, incompetence and cronyism.

2.51 pm

Christine Jardine (Edinburgh West) (LD): It is a pleasure to speak in this debate and to follow the hon. Member for Newport East (Jessica Morden). I thank the Labour Front Bench for calling this debate, in which we have heard so many powerful arguments. The debate follows the powerful statement made by Lord Agnew on his resignation, where he drew attention to the "lamentable" litany of mistakes, errors and inexplicable decisions by this Government.

I will not take up the House's time by going into detail again, but we have heard today about the problems at Companies House, about the approximately £5 billion that we understand will just be written off and about the procurement mistakes that mean billions of pounds have been wasted on equipment that was of no use to anybody at a time when the emergency services in this country were crying out for proper personal protective equipment.

I speak not just on behalf of my party but, perhaps more importantly, on behalf of my constituents, who would recognise the shadow Chancellor's description of the situation as a disgrace and an affront. Yes, it is a disgrace, and it is an affront to all my constituents and the 3 million people across the country who were told time and again by this Government that support would not be available to them during the pandemic from the job retention scheme and the self-employment income support scheme because it would be too difficult to administer due to the risk of fraud. We know now that, at the same time, companies were defrauding taxpayers.

It is an affront to them, and it is also an affront to my many constituents who are hounded on a weekly basis by the Department for Work and Pensions and Her Majesty's Revenue and Customs because of errors made not by them but by those two Departments. It is also an affront to all those who have been pursued for loan charges. They are taxpayers who followed the rules and then, in many cases, faced bankruptcy because of a retrospective change in the law.

How is it that the Government are able to support the pursuit of those people? How is it that there is no support for them, while we stand here knowing that those who have taken money from the taxpayer fraudulently, at a time of national crisis, are not going to be pursued? I cannot believe there are any Conservative Members who think it any more acceptable than we do that their constituents can be treated in this way, and that criminal action—because it is criminal action when money has been stolen from our constituents, from honest, hard-working taxpayers—is simply going to be accepted, and these people will be allowed to get away with it. I think that that is an affront to all of us.

Madam Deputy Speaker (Dame Eleanor Laing): I call Paula Barker.

2.55 pm

Paula Barker (Liverpool, Wavertree) (Lab): Thank you, Madam Deputy Speaker, and many happy returns of the day.

Notwithstanding what the Paymaster General suggested earlier, this debate called by my party is absolutely the right one. It is easy to forget, given the plethora of scandals afflicting this Government, that when it comes to actual good governance they fall short of that marker. Perhaps it is as a result of the cumulative effect of those scandals— certainly on the back of the Owen Paterson debacle—that these issues are starting to pick up traction. The issues of waste, fraud, fast-track procurement processes and contracts that did not deliver are all interconnected. They did not begin with Owen Paterson and end with Lord Agnew's resignation.

Ever since the pandemic began, Members on the Opposition side of the House have raised questions, as any good Opposition should; but we were derided and ignored, accused of playing party politics throughout a national crisis. These days the Chancellor is conspicuous by his absence. That is in stark contrast to the dizzying heights of his popularity early in the pandemic, but it also means that he cannot continue to evade accountability and run from the truth.

It is not as if the Government were not warned. I attended a Westminster Hall debate called by my good and hon. Friend the Member for Liverpool, Walton (Dan Carden) on 8 December 2020, on the back of the National Audit Office report that was critical of the Government in respect of transparency about the use of public funds for covid contracts. Companies with no track record or experience of delivering comprehensive outcomes on anything, let alone specialist services, were awarded contracts to the tune of hundreds of millions of pounds of taxpayer cash, and the only criterion, as far as we can tell, was their personal connections with the Conservative party and Conservative Ministers—a bit like the pub landlord, for example. It is absolutely shameful. At about that time, Conservative Ministers such as Lord Bethell were refusing to publish a list of the companies awarded contracts to provide PPE because of the "commercial sensitivity" associated with the high-priority VIP lane; others might call it the Tory gravy train.

Then there is the abject failure in terms of outcomes, most famously that of track and trace, at an eye-watering £37 billion. Consultants were on £7,000 a day; there were jobs for mates such as Baroness Harding, who was completely out of her depth, and money was being funnelled to companies like Serco which cannot even deliver decent asylum accommodation in my own constituency. When this Government claim that they got the big calls right during the pandemic, they are so far off the mark that one must wonder whether the booze consumed during recent Downing Street parties has killed off considerable numbers of brain cells.

We know that these are difficult times for a Conservative Government when the *Telegraph* runs with the headline "Government waste is an insult to taxpayers". Now the latest reveal is that £4.3 billion has been lost to fraud in the covid support schemes—written off, never to be seen again—while £3.5 billion in public contracts has

[Paula Barker]

gone to Conservative pals in the private sector. The Government's so-called levelling-up fund alone could have been three times as large if No. 11 had not been so flagrant with public money. Who knows? We could have afforded Northern Powerhouse Rail, not the cheap and nasty integrated rail plan that we have received.

I have to mention the 3 million excluded self-employed taxpayers who continue to be ignored by this Government and who have not had one penny in support, because the Government say that could be open to fraud. The hypocrisy is astounding. When all is said and done after the pandemic, history will not be kind to this Government. They are economical with the truth—and that is putting it kindly—but less so with the public finances. They have been nothing short of an abject failure.

Madam Deputy Speaker (Dame Eleanor Laing): I call Peter Grant.

3 pm

Peter Grant (Glenrothes) (SNP): Thank you, Madam Deputy Speaker, and my birthday wishes to you. You are almost a twin of my wee sister, although I think Wikipedia may have got the year wrong. We will give you a chance to correct it later, because it cannot possibly have been that long ago.

I commend the shadow Chancellor, the hon. Member for Leeds West (Rachel Reeves), for her opening speech. Some of this afternoon's Back-Bench speeches have been quite outstanding. One thing that struck me on listening to them was that hon. Members were using very specific examples to point to themes that come back time and again—examples where there were obvious danger signs and things were going wrong, but nobody did anything. Sometimes publicising them and getting people embarrassed—those who are capable of being embarrassed—is the only way to deal with the problem.

It is very easy to make political capital in this place, which is designed to encourage the political ping-pong of playground insults that sometimes passes for debate, but vitally serious questions are being raised not just about failings in the present party of government, but, perhaps even worse, failings in the machinery of government that have to be sorted out. A change of Government just now will not fix the problem on its own unless we change the mechanisms by which decisions are taken.

Running a Government is not easy, and running a Government at a time of global crisis is even more difficult. No Government get it right all the time. Complimentary things have quite rightly been said about the Welsh Government, but the Welsh Government have got it wrong sometimes, and the Scottish Government have got it wrong sometimes.

When Governments get it wrong, they have to expect to be held to account, and it is reasonable for them to expect to be held to a reasonable standard. We are not expecting people to have been perfect or able to see into the future; we are expecting them to have planned for the most likely and foreseeable contingencies, to have been able to change their plans when circumstances changed, and to have been willing to come back and hold up their hands when they got it wrong and say, "We got it wrong." I would like to see certain people in this place saying, "I am sorry for what I did," instead of constantly saying, "I am sorry for what other people did" or "I am sorry for what happened to me."

Inevitably, a lot of our comments today will be directed against this Government, but in some cases I am talking about failings that have been there for decades or even longer. The Paymaster General appeared to speak somewhat dismissively of figures cited in a National Audit Office report in October 2020. I have gone back and had a look at that report. For those who are interested, paragraph 3.7 and figure 16 gave forecasts for the levels of fraud in some of the schemes that have turned out to be over-pessimistic, but the report says in a footnote that the sources for those over-pessimistic forecasts were the British Business Bank, the Department for Business, Energy and Industrial Strategy, Her Majesty's Treasury and the Office for Budget Responsibility.

It is a matter of public record that the advice that went with the ministerial directions required to allow some of the schemes to be established very often talked about levels of fraud of the same order of magnitude as those that the NAO talked about. The Government went into these schemes knowing that the best advice that they could get was that such eye-watering levels of fraud were possible—maybe not particularly likely, but distinctly possible.

Comments have been made about some National Audit Office and Public Accounts Committee reports that have been published recently. I want to flag up a few of them to demonstrate that wastage and inefficiency are not just a problem within one or two Government Departments; they are actually endemic in this place. On the defence nuclear infrastructure, which I mentioned earlier, the Public Accounts Committee found a total overspend of £1.35 billion. Even at that level, projects are delayed at best by 1.7 years and some by 6.3 years. If these projects are so important to the defence of all of us, then I suggest that leaving us undefended for 6.3 years in the present climate is not a particularly good idea.

As for the national law enforcement data programme, 68% of its budget was overspent—an overspend of £445 million. Things got so bad that at one point the police chief constables threatened to walk away because they had lost confidence in the way that the programme was being delivered—or not delivered.

On a smaller scale, but with a significant impact on individuals, the green homes grant voucher scheme promised to improve the energy efficiency of 600,000 homes, but managed 47,500. It still spent £50 million on administration. That is over £1,000 in administration for each house that it dealt with—almost a sixth of the entire budget.

When the Committee looked at the problems in a lot of digital change programmes across Government, we found, worryingly, that the intended transformation programme in primary care services in England was so flawed that it

> "potentially put patients at risk of serious harm".

We need to remember that this is not just about money. If there is inefficiency, mismanagement and sheer incompetence in managing the money, then the chances are that outcomes for people who rely on this work could be seriously affected as well.

A common theme in a lot of Public Accounts Committee reports is that the Government are always over-promising, giving wildly optimistic forecasts of all the benefits that will come from these schemes, and then quietly slipping out a report admitting that they have not really delivered anything like the promised benefits. It is also a standard practice of this Government that among the achievements they claim credit for having delivered now are things that they were saying they might manage to deliver sometime in future—when their track record is that if they promise 1,000 of anything, we will be lucky to see half a dozen.

Not only has there been a long track record of massive overspends, massive delays and massive inefficiencies throughout the Government, but, speaking personally from my experience over the past couple of years on the Public Accounts Committee, I am still not convinced that there has been a sufficient culture change to be willing to accept that this level of waste is simply unacceptable. Structural and cultural problems in the way the Government are set up and the way they operate mean that we will be very limited in how much of this waste we will be able to get to grips with.

For example, HS2 has overspent by almost £40 billion above original estimates, for a single project that we have recently discovered is not actually going to get as far as it was supposed to. All these things are supposed to be accountable to us, but I discovered at the first meeting of the Public Accounts Committee I went to that in the year that the massive overspends on HS2 were brought to the attention of the National Audit Office, HS2's own annual report did not mention the fact that it had been delayed. It managed to produce a glossy report for its shareholders and the public but somehow forgot to mention that the public money it was overspending was not even delivering what it was supposed to deliver.

Let me pick up on a few of the comments made by others. It is small money in some ways, but £900,000 could do a lot in my constituency. The Prime Minister, over the heads of the Scottish Government and against the wishes of 80% or 90% of Scottish MPs, hired a consultant and paid them £900,000 to say to him, "A bridge to Ireland? Are you daft?" I have 80,000 constituents who would have given the Prime Minister exactly the same answer for £900,000 less than he chose to spend on it. Remember that this is a Prime Minister who couldnae build a bridge over the Thames, which is not quite such a technologically innovative project as building one to Ireland.

There has been comment about the economic crime Bill. Earlier, the Chancellor promised us that nothing is off the table in relation to economic crime, but unfortunately the economic crime Bill has not got as far as the table yet. Last week, the Government said that that was because they could not find time in the parliamentary timetable. Almost exactly two hours after they said that, the business in this place collapsed three and a half hours early. For the second time in three weeks, it had collapsed over three hours early because the Government could not think of important enough business to fill up a day. I suggest that it is not about a lack of parliamentary time but a lack of Government will. This is a Government that can find the time to legislate to strip citizens of their right to peaceful protest, but cannot or will not find the time to legislate to strip Putin's pals of their ill-gotten billions.

I entirely agree with the comments from the hon. Member for Thirsk and Malton (Kevin Hollinrake), who is no longer in his place, about the protection of whistleblowers and the encouragement of whistleblowing. When it is done properly, it is one of the best defences against any kind of financial crime that we have. I wonder what it says about this Government's genuine commitment to protecting whistleblowers when we see the comments that Sue Gray made about the culture of bullying at the heart of Government. Nobody asked her to look at bullying—it was not part of her remit—but there were clearly a lot of people in No. 10 who decided that this was a chance to talk about it.

The best way to deal with fraud is to prevent it from happening, rather than trying to deal with it a year or two after it has happened. I used to do fraud awareness courses when I was a local government senior auditor, and it was always made clear—as it was when I was chair of the audit committee of the third biggest council in Scotland—that the culture has to come from the top. It is the same as dealing with bullying, harassment and other unacceptable behaviour in any organisation. The message that is sent out and the ethos that is demonstrated day in, day out by the leaders of the organisation is much more important than what is written on an official document in a policy library somewhere.

The ethos and the example set by those at the top are crucial. What example does it set when the Standards Committee of this House finds that a senior Member of the House is guilty of "egregious" and "corrupt" acts, in the words of the Chair of the Committee, and the Government's response is to try to discredit the Committee and the Standards Commissioner and get them removed from office? Does that look like the action of a Government who are committed to setting a culture where no level of corruption and no level of abuse of position is acceptable? It does not look like that to me.

I know that there are Members on the Conservative Benches—I certainly include the Economic Secretary to the Treasury among them—who are utterly decent people. I can understand why some of the Conservative Back Benchers who were here earlier were not too pleased to be included in some of the accusations that have been levelled against their party. There are decent and honest people on Conservative Benches, but we need to say to them that it is time for them to step up. What we have just now is a system of government that has always been wide open to serious abuse, with far too much power concentrated in far too many hands and far too little genuine oversight or genuine responsibility. It is a system that has just been waiting for the wrong person to come along and abuse it, and I believe sincerely that we are bearing the fruits of that now. It is up to those who have the integrity that is needed—particularly those on the Government Front Bench—to step forward now and start clearing out the corruption in this place.

3.12 pm

Emma Hardy (Kingston upon Hull West and Hessle) (Lab): It is a pleasure to speak in this debate and to follow the hon. Member for Glenrothes (Peter Grant). It has been a really interesting debate. It is a shame that the hon. Member for Thirsk and Malton (Kevin Hollinrake) is not in his place, because, like the hon. Member for Glenrothes, I thought his comments on whistleblowing were really important. The importance of protecting those who call out economic crime is not often raised in this place.

[Emma Hardy]

Since 2019, economic crime has increased. Action Fraud has talked about a 36% increase in fraud offences for the year ending June 2021, compared with the year ending June 2020, and a 51% increase in financial investment fraud. I cannot remember who said it, but an earlier speaker in the debate pointed out the emotional upset that comes with fraud. It is worth contemplating for a moment that people who are defrauded can feel incredibly, personally hurt by it. It has a huge impact on them.

We need to look at a system that is fairer. One of the things that we like to say about this country when asked to describe it is that it is generally a fair and just country, but the system we have at the moment does not feel fair or just. It has been mentioned many times that the fraud relating to bounce back loans amounted to around £4.9 billion. When we include the coronavirus job retention scheme, the self-employment scheme and eat out to help out, we are looking at a total of £5.8 billion in overall fraud losses. It is worth remembering the comments made by Lord Agnew in his article in the *Financial Times* on 25 January. What he said was important, because it was not just about the loans introduced because of the coronavirus pandemic. He said:

> "Fraud in government is rampant. Public estimates sit at just under £30 billion a year. There is a complete lack of focus on the cost to society, or indeed the taxpayer."

Those are the words of the Government Minister who has just resigned in the Lords. It was not just a comment on the bounce back loans or coronavirus. He said that

> "fraud in government is rampant",

and as the anti-fraud Minister, surely he should know. In the same article he went on to say:

> "The government machine has failed spectacularly both in the business department in its weak oversight of the British Business Bank and in the Treasury for allowing such dysfunctionality to continue on such a colossal scale."

One of the Government's own Ministers is making those comments about the level of fraud we have in government. That is absolutely shocking.

As I said in an earlier intervention, I am concerned that some of these problems are long-lying, not immediate or concerned just with the recent coronavirus pandemic. The National Crime Agency is unable to grow its international corruption unit because of cuts to the UK aid budget. One part of the Government is making changes such as cuts to UK aid—I still cannot understand the justification for that—and that will impact on our ability to tackle international fraud. We know that tackling fraud is under-resourced and under-invested. One third of all reported crime is fraud, but tackling it has only 1% of police resources. Of course we need an economic crime Bill, and we also need the Online Safety Bill. Had the Government not been so tied up in desperately trying to save the Prime Minister, we might be seeing some concrete action on the things that really matter.

The Economic Secretary to the Treasury has been before the Treasury Committee, of which I am a member, and he spoke about Companies House. The hon. Member for Glasgow Central (Alison Thewliss) made a good speech, detailing all the difficulties and concerns about Companies House, but again, we have known about that since 2014—it is not new. The Government's defence that, "Oh, we had to do things quickly because of the coronavirus pandemic, and this is why we have problems", simply does not wash. We know there has been under-investment in tackling fraud because we do not have the resources the police need, and we know that the international aspect of that is under-invested in further because of cuts to UK foreign aid. We know there have been problems in Companies House since 2014, which the Government keep talking about and failing to take action on.

Reform of Companies House is essential. We cannot allow UK companies to be used to launder money and conduct economic crime. The pace of change is too slow, and if we continue with our current speed, we will not see the action needed for another 10 years. Transparency International UK has identified 929 UK companies involved in 89 cases of corruption and money laundering. That equals—I think this will shock most Members present—£137 billion in economic damage. That is not a small amount of money. We are talking about huge amounts of cash.

The three consultations launched by the Department for Business, Energy and Industrial Strategy, which were looking at Companies House, closed on 3 February 2021. Since then we have seen nothing; two years later, nothing. Where is the legislation to bring the changes and funding that we need to reform Companies House? This goes back to the point I made at the beginning of my speech: this is a question of fairness and justice. It is not just about the pandemic. I understand why the Government want to blame all the mistakes on the pandemic and the need for urgent action, but the problems are much deeper than that.

When we think again about what we could have spent that money on, that is where it becomes quite difficult. I have been contacted by many of the excluded community, who are really upset about the lack of support they have been given, the bankruptcy they faced, the need to go to food banks or claim benefits for the first time, and how unfair they think that is when they see how much money went out in fraud. It is not just them, because we have seen the same with social care. I have mentioned in the House on a number of occasions the Conservative-led East Riding of Yorkshire Council, of which my constituency is a small part. It has a desperate need for money to deal with the number of elderly people who need care. It has a deficit of £1.4 million for the current year, and it needs more to offer competitive wages. We have people in the East Riding of Yorkshire not getting the care they need because the local council does not have the money it needs to fund it properly.

We cannot talk about this issue without relating it back to normal life. If we are talking about wasting £4.3 billion, that is £4.3 billion that is desperately needed by other people across our country—people struggling with the cost of living, excluded members of the community and people not getting the care and support they need. It is ludicrous, as others have said, that we have a Prime Minister who spent £900,000—it is hilarious—employing a consultant to tell him that he could not build a bridge from Scotland to Ireland. My goodness me. I am sure someone out there has a tin of tartan paint that they could sell to the Prime Minister for around £900,000. If not, I am sure someone in my constituency could make the same offer. Or perhaps a ladder to the moon could be the next scheme the Government would like to invest in. I could offer myself as a consultant to look into the matter for him.

What we need, seriously, is an economic crime Bill, and we need it now. There is time in the parliamentary timetable to look at it. We need a register of overseas interests. That was promised under David Cameron and by successive Conservative Prime Ministers, but we still have not seen it. We need reform of Companies House, and we need that to be accelerated. I have respect for the Minister. I am sure he wants to reform Companies House, too, and I urge him to make that change urgently—sooner rather than later. I also ask him to include the investigative arm in the resourcing of Companies House, so that it is not just about filing companies' details but could look into the legitimacy of some of the companies that want to register. Finally, we need the implementation of all the recommendations of the Russia report from 2020.

3.22 pm

Rachel Hopkins (Luton South) (Lab): Many happy returns of the day, Madam Deputy Speaker. It is an honour to follow my hon. Friend the Member for Kingston upon Hull West and Hessle (Emma Hardy), who made an excellent speech.

I am very pleased to be able to speak on this topic today. Good governance and public trust rely on prudent public spending. The Conservative Government have a track record of wasting public money and failing to deliver value for money. The Chancellor has written off £4.3 billion of fraud related to the covid business support schemes. Let us put that in perspective: it is equal to the total 2022-23 combined planned spending of the Department for Digital, Culture, Media and Sport, the Department for International Trade and Her Majesty's Treasury. It is more than the entirety of the towns fund, and it is almost all the money allocated to the levelling-up fund.

People should not have to pay for the imminent Tory tax rises that will exacerbate the cost of living crisis when billions are leaked to fraud and wasted. It demonstrates this Conservative Government's incompetence, letting fraudsters off the hook while continuing the underfunding of local communities and suppressing pay packets. That is especially so when it is reported that they expect to recover only £1 in every £4 lost.

The amount of fraud being written off works out at about £154 a household. That is a total cost of more than £6 million for my constituency of Luton South. I am sure my hard-working constituents would rather see it in invested in our community or have it in their pockets to spend in our local shops to drive our local economy. My constituents know that when living on a tight household budget, you have a keen eye for waste. From the Government's actions, however, that does not seem to be a skill that Ministers have learned. We have cancelled contracts, overspent projects and written-off investments—"schoolboy errors". Those are not my words, but those of the Government's own anti-fraud Minister, Lord Agnew, as he resigned in protest. Are those on the Treasury Front Bench embarrassed when Lord Agnew talks of

"a combination of arrogance, indolence and ignorance"—[*Official Report, House of Lords,* 24 January 2022; Vol. 818, c. 21]—

in the Government's decision making, which has led to an estimated total fraud loss across Government of £29 billion a year? It is just shameful.

The Government's reckless waste is not just related to fraud—it cuts right across other areas of public spending. There has been £13 billion wasted on defence procurement in the last decade; £2.8 billion spent on PPE that was ultimately useless; £17 billion to rectify the Treasury's discriminatory public sector pension reforms; and £550 million wasted by the Ministry of Justice in the past decade.

This Conservative Administration cannot be trusted—do not take it just from me and Opposition Members; take it from independent, trusted organisations. The Royal United Services Institute, the world's oldest and the UK's leading defence and security think-tank, has spoken of

"indifference and negligence at the heart of government."

The bounce back loans scheme was

"vulnerable to abuse by individuals and…organised crime"

according to the British Business Bank, and the National Audit Office said:

"Counter-fraud activity was implemented too slowly to prevent fraud effectively".

No Government should play fast and loose with public money, and the Tories' appalling record on public spending must end.

I look forward to hearing the Minister acknowledge the shocking level of waste and Government mismanagement. I say that in the light of our greater recent focus on the Nolan principles—the principles of public life—which apply to anyone who works as a public office holder. All public office holders are both servants of the public and stewards of public resources.

Let us take the principle of selflessness. The Nolan principles state:

"Holders of public office should act solely in terms of the public interest."

On accountability, they state:

"Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this."

Will the Minister explain how giving out crony contracts, significant waste in Government and writing off huge levels of fraud serve the public and reflect good stewardship of public resources?

In particular, many ministerial directions were issued in 2020, and Ministers are fully accountable for those decisions. Let us take eat out to help out as an example. On 7 July 2020, the Chancellor gave a ministerial direction even though the first permanent secretary and chief executive officer of HMRC—he is the principal accounting officer, who needs to make decisions that are appropriate and consistent with managing public money—talked of "uncertainty" and said that

"there are…particular value for money risks surrounding the level of potential losses that could arise."

Indeed, we have seen 8.5% of payments made under the scheme—£71 million—lost in fraud or paid out by mistake. I recognise that there may be some elements of fraud and payments lost, but 8.5% is a significant margin.

The Government have repeatedly shown a lack of respect for public money, and our constituents deserve better. They deserve a Government who play by the rules and value every penny of public money.

Madam Deputy Speaker (Dame Eleanor Laing): I call Pat McFadden.

3.27 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): Thank you, Madam Deputy Speaker. I begin by wishing you a very happy birthday and wishing everyone in No. 10 a very happy end to dry January. I thank all right hon. and hon. Members who have spoken in the debate.

We began with the Paymaster General, No. 10's fireman, coming once again to pour oil on troubled waters. Members raised a number of important issues. Several rightly raised the need for an economic crime Bill. They also raised the mismanagement of public finances, banks with poor records, losses other than those we are focused on today, crony contracts, and other examples described by the Public Accounts Committee. The overall picture is one of serious deficiencies in the management of our constituents' money.

Let me focus on the issues in our motion. I turn first to the numbers. On 12 January, HMRC published figures on its website estimating the losses in covid grants due to fraud and error, which it broke down by saying they would be 8.5% of furlough payments and 8.7% of eat out to help out payments. It said that, all in all:

"This equates to £5.8 billion".

Adding up what has been recovered so far and what it is estimated will be recovered through the taskforce that the Paymaster General referred to in his opening speech gives us a figure of £1.5 billion between 2021 and 2023, leaving us with the £4.3 billion that we have been talking about for the last couple of weeks. Put another way, the Government state on their own website that they expect to recover only a quarter of the sum that they estimate has been lost in fraud and error on these grant schemes. It is important to understand that the losses on bounce back loans are additional to that. Estimates of those losses vary, but they are on top of the £4.3 billion estimated to have been lost through the grant schemes.

The Government say they are chasing down every pound, but on the same website, they say that these losses were

"in line with the original planning assumptions,"

so from the get-go there was an assumption that a significant amount of money would be lost. Loans were made to over 1,000 companies that were not even trading when coronavirus began. Duplicate applications were made, with checks only introduced after 60% of the loans had been made. These are huge amounts of money.

The Government's defence is that there was pressure to get money out of the door because genuine businesses and individuals needed help; for example, many businesses had been ordered to cease trading as part of the public health measures. Of course it is true that there was pressure to get money out of the door—no one is denying or disputing that—but that cannot be an excuse not to have even a semblance of controls in place. One control could have been asking whether a company had ever traded in the past. Another could have been checking whether the same company was submitting multiple applications to different organisations. Those basic checks were not put in place.

Neither can the legitimate desire to get money out of the door quickly be an excuse for the lack of action since. The Government were warned of the risk of fraud. Before the bounce back scheme was even launched, the chief executive of the British Business Bank wrote to the Secretary of State for BEIS at the time:

"The scheme is vulnerable to abuse by individuals and by participants in organised crime."

In June 2020, the Fraud Advisory Panel warned that

"we feel we should draw your attention to serious weaknesses that enable fraudsters and corrupt insiders to exploit the"

bounce back loan scheme

"and CBILS loan scheme. Not only does that see public funds diverted to criminal enterprises, but it risks painting the scheme in a bad light and reducing public support for the government's actions."

In December 2020, the *Financial Times* described bounce back loans as a

"giant bonfire of taxpayers' money".

One source told the newspaper that

"the scheme was being abused…on an industrial scale."

Three months before that, in September 2020, former detective Martin Woods said that criminals had identified the scheme as "a fabulous opportunity". Another said: "This is basically" a criminal's "dream scenario", adding that it was an

"incredibly lucrative fraud that requires very little work and has almost no chance of law enforcement action."

I accept that there was pressure to get money out of the door and get help to people, but that is not an excuse for not having even basic checks in place, and it is not the case that the Government were not warned about the risks. Indeed, as I said, their own website shows that assumptions of the levels of losses that we are talking about were built in from the very beginning.

Let me turn to the lack of action since. The speech by the former Minister for fraud has been extensively quoted in this debate, and it is no wonder. Ministers cannot just come here, thank him for his service and ignore what he said. The quotes from his speech, of which we have heard many today, are completely damning:

"Schoolboy errors…indolence and ignorance…no knowledge of, or little interest in, the consequences of fraud to our economy or society."—[*Official Report, House of Lords,* 24 January 2022; Vol. 818, c. 20-21.]

That is not the verdict of the Opposition; it is the verdict of the Government's own Minister on the issue. He also said that this is not an issue of the past. It matters now, because this is the time when the 100% Government guarantee starts to kick in—that is, when the taxpayer starts having to pay the cost of the defaulted loans. It is impossible not to draw a contrast between the dismissal of all those warnings, and the lax way that money was allowed to go to the unscrupulous, with the Government's determination not to give help to many of the freelancers and others that got no help at all. How angry must they feel watching our proceedings today, when they see billions of pounds being discussed that we may never see again, while their claims were rebuffed by the Treasury time and again.

Lord Agnew rightly made the link between the huge sums that we are discussing and tax, because the context of this debate is that in the year following those losses the Government will bring in a tax rise that will add hundreds of pounds a year to the average family's tax bill and raise the overall tax burden to the highest levels since the 1950s. It does not matter how many times the Chancellor and the Prime Minister describe themselves as tax-cutting Thatcherites: between them, they have raised taxes far more than any Chancellor of either party since she left office. It is completely absurd for the Chancellor to stand up and give a tax-raising Budget and then try to wash his hands of it at the end.

There is now a yawning gap between the rhetoric and the actual record of stewardship of public money. It smacks of a Government who have been in power for too long, and who have become complacent and, overall, arrogant—although I would never accuse the Minister of that, as I have enormous respect for him. There is an arrogance about the mismanagement of the money, and it is totally cynical to drive through tax increases when families are being squeezed by rocketing energy bills and declining real wages, just so the Chancellor can cut taxes before the next election. Taxes should be geared to the needs of the country, not the political campaign grid of the Conservative party.

This is not just about covid grants and loans. As my hon. Friend the Member for Wansbeck (Ian Lavery) highlighted, it has emerged, on page 199 of the Department of Health and Social Care annual report, that £8.7 billion of losses in PPE have had to be accounted for in that Department's spending. We should pause and think about that—£8.7 billion of losses. What could that money have done in the NHS? It is twice the Government's entire hospital building programme, but it is dismissed on page 199 of the Department's annual report. If we add, for example, that £8.7 billion to the £4.3 billion that we have highlighted today, we get a whole year's worth of receipts from the national insurance rise that will be imposed on families in April. The Chancellor says those tax rises are all about public services, but it is impossible to escape the conclusion that they are, at least in part, to fill the hole caused by that colossal mismanagement of public money. Working people across the country are being asked to pay the cost of the Government's mistakes.

The Department of Health and Social Care report does not get any better. The public sector's auditor in chief has refused to give a clean bill of health to the Department's 2020-21 accounts, because £1.3 billion has been spent without Treasury approval, and he has pointed out the risk of fraud. This is about grants, loans and departmental spending, and it matters because there is now a direct link with the cost of living crisis that our constituents face. The Chancellor was very keen to claim ownership of the money that has been distributed: he must also claim ownership of the entire record, including the money that has been lost.

Finally, I return to the calls in this debate for an economic crime Bill. That has been called for time and again, and it is supported by the Opposition. We need to bring forward the registration of overseas entities Bill, which the Government know has cross-party support but which they have been sitting on for four years. We need not just to talk about reforming Companies House, but to get on and do it.

We need to implement the Russia report; I saw the Foreign Secretary at the weekend saying that there would be no hiding place for oligarchs. Why have the Government not acted on the Russia report, which is now some two years old? The UK should not be an easy home for illicit finance, the proceeds of looting and kleptocracy. At the end of the day, it is not just a matter of finance and taxation, although it is that, but a matter of national security. The Government's inaction on that has been gaping for far too long.

I appeal to the Minister: the Government must act on fraud, on both public finance and national security grounds, particularly when they are asking working people to pay more tax. That is what our motion today is all about.

3.40 pm

The Economic Secretary to the Treasury (John Glen): It is a privilege to close this debate on behalf of the Government. I thank the 14 Back-Bench Members who made contributions this afternoon; I listened carefully to all those speeches, and I will try to address many of their points in the next few minutes. I particularly thank my hon. Friend the Member for Broadland (Jerome Mayhew) for his thoughtful speech.

I think it is clear that we are united in our recognition of the importance of tackling the twin scourges of fraud and waste, and I start by taking this opportunity to remind the House why we consider it a matter of great importance. This Government are ambitious for this country; that is why, during the pandemic, we sprang into action to save the economy, rapidly unleashing more than £400 billion in a package of support to protect jobs and businesses.

That is also why we are opening up opportunities to all through our transformative levelling-up agenda and our plan for jobs, and why we are focused on building back better and stronger from the coronavirus. All those policies and ambitions are underpinned by a pledge we made to the British people to safeguard our nation's finances, so I turn now to the specifics of the debate.

First, I address the matter of covid-related fraud. Our covid support schemes have safeguarded millions of jobs and livelihoods throughout the country during the most difficult of periods. Our priority during the pandemic was always to ensure that support swiftly reached the businesses and individuals who needed it most. I think back to the reality of the situation in March, April and May 2020, when the first iteration of the CBILS met with delays; it did so because banks, following the previous crisis, had been forced and indeed constituted to do affordability checks. There was an outcry of anxiety, quite reasonably, from business owners and individuals up and down this country, and from hon. Members across the House. As a consequence, the Government recognised that we needed to develop a new iteration of that particular support, involving a 100% guarantee. We had conversations with the shadow Chancellor at the time about certain measures that needed to be taken to accommodate some of the challenges in getting that scheme to work quickly. We did so in full knowledge that the speed of delivery was critical if businesses were to be protected. Indeed, I am glad that so many were. That did not involve recklessness, but know your customer, AML and anti-fraud checks.

The bounce back loans helped 1.5 million businesses through the crisis. As the Paymaster General pointed out, the sheer volume of schemes that we introduced and the speed at which they were designed and implemented meant that it was not possible to prevent every instance of fraud and error.

Peter Grant: We all vividly remember the triumphant statements from the Chancellor at the time about how much money was being made available, but can the Minister refer us to any mention in *Hansard* from the Chancellor at the time about the levels of fraud that were being provided for in any of those schemes?

John Glen: When we designed the schemes, it was clear that we had to put in reasonable measures around the identity of individuals and that we had to allow people to self-report their turnover. The whole conversation with the banks was designed to ensure that that money was available as quickly as possible while not being reckless with those finances. We did it on the basis that, inevitably, there would be a measure of fraud. I am grateful for the measured way in which the hon. Gentleman speaks in the House. I cannot give a specific answer to his question, but that explains the context in which the schemes were designed.

The measures that we put in place were robust and comprehensive. There was no one single point in time where we said, "We've got everything right"—I would never stand at this Dispatch Box and say that. Some £2.2 billion of potentially fraudulent bounce back loan applications were blocked through up-front checks and extra fraud checks were introduced in relation to the bounce back scheme at the earliest practical point. The Government categorically do not accept the suggestion, however, that those checks could have been part of the scheme at its launch.

I have spoken to officials on several occasions over the last two years about what more could have been done at the inception of those schemes. The extra checks that we put in place as quickly as we could would have delayed the start of the schemes, which were already delayed because of the circumstances I explained earlier. It would have caused further delay—in some cases, not just weeks but months—and would have led to serious harm for many SMEs at a time of what we all acknowledge was acute crisis.

Subsequently, however, we have given the Insolvency Service and Companies House new powers to prevent rogue company directors from escaping liability for their loans by winding down their businesses. We have invested £4.9 million in the National Investigation Service to probe serious fraud and it has recovered £3.1 million in the last year alone.

Alison Thewliss: The Minister has made the point about pursuing rogue company directors. Can he tell me more about how he intends to pursue them if the name given is clearly false or the address is incorrect?

John Glen: I pay tribute to the hon. Lady's work to highlight the inadequacies, which she reflected in her amusing but serious speech about Companies House reform. She knows my view, which I have stated numerous times, including at Treasury questions earlier today, that the reform of Companies House is an urgent priority. That is why, in the last spending review, the Treasury gave an extra just over £60 million to start that process. More needs to be done and legislation will be required to fulfil that process.

I will now address the motion's claim that the Treasury has written off £4.3 billion in the furlough scheme and other HMRC-delivered covid support schemes, which could not be further from the truth. As the Chancellor has previously said, no, we are not ignoring that money and no, we are definitely not writing it off. We are taking decisive action to recoup it. We have invested more than £100 million in a taxpayer protection taskforce, which has over 1,200 HMRC staff focused on combating fraud. Make no mistake: this is one of the biggest and swiftest responses to a fraud risk ever made by HMRC. In fact, over 13,000 one-to-one inquiries were set up in the last tax year, and already the taskforce has contacted over 75,000 people, some of whom could face criminal prosecutions. Meanwhile, HMRC has already recovered over £500 million through a host of other robust measures, and I know that it will continue to consider every avenue when it comes to recouping money lost through fraud and error.

The motion refers to an NCA investigation. I stress that we have not prevented the NCA from investigating fraud associated with covid-19 support schemes. The NCA has investigated cases of fraud against the schemes and contributed to 13 arrests in relation to bounce back scheme fraud. The Treasury has worked closely with the Home Office on the law enforcement response to fraud, and I agree that the NCA should continue to pursue cases of serious fraud against bounce back loan schemes. As part of the 2020 spending review, the Government committed a further £63 million to the Home Office to tackle economic crime, including fraud.

I now want to address some of the points raised on procurement; the motion talks about public procurement. As my right hon. and learned Friend the Paymaster General said, we take our duty extremely seriously. On personal protective equipment, our focus during the crisis—rightly—was on saving lives and protecting our healthcare workers. However, as has been mentioned today, the pace of this roll-out involved a change in risk appetite, and meant that Treasury Ministers and officials had to make calculated judgments on how to apply that spending control. It was not business as usual. None the less, at all times, the principles set out in "Managing Public Money" continued to apply, DHSC took decisions on the basis of sound advice and all transactions were approved by the Cabinet Office and the DHSC clearance board. We will continue to combat fraud in that area. We will pursue any contracts where there has been a technical failure or other breach, and we will not hesitate to take legal action against suppliers where needed.

I will finish on some of the other aspects included in the motion, starting with defence. As somebody who was a member of the Defence Committee for a couple of years and attended the Royal College of Defence Studies course, I take a great interest in these matters personally. My hon. Friend the Member for Barrow and Furness (Simon Fell) mentioned the complexity of some of the procurements and the evolving scope of individual projects—sometimes, at the inception of these capabilities, their formation is not fully known, so it is a particularly challenging element of Government spending. However, the National Audit Office has noted the progress that we have made so far. The financial settlement of the 2020 spending review is helping the Ministry of Defence to move to a sound financial footing and we are focused on driving improvements that will result in greater value for money.

Equally, we are sharpening our tools to deal with the scourge of economic crime. We are committed to delivering reforms through the economic crime plan and the forthcoming fraud action plan and, thanks to the spending review settlement and private sector contributions, as has been mentioned, we have an additional £400 million to tackle such crime over the next spending review period.

I repeat my thanks to Members across the House for participating today. I have listened very carefully to their remarks and will reflect carefully on them. There can be no doubt that fraud and waste hamper a Government's efforts to change lives and transform a country for the better. That is why we are focused on combating those threats to our national wellbeing, while working hard at boosting efficiency across every part of Government. We are right to take this action to fulfil that enduring commitment to the economy, to the country and to every citizen.

Question put and agreed to.

Resolved,

That this House agrees with the remarks of Lord Agnew of Oulton in his resignation letter that the Government's record on tackling fraud is lamentable; recognises the vast amount of taxpayers' money that has been lost to waste and fraud since the start of the coronavirus pandemic, including the estimated £4.3 billion recently written off from Treasury-backed Covid business support schemes; notes the Government's unacceptable record of poor procurement over the last decade, including £13 billion wasted on defence projects; further notes the warnings the Chancellor received in 2020 regarding the serious weaknesses allowing for public funds to be diverted to criminal enterprises; calls on the Government to set out a strategy to recover all taxpayers' money obtained by criminal groups and to fully engage with a thorough National Crime Agency investigation into all issues related to the fraudulent exploitation of the covid-19 support schemes; and further calls on the Chancellor of the Exchequer to make a statement to this House before 31 March 2022 detailing how much taxpayers' money has been successfully retrieved.

Oil and Gas Producers: Windfall Tax

Madam Deputy Speaker (Dame Rosie Winterton): I inform the House that Mr Speaker has not selected amendment (a) in the name of the hon. Member for Aberdeen South (Stephen Flynn).

3.54 pm

Edward Miliband (Doncaster North) (Lab): I beg to move,

That this House notes the cost-of-living crisis hitting families across the country and that the energy price cap is predicted to rise by 50 per cent from April; recognises that rocketing energy prices are hitting businesses as well as household budgets; calls on the Government to introduce a windfall tax on the profits of North Sea oil and gas producers; and further calls on the Government to use that windfall tax to help fund a package of support for families and businesses facing the energy price crisis.

In the last few days, we have often heard the Government say that they are desperate to talk about the biggest issues facing the country. Conservative Member after Conservative Member has lined up to say that there is nothing they would rather do than end the distractions and talk about the burning issues facing people. I have to say, Madam Deputy Speaker, where are they all? Where are they? Today, we are giving them—*[Interruption.]* There are a few of them, but not very many. Today, we are giving them and the House the chance to talk about those issues, and there is no bigger issue facing families than the energy price crisis. For months, we have waited for the Government to tell us what it is that they are going to do and there has been silence. Today, we are making a generous offer to focus on what really matters and to give them the chance to support the principle of a windfall tax on the oil and gas companies to help to address the energy crisis.

Let me set out the case. In just six days' time, we will know the scale of the price cap increase to be announced by Ofgem. It is expected, on the latest gas prices, that there will be a £600 increase in the cap, on top of the £120 increase we have already seen. April's increase alone is expected to drag 1.5 million more families into fuel poverty. Let us be absolutely clear what that means. Consider a recent Citizens Advice case of a man in his 60s from Devon who had given up his job as an engineer when he was diagnosed with spinal cancer. He had been claiming universal credit but cannot work and recently saw that drop by £20 a week. He told Citizens Advice:

"I don't buy the things I need to buy. I'm constantly looking at the bank account. I put things off as I can't afford the petrol to drive. I feel isolated and stressed, but what can I do? I'm living in one room to keep the heat down as low as I possibly can, but everything is just mounting up. It's direct debit after direct debit."

I have had similar cases in Doncaster. This is the reality facing millions in our country, and that is before the price cap has actually gone up. It is against the backdrop of inflation running at nearly 6% and the national insurance rise on top. So people are facing very difficult times. Businesses, too, are facing great difficulty as a result of what is happening.

Dr Rupa Huq (Ealing Central and Acton) (Lab): Does not my right hon. Friend agree that the Government's version of the energy price cap, along with "use it or lose it" penalties on developers, banning letting fees for tenants and gender pay gap reporting, have his fingerprints all over them from our 2015 Labour manifesto, but that, unfortunately, they have made the schoolboy error

[Dr Rupa Huq]

of copying homework incorrectly? That is why we now need a windfall tax to rectify those errors. In a parallel universe—the Miliverse—this was done right, but sadly it has been done all wrong by them!

Edward Miliband: I thank my hon. Friend for that intervention. I am old enough to remember when an energy price cap was living in a "Marxist universe" and now it is Government policy.

The Federation for Small Businesses reports that 45% of members are seeing soaring costs from higher energy bills. Meanwhile, the Energy Intensive Users Group, representing vital industries such as steel and pharmaceuticals, has called repeatedly for "immediate action".

This is an economic crisis plain and simple. What is extraordinary is that the Government, months into the crisis, have not produced a single solution. Where is the solution? There can be no greater evidence of a Government paralysed by inaction. Millions of families who want reassurance are instead subject to the spectacle of a rule-breaking Prime Minister still too distracted by trying to save his own skin.

Our case today is that millions of struggling families should not be left to face this situation alone and that we should do all we can to act. It is right to look to those benefiting from this crisis to make a contribution.

John Redwood (Wokingham) (Con): I am glad the right hon. Gentleman is highlighting this issue. Does he agree that gas prices are a lot dearer in Europe and the UK than they are in America because we are short of gas here? Would it not therefore be a good idea for us to get more gas out of our North sea to ease the squeeze?

Edward Miliband: The right hon. Gentleman and I differ somewhat on this. The real problem is that we have not gone far enough or fast enough on the green transition. The more we are subject to the volatility of fossil fuels—the prices are set internationally—the more we are at risk of the kind of crisis we are seeing at the moment.

If there is one principle that should get us through these tough times, it is that those with the broadest shoulders should bear the greatest burden. Britain's families and businesses are facing the toughest times, but that is not true of everyone. For the oil and gas sector, the price spike has been a bonanza—a trebling of prices today compared with a year ago. Let us be clear about the effect that is having on oil and gas company profits.

Listen to Bernard Looney, the chief executive of BP. He says this: the rise in prices is a "cash machine" for his company. Those were his words—a "cash machine". Let those words ring in the ears of right hon. and hon. Members in this House. Let us be clear about who is on the other side of the cash machine: the British people. In other words, it is an ATM from which the oil and gas companies collect billions and into which the British people pay—people like the man in Devon who could only afford to heat one room. He is one of the millions paying into the cash machine for BP.

Once the companies are withdrawing the cash from the cash machine, where is the unexpected windfall going? Let us not fall for the argument that may be made in this debate—that it is somehow going into investment or workers in the oil and gas sector. *[Interruption.]* The hon. Member for West Aberdeenshire and Kincardine (Andrew Bowie) says from a sedentary position that it is. Let me tell him that he is wrong. All the evidence is that the companies are so flush with cash that billions are being used to inflate the share price in buybacks from shareholders. BP did a share buyback of over £1 billion in August, but it was so overwhelmed with cash that it did another worth nearly £1 billion in November. Shell has done the same, with a £1.1 billion share buyback in December. But that is not enough: it says it will do another one, worth £4 billion, at pace, in 2022.

This is simply a redistribution of wealth from the energy bills of the British people—those who can least afford it—to the shareholders of those companies. The question before us, then, is one that has confronted previous Governments: should we do something about the situation or say that it is wrong to take account of the windfall in the tax decisions that we make? I say that it is not wrong to take account of it—it is fair and it is right and it is principled.

Tim Loughton (East Worthing and Shoreham) (Con): The right hon. Gentleman is setting out the problem, but the trouble is that his solutions do not add up. Does he acknowledge that last year Shell and BP, the two largest oil and gas producers, posted a £26.9 billion and £22.5 billion loss respectively? How much would his windfall tax get from those situations? Does he also acknowledge that the biggest investments in renewable energy—not least hydrogen, into which hundreds of billions are being invested—come from companies such as BP and Shell, which we need to continue investing in alternative non-fossil fuels?

Edward Miliband: I will answer all the hon. Gentleman's points. We would raise £1.2 billion from the windfall tax. I will come to this later in my speech, but the tax position is incredibly generous for companies, including Shell and BP. He says that their money is going into renewables, but I am afraid that he is not correct. Shell's near-term plans involve investment of just £2 billion to £3 billion in low carbon activities and £8 billion on upstream fossil fuel production. It is just greenwash to say that these companies have somehow moved out of fossil fuels and into renewables. The truth is that when profits have risen by billions and billions and when billions are being paid out in share buybacks, it is not credible that somehow a one-off tax rise, taking just a small proportion of the windfall profits that these companies did not expect, will somehow lead to a collapse in investment.

There is a clear consensus that a windfall tax is the right thing to do. An overwhelming majority of people support it—including, I might point out to Government Members, three quarters of Conservative voters. I do not know what Conservative Members are waiting for: they should support a windfall tax because some of the people who vote for them—or used to vote for them, anyway—also support it. Leading charities have endorsed it and some Conservative Members, including the right hon. Member for Harlow (Robert Halfon) and the former business Minister the right hon. Member for Kingswood (Chris Skidmore), have supported it too.

Of course the oil and gas companies do not want the windfall tax to happen. Let us take their arguments head on. As I have said, the argument that the tax will lead to a collapse in investment is not credible given what the companies are doing with this windfall, and it also misunderstands the long-term basis of these companies' investment plans. I should also point out that the companies would keep a significant proportion of the windfall, even under our proposals. It is an unexpected, unearned windfall, half of which they would keep.

Secondly, as I said to the hon. Member for East Worthing and Shoreham (Tim Loughton), the proposal comes against a backdrop of the incredibly generous tax position in the UK, which meant that BP and Shell actually paid no net tax at all between 2018 and 2020.

Thirdly, there is a wider context. *[Interruption.]* The hon. Member for East Worthing and Shoreham is muttering, from a sedentary position, that those companies are not making profits. Actually, they are forecast to make near-record profits this year, as the hon. Gentleman will see if he looks at what outside analysts are saying.

As I was saying, there is a wider context. The oil and gas sector provides important employment for our country and communities. We need a phased transition, but, as I said to the hon. Gentleman, the long-term answer to this crisis is not more reliance on fossil fuels. Indeed, the Business Secretary himself has said:

"the UK is still too reliant on fossil fuels."—[*Official Report*, 20 September 2021; Vol. 701, c. 95.]

The answer must be instead to go further and faster on renewables, nuclear and other zero-carbon alternatives, but that is not what the fossil fuel companies are doing with their profits.

Matt Western (Warwick and Leamington) (Lab): My right hon. Friend is making a powerful speech. He has identified the immediate issue of energy poverty and crisis that we have in this country. Those of us who are old enough to have lived through the 1970s and 1980s recall how the Norwegians used the wealth generated from the North sea to create sovereign wealth funds. Should we not be thinking about that? Could we perhaps not just use the windfall tax, but deploy such funds in the way that my hon. Friend is describing, to invest in renewables and invest in our country?

Edward Miliband: My hon. Friend has made a powerful point.

Labour has come up with a clear and costed plan. We plan, by levying the windfall tax, to reduce VAT to zero, to increase the warm home discount from £150 to £400, and to extend it from the 2.2 million families who currently receive it to 9 million. On top of that, we have set aside £600 million to help our businesses out. This is in stark contrast with what is being proposed by the Conservatives—the Government of the day, who, six days before the announcement of the rise in the price cap, seem to have nothing to say. What is their explanation for why they are not acting? It is very hard to find the explanation, although perhaps we will hear one today. The one person who has ventured to provide one is the Education Secretary, who has said:

"A windfall tax on oil and gas companies that are already struggling in the North Sea is never going to cut it."

Even the oil and gas companies do not describe themselves as struggling. They say that this is a cash machine. I have to ask what planet the Government are living on. Does it not say everything about them that it is the struggles of companies making billions from an expected windfall that stir them, not the struggles of the British people? How dare they leave families in the lurch because of their refusal to stand up to vested interests in the oil and gas sector?

Alan Brown (Kilmarnock and Loudoun) (SNP): In 1998, when Labour was in power, oil prices bottomed out at $12 a barrel. By 2008, the price had risen to nearly $100 a barrel. What did Labour do with that money? It is regrettable that it did not create an oil sovereign fund, as Norway did.

Edward Miliband: I am very proud of the investments that the last Labour Government made in our public services.

Alexander Stafford (Rother Valley) (Con): Will the right hon. Gentleman give way?

Edward Miliband: No, I am going to make progress.

The truth is—we cannot get away from it—that the Conservatives are a party bankrolled to the tune of nearly £5 million by oil and gas interests since 2016. Bankrolled by oil and gas executives, they cannot act on behalf of the British people.

Let me end by saying this. The British people are fed up with what they have seen from the Government in recent months. They want a Government who are on their side. They want a Government who will act for them. That is why we need a windfall tax. It is a test of whose side they are on, and whose side we are all on in this House—on the side of gas and oil companies making billions of profits, or on the side of millions of struggling families. We know whose side we are on. If this Government were truly on the side of the British people, they would act, and that is why I urge Members on both sides of the House to vote for our motion tonight.

4.8 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Lee Rowley): Thank you, Madam Deputy Speaker, for giving me the opportunity to open yet another Opposition day debate on behalf of the Government.

Another chunk of time has rightly been set aside for Her Majesty's Opposition to explain their mature approach to politics—their open and transparent methods for taking difficult decisions or balancing nuanced trade-offs—and to articulate their thought-through programme for government if, heaven forbid, they ever win an election. At least, that is what I assumed these Opposition day debates would be like, as a new Minister. Now, on my fourth in relatively quick succession, I realise that that is not the purpose of such debates at all. How foolish of me to assume such laudable ideas when, instead, we are presented with further half-baked, sensationalist ideas solely for the headlines. We can do better than this.

[Lee Rowley]

None the less, let me try again to make sense—*[Interruption.]* If Opposition Members would give me a moment, I will try to make sense of the motion for which they are about to argue. The motion splices together two very important matters, the cost of living and business taxation, in a proposition whose coherence is inversely proportional to its attempt to grab the headlines. As this is a motion of two halves awkwardly coupled together for effect by the Opposition Front Bench, I will take each half in turn.

First, on the cost of living and in the spirit of being constructive, I will try to find areas where we can agree. There is no doubt that this is a difficult time, with rising energy prices, growing demand, stretched supply chains and the most unique set of economic and political circumstances in a century. Latent demand has been held back across the world by health factors, with countries competing among themselves to serve people, businesses and society.

I acknowledge the concern of industry, businesses and consumers. The right hon. Member for Doncaster North (Edward Miliband) may be wrong on many things, but he is right that this is a challenging time. I make it clear that the Government are committed to working with industry, businesses and consumers, both now and over the long term. We know some things are challenging at the moment, and we will continue our extensive engagement with them, not least the large energy users, businesses, consumer groups and energy retailers, to consider what action may be necessary.

Alan Brown: The right hon. Member for Doncaster North (Edward Miliband) pointed out that Ofgem will be setting the cap in just a few days' time, so there is no point in this endless consultation looking ahead. What will the Treasury do in the here and now to mitigate the energy cap rise?

Lee Rowley: I will come to that in a moment, just as I will come to the sedentary exhortations from the right hon. Member for Islington South and Finsbury (Emily Thornberry).

Emily Thornberry (Islington South and Finsbury) (Lab): Get on with it.

Lee Rowley: If I were not being heckled, I might get on with it.

As most of the House knows, and as most reasonable people will accept, the recent rise in energy prices in the United Kingdom has largely been driven by the increase in the wholesale price of gas caused by growing demand and broader geopolitical issues as we emerge from the pandemic. Those price rises are visible across many parts of Europe and beyond, and they demonstrate the importance of long-term security of supply and energy resilience, to which I will return in a moment.

With that in mind, it is important to answer the questions that have been asked, although it was wholly absent from the speech of the right hon. Member for Doncaster North that the Government are already doing much to support those in the greatest need.

Clive Lewis (Norwich South) (Lab) *rose—*

Lee Rowley: If the hon. Gentleman will give me a moment, I will try to answer these questions. The first solution is the warm home discount scheme, which provides support for household energy bills through rebates, helping households stay warm and healthy in winter. The scheme currently provides more than 2 million low-income and vulnerable households with more than a £100 rebate on their winter energy bill, and a further consultation is under way on whether that is to be expanded.

Secondly, the winter fuel payment from the Department for Work and Pensions is worth between £100 and £300 and is paid automatically to those in receipt of the state pension and other social security benefits. Thirdly, the cold weather payment is a £25 payment to vulnerable households on qualifying benefits when the weather is, or is expected to be, unusually cold.

Fourthly, last autumn the DWP announced a £500 million household support fund to help those most in need during the winter, which includes provision for utility costs, including energy. Longer-term energy schemes are also assisting, and every year more and more people are having their home insulated or upgraded to reduce their energy bills for the long term.

Jonathan Edwards (Carmarthen East and Dinefwr) (Ind): The Minister is right to say that we are in a unique position, but that requires a unique policy response. He will know that the most vulnerable are at risk from inflationary pressures, especially in energy prices. We are looking at inflation of 6%. When the rates for social protection were set in September, inflation was 3%. Do we not need a unique response just for this situation and this year, to reset those levels to reflect the true cost of living in April?

Lee Rowley: I am grateful to the hon. Gentleman for his intervention. The reason I articulate and go through existing programmes and policies that have already been done is because hon. Members, such as the right hon. Member for Islington South and Finsbury (Emily Thornberry)—*[Interruption.]* She continues to heckle from a sedentary position. She absolutely refuses to acknowledge that the Government are doing a substantial amount and, as has been indicated, we will continue to look at what else we can do in the coming days, weeks and months. We of course recognise that the immediate situation is challenging, but it would be remiss of the Opposition to refuse to acknowledge the significant immediate help and the long-term subsidy going in to support those who need assistance with energy costs. As I have said, the Government remain committed to working with all to see what more can be done.

Let us turn to the second part of the motion. As the House knows, taxation matters are dealt with by the Treasury. As hon. Members are aware, and as Governments of all colours have regularly reminded them from this Dispatch Box over many decades, all taxes are kept under review. Yet given that the Opposition want to couple the cost of living with fiscal matters such as this, let me say a few words about this particular rabbit out of the hat from the Labour party—its big idea; its solution to the problem. This money will no doubt be spent multiple times, as it always is, and on multiple causes in the multiple Opposition day debates ahead. This is the Labour party's generous offer, to take the words of the right hon. Member for Doncaster North a moment ago, and its reason to be cheerful. I confess, following the right hon. Gentleman's speech, that if this Miliverse is the reason to be cheerful, we should all be very gloomy. I am none the wiser about the ultimate purpose of what the Labour party proposes. Its objective is mystifying. Its aim is confused.

So what is the purpose? Is it simply a money source? Or are we instead talking about the use of the tax system for something more fundamental? The right hon. Gentleman talks about the long term, but he should also recognise that short-term decisions are required. Either way, he should be clear about the position he argues for and its implications. If this is to be a money source, the best way to maximise that money—both at the time the Opposition presumably want to implement this, and then in the future when they inevitably come back for more money—is to maximise the amount of oil and gas coming out of the ground.

Janet Daby (Lewisham East) (Lab): The Conservative party has received more than £1.5 million in donations from companies and individuals linked to the oil and gas sector. Is it not the case that although some Conservative Members want a windfall tax to help their constituents, they and their Government are not prepared to stand up to vested interests?

Lee Rowley: What is the case with this Government is that we will take decisions in a proportionate and reasonable manner, rather than using Opposition day debates and the half-baked motions underneath them to make decisions as a result.

The right hon. Member for Doncaster North needs to be clear whether this is a money source. If it is, he will need to maximise the amount of oil and gas coming out of the ground. That exact principle of maximising economic recovery has been the building block of the approach to the North sea over many decades. If that is the case, the Labour party should be clear about that—we will welcome it to the reality-based community—and that the transition to net zero will take time and will require the use of conventional energy to get there. The right hon. Gentleman needs to understand the logic of his position.

The Labour party now appears in favour of encouraging as much activity on the UK continental shelf as possible so it can tax it. The Labour party needs to accept that oil and gas will be a significant part of the future of the UK's energy supply for the coming decades during the transition, if only because it wants the money that comes with that. I presume that the Labour party will therefore immediately go out and proclaim to its friends and fellow travellers who shout about keeping it in the ground that that is not possible, advisable or practical, and that it has made a political choice to keep the oil and gas flowing because it wants the money that comes with it.

The Labour party will presumably be withdrawing its opposition to further exploration as a result, because if it is all about the money, the taxes and the spending, by default it also has to be about the exploration, the extraction and the production. That is the choice that the right hon. Member for Doncaster North has made in coupling the two propositions together as he has done in his own motion.

Tim Loughton: My hon. Friend is being far too gentle on the Labour party. Is what we have heard from it not completely disingenuous? It has suggested a cut in VAT, which of course we can only do because we are out of the EU, which it voted against leaving. That cut would bring in a 5% reduction against what will possibly be a 50% rise in energy prices, so it would be a drop in the ocean. In addition, we have just heard that the windfall tax on profits—profits that do not exist at the moment—would bring in £1.2 billion, another drop in the ocean of the problem that we need to address. The Labour party is trying to con us into thinking that that is the answer to the problem that we will have. It is not.

Lee Rowley: My hon. Friend makes a number of hugely important and powerful points.

Matt Western *rose—*

Lee Rowley: The hon. Gentleman has been waiting for a long time, so I am happy to give way.

Matt Western: The Minister is being generous with his time. We need to put his point about the drop in the ocean and the value of £1.5 billion in the context of the £4.3 billion that the Treasury has just written off. We are talking about not dissimilar sums of money, are we not?

Lee Rowley: I am very glad that the hon. Gentleman raises that point. I am not sure whether he was present at the end of the last debate, but it was made clear from this Dispatch Box that that is not the case in the slightest. This Government will continue to pursue the recovery of as much of that money as possible. The Labour party can keep repeating the point if it wants, but it would not be fair, accurate or real to do so.

To come back to the Opposition motion, if it is not all about the money, the motivation has to be different. If that is the case, the Labour party should just be clear. The right hon. Member for Doncaster North knows that policy actions have consequences and decisions have reactions. He has put forward a specific proposal for a windfall tax, so he should be held to account for it.

The implications of a windfall tax structured in such a way would have to fall somewhere: on consumers, on investors or on the activity itself. I assume that the Labour party does not propose to go after consumers or to reject the idea of oil and gas as a commodity, so ultimately it will have to be the investors who shoulder the burden. If so, the right hon. Gentleman should be clear that he is expecting less of a return for pension funds and therefore for pensioners and the many hundreds of thousands of people out there who are reliant on the performance of the stock market to ensure that they can be supported in old age.

Perhaps the proposal is just a blunt tool to reduce production in general. If so, the right hon. Gentleman should just say so. That certainly seems to be the inference to draw from his statements today, and from his questions over recent weeks to other Government Front Benchers. It does not sound as if he is simply looking for a source of money to fund others; it does not sound as if he is seeking to maximise economic return; it sounds as if he is deliberately trying to penalise

[Lee Rowley]

activity on the UK continental shelf and, if possible, to reduce it. If that is the case, he should say so out loud, because then will we know.

Sarah Olney (Richmond Park) (LD): Will the Minister give way?

Lee Rowley: I will make progress.

The Labour party's position is to immediately and artificially retard the amount of oil and gas that we produce domestically through penalty taxation, not necessarily because a windfall is needed, for aims that should or should not be laudable, but because reducing production is the ultimate objective. If the Labour party wants to reject the notion that getting to net zero requires a transition period, let it be clear about that. Let it highlight the fantastical world that Labour Members live in, shorn of the reality that we are on a journey over a generation.

Moreover, the Labour party should be clear that its objective over the long term—no doubt as it comes back for more and more money—is to reduce our energy security. Taxing out of existence the oil and gas industry, which we need to conclude the transition, will make us more dependent on other countries whose actions may have caused some of the things that the Labour motion seeks to deal with—greater foreign imports and fewer jobs in north-east Scotland and in supply chains all the way through constituencies such as mine, North East Derbyshire, or the shadow Secretary of State's constituency of Doncaster North. The Labour party has no clear plan for energy to ensure in a measured and balanced way that we move from hydrocarbons to renewables and tread more lightly on the earth. That is what the Labour party is about these days: extinction, not transition.

We are used on Opposition day debates like this, to motions that do not add up, and this one has it in spades—incoherent, confused and unclear. Perhaps some of the hon. Members who are about to speak might be able to clear up the ultimate objective in the way that the right hon. Member for Doncaster North failed to do. For a party that talks so much about good government, Labour has demonstrated this afternoon that it is only interested in good headlines.

4.25 pm

Stephen Flynn (Aberdeen South) (SNP): First, reflecting on the Minister's response to the shadow Secretary of State's contribution, I am a little perplexed, because we continually find ourselves in this situation, where the Tories portray themselves as the defenders of the North sea oil and gas sector, and that is the best that they can provide to do that. It is simply not good enough and it will not wash with people in the north-east of Scotland whatsoever.

The situation facing families in my constituency, up and down Scotland and indeed across the entire United Kingdom is devastating. I, like every other person in the Chamber, will be receiving emails from constituents who are having to choose between heating their homes or feeding their families. It is intolerable. It is simply not justifiable. It is simply not acceptable. What I really struggle with the Government about on this is that, irrespective of the fact that food prices are rising, clothing prices are rising, fuel prices are rising—

Imran Hussain (Bradford East) (Lab): Not once in the Minister's response did he talk about those ordinary people that are having to choose between heating and eating. That is the real debate. Does the hon. Gentleman agree?

Stephen Flynn: Yes, absolutely I agree. Over a number of months, irrespective of the challenges that families are facing, this Conservative Government have consistently not come forward with any new support. The price cap increase is imminent, yet there is still nothing on the table for families up and down the country. That needs to end.

SNP Members do not have a monopoly of knowledge of how to solve those problems, but we have consistently put forward suggestions to the Government, some of which, I think, would gain the support of many of their own Back Benchers. The situation in relation to VAT has been talked about at great length. I see Conservative Members nodding. The deplorable decision to take £20 away from those on universal credit could be reversed—I think we would probably get significant agreement on that as well. The UK Government could match the Scottish Government by introducing a £20 child payment to assist those in the most difficult situations. We are putting forward these proposals to try to be constructive, but unfortunately the Government are not responding in any way, shape or form.

The Government will say, "How do we pay for new measures to support people?" The Labour party has come forward with its proposal, which I will come to in due course. I sometimes struggle in this place with this argument about where the money is going to come from. We have just had a debate about £4 billion that has been squaffed away to fraudsters. This afternoon we have seen a release from the Department of Health saying that there has been a loss of £8.3 billion in the value of PPE that has been purchased. There is going to be £3 billion of additional income to the Treasury, notwithstanding the windfall tax, from the North sea oil and gas sector. They can find half a million pounds to fly the Foreign Secretary to Australia. Of course—this is also true of the Labour party—they can always find tens if not hundreds of millions of pounds for nuclear weapons on the Clyde. So I will not take any lessons from them about where the money is going to come from. In relation to the specific proposal for a windfall tax put forward by the Labour party, what was missing from the contribution of the shadow Secretary of State and the Minister himself was the workers. What impact would it have on the workers?

The shadow Secretary of State rightly, as he sees it, challenged the notion that the money that oil and gas companies are receiving is going directly into investment in renewable technologies and the pathway to net zero. He made that argument with a great deal of passion, but he failed to recognise that the last time the UK Government implemented a windfall tax, 10 years or so ago, investment in the North sea oil and gas sector plummeted. It fell off a cliff; in fact, it has never got back to where it was.

If that happens again, what does it mean? It means that my constituents will lose their jobs. Some 35,000 jobs have gone in the past couple of years alone. The price of oil was barely scraping zero last year, yet the Opposition come forward to tell us that this tax is the right thing to do, notwithstanding any concerns about the impact it might have on investment in the North sea.

Clive Lewis: Is the hon. Gentleman not making an excellent case for a just transition, where taxes such as this, on those who have made billions—perhaps trillions—over the past century from sucking our resources out of the ground and making excessive profits, are invested to ensure that his constituents and the workers in those oilfields are entitled to a decent, sustainable, well-paid job?

Stephen Flynn: A just transition is at the forefront of my thoughts almost every day, because I see at first hand the impact of the decisions taken in this place on oil and gas. My own constituency contributes £14.4 billion of gross value added to the economy. How many other people's constituencies can say that? However, I am aware of the poverty that exists notwithstanding that.

We need to see a just transition, which is why we have tabled our amendment today, but I must repeat that I have concerns about Labour's proposal. Without their detailing what they believe the impact on investment would be and what the subsequent impact of that would be on workers, it is a proposal I simply find difficult to support in its current form.

That is not to say that the Government should be let off the hook, because the just transition, as has been said, is incredibly important. It is important to my constituents and to the constituents of Government Members, because there will be a change in the coming years and a transition to net zero. From the Scottish Government, we have seen a £500 million just transition fund put in place, with £80 million put towards the Acorn project, which the UK Government continue to drag their heels over supporting.

David Duguid (Banff and Buchan) (Con): I welcome many of the comments the hon. Gentleman makes, representing as he does the southern half of Aberdeen, the oil capital of Europe, but he also refers to the so-called just transition fund of £500 million and the £80 million that has been announced as being on the table for the Acorn project. Does he or the SNP have any detail yet on precisely what any of that money would be spent on?

Stephen Flynn: Yes, it is £580 million more than the UK Government are putting in place. That does not start and stop with—*[Interruption.]* I am sure the hon. Gentleman can make his contribution in his own way later on. There is also the £62 million energy transition fund and the £30 million that has just been given to Aberdeen's south harbour, specifically to ensure that we can meet our net zero future.

Notwithstanding the just transition and the windfall tax, what irks me more than anything is the lack of an oil fund in this country, mentioned by the hon. Member for Warwick and Leamington (Matt Western) and by my hon. Friend the Member for Kilmarnock and Loudoun (Alan Brown). If we look across the North sea at Norway, £1 trillion is sitting in a bank account because the Norwegians invested in their future. With that money, they are able to shield their public from the shocks that all our constituents face at this moment in time.

Why did Norway do that and this place not do that? Why did this place choose to squander Scotland's wealth? It is simply unforgivable. When I have discussions with my constituents about the challenges they face, I simply hope the Government will not repeat the mistakes of the past.

Several hon. Members *rose—*

Madam Deputy Speaker (Dame Rosie Winterton): Order. As colleagues can see, this is a well subscribed debate. I encourage colleagues to keep their contributions to about five minutes, and we should be able to get everybody in.

4.35 pm

John Redwood (Wokingham) (Con): I welcome this opportunity for us to discuss one of the biggest issues facing the country. April could indeed be the cruellest month this year if more action is not taken to tackle the forthcoming problem, because we are likely to see an unfortunate coincidence of a big surge in electricity and gas bills as the cap is relaxed, an increase in council bills, general inflation that is a bit too high, and a national insurance increase hitting people's work incomes. I urge the Government to think again about the possible severity of that squeeze on real incomes, as it would have a knock-on effect, reducing people's ability to spend on other discretionary items as they struggle to pay energy bills. It would therefore slow the economy quite considerably, at the same time as creating this shock to living standards.

The Ministers sitting on the Front Bench are, I am sure, engaged in conversations more widely in Government, including with senior members of the Government who will make the ultimate decisions. Today is not really the day to debate more general taxation issues, although even at this late stage I would like the Government to cancel the national insurance increase, on the grounds that public finances generated a big surge in revenue compared with the Budget forecast last March, and our deficit is around £60 billion lower than they thought it was going to be. I say to the Government that they can accommodate the £12 billion they need to spend—rightly—on health improvements, without that money.

The proper subject of this debate is our energy markets. If we compare the two sides of the Atlantic, we see in Biden's America, where he inherited a period of successful exploration and development of domestic gas, a market that can more than supply its own needs and has kept prices considerably lower than the damaged European market. President Biden, while clearly putting his country on the road to net zero at COP26, returned home to authorise more exploration and development of both oil and gas wells, and to license more territory in the gulf of Mexico. He took the view that we will have a transition need for gas for this decade or more, and he needs to keep the American market properly supplied.

I urge my colleagues on the Front Bench to be sympathetic, as I think they are, to the case that while we still need to burn quite a lot of gas, and while we are awaiting plentiful supplies of renewable or nuclear power that will be affordable and reliable, we must accept that we will be burning somebody's gas, and it must make more sense to burn our own, rather than imports. Indeed, I would start that case from the green point of view. A while ago I had a useful answer to a parliamentary question, pointing out that the CO_2 generated by importing liquefied natural gas and burning it in whatever we wish to burn it in is more than double the amount of CO_2 generated from burning a comparable thermal equivalent of gas taken from the North sea. There is a very good green case for substituting domestic gas for imported LNG.

Clive Lewis: Over the past two years, the North sea oil and gas that was exported doubled. It is not our oil and gas. It belongs to the corporations that bring it out of the ground, and they sell it to the highest bidder. It does not increase our energy security. The right hon. Gentleman made a point about Biden inheriting fracked shale oil and gas in the US, but he failed to mention the ecological costs, which every year run into hundreds of millions of pounds of damage to the natural world. That is the price the United States is paying for its fracking, which I imagine the right hon. Gentleman would expect us to take up here as well.

John Redwood: I was not talking about onshore gas at all; I was talking about North sea gas, which comes from under the sea. A variety of reservoir easing techniques have been used for many years and never caused political controversy. I was recommending that we review again the opportunity to explore for more, to develop more and to bring into production the fields that we know are out there. That would also help the SNP spokesman, the hon. Member for Aberdeen South (Stephen Flynn), who would rightly like more jobs or to sustain jobs in his successful oil and gas city, which faces the problems that he described. I was interested in his warning about how a windfall tax could, like last time, collapse investment and reduce the amount of extraction and future investment that we get.

The hon. Member for Norwich South (Clive Lewis) said that not all the gas produced in the North sea would be sold to us. That may be right, but the European market in general is chronically short of gas and the continental market is cruelly dependent on Russian gas, which today we can see is not a good idea. A North sea supply would therefore help when we are trying to ease supply pressures and bring prices down.

The second reason why it makes much more sense to use our own gas—or to extract more of it—rather than rely on imports is that we collect much more tax on it, and we are losing all that tax revenue on imports. The hon. Gentleman should remember that we now import 53% of the gas that we need, and we do not get anything like the revenue that we could if we extracted more of our own. Preferably, we would sell it to ourselves, but even if we exported it—we may well do that—we would still collect the extra revenue. There would also be a benefit in jobs and prosperity, because the industry tends to create quite a lot of well-paid jobs, which is good for the communities that sponsor those activities.

I hope that Ministers will look favourably on the idea that, during this transition, we will burn a lot of gas—as will everyone else—so it makes a lot of sense for the UK to produce gas and offer it on long-term contracts, trying to smooth some of the erratic prices that we see because of what is happening on the continent, and make our contribution to greater security of supply for ourselves and—indirectly—for Europe.

Finally—I know that time is limited—electricity is much in demand, and it will be much more in demand if the electrical revolution that the Government wish to unleash comes true. One reason why we had a big spike in gas prices was that the wind did not blow, which added to the need to burn a lot more gas in power stations. That can happen again, because the wind clearly is an unreliable friend, and it is particularly difficult if it goes down at times of peak demand or when it is very cold. We therefore need to ensure that we are putting in enough reliable electricity capacity, because that has a direct relationship with the gas supply and demand issue as well as with gas prices, and I do not think that the current plans have nearly enough new capacity in them.

4.43 pm

Imran Hussain (Bradford East) (Lab): While the Prime Minister, the Government and Tory MPs have spent the past several months arguing among themselves about the untenable future of the right hon. Member for Uxbridge and South Ruislip (Boris Johnson), my constituents have been on the blunt end of rising fuel prices, mounting food costs and soaring energy bills, which have pushed already struggling household finances to the brink and created a grave cost of living crisis for many families across the Bradford district. I remind the Minister that that is the central part of the debate. Let me be clear, however, that the cost of living crisis, which means that many families in Bradford need to choose between heating and eating, is no accident. It is the direct result of a decade of this Conservative Government's incompetence and complete indifference to the lives of ordinary people in places such as Bradford, and it is the direct result of their ideologically driven austerity cuts targeted at some of society's most vulnerable. It means that in places such as Bradford, nearly half of all children continue to live in poverty, working families continue to be forced to use food banks and destitution continues to spread like a cancer.

The cost of living crisis is not of the making of my constituents in Bradford or, indeed, of the constituents of any Member in this House, but they are the ones literally having to pay the price. Now this Government's failures to get a grip on soaring energy bills mean a further attack on the most vulnerable, as the needs of greedy energy companies and their profits are put before the needs of our constituents. That is frankly scandalous, and people struggling to make ends meet in Bradford and across the country deserve much better. They deserve better than a Conservative Government who delay taking action on this cost of living crisis to spend time trying to save their doomed Prime Minister. We have to be clear: when people are struggling to put food on the table, to heat their homes and to keep a roof over their head, it is not the time for dithering or for political games; it is the time for leadership and immediate action—something that is lacking from those on the Government Benches.

Jonathan Edwards: Does the hon. Member agree that there is an incentive for the Government to act, because people living in cold homes are far more likely to get ill with respiratory diseases? That then leads to a huge hit on health budgets and social care budgets. It is a false prophecy to let market forces rip. We have to act quickly and we have to act now.

Imran Hussain: I absolutely agree with the hon. Gentleman, but the reality remains, as I stated earlier, that this tragedy has not just started now. The last decade under this Government has seen some of the biggest ideological austerity cuts in places such as my constituency in Bradford and in many other places across the country. The reality remains that it is ideological, and the Government know the impact. That is the worst thing: they know the impact of what they do.

Not once in the Minister's speech did he talk about the impact on ordinary people up and down the country. He could not bring himself to talk about the fact that today, children in our constituencies will go hungry. He could not bring himself to discuss the fact that many people go days on end without a hot meal. He could not bring the words to his mouth to say that destitution is now rife in our country, or that we now have international reports that say that we—the fifth largest economy in the world—are not providing for the public. He does not mention any of that. I am not sure he was in the right debate. He is a new Minister, so perhaps he was in the wrong debate, and I forgive him if so.

Those things are why, as the shadow Secretary of State, my right hon. Friend the Member for Doncaster North (Edward Miliband), stated clearly, a Labour Government would scrap VAT on domestic energy bills, expand and increase the warm home discount, and impose a windfall tax on greedy energy companies that are taking people for a ride.

The reality is that, even as people in Bradford continue to suffer and even as the plan set out by the Opposition stares them in the face, the Government have no answers, no solution and no offer for my constituents. Frankly, it seems that they could not care less if the most vulnerable places in the country, such as Bradford, are plunged into further poverty and deprivation. I assure them that the longer they take people in Bradford and across the country for fools and the longer they delay in taking the action that ordinary people need to save them from the cost of living crisis, the more that those people will repay them with interest in the ballot box at the next election.

4.50 pm

David Duguid (Banff and Buchan) (Con): Perhaps unsurprisingly, I rise to speak against the motion. I declare an interest, although it is not necessarily required, as having been employed in the oil and gas sector for 25 years prior to being elected to this place. *[Interruption.]* Despite the groans from my hon. Friends, I think that provides me with some context and experience, rather than anything sinister.

On behalf of my constituents, many of whom are employed in the oil and gas industry, I will focus my remarks mostly on Labour's proposal for a windfall tax on oil and gas businesses and the harm that it would do not just to the north-east of Scotland economy but to that of the wider United Kingdom. I will also remark on why such a punitive intervention will have the opposite of the desired effect and put at risk the success of the country's energy transition to net zero.

I am aware, as are Ministers, of the anxiety of people across the country, including in my constituency, about the increased cost of living. I welcome the measures that the Government have already taken to support those on low incomes with their energy and heating bills. One of those, the energy price cap, has already saved customers about £1 billion a year, which is equivalent to about £77 to £100 a year for typical households on default energy tariffs. Some 2.2 million pensioners and low-income families are protected with a £140 discount on their electricity bills, which has been extended to 2026 and will rise to a £150 discount from October.

Alan Brown: On the energy cap, is it not the case that it is not Government money that is protecting people? Other consumers pay for it in the long run—we are all paying for it—so it is not a direct Government intervention.

David Duguid: The hon. Member may have some data to back up his claim, but the decision, as was voted for in this House, was to apply the energy cap.

Another scheme is the winter fuel payment, which delivers an annual tax-free payment of between £100 and £300 to help to meet heating costs. The £25 cold weather payment was also awarded to 4 million vulnerable households in England, Wales and Scotland in the last financial year.

The Opposition have proposed a cut in fuel VAT, which is already at a reduced rate of 5%. That was not included in today's motion, although it was mentioned by the shadow Secretary of State, the right hon. Member for Doncaster North (Edward Miliband). The fundamental flaw with that approach is that, unlike the measures I mentioned earlier, such a cut would disproportionately benefit wealthier people with larger houses and higher fuel costs. It is far better to focus support on the most vulnerable who need it most, which is what the Government's measures do, such as the £500 million household support fund. That includes £41 million for the Scottish Government, which I am pleased they are passing on as the winter support fund.

As well as support for energy bills, the Government have a great record on improving support in general for those on low incomes or looking for work. The national living wage increases to £9.50 later this year. The reduction in the universal credit taper means that workers on low incomes keep 8% more of what they earn. The double lock on pension increases means that state pensions will increase by 3.1%. This morning in Treasury questions, the Chancellor reminded us that since 2010, 1 million fewer people across the UK are in poverty.

I welcome the Government's action on reducing the reliance on hydrocarbons and on growing renewable and low-carbon sources of energy, heat and transport. Renewable energy has quadrupled since 2010 and coal is due to be phased out completely by 2024. The energy transition to net zero is already under way—it has been for a long time; I saw evidence of it when I was still working in the industry—but we are not there yet. There is still a demand for oil and in particular gas to meet our energy, heat and transport needs, and we must do what we can to ensure that as much as possible of that demand, albeit declining, is supplied from our own local sources.

Nearly three quarters of the UK's energy currently comes from oil and gas, of which production from the UK continental shelf—UKCS—was equal to around 70% of demand in 2020. Even as we transition to a net zero future, the work of the Climate Change Committee shows that around half of the UK's cumulative energy requirements between now and 2050 will be met by oil and gas. Almost 200,000 jobs are supported in the industry, not just in Scotland but right across the United Kingdom. Those jobs, which the motion puts at risk, are a key part of driving the energy transition, as I have mentioned previously.

British companies such as BP and Shell, as well as Total, Equinor and other international energy companies, already have access to the skills, expertise, technology

[David Duguid]

and capital to help deliver net zero. The current offshore oil and gas tax system is one of the most competitive and progressive regimes globally; through it, the sector will pay an additional amount of at least £3 billion over two tax years. That is due to the automatic mechanisms that are part of the specially designed tax regime by which the oil and gas sector already pays a total of 40%, made up of 30% in corporation tax and an additional supplementary charge of 10%.

The current tax regime was developed as a result of lessons learned from three previous significant increases in UKCS corporation tax. After each increase, as has already been mentioned, a range of incentives was needed to win back investment into the UKCS that had been lost as a result of the increase. Windfall taxes such as the one proposed today have been tried before; although they were intended to increase returns to the Treasury, tax revenues actually fell.

As I said earlier, the oil and gas industry already plays a key part in efforts to deliver the UK's climate change objectives; it was actually one of the first sectors to come out in support of those goals. The industry's own "Roadmap 2035" is underpinned by the groundbreaking North sea transition deal between the sector and the UK Government. I know from my background in the industry and my ongoing engagement with stakeholders that they remain committed to providing that reliable home-grown source of energy for consumers, including in renewable energies such as offshore wind and in much-needed low-carbon technologies such as carbon capture and storage and hydrogen, to name a few.

A one-off windfall tax on oil and gas companies would significantly undermine the sector's ability to sustain its investment in the oil and gas industry, make us more dependent on foreign imports of hydrocarbons—which are not just used for fuel, by the way; they are also used for manufactured products such as recycled plastics, detergents, and even medicines and personal protective equipment—and put security of supply, as well as thousands of jobs, at risk.

The main factor against this windfall tax—alongside the uncertainty that it would bring to the industry, its investors and the workers whose families have the very same cost of living worries that have been discussed in this debate—is the restrictions that it would place on the oil and gas industry's vital contribution to driving forward the energy transition to net zero.

4.58 pm

Nia Griffith (Llanelli) (Lab): Labour's plans would bring genuine help to millions of households across the country who are facing an unprecedented increase in their energy costs. They are fully funded plans that would give some support to all households and a more substantial package of support to the 9 million households who need it most.

The plans would not increase taxation on working people; they would raise the money by a windfall tax on the North sea oil and gas companies, which are raking in huge profits from the price increases. The plans anticipate the increases that people will see in their bills. Perhaps unusually, we have a clear view of those increases coming down the track, so there is time for the Government to act, and I beg Conservative Members to vote for our motion today in order to tackle the misery that people find themselves in.

This fuel bill crisis comes at a time when people are already being hit by other problems. There has been coverage in the press over the last 10 days of how the rising cost of food is hitting the least well-off the hardest, not just for the obvious reason that they spend a greater proportion of their income on food, but because the rate of inflation is much higher on basic items, with many basic lines having been withdrawn altogether by the supermarkets.

Of course, the least well-off often have the least control over their energy costs. Someone who is renting their home does not have any choice over the type of heating they have, and they will not necessarily have the most efficient cooker or boiler, or the best insulation. There are some shocking examples where lean-to parts of houses—former breakfast rooms or kitchens—become a flat on their own and the thin-skin roof provides no insulation whatever. The lack of sunshine between high blocks of terraced housing makes it almost impossible to heat those homes. There is evidence that housing associations are having to cut back on maintenance projects. Food banks are even reporting that people are saying that they do not want pasta because they cannot afford to cook it, and admitting that they only eat cold food out of tins.

High energy costs mean families cutting right back, living in cold, damp rooms with particular risks to the very old, those with disabilities or chronic illnesses and the very young, such as increased risk of respiratory disease. It is not just heating and cooking. How can people get their washing dry in a cold, damp flat? How can they afford to iron school uniforms for their children? If they get cut off, more complications will follow.

The warm home discount is totally inadequately funded. The total amount allocated to the fund is barely enough to help half of the households eligible. Then there is the difficulty of applying. Claimants have to know about the scheme and know how to ask their energy provider, which is made all the more difficult for those who cannot go online, for economic reasons or lack of skills. Even if they get through, the main energy supplier in my area, for example, has no warm homes discount money left. It depends on whether people get in early, the demand on their particular energy company or where they live. The likelihood is, of course, that the most needy will miss out. Even if people do get it, £140 does not go anywhere near far enough, given the huge hike in energy prices.

The Welsh Government are trying to do their best with the winter fuel support scheme. It has given £100 to households on universal credit, income-based JSA, income-related ESA, income support or working tax credits and, in view of the frightening increases, today, the Minister for Social Justice has doubled that to £200. That is a Government with far fewer options in their economic decisions, and far fewer economic levers at their disposal, recognising the desperate need to help the least well-off to heat their homes. The cut in VAT would help everyone. Labour's proposal today would offer additional help to 9 million households in the most precarious financial situations, with up to a further £400 of help for each household. Together with the VAT cut, that would leave households with bills that are marginally higher than last year's.

Why are we facing such energy price rises, worse than in other countries? It is not just because world prices are rising or because the Conservative Government are taking no action whatever, either because they simply do not care that people are cold and miserable, or because they cannot get their act together to do anything—either they do not care or they cannot do. It is also because the Government dismantled gas storage facilities and, crucially, have been sending very mixed messages about investing in renewables.

The Government wasted precious time in the development of renewables with the nonsense of the moratorium they imposed on constructing onshore wind farms in England. That not only thwarted opportunities to increase the generation of renewable electricity, but sent a very negative message about the future commitment of the Government to renewables. We should be far further ahead now in our production of electricity through renewable means. The fact that we are not is an abject failure by the Government to stimulate the production of renewables. Luckily, we have devolved powers in Wales and we are able to continue the development of wind power.

We also had the reluctance of the Conservative Government to consider the Swansea tidal lagoon. Thanks to the initiative, imagination and hard work of the Labour-controlled city and county of Swansea, the project will go forward, providing power for thousands of local homes.

The gas price hike should be a wake-up call to the Government to make up for lost time and accelerate the development of renewables. We must reduce our reliance on gas, both to reduce our carbon emissions and to increase our resilience. If we want to have a hope of making the transition to electric vehicles and decarbonising the heat in people's homes, not to mention meeting the needs of business and industry, the development of renewables must be a priority for Government.

Labour would also implement an up-to-date energy and industrial strategy, drawn up with businesses, and invest—as my hon. Friend the shadow Chancellor announced at conference in the autumn—the sort of sums of money needed to make a green transformation: some £28 billion a year to ensure that we have industries fit for the future that provide good jobs. But of course an immediate crisis faces energy-intensive industries such as the steel industry. If that is not resolved as a matter of urgency, we could see steel production go elsewhere. Labour would also use money from the windfall tax on North sea oil and gas production to help our struggling energy-intensive steel-producing firms and protect our world-class industries for the future.

5.5 pm

Peter Aldous (Waveney) (Con): I recognise the enormous challenges that many households are facing in struggling to pay their energy bills currently, but unintended negative consequences would arise from such a tax rise, and I shall briefly outline what they are. I make these observations as an MP representing a constituency where many people work in the oil and gas sector, as chair of the British offshore oil and gas industry all-party parliamentary group, and as a supporter of offshore wind—a technology with which the oil and gas sector is increasingly collaborating.

First, it is necessary to set the context. Extraction of oil and gas on the UK continental shelf over the past 55 years has brought an enormous dividend for the UK. It has provided heat for our homes and businesses. It has created hundreds of thousands of well-paid and highly skilled jobs—expertise that we have exported around the world—and, importantly for successive Chancellors, much-needed revenue.

Extracting oil and gas in the North sea is not straightforward. It is a difficult basin in which to work. It needs a stable fiscal regime to attract investment, which is globally footloose. Some might say that, as we move towards a zero-carbon economy, that matters less, and that we should not be promoting further investment in the North sea. The response is that we need that investment as we will continue to use oil and gas, albeit in lesser amounts, for some time, and that funding is required to secure a just and optimum transition to a zero-carbon economy, where we can add to and enhance the skills and expertise built up over the last half-century.

It is necessary to highlight that the existing tax system is working well without the need for a windfall tax. The UK oil and gas industry will pay about £3 billion in extra corporation tax as a result of the global rise in gas prices.

It is appropriate to look at the consequences of previous windfall taxes—most recently, that of the coalition Government in 2011. After all such previous increases, the Treasury has had to offer incentives to claw back investment into the UKCS. That additional fiscal risk puts a cost premium on investments compared with the cost in most other nations, in particular Norway, which is experiencing an economic surge and is well ahead of the field in the race to zero carbon.

The North sea oil and gas industry has a key role to play in the drive towards a zero-carbon economy. That is evidenced in the North Sea transition deal from last March.

Jonathan Edwards: Will the hon. Gentleman reflect on the point raised by the hon. Member for Aberdeen South (Stephen Flynn)—that it was a huge mistake not to create a sovereign wealth fund in order to reinvest in the transition that we now face?

Peter Aldous: I thank the hon. Gentleman for that intervention. He may well be right, but that decision was made 55 years ago. Norway has, I think, far bigger resources than we do, and of course it is a much, much smaller population and country. So that is a debate for another time. I understand where he is coming from, but there is another side to that argument.

Alan Brown: The fact that Norway is a small independent country actually backs up Scotland's argument for independence, does it not, considering Norway has a $1.3 trillion sovereign wealth fund?

Peter Aldous: I think we are actually on the same side of the argument here. Norway has done remarkably well and there are lessons to be learned. I was actually pointing to the fact that they have had that stable fiscal taxation regime, which has enabled them to be at the forefront of the drive towards a low-carbon economy.

The North Sea transition deal from last March has enabled the industry to deliver investment of £14 billion to £16 billion by 2030 in new technologies such as carbon capture and storage and hydrogen. While the

[Peter Aldous]

supply chain of the oil and gas industry extends across the UK, activity tends to be concentrated on the North sea coast in north-east Scotland around Aberdeen, on Tyneside and Teesside and in East Anglia around Great Yarmouth and Lowestoft. These are coastal communities that have their own particular challenges and it would be very wrong to add to them at this particular time.

Off the East Anglian coast, there are exciting opportunities to promote a prosperous transition in the southern North sea by redeploying infrastructure and expertise from the oil and gas industry to create a leading hydrogen production and carbon capture, usage and storage hub around the Bacton gas terminal in the constituency of my hon. Friend the Member for North Norfolk (Duncan Baker). The energy price crisis presents many people with enormous challenges, and I look forward to scrutinising the Government's proposals to address it, which will probably come forward next week. A windfall tax might, at first glance, be a compelling way of meeting that challenge, but it would have untold negative consequences.

5.11 pm

Tahir Ali (Birmingham, Hall Green) (Lab): Over the past few months, I have been approached by numerous constituents in Birmingham, Hall Green who have expressed serious concern over the affordability of their fuel bills. Many people are now facing a significant cost of living crisis that has been driven, in my view, by two main factors. First, over the last 20 years in the UK, gas prices have nearly tripled; the increase is staggering: 221%. Given the reliance on gas in many households across the country, this significant increase, which is set to further accelerate this year, has driven the cost of living up for millions of families and businesses and forced families to choose between heating and eating.

The second factor is the anaemic growth in wages over the same period. Wage growth has been slow and has struggled to recover to pre-2008 levels. Taken together, what does this mean? It means a significant squeeze in the standard of living for millions of families, who are seeing more and more of their hard-earned wages being absorbed by the gas and oil companies, which have registered record profits over the course of the pandemic. If that is not bad enough, some of the largest North sea oil and gas companies, such as Shell and BP, have paid zero corporation tax in recent years. Not only is that deeply unfair for hard-working families; it also means growing inequalities in the distribution of our national resources.

That situation is unsustainable. Without massive investment in alternative sources of energy, the spiralling cost of gas and oil will only continue to worsen in future years, yet this Government seem to have no plan to address the issue. They are content to see a low-wage, high-cost economy where the wealthy continue to profit while hard-working families struggle to make ends meet. That is why we on this side of the House are proposing a windfall tax on gas and oil companies. It is high time that we began to redistribute the massive wealth built on the back of consumers who have no choice but to pay the ever higher prices for energy bills.

The revenue generated by such a tax would help to relieve the burden of higher energy bills for millions of families and businesses throughout the country and for my constituents in Birmingham, Hall Green. That would further help to sustain our economy. Money saved on energy bills can be spent on our high streets and in our small and medium-sized enterprises. Most importantly, this can help the families whose children get their only meal of the day at school. We can make school meals free for everyone. We can make sure that no child goes hungry. We can make sure that food banks, a landmark legacy of this Conservative Government, are eradicated and do not exist.

This is why I know the people of Birmingham, Hall Green are fully behind the proposal for a windfall tax. Unlike this Government, we will not simply sit back and watch as families are made poorer while energy companies continue to post profits and avoid paying their fair share in tax. The right hon. Member for Wokingham (John Redwood) said that energy companies had made a loss. No, they have not. No energy company has made a loss. What he means is that they did not make as much profit as they did in previous years. If they had made a loss, they would be among the energy companies that have folded and do not exist.

I would like to congratulate the Minister on his contribution, matching what we have seen in recent days in terms of the verbal diarrhoea from the Prime Minister. He is on a par with that.

5.15 pm

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): It is a pleasure to rise to speak in this debate and to follow the remarks of the hon. Member for Birmingham, Hall Green (Tahir Ali). It has been quite a remarkable afternoon, not least because I found myself in agreement with much of what was said by the hon. Member for Aberdeen South (Stephen Flynn), which is an uncomfortable and unusual position for me to be in—it is a shame that he has left the Chamber just now—because we keep being told by the Labour party that the grown-ups are back in the room and the Labour party is back to where it was and all the rest of it. We are hearing Member after Member on the Labour Benches get up and castigate successful British businesses for having the audacity to make a profit, and castigate successful British people who have chosen to invest in British success stories as somehow evil or the devil incarnate, because they have chosen to invest in oil and gas companies, which employ hundreds of thousands of people across this country and, indeed, many thousands in my constituency.

For most of my life, the Labour party dominated Aberdeen city politics. Until 2015, it held both Aberdeen North and Aberdeen South, ran the city council and elected numerous MSPs to the Scottish Parliament, not that we would know it listening to Labour Members today. The party of Frank Doran and Dame Anne Begg—or Donald Dewar when it comes to it, who represented Aberdeen South—seems completely disconnected from the oil and gas industry. It seems ignorant of how the industry operates and the workers who are employed by it. It is on those workers that the impact of the windfall tax would be most harshly felt were we to introduce the Labour party's policy, as put forward today. I see some on the Labour Benches shaking their heads, but it is absolutely true.

The very reason that the UK's oil and gas industry recovered to the extent that it has following the crash in 2014, is in very large part due to the fiscal stability offered to it by this Government. That led to the North sea becoming the most attractive basin in the world in which to invest, which was an incredible reversal of fortunes considering where the industry was in 2014. I just wonder how many international companies would look at a situation that the Opposition would have us in, where the tax regime could be changed at the stroke of a pen or the drop of a hat, and think, "That is the sort of stable fiscal regime I want to invest in," and not take their business and create jobs elsewhere around the world—the middle east, Russia or the gulf of Mexico—anywhere there is another successful oil and gas sector.

When those companies fail to create new jobs or invest in platforms in the North sea, it will be my constituents, and the constituents of many Members in this House today, who will suffer. It will be the over 100,000 Scots who are directly employed by the oil and gas industry who will suffer. It will be the economy, particularly in the north-east of Scotland, that will suffer. And how exactly do Labour Members think the cost of living of the people I am elected to represent will be impacted if they have uncertainty about their future employment and how they are going to put food on the table for their families?

It is not a surprise that Labour is still so far behind in Scotland that it cannot elect a Member north of the Forth if this is how it understands, or misunderstands, one of Britain's most successful industries. It is an industry, by the way, that has contributed—I heard the right hon. Member for Doncaster North (Edward Miliband) say its profits were unearned—£330 billion to the UK Treasury. It has a supply chain worth £30 billion. We heard that exports were somehow a bad thing. It exports almost £12 billion of goods and services around the world. The north-east as a region was only just recovering from the oil price crash of 2014 when covid struck. As the hon. Member for Aberdeen South said earlier, this time two years ago the oil price was barely scraping zero.

That is a key point: oil and gas prices fluctuate wildly. Gas may be sitting at near record prices today and oil may be sitting at $88 a barrel right now—that is, of course, impacting on energy bills—but tomorrow that might all change. It is grossly incompetent, naive, inept—this is the Labour party, of course—and totally ignorant to base a policy around the price of oil and gas. Imagine anybody being so stupid, short-sighted or ignorant as to do that. The SNP would never base a significant policy proposal on the price of oil or gas, I am sure.

More than that, the measure would be bad for the environment. It would almost certainly cause companies to cease or pause investment in what is already one of the cleanest basins in the world, which will be net zero by 2050, with the vision being 2035. As all eyes are trained on Ukraine, the Labour party's policy would lead Britain to a place where we were less secure in our energy supply and more reliant on Vladimir Putin of Russia and countries in the middle east. That is why the Labour party should think again before it comes in here with headline-grabbing stunts, instead of well-thought-through policy, when it has no idea about how those stunts would impact on the working people of this country.

5.20 pm

Julie Elliott (Sunderland Central) (Lab): In starting my contribution in support of Labour's proposal, I would like to consider what it is actually about. We have heard massive iteration in support of the oil and gas industry, but this debate is about the cost of living crisis hitting families in all our constituencies across the country, and I am afraid I heard no mention of that during the last contribution.

I support the proposal for a one-off windfall tax on the profits of North sea oil and gas producers—a one-off tax that will help families and businesses across this country as they face enormous rises in their energy bills. Windfall taxes have been used before and could be used again. This is a one-off measure to try to help the immediate situation facing every one of our constituents in this country.

There is no doubting that the energy market is in chaos; it has been for a decade or more. For many years, I was the shadow energy Minister, and seven years ago we were here talking about the very same thing. This measure will not solve the crisis, but it will help alleviate the massive impact that the cost of living, including energy prices, is having at the minute. Twenty-seven companies have gone bust in the sector since September. Customers are being transferred to new suppliers. That is also a crisis: although Ofgem says that money built up through direct debits will be transferred to the new suppliers within 70 days, that is not happening. Some of my constituents are having to pay bills now when they have hundreds and hundreds of pounds in the bank with the previous suppliers, without that money being used to offset. They have the threat of debt collectors coming to their homes if they do not pay the bills. That needs addressing by the Government as well.

The energy price cap is supposed to protect customers, but last October bills went up by 12%. We are expecting them to go up by 50% or more next time in April, and my constituents cannot afford that. The cost of living is going up all the time, but wages are not going up at the same rate. As of November, inflation was at 5.1% and wages were rising by 3.5%—a real-terms cut of more than 1.5% on average prices. And then we are going to be hit with the rise in energy prices.

I represent Sunderland in the north-east of England—an area where many people work in the oil and gas industry, which I know very well. Rounded up average earnings in the north-east are £28,000 a year, while in London they are £38,000 a year, yet energy prices are the same. How are my constituents going to pay for that enormous rise in energy prices? No one can afford it, and Sunderland and the north-east can afford it least.

The energy market is broken; as I have said, we have known that for years. People need help now while other things go on to try to fix the disaster in the energy market. I heard nothing from the Minister to suggest how the Government will address this real crisis hitting every one of our constituents. It has nothing to do with politics. The energy bills of every person in this country are going up enormously in a couple of months' time. If the Government do not accept our motion for a one-off windfall tax, or our call for a cut in VAT, what are they going to do?

We are now at a point where warm words simply are not enough. We need action from the Government to help every one of our constituents in this crisis that means people will not be able to pay for their energy supply. This utility is essential to every person in the country, so I look forward to hearing what the Minister has to say in summing up. Something simply has to be done.

5.25 pm

Sir Robert Syms (Poole) (Con): We have had a pandemic, and the Prime Minister and the Chancellor put £400 billion into the economy to support businesses, people and employment. At one point, 11 million people—a third of the workforce—were being paid by the Treasury. If at that point one had said, "We will emerge with a growing economy, falling unemployment and 1.5 million vacancies," it might have been thought to be a very optimistic scenario.

Yet the British economy is growing, and Europe, America and Canada are growing. The reason for the inflation spike and rising oil prices—they were zero during lockdown—is that the world economy is recovering. I make the gratuitous point that that is rather good news. It causes a problem for the Government in how to deal with some of the shortages and some of the price increases, but it is all good news. There are jobs out there, and people have a great opportunity to get into employment. The key point is that the Government's policy of saving jobs has been a tremendous success.

The North sea has been a tremendous British success story, as my Scottish colleagues have said, but it is now in a mature phase. It needs stable, calm husbanding and tax rates so that less viable fields are eked out to their maximum life and so that newer fields in deeper waters are able to be developed. That is why we need a stable tax regime.

The arguments that have been made are perfectly sensible. Companies were losing money only a year or two ago, and now they are making money. The corporation tax regime and the petroleum revenue tax generate money when they make profits, which is the fair solution. The oil companies are owned by pension funds, and most of the people in those pension funds are ordinary people up and down the land. We have already heard about the 100,000 jobs that rely on the North sea. Why kick a successful industry when it can generate a lot more wealth, a lot more jobs and a lot more gas and fuel for the benefit of our nation, just to make a quick political point and make a few runs?

One of the things the last Labour Government did not do was develop the nuclear industry, which will be vital if we are to get to net zero. Hinkley Point C is being built, and I hope we will soon sign off Sizewell C. Rolls-Royce's proposal for small nuclear reactors is excellent. The Nuclear Energy (Financing) Bill, introduced by the Minister for Energy, Clean Growth and Climate Change, allows more sustainable financing for these companies, and I think it will be a game changer.

We need more nuclear power, so we need to give it a big push. We need to value and to continue supporting the North sea. We should leave alternative measures, on top of all the measures the Minister set out at the beginning of the debate, for a statement from the Treasury. I think the Government's policy is perfectly sensible and will get more supply of energy and a stable tax regime.

Alan Brown: The impact assessment for the Nuclear Energy (Financing) Bill gives an upper-limit estimate of £63 billion for the capital and financing costs of a new nuclear station. Is that really good value for money for bill payers?

Sir Robert Syms: Yes, it is very good value for money, because that is a lot cheaper than Hinkley Point C. The reality is that the Government are underwriting the industry, and if the industry overspends when it is producing a nuclear power station, it either gets equity or gets paid in cash. That is a very sensible way of doing it.

The only way that we will get to net zero is with a vibrant industry. Let us not forget that all the Magnox stations will close down over the next 10 or 15 years and we will have to replace that capacity. The solution to our problems is to have a balanced energy policy, with renewables, nuclear and the use of gas. If we have that, and if we do all we should to insulate homes and make people's use of energy more efficient, we have a good policy. The Government have an excellent policy; I think they should say more about it.

5.30 pm

Peter Dowd (Bootle) (Lab): Yesterday, many Conservative Members, not many of whom are here today, said that they wanted to talk about the real things that affect their constituencies. I am as happy as they are to talk about the things that affect our constituencies.

One of our constituents' most immediate concerns, of course, is the increase in their energy bills, which amounts to an energy crisis for millions of people. As we have heard, rising wholesale gas prices are threatening to drive energy bills up by almost a third—a huge £700 increase to £2,000 a year. As for getting things done, delivering on people's priorities or levelling up, the situation is worth a perusal. What did the Government get done on energy infrastructure? Not a lot. They have refused to invest in the infrastructure necessary to decarbonise our energy supplies and reduce our reliance on external providers. Instead, the British public have been left at the whim of oil and gas companies.

Financial challenges loom for our constituents because the Government did not get the job done in that policy area. The Joseph Rowntree Foundation has found that single adult households on low incomes could soon be spending 54% of their income on energy bills—a shocking statistic. The energy crisis is compounded by inflation at 5%, the highest level since 30 years ago when the Tories were last in government. There is a slash-and-burn approach to the country's energy supply. Households across our nation have had their resilience tested time and again by this Government. Millions more are struggling with the cost of living, and it is becoming impossible to heat houses. Energy bills are shooting up and there is no action of any substance from the Government.

What is the Government's response? Let us say that there are two options: a windfall tax on the oil and gas companies that have profited from the Government's mess, or an increase in taxes on struggling low-income families and workers. Of course, we all know what the Government will go for and have gone for: taxing £12 billion out of people's pockets. It is worth remembering that a 1.25 percentage point increase on national insurance contributions is in effect an 8% increase, given a national median wage of about £29,900. On that income, in 2021-22, a person will have paid £2,439, but in 2022-23 they will pay £2,652, which represents an increase of 8%.

The gas companies have made mega-profits over the years. The largest made a combined profit of $174 billion in the first nine months of 2021. Huge profits are being made, but despite the ambitious plans from BP, for example, to reduce its carbon footprint and move towards renewables, they are not being reinvested at the level that they should be—not at all.

Data published by the UK Government-backed extractive industries transparency initiative shows that in 2019-20, ExxonMobil received £117 million in total from HMRC, while Shell got £110 million and BP received £39 million. What are the Government going to do about those tax reliefs? Can we have an answer to that? What was the total expenditure forgone in tax reliefs in 2020-21?

Households will continue to struggle unless the Government get a grip. The behaviour of the oil and gas companies only goes to show that we cannot rely on the sector alone to deliver net zero in the time available. We need to take action. The Government really do need to take action. They need to get a grip on this issue, because people out there—our constituents—are struggling and challenged.

Finally, we have heard the outrageous suggestion that no one supports a windfall tax. May I remind—or bring it to the attention of—Conservative Members that 75% of Tory voters support a windfall tax?

Mr Deputy Speaker (Mr Nigel Evans): I thank the hon. Gentleman for being so succinct. As Members can see, there are 12 standing. I advise them to speak for no more than five minutes, then we will be able to get everyone in.

5.35 pm

Nadia Whittome (Nottingham East) (Lab): It is clear to anyone living in this country that we are experiencing a cost of living crisis. As food and energy prices are spiking, my constituents tell me that they are anxious and outraged at ever larger bills. The Resolution Foundation estimates that in April, when changes to the energy price cap are introduced, those bills will soar by 50%. That will lead to more than one in four households spending at least 10% of their income on energy. With housing costs already taking up a significant proportion of household spending and food bills increasing, more and more people will be forced to choose between heating and eating while this Government dawdle.

I strongly support Labour's proposal to introduce a windfall tax on oil and gas. While my constituents worry about their bills, North sea oil companies have been reaping criminal profits. The think-tank Common Wealth reports that Shell and BP alone have paid £147 billion to their shareholders since 2010, which is more than seven times the £20 billion that it would take to keep household energy bills at their current level. Those profits have only become more obscene as the current energy crisis has worsened. At the end of last year Bernard Looney, the chief executive of BP, described the crisis as a "cash machine" for his company. That cash is coming from my constituents' pockets, and those of people who are struggling to pay their bills. There is simply no argument when it comes to whether these companies can afford a windfall tax. It is my constituents who cannot afford the Government's inaction. This refusal to act, however, comes as no surprise when the Conservative party has taken almost £1.5 million from the energy industry under this Prime Minister.

In the short term, the proposed tax will lessen the burden on families; in the longer term, we desperately need to reduce our reliance on gas, seriously invest in renewables, and create a national programme to insulate homes. We must also acknowledge that the privatisation of our energy system has failed. Competition has not driven down bills; in fact, gas bills have risen by 50% since 1996, and private companies have failed to switch to the sustainable energy sources that we need in order to tackle the climate crisis. Public ownership of our energy system could have helped us to withstand the current turbulence in the energy market, and the public support it: in 2019, 52% of people polled were in favour of it.

I therefore urge the Government to implement a windfall tax now, to bring energy into public ownership, and to invest in the transformative changes that will protect struggling families and our planet now and for years to come.

5.38 pm

Hilary Benn (Leeds Central) (Lab): We are facing two energy crises. The first is the one that is right in front of us. In opening the debate, my right hon. Friend the Member for Doncaster North (Edward Miliband) made a powerful case for action to help people. I would say to the Minister, were he still in his place, that he may have felt that his speech got him through this afternoon, but it is not going to get the Government through to the end of April, because I think we all know that the Government are going to have to do something. They are going to have to raise funds. We have a plan; we have debated it today. The Government do not have a plan, but they will have to come up with one.

In Leeds, fuel poverty is rising, and is now up to 57,000 households. We can trade statistics, but in each of those households, a debate takes place. Parents have to make decisions that they do not want to have to face. We heard about the choice between heating and eating, or between buying clothes for their children and heating or eating, and about people going up to a complete stranger and saying, "I know we have never met, but can you help to feed my family this weekend, because I cannot", which takes a lot of courage. This is happening in the sixth richest country in the world.

The second crisis is also coming, because we know we will have to change the way in which we heat our homes in order to meet the net zero challenge. Since we are talking about home heating, what about the 23 million homes that currently have gas boilers? All of those will eventually have to go, because we will not be able to use gas any more. What will replace them? There are two basic choices, as we know: heat pumps or electric boilers on the one hand, and possibly heating our homes with hydrogen on the other. There is a lot to be worked through to make this work.

But how will we pay for that change? How will my constituents, our constituents, pay for that change? This is really important. As we touched on earlier, the transition to net zero has to be just and fair, and people have to be able to deal with the costs involved. Back in October, the Government announced plans for £5,000 grants to help install heat pumps in homes. In so far as it goes—not very far—I welcome that, but under that plan, only 90,000 homes will be eligible. Given that the Government's target is to install 600,000 heat pumps per year later this decade, that is clearly nowhere near enough. I hope, of course, as do the Government, that in time the cost of alternative forms of heating will fall, and I hope that the technology will develop.

However, to go back to the start of the debate, we are already concerned about the ability of our constituents to pay the bill today, never mind the bill in April.

[Hilary Benn]

How on earth will so many of our constituents be able to afford to make that change? A heat pump can cost between £5,000 and £15,000. We think hydrogen boilers will be cheaper, but we do not yet know whether that technology will work; I hope it does. At the moment, there is no way in which many of our constituents will be able to afford that transition. The Government, as well as needing a plan for April, will have to come forward with a plan for the next 10, 15 and 20 years to make that happen. It has to be a plan that can be afforded by the nation and by our constituents. We do not have a lot of time for it to appear.

5.42 pm

Dan Carden (Liverpool, Walton) (Lab): We associate energy poverty with the poorest people and the most deprived communities. Liverpool, Walton is home to many people struggling to afford everyday essentials and wishing their streets and neighbourhoods might see some of the prosperity this Government promise in their empty words.

For the young mum struggling with the top-up payment card in the local shop, trying to keep the lights on and the heating running in her home, that poverty is humiliating, yet the experience of living hand to mouth for energy, and that humiliation, is now spreading across the UK, because the energy market is broken. It is not even really a market but a racket of monopoly suppliers, capped prices and enormous excess profits. Rising energy bills are not an act of God. They are the result of the anarchy of global energy supply and the total mismanagement of Britain's energy industry by a Tory party that seems to put any interest above the interests of the British people. I support a windfall tax on oil and gas producers to lower bills this year. I listen to my hon. Friends asking Government for an extra £1 billion here or an extra £1 billion there. Now more than ever, the evidence before us—an industry pleading with Government to lift its cap, families pleading with Government to make the cap tighter, and oil and gas producers boasting that their companies are like cash machines—demands a new settlement.

I stood for election pledging to take the whole energy supply industry into public ownership, to set up a national energy agency to own and manage the grid and to put the big six energy suppliers, the only ones likely to survive this crisis, under public control. I believe it is the job of Government to fix the energy crisis, not to prop up the failing energy market.

To manage security of supply when gas is being used as a geopolitical tool is bigger than an economic issue. To decarbonise energy is also bigger than the forces of supply and demand, and to stop energy bills wiping out the income and savings of families up and down the country is a matter of social justice. The market provides no solutions to those problems. The only way to resolve those issues is to have a Government with the will to act and to put the interests of the people we in this House are supposed to represent above the interests of big energy companies and their shareholders. Sadly, that seems a long way off.

5.46 pm

Kerry McCarthy (Bristol East) (Lab): I do not know whether any of my colleagues present listen to the "Political Thinking with Nick Robinson" podcast, but the Leader of the House was the guest on Saturday, and it was interesting to note that he referred to the cost of living crisis. He was using it as an excuse to avoid talking about Downing Street parties, but the fact that he acknowledged that we have a cost of living crisis is something he may need to go and discuss with the Under-Secretary of State for Business, Energy and Industrial Strategy, the hon. Member for North East Derbyshire (Lee Rowley), who opened this debate.

People will know that the Leader of the House is my constituency neighbour, and he may have popped across the border to buy some fish and chips, although I think that is unlikely. If he did, he might have spoken to a fish and chip shop owner who got in touch with me recently to say that his gas and electric bill has increased fourfold in the past three months. That is simply unsustainable and he cannot pay it, so a valued business that has served the community for more than 30 years now faces closure. The same scenario is playing out across the country in people's homes and businesses, with April's price cap rise looming large.

Surging gas prices are a global issue, but the extent to which the consequences are allowed to crush consumer and businesses finances is a Conservative issue. While bill payers grow increasingly anxious about how they will make ends meet, UK oil and gas producers are making near-record profits, on a scale not seen since before the 2008 crash. The industry has suggested that to tax it more would deter investment in renewables, and we have heard some comments of that nature from the Government Benches today, but the fact is that the UK is one of the most profitable countries in which it operates, because of the favourable tax environment.

Despite David Cameron's pledge to lead "the greenest Government ever", measures introduced by his Chancellor have meant that many oil and gas companies have paid negative tax in recent years. Despite our commitments at COP, oil and gas producers are rushing to taking advantage, determined to exploit to the max what is left of our fossil fuel reserves, instead of doing as we should and keeping it in the ground. It is not just environmentalists who say this: there is a very sound business case, if we listen to people such as Lord Adair Turner.

The current regime just cannot be reconciled with our climate commitments. The long-term solution to this crisis is not churning out more fossil fuels, but switching to sustainable energy sources to avoid a reliance on volatile gas markets. That means investing now in renewable energy, insulation of homes and installation of heat pumps, rather than kicking the can down the road, as this Government have done with their net zero strategy.

The Chancellor needs to act on this issue, but until he does, oil and gas producers need to pay their fair share of tax rather than expecting energy bill payers to pick up the tab for them. If Tory MPs—I see there are only one or two left in the Chamber—care about their constituents and the cost of living crisis, they should join Labour in the Division Lobby tonight. Rather than adopting Labour's plans to prevent millions from falling into fuel poverty, the Government, in presiding over wage stagnation, universal credit cuts and a national insurance hike, have accelerated that process.

The owners of local cafés, barbers and bakeries did not have the luxury of jetting off to California like the Chancellor did when the going got tough over the

Christmas period; they were struggling to keep going despite the supply chain issues, depleted workforce and rise in inflation. Was expecting the Chancellor to be doing his job too much to ask? At least Labour is here today doing the Chancellor's job for him. The £600 million contingency fund proposed by Labour offers tangible and immediate support to businesses and families crippled by inflation. Our plan to cut VAT on energy bills—which, incidentally, the Government used in the referendum campaign as a reason to support Brexit—and to roll out targeted support would take hundreds of pounds off most households' monthly costs. In rejecting the windfall tax on oil and gas companies, the Government send a clear message to millions of families and business owners across the UK that when it comes to choosing which side they are on, they care more about the oil and gas producers profiting and polluting than they do about keeping pensioners warm this winter.

5.50 pm

Sarah Olney (Richmond Park) (LD): It is a real pleasure to participate in this debate, particularly because we have heard so much from the Tories about this being the issue that their constituents would like us to talk about instead of cakes and parties. It is great to see so many of them here to discuss it! *[Laughter.]*

The Liberal Democrats support Labour in its call for a one-off windfall tax. I regret that the Minister would not allow me to intervene earlier, because I wanted to ask him what exactly is his understanding of a windfall tax, as he did not seem to be very clear on that point. We are clear that the profits being made by the oil and gas sector over the past few months are related to the market price of gas going up way beyond typical levels, and that that is very much as a result of increased demand. We expect it to be very much a medium-term rise that will not last very long. That is why we support the calls for this one-off, targeted tax in order to lessen the burden on those who will feel the impact. We have heard many great contributions, particularly from the Labour Benches, about the impact on ordinary people who will have to pay. It is quite right that we try to equalise that impact. We are proposing not only to double the warm home discount payments from £150 to £300 but to extend it to all those on universal credit and pension credit, and to double the winter fuel allowance to give up to £600 a year to 11.3 million elderly pensioners to help them with their heating bills.

There is no doubt—I think there has been some unanimity on this—that we are where we are with oil and gas, but we really need to move towards renewable forms of energy, with a long-term plan in order to make that happen. The Government keep talking about their plans for net zero but we do not see those plans. We do not know what the Government are planning to do to move us from our dependence on oil and gas towards our net zero future. I commend the hon. Member for Aberdeen South (Stephen Flynn) for everything he said about the impact on his community. I think he agrees with us and with many other Members that we need a plan for that transition.

David Duguid: On the UK Government's plans for transition, may I politely refer the hon. Member, just as a starting point, to the North sea transition deal, the Prime Minister's 10-point plan for a green industrial revolution, and the energy White Paper?

Sarah Olney: I have read the Prime Minister's 10-point plan for a green industrial revolution, and it gives no detail as to how we are actually going to transition from a dependence on oil and gas towards net zero.

One thing we could be doing much more is reducing the demand for domestic electricity and gas. We have seen that come down over the past 10 years, but we could do much more if we could commit to a programme of proper insulation of homes. Since the dismal failure of the green homes grant, we have not seen enough action from the Government on how we are going to do that. We are not seeing action on standards for buildings to make them net zero in future. There is so much more that the Government could be doing to insulate our homes properly, particularly for the poorest.

The hon. Member for West Aberdeenshire and Kincardine (Andrew Bowie) talked about business and the importance of the oil and gas industry, but he needs to remember—I am addressing an empty seat, since he is no longer in his place—that there are many other energy-intensive businesses across the UK that are facing a double whammy this April. They face not only increased energy costs—and they already find themselves uncompetitive compared with EU businesses on energy costs, which tend to be higher in this country than they are abroad—but the planned increase in national insurance, which will hit employers as much as it will hit employees. We have been calling for the Government to scrap that planned tax rise. It is the wrong tax rise at the wrong time.

The Government need to look at the cost of living crisis in the round. They need to look at energy costs, tax rises, and at all the other costs being imposed on British consumers. One Member—I am afraid I forget which—made the point that the more people have to pay for basics, the less they have in their pockets for discretionary spending on our local high streets, and to help our economy grow. The Government need a much better plan for the cost of living crisis, and we are seeing woefully little of that.

5.55 pm

Alan Brown (Kilmarnock and Loudoun) (SNP): One thing we all seem to agree on is that there is a cost of living crisis, although the Tories seem to agree on that only now, and they are using it as an excuse, having done nothing about it, for the Prime Minister needing to stay in his place. That makes no sense. Given that we agree there is a cost of living crisis, I understand why many people would sympathise with the proposal that Labour has brought forward. In reality, however, it may be an easy political soundbite, but it does not seem well thought out, and it does not address the immediate practicalities of this cost of living crisis. Nobody has yet explained how the proposed windfall tax will work. Either it will be a retrospective tax to try to claw money back once profits are announced at the end of the financial year, or it will not kick in for a year's time. We need to bring in money here and now, so that it can be used to help households that are struggling with eating, or heating their houses.

The motion also illustrates that Westminster always views Scotland's oil and gas as a cash cow. There is no strategic planning whatsoever; it is another cut and run move. If we are talking about excessive profits, why just the oil and gas industry? Where is the line drawn for

[Alan Brown]

sectors in profit, given that many companies did very well out of covid? Should we debate that and target their profits as well? What discussions has Labour had with the oil and gas industry about this matter? What assessment has been made about levels of investment—investment that could be part of a decarbonisation agenda—that might be rowed back? As others have said, the harsh reality is that every previous windfall tax has led to a drop in investment.

There is clearly room for a sensible debate about long-term tax policies, particularly carbon taxes, and we must do that. I get uneasy when I hear about companies such as Shell not having paid corporation tax for a couple of years, or BP talking about its company being a cash machine. We must have a serious debate about this, but policy on the hoof is not the answer.

The North sea has contributed £375 billion in revenues over the years, but as we have heard, unlike Norway's \$1.3 trillion oil and gas fund—the largest sovereign wealth fund in the world—we have no legacy from that money. As well as having that fund, Norway has used its money to invest in renewable energy such as hydro, to create a much greater uptake of electric vehicle ownership. More importantly, it has created a much fairer, more equitable and happier society. Meanwhile, in Scotland we are tied to Westminster, and we are getting blocked with pump storage hydro, the Acorn CCS project is still a reserve, and we could have had higher levels of investment in tidal stream.

Unlike Norway, here in the UK there are much greater levels of fuel poverty. We have heard about the 6 million fuel poor, when the energy price cap rises to £2,000 in April. Again, that is due to a lack of long-term strategic thinking. Earlier I pointed out that, under Labour's watch, we saw the price of oil bottom out at \$12 per barrel, rising to nearly \$100 per barrel in 2008. There is no legacy to show for that, and no sovereign wealth fund created. Times have moved on, and the Scottish Government have created a just transition fund for north-east Scotland, but Westminster is not providing any match funding for that.

As I have said many times, at the moment during this crisis the Treasury is raking it in, compared with what it predicted would happen in the March 2021 Budget. The November Budget already estimated that this financial year will see an increase of £1.1 billion in oil and gas revenues, an extra £2 billion next year, and £6 billion in total over the Parliament. That is money that the Treasury has got here and now, which should be used to help households—and we should also consider what the additional VAT from our energy bills and extra fuel duties are bringing in.

The Treasury allocated £1.7 billion in the November Budget for the development of Sizewell C. If that money was reallocated, that would mitigate the cap for those households who qualify for the warm home discount. Once more, I say to Labour: rethink this madness on nuclear, spending up to £60 billion, adding that to our energy bills, for a new nuclear station. The phrase "Let's speed up investment in nuclear" is an oxymoron because nuclear projects take that long to come to fruition.

Households do need help and the Treasury has got money that it should be using to help people. We have not heard one new Treasury-funded policy from the Government—hopefully the Minister will be able to provide one in summing up. In the meantime, that is why I make the case for Scotland to go its own way.

6 pm

Mick Whitley (Birkenhead) (Lab): I applaud my right hon. Friend the Member for Doncaster North (Edward Miliband), the shadow Secretary of State for climate change and net zero, for demonstrating the strong leadership and breadth of vision that is so sorely lacking on the Government Benches. While Ministers issue desperate excuses from the Dispatch Box for their lack of action, the Labour party has today put forward a fully costed package of proposals that would provide millions of UK households with much needed support. By axing VAT on domestic energy bills, ensuring that no domestic consumer is forced to cover the cost of supplier failure and providing support for those most in need, we can slash energy bills by at least £200. In the midst of this Tory cost of living crisis, that is the difference between just about getting by and deepest destitution.

As people in my constituency bear the brunt of this unprecedented crisis, oil and gas companies are set to report near record profits, with private shareholders cashing in on soaring wholesale energy prices.

Jim Shannon (Strangford) (DUP): Will the hon. Member give way?

Mick Whitley: No—*[Interruption.]* I am sorry.

Even so, that is not enough for this Cabinet of millionaires. In fact, last month, the Education Secretary had the temerity to take to the airwaves and plead poverty on behalf of the fossil fuel giants, saying that they were struggling enough already. This morning, when my hon. Friend the Member for Brighton, Kemptown (Lloyd Russell-Moyle) challenged the Chancellor to put the interests of ordinary people before those of the oil and gas companies, the Chancellor made it clear exactly whose side he was on. Today, Conservative Members have a simple choice: they can either insist that the fossil fuel giants step up and accept responsibility for a crisis from which they have profited so handsomely, or they can continue to turn a blind eye to the immense human suffering unfolding not just in my constituency but in theirs, as they have throughout this long and bitter winter.

Labour is offering the Government the chance to right their failure to prevent the crisis. We know from the Prime Minister's grotesque performance in the House yesterday that the word "responsibility" is entirely missing from the Conservative party's vocabulary, but, as recent research by Carbon Brief demonstrates, had successive Conservative Governments not taken a wrecking ball to the zero-carbon homes standard subsidies for onshore wind and spending on essential energy-efficient measures, household bills would be £2.5 billion cheaper than they are today.

With the greatest respect to my good and honourable Friends on the Front Bench, I am convinced that we must be even more muscular in our response to the crisis. At the moment, the energy sector is simply not fit for purpose. Costs for consumers are far too high, investment in green energy is wholly inadequate and we remain dangerously dependent on volatile foreign energy supplies. We learnt last week that extraordinary amounts of UK gas were exported in autumn and winter, even as rising costs decimated hard-working families' standard of living and hit small businesses' bottom lines. Our energy system must always put ordinary people's interests before those of private profits. Confronted with this historic crisis, we must surely accept that public ownership is the only way forward.

We must not forget that the public are watching. They will remember who stood up for them at this terrible time and they will never forget those who looked away. I hope that Conservative Members will reflect on that before walking through the voting Lobby today.

6.4 pm

Ian Byrne (Liverpool, West Derby) (Lab): The impact of the cost of living crisis on my constituents and people across the country is truly harrowing and a shameful injustice inflicted by the Government. An article in the *Liverpool Echo* this week talked about the "perfect storm" that people in our city are facing of soaring energy costs and record inflation—all against a backdrop of a decade of Conservative austerity that has cut our support services to the bone.

According to research from Feeding Liverpool, about 14% of households in Liverpool experience fuel poverty, which is significantly higher than the England average. Some 32% of adults in Liverpool are food insecure, where food is a source of worry, frustration and stress—that is more than 150,000 people in Liverpool alone. That was all before inflation started to spiral. A humanitarian crisis demands permanent solutions, not tinkering with a broken system.

An example of that broken system was highlighted by my good friend Tony Caveney, a cabbie from Liverpool, who said in a message last week:

> "An old woman in the taxi this morning said she had to get out the house to get warm."

I did not know whether to laugh or cry, but we should all be raging with anger, because it is the political choices of the Government that have enabled the scandalous situation that many people in our communities find themselves in.

This crisis will affect generations to come. Before Christmas, I spoke in the House about what Professor Ian Sinha, a paediatrician at the fantastic Alder Hey Children's Hospital in my constituency, said to me:

> "A big issue at the moment is the interplay between food and fuel poverty—eat or heat—in essence babies and infants in the coldest houses will spend their calories trying not to get hypothermia rather than utilising the energy to grow their body systems and lay the foundations for a healthy life course".

That is shameful. Fuel poverty is a political choice and hunger is a political choice. They are all choices made by the Government and inflicted by the Chancellor in particular. The £20-a-week cut to universal credit and his current failure to intervene in the spiralling costs of fuel bills are political choices.

Many households have already seen a significant energy price rise and the household energy price cap is expected to rise by up to 50% in April. Fuel poverty campaigners estimate that that increase will drive 2 million people into fuel poverty and impact older households already seeing the suspension of the triple lock on pensions. By voting for the motion today, the Government could introduce a windfall tax on the profits of North sea oil and gas producers, which is a much-needed first step towards funding a national package of support for households.

The crisis has been long in the making and we need the Government to bring about systemic change. Trade unions and campaigners have long argued that the privatisation of the energy sector has resulted in high profits while the public foot the bill and costs rise. People who cannot afford the extortionate bills pay with damage to their health, livelihood and wellbeing.

Workers in the industry are being made to pay through attacks on their terms and conditions by industry bosses, which have pushed many workers into fuel and food poverty. We saw that when British Gas used fire and rehire tactics against its workers at the height of lockdown, and we see it today with OVO, which is threatening to make between 1,700 and 2,000 staff redundant despite, according to Unite the Union's estimate, its top directors taking £4.6 million out of the company in salaries and benefits in the last five years.

The system is broken. To transform this shocking situation, we need action from the Government on public ownership, decarbonisation in the energy sector, and the urgent retrofitting and insulating of houses to bring down energy costs. The practice of bailing out and subsidising private energy suppliers without the benefits of public ownership and control is wasteful and unjust. Research by Greenwich University's public services international research unit showed that public ownership of water, energy grids and the Royal Mail would save UK households £7.8 billion a year and pay for itself within seven years.

The technology and solutions exist. What is lacking is the political will from a Government whose mission is always to prioritise private profits over the wellbeing of the people who they are supposed to represent. We do not have to look far. Across the border in Wales, the Welsh Government are going to set up a publicly owned energy provider in the near future, so another way is possible.

I urge the Government to back the motion, bring some much-needed relief quickly to worried communities across the country and have the bravery to tackle the systemic failings that are driving this humanitarian crisis to alleviate the suffering of millions. We cannot let this plight continue when it can be eradicated by the correct political choices.

6.9 pm

Richard Thomson (Gordon) (SNP): That we are living presently with a cost of living crisis is surely undeniable. Inflation is at 5.5%, and that is reflected in our food prices and our energy prices. It is exacerbated by a supply chain crisis due to coronavirus and from the twin shotgun holes that the UK Government have blasted in each of their feet through the Brexit that they have stumbled towards.

This motion, I am sorry to say, probably looked great on the desk of a researcher somewhere in this building, or that of a press officer, but it collapses the instant it comes into any kind of contact with reality. The problem we are facing with the cost of living crisis is undeniable. While we have heard many stories about the pressures facing our constituents—we have similar stories we can tell—I am sorry to say that I have not heard anything to

[Richard Thomson]

persuade me why a one-off smash and grab on the North sea industry is the best way to deal with this crisis.

In Scotland, we are used to dealing with fuel poverty amidst energy plenty, but the real problem—I am sorry to say it is encapsulated by the motion from the Labour party today—is exacerbated by the short-termism that we have seen in UK energy policy. Some £375 billion has been taken out of the North sea since oil started coming ashore along with gas, but in the years of those peak revenues, the revenues were pumped out by a Conservative Government as quickly as possible to try to close a catastrophic balance of payments gap. That drove sterling up to unsustainable levels, drove out manufacturing jobs and drove 3 million on to the unemployment queues. Unlike Norway, we have been left with nothing tangible to show for it, whether a long-term oil fund for future generations, or an energy company such as Statoil, given that the UK equivalent, Britoil, was privatised early in the 1980s.

Successive UK Governments have lied about the extent of that resource, almost as assiduously as they have mismanaged the public policy that should have been going on around it. We are seeing that repeated in many respects with the failure of the UK Government to press on with the carbon capture project at Peterhead and with the intransigence that we see over electricity grid charges, and once again Scotland and Scottish jobs risk being the casualty of that.

It is perhaps hardly a surprise that trust among SNP Members in the UK Government to do the right thing by the North sea and its massive resources is low. Given our previous experience of windfall taxes and the impact they have had, we certainly have no confidence that a UK Government of any stripe can be trusted to use that windfall wisely. This measure is simply a short-termist one-off that will not tackle the fundamental problems.

Despite what some Members might believe, the finances and economics of the North sea have been precarious over the past few years. We will need oil and gas for years to come as fuel and feedstock as part of a transition. It may not fit the preferred narrative, but it is many of the energy companies operating in the North sea that are investing most heavily in the renewables revolution. To give an example, a couple of weeks ago, there was the announcement of the ScotWind round of investment. That is 25 GW of electrical power from the seabed around Scotland, which has brought £700 million up front for the Scottish Government. It will bring supply chain benefits, and once the projects are under way, there will be an ongoing revenue stream per megawatt-hour of energy generated. That is what can be done with the limited powers that the Scottish Government currently have. Would that we had had similar powers over oil and gas in the '70s, '80s and '90s, we might have something to show for it.

If we are to reduce energy bills, we need to drive energy efficiency and reduce our CO_2 emissions, and we need to recognise that the windfall tax will do nothing useful in that regard and will likely do great harm. It will sap confidence. It will destroy jobs in the North sea, and with that it will harm investment and damage the skills base and human capital we will be relying on for the renewables sector.

The UK Government have had a windfall of their own from these higher energy prices. They could use that to reduce consumer bills, cut VAT and restore the universal credit uplift that was so cruelly snatched away, and they could copy the Scottish Government's £20 child payment. In the long term, they could use that windfall to decarbonise heating and industry, to improve the quality of housing and energy efficiency to reduce bills and, above all, to introduce a progressive tax and benefits system to embed social justice. That will not happen with a Conservative Government who are failing to move far enough and fast enough on energy transition and security. I am sorry to say that it certainly will not happen with a main Opposition who seem to prize headlines from short-term gimmicks over embracing the long-term principles that might actually address the problems of people's household bills.

6.15 pm

Janet Daby (Lewisham East) (Lab): It is a real honour to speak in the debate. The hon. Member for West Aberdeenshire and Kincardine (Andrew Bowie) said that the Labour party is not the party of business, and I refute that and disagree with him, considering that many businesses up and down the country are very worried about the increase in energy prices and how that will continue to affect them. In my constituency and across the borough of Lewisham, we have among the highest numbers of self-employed people in London, and they are well supported by the local council.

I support the motion, which is all about the cost of living and how it will affect families. We have seen a global rise in wholesale energy prices that has already led to 27 energy suppliers going bust last year. Energy prices are at their highest levels for the last three decades. Customers have seen increases in their bills that have largely been protected by the energy price cap. The chair of the Lewisham Pensioners' Forum, Bridgit Sam-Bailey, recently spoke on BBC News about her personal experience of rising fuel prices. She explained the misery of suffering in her home due to increases in fuel prices that she can no longer afford from her pension. She said that she often stays in bed to keep warm and only heats one room. She no longer has the financial freedom that she used to have. We have heard other such stories today, and they are indeed heartbreaking. Her situation is not unusual. So many other people are experiencing a diminished quality of life. Surely the Government do not wish that for our older generation. Older people should be treated with respect and dignity. Do the Government really view such experiences as acceptable?

Energy bills are due to rise again, and that will affect mainly older people, vulnerable people and low wage earners. Recently, I met a lady in her home who was wearing a winter coat and a blanket to keep warm. From the outside of her semi-detached house, nobody could identify the misery and deprivation that she was experiencing from poverty and lack of heat.

As for children and young people, the Government need to consider how being cold can affect children's development and their ability to learn, play and grow. It does affect them. It is harmful to them to be cold and it is a sign of poverty. The rise in fuel prices is driving people and families deeper into poverty. When a child is in poverty, they experience deprivation. If that continues, their family becomes a family in need and they will go on to need support from social services and other public services, perhaps leading to a cascade of situations in which they will need support.

According to Maslow's hierarchy of needs, the most basic needs are food, water, warmth and rest. People's most basic need for warmth is not currently being met. For some people suffering illnesses such as sickle cell disease, lack of sufficient warmth can bring on a sickle cell crisis and lead to hospitalisation, organ damage and, at worst, death. Other problems arise from damp and rot after prolonged loss of heat in the home, and those can also affect children. The Government must not bury their head in the sand. Deprivation of warmth is a serious issue.

Our country faces a cost of living crisis and a growing strain on businesses, with petrol, food and energy bills sky-rocketing. What will the Government do about that? What will they do to prevent further hikes in gas prices, as those can be prevented by the Government? According to the energy sector specialist Cornwall Insight, bills could rise by 46%, from £1,277 a year under the current price cap to £1,865 a year. When faced with a crisis, this Government shift the brunt of the burden on to the most vulnerable. To fix the social care crisis, they decided to increase national insurance contributions, which will disproportionately hit working families, young people and businesses trying to create more jobs. Despite pressure from those on his own Benches, the Prime Minister will not halt those plans.

Faced with an energy crisis, the Government now have an opportunity to break that trend and find sensible solutions rather than dipping into the pockets of those only trying to get by. As energy bills soar for consumers, natural gas operators in the North sea will rake in their biggest profits in over a decade. UK-based natural gas companies such as BP and Shell are expected to record profits of $20 billion. A one-off tax on those companies makes sense.

This is not unheard of; Thatcher introduced a windfall tax on North sea operators, as did Blair. Will the Secretary of State for BEIS do the same? Wales has stepped up to help those who are struggling, and France and Denmark are likely to follow suit, but we have seen dither and delay from this Government. I remind the Secretary of State that this all reveals how deeply unreliable fossil fuels such as natural gas are. Even natural gas in our backyard is tied to global prices. We need a safer long-term plan.

A green industrial revolution guarantees greater home-grown energy, decreasing our dependence on unreliable fossil fuels and better protecting us from external price shocks. Will the Secretary of State therefore also promise to increase capital investment in renewable technology in order to keep my constituents' energy costs down, now and in the future?

6.21 pm

Sarah Owen (Luton North) (Lab): Before I start, may I say gōng xǐ fā cái—happy lunar new year—to everybody celebrating today? When we were kids, we used to cheekily add the phrase "âng-pao gia lái", which means, "Where's my packet of red money?"—and boy couldn't ordinary people do with some pounds in their pocket after more than a decade of Conservative government.

That is why I am pleased to speak in this incredibly important debate about a windfall tax to help consumers with energy costs. We are here in the mother of all Parliaments discussing the issues that matter and, importantly, the solutions—solutions that Labour has put forward, which would save people money and help them with the problem of skyrocketing energy costs. This debate is so very important because it is the same discussion that people are having up and down the country—"Why are our energy bills going up so much, how are we going to afford them, and why aren't this Government doing anything to help?"

A family in Luton North came to see me last week, absolutely terrified about the real impact of the cost of living crisis—and it is a real crisis. The cost of their rent, their energy bills and their food costs, all things that they were able to cope with not so long ago, are now becoming a struggle, to the extent that this wonderful family—who are working, before anyone wants to come at them on that point—are struggling so much that they came to their MP for help.

Throughout this entire energy crisis and the debates we have had about Labour's plan to cut the cost of people's energy bills, we have heard a lot of tone-deaf attacks from those on the Government Benches—particularly from the Under-Secretary of State for Business, Energy and Industrial Strategy, the hon. Member for North East Derbyshire (Lee Rowley), who sadly is not in his place. Shamefully, they even voted against our plans to cut VAT on energy bills to help people get through these difficult times. It is as if they do not know the value—the breathing space—that an extra two hundred quid would give a household who were struggling. They just do not get it at all.

During the pandemic, children told the charity the Food Foundation that their parents skipped a meal so that their child could eat. One child said:

"Mum is receiving those school meal vouchers because she tends not to eat so she has enough for me."

Another kid confided that they were worried about their mum's job, saying that

"she only eats a little."

Last week, when I raised the issue that women were 36% more likely to struggle with housing costs or be in arrears, it was met with utter disdain. But this is the very real and very horrible reality that thousands of people are living day in, day out under this Government: having to choose between eating, heating and keeping a roof over their heads.

There is another way. Labour's fully costed package to help keep energy bills low would scrap VAT on home energy bills for a whole year, alongside focused and targeted support through increasing and expanding the warm home discount to 9.3 million people. That would not only help the average household with around £200 off bills; it would also deliver targeted and focused support to those who need it most, including low earners and pensioners.

That targeted help for pensioners cannot come soon enough. Rising inflation is already hitting pensioners hard. That, combined with increased food costs and this Government's retrograde decision to scrap free TV licences for all over-75s, means that the unprecedented hike in wholesale energy prices will be totally unmanageable for those living on low fixed incomes. Age UK has reported

[Sarah Owen]

that the latest Government figures show that around 1 million pensioners—8%—said they could not afford an unexpected bill of £200. The charity also warns that if nothing is done to tackle rocketing energy costs, that 1 million older households that will be struggling with their costs will be added to the 150,000 households who already fell into fuel poverty this winter, yet the Government are still taking a hands-off approach, saying that they cannot do anything to help. That is simply not good enough. There is plenty that can be done to help; they just need the political will to do it.

So why are the Government still on the side of big businesses instead of consumers, despite clear evidence that oil and gas producers are reported to have near-record incomes for this past year? The Government have still so far ruled out that windfall tax—why? Because they lack the political will and backbone to do it, and the understanding of why it is so necessary. A simple, straightforward solution is staring the Government in the face today; one that is carefully costed and clearly laid out. But they will reject it again, and the British public, and the ordinary people who play by the rules, will be all the worse off for it.

6.26 pm

Bell Ribeiro-Addy (Streatham) (Lab): The planned rise in energy bills will be devastating for tens of millions of households, and it is clear from the contributions of right hon. and hon. colleagues that there is widespread understanding of just how devastating those price increases will be. Unfortunately, that understanding does not seem to extend to the Government Benches. Not only is that complacency very misplaced, but it is a political error. I know that I am relatively new to the House, but I would like to offer those on the Government Benches some advice: "When you are in a hole, stop digging." The fortunes of the Government are not going to recover if they stand by and allow energy prices to skyrocket. As my hon. Friend the Member for Bradford East (Imran Hussain) pointed out, if they make the public pay, they will in turn pay. Because obscene profits are being made by the energy wholesalers and the energy retail companies while our constituents are suffering, and it has nothing to do with their own efforts.

My hon. Friend the Member for Salford and Eccles (Rebecca Long Bailey) recently reminded us that the disastrous rise in prices should not be a surprise; we were all warned that closing Britain's largest gas storage plant in 2017 was illogical, when we already faced volatile winter gas prices and were becoming too dependent on energy imports. Scrapping our own energy storage capacity also obliged the energy companies to make short-term purchases in the wholesale markets—quite possibly the most short-sighted and idiotic way to run a utility business.

Therefore, in the motion before the House the Opposition have offered a way forward: a windfall tax to help fund a package of support for families and businesses who are facing this crisis. I hope that such a package would include a programme of home insulation to increase energy efficiency. Our poorly insulated homes are giving rise to higher fuel costs and increasing our carbon emissions. But the ultimate solution would be one that helps fund the green industrial revolution, as the Labour party outlined at the last general election. We committed to a just transition fund, which was predicted to generate an £11 billion support package.

Utility businesses provide public goods, but there is nothing good about the current conduct, or how the market is chaotically structured under this Government and their predecessors. The main objection to windfall taxes is that they are very destructive to business planning, but that is not really a fair description of a one-off price rise if it is met by a one-off tax increase. Businesses continue as before, but the windfall is redistributed to consumers rather than shareholders.

The further objection is: what if it is not a one-off energy price rise and is instead a permanent—or at least a long-lasting—increase in energy costs: what is the response then? Windfall taxes year after year. Although that objection has some merit, the appropriate response is not to let these poorly run energy companies make excess profits in perpetuity. If it is found that they are making huge profits year after year, and households continue to struggle year after year, that would undoubtedly be a failure of Government policy, in which case the logical response would be to take them into public ownership. After all, who better to provide a public good than the public sector? That is something that trade unions such as Unison and campaigns such as We Own It have been arguing repeatedly. The model of diversified owners, new entrants and challenger companies has completely failed. Many of those companies failed so much that they have gone bust. It is a fake competition model, because they all buy energy from exactly the same source.

The objection that my proposal is hugely costly does not carry much weight because the Treasury, through the Debt Management Office, can borrow for 10 years at interest rates below 1.4% per annum. The energy companies' dividend yield is currently 4% or 5% per annum, so purchasing them would generate cash for the public finances, and the excess could be used for public good. The priorities for public good are to cut bills and invest in capacity. Overall, this capacity should overwhelmingly be from renewable energy.

6.30 pm

Wera Hobhouse (Bath) (LD): I support the motion for a windfall tax on the profits of oil and gas companies. Household utility bills will rise by an estimated £50 a month in April, and we have heard many moving stories today about how struggling households will have to make very difficult and awful choices. Millions of people will be turning down their heating, or turning it off altogether, so that they can keep eating, and millions more will feel the pinch, including many of my families in Bath.

I will focus on how we got here, how our dependence on volatile gas supplies from abroad could be avoided in future and why more has not be done. Two things have shocked me. First, I am shocked by how dependent we still are on gas when we must dramatically change our fossil fuel consumption if we want to stand a fighting chance of reaching net zero in 10 years' time. Secondly, I am shocked that consumers who have switched to renewable electricity companies will foot the extra bill for gas, although they do not use any gas at all—I made that point in another debate, as the Minister knows.

Ideally, all power should come from renewables: onshore and offshore wind, solar and marine. There are few countries as well situated as the UK for wind and marine. Not only should we be generating all our power renewably but we should be exporting it across Europe. This is a perfect opportunity to be a global leader.

The cost of wind power is coming down year on year, and it will soon be a mature market with steady costs. Once a wind farm is built, apart from small overhead and maintenance costs, the electricity cost is almost nothing. That is the beauty of all renewables, and it was the idea behind the contracts for difference introduced by the Liberal Democrats in government when my right hon. Friend the Member for Kingston and Surbiton (Ed Davey) was Secretary of State for Energy and Climate Change. Contracts for difference are best described as fixed-term contracts for the electricity produced over a 20-year period. Once they are out of contract, electricity from these installations should be extremely cheap, which is perfect for consumers.

A lot more should have been done over the last seven years, when the Tories have been in government on their own. The Government quadrupled the number of contracts for difference offered in the last auction round, but that is not enough. Why limit the number at all, as it slows the roll-out of renewables?

So far, the Tory Government have allowed renewables to grow, but only slowly to maintain the fossil fuel and renewable industries alongside each other. As businesses and residential customers shift from gas to electricity, limiting the growth of renewables by restricting the number of contracts for difference keeps the fossil fuel industry in the game.

That brings me back to the millions of consumers who are committed to climate action and have switched to a renewable electricity supplier. In April they will find they are paying more for their electricity, even though they are not buying any electricity generated from gas. This is a clear example of the market being regulated for the benefit of the gas companies. Renewable electricity prices are approximately the same now as they will be in six months' time, so why should such customers have to pay higher bills?

The Government need to fix this unfairness as a matter of urgency. Although it would not fix the energy crisis for everybody, it would at least reward customers who are doing the right thing on climate action. It would incentivise more people to switch and, in turn, drive climate action, but a windfall tax on the profits of the oil and gas companies is needed immediately.

6.34 pm

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Thank you for calling me to close today's debate, Mr Deputy Speaker. Throughout the debate, there has been at least one area where we have had clear agreement: no one has disputed the fact that we are living through a cost of living crisis. Prices are up, real wages are down, taxes are being hiked and growth is stalling. No one has denied that the looming spectre of eye-watering energy bills is now hanging over households and businesses. That is precisely what the motion today seeks to address, with real solutions to the problems people are facing. Many Members across the House have shared examples of the hard choices their constituents are already making, and I am extremely grateful to them for that.

In responding to the debate, I have to begin with the scale of the problem. My hon. Friends are right to say that people are struggling now. I am sure we have all spoken to constituents who are genuinely scared about the impact of sky-high bills. Those people are feeling the pinch now when they go to the shops or fill up their car, but that is mild compared with the storm that is about to hit households this April. If the average energy bill hits close to £2,000, most people I know will feel it very much, and some will not be able to pay.

In closing this debate, I want to respond to the points that have been raised and to say why I believe the interventions that we have put forward and the windfall tax we would use to pay for them are fair, proportionate and necessary. Many Members have lamented the fact that we were in this position to begin with, and I acknowledge that. A decade of poor Government decisions has left us particularly exposed to global gas prices. This Conservative Government were wrong to reduce our gas storage capacity, they were wrong not to proceed with their original plans for better home energy insulation and they were wrong to prevent the further development of some of the most cost-effective renewables, such as onshore wind.

It is also down to this Government that families are having to consider the prospect of rising energy bills alongside other things that will hit their household budgets hard, particularly the very large rise in national insurance scheduled for April this year. Let us not forget that this tax rise will see the poorest subsidising the wealthiest, the north subsidising the south and the young subsidising the old. So with inflation soaring and energy inflation of particular concern, I put it simply to Conservative and SNP colleagues that action is essential. Despite the unholy alliance of Conservative and SNP Members ranged against the motion today, I put it to them that it is a question of how, not if, the Government should intervene.

The Labour plan would save everybody at least £200 off their energy bills. Those who are most vulnerable would receive £600. That most vulnerable group would include all working families with children claiming universal credit and all pensioners in the savings credit group of pension credit. We would pay for that by levying a windfall tax for 12 months on profits from North sea oil and gas companies. We can do this, and we need to do this because, as my right hon. Friend the Member for Doncaster North (Edward Miliband) said in opening the debate, given the scale of the challenge, we need to maximise the resources available to alleviate it. In today's debate we have heard an overwhelming case for that, including in the speeches from my hon. Friends behind me.

We are advocating a one-off, proportionate tax on firms that are experiencing record profits directly as a result of this crisis, to help customers and other businesses secure our economy for the long term. The North sea will continue to be one of the most profitable and attractive places to extract oil and gas from. It will also continue to provide a substantial amount of our domestic supply. No evidence has been put forward today that a windfall tax on those profits, which were never expected or anticipated, would reduce investment or have a negative impact on jobs. It has been done before, by Labour and Conservative Governments, and we can do it again.

I want to give three explicit reasons why such a tax would be in the interests of businesses and the economy as a whole. First, despite the unprecedented squeeze on

[Jonathan Reynolds]

household budgets, consumer spending is still forecast to grow this year. That is because some households saw a considerable increase in their savings during the pandemic, but if concerns about energy bills and other pressures were to result in consumer spending not growing as expected, we would be in a very difficult position indeed. I think the right hon. Member for Wokingham (John Redwood) made a similar point in his speech.

Secondly, inflation is high. It is currently being written into contracts as businesses try to protect themselves against future price rises, which means that even if global inflationary pressures diminish, inflation will be baked into our economy for some time. A rise in energy bills of the kind that the Government contemplate would add as much as two additional percentage points to inflation and would have a significant spending cost for the Government.

Thirdly, under our plans, the windfall tax would give us a contingency fund of £600 million to help energy-intensive businesses through the energy crisis. I recently visited Pilkington Glass in St Helens, where the rise in energy prices means millions of pounds in additional costs. If Conservative Members are worried about the impact of a windfall tax on investment, will they think about the cost of not acting for investment in jobs, growth and the future of energy-intensive industries?

I was surprised to hear Conservative Members arguing against the case for cutting VAT on energy bills, given that in many cases they themselves advocated the same policy. The argument that cutting VAT does not help those most in need simply does not hold water. Crucially, cutting VAT is a step that we could take now. Labour's policy, which would give every household some relief from sky-high bills, would also mean extending the warm home discount, saving those most affected, such as pensioners and low earners, nearly £600. Many Conservative Members are on the record as supporting the measure precisely because of the arguments made in this debate. Claims that cutting VAT is unprogressive and would benefit only the wealthiest simply do not take Labour's motion and our policy in the round; they are as disingenuous as they are insulting to constituents who are crying out for some help.

The reality is that the Conservatives cannot fix the cost of living crisis, because they are the crisis. They have become the high tax party because they are a low-growth Government. Some of the defences that I have heard today of voting against the motion are as thin as the Prime Minister's excuses for flouting his own lockdown rules. Labour has shown the leadership that our country needs and delivered a plan to tackle the energy crisis that would take £200 off the average household bill, offer up to £600 for the most vulnerable in the current crisis, including low earners and pensioners, and provide funding to help the energy-intensive businesses worst hit by energy spikes—all fully costed, with a windfall tax on the North sea oil and gas producers that have profited from the price rises.

It is so telling that at no point today have I heard any Government representative outline an alternative or offer a coherent explanation of how the Government will help families. Labour laid out our plan to address the cost of living crisis two months ago, and still the Government have failed to rise to the challenge. We know why: they are too mired in their own scandal to take the action required. They are more focused on saving the Prime Minister than on serving the public.

The performance of this country's Prime Minister at the Dispatch Box yesterday was quite frankly shameful. The continued dereliction of duty in not facing up to the big challenges of the day, such as the cost of living crisis, compounds that shame. The Government are out of ideas, out of energy and out of time. The sooner they all go, the better.

6.43 pm

The Minister for Energy, Clean Growth and Climate Change (Greg Hands): This has been a useful debate. May I start by paying tribute to those workers who are working hard out there, helping the recovery from Storms Malik and Corrie? As we know, the storms hit Scotland and north-east England very hard. Some 214,000 customers have had power restored, but approximately 10,900, particularly in the north-east of Scotland, were still without power as of 10 o'clock this morning. I spoke to Scottish and Southern Electricity Networks last night and have updated MPs.

As we have heard today, the Government have a wide range of support measures in place to help the most vulnerable households. We have both rebates and energy efficiency measures to help households reduce their energy consumption. To recap, the warm home discount scheme provides support with energy bills through rebates, helping households to stay warm and healthy in winter. The scheme currently provides more than 2 million low-income and vulnerable households with a £140 rebate off their winter energy bills. The Government have already consulted on proposals that would expand the scheme from approximately £350 million in value to £475 million per annum in 2020 prices, which will help it reach 3 million households from winter 2022-23 onwards.

We are of course considering a range of options to address the current challenges further, but we must also be mindful of the wider consequences of any actions that we take. The Government already place additional taxes on the extraction of oil and gas, with companies producing oil and gas from the UK continental shelf subject to headline tax rates on their profits that are currently more that double those paid by other businesses.

Dan Carden: While the Minister is on his feet, will he respond to the comment from the head of BP that his company was like a cash machine?

Greg Hands: We have ourselves raised more than £375 billion-worth of production taxes. North sea oil and gas have been a big success story for this country, and also for our Exchequer. As a former Treasury Minister, I can repeat that of course all taxes are kept under review by the Treasury, and any changes are considered and announced by the Chancellor.

Stephen Flynn: Will the Minister give way?

Greg Hands: No, I am going to make a bit more progress.

The oil and gas industry and its supply chain are supporting more than 195,000 jobs, but investment in 2020-21 was at an all-time low of £3.5 billion. Meanwhile, there are £11 billion-worth of opportunities awaiting investment. We would be cautious about the potential implications that any change in the tax regime could have on investment, not just in oil and gas developments but in the development of cleaner-energy technologies. Moreover, continuing investment in the UK continental shelf is needed to support production and our security of supply. That is particularly important this winter, but it is also important in the longer term, because UKCS production can help to mitigate potential supply issues.

When it comes to the sector itself, I heard nothing from any of the Opposition Front Benchers about whether they supported our world-leading North sea transition deal. However, we want to support up to 40,000 high-quality direct and indirect supply chain jobs, including jobs in Scotland and our industrial heartlands in the north-east and east of England, generating up to £14 billion to 16 billion of investment to 2030 and delivering new business and trade opportunities to assist our transition to a low-carbon future.

For the longer term, the Government are looking at how policy costs, which help to fund low-carbon energy infrastructure, support vulnerable consumers and ensure security of supply, are distributed between gas and electricity. Investment in renewable and nuclear energy will be key to achieving that, and we have made and are continuing to make massive progress in both those areas since 2010. As of 2020, renewables contributed 43% of our electricity mix, more than six times the percentage in 2010, when the right hon. Member for Doncaster North (Edward Miliband) was Secretary of State. On 13 December, we launched the latest round of our flagship renewable energy deployment scheme, contracts for difference.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I hope the Minister will forgive me if I point out that an increase in the energy price cap is likely to be announced on 7 February, and ask what he will say to my constituents who will be pushed into fuel poverty as a consequence of that.

Greg Hands: I would say this: we are providing support. We have the warm home discount, we have winter fuel payments, we have cold weather payments, we have the household support fund, and, of course, we have the energy price cap itself to protect customers.

The latest CfD round is the largest yet, with a goal of about 12 GW, more capacity than the last three rounds combined. The offshore wind that this round will deliver could be enough to power up to 8 million homes.

Alan Brown: All the policies that the Minister has described as helpful are policies that already exist. Is he having any discussions with the Chancellor about new Treasury-funded policies that will kick in to mitigate the cap rise in April?

Greg Hands: I have been clear that matters of taxation are for the Chancellor, but of course the Government continue to monitor the situation very closely. I was answering a specific point about what support is already available for consumers.

I did not hear a word from any of the Opposition parties in support of our incredible North sea transition deal, concluded just last March, between the UK Government and the oil and gas sector. It will support workers, businesses and the supply chain through this transition by harnessing the industry's existing capabilities, infrastructure and private investment potential to exploit new and emerging technologies such as hydrogen production, carbon capture, usage and storage, offshore wind, and decommissioning.

Wera Hobhouse *rose—*

Greg Hands: I will make a bit more progress.

We will see commitments from industry that will achieve a 60 megatonne reduction in UK greenhouse gas emissions, including 15 megatonnes through the progressive decarbonisation of UK production over the period to 2030, which puts the sector on a path to deliver a net zero basin by 2050.

I turn to the contributions in the debate itself. My right hon. Friend the Member for Wokingham (John Redwood) made an excellent speech. He said: please can we burn our own gas, rather than importing it? That is a really strong point, not just in terms of jobs in this country but for our energy security as well. It makes no sense for us to be importing, beyond what we have to, expensive volatilely priced foreign hydrocarbons—hydrocarbons that come with a significantly increased emissions content. LNG has up to two and half times the emissions content compared with natural gas produced in the UK. He also made strong points about tax revenues.

My hon. Friend the Member for Banff and Buchan (David Duguid) knows oil and gas better than anybody in the House. The sector is hugely important for his constituency, as I saw when I visited in December. He talked about the punitive intervention that Labour is proposing. He also rightly pointed out that renewables have increased by four times under Conservative Governments since the right hon. Member for Doncaster North was Secretary of State.

My hon. Friend the Member for Waveney (Peter Aldous) talked about the unintended consequences. He is right that in the transition we need the oil and gas sector to co-operate with the offshore wind and hydrogen sectors. He is the living embodiment of transition, representing both the older and newer energy industries.

My hon. Friend the Member for West Aberdeenshire and Kincardine (Andrew Bowie) made an excellent speech. He praised British business and discussed how Labour is giving up on Aberdeen. Mr Deputy Speaker, you, the right hon. Member for Doncaster North, the Labour Chief Whip, the right hon. Member for Tynemouth (Sir Alan Campbell), and I were here in the days when Labour had two Members of Parliament for Aberdeen. It has now totally given up on the North sea and the North sea transition deal, and the jobs that it represents. My hon. Friend's excellent speech was about how Labour is giving up on Scotland. We have seen the right hon. and learned Member for Holborn and St Pancras (Keir Starmer) implicitly doing a deal with the SNP—it was implicit in one of his rare visits to Scotland just this last week.

My hon. Friend the Member for Poole (Sir Robert Syms) made another excellent speech, rightly pointing out that energy prices are rising due to world economic recovery and praising the work of this Government on job numbers and economic recovery. I agree with him. The North sea is a great British success story. He also made a really strong point about nuclear energy.

[Greg Hands]

I want to correct a few points made by Labour Back Benchers. The hon. Member for Birmingham, Hall Green (Tahir Ali) made an extraordinary speech. He seemed to be saying that companies cannot make a loss without going bust. That is extraordinary: of course companies can make a loss without going bust. The hon. Member for Sunderland Central (Julie Elliott) made some important points about the supplier of last resort processes. If she has constituents whose credit balances are not being transferred from their previous suppliers to their new suppliers, could she write to me—or even better, to Ofgem—with details? I am sure we could look at that.

The right hon. Member for Leeds Central (Hilary Benn) made his usual quality speech. He said that there are not enough heat pumps—of course there are not. The role of the Government, though, is not to provide a heat pump for every home but to stimulate the private sector heat pump market, so that it can provide that solution. He asked where our plan was for 10, 15 or 20 years' time. The answer is the net zero strategy, which we published back in October and which the Climate Change Committee says is a leader in the world.

We then heard from the SNP spokesman, the hon. Member for Aberdeen South (Stephen Flynn). I am afraid his nice words about oil and gas are at odds with his party overall, which has a nonsensical energy policy. The people of Scotland will be relieved that energy policy is reserved.

Not only is the SNP anti-nuclear, cheering the closure of plants such as Hunterston and Chapelcross and reportedly telling Rolls-Royce that its small modular reactors are not welcome in Scotland, but the hon. Gentleman's colleagues and the Scottish First Minister seem to be opposed to new gas licences off the Scottish coast. They want to close oil and gas down. They say they want a windfall tax—just not the same windfall tax that Labour wants. They are still on a mission of trying to close down the industry. The SNP is against Scottish energy consumers, it is against Scottish energy jobs and it is against Scotland's energy transition.

To finish off, Labour is still in a state of confusion. This time, the motion is not four pages. It has been shortened to around 100 words—or perhaps 280 characters; I am not quite sure. Where Labour has cut the words, however, it has not made up for them with any numbers. The motion includes no costings. There are no numbers in it at all. We have no information about this windfall tax and no information on the package of support for families and businesses. There is no detail there, but still a lot of confusion. There are no impact assessments on the taxes raised, on jobs—there are 40,000 jobs in north-east Scotland and 195,000 jobs in all—on fuel bills or on gas production.

Labour has split energy from climate change; the right hon. Member for Doncaster North is the person who combined them, and now the Labour Front Bench has split them, which means inevitably it is following a policy of hammering business. Labour is not the party of business; it is the party against business. The hon. Member for Kilmarnock and Loudoun (Alan Brown), who often makes quite acerbic interventions on other Opposition parties' policies—I sometimes wish he would probe his own party's policies as well as he probes those of others—asked whether the Labour Front Bench had spoken to anybody in the sector, and there was no answer. We did not hear anything about whether it had engaged with anybody in the sector.

Does Labour agree with our ground-breaking North sea transition deal? No answer. Its solution is, again, to hammer domestic UK continental shelf production and increase imports, reducing our energy security and increasing our emissions at the same time. Labour's approach is confused and misguided. It is not a plan, it is a motion for less energy security, higher emissions and higher fuel bills. I urge the House to stick with our approach: North sea transition, support for households and the UK's remaining open for business.

Mr Deputy Speaker (Mr Nigel Evans): The Question is as on the Order Paper. As many are of that opinion say "Aye"—[HON. MEMBERS: "Aye!"] Of the contrary no—I think the Ayes have it, the Ayes have it. *[Interruption.]* I am sorry, you had the opportunity to do it then, and nobody shouted "No" when I put the Question. Do you want me to put the Question again? [HON. MEMBERS: "Yes."] Can you be a little more prompt this time, please? Do not forget that your votes should follow your voices.

Question put.

The House divided: Ayes 192, Noes 0.

Division No. 179] [6.58 pm

AYES

Abrahams, Debbie
Ali, Rushanara
Ali, Tahir
Allin-Khan, Dr Rosena
Amesbury, Mike
Anderson, Fleur
Antoniazzi, Tonia
Ashworth, rh Jonathan
Barker, Paula
Beckett, rh Margaret
Benn, rh Hilary
Betts, Mr Clive
Blake, Olivia
Blomfield, Paul
Brown, Ms Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burgon, Richard
Byrne, Ian
Byrne, rh Liam
Cadbury, Ruth
Campbell, rh Sir Alan
Campbell, Mr Gregory
Carden, Dan
Carmichael, rh Mr Alistair
Chamberlain, Wendy
Champion, Sarah
Charalambous, Bambos
Clark, Feryal
Cooper, Daisy
Cooper, rh Yvette
Corbyn, rh Jeremy
Coyle, Neil
Creasy, Stella *(Proxy vote cast by Chris Elmore)*
Cruddas, Jon
Cryer, John
Cummins, Judith
Cunningham, Alex
Daby, Janet
Davey, rh Ed
Davies, Geraint
Davies-Jones, Alex
De Cordova, Marsha
Dodds, Anneliese
Dowd, Peter
Eagle, Dame Angela
Eagle, Maria
Eastwood, Colum
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elmore, Chris
Eshalomi, Florence
Esterson, Bill
Evans, Chris
Farron, Tim
Farry, Stephen
Fovargue, Yvonne
Foxcroft, Vicky
Furniss, Gill
Gardiner, Barry
Gill, Preet Kaur
Girvan, Paul
Glindon, Mary
Green, Kate
Green, Sarah
Greenwood, Margaret
Griffith, Nia
Gwynne, Andrew
Haigh, Louise
Hamilton, Fabian
Hanna, Claire
Hardy, Emma
Harris, Carolyn
Hayes, Helen
Healey, rh John
Hendrick, Sir Mark
Hillier, Dame Meg

Hobhouse, Wera
Hodge, rh Dame Margaret
Hodgson, Mrs Sharon
Hollern, Kate
Hopkins, Rachel
Howarth, rh Sir George
Hussain, Imran
Jarvis, Dan
Johnson, Kim
Jones, Darren
Jones, rh Mr Kevan
Jones, Ruth
Jones, Sarah
Kane, Mike
Keeley, Barbara
Kendall, Liz *(Proxy vote cast by Pat McFadden)*
Khan, Afzal
Kinnock, Stephen
Kyle, Peter
Lake, Ben
Lammy, rh Mr David
Lavery, Ian
Lewell-Buck, Mrs Emma
Lewis, Clive
Lloyd, Tony
Lockhart, Carla
Long Bailey, Rebecca
Lucas, Caroline
Lynch, Holly
Madders, Justin
Mahmood, Mr Khalid
Mahmood, Shabana
Maskell, Rachael
McCarthy, Kerry
McDonald, Andy
McFadden, rh Mr Pat
McGovern, Alison
McKinnell, Catherine
McMahon, Jim
McMorrin, Anna
Mearns, Ian
Miliband, rh Edward
Mishra, Navendu
Moran, Layla
Morden, Jessica
Morgan, Helen
Morgan, Stephen
Morris, Grahame
Murray, Ian
Murray, James
Nandy, Lisa
Nichols, Charlotte
Norris, Alex
Olney, Sarah
Onwurah, Chi
Oppong-Asare, Abena
Osamor, Kate
Osborne, Kate
Owatemi, Taiwo
Owen, Sarah
Peacock, Stephanie
Pennycook, Matthew
Perkins, Mr Toby
Phillips, Jess
Phillipson, Bridget
Pollard, Luke
Powell, Lucy
Qureshi, Yasmin
Rayner, rh Angela
Reed, Steve
Reeves, Ellie
Reeves, Rachel
Reynolds, Jonathan
Ribeiro-Addy, Bell
Rimmer, Ms Marie
Robinson, Gavin
Russell-Moyle, Lloyd
Shah, Naz
Shannon, Jim
Sharma, Mr Virendra
Siddiq, Tulip
Slaughter, Andy
Smith, Cat
Smith, Jeff
Smith, Nick
Smyth, Karin
Sobel, Alex
Spellar, rh John
Starmer, rh Keir
Stevens, Jo
Stone, Jamie
Streeting, Wes
Sultana, Zarah
Tarry, Sam
Thomas, Gareth
Thomas-Symonds, rh Nick
Thornberry, rh Emily
Timms, rh Stephen
Twigg, Derek
Twist, Liz
Vaz, rh Valerie
Wakeford, Christian
Webbe, Claudia
West, Catherine
Western, Matt
Whitehead, Dr Alan
Whitley, Mick
Whittome, Nadia
Williams, Hywel
Winter, Beth
Yasin, Mohammad
Zeichner, Daniel

Tellers for the Ayes:
Colleen Fletcher and Gerald Jones

NOES

Tellers for the Noes:
Lilian Greenwood and Mark Tami

Question accordingly agreed to.

Resolved,

That this House notes the cost-of-living crisis hitting families across the country and that the energy price cap is predicted to rise by 50 per cent from April; recognises that rocketing energy prices are hitting businesses as well as household budgets; calls on the Government to introduce a windfall tax on the profits of North Sea oil and gas producers; and further calls on the Government to use that windfall tax to help fund a package of support for families and businesses facing the energy price crisis.

Business without Debate

DELEGATED LEGISLATION

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

Climate Change

That the draft Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2022, which was laid before this House on 6 January, be approved.—*(Scott Mann.)*

Question agreed to.

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

Plastic Packaging Tax

That the Plastic Packaging Tax (Descriptions of Products) Regulations 2021 (SI, 2021, No. 1417), dated 13 December 2021, a copy of which was laid before this House on 13 December 2021, be approved.—*(Scott Mann.)*

Question agreed to.

PETITIONS

Proposed spur between Aylesbury and Milton Keynes

7.12 pm

Rob Butler (Aylesbury) (Con): The petition calls for the construction of a railway link between Aylesbury and Milton Keynes. The link, or spur, was part of the original plans for East West Rail and is vital to the future prosperity of our town. As Aylesbury continues to grow, we need the right infrastructure both to support new houses and to benefit existing residents. The line would cut congestion on the roads, improve journey times on the rails and reduce air pollution. More than 2,000 people locally have signed an additional petition on the subject, showing the strength of feeling in this area. The petition states:

The petitioners therefore request that the House of Commons urge the Government to consider the concerns of petitioners and commit to the completion of the proposed spur between Aylesbury and Milton Keynes.

Following is the full text of the petition:

[The petition of residents of the United Kingdom,

Declares that, whilst welcoming the £760M that the Government is investing in East-West Rail and the 1,500 jobs it will create, petitioners remain concerned that the funding announcement did not commit to the completion of the proposed spur between Aylesbury and Milton Keynes, which was originally conceived as part of the project; further that Aylesbury rail links consist only of a slow railway line to and from London and a single-track railway to and from Princes Risborough; further that if towns like Aylesbury are to both expand and to meet the net zero target of 2050 it is vital that the Government builds sustainable transport links and improves connectivity; and further that excluding Aylesbury from the direct benefits of this project risks the town missing out on the levelling up of transport infrastructure and hampering potential economic growth.

[Rob Butler]

The petitioners therefore request that the House of Commons urge the Government to consider the concerns of petitioners and commit to the completion of the proposed spur between Aylesbury and Milton Keynes.

And the petitioners remain, etc.]

[P002708]

The Acorn Project

Martyn Day (Linlithgow and East Falkirk) (SNP): I rise to present a petition on behalf of the constituents of Linlithgow and East Falkirk, which has been collected by David Balfour of Grangemouth. The petitioners express their concerns regarding the Government's position on the Acorn project. The petition states that

> this decision will damage not only the energy sector in the North East, but also…across the country, including Grangemouth…The petitioners therefore request that the House of Commons urge the Government to acknowledge the blow this decision will have on the energy sector in the North East and beyond, including its impact on climate change, and reverse its decision to give the Acorn project reserve bidder status, and thereby honour its commitment to support a just transition to a low carbon economy in Scotland.

Following is the full text of the petition:

[The petition of residents of the constituency of Linlithgow and East Falkirk,

Declares that the UK Government's decision not to back the Acorn project in Scotland was incredibly disappointing; further that a significant energy sector expertise exists in Scotland and that this decision will damage not only the energy sector in the North East, but also the downstream sector across the country, including Grangemouth; and further that this decision will have a serious detriment on Scotland meeting its 2045 net zero target.

The petitioners therefore request that the House of Commons urge the Government to acknowledge the blow this decision will have on the energy sector in the North East and beyond, including its impact on climate change, and reverse its decision to give the Acorn project reserve bidder status, and thereby honour its commitment to support a just transition to a low carbon economy in Scotland.

And the petitioners remain, etc.]

[P002711]

ADJOURNMENT

Resolved, That this House do now adjourn.—*(Scott Mann.)*

7.14 pm

House adjourned.

Westminster Hall

Tuesday 1 February 2022

[GERAINT DAVIES *in the Chair*]

Environmental Land Management Scheme: Food Production

9.30 am

Geraint Davies (in the Chair): Before we begin, I remind hon. Members to observe social distancing and to wear masks. I call Sir Geoffrey Clifton-Brown to move the motion.

Sir Geoffrey Clifton-Brown (The Cotswolds) (Con): I beg to move,

That this House has considered food production and the Environmental Land Management Scheme.

I begin by drawing attention to my entry in the Register of Members' Financial Interests: I am an arable farmer. It is a pleasure to serve under your chairmanship, Mr Davies. I am delighted to have been able to secure this debate today on food production and the environmental land management scheme. I thank the Secretary of State for Environment, Food and Rural Affairs; the Minister for Farming, Fisheries and Food, my hon. Friend the Member for Banbury (Victoria Prentis), who is here today; and the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Taunton Deane (Rebecca Pow), for addressing us at the highly successful launch of the UK agriculture partnership at the Royal Agricultural University in the heart of my constituency last Thursday.

As more and more land is taken out of food production for environmental schemes, we face the dangerous consequences of becoming reliant on importing larger and larger amounts of food. In short, this debate is all about putting the "F" back into DEFRA. Food should be at the heart of ELMS policy and should be classed as a public good with public money under the scheme. I am aware of the 2021 UK food security report, but it is largely full of dry facts and we are looking for some policy to underpin it.

This is a timely debate because the Public Accounts Committee, of which I am deputy Chair, carried out a detailed inquiry into ELMS and published a report on its findings at the beginning of the year. Now that we have left the European Union, we have a once-in-a-lifetime chance to completely replace our agricultural support system with an ambitious post-Brexit agricultural policy that supports the Government's ambitious 25-year environmental plan.

Our environmental policy should be joined up with agricultural policy that encourages sustainable food production here at home. Alongside sustainability, we need to help the agricultural sector's competitiveness and resilience in the macroeconomic, trade and regulatory context. At the heart of ELMS are the changes to the mechanism for distributing funding—that was previously done via direct common agricultural policy payments—to a system that will launch fully in 2024, where farmers will be encouraged towards environmental and productivity improvements.

The Government have stated that all the objectives of ELMS will be delivered for just £2 billion. During our hearing last October, the Public Accounts Committee pointed out that that was a highly ambitious target. As we all know, there are three key elements to the project: the sustainable farming initiative for all farmers to be paid to manage their land in even more environmentally friendly ways; local nature recovery, for more complex and collaborative projects; and landscape recovery, for large-scale projects such as afforestation, rewilding and re-wetted peat.

However, there are clear structural and timetabling issues in ELMS implementation, because details are still not as comprehensive as we would expect by this stage in the scheme. It is not apparent what the aims, objectives or metrics are for supporting more than £2 billion of public funding, whether the schemes will provide good value for money, or how they will help in achieving the Government's 25-year environmental plan and net zero by 2050. Some farmers are concerned about the practicality of implementing schemes on time. Because of the natural cycle of animals and plants, such schemes can take two years or more to implement, and that is why timely information from DEFRA is so vital.

The Government trialled the first phase of the ELMS programmes with the SFI pilot last year, from which they will draw information before they begin the scheme properly this year. In December, the Government produced a policy paper on how they will expand the scheme over the next few years, but that information is too late for farmers to change their plans. What is clear is that the scheme will require a huge amount of land. For example, the Committee on Climate Change has a target for 30,000 to 50,000 hectares of forestry to be planted every year between 2024 and 2050—an enormous amount of land.

Mr Richard Holden (North West Durham) (Con): I thank my hon. Friend for securing the debate. One concern that my farmers in North West Durham have, especially as they look to diversify and specialise in their production, is that forestry has to be only part of the solution; it cannot be a replacement for food production. As with gas and heating recently, food security will be so important in the future.

Sir Geoffrey Clifton-Brown: I am grateful to my hon. Friend. He could have rewritten my speech; if he is able to stay for the end—I know that he has other engagements—he will hear me say almost exactly that.

At our PAC hearing, top officials from DEFRA were certain that ELMS would promote increased efficiency on the remaining land that is not going into environmental schemes, but they were not able to tell the Committee how much more food would need to be imported as a result.

In 1984, the UK's self-sufficiency in food was 78%, but by 2019 it was down to 64%, according to National Farmers Union data. However, according to Government statistics, just 55% of the food consumed in the UK was supplied by the UK—this being the result of subtracting UK exports from domestic production. In 2019, we imported £11.5 billion-worth of fruit and veg and exported just £1.3 billion, and we imported £6.6 billion-worth of meat and exported just £2.1 billion. From a balance of

[Sir Geoffrey Clifton-Brown]

trade point of view, it is critical that we reverse that trend, bolster our home production and find opportunities to export more of our excellent, high-quality British food.

Neil Parish (Tiverton and Honiton) (Con): The Department for International Trade, along with DEFRA and the Agriculture and Horticulture Development Board, could do a real trade drive to get experts across the world to promote great British food. At the moment, we are not getting our act together fast enough.

Sir Geoffrey Clifton-Brown: I could not agree more with my hon. Friend, the excellent Chair of the Environment, Food and Rural Affairs Committee. He is 100% right: there are a lot of opportunities all over the world for us to export our produce.

As an island nation, it is vital that we are able to feed our population. Considering that we have such a temperate climate, which is well suited to agriculture, we have all the means to increase our self-sufficiency. There is also an argument that we have a moral duty to maintain our food security. With a growing global population leading to increased food demand, alongside climate change, which will have a disproportionate impact on certain countries, it is imperative that we ensure that our own needs are met, rather than being more reliant on other countries around the world.

Kerry McCarthy (Bristol East) (Lab): I entirely agree with what the hon. Member is saying about the need to improve our food security, grow far more in this country and consume it here as well. However, does he agree that the Government's current policy of pursuing trade deals around the world completely undermines that? It seems as though the whole policy is based on trying to reduce support for farmers in this country and chase cheap food imports from elsewhere.

Sir Geoffrey Clifton-Brown: I am delighted to have the support of the hon. Lady. Given the number of times that we have debated in Bristol and been at odds, to have her support is somewhat amazing. I was on a programme the other day agreeing with the right hon. Member for Hackney North and Stoke Newington (Ms Abbott) as well, and I have never agreed with her before, either. The Whips must be getting worried that I might defect soon.

Even for a global trading nation—this goes to the heart of the point made by the hon. Member for Bristol East (Kerry McCarthy)—shocks can expose real fragilities in any reliance on imports. The current severe spike in energy price is a result of an increasing reliance on imports; we became vulnerable to the global squeeze on energy and gas supplies last year, and going into this year. With technical and geopolitical issues impacting on supply across Europe, we have been hit hard for a number of reasons, including our storage capacity, which is one of the lowest in Europe, and our demand, which is among the highest.

Imports will always play a critical role in our food system, but I say to the Minister that the Government must take our own self-sufficiency more seriously. It is stagnating, and the public will not thank us if there is ever a world food shortage, prices rocket and supermarket shelves are emptied of certain commodities. Although the nation is encouraged to be healthier and eat more fruit and veg, our domestic production of those products falls below our potential. We are only 18% self-sufficient in fruit, 55% in vegetables and 71% in potatoes. The figures for veg and potatoes have fallen by 16% in the past 20 years, despite the sector demonstrating sustained investment. The entire economy is aiming to build back better and greener from the covid-19 pandemic. British farming can be central to that green recovery. We have a golden opportunity to place food security fairly at the centre of our food system and become a global leader in sustainable, high-quality food production.

The Government have a crucial role to play. Food security should be at the heart of Government policy, and there needs to be an annual system of reporting to Parliament to ensure that we do not allow our domestic food production to diminish. UK farmers are best placed to implement many of these environmental schemes, while at the same time maintaining the countryside to the high standard that the public have come to accept. I do not think the public are going to welcome the look of countryside that is going to waste growing brambles and shrubs. It feels highly counterintuitive to have such high environmental standards here that food production becomes unprofitable enough that we need to import more.

Not only does physically importing food produce greenhouse gases, but by relying on farmers from the rest of the world to produce food for us in the UK, we are simply exporting our environmental problems and responsibility to other countries with lower plant and animal standards. The public place real value on high standards of animal welfare, environmental protection and the climate ambition of British farmers. We cannot guarantee or enforce those high standards on farmers from other countries around the world. It would be morally unjustifiable for a UK farmer to be put at a competitive disadvantage by imported food with lower standards—a point made by the hon. Member for Bristol East.

The innovation I have seen from UK farmers throughout my lifetime, working towards ambitious environmental goals, has been incredible. The NFU has been working with its stakeholders to outline the policy mechanism for agriculture to reach net zero by 2040, which is a critical goal. I believe that the best way to reach our environmental targets is by supporting British farmers, not by making food production an unsustainable economic model.

The second of the key issues in the report from the National Audit Office—a highly respected institution—on which the Public Accounts Committee inquiry majored is that, without subsidies, most farms in England make an average profit of just £22,800 a year, after labour costs and investment, and a third of all farms would not make any profit at all. That makes the sector pretty financially vulnerable. For small and tenanted farms operating on wafer-thin margins, there is a real fear that many will go out of business. The consequence would simply be that the average size of farms would increase and the environmental benefits they provide would be lost. ELMS should provide advice and funding to help those small farmers diversify.

The future farming programme for England, which will replace the direct payments with a new scheme based on public money for public goods, will see small farms have their direct payments reduced from December 2021, and 50% will be lost by 2025. There is a real concern that some of the ELMS options will be completely unprofitable, given the amounts available, and too complicated; and that many farmers will simply not take them up, especially if they do not have the administrative capacity to negotiate the complicated bureaucracy. That could mean that only large institutional landowners, such as the National Trust or the Royal Society for the Protection of Birds, benefit from these Government schemes. It would be quite wrong if such landowners received a bigger and bigger share of the agricultural subsidy cake when they provide less and less food each year. ELMS should have a part to play in protecting small, tenanted farms and upland farmers—I class small farms as less than 100 acres—alongside their significant environmental aims.

The final problem I would like to take up with the Minister is the average age of farmers, which is currently 59. My own farming situation has been discussed here; my farm is in north Norfolk, in the constituency of my hon. Friend the Member for North Norfolk (Duncan Baker). I am delighted to see him here today and I have issued an invitation to him to come and visit my farm. I know from my own farming situation that my son, who is in his thirties, is much more adaptable than I am to new technology, which would have two key effects of increasing productivity and innovation. ELMS should have a structural element to help young people who wish to enter agriculture, particularly those who are leaving education, because agriculture tends to be a highly risky, capital-intensive business, combined with very low returns.

DEFRA is providing money to councils, landowners and county farm estates via the new entrant support scheme, to support young people joining the sector with access to land, infrastructure and support for successful and innovative businesses. My own farming business, to which I have referred, provides an opportunity for three different businesses to get on to the farming ladder. Chris is my long-term farming contractor; Ben runs a successful outdoor pig-breeding business; and we are currently discussing an arrangement with a lady who has a rotating ewe flock of sheep, to graze our increasingly over-wintered green cover crops. Existing farmers could do more to help young people into agricultural employment and business.

All in all, if farmers are to survive, they must produce better returns, either from increased productivity, Government subsidies or increased prices from the market. Otherwise, many will simply not survive. The consequence will be that the average farm size increases, employment in agriculture falls and social cohesion in rural areas is lost. The Government are formulating a new policy on ELMS, and we need to see much more detail before it is launched in 2024. I appreciate that a lot more was published at the beginning of the year, but I still do not get the full sense of where the Government's aims for ELMS really are.

As I have said, we cannot become over-reliant on other countries to fulfil our food needs. We have the means to produce food here in more sustainable and smarter ways, but to do that we must support farmers across the country, and not make the industry so unprofitable that only the largest farms survive. The Government should be much more ambitious with their aim of producing food in the UK. Well over 60% of the food we eat should be produced by UK farmers. That would well and truly put the "F" back in DEFRA.

Geraint Davies (in the Chair): I call the Member behind the green mask.

9.47 am

Luke Pollard (Plymouth, Sutton and Devonport) (Lab/Co-op): It is a farm mask made by my little sister, who is a farmer. I declare an interest in that my two little sisters are farmers in north Cornwall; I am very proud of them and what they do. I thank the hon. Member for The Cotswolds (Sir Geoffrey Clifton-Brown) for introducing the debate so well, with his fervent focus on the future of British farming, which is not as secure as it once was. On one hand, the changes being made by Government could be positive, but, on the other, they could be disastrous. The problem is that very few people in this room, including probably the Minister, know which way it will go. That is why it is so important to have parliamentary scrutiny of the proposals and for Ministers to bring forward more information.

The spirit behind the environmental land management scheme is good. It enjoys cross-party support and I welcome it. Even as a remainer, I was not a fan of the common agricultural policy or the common fisheries policy. Frankly, they were rubbish, but we need to replace them with something better—not just better soundbites, but better detail and support for our long-term objectives. As ever, the devil is in the detail, and the problem is that we cannot see the detail because so little has been published. We need to convince the Minister to accelerate the publication of the detail of the scheme, so that farmers can make better decisions about how to farm in the future, and so that parliamentarians can scrutinise the proposals to ensure that they deliver what we need.

There is simply too much uncertainty around future funding for farmers, and particularly for south-west farmers, whose farms tend to be smaller than those on the east coast. Those farmers are worried that the direction of travel favours fewer smaller farms and fewer farmers; that it favours larger farms, more technology-intensive farming methods and more equipment and machinery, which cannot fit down smaller lanes in the west country; and that it will mean greater reliance on food imports to sustain our food needs—with many imports produced to lower standards than those for UK farmers—and less food security.

On top of that, one of the key aims of the environmental land management scheme is to reduce carbon impacts. Yet having supply chains that span the world and relying on food from Australia, Brazil, New Zealand, Canada and America, rather than farms in England, seems an odd way to reduce our carbon impact. The carbon in that maritime shipping is not yet counted, but it will be. What is the point of investing and locking ourselves into an import system whereby the carbon intensity of that food—and, therefore, the future cost—is not counted now, but will be hugely costly down the line?

There is often a sense that the Government's strategy of larger farms and fewer farmers—in particular, fewer small and tenant farmers—is because of lack of interest,

[Luke Pollard]

or because Ministers have not quite thought it through. However, in my view, that is not right. It is a deliberate strategy. Hon. Members present from every party need to make it clear that that deliberate strategy is not right. It has the potential to devastate UK farming. Ministers should think again about that high-level strategy.

The hon. Member for The Cotswolds raised one issue with the scheme: the funding. Since we left the European Union, the Treasury has taken large chunks out of the farm support budget. As of December, farms that previously received £150,000 a year in direct support have seen their support cut by a quarter, while those receiving between £50,000 and £150,000 have seen it cut by 20%. I suspect that will continue. Farmers cannot see what ELMS will do to replace it, so they cannot invest in that method of farming to ensure they receive that subsidy in the future. That matters. The hon. Member for The Cotswolds very effectively described it as the effect on the sustainability of farm businesses, and he is right. It has the ability to undermine small farming in England in a way that no Government have done since medieval times.

It also undermines the character and spirit of our farming. I worry about the impact on the mental health of our farmers, in particular. We know that farming is a tough business. New figures from the Royal Agricultural Benevolent Institution show that 47% of farmers are experiencing some kind of anxiety at the moment, while some 36% are probably or possibly depressed. We must consider the mental health of our farmers in these policy changes. The uncertainty that is created around this area is not just for policy wonks, but applies to farm businesses up and down the country, with people worried about how they will pay the bills; how they will make rent, if they are a tenant farmer; and how to ensure that their business will be there to pass on to their children. As parliamentarians, we need to take that much more seriously.

I would like to see funding addressed, but it is not the only hole in the ELMS proposals. The scope of the schemes is not ambitious enough. Of particular concern are tenant farmers, whom I would like the Minister to pay a bit more attention to in the proposals she is looking at. I am not certain what role they will be able to play in all the schemes, and that is a problem Ministers should address early. In many cases, tenant farmers are more at risk because they do not own the freehold on their land and are subject to rent charges. They are at risk from absent landlords who might see the benefits of getting more support by using their land for forestry or rewilding schemes and using that to grow the rental income on those lands, putting further pressure on tenant farmers.

Finally, I want to turn to food production. We need to be much clearer that Britain should grow more of its food in Britain. This is not just an argument about jobs in rural areas—although it is about that—or supporting our rural communities, and the fact that smaller farms are more likely than larger farmers to employ people in the local area. It is about our national security. The 1945 Labour Government classed food security as part of national security. A lot has changed in the intervening period, but the privatisation of thinking about food to supermarkets, in particular, that we have seen over the past few decades has done a disservice to our food security. We need to support an agenda to buy, make and sell more in Britain, but that means growing more in Britain. It is not about an outdated "dig for Britain" nostalgia, but protecting our supply chains and jobs and, importantly, taking the risk out of a future economy that will be much more reliant on the carbon intensity of production. If we get rid of our lower carbon production farmers, to rely on imported food produced with lower standards but often with greater carbon intensity, we need to build into that a massive allowance for the increased carbon cost, which will have a pound, shilling and pence effect in the future—at the moment it does not, but it will do.

Mr Holden: Does the hon. Gentleman agree that there is absolutely no point trying to do some of those things if all we are doing is offshoring our carbon emissions elsewhere? All that potential benefit is then eaten up in transportation costs, especially in sectors such as shipping and aviation, at the back end of decarbonisation at the moment.

Luke Pollard: I thank the hon. Member for his point. Whether it is a farmer in North West Durham, in Gedling or in the south-west, this matters. The Government are making a strategic error in their trade policy. I realise the Minister is not responsible for trade policy, and is merely the recipient of all the silage coming from the Department for International Trade in this matter, but the lack of a joined-up Government policy on food is part of the problem. We need to make sure that future trade deals match our agricultural policies, environmental policies and policies on rural employment.

All that speaks to what type of country we want to be. I think Britain should be a force for good. We should maintain high standards, support people entering those sectors, decarbonise and support nature recovery. We cannot do all those things if we do not have the information about what an ELM scheme will look like, if we rely imports produced at lower standards and if we lock ourselves into the risk of a supply chain spanning the world at a time of greater international instability. This is a really important debate; I congratulate the hon. Member for The Cotswolds on bringing it to the Chamber and I hope the Minister listens carefully to the speeches.

Geraint Davies (in the Chair): To get everyone in, each speaker will need to keep to about six minutes. That is an advisory limit. I call Neil Parish, the Chair of the Environment, Food and Rural Affairs Committee.

9.57 am

Neil Parish (Tiverton and Honiton) (Con): It is a great pleasure to serve under your chairmanship, Mr Davies. It is a great novelty that you are in the Chair and I can be the recipient of your rulings. It is an interesting world.

I thank my hon. Friend the Member for The Cotswolds (Sir Geoffrey Clifton-Brown) for outlining very well the position of agriculture and food. Let me say to the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard) that the EFRA Committee will look into mental health in farming and rural communities because there is a real problem at the moment. May I also say to the Minister for Farming, Fisheries and Food that I very much respect and enjoy working with her? She has done detailed work on farming, water, animal transport and all sorts of issues that come out of DEFRA and, dare I say, need sorting out. That is the whole reason we are here this morning.

I do not intend to go into the detail of what my hon. Friend for The Cotswolds said, because he did a very good job. I want to wax lyrical about where I think farming and food is going in this country and where we are not exactly getting it right. I think we all agree that the direction of travel is right, but we are not getting to where we need to go, for the simple reason that the payments coming forward are too small. They will not encourage farmers into a lot of extra bureaucracy and administration, and £20 a hectare for the first scheme under the sustainable farming incentive will not pay for the extra work needed. The Minister could well argue that many farmers are already doing that. That is great, but the whole idea of the scheme is to get those farmers who are not doing it into that place. Eventually, we might get all sorts of sticks to get them into that place, but the carrot will be so much more effective than the stick.

I declare an interest, as a farmer, and as a farmer who is older than the average age of farmers—perhaps I should put that on record. To be serious, we have an opportunity to get this right. None of us here, whether remainer or Brexiteer, wants to go to war to protect or maintain the common agricultural policy, but the one thing it did do under the basic farm payment, for better or for worse, was deliver a good, strong payment into farmers' bank accounts. Some of the big, wealthy landowners—I have often waxed lyrical about the barley barons of East Anglia, because I do not represent them—may have been able to take the basic farm payment, put it away in their bank accounts and farm without it. But I tell you what, most of the average family farms depend hugely on that payment.

I would say to our Minister, and, if he were here, the Secretary of State, who I also work with—I work very well with all the Ministers in DEFRA; they are very co-operative—that we have not done enough work on the effect of taking the payment away and how many farms will be viable afterwards. We have gone from having our heads in the clouds, "This is the new policy, isn't it great?" to a bit of reality. By 2024, half of the basic farm payment will be gone. How will farmers replace that?

Prices are good at the moment; costs are high. There will be a lot of farmers out there who will try to maintain production, and who may even try to enhance their production, which is perhaps not the way the Government want farming to go. That is why the level of payment must be got right.

It is very laudable to plant forest, but it is also very good to have all that carbon held and sequestered in permanent pasture. Our hill farming, our permanent pasture farming and our small family farms are doing an excellent job. Let us be clear: it will be at least 20 years after a tree has been planted that it gets anywhere near holding the carbon that permanent pasture holds. It also is great to rewet peat. All those things can be done, but let us have some food security. Let us make sure that the food we eat comes mainly from Britain. Lots of people struggle to buy food, and these policies will reduce food production: make no mistake about it. That is where we will find that food prices may rise even higher, which would be wrong, not only for farming, food production and food security, but for the people of this country.

Let us look at the landscape. We want some good forests, but do people go to the forest a great deal? No, they do not. They like to enjoy the British countryside. They like to see copses in the fields and enhanced hedgerows. They want agriculture to take perhaps a slightly more organic route, but still produce very good food. We may actually need more land, not less, to do that.

Today gives me an opportunity to say that what we are doing is not wrong, but we need to take a raincheck. We need to get DEFRA out there, talking to the farmers more. I say quite bluntly to the Minister that there are a lot of staff in DEFRA, but I am not convinced I know what they are all doing. We know the proverb, "One boy's a boy; two boys be half a boy, and three boys be no boy at all." I do wonder sometimes. I am not criticising any particular individual—all I am saying is that having more staff in a Department does not necessarily make it more efficient.

Let us go back, not to fundamentals, but we have the right policies, wrongly implemented, with farmers not knowing where they are going and losing a lot of money. Should we not look again at the overall cake and say, perhaps, we need more for farming, more for competitive and environmental farming, covering slurry stores and the like? Do we need to slightly tweak the amount that is going to large forests so that we do not, as my hon. Friend the Member for The Cotswolds said, just hand it over to big institutional landowners? If not, the family farms, which are the core of this country's food production and environment, will be the losers.

10.4 am

Tim Farron (Westmorland and Lonsdale) (LD): It is a real pleasure to serve under your chairmanship, Mr Davies. I want to say a massive thank you to the hon. Member for The Cotswolds (Sir Geoffrey Clifton-Brown). This is an important debate and he introduced it really well. I pretty much agree with everything he said.

Like the hon. Member for Plymouth, Sutton and Devonport (Luke Pollard), my views about the wisdom of the United Kingdom leaving the European Union are on the record; people know what they are. My views on the common agricultural policy are also on the record; if I could find one glimmer of hope or a silver lining about leaving the EU, it is leaving the CAP. That is one of the reasons why I am so frustrated that we are not taking the opportunities that leaving the CAP provides.

In principle, the environmental land management scheme—ELMS—is good. It is good that we should pay farmers with public money for producing public goods. I have no argument with the principle. However, we surely cannot ignore the fact that producing food and being able to feed ourselves as a country is a public good. Also, if we do things that lead us to being able to produce less food, that is a public bad and we should seek to avoid it.

Over the last 20 years, we have seen a 10% reduction in our capacity to feed ourselves as a country. Clearly, that is something that Governments of all colours are responsible for, and that this Government, which now have more power than previous ones to do something about it, should seek to address.

[Tim Farron]

However, given where the Government are going over the transition to the new payments system, my fear is that that will make the situation worse—in fact, it will clearly make it worse. If we lose farmers, we lose our capacity to produce food. By the way, those who think that there is some kind of a challenge or contest between farming and the environment do not understand either. The bottom line is that nobody can achieve good environmental policies without farmers. We could come up with the most wonderful environmental schemes through ELMS, but they are bits of paper in a drawer if there are no farmers out there to operate them. Farmers are the frontline warriors in the battle against climate change and the battle to establish biodiversity.

We value our farmers and it is important that we do so. They are often wrongly blamed for climate change. Seventy per cent. of England's land is agricultural, but only 10% of our climate emissions come from agriculture. Let us remember that our farmers are our friends and allies in tackling the climate catastrophe, and not blame them for it.

My fear is that the Government's policies seem set to eject farmers from the countryside, partly by accident and partly by design. By accident? The transition from basic payments to ELMS feels like it is being thoroughly botched. In December, we saw the first loss of the basic payment scheme—BPS—to farmers. Farmers will have lost between 5% and 25% of their basic payment in December, and virtually none of them has access to an alternative scheme. ELMS may be available by 2024, but it probably will not be fully available until 2028.

We have seen a poor take-up of the sustainable farming incentive, or SFI. As the hon. Member for Tiverton and Honiton (Neil Parish), Chair of the Select Committee, indicated, that is largely because the SFI is unattractive. Therefore, we have not got people into the scheme and, consequently, what will they do? They will either go bust or go backwards. They will decide to do things that are not environmentally positive because they cannot get into the SFI scheme, so they will think, "Why bother? Let's just pile 'em high instead and go farming", as people sometimes say. The reality is that if we do not get people into those schemes, they will either be lost to farming altogether or they will certainly be lost when it comes to trying to deal with the environmental challenges ahead of us.

In total, 85% of the profitability of the average livestock farm is basic payment. If any of us were in a situation where we were progressively losing massive chunks of our income, year on year, with no alternative to replace it for up to seven years, we would go bust or we would think of something else to do.

That is the situation that the Government are creating and it is why I call upon them to peg basic payment at its current level. I know that the Minister will need to have a word with the Treasury to achieve that, but the Treasury should care about farming and food security. We need to peg BPS at its current level until ELMS is available to everybody.

Farmers are leaving farming and they will continue to leave, which will reduce our capacity as a country to feed ourselves and undermine the Government's stated environmental objectives. Without farmers, who will deliver those environmental goods?

As I have said, I feel that the SFI is an accidental mistake. I wonder whether it is perhaps down to the fact that hill farmers and small family farmers in particular do not have time to leave the farm and take part in consultation exercises. So is DEFRA just listening to the big boys? That is my worry, because it is easy to listen to them; they have staff who can leave the farm and talk to Ministers. I do not say that Ministers are being deliberately biased; it is just natural that many smaller farmers, including many of my farmers, simply do not have time to leave the farm to lobby Ministers or make their voices heard in other ways. I pay tribute to the NFU and the Tenant Farmers Association, which are doing their best to make farmers' case known. The Government's policies on the transition are pushing farmers out of farming and reducing our capacity to produce food—partly by accident, but partly by design. It almost looks as though some aspects of ELMS will deliberately kill farming and our rural communities.

I have been in many Westminster Hall debates, and when we were in the EU, I would have a go at Ministers of different parties about the fact that money went to the landlord and not the farmer, and the Minister's response would be, "Well, we'd do something about this, but it's all the EU's fault." Now it is down to us. We could do something about it, but the Government are designing schemes that will incentivise big landlords—some institutions and some private individuals—to kick out tenant farmers, turn the house into a second home, and let the place go to seed. They then brag at their Hampstead dinner parties about doing good for the environment, but they are actually killing rural communities, ejecting tenant farmers and destroying the landscape.

What matters is not just food production, but the heritage of our environment and our landscape. I am proud to represent the lakes and the dales. The Lake district became a world heritage site relatively recently. It will lose that status if farms become wilderness and are not carefully managed.

I ask the Government to think very carefully, and not botch the transition by making the same mistakes the EU did in handing wads of cash to wealthy landowners, who kick out the tenant farmers who are the backbone of our farming economy. The Government's plans are morally unjust, and would destroy our rural communities, remove the Government's key partners in the delivery of environmental schemes, wreck our landscape and our landscape heritage, and cut food production. It is no surprise, then, that many people in the countryside think that this Government take them for granted. I would love Ministers to react and prove me wrong.

10.11 am

Siobhan Baillie (Stroud) (Con): It is a pleasure to serve under your chairmanship, Mr Davies. I thank my hon. Friend the Member for The Cotswolds (Sir Geoffrey Clifton-Brown), my constituency neighbour; we are both vociferous campaigners for farmers across the Cotswolds and my valleys and vale. I also thank the Minister, who took the time to come to Stroud, speak to famers there, and visit our mighty Frampton country fair. It is incredibly important that we have a DEFRA team that is stocked with farmers and people with real-life experience—the same goes for our fantastic Select Committee Chair, my hon. Friend the Member for Tiverton and Honiton (Neil Parish)—because it gives confidence that there is thinking, knowledge and experience behind the policies. However, as we have heard, and as the Minister knows, there is more work to do. I think we would all agree on that.

I could just say today: "Food, food, food; security, security, security," and sit back down. Ultimately, those are the key points that farmers feel that this place—both green carpet and red carpet—often forgets when creating fancy-pants policies to improve on and replace the common agricultural policy, which we all know needed to go. However, in this increasingly uncertain world, if we do not get the farmers and the public to understand the importance of food production, and do not get the country standing on its own two feet and feeding itself, we will be in a difficult place when sudden shocks hit. Hopefully nothing like the pandemic will happen again, but if it does, we must be ready and able to look after ourselves.

Our farmers earn a pittance. Jeremy Clarkson has done a good job of highlighting, to people who have probably never looked at the agricultural world before, that real stretch. They understand that he toiled seven days a week, and his earnings at the end were quite difficult. For those who are out on the farm every day, working the land, there is no time for paperwork or bureaucracy, and definitely no time to try to understand which scheme to apply for, or whether to hold their horses and go for the next one that might be coming up. There is quite a lot of nervousness, and I understand that.

Farmers are the custodians of our environment. They have been looking after our countryside for years; they were thinking about the land, the trees, the environment, the species and biodiversity long before it was fashionable to do so around city-centre dinner tables, as was highlighted by the hon. Member for Westmorland and Lonsdale (Tim Farron). If we do not get this right, we will damage the pillars of food production and security, and we will put farmers out of business. That will hinder our ambitions on water quality, biodiversity, climate change adaptation, air quality, natural food management and coastal erosion mitigation—all things that we in this place want, as do DEFRA, the Government, and our environmental groups in Stroud, but they will not happen.

On a practical point about what farmers are dealing with, the NFU surveyed all its members, and 84% of farmers and growers were very clear that they were interested in applying for ELMS. I have regular meetings with my farmers and the NFU, and at my last meeting I was in Slimbridge. The farm there is diversifying, and the farmers are working really hard, but there was a lot of hesitation, and many concerns about the practicalities and the waiting game that they feel they are in. My anecdotal take from that was that the general lack of organisation and support around the ELMS has put off many farmers from engaging with it. More needs to be done to make sure that the schemes are attractive to farmers, so that they engage. They are busy people; if they do not engage, nobody wins—that is the crux of it.

Some farmers have already dropped out of the sustainable farming incentive pilot due to the lack of timely information from DEFRA and the Rural Payments Agency. Food security needs to be considered part of these schemes, and that should be vocalised, or we are asking farmers to ignore the reason why they farm, which is to feed the country. Farmers have asked me for details of the support scheme that the Secretary of State explained to me was available when I raised this in the Chamber last year. There is still a lack of understanding about what is available to farmers. I again highlight that they are busy people, out there doing their job.

Putting on my all-party parliamentary group for wetlands hat, I am very proud to have the Slimbridge Wildfowl and Wetlands Trust in my patch. We know that trees and forestry are definitely not the only gig in town for carbon capture. Indeed, wetlands can do far more than a lot of what is planted. I have spoken to farmers; they have seen the carcases of trees that they have planted with plastic tubes around them. They get funding to plant the trees, but then there is nothing to support their maintenance. They are nervous about that. We need clear thinking about wetlands, and all the options that are available that may do more good—notwithstanding the fabulousness of trees. I am not an anti-tree person.

Finally, I am very lucky to have the chair of the NFU next generation forum, David Ratcliffe, in my patch. With the help of young farmers, ELMS could be a big source of resilience for farming business while delivering environmental outcomes. However, when farmers are in the early stages of their career and are trying to grow, they are at their most vulnerable to price volatility. There is price movement at the moment; for example, fertiliser is at about £600 plus per tonne, whereas it was £250 per tonne previously. That has to be thought through with our young entrants. I have spoken to the Minister before, and she has kindly spoken to David. The problem is with funding; with loans not being available to new entrants; with tenant farms going; and with rich people buying up land that would historically been available for farming. I thank the Minister for all she does. I know she cares deeply about the issue, and that she will do everything in her power to make things better. However, the practical elements need to be fixed very quickly.

10.18 am

Jim Shannon (Strangford) (DUP): It is always a pleasure to speak in any debate, but I thank the hon. Member for The Cotswolds (Sir Geoffrey Clifton-Brown) for securing this one. In his introduction, he hit upon all the salient matters. From what he has said, and from my knowledge of his constituency from afar, it is a richly rural place with beautiful scenery—as is my constituency. I take pride in the rural sections of my constituency, and I like to represent my local farmers. I declare an interest as a member of the Ulster Farmers Union, and as a landowner and a farmer. I say without boasting—that is not what this is about—that we have already made a commitment on our land to planting 3,500 trees, retaining hedgerows and introducing ponds; those are the things that we should be doing, and I have made an active commitment to doing them on our land.

I thank hon. Members for their contributions and I look forward to the shadow Minister, the hon. Member for Cambridge (Daniel Zeichner), contributing; he has a grasp of the issues. I particularly look forward to hearing from the Minister. As others have said, she understands these issues, has a passion for them, and has a feel for what we are trying to say. I am quite sure that when she responds, we will get the answers that we hope for, and the encouragement we want for our constituents.

[Jim Shannon]

Farm support across the UK has changed, and will continue to change. Before the UK left the EU, farmers were supported by common agricultural policy funds. That scheme allocated some £4.7 billion to the UK in 2019. The Government said that they will maintain pre-Brexit funding from 2021 to 2027. Those CAP payments will be based on how much land is farmed. Northern Ireland's farmers have suffered enough from the impacts of the protocol, as we all know. I urge the Government to provide reassurance for those in the farming community that those who own land and have done so for many years will not be further disadvantaged by any new legislation. Northern Ireland is a nation of small farmers. The average farm size is probably between about 70 and 90 acres. We could have reared a family on less than that years ago, but today farmers have increased their land, and the larger ones are still working the land.

The most recent land management strategy released in Northern Ireland was in 2016. It aimed to be a sustainable agricultural land management strategy for Northern Ireland, which would outline how the ambition of "Going for Growth" was to be achieved in a way that improved farm incomes, environmental incomes and food production simultaneously. The strategy said of land management:

> "Almost 30% of agricultural land is let in Conacre"—

an important issue for us back home—

> "a short term arrangement which denies tenants security in their land tenure and therefore impedes long term planning".

We therefore have special circumstances, and that might be where our difficulties are. The Minister is not responsible for that, but it would be remiss of me not to make this plea on behalf of my constituents. We have the Comber Early, a potato that has had protected geographical indication status under the UK scheme since 30 October 2020. I am a man of simple tastes, and there is nothing I enjoy more than early Comber potatoes with a pat of butter. There is not a meal like it. The EU protected them, and we wish them to remain part of what we are about in the future. The Minister and the UK Government have issued that protection as well. That tells us what the land does: it produces the best of products, so it is important that we protect it.

The new Agriculture Act 2020 passed by Parliament in the previous Session had several new measures for protecting land management and food production services. They included requirements on Ministers to consider the need to encourage environmentally sustainable ways of producing food, and to report on food security at least once every five years; measures on agricultural tenancies, fertiliser regulation, and the identification and traceability of animals; and the red meat levy. That perhaps indicates that Government have grasped the issue—they have put in place three pointers to what needs to be done.

There is general support for replacing the CAP system of paying farm subsidies based on the area farmed, and for instead paying farmers to provide public goods such as environmental and animal health improvements. Farm groups, however, were concerned that food production was not included in the list of purposes for which funding could be provided. DEFRA has stated that it is maintaining farm support in every nation of the United Kingdom of Great Britain and Northern Ireland, and that is imperative for farming in all nations.

I know that the Minister is in regular contact with our Minister back home at the Northern Ireland Assembly; they have regular discussions about agriculture and fishing. I am very pleased that we have an active Minister present who has those discussions as a matter of form—not because we ask it, but because she knows it is the right thing to do—so again I thank her.

The National Audit Office revealed that there were 85,000 recipients of CAP payments in 2017. It also stated that 82,500 would participate in the new environmental land management scheme by 2028. I hope that that will be the case, and perhaps we will capture all current recipients. The new Agriculture Act prepares our agriculture sector for the future, so that it can meet the needs of the country.

I will conclude, Mr Davies; I am ever mindful of the timescale for the debate. I urge the Minister—I know that we are pushing at an open door—to have all necessary discussions with organisations such as the National Farmers Union, the Ulster Farmers Union and the Countryside Alliance, which is very active on these matters, to ensure the financial protection of our local farms across the United Kingdom. Without doubt, land management and food production have suffered in some ways as a consequence of Brexit. It is time to get this right for our farmers across this great nation of the United Kingdom of Great Britain and Northern Ireland. As I always say, we are better together.

10.24 pm

Derek Thomas (St Ives) (Con): It is good to see you in the Chair, Mr Davies. You were far too lenient on the EFRA Committee Chair, my hon. Friend the Member for Tiverton and Honiton (Neil Parish), so well done; that shows great character and integrity.

I thank my hon. Friend the Member for The Cotswolds (Sir Geoffrey Clifton-Brown) for securing this critical debate. How wonderful it is to talk about the countryside, our farms and our farming and food production! We are up in London, in the midst of all sorts of nonsense, but for those who are privileged, as I am, to live in one of the most beautiful—mine is the most beautiful—parts of the United Kingdom, it is great, when we get back to the constituency, to get out in the morning and have all that disappear while we appreciate God's great gift of the countryside. It is fantastic to be able to talk about it today.

The three core areas of ELMS are: supporting sustainable farming; the recovery of nature; and collaboration between landowners to deliver, as hon. Members have said, public money for public goods. West Cornwall and the Isles of Scilly are great examples of where much of that has already been done. There is an irony, in that farmers who have been delivering public goods for a long time may not benefit in the way that ELMS intends, as they have less far to go to get our countryside to where it needs to be.

It is a great privilege for me to visit farms across west Cornwall and the Isles of Scilly and see the good care and concern of farmers for the natural environment. They know it is the hand that feeds them. Many farms in Cornwall have developed the ability to produce food and energy. There was a time when Cornwall was the county that produced the most renewable energy on land in the UK. It also grows trees. I committed to planting 20,000 trees in 2020, and it was landowners and farmers who found pastures that were not productive for food, and who gave up that land so that the Woodland Trust, I and my volunteers could plant over 21,000 trees on it. I appreciate how long it takes for them to bear fruit, as it were, but planting trees is certainly an important part of managing our countryside; it has benefits for run-off and flood management, and is a good thing to do on balance.

We need to strike a balance between farming, food production and biodiversity. I hear comments—not necessarily from DEFRA, although comments can be misinterpreted—about the need to produce much less meat around the UK. That is most definitely true around the world, but there are examples on my farms where grazing and producing meat supports and enhances biodiversity. We need to be careful, in all messages from Government and DEFRA, to get the balance right. For promoting biodiversity and looking after many parts of our countryside around the UK, meat production is a positive and helpful thing, if done properly.

We heard about public money for public goods. I was delighted when the Secretary of State at that time came up with that expression. It reassured me that we were going to get the policy right and turn our backs on the common agricultural policy. There is an enthusiasm across farming for public money for public goods, but there is a frustration that it has taken so long to get the detail, and I worry that we might not be delivering what we set out to. Everything that has been said today pretty much agrees with what I am hearing farmers say.

On ELMS, as has been said, we need to ensure food is being produced. The first debate I ever had in Westminster Hall was on food security. At that time, we were producing around 54% of the food that we could produce in the UK. We have to increase that. We need to enthuse our farmers and, rather than bogging them down with red tape, give them a renewed passion and enthusiasm, and let them know that DEFRA and the Government are on their side when it comes to producing good, healthy food for our constituents to eat.

We learned in the pandemic that it was the local food producers that helped to address the food chain supply problems. Let us not lose the lessons we learned just two years ago. We must do whatever we can to cut through red tape and give farmers the enthusiasm to produce the food we need, and we must protect and value their knowledge. We have heard already about the knowledge of farmers. It is no accident that they produce food from the land they own or look after. It is an incredible art and a gift. It is years and years, or generations, of experience. If we do not get this right, we will lose them and that experience will not be passed on, which takes me to my next point. DEFRA and the Department for Education must get together and use ELMS, if possible, to promote careers in agriculture and food production in our schools and colleges, harnessing that experience and knowledge and giving young people the opportunity to have a job on the land.

We are concerned about mental health and, as my hon. Friend the Member for Tiverton and Honiton said, particularly about mental health in farming. However, the countryside has an awful lot to contribute towards supporting people's wellbeing and good health. We must look after soil security. The Climate Change Committee has talked about that. We allow our soil to wash into rivers and seas, where it is lost forever. We must be cleverer and use ELMS to stop that.

Although ELMS may encourage some farms to get things right, there is a danger that it will discourage others from engaging, and that they will work the land and the soil will be wrecked—it takes an enormous amount of time to recover soil. ELMS must deliver good soil health across the country.

Finally, we need to protect small farms. We have heard about landowners buying up parcels of land, and we are really seeing that in Cornwall. Small farms that are no longer viable are being snapped up by hobby farmers. They are maintaining a piece of countryside, but it is not as productive as it could be, and it is not supporting the opportunity to bring fresh blood into the industry. We must do everything that we can to support small farmers and to preserve small farms. We have to get on with that and not give in to those voices telling us to delay ELMS. Seize the day, get it right, and help our farms produce the food that we need.

Geraint Davies (in the Chair): I call Richard Drax. If you could keep it down to five minutes, that would be helpful.

10.30 am

Richard Drax (South Dorset) (Con): It is a pleasure to serve under your chairmanship, Mr Davies, and to follow my hon. Friend the Member for St Ives (Derek Thomas) and all colleagues who have spoken so clearly. I thank my hon. Friend the Member for The Cotswolds (Sir Geoffrey Clifton-Brown) for securing this important and timely debate.

In the short time that I have, I want to ring the alarm bell on behalf of hundreds of thousands of farmers across the land. What I am about to say is felt unanimously by farmers, including those in Dorset who I meet quarterly, and farming organisations, such as the NFU under the determined leadership of Minette Batters. I am most grateful to the Minister, who came down to Dorset at my behest and met our farmers. She has heard what I am about to say from the lion's mouth, so nothing here will surprise her. Those farmers say, "None of us can see the logic behind much of the Government's thinking—and this is a Conservative Government. It and its Ministers seem in thrall to the environmental and wildlife lobbies, which have a role to play, but are behind the push for this greener agenda, at the cost of food production."

The Government have got themselves into a pickle. They are replacing the basic payment scheme, which is paid to ensure food resilience and affordability, with a system that offers taxpayers' money to take land out of production, in part to improve

"environmental and animal welfare outcomes."

The local nature recovery scheme and the landscape recovery scheme will see £800 million spent on replacing productive land for both crops and livestock with wildlife habitats such as peat bogs and wetlands, and nature reserves and tree planting.

We all love trees—I plant trees—but during the last election I think the Labour party promised to plant so many millions of trees that it worked out at about 100 trees a second. Common sense is what farmers are desperately calling for. The green mantra does not make

[Richard Drax]

sense. This narrow agenda implies that nature and farming cannot co-exist, but they have done so for generations. The words "food production" were not even in the first Agriculture Bill, so the mad path we are heading down is hardly a surprise. As my hon. Friend the Member for The Cotswolds said, our food self-sufficiency has dropped from 78% in the mid-1980s to 64% now. Where on earth are the policies that we need to grow more of what we are good at and produce to the highest standards in the world? We are an island nation and in the face of any serious adversity we might not be able to rely on imports. Our island's history should have taught us that basic fact many times.

What annoys farmers even more than the misguided green agenda is that the BPS, on which they have relied for so long, is to be removed before its replacement has been fully tried and tested. There are genuine fears that some farms, particularly in the grazing livestock sector—both lowland and upland—will simply not survive. The NFU predicts that 80% of them will become unprofitable. Those policies are a threat not just to the farmer but to the consumer. As the Public Accounts Committee stated in January, DEFRA has also

"not explained how the Scheme's changes in land use will not simply result in more food being imported, with the environmental impacts of food production being 'exported' to countries with lower environmental standards."

I join the NFU in calling for an urgent review of DEFRA's future farming programme for England, including of the temporary postponement of direct payment reductions in 2022-23. I agree with the hon. Member for Westmorland and Lonsdale (Tim Farron), who spoke with such common sense and who has repeatedly made that point. Those new schemes must be piloted because we cannot afford to see them fail. Farmers are crying out for secure, fit-for-purpose measures that will sustain food production while, of course, continuing to protect our countryside and all that lives in it. Reckless rewilding, pushed by those with the best of intentions but with little grip of reality, is a classic example of nonsense. Placing beavers in small Dorset rivers, for example, while no doubt pleasurable to see, will create havoc to river flows and banks and lead to flooding as dams are built and then, no doubt, protected by law.

The argument to subsidise farmers in some form or other—or not—is a live one. If the Government want to see farmers, especially the smaller ones, go to the wall, food prices and imports increase and our rural economy die, then end all support. There is a balance to be drawn, but farmers and food production must be given the priority they deserve.

Geraint Davies (in the Chair): I hope to call the Front Benchers at 10.40, so I am sorry, Duncan, but you have four minutes. Over to you.

10.36 am

Duncan Baker (North Norfolk) (Con): Thank you, Mr Davies. As an MP representing a rural constituency that is predominantly agricultural, I thank my hon. Friend the Member for The Cotswolds (Sir Geoffrey Clifton-Brown) for securing this debate. I had to speak in this debate, because he farms not only in my constituency but in the very villages that I grew up in, so I would be in a lot of trouble if I was not here this morning.

In general, I am a great supporter of the Government's ambitions with the new agricultural reforms. I get them and, as has been said, they have cross-party support in large areas. It is right to say, however, that there are some real concerns about them and our ability to produce our own food in a way that is not just sustainable to fit with the new ELMS, but profitable for our farmers to be able to make a livelihood.

It is natural that as we exit the European Union we will have some concerns as the new regimes settle in. There is a risk that the scheme will not work adequately, and we have heard this morning about the harsh reality and impact on farmers if that were to happen. They will, of course, diversify. If the balance is wrong, farms will not produce food in the way they currently do, preferring natural schemes instead. Our food security could diminish and we would import cheaper, lower quality food from overseas. That is a worst case scenario, but we have to get it right.

Rather than repeat many of the arguments which have been so eloquently put this morning, I want to focus my short comments on a different area, which is labour and skills, and the shortages that we have to address. Production, which is at the very heart of what we are debating this morning, will not be helped if we cannot get the very skills to be able to bring the harvest home.

The timing of this debate is very apt because on Friday night I met Norfolk farmers at an NFU dinner, where we discussed their concerns. The labour market and skills shortage that they face was by far and away their greatest fear. That is the huge area that they wanted to discuss, whether it related to fruit picking, pig production or turkey farming. Pickers, pluckers and butchers are all in short supply. That was the unanimous feeling across the industry. It was felt that the labour market can adjust, but not as quickly as the stringent rules that the Home Office is operating—note that I said Home Office, not DEFRA.

We have two problems. First—I have experienced this at first hand in my constituency recently and have spoken to the excellent Minister about it—it is simply not sufficient that only 30,000 workers will have temporary visas. There are strawberry growers in my constituency. Sharrington Strawberries requires—it will not mind me saying this—just 33 foreign workers. Pro-Force could offer it none—zero—out of its allocation of 7,500. When I pressed Pro-Force further, it said that it had already received 6,000 additional requests for visas on top of those 7,500.

Secondly, if one operates a scheme with just four operators, that is simply far too few for the 30,000—or even 40,000, with the extra 10,000—visas we are allowed. On behalf of Norfolk farmers from Broadland, South Norfolk and West Norfolk, we will meet the Home Secretary very soon to ask for some help.

To sum up, farming is the lifeblood for all of our constituencies. I am very grateful to the Minister. She has always been very helpful to me, whether on issues of pigs, potatoes, fishing or the like; it is very good to have a Minister who knows, from sheer experience, what she is talking about. I am sure that she is always welcome in North Norfolk, and quite possibly at the farmhouse of my hon Friend the Member for The Cotswolds.

Richard Drax: On a point of order, Mr Davies. I completely forgot to refer to my entry in the Register of Members' Financial Interests. I am a landowner and farmer. I apologise.

Geraint Davies (in the Chair): That is very kind of you. That is on the record.

10.41 am

Daniel Zeichner (Cambridge) (Lab): It is a pleasure to serve with you in the Chair, Mr Davies. I congratulate the hon. Member for The Cotswolds (Sir Geoffrey Clifton-Brown) on securing the debate and on outlining so successfully the problems that face us. In particular, I am pleased that he endorsed many of the positions that Labour Front Benchers took two years ago when the Agriculture Bill was discussed. We very much wanted annual food security reports, and for food to be a key priority. The Minister will remember the lengthy discussions that we had on the Bill.

We genuinely want ELMS to succeed. I was pleased that the Minister offered me the opportunity to go to look at some of the tests and trials, and I thank some of the people who showed me the 23 Burns project in Northumberland—Louis Fell in particular—the Barningham Estate, and Alex Farris, the Exmoor national park conservation officer. From those conversations I learned that there are people who are putting a huge amount of effort into this—they have a passion—but that the scheme is also very complicated and bureaucratic. Most of all, I came away thinking that the scheme is not going to work for everybody. For some people, it will work, but what about everybody else?

There have been lots of reports, including the PAC report and the National Audit Office report. I will not repeat all the criticisms that have been made, which are well known. It is certainly the case that a proper impact assessment for ELMS, as the NFU has called for, should be done soon and quickly.

I have some very specific questions for the Minister that repeat some of those that I raised two years ago. We are now into the scheme. We heard the excellent speech that my hon. Friend the Member for Plymouth, Sutton and Devonport (Luke Pollard) made about the money that farmers have lost this year. We know how much has been cut, but how much has gone back to the frontline, rather than lost in bureaucracy, in producing reports and all the rest? The Chair of the Select Committee, the hon. Member for Tiverton and Honiton (Neil Parish) pointed out, very expertly, as always, that not only is money coming and going; the scheme is costing farmers money. How much is it costing them, at a time when farming margins are so very tight?

Why are we facing those problems with ELMS? There is so much agreement: we want to tackle the environmental crisis, and overwhelmingly people in the sector want to see farming conducted in a more sustainable way. What is the problem? I will explain it. I know that not everyone loves "Countryfile", but it had a very balanced report on the issue this week. The Secretary of State for Environment, Food and Rural Affairs was there, looking very dapper on his farm. When asked how many farmers would still be in place in 10 years' time, he could not possibly say.

That took me back to a conversation that I had with a farmer in Cambridgeshire. When he last did the forms, they came back saying that there was a mistake—that he had got the numbers the wrong way round, putting 1692 instead of 1962. He said, "No, it was 1692 when we started here." The point is that farmers have been there a long time, over many generations. I know that the world moves faster now, but I put that question to the Minister: how many farmers does she expect to be here in 2030? I think that the Secretary of State expects far fewer, and that is why he set up the scheme to help people out.

My hon. Friend the Member for Plymouth, Sutton and Devonport, the Chair of the Select Committee and the hon. Member for Westmorland and Lonsdale (Tim Farron) made exactly the same point: this is an attempt to clear out British farming for market fundamentalist reasons. That is the fundamental difference between Opposition Members and some Government Members. I do not think there is unanimity among the Conservatives. Being a market fundamentalist explains why, when we had the food security report at the end of last year, the Secretary of State was an agnostic. In fact, I do not think I have heard the Secretary of State commit to the NFU's 60%. Perhaps the Minister will do that today.

The Minister for Farming, Fisheries and Food (Victoria Prentis) *indicated assent.*

Daniel Zeichner: I am glad the hon. Lady is committed to it, but that is not what the Secretary of State indicated. That goes back to a point well made by the hon. Member for South Dorset (Richard Drax), whom I do not normally find myself in agreement with. He was absolutely right about the first iteration of the Agriculture Bill, which did not forget food by accident. It forgot food because those who are driving the agenda do not consider it to be the prime purpose of farming in this country any more. That is a fundamental difference.

Of course, the Government have not only managed to upset a huge part of the farming sector. They are also failing to satisfy the environmental sector. I will not go into the internal dispute in the Conservative party, but let us look at some of the outcomes. I commend the House of Commons Library for its excellent briefing. The fact that it is such a lengthy briefing and many people struggle to get through it tells us something about the nature of these schemes. If we look at the ELM outcomes on page 34—we are finally beginning to see something from the Government on what this might lead to—we see that it mentions 6 megatonnes of CO_2 and just 10% of agricultural emissions. If we are trying to tackle a climate crisis, that is not nearly enough.

If we look at the response from the environmental organisations—we could go all over the place to find these, but page 49 of the Library briefing has a good little selection of responses from the Wildlife Trusts, the National Trust and others—we see that they, too, are disappointed. I am sorry to say to the Minister that she is disappointing both sides.

I do not have much time—I could speak for a long time because I feel passionately about this issue—but I will raise a couple of extra points relating to tenant farmers who seem to have been put in a particularly difficult position. Of course, George Dunn and the Tenant Farmers Association are very powerful advocates. They keep making the same points, and they strongly argue that farm business tenancies should be included in the Agriculture Act 2020 provisions, because they are

[Daniel Zeichner]

worried that tier 2 and 3 ELMS tenants will not have an automatic right to be a part of it. Perhaps the Minister will say something about that.

I am conscious of time and I want the Minister to have a full opportunity to respond. On the points about uplands livestock farmers, if we look at the Library briefing and information provided by the Agriculture and Horticulture Development Board, we see that the figures are terrifying. Given the amount of money available—this goes back to the point made by the Chair of the Select Committee—people will not take up these schemes if they find that implementing them costs almost as much as what they would get back from them. On the fine margins—I heard the point about grain barons in the east—many of the farms even in the east of England are also marginal without farm support, so this cuts rights across the country.

In conclusion, there is another way, and that is to be firmly committed to making, buying and selling more in Britain. That is the Labour party's position, and I suspect it is a position with which large numbers of Members of other parties agree. That is a fundamental difference of view. We are not market fundamentalists. We do not think we can just leave it to the market and that trade deals and food will come from elsewhere. We believe that the other way is sensible for this country, for many of the reasons that we have all rehearsed today. As my hon. Friend the Member for Plymouth, Sutton and Devonport has argued, it is a national security issue as well. We are absolutely committed to that. If we start from that position, we can and will make the schemes work.

10.48 am

The Minister for Farming, Fisheries and Food (Victoria Prentis): It is a delight to serve under your chairmanship, Mr Davies, as it always is under the chairmanship of my hon Friend the Member for Tiverton and Honiton (Neil Parish). I should declare my farming interests, which are well rehearsed in this House. I congratulate my hon. Friend the Member for The Cotswolds (Sir Geoffrey Clifton-Brown) on securing the debate. I greatly enjoyed visiting his constituency last week for a challenging and thought-provoking afternoon, when we discussed water and nutrient pollution. I thank all the farmers in the country for producing the food that we enjoy eating—at least three times a day in my case.

Farmers produce food. That is their job, and that will not change as a result of the future farming policy. My hon. Friend the Member for Stroud (Siobhan Baillie) put it extremely well when she said, "Food, food, food." I am very much looking forward to encouraging the nation to join a national conversation about food in the White Paper, which is shortly to be published by the Government. There will be much more to say about that in the coming months.

The pandemic has reminded us how important food security is. Under the Agriculture Act 2020, where food definitely features right at the beginning, we have a legal responsibility to review food security every three years. Our first report, which I recommend to those present, was published just before Christmas and highlighted the resilience of our food supply chain. Our production-to-supply ratio remains high when judged against historic levels. We must not forget that the figure was about 30% in the late 19th century and about 40% just before the war. I take the challenge from the hon. Member for Cambridge (Daniel Zeichner) to commit to 60%.

Neil Parish: I am delighting in the ancient history lesson, but can we be serious about the fact that we ought to judge production from after the war and from where we were in the 1970s and 1980s? We need to get that production up. While I respect the Minister's views on ancient history, we need to move forward slightly.

Victoria Prentis: Fair enough. This is an important issue, and the clever statisticians are always reluctant for Government to commit to an absolute figure. That is not because of any theological argument, but because we cannot stop people eating, for example, rice or bananas, and nor do we want to. The important measure to look at is food that can be produced here.

Sir Geoffrey Clifton-Brown: Will the Minister give way?

Victoria Prentis: I will not, because I want to give my hon. Friend time at the end of the debate.

The figure at the moment is about 74% and that seems about right. I am committed to buying local, buying sustainable and promoting buying British wherever possible. It is important that we keep a close eye on our food security and our ratios. As hon. Members know, we are changing the way we support farmers and moving away from area-based payments. It is clear that there are worries about how this will affect food production levels, but many of the sectors where we have the greatest self-sufficiency are those that were not traditionally subsidised. We are close to 100%, for example, in poultry, eggs, carrots and swedes, and for many of those successful sectors, direct payments have never really been part of the business model.

There is no reason why we cannot produce the food we need while accommodating some land use change. We know that there is not a direct correlation between the amount of land farmed and the output. For example, around 60% of our output comes from just 30% of our land, farmed by just 8% of farmers. Delivering our environmental targets will inevitably require some land use change in some places, but we need to look at that in a wider context. We have 9.3 million hectares of farmland in England, so we are looking only at a small proportion being taken out of production. I associate myself with what has been said about carbon capture in permanent grassland and I commend my hon. Friend the Member for St Ives (Derek Thomas), who made some important comments about restorative agriculture.

In the last 20 years, the appreciation of the scale of the challenge we face on issues such as biodiversity loss and climate change has grown. Those challenges mean we must act now to establish a new system of rewards. That is why the Government have chosen not to remove the farming budget, but to repurpose it. The amount of money available is the same and I expect the number of farmers to broadly be the same in the future, though some of those farmers may be farming in a different way to the way in which they farm now. We are designing our new schemes in partnership with farmers, and to that end it was good to hear from my hon. Friends the

Members for The Cotswolds, for Tiverton and Honiton, and for South Dorset (Richard Drax), and the hon. Member for Strangford (Jim Shannon). It is always good to hear strong farming voices in this House.

We want to support the choices that individual farmers make on their own holdings. Farmers will be free to choose which elements of our new policies work for them. Some people may decide to embrace them extensively, but for others the schemes may be a smaller part of their business model.

I have spent the best part of 25 years in different roles in Whitehall, and I have never seen iterative policy making quite like this. We are doing it over a seven-year period, in close conjunction with the industry. Today, we have about 4,000 farmers actively testing things for the new schemes. I accept, and indeed embrace, some of the criticisms made in the PAC report about the beginnings of the policy. We will be responding to that report formally next month.

I agree that regular, annual impact assessments are a useful and positive part of the development of these policies. In many ways, I have enjoyed the cut and thrust of this debate. It is important that these policies are not set in stone. We are developing them in conjunction with farmers, as we make progress.

I know this is a time of huge change for farmers, but it has been good to see how many have embraced that change. The Chair of the Select Committee, my hon. Friend the Member for Tiverton and Honiton, wants carrots, and I would gently say that one of the most useful carrots this year has been the extensive take-up of the countryside stewardship scheme. We have seen a 40% increase in applications, including, I should add, from my own farm. We are encouraging farmers to join that scheme as an interim, while we roll out the new scheme.

As a carrot, we have announced a 30% increase in countryside stewardship payment rates, which I hope will act as a bridge to our new schemes. Using the future farming resilience fund, we are supporting farmers through the transition. The fund awards grants to organisations that are trusted in the farming community, to help farmers work through how the policies affect them individually.

Tenant farmers are a vital part of our farming industry. For DEFRA's agricultural reforms to succeed, tenant farmers must be able to fully engage in these schemes. On Friday, I was pleased to see my Secretary of State announce an independent tenancy working group, chaired by Baroness Rock, who has long been a champion of this sector, and dedicated to looking at ways to ensure our new schemes really work for tenant farmers. In passing, I should say that BPS has not always worked for tenant farmers and may have been one of the reasons why rents have been artificially inflated. We want to ensure these new schemes work.

This is a period of change and it is understandable that there is worry, but there is also great opportunity ahead. One year into a seven-year transition, it is clear that there is much agreement in the House with the principle of the policy. There is also agreement that food and food security are at the heart of everything we do. I look forward to working with Members on both sides of the House and with our 86,000 or so farmers to make sure we get the roll-out of the policy right.

10.58 am

Sir Geoffrey Clifton-Brown: I thank my hon. Friend the Minister for that encouraging winding-up speech. What I would like to see is substance on her words, which is a much bigger challenge and something our farming constituents in the Cotswolds and elsewhere really want to see. They face a situation where BPS is being cut by 50% over the next two or three years. They are worried not about how they are going to get to the end of it in seven years but about how they are going to survive the next year, two years or three years. That is the real worry out there.

On the substance of what my hon. Friend said, I challenged her in my speech to have an annual report to farmers on food sustainability, not a three-year report, because three years is too long. If we leave it three years, and it takes another three years to rectify the problem, that is six years gone, which is too long.

I welcome the initiatives for tenant farmers. One thing that has come out of this debate is the fragility of farming, particularly in England. I repeat the figure I gave earlier: £22,800 is the average farming profitability in England without subsidy. That means that in some areas a third of the sector does not make any profit at all without subsidy. In some parts of the sector, particularly at the small end, which I define as under 100 acres, the tenant farmers, the small owner-occupier farmers and the hill farmers are extremely vulnerable, and we need to consider them very carefully.

All in all, I have never known such unanimity as in this debate. I hope the Minister takes it back and translates it into real policy so that the farmers really know what they are supposed to be aiming at.

Question put and agreed to.

Resolved,

That this House has considered food production and the Environmental Land Management Scheme.

Social Prescribing: England

11 am

Geraint Davies (in the Chair): I remind Members to observe social distancing and to wear masks. I will call Alexander Stafford to move the motion; I will then call the Minister to respond. There will not be an opportunity for the Member in charge to wind up, as is the convention in 30-minute debates.

Alexander Stafford (Rother Valley) (Con): I beg to move,

That this House has considered social prescribing in England.

I wish first of all to make clear to the House my interest as chair of the all-party parliamentary group on health and the natural environment. I am delighted to be sponsoring what is, to my knowledge, the first dedicated debate in the UK Parliament on social prescribing. There is no doubt in my mind that this debate is timely, if not overdue, given that social prescribing as an effective and respected field of medicine has come to the fore in the past few years and accordingly has an important role in the future of our health system.

So what is social prescribing? Put quite simply, social prescribing embraces the need for psychosocial support to be considered alongside biomedical interventions, to take us back to a more natural way of keeping well and improving our health when things go wrong. Importantly, social prescribing is about being connected to activities in our communities to improve health and wellbeing, whether by joining a community choir or running group or volunteering at a local nature reserve.

To understand why social prescribing is crucial to the future of care, we must understand its place in the health and social care context. All Members can agree that biomedicine is brilliant, and there is no better example than the Government vaccination programme for covid-19. Biomedicine will always play a crucial role in supporting people's health and wellbeing. However, we have also known for a long time that what determines our health is not what goes on inside hospitals and GP practices. We also know that biomedicine has limitations—for example, addiction to opiates.

Recent guidance from the National Institute for Health and Care Excellence promotes the use of exercise for pain, alongside drugs. In fact, the NHS chief pharmacist's recent report into over-medicalisation demonstrated that one in five over-65s are in hospital not for a condition they have, but due to the medicine they take, while 10% of prescriptions dispensed address the symptom and not the cause of a person's depression. Evidence also shows that one in five GP appointments are for non-medical needs, such as mental health, relationships, housing, loneliness, social isolation, managing a long-term health condition and debt.

Tracey Crouch (Chatham and Aylesford) (Con): I congratulate my hon. Friend on securing this debate. I am not sure if he was aware, but I was the world's first Minister for loneliness. We produced a strategy to tackle loneliness, of which social prescribing formed a significant part. As a consequence, social prescribing was beginning to be rolled out, to the benefit of our GPs up and down the country, supported by a dedicated team of link workers, who really grasped the importance of tackling loneliness through social prescribing. Will he join me in thanking all those link workers, who get why social prescribing is important and continue to signpost people towards organisations that tackle loneliness?

Alexander Stafford: I thank my hon. Friend for that intervention and for all the work she did as Minister for loneliness to address this important issue, which she continues to drive forward, including in all-party groups. She is exactly right: link workers are vital. Indeed, a big part of my speech is about them, because it is so important to give them the support they need and thank them for their great work to improve the health of our nation.

Demand for GP appointments has increased by 30% compared with pre-pandemic levels, but the ecosystem of social prescribing support is fragmented. Healthcare professionals have limited visibility of what local support is available, as directories of services are often outdated and the referral pathway to different agencies is complex. There is also significant inequality of access to nature. About one third of the population accounts for 80% of all visits taken, and 2.69 million people do not live within a 10-minute walk of a green space. People from low-income households are about 25% less likely to live within a five-minute walk of a green space. Someone from a black, Asian or minority ethnic background is nearly four times as likely as a white person to have no access to outdoor space at home. Almost 40% of people from ethnic minority backgrounds live in areas most deprived of green space.

The inequality of access to green space seen for adults in England is also seen among children and young people. Most of our children spend not nearly enough time outdoors. Unequal provision means that those at greater risk of poor physical and mental health often have the least opportunity to benefit from green space. In other words, inequality breeds greater inequality. Improving contact and connection to nature is one way to help break that cycle of inequality.

It is exciting to see the positive impact of social prescribing borne out by the evidence. When we talk about health, we should always talk about evidence. Data indicate that people who visit nature regularly feel that their lives are more worth while. There are links between a greener living environment and higher life satisfaction, including improved mental health and reduced stress, fatigue, anxiety and depression. Among people who have good access to nature, inequality and mental wellbeing between different social groups are vastly reduced.

People who visit nature at least once a week are almost twice as likely to report good general health. However, it is an individual's feelings of connectedness with nature that are important for their wellbeing. When controlled for time spent outside, people with high nature connectedness were 1.7 times more likely to report that their lives were worth while, versus those with low nature connectedness. Evidence shows that living in green environments is associated with reduced mortality, and green space may mediate detrimental health effects of long-term deprivation.

Since the pandemic, 43% of adults say that visiting green spaces has been even more important for their wellbeing. The evidence is equally impressive for children, reinforcing the point that schools and other educational settings are crucial gateways, if we are to ensure that all children have contact and connection with nature, especially those who otherwise have little opportunity to access the outdoors.

We have already made great progress rolling out social prescribing across health and social care services. For the NHS, social prescribing is a relatively new model of care that improves the health and wellbeing of individuals. It builds community capacity and reduces demand for statutory services, particularly GPs—we all know the pressure GPs are under at the moment. Social prescribing sits at the heart of NHS ambitions for system change, as a practical embodiment of personalised, joined-up, preventive, community-based care that addresses the social determinants of health.

In 2019, the NHS long-term plan committed to the recruitment of 4,500 social prescribing link workers. Link workers take a holistic approach to health and wellbeing, connecting people to community groups and statutory services for practical and emotional support. The NHS long-term plan envisions that social prescribing link workers would work alongside other roles being created in primary care, as part of multidisciplinary teams. Those teams include other personalised care roles, such as community pharmacists, mental health workers and health and wellbeing coaches.

Social prescribing is part of a wider suite of community-based interventions, including programmes around hospital discharge and higher intensity use of accident and emergency services. Together those programmes are part of an overarching shift towards greater collaboration between health services, systems, capacity and assets of wider local communities. The plan envisions that that would be funded by bringing together resources across systems to support thriving health communities.

Making that shift is now more urgent than ever. The covid-19 pandemic laid bare the devastating realities of health inequalities across our communities. It has shown that we need to do better at reaching out to marginalised communities, closing the gaps in the support available in the most deprived areas. The pandemic has also increased the urgency of finding a way to support people to stay well within their communities, reducing pressure on health and care services. Social prescribing in its broadest sense encompasses a whole ecosystem of support for people's health and wellbeing in the community. It is a core priority for much of the voluntary community and social entrepreneur sector.

My seat of Rother Valley is a former coalmining area with deep pockets of poverty and deprivation, and many of my constituents suffer from lung conditions caused by exposure to harmful particulates in the mines. I have witnessed at first hand the poor health outcomes associated with a lack of access to high-quality green space, the mental and physical costs of social isolation from one's community, and the price of late stage reactionary overmedication, in contrast to early preventive measures. In my experience, it is true that those at greater risk of poor physical and mental health are the most likely to benefit from green space, but the least likely to able to access it. Members of my family who work in the NHS have made me acutely aware of the pressures on the national health service from preventable conditions. I am thus determined to increase access to nature for left behind communities, and therefore to improve my constituents' lives.

I recently announced my campaign for the creation of a Rother Valley leisure arc, stretching from Treeton dyke through Rother Valley country park via Gulliver's Valley theme park resort, taking in the award-winning Waleswood caravan park and family favourite Aston Springs farm, to the Chesterfield canal, where I wish to see the construction of the Kiveton Park marina and the reopening of the nine-mile stretch of canal, including a Rother Valley link to the rest of the waterways system. The Rother Valley leisure arc aims to make Rother Valley the heart of tourism in South Yorkshire, bringing jobs, wealth and farming to our area. It will be a vibrant and dynamic leisure cluster, with provision for exercise and hobbies, physical and mental health, education and skills, business and employment, and tourism.

The Chesterfield canal is a crucial part of the Rother Valley leisure arc. Accordingly, I am pleased that the Canal & River Trust is focusing on the concept of blue health, which recognises the health and wellbeing associated with spending time by the water. The South Yorkshire and Bassetlaw integrated care system social prescribing pilot, funded by the Department for Environment, Food and Rural Affairs, seeks to better understand the best ways to connect residents with their local green spaces. Rotherham Titans rugby club also hosts a great social prescribing programme, which is already achieving great things.

Members and my constituents will know that I am a history buff, so it will be no surprise that I welcome the growing body of evidence about the wellbeing benefits of engaging with heritage and the historic environment. Local to Rother Valley, Heeley City farm's community heritage team have engaged thousands of people from the Sheffield area, including many volunteers, work placements and general participants of all ages, in a variety of local heritage and wellbeing projects. In 2020, it played an important part as a community hub in Sheffield's voluntary sector response during lockdown.

As a result of my strong belief in social prescribing, in April 2021 I founded the all-party parliamentary group on health and the natural environment to investigate the benefits that connecting with the natural environment might have on health and wellbeing. Recent sessions have focused on evidence and transforming delivery. We would welcome the Minister coming to speak at one of our sessions in the near future, if she is available. Our secretariat, provided by the National Academy for Social Prescribing, is working on fostering closer working relationships with other all-party groups that are focused on the theme of wellbeing, such as that of my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch).

The National Academy for Social Prescribing, known as NASP, was established in 2019 by my right hon. Friend the Member for West Suffolk (Matt Hancock), who was then Secretary of State for Health and Social Care, to work with the NHS to accelerate the development and expansion of social prescribing activities delivered by voluntary organisations and community groups across the country. Over the past two years, NASP has worked with a wide array of partners to develop a number of ambitious and varied programmes.

One such programme is Thriving Communities, a national support programme for voluntary, community, faith and social entrepreneur groups. It works alongside

[Alexander Stafford]

social prescribing link workers to support communities impacted by covid-19 in England. Another programme is Accelerating Innovation, a partnership between NASP, the Royal Voluntary Service, NHS England and NHS Improvement that supports national voluntary organisations to develop their social prescribing ideas so that they can develop projects and approaches that have a greater impact and a wider reach, and that help to reduce health inequalities.

Furthermore, NASP has formed a Global Social Prescribing Alliance in coalition and collaboration with the World Health Organisation, the UN and the World Health Innovation Summit, with the aim of establishing a global working group dedicated to the advancement of social prescribing information, collaboration and innovation. The membership is currently 18 countries and growing. NASP is working through academic partnerships and NHS England to bring together leading researchers in the field of social prescribing to ensure that the evidence on it is accessible, useful and compelling. All of those programmes work closely with NHS England with a focus on outcomes for people, local systems and communities.

There are several areas of focus for my APPG and NASP in the coming months, in respect of forthcoming reports and policy developments. These include the implementation of the Government's 25-year environment plan, the recently published Dasgupta review, the Environment Act 2021, the landscapes review by Julian Glover, and the Chief Secretary to the Treasury's cross-Whitehall committee to set the direction for the comprehensive spending review on using access to outdoor spaces to support better health outcomes. I hope that the Minister will touch on those developments, and tell us more about their impact on the expansion of social prescribing in our health system.

As is relevant for all models of care, the Minister will be pleased to hear that social prescribing provides good value for money through reductions in GP appointments and financial savings in drug prescriptions and freed-up GP salaried time. For example, poor mental health is estimated to incur an economic and social cost of £105 billion a year in England, with treatment costs expected to double in the next 20 years. As for poor physical health, the cost of obesity alone to wider society is estimated at £27 billion. However, urban green spaces support 2.1 million people to adhere to their weekly physical activity guidelines, which is worth £5.6 billion and avoids health service costs of around £1.4 billion. These are good savings; they are better for people's health and for the Government's wallet.

A recent assessment of the economic impact of social prescribing by NASP, which drew on the best available evidence, concludes that social prescribing can be a cost-effective intervention that reduces pressure on primary care, especially GP services. NASP's preliminary forecasts indicate that the NHS social prescribing link worker programme could save the taxpayer more than £480 million over three years by reducing the need for GP appointments, which would cover the total cost of the programme.

There is no doubt that investment in green space is good value for money. For example, a study into the economic values of Birmingham's city-wide Be Active programme found that approximately £23 was recouped for every £1 spent, which is a huge return on investment. The valuation of urban parks in Sheffield, my constituency of Rother Valley's local city, showed that for every £1 spent on maintaining parks, there was a benefit of £34 in health costs saved.

The Minister will appreciate that I have some policy asks of the Government to accelerate the development of social prescribing, in order to provide direct support for our recovery from the pandemic and the Government's levelling-up agenda. To achieve these aims, I ask the Department of Health and Social Care to focus on eight main policy asks—so not too many.

First, we must accelerate the recruitment of social prescribing link workers, so that all 4,500 are in post by 2023. Secondly, we must ensure that the newly created integrated care boards have a duty to produce specific plans in their area for implementing social prescribing. Thirdly, we must build leadership, skills and capacity in the voluntary sector, by investing in NASP's Accelerating Innovation and Thriving Communities programmes. Fourthly, we must commit to social prescribing being at the heart of the Government's levelling-up and health inequality agendas.

Fifthly, there must be faster and greater levels of funding into social prescribing activities and services, particularly grassroots organisations such as charities, aligned to the health needs of the population within each of the 42 new integrated care systems. Sixthly, there must be greater investment in the digital infrastructure to facilitate social prescribing. Seventhly, every social care organisation and every hospital should have a dedicated team of social prescribing link workers. Eighthly and lastly, social prescribing needs to be integrated into the everyday processes of frontline health and care staff, to change the culture whereby it is easier and more natural to prescribe a pill than to make a social prescription.

It is clear that social prescribing can improve the physical and mental health and wellbeing of our population, improve people's lives and save money. It not only helps to manage existing conditions, but addresses underlying issues that cause poor health and wellbeing, and so helps to prevent future illnesses. It is better to prevent future bad health than to cure it.

Social prescribing supports local projects in the community and fights social ills, such as loneliness and isolation, which traditional medicines do not address. By integrating social prescription into our health and care system, we will simultaneously save taxpayer money and take the strain off the NHS, freeing up capacity for essential treatment. Social prescribing has an enormous role to play in the future of health and care in England, so I am proud to be the first parliamentarian to make the case for it to the Minister.

11.19 am

The Parliamentary Under-Secretary of State for Health and Social Care (Maggie Throup): It is a pleasure to serve under your chairmanship, Mr Davies. I thank my hon. Friend the Member for Rother Valley (Alexander Stafford) for securing this debate on an important issue. I enjoyed listening to him put forward his case. He is right that health is about more than traditional medicine. We know that the social determinants of health—from our employment opportunities and social connections to the activities we do every day—play a huge role in determining our health outcomes. That has become even more evident throughout the pandemic. The Government are committed to doing everything we can to support people to lead healthier and more fulfilling lives. That is why, as our manifesto highlighted, we are committed to extending social prescribing and expanding the new National Academy for Social Prescribing.

Social prescribing is now an integral part of the NHS. The NHS long-term plan committed to having 1,000 additional social prescribing link workers in place by 2020-21—a target that was exceeded—with significantly more in the future. At least 900,000 people will be referred to social prescribing by 2023-24. I thank my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch) for her personal tribute to link workers in this debate, and I pay tribute to the work that she has done and continues to do to combat loneliness.

We have recruited more than 1,500 new link workers, in addition to the many already employed by local authorities, voluntary and community organisations and social enterprises. Link workers do incredible work. They give people time, focus on what matters to the individual and take a holistic approach to health and wellbeing. They connect people to community groups and statutory services for practical and emotional support, and help people to achieve healthier and more fulfilling lives. As my hon. Friend the Member for Rother Valley explained, they also ease the pressure on the health and care system.

The Government have also made funding available for primary care networks to recruit social prescribing link workers through the additional roles reimbursement scheme. NHS England is carrying out an array of measures to set the right expectation that social prescribing should be available everywhere, which my hon. Friend called for. Those measures include producing guidance for new integrated care systems and, within primary care networks, the network contract directed enhanced service specifications.

As my hon. Friend the Member for Rother Valley is aware, the previous Secretary of State, my right hon. Friend the Member for West Suffolk (Matt Hancock), launched the National Academy for Social Prescribing in 2019. The academy brings together the arts, health, sports, the environment and other areas of national life to promote the development of wellbeing at a national and local level. It has achieved a huge amount in a short space of time. Last year, the Government committed an additional £6 million to continue supporting the academy's work over the next two years, including its Thriving Communities programme, which my hon. Friend highlighted.

The academy has been appointed as the secretariat to the all-party parliamentary group on health and the natural environment, which my hon. Friend chairs and—as I learnt today—he set up. It is fantastic to see the work the APPG does, from exploring transformational options for the delivery of programmes that strengthen people's connections with nature to showcasing local best practice and highlighting the latest research and evidence. As my hon. Friend has indicated, linking people to nature and the environment is an area that shows great promise in social prescribing.

That is why the Government invested £5.7 million in the cross-Government project aimed at preventing and tackling mental ill health through green social prescribing. The project will test how to increase use of and connectivity to green social prescribing services in England to improve mental health outcomes and to reduce health inequalities and demand on the health and social care system. One of the test-and-learn sites for this project was awarded to the South Yorkshire and Bassetlaw integrated care system, as I am sure my hon. Friend the Member for Rother Valley is aware. This included awarding £300,000 of grant funding to 39 different projects across South Yorkshire and Bassetlaw. The projects include wilderness activities, such as bushcraft, camping in the Peak district, care farming and conservation in Doncaster, a creative recovery charity in Barnsley and an award-winning community park in Bassetlaw. I was interested to hear the ideas he put forward for his constituency of Rother Valley.

In Nottinghamshire and other areas, water-based activities are being trialled to improve mental health and wellbeing. These include paddle boarding, kayaking and storytelling along river and canal paths. An eco-therapy programme is also running in a community allotment for people with higher needs, and therapeutic horticultural activities are planned for those discharged after an inpatient stay in a mental health ward.

In Bristol, north Somerset and south Gloucestershire, a wild swimming programme is being offered to improve the mental health of women from black, Asian and minority ethnic communities. There is also work going on with the Somali community to deliver woodland and food growing activities for young people who are socially excluded and at risk of poor mental health outcomes. A local mental health trust has forged a partnership with the Wildlife Trust to deliver woodland wellbeing sessions for people in recovery at a nature reserve that borders the grounds of a hospital.

Let us not forget the important role that social prescribing already plays in helping to tackle health disparities across the country. Once again, that is an issue my hon. Friend raised during his speech. The Government remain committed to levelling-up outcomes and will publish a landmark levelling-up White Paper shortly, setting out bold new policy interventions to improve livelihoods and opportunity in all parts of the UK. The aim of levelling up is to reduce the disparities between different parts of the UK. To level up effectively, we need to improve health outcomes across the country.

We are committed to reducing health disparities and the gap in healthy life expectancy between the most and least deprived areas. Social prescribing has an important part to play in levelling up. I thank my hon. Friend the Member for Rother Valley for bringing forward this important debate and for his continued support of social prescribing, both in his constituency and through national fora, as we expand it to ensure that everyone has access to high-quality social prescribing when they need it.

Question put and agreed to.

11.27 am

Sitting suspended.

Disability Benefits Assessments

[SIR GARY STREETER *in the Chair*]

[Relevant documents: e-petition 593296, End reviews of PIP and ESA awards for people with lifelong illnesses, and e-petition 549906, Review the Personal Independence Payment (PIP) application process.]

2.30 pm

Sir Gary Streeter (in the Chair): I remind Members to observe social distancing. Before I call the Member to move the motion, I will make a short statement about the sub judice resolution.

I have been advised that the Government have applied to appeal the findings of the High Court on the lawfulness of the UK disability survey. Those proceedings are therefore live before the courts, under the terms of the House's sub judice resolution. However, Mr Speaker has exercised discretion to allow reference to the issues concerned, given their national importance. Nevertheless, Members should remember that those matters are still before the courts, and they are encouraged not to discuss those legal proceedings in any detail.

Marsha De Cordova (Battersea) (Lab): I beg to move,

That this House has considered disability benefits assessments and the Government's health and disability green paper.

It is a pleasure to be here under your stewardship, Sir Gary.

I thank all right hon. and hon. Members who have come along today to debate this important issue, which affects many of our constituents. I thank all organisations that have supported disabled people and provided briefings for this important debate, including Z2K, Sense, Marie Curie, Mencap, the Royal National Institute of Blind People, the Multiple Sclerosis Society, the Cystic Fibrosis Trust, Rethink Mental Illness, the Young Women's Trust, Scope and the Charities Aid Foundation.

I also say a special thanks to Citizens Advice Wandsworth, the South West London Law Centres and the Wandsworth food bank, which have supported people in my constituency. I pay tribute to the tens of thousands of disabled people who have been victims of the cruel and callous assessments for the employment and support allowance and the personal independence payment.

In the short time I have been an MP, I have raised the question of social security for disabled people on many occasions. The system should act as a safety net that is there to support each and every citizen in need, as envisaged by the Beveridge report of 1942, which was about strengthening the social contract for those facing hardship in our society by removing the five social ills. However, there is an ever-growing link between poverty and disability, and social security is no longer seen as a basic right.

Disabled people are usually in receipt of employment and support allowance, universal credit, disability living allowance or PIP. As is the case for ESA, disabled people claiming universal credit must undergo the work capability assessment in order to be found to have limited capability for work. PIP is designed to meet some of the extra costs of living with a disability. Since its introduction, however, almost half of those who were previously on DLA and were reassessed for PIP have either completely lost their award, or had it reduced.

Hilary Benn (Leeds Central) (Lab): I congratulate my hon. Friend on securing this debate. We have all had constituents come to see us who have been through an assessment and been denied, and we know the distress and pain that causes them. The latest figures show that 67% of appeals to the tribunal against a PIP assessment, 65% of appeals against a DLA assessment and 54% against an ESA assessment have been successful. Does she share my view that if those were the rates for the overturning of Crown court decisions—people who were found guilty, and then found innocent—there would be an uproar? Does she agree that the Government, and all of us, need to look at why, in so many of the cases that go to the tribunal, the original decision turns out to be wrong?

Sir Gary Streeter (in the Chair): Order. Marsha, before you respond, I remind everyone that interventions should be brief.

Marsha De Cordova: I thank my right hon. Friend for his intervention. He is absolutely spot on; it is so important that these decisions are got right first time around. I will come on to that issue later in my speech.

The overwhelming body of evidence shows that the assessment frameworks for both ESA and PIP are not fit for purpose. They use a series of points-based, functional descriptors and a tick-box approach. PIP looks at an individual's ability to carry out a series of everyday activities relating to daily living and mobility, and the WCA is supposed to test someone's capability for work, based on various activities. Its main flaw is its failure to include real-world factors, and it takes no consideration of how carrying out work could affect a particular person's health. For example, I heard from one person who was asked to touch their toes, no matter how much pain they were in or how such an activity relates to their doing work.

For more than a decade, there has been a growing mistrust of assessors as a result of the errors in reports, and many people do not feel that they are being treated fairly. Research by Demos revealed that WCA assessors assume that people are not telling the truth or are exaggerating their condition, and many people report being treated as if they are making a fraudulent application.

Tulip Siddiq (Hampstead and Kilburn) (Lab): I thank my hon. Friend for giving way and for bringing this important issue to the House. Like other Members, for years I have been receiving heartbreaking stories from constituents in Hampstead and Kilburn about the degrading tribunal process that they are forced to sit through just to access the disability benefits that they desperately need. One constituent told me that she had been to a tribunal on four occasions. She won each time, but while she was waiting for each decision she lost all her other benefits. That included her specially adapted car, leaving her trapped at home. Does my hon. Friend agree that the Green Paper lacks ambition on this issue, and that it is fundamentally unfair that anyone in that situation should lose their social security benefits?

Marsha De Cordova: I thank my hon. Friend for her intervention. She is absolutely spot on. The knock-on effect of someone being turned down for the support they are entitled to leads to their losing other forms of support, as was the case with her constituent who lost their Motability vehicle.

Assessors often do not have an adequate understanding of the specific disability, impairment or health condition that is being assessed. Although it is accepted that no one can be an expert in all these conditions, it is essential that all assessors receive appropriate disability awareness training and have access to condition or impairment-specific expertise and tools. The charity Scope has rightly called for the categorisation of assessors into groups for specialisms such as mental health, learning difficulties and so on.

Paul Blomfield (Sheffield Central) (Lab): I thank my hon. Friend for giving way; she is making a powerful case, as she often does on issues relating to disability. I wonder whether she could comment on another aspect of the system that is broken, namely the backlog on work capability assessments. I challenged Ministers—not the Minister of State, Department for Work and Pensions, the hon. Member for Norwich North (Chloe Smith), who will be responding to the debate—about that in November, and I was told that they were working flat out to resolve the problem. In December, there were still 335,500 cases, which are waiting an average of 150 days to be dealt with. I have constituents who are £128 to £340 a month short because of this, and that is having a crippling impact on their family budgets. Does she agree?

Marsha De Cordova: I absolutely and wholeheartedly agree with my hon. Friend's comments. I really hope that when the Minister responds to the debate, she will set out how the Government intend to tackle this backlog so that disabled people receive the vital support they need at the right time and do not experience such severe delays.

As I was saying, how can it be right that someone who had been assessed by a physiotherapist for their mental health condition was awarded zero points, despite providing evidence from their psychiatrist and their doctor about their condition? At an appeal tribunal, they won and were awarded 45 points, but it should never have got to that stage. I know that many of my hon. Friends who are here today have constituents who have experienced exactly the same thing.

Evidence is an essential part of the assessment process, and it is vital that assessors engage with it. They should make best use of all pre-existing evidence from experts, including healthcare professionals. At present, anyone who undergoes an assessment is not provided with a copy of their assessment report, and that should be an automatic part of the assessment process. Who knows? That could lead to better decisions being made.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I congratulate my hon. Friend not just on securing the debate, but on everything that she has done on disability issues since she came to the House. Does she agree that we need to support calls for an independent public inquiry into the deaths of claimants, including those who have gone through the work capability and PIP assessment process? We do not know the causes or the scale of those deaths. Surely that work needs to be undertaken as quickly as possible.

Marsha De Cordova: My hon. Friend is absolutely right. I commend her for her impeccable work on the rights of disabled people and tackling inequality. I will come on to the point that she raises, because she is absolutely right. We have long supported the call for an independent public inquiry into these deaths, because it is a scandal that that has not been addressed to date.

People should have a choice about how assessments are carried out, be it face to face or by audio. The process has to be accessible and inclusive. The Disability Benefits Consortium rightly calls for the establishment of an independent regulator of social security assessment, with the power to compel evidence from the Department for Work and Pensions and properly hold the Government to account.

Assessments are carried out by private contractors including Atos, Capita and Maximus. Last November, DWP announced that it would spend £2 billion on disability assessment contracts with private profit-making companies over the next five years. Given the millions already spent, it is clear that these private companies are not providing the best value for money. Labour has long called for all assessments to be brought back in house. That would provide for better scrutiny, accountability and value for money for the taxpayer. Does the Minister agree, and will she take action to address that?

Post assessment, the aim must be to get the decision right first time, but time and again, that has not happened. By the end of 2020 in Battersea, one in five disabled people in receipt of PIP had had their awards reduced, and one in three had their awards completely stopped. Citizens Advice Wandsworth shared the experience of someone who was assessed for both ESA and PIP within three days of each other. In their WCA, they were found to have limited capability for work as they could not walk 50 metres. However, they were awarded zero points for mobility in their PIP assessment, which concluded that they could walk 200 metres. This resulted in them losing their Motability car, so they could no longer drive to work, and they now have to claim universal credit. Surely that is not how the system should work.

With the introduction of mandatory reconsiderations, there has been a marginal improvement, but in 62% of MRs in 2021, the result was to go ahead with the initial decision. Many disabled people feel that the MR process is yet another barrier to their right to pursue an appeal to the independent tribunal. Since 2010, some 587,816 disabled people have been forced to appeal to a tribunal for their ESA. In 2020-21, 76% of PIP appeals and 74% of ESA appeals were successful and decisions were overturned at tribunal.

In the past, disabled people have had to wait long periods of time before their cases have been heard at tribunal. Given the impact of the pandemic on backlogs, as my hon. Friend the Member for Sheffield Central (Paul Blomfield) mentioned, can the Minister update us on the current waiting time and tell us the plan for addressing the backlog?

Poor decisions have come at a huge cost to the taxpayer. Between 2017 and 2019, the Government spent £120 million fighting PIP and ESA claims, and the consequences of this failing system are devastating. We all remember the case from 2017 involving Stephen Smith. He was 63 when he was found fit for work, despite having been diagnosed with numerous health conditions. After he failed his WCA, he was forced to live on just £67 a week. He died soon after, weighing just six stone. Only last month, we heard of a disabled man who was in hospital in 2019, as he was severely ill and very vulnerable to infection. The DWP

[Marsha De Cordova]

refused to allow him to submit an electronic claim, forcing him to attend a jobcentre in person. He died in April 2020.

In 2019, the Government revealed that 5,690 people had died within six months of being found fit for work under the WCA in the last decade. There is no stronger indictment of a failing system than more than 5,000 people dying just months after being denied vital social security. Labour has been proud to support calls for an independent public inquiry into these deaths, because we need justice for each and every one of them.

The Department's treatment of disabled people has resulted in unimaginable suffering for tens of thousands of disabled people and their loved ones. Rather than enabling disabled people to live more independently, successive Tory Governments have created a hostile environment. The long-awaited Green Paper was a missed opportunity to reshape social security and support for disabled people. I am sure there is agreement across the House that the current system is complex and simplification is needed, but the merger of payments and assessments for PIP and ESA is not the answer. They are two fundamentally different assessments requiring different information. One is means-tested income replacement, and the other is not. There is no doubt that any move towards that could lead to absurd decisions and have catastrophic consequences.

Worryingly, the Green Paper did not address the levels of social security. Cuts to universal credit, with the removal of disability premiums worth £180 a month and the removal of the work related activity component in 2017, have left some severely disabled people destitute. Last month, two severely disabled men won a legal challenge over the DWP's failure to protect them from the cliff-edge loss of income of £60 a month following their move from legacy benefits to universal credit.

Since 2010, more than 1 million disabled people have faced sanctions. As a result, many have had to go without, skip meals, miss appointments and so forth. It has had a devastating impact. All the evidence points to the fact that sanctions against disabled people do not work, and there needs to be a permanent end to all sanctions. The Government must move towards a more holistic employment model for disabled people.

We need the right kind of social security system—one that respects the values of the Beveridge report. We need a system that we are proud of, as we are all proud of our NHS. In the past 12 years, we have watched the system diminish and demonise disabled people; that is a fact. Changing the narrative is vital to dismantling the hostile environment that has been created for them. We need to rebuild a social security system that is fair, compassionate and there for us all in our time of need. To do so, we need to ensure that the system provides people with an adequate level of income and a change of culture in the Department.

Will the Minister confirm that before she introduces her White Paper, she will engage with and consult disabled people and disabled people's organisations? We must avoid what happened with the national disability strategy, which was ruled unlawful last month because it failed to carry out such engagement. Will she also commit to creating an inclusive, accessible application process and assessment framework that is built on compassion and genuinely co-produced with disabled people and their organisations? Finally, will the White Paper address the inadequate levels of social security and commit to considering minimum income levels for disabled people? We need urgent action to transform the social security system from one that penalises and sanctions ill and disabled people to one that supports and empowers them to live independently.

Several hon. Members *rose—*

Sir Gary Streeter (in the Chair): Colleagues, the winding-up speeches will begin at 3.28 pm. We therefore have 38 minutes to get 10 people in, so you are aiming for 3.8 minutes, whatever that is in seconds.

2.49 pm

Dean Russell (Watford) (Con): It is a privilege to speak in this debate. I greatly credit the hon. Member for Battersea (Marsha De Cordova) for calling this debate on such an important topic.

I welcome many of the comments in the Green Paper because they echo my experience as a constituency MP in Watford and, I am sure, the experiences of many others around the House. One of the key parts of the paper is on the need for greater flexibility and removing the rigidity in the system, especially around assessments. I have worked in this space for many years. Twenty years ago I was writing about the digital divide and working with charities on online accessibility, and I saw at first hand the impact of barriers. When barriers are removed, enabling people to live a fulfilled life and to fulfil their ambitions—and especially when people with disabilities are given opportunities to live their lives fully—it makes a difference not just to them, but to society. That is at the heart of what I read in this Green Paper; it is about an ambition to ensure that we look after people in the right way, and do not base assessments on how good they are at filling out a form.

A challenge that I have seen over many years when it comes to the state interacting with individuals is that it comes down to a lot of check boxes and form filling. If someone is very good at that, they can get through, but if they cannot get through, they are stuck. I see in the Green Paper—I hope that the Government will take this forward in the White Paper—the idea of putting a person at the heart of the process, and, irrespective of their disability, enabling them to live a full life.

In my constituency of Watford, I am particularly proud of the number of amazing organisations that work with charities, and the charities that work with people with disabilities. A few weeks ago, I was pleased to invite the Minister to Watford Workshop, where she saw people working in a fantastic space—very much a normal working environment—in which they have full-time jobs, and are supported and encouraged to live full lives. I hope that she will reflect on that in her comments later, but I think what she saw were happy people, living normal lives, getting on, and having the opportunity to meet others.

There are organisations in my constituency such as the Electric Umbrella, which uses music and creativity to engage with people. I have even—perhaps embarrassingly—played "Wonderwall" on the guitar there, during a royal visit. I will tell that story on another occasion, when we have more time. Watford Mencap and DRUM—

Disability Recreation Unity Movement—do amazing work, and Playskill and the Bobath Centre do incredible work to support local organisations and people.

Shopmobility is based in the Intu centre, which is one of the big shopping malls in Watford. I spent two sessions volunteering there. The people who came there feeling that there was a bit of stigma about needing to use an electric vehicle to get around the shopping centre were put at ease. They were able to see that getting extra support is not something to be embarrassed or feel stigma about; it enables them to live full lives.

Time is short, so I will wrap up by saying that I hope that when the White Paper is produced, the Government listen to Members across the Benches and to constituents, and put in place the changes needed to ensure that the system supports everyone.

2.53 pm

Stephen Timms (East Ham) (Lab): I congratulate my hon. Friend the Member for Battersea (Marsha De Cordova) on securing this important debate.

The Green Paper's commitment to reforming assessments is welcome. Every MP knows of awful problems with them. At the start of the Parliament, the Select Committee on Work and Pensions agreed on an inquiry on the issue. That was put on hold while face-to-face assessments were suspended, but we are now taking evidence. We want disabled people to be at the heart of the inquiry, so we have launched a survey of personal experiences of assessments, to which we have so far had more than 3,500 responses. The survey is on the Committee's website, including in an easy-read version, and we would welcome further responses.

A key problem is that disabled people just do not trust DWP, and the Department keeps making things worse. As my hon. Friend the Member for Battersea mentioned, last week the Department lost the judicial review brought by disabled people regarding the national disability strategy consultation. The Department's defence in court was that it had not set out to consult disabled people properly and therefore was not guilty of not having done so. As you have reminded us, Sir Gary, the Department is now, absurdly, appealing against that defeat. The Green Paper consultation was launched after the summer recess began. Calls from disabled people's organisations to extend the deadline were rejected. The Department also rejected the call of its own social security advisory committee for a protocol for engaging with disabled people to try to overcome the problems.

In September 2020, the Department received from the National Centre for Social Research a report that it had commissioned on the uses of health and disability benefits. Some 120 people were interviewed for that research and were told, in a letter approved by the Department, that the resulting report would be published.

The Government have a protocol on social research, adopted in 2015, which requires the publication of all such research within 12 weeks of receipt. The Secretary of State confirmed to the Select Committee that the protocol applied to that research, but told us that, nevertheless, she was not going to publish it. The Committee agreed, unanimously, that it should be published. We asked the Department again and made it clear that if it was not published, we would use our powers to order NatCen to provide us with a copy.

I am pleased that NatCen has complied with our order; the Committee now has that report. We will meet tomorrow morning, and my view is that we should publish it. Ministers seem to think that their interests are best served by hiding and covering up, but every botched attempt means that disabled people trust them even less. I hope that this Minister will usher in a new openness.

Our inquiry has already heard, extensively, about problems with assessors who lack basic understanding, assessment reports that seem to relate to a different person, and forms that cannot be read by the assistive technology that blind people use. The Department has been very slow to make sensible changes. In 2018, the previous Work and Pensions Committee produced—unanimously, on a cross-party basis—a series of recommendations. Some of those that were accepted have still not been implemented. Dr Paul Litchfield, the former independent assessor of the work capability assessment, told us in December:

> "Then you look at things seven years down the road and as far as I can see things have not been taken forward."

We have already heard many sensible points in our inquiry, and I very much hope that the Department will accept and implement the recommendations that will be made in our report later this year.

2.57 pm

Wendy Chamberlain (North East Fife) (LD): It is a pleasure to serve under your chairmanship, Sir Gary. I thank the hon. Member for Battersea (Marsha De Cordova) for securing this important debate.

One of my constituents in North East Fife is a young man with post-traumatic stress disorder, anxiety and autism, who has been refused PIP. Due to those disabilities, he has been struggling to gather the evidence needed to make an appeal. He is overwhelmed by the requirements placed on him, and is already struggling with simple tasks. In his own words, he would rather die than put himself through this process again. That is clearly a broken system. The disability Green Paper acknowledges that

> "some people continue to find assessments difficult and stressful",

but that does not begin to fully describe the distress felt by my constituent, and clearly by so many others.

The Green Paper is, however, a step in the right direction. I welcome, for example, proposals for the audio recording of assessments by default. That has long been called for by disability rights groups. In the context of immense distrust in the system, people need to know that what they have told their assessor has been accurately recorded. However, as it stands, the Green Paper does not commit the DWP to a timeline by which that will be implemented. It also does not commit to making it easier for people to access the written reports made about them. Transparency is vital if trust is to be restored to the system. I invite the Minister to address that in her response.

The Green Paper still presents missed opportunities. It acknowledges that it is vital for work coaches to have an understanding of the medical problems that their clients experience, but does not say the same of healthcare professionals involved in the assessment process. Why would we not want assessors to understand what they are assessing? It would increase trust in the process if claimants felt they had been understood. It would increase the number of decisions that are right first time, and would decrease the amount of taxpayers' money spent on mandatory reconsiderations and appeals. To me, that is simply a win-win, and I hope that the Minister agrees.

[Wendy Chamberlain]

The Green Paper also fails to address DWP's approach to new illnesses, or to illnesses that are less understood due to the relapsing and remitting nature of their symptoms. That includes diseases such as myalgic encephalomyelitis, multiple sclerosis and now, of course, long covid. Long covid is currently a diagnosis of exclusion—has an individual had a positive covid test, and are they experiencing symptoms that cannot otherwise be explained? There are some 150 possible symptoms, of which the most prevalent is fatigue, but they can present in any combination in different people. It is not yet recognised as an occupational disease, and there is no coherent strategy from the DWP for supporting sufferers.

I ask the Minister to consider a few key points. The first is evidence of diagnosis. Diagnosis relies on a positive test, but those who continue to suffer symptoms from covid caught in the first wave will have never had a test result. How can they prove their illness? The second is guidance for businesses. The Green Paper sets out that the Government's intention is to stop disabled people from falling out of work, but if we are to prevent long covid sufferers from falling out of work, action has to be taken now. The third relates to the broader point about relapsing-remitting diseases in which fatigue is a primary symptom. The Government must give proper guidance to assessors and work coaches about how best to assist people with those illnesses.

There is one final missing element in the Green Paper: it does not consider the adequacy of social security payments. Put simply, it is more expensive to be disabled or to be the parent of a disabled child. PIP might be a start, for those who can get it, but research released before the pandemic showed that even after receiving that payment, disabled adults face average extra costs of nearly £600 per month. PIP is not enough. The system is failing disabled people. I ask the Minister to commit to reforms that place disabled people at the heart of the social security system, and to urgently address the specific issues raised today.

3.1 pm

Florence Eshalomi (Vauxhall) (Lab/Co-op): It is a pleasure to serve under your chairship, Sir Gary. I pay tribute to my hon. Friend the Member for Battersea (Marsha De Cordova) for securing this really important debate and for her powerful opening words.

In June last year, I held a virtual roundtable with disabled constituents and organisations from Vauxhall, which the Minister's predecessor attended. At that meeting, my disabled constituents powerfully relayed a range of experiences of navigating the benefit system. Their testimony has certainly stayed with me. Listening to them speak, it was clear to me that the system is not fit for purpose and that disabled people simply do not trust the DWP to understand their lived experience. They spoke of a welfare system that was too focused on what disabled people cannot do, and not on what they can do. They said that the system was accusatory and uncompassionate, and the application process too difficult to navigate. They made it clear that they did not feel that the assessments were based on their needs; instead, the assessments felt like exams that had the power to alter their life.

At that meeting, the Minister's predecessor said that he understood the need for change, but when I followed up in writing to pass on a number of suggestions from my Vauxhall constituents, I received no response. Warm words are not enough; disabled people need action. Ministers need to grasp how important these problems are for disabled people, and how complicated it is for them to navigate the benefit system.

Shamefully, disability is often a barrier to economic empowerment, because so many parts of our society remain fundamentally inaccessible. The result is that 42% of families that need disability benefits are in poverty. Many of them belong to the poorest and most vulnerable groups in our society. However, the PIP statistics from October 2020 for my constituency of Vauxhall show that 26% of claimants had their welfare entitlement reduced, and a further 32% had their applications dismissed altogether. At a time of hardship and pandemic, when so many disabled people have faced difficulties and have had to go without essential care and support, those numbers are staggering. They represent disabled people being abandoned by the DWP when they needed assistance the most. They also symbolise a benefit system that is broken.

I am encouraged to hear that the Government will propose concrete changes in a White Paper that is based on the responses to the Green Paper. However, given the many delays and disappointments that my disabled constituents have experienced at the hands of this Government, I can understand why they doubt that those changes will ever come. Will the Minister guarantee that further proposals in this area will be co-produced with disabled people who use the benefit system? Will she guarantee that the system will provide people with a stable income that is sufficient to enable them to proactively empower themselves; that it will deliver equality by offering disabled people more independence, choice and control; and, crucially, that it will treat people on social security with dignity, fairness and respect at all times? By delivering on that, the Minister could finally start to rebuild disabled people's broken trust in this Government.

3.4 pm

Patricia Gibson (North Ayrshire and Arran) (SNP): It is a pleasure to serve under your chairmanship, Sir Gary. I want to speak in this debate on behalf of my constituents in North Ayrshire and Arran, who, in common with others across the UK who go through disability benefits assessment, find the experience extremely stressful. That is significant, as we know that poverty levels are consistently higher for disabled people. The latest figures show that 32% of disabled people live in poverty; with the cost of living crisis, that figure is likely to be higher now. In my constituency, 42% of families who rely on disability benefits are living in poverty. That is shameful. There can be no doubt that there is a deep mistrust between disabled people and the DWP due to the disability assessment process, which has been described as "traumatic" and "dehumanising".

Some 70% of disabled people feel that their benefits assessor did not understand their condition. Under this system, there is no way to make sure that an individual is assessed by someone who understands their condition. That might help explain why, since 2018, seven out of 10 tribunals dealing with mandatory reconsiderations of benefits have overturned the decision that was reached. In the past, I have heard various Government Ministers insist that this shows that the appeal system is working for claimants; it instead shows that assessments are not being conducted properly. In addition, it shows that seven in 10 claimants are put through the unnecessary stress and trauma caused by the appeal process.

Many people are incorrectly assessed and do not appeal. I know that from experiences in my constituency. Many people simply do not appeal as they feel so broken and defeated by the system. That means that they are deprived of the level of support that they need—a disgraceful indictment of the system. What of the cost of putting right decisions that are simply wrong and cause so much distress? Millions of pounds are wasted on fixing wrong decisions; £120 million was spent by the UK Government fighting disability benefit claims for PIP and ESA between 2017 and 2019.

In Scotland, the SNP Government have brought forward a new, simplified and compassionate adult disability payment system, which focuses on dignity, fairness and respect. It has built in from the very start a fast-tracking system for those with terminal conditions, following the judgment of clinicians. Those who are unable to work due to disability must be supported. Those who are disabled but can work must have the support they need in order to work. The Scottish Government aim to halve the disability employment gap by 2038, and leave behind the stigma too often felt by those who live with a disability. I hope that the Minister will use the person-centred system rolled out by the Scottish Government as a template from which the UK Government can learn.

The UK Government must follow Scotland's lead, because the Scottish Government have prioritised making significant changes to how disabled people in Scotland experience accessing disability assistance; the system treats everyone with fairness and respect. If the system across the UK is not fixed, then Scotland's system will put the system in the rest of the UK to shame.

3.8 pm

Yasmin Qureshi (Bolton South East) (Lab): I thank my hon. Friend the Member for Battersea (Marsha De Cordova) for securing this really important debate. It was in 1987, while I was a Bar student, that I first came across these types of cases. In those days, very few cases ended up in the social security tribunal. Most people were able to get their benefits after an administrative paper review. However, a number of years ago, when the Conservative Government came in, they abolished the practice of doctors assessing whether people were eligible for benefits. That was replaced by private contractors using staff who were not medically qualified. As a result, many people ended up having to go to appeal to get their benefits. The Government should think about that, and look at it in their Green Paper.

Some years ago, the Government changed the rules regarding the disability living allowance, and converted it to PIP. Many people who used to receive DLA then had to be reconsidered for PIP. The criteria for PIP were much harsher and more stringent. As a result, many disabled people lost out. I want to concentrate on those people who have been very unwell for many years. Every few years they have to go through the reassessment process, which is an incredibly debilitating, stressful and anxious time for them. I was recently contacted by constituents who suffer from ankylosing spondylitis, an inflammatory disease that over time can cause some of the bones in the spine to fuse. They have been called back time and again to be reassessed, when everybody knows their condition is only going to get worse.

Another couple contacted me. The husband received a lifetime disability living allowance award 18 years ago. He is unable to walk and is completely dependent on others for his needs, yet he has to go through a stressful and difficult reassessment process for PIP. I would like the Minister to enlighten us. When a person is so incapacitated that a lifetime award is appropriate and it is recognised that they will not get better, why do the Government think it reasonable for that person repeatedly to endure reassessment?

Another constituent with cerebral palsy had, before PIP was introduced, received DLA since she was 16. Her illness is only going to get worse; the brain damage is irreversible and is not going to change, yet she has to get reassessed again and again. Why do the Government insist on reassessment for lifelong conditions, when they know that that is a waste of money and energy, and is very cruel? The reviews mean that people are subjected to repeated interviews with people who are not medical experts.

We have a system where people who are blind, paraplegic or have Down's syndrome are put through reassessment, and forced to provide information about their disability; information that the Government already have and cannot possibly change. We have seen that the system that assesses them has proved to be a disaster; with lost applications and delay, it is not fit for purpose. None of that is mentioned in the Green Paper.

I urge the Minister to consider the following point. Lifetime awards, such as those we had with DLA, are a genuinely useful part of our welfare system. They are sensible responses to the reality that some people with disabilities will never get better. They ensure that they have to go to an assessment only once. I urge the Minister to consider the policies that have caused an enormous amount of suffering to our disabled citizens.

3.12 pm

Ruth Jones (Newport West) (Lab): It is a pleasure to serve under your chairmanship, Sir Gary. I am grateful for the chance to speak in this important debate. I pay tribute to my hon. Friend the Member for Battersea (Marsha De Cordova), who is a trailblazer and history maker. I am grateful to her for securing this debate and giving us the opportunity to express our solidarity with people with disabilities.

I was elected to this House in April 2019 and, like many colleagues, I have spent many hours working and supporting residents in their engagement with the Department for Work and Pensions, and it has not always been easy. In fact, more often than not, many of my constituents have been pushed to the brink. I and other colleagues are exasperated by the failure to get answers and leadership from the Government. Every Member here will have stories of widespread dither and delay.

Disability campaigners have long voiced concerns about benefit assessment processes. In February 2018, a Work and Pensions Committee report found that failings in the end-to-end processes for both PIP and ESA had contributed to a lack of trust in both of those benefits, and undermined confidence among claimants, including my constituents in Newport West. The very helpful House of Commons Library report made it clear that the DWP Committee report made a series of recommendations,

[Ruth Jones]

covering, among other things, the recording of assessments; the supply and use of evidence; the clarity of communications; guidance in relation to home assessments; and the role of companions. Can the Minister provide an update on those specific recommendations? If that cannot happen here, I would be grateful for a written update.

Like many in Newport West and, I suspect, across the country, I am concerned about the fact that the Government have failed to consult properly disabled people and the organisations that support them. Those non-governmental organisations have excellent, practical ideas for sorting out the current issues, and I ask the Minister to work with them going forward.

We know the impact that covid has had over the past 18 months. Serious questions remain about how adequate the funding is and how serious the Government are about standing up and delivering for disabled people. Will the Minister focus specifically on the impact on severely disabled people, in particular those on legacy benefits, and on how their needs tie into the Government's health and disability Green Paper?

According to Scope's report, "The Disability Price Tag", and the Joseph Rowntree Foundation's annual "UK Poverty" report, being disabled puts people at higher risk of poverty: 31% of the 13 million people with disabilities in the UK live in poverty. The assessment processes do not work. Disabled people have been among the hardest hit over the past two years. There remains no strategy to properly improve the support on offer to disabled people. We have much to do. I hope that the Government start to listen and learn.

3.15 pm

Andy McDonald (Middlesbrough) (Lab): I congratulate my hon. Friend the Member for Battersea (Marsha De Cordova) on securing this debate.

I will raise two cases of my constituents' Kafkaesque experiences of disability benefits assessment. Susan had a work-related accident in 2019. She had an initial operation that left her severely disabled, virtually housebound and in a great deal of pain, unable to walk or to use a wheelchair. After claiming the new-style employment and support allowance in January 2020, she had a telephone assessment in July, followed by a recommendation that she had a further face-to-face medical examination—but medicals were suspended at the time, due to the coronavirus pandemic. By the time she was called for a face-to-face medical, the 365 days of the new-style ESA had expired.

Now, after months and months of waiting to obtain a decision relating to her work capability assessment, no decision has been made—or, it seems, will ever be made—about Susan's eligibility for the ESA support group. A great deal of medical evidence has been handed to the DWP, providing detail as to the extent of her disability, on which they could have and could still make a decision. The DWP could also use as evidence its own face-to-face medical of late 2019 for her PIP, the outcome of which was the award of the higher rate of the mobility component, as well as an award for care needs.

I have made representations to the DWP and, following my letter of May '21 to the complaints team, I understand that the Centre for Health and Disability Assessments was asked to reassess its position, but it has still failed to provide recommendations on Susan's eligibility. There remains no report on which the DWP could make a decision and, without a decision, she has been left in the iniquitous position of being denied the right of appeal. Ironically, she would have had the right if the support group had initially been refused. Based on the evidence, she would have been in a very good position to succeed in an appeal. I implore the Minister to intervene to resolve Susan's claim.

The other case is that of Aaron Merharban, a 21-year-old young man who suffered from deafness, anxiety and epilepsy, from which he died on 15 June 2019. His family firmly believe that that was brought on by his earlier experiences of the inhumane assessment process, just two days before he was due to attend a medical for a personal independence payment.

Aaron had been receiving DLA for some time. He had qualified for that without any issues, but he was made to apply for PIP. His claim for PIP was refused, as was his subsequent appeal. His mother recounted to me that the treatment Aaron endured through that process—at the initial medical, and in particular at the subsequent tribunal of February 2019—traumatised him to the extent that he was absolutely terrified of going to the next medical he was called to. Understandably, his mother is convinced that that was a major factor in bringing on the seizure that caused his death. Devastatingly, Aaron died alone at his home. Had he been awarded PIP to help pay for the care that he needed, that situation might well have been avoided.

Heartbreaking cases such as those leave me utterly despairing about the way in which this Government treat our fellow citizens. The way in which a society looks after the most in need says all we need to know about it. If anything is clear about the system of disability benefits assessments, it is that it is an outright damning indictment of Tory Britain.

3.19 pm

Beth Winter (Cynon Valley) (Lab): I am grateful, Sir Gary, for the opportunity to speak in the debate. I also thank my hon. Friend the Member for Battersea (Marsha De Cordova) for securing this really important debate on an issue that is very close to my heart, having worked for many years alongside people in receipt of social security benefits, offering advice and support. Like other hon. Members, I heard heartbreaking stories.

I worked alongside Citizens Advice, which continues to provide invaluable support and advice to people in my constituency of Cynon Valley, where the number of people in receipt of social security benefits is unfortunately very high indeed. We suffer high levels of deprivation and poverty. We had one of the highest rates—the third highest rate, actually—of deaths from covid. In fact, some research that I recently commissioned from the Bevan Foundation in Wales revealed that Cynon Valley has the highest rate of economic inactivity, not just in Wales but in the whole of the United Kingdom.

That is largely attributable to the industrial legacy, but the sharp reduction that occurred during the covid pandemic makes it clear that the pandemic has taken a significant toll on the health and physical and mental wellbeing of people in my constituency, so it is essential that we have an adequate, easily accessible and supportive safety net for people. Sadly, as we have heard this afternoon, the experiences of far too many people show that that is not the case.

"Dehumanising", "stigmatising", "degrading", "complicated", "drawn out", "unfair" and "a complete lack of faith and trust in the process"—these are words that we hear time and time again to describe the social security claims process. It is essential that people's experiences and experts' views play a pivotal role and determine the reform of the assessment process, as others have said.

When the Government published the Green Paper, my hon. Friend the Member for Lewisham, Deptford (Vicky Foxcroft), who is the shadow Minister for disabled people, said:

"Disabled people and their families deserve much more than this repeatedly delayed and piecemeal announcement."

Campaigners have highlighted the fact that the current process is not getting assessments right, with evidence showing that almost three quarters of people do not get the right benefit decision first time around. Indeed, DWP's own recent statistics have shown, as others have said, that 67% of PIP appeals at tribunal are overturned in the applicant's favour. In my constituency of Cynon Valley, Citizens Advice appeals for ESA, universal credit and PIP have a 94% success rate. Clearly, something is wrong with the system.

I will also briefly refer to the outsourcing of the delivery of health and disability benefits to private companies, which is a significant cause for concern. Charities such as CAB and Disability Rights UK, as well as the Public and Commercial Services Union, have made that clear. It cannot be right that private firms, which have no prior experience in this sector and are driven by profit, deliver these services at a huge cost to the public purse.

There are genuine concerns about the proposals for part of the Government's plan to cut costs. Disability Rights UK has expressed a clear concern about the repeated stress that the Green Paper makes on affordability. Others have mentioned the low benefit rates, which create hardship and poverty, and also the fact that the Green Paper does not address the dehumanising impact that sanctions have on people.

We look forward to the final report by the Select Committee, but I hope that the Minister will today pledge to listen—indeed, not only to listen, but to co-produce any reform that is required with disabled people and other people in receipt of health and disability benefits. We need a system that provides a proper safety net for people, supporting their independence and helping them to lead fulfilling lives, so that they can reach their full potential with dignity and respect.

3.23 pm

Jim Shannon (Strangford) (DUP): I am grateful, Sir Gary, for the opportunity to speak in this debate.

I also thank the hon. Member for Battersea (Marsha De Cordova) for setting the scene so very well on a very important issue. I am sure that she will not mind my saying this, but her disability has never prevented her from bringing forward cases in this House, and I would say that for many of us she is an inspiration in the way in which she deals with her life for the benefit of all. I thank her for that and say well done to her.

As my party's health spokesperson, it is important for me to be here; I always give a Northern Ireland perspective on how issues impact on my constituents. I do it in every debate I attend; I think that hon. Members, right hon. Members and Ministers probably expect it.

In July last year, the Department for Work and Pensions released its Green Paper on health and disability. First, may I say that I welcome the positive things that have come from the Green Paper? It has allowed the extension of special terminal illness rules, which is a much-needed step in the right direction. There was also an extension on the continued use of audio-visual assessments, which certainly makes the process more accessible for claimants as well.

The DWP was given extra time to look at evidence and make decisions, ensuring that all those eligible received what they need. These are steps in the right direction, and we need to have them in place. The hon. Member for Battersea has raised issues that I would like to discuss. First, there are accessibility issues for benefit assessments. A recent study showed that 27% of disabled adults across the UK have never used the internet. When it comes to assessments, I think we have to recognise that. One of my staff works full time helping my constituents to complete their benefit forms and says that, very often, in an audio-visual assessment, it is hard for consultants to get a real feel of how badly the claimant is suffering, making it less likely for them to make a successful claim. Perhaps the Minister can respond on that.

As of August 2021, in Northern Ireland there were 161,000 PIP claims. The overall award rate is 64%. Some 75% of DLA-reassessed claims were granted an award of PIP. and 79% of those claims were at an enhanced rate. I think there is a certain level of positivity, but there are those who do not get there and who, perhaps, as the hon. Member for North Ayrshire and Arran (Patricia Gibson) said, are overawed by the process and just give up. We need to try and reach out to those people.

The Green Paper also refers to PIP and ESA costing £8 billion in the early '80s, rising to £31 billion in 2021 and probably £40 billion in the next five years. It states that Ministers want to take steps to make the benefits system more affordable. I am not quite sure what that means. Does that mean that they are cutting back on the number of applicants, or that people who justify receipt of the benefit do not get it? I hope the Minister can clarify that point.

One factor crucial to me is the protection of the disabled in terms of employment. The hon. Member for Battersea is a wonderful representation of how a disability should not impact what someone wants to do with their future. There are 8.4 million people in the UK who have a disability of some kind and 4.4 million are in employment. When looking at these figures it must be remembered that they scope from minimal disabilities to the most severe. Much to my dismay and that of others, employment-related suggestions are concentrated around the disabled person rather than changing the attitudes of the employer. The employer should understand what it means to have a disabled person in their workplace, and should be working to meet that goal.

It is imperative that disabled people are a priority for the Government, both in benefit assessments and in the Green Paper. They are often left behind in society and the Green Paper provides a way to reverse that.

[Jim Shannon]

Their concerns must be listened to, not only by us, but by our constituents and by those who will be directly impacted by the Government's Green Paper.

Sir Gary Streeter (in the Chair): I thank all colleagues for their co-operation. We got there, bang on. We will now start on Front-Bench speeches, beginning with Marion Fellows.

3.27 pm

Marion Fellows (Motherwell and Wishaw) (SNP): It is a pleasure to serve under your chairmanship, Sir Gary. I congratulate and thank the hon. Member for Battersea (Marsha De Cordova) for introducing this important debate.

The UK Government are failing disabled people, who have been hit hardest by the pandemic and the rising cost of living crisis. Some 42% of families who rely on disability benefits are in poverty, and the Joseph Rowntree Foundation has said that 49% of all those living in poverty in the UK are either disabled people or live in a household containing a disabled person. According to the Disability Benefits Consortium, the financial situation of 78% of disabled claimants has worsened during the pandemic.

The long overdue national disability strategy was an underwhelming wish list, with few real commitments. It failed properly to take into account disabled people's experience. Last week, the High Court found the strategy's consultation process unlawful, due to its inadequate and inaccessible attempt at engagement with disabled people. The Green Paper was long overdue, but did little to convince disabled people's organisations and disability charities that the UK Government have their best interests at heart. The Green Paper has failed to address benefit sanctions, the payment cap within Access to Work and the accessibility of the UK Government's kickstart scheme and, worryingly, it considers merging benefits assessments to cut costs.

The DWP disability benefits assessment is an ineffective, deeply stressful and often traumatic process for disabled people. That would fairly sum up what many Members have said today. The assessment process often impedes rather than facilitates access to vital financial support. On average, more than 12,000 disabled people successfully overturn wrong PIP decisions every month. From 2017 to 2019, 2,500 people in my constituency appealed the outcome of their assessment and 18% had the outcome overturned. That figure was relatively low, which meant that people had to continue fighting for benefits they were entitled to by going on to a tribunal, causing more stress. Having an appropriate professional with relevant knowledge and understanding of a disabled person's condition or impairment is vital to getting the right decision the first time around. Survey data shows that 70% of disabled people felt that their benefit assessor did not understand their condition.

Z2K, which I met this morning, has given me examples. I do not want to waste too much time, but they are important. One person said:

> "I repeated several times how much pain I was in which was visible. They still asked me to do physical tests, leaving me in tears and in pain".

Another said:

> "When I received the assessor's report, I cried, because it reflected a perfectly healthy person, not someone who cannot clean their house or hold down a full-time job".

One Scope person said:

> "I find it deeply dehumanising."

I will stop there because it is distressing to read these accounts.

The UK Government must end punitive disability assessments to build on the positive temporary changes seen during covid, such as removing conditionality and sanctions for disabled claimants, as well as the need for face-to-face assessments. Claimants must be able to choose the method of assessment best suited to them and what makes them most comfortable. Disability organisations such as Sense have called for the DWP to retain the option of offering applicants the option of telephone and video calls and non-in-person assessments.

The Green Paper's proposals for a new approach to sanctions are at odds with the Tory Government's new Way to Work campaign, which is sure to push many, including disabled people, on universal credit into a corner and see sanctions rise. The Government must permanently end benefits sanctions for disabled people and those who are unwell. It is particularly cruel and does nothing but hurt those most in need.

My hon. Friend the Member for North Ayrshire and Arran (Patricia Gibson) outlined briefly the Scottish Government's approach to disability assessments. I will not repeat what she said, but I stress that the whole system in Scotland in based on dignity, fairness and respect. I think that should be rolled out right across the UK.

I have a few asks of the Minister. How will she ensure the White Paper on health and disability benefits properly consults disabled people, beyond an inaccessible lifestyle questionnaire, and does not repeat the Department's failure of engagement seen in the Green Paper and national disability strategy? Will she permanently end benefit sanctions for disabled people and those who are unwell? Will she confirm that the UK Government's Way to Work campaign will not push disabled people on universal credit into a corner and see sanctions rise? Will she fight for the cut of £20 in universal credit uplift to be reversed and for that money to be extended to people who are on legacy benefits who did not get it? That is another court case we are waiting for a result on.

Will the Minister consider following Scotland's lead and create a person-centred approach that removes the burden from the claimant of providing supporting information and considers a wider array of evidence outside one-off assessments? Will she take steps to ensure that assessors carrying out disability assessments have the appropriate knowledge of the claimant's condition or disability—basic stuff—and have proper disability sensitivity training?

3.34 pm

Vicky Foxcroft (Lewisham, Deptford) (Lab): It is a pleasure to serve under your chairmanship, Sir Gary. I congratulate my hon. Friend the Member for Battersea (Marsha De Cordova) on securing this important debate and thank her for all her work in this area. She powerfully put forward why the assessment system is not working and the devastating impact that has on disabled people.

Many Members have outlined serious constituent concerns. That includes those so powerfully put forward by my hon. Friend the Member for Middlesbrough (Andy McDonald), and I hope the Minister will look into the cases he raised. There are numerous concerns about the health and disability Green Paper, including, as many Members said, about the lack of proper consultation and co-production with disabled people. Having spoken to disabled people across the country, a running theme has been the tokenism with which the consultation has been undertaken. They asked me, "Why is the DWP so reluctant to engage with those who have been through the assessment process?"

As my right hon. Friend the Member for East Ham (Stephen Timms) outlined, it is deeply concerning that the Department has not taken onboard the recommendations of the independent Social Security Advisory Committee about the way it involves disabled people in the design and evaluation of policies that affect them. The committee recommended co-production with disabled people. The Green Paper's consultation has, sadly, fallen short of that. Worse still, the DWP has not undertaken any proactive engagement with disabled people and their organisations—the experts by experience who have been through this process and would enhance this paper.

My hon. Friend the Member for Vauxhall (Florence Eshalomi) talked eloquently about how she had had a roundtable with the former Minister, and powerfully said how that had stayed with her and why co-production is absolutely key to building the trust of disabled people. What possible justification does the Minister have for not doing that? The Government need to learn from last week's court judgment, which ruled that the national disabilities strategy consultation was unlawful. As many Members have said, a defence of "not set out to consult" fails to build trust with disabled people. The DWP must ensure that future engagement is far more robust and must urgently publish a plan for consulting with disabled people on the White Paper. It should allocate enough Government time for debate, ensuring that robust discourse can take place.

The next area that many Members mentioned is the adequacy of the benefits system. Even before the pandemic, disabled people were struggling to survive. As my hon. Friend the Member for Newport West (Ruth Jones) said, the number of disabled people living in poverty has risen by over a million since 2010. According to new analysis from the New Economics Foundation, single parents, pensioners and families with one or more disabled people are more likely to be the hardest hit by the rise in energy bills.

As my hon. Friend the Member for Cynon Valley (Beth Winter) said, people are worried that this Green Paper could be the start of a cost-cutting exercise. The Government must show that it is not. My hon. Friend the Member for Bolton South East (Yasmin Qureshi) articulated the problems and unfairness when people were moved from DLA to PIP. The House of Commons Library statistics show that, of the 1.5 million disabled people who were previously in receipt of DLA and who were reassessed for PIP, nearly half have seen their entitlement reduced or disallowed completely. While the Government might attempt to claim that that is positive, the high levels of mandatory reconsiderations and appeals tell another story.

We have a system that all too often places disabled people in extreme financial hardship. We know that the DWP has data on this. The Prime Minister committed to releasing the NatCen research it commissioned on the adequacy of benefits. What is the delay? Or is this something else he forgot? I welcome the fact that the Chair of the Work and Pensions Committee, my right hon. Friend the Member for East Ham, will see that research. I really hope it can be published, but as he rightly said, it is disappointing that the Government must always be pushed into doing these things.

The other area Members focused on was employment. There is no mention of the kind of work that disabled people have. Are these good or sustainable jobs? Do people get good incomes, or are they on unstable, zero-hours contracts with poverty wages? Sadly, evidence has shown that disabled people tend to be in lower-paid and unstable work, yet there is no acknowledgment of that in the Green Paper. Why does it put forward only a consultation on disability employment and pay gap reporting? The Minister could do that tomorrow. Will she? Perhaps she can give an answer in her response.

The Green Paper talks a lot about sickness management, but there is nothing on improving statutory sick pay. We need to support people who need short periods off work for sickness, so that they can return stronger and without fear of financial hardship.

Jim Shannon: I mentioned in my contribution the responsibility of employers towards employees. Does the hon. Lady feel that there is a role for an administrator to play to ensure that employers look after their employees the way they should be looked after?

Vicky Foxcroft: Absolutely. I completely agree with the hon. Member and I think that is really important. I was just coming on to that point.

Will the guidelines the Government are going to produce be fit for purpose? Surely the Minister should recognise now that co-producing these with disabled people and disabled people's organisations is the best way of ensuring that they work and deliver a more diverse workplace where the talents of disabled people are fully realised.

Disabled people have said that they often struggle to access their rights in the workplace and that employers do not always follow guidance. It is hard for disabled people to challenge that, and the legal process is expensive, especially for those who are not in trade unions. Where is the support for disabled people to ensure that they can access tribunals to hold their employers to account? I ask the Minister: why not provide additional support to disabled people's organisations and charities and to trades unions, which offer vital support?

To conclude, I thank my hon. Friend the Member for Battersea once again for securing this vital debate, and other Members for taking part. I thank the many disabled people's organisations, charities and trade unions that work tirelessly to support disabled people. As all Opposition Members have said, co-production is key. The Minister should start listening to disabled people, who are experts by experience.

3.43 pm

The Minister of State, Department for Work and Pensions (Chloe Smith): It is a pleasure to work under your chairmanship, Sir Gary. I am grateful to the hon. Member

[Chloe Smith]

for Battersea (Marsha De Cordova) for creating this opportunity for debate on a very important subject. We all believe in a compassionate welfare system. We have heard welcome contributions from all parts of the United Kingdom, and there are many parties represented.

More than one in five people in the United Kingdom are disabled. That is more than 14 million people. As the Minister for Disabled People, it is my priority to ensure that disabled people and people with health conditions are supported to achieve their potential and participate fully in everyday life. We know that disabled people and people with health conditions face many challenges to living independently and realising their goals.

Hywel Williams (Arfon) (PC): Will the Minister give way?

Chloe Smith: I will give way a few times, Sir Gary, but I will not have a great deal of time to cover everything in the debate if I do it too many times.

Hywel Williams: I thank the Minister for giving way. Very briefly, she will have heard about the inhumanity of the assessments system this afternoon, and she will know that Wales suffers acutely, in that we have the highest level of disability and poverty in the UK. She will also have heard about the new system being introduced in Scotland, which will bring in a humane system of assessments. Will she commit in the White Paper to considering the devolution of the administration of welfare benefits to the Welsh Government?

Chloe Smith: I do not think that is likely to be in the White Paper. The hon. Gentleman might have heard that it is not our intention to further devolve welfare to the Welsh Government. None the less, I look forward to more conversations on that with him and with colleagues in the Welsh Government. I take a great interest in devolution affairs in the Department and will be able to have those conversations, just as I do with colleagues in the Scottish Government. I note what SNP Members have said today, which I will come to shortly.

Last year we published the health and disability Green Paper—the main subject of today's debate—and the national disability strategy, which set out a wide-ranging set of practical actions to improve the lives of disabled people and affirmed our commitment to put disabled people at the heart of policy making. Support for the British Sign Language Bill, which was debated last Friday, is the latest example of such action. The health and disability Green Paper explored what changes we can make to the system, for three reasons—so that we better enable independent living, improve employment outcomes and improve the experience of people using the DWP's services.

Both the national strategy and the Green Paper were informed by the views of disabled people, who told us in enormous numbers about their experiences and their priorities for change. Although it is not the main subject of today's debate, I can confirm that we are disappointed at the judgment on the UK disability survey and intend to appeal. Of course, the Chamber will be aware that the court dismissed the claimants' claims that the Secretary of State had been subject to a duty to consult.

We remain focused on delivering the contents of the strategy, which is broad and important. Ensuring that everyone has the same opportunity for a fulfilling working life is a key part of levelling up the country, on which I am sure I agree with the Chair of the Select Committee.

Stephen Timms: As was said in the debate, the grounds on which the Government resisted that case was that they were not properly consulting people in the first place. That is surely a hopeless position for the Government to be in. They should consult people properly from the start.

Chloe Smith: We certainly do have confidence in our consultation and our listening. I will not go into further detail on the strategy because there is so much else that I want to respond to today.

We have made progress, including significant progress towards our commitment to see an additional 1 million more disabled people in work by 2027. As my hon. Friend the Member for Watford (Dean Russell) explained, supported employment is very significant within that, but there is much more still to do, and I welcome the point made by the hon. Member for Strangford (Jim Shannon) that employers also need to rise and play their part in supporting disabled people or people with ill health in the workplace.

There is also more to do to improve people's experiences of our services and to build their trust in the system. I have heard the comments made today, and that is why our aim in the Green Paper was to improve the experience of disabled people and people with health conditions by listening, learning and improving. We want to make our services easier to access and our processes simpler where we can. We want to make improvements that will help build people's trust and explore ways to offer more and better support for the people who need it most.

Turning to the economy, which is important for the context of this debate, the last two years have been really tough. However, because of our focus on getting people into work, we had the highest level of employment that this country had ever seen when covid hit, and we have succeeded in supporting jobs and livelihoods throughout the pandemic. The economy continues to rebound. With around 1.2 million vacancies currently available, including in many sectors vital for our recovery, we want to get people into jobs that they can do right now. The jobs market presents huge opportunities for all jobseekers. I want to ensure that those opportunities and the world of work are accessible and inclusive for disabled people and those with health conditions.

The hon. Member for Motherwell and Wishaw (Marion Fellows) mentioned the Way to Work campaign. I can reassure her that for those who are unable to take up employment due to their health conditions or personal circumstances, we tailor their requirements to their capability and situation to ensure that all that we ask of them is realistic and achievable.

We understand the pressures that people are facing with the cost of living, and we will continue to listen to people's concerns, as we have done throughout the pandemic. That is why we are providing support of around £12 billion this year and next to help families with the cost of living.

Many important points were made during the debate about the assessment system and the benefits system. The benefits system considers the impact that a health condition or disability has on an individual's ability to work and carry out day-to-day activities. As all hon. Members know, decisions are based on an assessment of an individual's functional ability, not their diagnosed health conditions. Claimants are of course encouraged at the outset of their claim to provide all evidence that is relevant to their case, including medical evidence supplied by their GP or other professionals such as support workers, carers or community mental health nurses. We recognise that attending a health assessment can be a stressful experience, which is why, whenever we are able to assess somebody solely on the available paper evidence, we do so.

It is of course important that the benefits system is fair to both benefit recipients and taxpayers. We think that our health assessments are a fair and robust approach to managing the gateway to benefits, with our decisions based on evidence and objective criteria.

Marsha De Cordova: Will the Minister give way?

Chloe Smith: I want to acknowledge a point that has been made by a number of hon. Members before I give way to the hon. Lady who secured the debate. That is the point about transparency, which was raised by the hon. Member for North East Fife (Wendy Chamberlain) and others today. Transparency is a key principle in our Green Paper, and will be very important going forward.

Marsha De Cordova: I thank the Minister for giving way. She has spoken a lot about the assessment process. Given the overwhelming evidence that everybody has shared, surely she must agree with all of us that the system is flawed, is broken and needs overhauling.

Chloe Smith: We are talking about a Green Paper. The point of a Green Paper is to improve the system, so we should continue the debate that we are having.

We are committed to ensuring that people get a good service from our assessment providers. On training, all assessors are of course subject to ongoing quality checks and an audit process, so they all have access to specific training and guidance on a wide range of clinical conditions. To the Labour Members who want us to end the use of private providers, I simply confirm that we intend to continue to use providers.

I now turn to some of the statistics that have been used in the debate.

Marion Fellows: Will the Minister give way?

Chloe Smith: I am terribly sorry, but I now need to make progress to cover as many of the points that have been raised as I can.

Since October 2013, 3.2 million completed work capability assessments for ESA have taken place. Just 3% of those have gone on to complete an appeal against a fit-for-work decision, and 2% have been overturned at a tribunal hearing. Since PIP was introduced, 4.6 million initial decisions following an assessment have been made; 9% have been appealed and 5% overturned at a tribunal hearing. It is important to set that broader context around appeals and tribunals.

Although we know that most people who claim health and disability benefits have a positive experience—indeed, people themselves tell us that—we recognise that that is not always the case, and we are working hard to improve the assessment system for our claimants. We are committed to assessing people as quickly as possible, so that they get the benefits to which they are entitled. As several hon. Members have rightly said, we want to get backlogs down. Managing journey times for claimants is a priority for the Department. That is why we are using a blend of phone, video and face-to-face assessments to support customers and deliver a more efficient and user-centred service. We are increasing case manager and assessment provider health professional resource, and we are prioritising new claims.

I will briefly touch on the very sad points made by the hon. Member for Middlesbrough (Andy McDonald). He asked me to look at some specific cases; he will appreciate that there are boundaries to my powers to do so, but I can tell him that of course we want to do all we can to ensure that people get the right support as quickly as possible. We also have processes in the Department for identifying possible improvements from serious cases to prevent such things happening in the future. Of course, it is incredibly sad and tragic whenever any person dies, and I convey my condolences to his constituent's family.

During the pandemic, we introduced a series of easements to help disabled people and people with health conditions to access our services. We made changes to ESA to help people who had covid, or had been advised to self-isolate, to access the benefit more quickly.

I will move on to some of the key points in the Green Paper and provide some updates to the House. We announced our intention to replace the current six-month eligibility rule for the special rules for terminal illness with a 12-month end-of-life approach. That is extremely important and there will be more details before the House soon on various parts of that implementation.

Our health transformation programme is integrating the services that deliver personal independence payment assessments and work capability assessments into a single service supported by a single digital platform. I note the example provided by the hon. Member for Battersea of a constituent who felt that they had had a particularly disjointed service from those two. We recognise the need to go further and rightly, therefore, consulted on several initiatives in the Green Paper to change the application and assessment process for the better, guided by the three priorities that I already mentioned.

We announced our intention to test a service that provides support for the most in need to help them to navigate the benefits system and other Government services. We will be setting out more detail in the White Paper. I note the points made by the hon. Member for Bolton South East (Yasmin Qureshi) about severe disability. We announced our plans to test a new severe disability group for those with severe and lifelong conditions. Again, in the White Paper, I will be able to provide further details of the work on that.

The Green Paper also looked at how we might separate the assessment for financial support from employment considerations, encouraging people to take up employment support, leading to better employment and independent living outcomes. Again, we will be beginning various tests of an employment and health discussion over the next couple of months regarding that.

[Chloe Smith]

We received more than 4,500 responses to the Green Paper proposals. We are very grateful to all those who fed in their views. Listening to disabled people is critical. We are now analysing the responses, along with the views expressed to us by people who attended one of the more than 40 consultation events that took place over that period. That included the first meeting with our newly founded ethnic minority forum, where we heard from people from ethnic minority backgrounds about their real lived experiences of the benefits system. As I say, we will be able to bring forward a great number of updates in the White Paper later this year. I continue to work closely with disabled people, disabled people's organisations and many of the charities also mentioned today. There are several areas of work where I hope to co-produce the outcomes with them.

I reiterate my and the Government's commitment to improving the lives of disabled people. I am proud of the progress we have made so far. We have put forward some important reforms to go further and build trust and to ensure that disabled people have every opportunity and support that is needed.

3.57 pm

Marsha De Cordova: I express my warm thanks and appreciation to the hon. Members who have contributed to what I believe is a very important debate. This has to be an ongoing dialogue because, sadly, I feel slightly disappointed in the Minister's response. We heard from my hon. Friend the Member for Vauxhall (Florence Eshalomi), the hon. Member for North East Fife (Wendy Chamberlain), my right hon. Friend the Member for East Ham (Stephen Timms), my hon. Friends the Members for Bolton South East (Yasmin Qureshi), for Newport West (Ruth Jones), for Middlesbrough (Andy McDonald), and for Cynon Valley (Beth Winter) and the hon. Member for Strangford (Jim Shannon), along with incredibly powerful interventions from my right hon. Friend the Member for Leeds Central (Hilary Benn) and my hon. Friends the Members for Hampstead and Kilburn (Tulip Siddiq), for Sheffield Central (Paul Blomfield) and for Oldham East and Saddleworth (Debbie Abrahams).

The Minister did not truly address the issue around private contractors. We have spent billions in funding private companies making profit out of poor, sad and distressing experiences for ill and disabled people and really putting profit before health. That is unacceptable and, frankly, quite disgraceful. The Minister did not address whether she would agree to an independent inquiry into the deaths of so many ill and disabled people. This is a national scandal and in any other environment an inquiry would happen, so it should be happening now for ill and disabled people, because for far too long we have been treated as an afterthought. It must end now. Finally, when the Minister brings forward her White Paper, I hope for her and her Government's sake that they finally begin to take the lives of disabled people seriously.

Question put and agreed to.

Resolved,

That this House has considered disability benefits assessments and the Government's health and disability green paper.

Hadrian's Wall: Newcastle's West End

4 pm

Sir Gary Streeter (in the Chair): Before we begin, I remind Members to observe social distancing, which should be easier with fewer Members present.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): I beg to move,

That this House has considered Hadrian's Wall in Newcastle's West End.

It is a real pleasure to serve under your chairship, Sir Gary. I like to champion Newcastle as the home of the first industrial revolution and as a hub of today's green industrial revolution. However, there is another facet to our great, vibrant city that is less well known: Roman Newcastle. As a child, one of my favourite shows was "Star Trek". I loved the phrase, "Space: the final frontier." I was born in Wallsend, but I did not realise that in Roman times the final frontier was not space, but Newcastle, which marked the northernmost boundary of the Roman empire.

This year, we celebrate Hadrian's Wall's 1,900th birthday, and we need to celebrate all the wall. Hadrian's Wall tends to conjure up images of the wonderful Northumbrian countryside, but the wall is and was an urban wall, too. It runs through the wonderful, vibrant, multicultural, urban west end of Newcastle, but not everyone knows that. Many tourists are actually directed away from the wall by the Hadrian's Wall National Trails path and other trails and tours that follow the wall, such as those of the Ramblers Association and the National Cycle Network. That is not right. It is not right that the west end of Newcastle should be missed out of our national Roman heritage.

We must remember that the wall was built by an invading and colonising army. Hadrian himself said that it was to keep his empire intact—a duty that he felt was imposed on him by divine instruction. We do not have a record of what the indigenous peoples of the north thought, but the wall must have divided families and communities, as walls that are constructed to keep people out always do. While we celebrate the heritage and history of the wall, we do not celebrate Rome's hierarchical slave society. I am glad to say that Newcastle does not seek to emulate that particular aspect of our heritage, being a long-standing centre of the struggle for social justice. However, our Roman heritage is deep within us.

Our city was named for the new Norman castle that stands on the site of the Roman fort of Pons Aelius—Aelius was Hadrian's family name, so it was "Hadrian's bridge". We can be relatively sure that some of the stones from the wall were recycled into that castle. Indeed, many buildings—particularly churches, which were the first major stone buildings built after the Roman withdrawal—undoubtedly have stones from Hadrian's Wall within them.

There are still significant traces of the wall in my constituency. Just last year, 3 metres of some of the oldest parts of the whole wall were found in the city centre during routine drain maintenance. The remains of Milecastle 4 can be found at Newcastle Arts Centre, less than 100 m away from my constituency office, which is also in the city centre. Yet every day, tens of thousands of tourists pass by without knowing how close they are to the Roman wall.

Mary Glindon (North Tyneside) (Lab): My hon. Friend is making a fantastic case for Hadrian's Wall—not the "Roman wall"; there are others—in the west end of Newcastle. Talking about all of the wall for this 1,900th anniversary is so important. I know that today is about being inclusive of all parts of the wall, so I hope she agrees with the idea developed in Wallsend in my constituency, where I live and she was born. In the planned redevelopment of the Segedunum Roman fort, Tyne & Wear Archives & Museums and North Tyneside Council, are keen to explore redirecting the trail through the 80 metres of wall foundations that were repaired by the Romans and a reconstructed part of the wall that people can climb. Hadrian's Wall Partnership Board includes in its 10-year investment programme the establishment of stopping points to highlight the wall in unexpected places—

Sir Gary Streeter (in the Chair): Order. I am afraid that interventions must be a lot shorter than that.

Chi Onwurah: I thank my hon. Friend and constituency neighbour for making those important points, and pay tribute to the work that she has done as chair of the all-party parliamentary group on Hadrian's Wall. I am obviously focusing on my constituency, but this debate is about celebrating the wall where it really is, promoting it, and ensuring that people can engage with it and see it. The idea of climbing on the wall is fantastic, yes. We need support to show the wall as it really was, which is as it really is today.

Benwell and Scotswood in my constituency has the most visible remains of the wall in Newcastle Central—indeed, the "well" in Benwell actually means "wall". Residents have bits in their gardens, as the Channel 4 series "The Great British Dig: History in Your Back Garden" showed. People literally stumble over a remnant of the wall when leaving a service station or an Indian restaurant on the West Road. Benwell was the site of the temple of Antenociticus—the Geordie god who was only worshipped locally, by Romans and locals alike. Also in Benwell is the Condercum fort—the name means "fair view point"—which was surrounded by an extensive vicus housing a thriving community, and the only surviving vallum crossing along the whole wall. In Denton, there are remains of a Roman fort and settlement that predate Hadrian's Wall.

The forts at Newcastle and Benwell were thriving economic and commercial hubs with communities around them. Units stationed there from different parts of western Europe included soldiers and civilians from Spain, Belgium, Syria, Romania and north Africa. Bill Griffiths, a member of the Hadrian's Wall management plan board, tells me that it was the most diverse place in England at the time. Today, Newcastle's West Road is also vibrant and has many facilities that Roman troops would have sought: diverse and fast food, traded goods from all over the world, and excellent barbers.

In Roman times, Benwell fort housed the better paid cavalry and benefited economically from that. By contrast, today the area next to the wall is one of the most economically deprived in the city and the country. Benwell and Scotswood, and Elswick—where the wall also runs, but with less visible remnants—have some of the highest levels of multiple deprivation in England, as well as a problem that was no doubt also visible in Roman times: litter. This is caused in part by the numerous fast food outlets, the absence of an effective "polluter pays" policy for plastics and the lack of proper funding for public services. Newcastle City Council has lost half its central Government funding since 2010.

Perhaps that is the reason that the National Trails Hadrian's Wall path does not go through the west end of Newcastle. There may have been a snobbish elitism that felt that semi-detached housing and a contemporary high street were not suitable for tourism. Perhaps there were concerns that neighbourhoods with high levels of immigrants and second-generation immigrant populations did not present the image of England that organisations wanted to promote. I hope that that is not the case—but I do not know. As local councillor Rob Higgins, who remembers when the trail came to Newcastle two decades ago, puts it: "We were never consulted."

Instead, the trail takes people along the banks of the river. Perhaps those organisations thought that was prettier—the Tyne is gorgeous, Sir Gary—but it is not where the wall went. The wall has inspired many flights of fancy, as readers—and viewers—of "A Game of Thrones" will know, but should not our national trail stick to the truth? Tourists miss out on what Hadrian's Wall was in Roman times and what it is today.

Geordie historian David Olusoga, in his excellent documentary "Black and British", highlighted how textbooks' traditional depictions of Romans lack any diversity. Dr Rob Collins, senior lecturer in archaeology at Newcastle University, said:

> "In the last few decades, modern Benwell has reached the level of cultural and ethnic diversity that Roman Benwell had."

Just as there was the temple of Antenociticus in Benwell, there are now mosques, churches and temples of different faiths along the West Road.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I congratulate my hon. Friend on securing this debate and on her speech. One of the things that we all grow up with in Newcastle and the north-east is a real sense of connection to our history and the impact of the Romans. The road that leads from her constituency to mine, the West Road, is indeed the most Roman of roads and is incredibly straight. Along it runs the wall and the route that she would like to see preserved. I absolutely agree that there are so many communities along the wall. The walk follows the beautiful riverside, but that is rather detached from the reality and from the communities that have grown up, lived and breathed within that wall. We are all privileged to be aware of that real living history, but unfortunately visitors do not always get that full experience.

Chi Onwurah: I thank my hon. Friend and neighbour for putting that so eloquently. She is absolutely right, we grow up with the wall as part of our communities—a presence as it were—and the road is such a Roman road. It is not right that that is not better known and promoted more widely, which is what I want the Minister to address in his response. To add a thought from my noble Friend Baroness Quin, who chairs Tyne and Wear Archives and Museums:

> "Newcastle is so often described as a Victorian Industrial City yet like London it is has been an important settlement continuously since Roman times".

We want to see that continuity of history marked.

[Chi Onwurah]

Some may be thinking, "Does it really matter?" There are many more important issues—Ukraine, the cost of living crisis and Afghanistan, and that is without even mentioning partygate. I will mention that the current edition of the *New York Magazine* has Dominic Cummings, the Prime Minister's former adviser, saying that the Prime Minister thought of himself as a Roman emperor, but I will resist the temptation to make comparisons with Roman parties.

This debate is important because we are the stories we tell ourselves. We need to own our history and the rightful place of communities in it. We know that in Newcastle. The St James' Heritage and Environment Group, based in my constituency, is filming the wall in modern Newcastle along its real route, involving local schools, emphasising the connections between Roman Newcastle and Newcastle now. Iles Tours, also based in Newcastle, will be walking the real route. The 1,900 celebrations are a great opportunity to represent the wall as it was then and is now, and to move away from the history of exclusion and elitism. We need to celebrate Hadrian's Wall in the west end. We need to promote all the wall—it is after all wor wall.

I know that the Minister values English culture. I am sure that that includes northern culture and history. I hope, therefore, that he is supportive of promoting all the wall, and of my four asks.

Ignoring Newcastle's west end must stop. Can the Minister promise that his Department will not fund or otherwise support activities or representations of the wall that do not recognise its real route through the west end of Newcastle?

Will the Minister work with the Department for Education and cultural bodies to support engagement with local schools and organisations to promote the true route of Hadrian's Wall, and to develop materials to educate people about both the diversity of Roman Newcastle and the parallels with contemporary Newcastle? That could include plaques or panels where the remains are, such as those suggested by my hon. Friend the Member for North Tyneside (Mary Glindon).

Overall responsibility for the literally misguided trail lies with Natural England, which is sponsored by the Department for Environment, Food and Rural Affairs. DEFRA, however, says that decisions on the routes are a matter for the trail partnership. Will the Minister work with DEFRA to educate the trail partnership on the importance of historical and geographical accuracy and level up the wall to its true path?

Will he consider funding additional archaeological investigations, and others, into the route of the wall through the west end of Newcastle—for example, through Summerhill Square and along the Elswick and Westgate Roads? Finally, and perhaps a bit cheekily, another Newcastle icon has a fast-approaching birthday. Will the Minister ensure that the Tyne bridge gets painted for its 100th anniversary?

Sir Gary Streeter (in the Chair): The Minister to respond. Just say yes.

4.17 pm

The Parliamentary Under-Secretary of State for Digital, Culture, Media and Sport (Nigel Huddleston): It would be very easy, wouldn't it? Thank you, Sir Gary. It is an honour to serve under your chairmanship again. My sincere thanks to the hon. Member for Newcastle upon Tyne Central (Chi Onwurah) for introducing this important debate today, and to the hon. Members for Newcastle upon Tyne North (Catherine McKinnell) and for North Tyneside (Mary Glindon) for their contributions and their passion, which I very much appreciate.

I should say straight away—I will come back to this towards the end of my speech—I absolutely hear the asks of the hon. Member for Newcastle upon Tyne Central. I will answer some of them directly during this speech, but some sit with other Departments. I am sure she will appreciate that I cannot promise, today, to give answers on behalf of another Department, but I am more than happy to facilitate introductions and/or discussions, as appropriate, because it sounds as if there are a few things that need to be rearranged or sorted out.

As the Minister responsible for heritage, I am genuinely heartened to see the passion and vigour for our nation's history that today's debate has evoked. I welcome the aim of raising awareness, overall, about Hadrian's Wall locally, nationally, and, indeed, internationally. I thank the hon. Members present for doing just that. It is a heritage landscape of truly global significance. It is recognised as a world heritage site and attracts visitors from around the world. It is also, rightly, a source of local pride for the hon. Members' constituents. Of course, Hadrian's Wall is one of the largest and most complex UK world heritage sites, extending over 150 miles from South Shields to the Cumbrian coast.

The benefits of Hadrian's Wall directly impact about 1 million people who live in rural and urban communities along its length. The cultural and heritage interests that the wall brings extend far beyond the story of Rome's greatest frontier—or final frontier, as I think the hon. Lady said—including the border and coastal landscapes of Hadrian's Wall country, the raiders and, of course, Christian heritage.

The beauty of Hadrian's Wall is that it provides a broad range of opportunities for local residents and visitors alike to deepen their understanding of that great heritage landscape. As the hon. Lady articulated, there are many educational benefits to the wall. It is often referred to in schools to teach children about Roman history and the Roman occupation of Britain as a key part of our heritage.

Of course, as the hon. Lady also mentioned, the wall is also significant for the visitor economy and tourism, which bring a significant amount of money into the area. I think she also mentioned things like walking tours, which again are really important; indeed, they are a growing part of our visitor economy.

I know the hon. Lady's passion for all things related to the Department for Digital, Culture, Media and Sport. When I heard that she had secured a debate in Westminster Hall today, I just assumed that it would be on football. Nevertheless, she is truly passionate about all things DDCMS and I have heard her speak before about all these issues, strongly representing her part of the country.

The hon. Lady also mentioned the celebration of the wall's 1,900th year this year. I am really pleased to see such a focus on these celebrations being embedded in the local communities, with a whole programme of events that will bring communities together and showcase the significance of this wonderful site. Many stakeholders, including Historic England, will provide significant funding.

The hon. Lady put a great emphasis, too, on accurate education and reporting, and on the value that the wall brings to her particular area. The west end of Newcastle in particular is crucial to this festival's development this year. As she said, the area is one of the most culturally diverse parts of the wall today. Indeed, I have heard her before rightly raising the importance of such issues as the role of African soldiers who were garrisoned on the wall during Roman occupation. I think that was back in a Black History Month debate back in 2020. Today, she again told us about the importance of accurate history and ensuring that we teach history accurately.

Much of our most cherished heritage, including Hadrian's Wall, lies on agricultural land, of course, and the majority of the wall is on privately owned land. Agricultural and environmental schemes represent the main source of funding for the conservation and maintenance of most parts of the wall. My Department and Historic England are working with DEFRA to ensure that heritage right along the wall is protected and promoted, through successor EU schemes known collectively as the environment land management schemes. Those schemes will improve many aspects of the local environment, including water quality, biodiversity, air quality, food management and climate change.

Chi Onwurah: I thank the Minister for giving way and for his remarks. He raised an issue that I was not aware of. There is some funding available through successor EU schemes for rural areas of the wall, but is there funding available for those parts of the wall in urban areas, such as the service station or the Indian restaurant that might happen to have a bit of the wall on their grounds, in the same way?

Nigel Huddleston: I thank the hon. Lady for those comments. I will come on to a couple of aspects of that issue in a moment, but there are multiple funds available, including the National Lottery Heritage Fund, and we are also working with Historic England on a variety of initiatives. I am sure that she and her colleagues have engaged with those organisations in the past. They have a variety of funds. Of course, any potential bidders must put in a bid and explain why they need support. However, I have found that Historic England teams and National Lottery Heritage Fund teams are always willing to work with hon. Members and other stakeholders, not only to identify funds, but to work with them to strengthen their bid in some cases, perhaps if an initial bid for funding does not work. I encourage her to look at that as well.

I will return to some of the specific and very important points that the hon. Lady made. She raised concerns about Hadrian's Wall path not following the actual route of the wall, particularly in the west end of the city, but also in other areas.

I understand that this issue has been at least partially addressed, or that there has been an attempt to address it, through a walker's guide to the alternative route, which allows potential walkers to see the beauty of the wall itself and encourages people to follow the route through the west end and towards Wallsend. The guide also provides an explanation and interpretation of what can be seen and appreciated along the walk.

I know that the hon. Lady is asking for a rerouting of the trail. As she acknowledged, overall responsibility for that lies with Natural England and the trail partners, sponsored by DEFRA. Anyone suggesting a realignment of the route must first make an evidence-based case to the National Trail Partnership and DEFRA. I know that she understands that, but I would be happy to talk to my colleagues at DEFRA, make sure that they are aware of the debate today, and ask them to revisit that issue, as she requests. As a DDCMS Minister or a Heritage Minister, I cannot make promises on behalf of another Department, but I understand the case that she is making and, as a point of principle, it is important that we educate and inform people about our history accurately, or as accurately as possible.

Funding from the Borderlands Inclusive Growth Deal is looking at better signage along Hadrian's Wall—a point raised by hon. Members today. Although this work is in its early stages, the route of the wall through Tyneside and a potential link between the fort at Wallsend and Arbeia via the Tyne foot tunnel could be considered as part of the work as well as other potential rerouting. Again, I would be happy to raise that on behalf of colleagues.

The hon. Member for Newcastle upon Tyne Central has spoken eloquently, as always, and passionately about the significance of the wall. She has rightly highlighted its relevance as an archaeological and educational property and its continued importance as a living heritage attraction and a crown jewel of the region's visitor economy. She is in good company in this regard and I thank her for securing today's debate. I also thank colleagues who have contributed and raised the importance of our absolute national treasure, Hadrian's Wall.

Chi Onwurah: I can tell that the Minister is coming to a conclusion. I am grateful for his words of support. I asked about collaboration with the Department for Education and the archaeological issue. I know he is not the Minister directly responsible for some of this, but will he promise to write to me to address those issues as well?

Nigel Huddleston: Yes. The hon. Lady has raised many issues about the importance of the wall. I would be happy to write to her with further information and detail. Archaeological and heritage support is a particular role for the National Lottery Heritage Fund and Historic England. On the educational aspect, my initial reaction is that she has raised valid points. Again, I cannot make promises on behalf of other Departments, but I am happy to write to them and raise those comments. I look forward to continuing the dialogue and visiting the wall again across all its length very shortly.

Question put and agreed to.

Waste Industry: Criminality and Regulation

[Relevant document: e-petition 582702, Review the Regulation of Odour Management and Landfill Sites.]

4.28 pm

Sir Gary Streeter (in the Chair): Before we begin, I remind Members to observe social distancing.

Before I call Aaron Bell, I wish to make a short statement about the sub judice resolution. I have been advised that there are active legal proceedings between Mathew Richards and the Environment Agency. The Speaker has agreed to exercise the discretion given to the Chair in respect of the resolution on matters sub judice to allow full reference to those proceedings as they concern issues of national importance. I am aware that Members may wish to refer to criminal legal proceedings during the course of this debate to illustrate concerns relating to illegal waste activities. All Members should be mindful of those cases that remain contested or may be the subject of future legal proceedings and should refrain from making references to any active court cases. This is particularly so in respect of criminal matters where discussion of the cases is likely to be prejudicial to any forthcoming hearings or trials. The sub judice resolution has not been waived in relation to any live criminal cases connected to Walleys Quarry.

4.29 pm

Aaron Bell (Newcastle-under-Lyme) (Con): I beg to move,

That this House has considered criminality within and regulation of the waste industry.

It is a pleasure to serve under your chairmanship, Sir Gary. I thank the many Members attending today for their time and engagement on this important topic. I have a lot to say, but will try to leave space for everybody else. I also welcome the Minister to her place. I welcome the engagement we have had since she took up her role late last year. I thank her Department for supporting that engagement. Her recent visit was incredibly well received in Newcastle; I am grateful that she took the time to understand the nature of the problem I have in Walleys Quarry, and to hear personally from affected members of the community, including schoolchildren.

The key point I am here to make is that the current nature and scale of waste crime in this country is beyond the capacity of the Environment Agency as a regulator. The regulatory regime is no longer fit for purpose for two main reasons: the changing nature of the crimes being committed and the failure of the Environment Agency to keep pace and act with sufficient robustness and force against them. It has sadly become a regulator that is no longer feared, but is mocked, with criminals able to carry out offences under its nose.

Let us be clear: waste crime is not victimless. It threatens the environment and human health, and undermines investment, growth and jobs within the legal waste and resources sector. For the 2018-19 financial year, the Environmental Services Association estimated the cost of waste crime to be £924 million in England, and it will be more than £1 billion by now. Waste crime significantly reduces the viability and competitive advantage of legitimate businesses, which are being undercut by criminals. That creates unfair competition and ultimately burdens the taxpayer or the landowner who has to step in when criminals walk away leaving abandoned and toxic sites.

As the House knows, I have repeatedly raised the issue of Walleys Quarry. We have an infamous smelly problem on our doorstep in Newcastle-under-Lyme. It has made it all the way to the Court of Appeal—and perhaps even to the Supreme Court—in the case of Richards *v.* Environment Agency, which you referred to, Sir Gary, in your precursory statement. I do not wish to rehash the full story again. It is on the record and the Minister knows it well by now.

I will briefly mention that, since the last time I spoke about this matter in the House, the hydrogen sulphide emissions have this year risen back up to levels not seen since May of last year, when they were at their peak. Residents are reporting—I have smelled it myself—that the stink is well and truly back, and very much present in their day-to-day lives. It is an ongoing problem, making some vulnerable people ill, affecting people's mental health, and making thousands miserable and affecting their quality of life.

The borough council is now concerned that the Posi-Shell capping, which was mandated last year, has failed and there are now increasing fugitive emissions from the site. Together with the county council, it believes that the EA's normal regulatory approach has run out of road and is seeking a new approach. I believe that the Minister should have on her desk a letter from Councillor Alan White, the leader of Staffordshire County Council, making exactly that point and asking to meet her to discuss the matter. I hope she will be able to accommodate that.

I want to focus on how Walleys Quarry shows the flaws in the current regulatory environment. As a precursor, I will briefly tell hon. Members the story of a company called Atlantic Waste. Over the winter of 2003-04, the Environment Agency received many complaints from local residents about odour coming from King's Cliffe, a waste site near Peterborough run by Atlantic Waste. The agency was concerned about inappropriate deposits and treatment at the site, and decided to investigate. That investigation revealed that several hundred thousand tonnes of waste had been deposited above agreed levels, and the height of the waste threatened to make the landfill unstable.

Instead of complying with that investigation, Atlantic Waste's chief executive, Adrian Kirby, and its marketing director, Adam Share, did some investigating of their own. They hired a detective agency, Active Investigation Services, under the guise of concerns about break-ins. That detective agency accepted Atlantic's proposal to tap phones and hack into computers. It hacked into residents' computers by sending them emails with attachments purporting to contain the results of tests undertaken on the landfill.

When the police began investigating that agency, they found a complex web of staff, associates and clients involved in illegal activities. That detective agency had fitted devices to telegraph poles and roadside junction boxes all over the UK, and listened in to more than 1,000 calls. Following that investigation, Adam Share and Adrian Kirby were arrested. Each pleaded guilty to conspiracy to cause modification of computer equipment and conspiracy to intercept communications unlawfully. Adrian Kirby received six months in jail; Adam Share received three.

A handful of years later, Adam Share, now a convicted criminal, was appointed to RED Industries Ltd. Under Mr Share's control, RED Industries took over Walleys Quarry landfill, in Silverdale in my constituency, the very same landfill I have brought to the attention of the House over and over again. It is incomprehensible that a man with that history would ever be allowed to operate a waste site, yet that is the bizarre and troubling world in which we find ourselves. That would not be allowed in the football business, where there is a decent, fit and proper person test. Yet in the waste industry, it seems that nothing could be done to prevent a man with a proven disregard for the law, for the regulator and for residents from assuming responsibility for an environmental permit.

In a letter to me dated 6 May 2021, Sir James Bevan, chief executive of the EA, confirmed that, in the case of an application to transfer the permit, the regulations require that the EA consider

"whether the prospective new owner is likely to comply with the permit conditions".

In considering that, it may take into account management systems, technical competence, compliance history, financial competence and any "relevant" convictions, which they are allowed to take into account. That does not include spent convictions but, even if Mr Share's conviction had not been at that point spent, it was not apparently relevant, despite the EA itself being a victim of his previous crime.

We must have a better fit and proper person test if we are to avoid criminals entering the waste industry. The rehabilitation of offenders is a noble goal, but it cannot override good sense and the public interest. People with a track record of disregarding the regulator cannot be allowed to simply bide their time and re-enter the industry a few years on.

Walleys Quarry has also taught me a lesson about the problem of perverse incentives in the current regulatory regime. Landfill tax was introduced very successfully by the Conservative Government in 1996 to disincentivise landfill and encourage the switch to more sustainable waste management. It has worked: the amount of waste going to landfill has decreased by over 50%, and household recycling has increased by over 70%. However, the consequence of the incentives that the landfill tax creates has been to increase the attractiveness of the waste industry to organised crime, and we know that there are very few barriers to entry in that business.

Landfill tax fraud often consists of falsifying paperwork relating to the classification of waste in order to pay less or zero tax—for example, labelling active waste as inactive, or hazardous waste as non-hazardous. Organised crime groups and repeat offenders can deliberately and routinely evade significant amounts of landfill tax by misdescribing waste. To illustrate the problem, from April 2021, the rate for inactive waste is only £3.10 per tonne and the standard rate is £96.70 per tonne. That differential of nearly £100 per tonne results in enormous profits for the businesses involved. Businesses that routinely mislabel waste can rack up millions of pounds of illegitimate profits, robbing Her Majesty's Revenue and Customs of an estimated £120 million a year. The regulatory regime is inadequate in the face of such incentives.

Compounding the problem, there appears to be insufficient scrutiny applied to the operations and accounts of those companies that regularly declare high levels of inert—that is, the £3.10 a tonne—landfilling. This is not really an economic crime: fraudulent misdescription can have significant impacts on the environment, wildlife and communities. Major air quality incidents can be caused by misdescribed waste containing plasterboard or other high-sulphate waste entering landfills that lack the specialist measures required. Hazardous waste that is misdescribed as non-hazardous could have a very significant impact on the health of people and the local environment.

That has a direct bearing on the situation at Walleys Quarry. In evidence presented as part of the recent Court of Appeal case Richards *v.* the Environment Agency, a representative of the EA explained that the increased level of hydrogen sulphide—the eggy smell—coming from Walleys Quarry landfill was most likely the result of gypsum-containing high-sulphate waste being deposited in that landfill, contrary to the permit. That can have occurred only as a result of some part of the waste chain mislabelling that waste, or the waste not being properly separated from other waste. There is either fraud or negligence somewhere in the chain.

Several people have contacted me to make specific allegations about illegal activities at Walleys Quarry landfill. I will, of course, keep them all anonymous, and I am aware that we need to follow due process because there is an ongoing criminal investigation into the allegations. However, I am keen to put on the record some of the longest-standing, best-evidenced allegations, some of which I and the Environment Agency have been aware of for nearly 12 months. The EA informs me that any investigation might take multiple years, and I feel that my constituents deserve to know the true scale and nature of the problems that have been reported to me.

In February last year, I was contacted by an anonymous individual who alleged that the current operator was using the site to bury hazardous waste outside its agreed permit. I was told that that activity increased dramatically during lockdown, a period during which the EA ceased many of its normal activities. Employees who would have been involved in this activity were named, but I will not name them here. According to the anonymous source, the order to bury that hazardous waste came directly from Mr Adam Share, who is the company's chairman and owner; from Mr Nigel Bowen, the company's CEO; and from Mr Jon Clewes, the technical operations director. There have been other, less specific allegations from multiple other sources. Many whistleblowers have come to me. I have passed all the allegations on to the Environment Agency.

The House may be aware that on 20 January this year, I raised concerns about so-called lawfare in a debate in the Chamber led by my right hon. Friend the Member for Haltemprice and Howden (Mr Davis). I referred to attempts by *The Guardian* to publish an article about Walleys Quarry. I have been aware since November 2021 that it has been attempting to publish a story about the true scale of the issues at Walleys Quarry in my constituency, based on insider testimony from whistleblowers and backed up by emails from within the company. It has thus far been prevented from publishing by legal threats made by RED Industries against the newspaper.

[Aaron Bell]

With the permission of Rachel Salvidge, a journalist who has had the courage to pursue the story in the public interest, I will read the allegations that she has been seeking to publish:

"Hazardous waste, including arsenic, rat poison and zinc, has been tipped at a Newcastle-under-Lyme landfill, which is now a subject of a criminal investigation.

The Guardian has seen internal emails discussing the practice at Red Industries, the operator of Walleys Quarry Landfill. A whistleblower, a former senior executive at Red, has alleged widespread illegal behaviour at the firm, and has accused the regulator, the Environment Agency, of being 'asleep at the wheel'."

She continues:

"the whistleblower has provided the Guardian with emails which appear to show that hazardous material is routinely dumped at Walleys to save the company money.

In October 2019 Red's compliance officer emailed colleagues about a shipment of cavity wax from a car manufacturer: 'Is this for ATM or do we have another route in mind?' This cavity wax is hazardous and organic, and should be shipped overseas to a company called ATM in Holland, which breaks it down into safer waste, but this process is expensive. In the emails, Red's group commercial manager replies 'Walleys TFS'.

According to the whistleblower, this is an internal code for sending hazardous waste to Walleys that should be safely shipped overseas. As a result, the former senior executive said the cavity wax was secretly dumped at the landfill. Another email refers to 'everyone's favourite Walleys TFS route' for the cavity wax.

The manufacturer of this cavity wax warns the material is 'toxic in contact with skin' and 'toxic if inhaled'. Dr Cecilia MacLeod, an expert in contaminated land from the University of Greenwich, said exposure to components in the wax 'can cause issues with development and can also cause dermatitis and breathing difficulties'."

The article continues:

"In July 2020 the group commercial manager emailed colleagues about a waste shipment of spent bullets containing hazardous levels of arsenic and zinc. 'What do you reckon to this shit show of a material—sounds like a wash and Walleys TFS to me'—again, the whistleblower says, using the internal code 'Walleys TFS' to divert the hazardous waste to Walleys landfill.

Another email chain discusses a large shipment of rat poison. A Red employee asked 'Are you able to accept this to landfill, or would it not be suitable?' Their manager responded 'Work your majik', and the shipment was sent to Walleys landfill, the former senior executive said. The rodenticide is highly toxic as it can be fatal if swallowed, breathed in or if it comes into contact with skin."

She continues:

"A former Red employee told The Guardian 'We used to take advantage of the fact that the EA were stupid. It's not difficult. When the EA came to inspect we didn't worry, we just made sure that all the stickers looked nice. They weren't chemists, so you could always hide things.'

Only solid waste is permitted at Walleys landfill, but The Guardian has seen evidence that Red has also been tipping hazardous paint. In July 2020 a Red compliance officer emailed colleagues about a 'paint route'. The shipment was 'coming as haz and they are priced £200/tonne...we haven't got the money for any TFS'.

The former senior executive told The Guardian, 'This material is hazardous so Walleys would not be permitted to accept it, but in reality this is where the paint tins are going.' The manufacturer of this paint warns: 'This product is classified as dangerous... Exposure to component solvent vapour concentrations...may result in...respiratory system irritation and adverse effects on the kidneys, liver and central nervous system.'

A former Red subcontractor has also told the Guardian how paint was concealed in other legitimate material: 'They'd mix it with cement to try and thicken it up...and load it into a skip and tip it like that.'

MacLeod described the pollutants as a 'horrible cocktail' and said that Red might think that mixing paint with cement would stabilise and solidify it, 'but not all the volatile organic compounds get locked up...they're still there and you will have respiratory problems if you take these things in'.

A former senior executive at Red sent some of these emails to the Environment Agency in May 2021, along with testimony of Red's alleged lawbreaking. In December, the EA announced a criminal investigation into Red."

I thank Rachel Salvidge for providing me with that information.

Investigations of the public record show examples of staff at RED Industries demanding that the wording of compliance assessment report forms issued by the EA be changed, and the EA acquiescing. To paraphrase my constituent Dr Michael Salt, a nuclear scientist who has volunteered a significant amount of time to the "Stop the Stink" campaign, "If I said the same to the Office for Nuclear Regulation, they'd have something to say about it."

The Environment Agency is a regulator with no teeth that inspires no fear and in which I cannot have confidence. There are clearly serious failures here, for which the Environment Agency must account. In the light of these revelations, I must ask that the operator's permit be suspended while the allegations are fully investigated. The EA's current approach has not worked if the only explanation it can find for why we are, once again, seeing exceedances of the World Health Organisation odour annoyance limits is the cold weather. If there are such serious issues with its handling of such a sensitive case, how can anyone have confidence that it is handling more routine issues appropriately?

Another area that the Walleys Quarry experience has taught me needs reform is the bonds that permitted operators must hold. They are staggeringly insufficient in the eventuality that an operator walks away from a landfill or goes bust. I am aware that many constituents are joining a class action against Walleys Quarry. If it is successful, it would almost certainly make the company go bust, and there are not sufficient bonds to account for that. Surely, walking away from its responsibilities should not be a "get out of jail free" card. The bonds need to reflect the actual risks involved.

The cost of doing bad business is not high enough. The fines when people are found to have breached the rules are too mild to be a proper deterrent. I refer to some other recent cases as examples. In November 2019, a company director was fined £1,272 for abandoning a Shropshire waste site. Clearing the site cost £45,000. In July 2021, a man was fined £1,000 for dumping waste in south-west London, plus £500 costs and a £100 victim surcharge. The clear-up and associated costs to the landowner totalled in excess of £100,000. Those are simply not sufficient deterrents.

On funding for the regulator, I note the recent articles on the front page of *The Guardian*, but I have personally been repeatedly assured by the EA that there is no issue relating to costs or resources in the regulation of Walleys Quarry.

Dr Dan Poulter (Central Suffolk and North Ipswich) (Con): I congratulate my hon. Friend on making such a strong case on behalf of his constituents who have been affected by this case. On a broader point, one of the challenges that the Environment Agency faces is being able to collect and collate the right information to bring an effective prosecution or take action against offenders. I can think of a similar case with different circumstances in my constituency, where there have been those kinds of challenges. What would he ask the Minister to do to support the Environment Agency in bringing together the right information in such cases to challenge them?

Sir Gary Streeter (in the Chair): Order. Interventions must be brief.

Aaron Bell: I thank my hon. Friend for his intervention. Clearly, the Environment Agency needs more powers. I have reassured my constituents that there is no financial pressure, but I am not convinced that more money would necessarily solve the severe cultural problem within the Environment Agency. It does not need more money if it is too weak to use it. I accept that it has perhaps been subject to the same legal threats as *The Guardian,* campaigners and myself, but, as a regulator, it must be stronger and act in the public interest. If funding is the problem, the Department for Environment, Food and Rural Affairs must address it.

Finally, I expected to come here to push for other policies, but I am pleased to note the recent significant consultations launched last month by DEFRA on the carriers, brokers and dealers regime and on developing a central digital waste tracking service, which would address concerns that there is no comprehensive way of tracking waste. I would like to briefly touch on other types of waste crime, but I will let others speak more about them. At the lowest level, something that is rife in everyone's constituencies is fly-tipping. Recently in Newcastle-under-Lyme, there has been fly-tipping off Watermills Road in Chesterton, but I will leave that to my hon. Friend the Member for Darlington (Peter Gibson), who I understand wants to speak about that.

Another area is illegal waste dumps. I know that other hon. Members might want to pick up on that, but I must put on the record my concern about how these are being policed by the Environment Agency, too. For the past decade, constituents in the north-west of my constituency have had to suffer through an organised illegal waste dump at Doddlespool farm. Fleets of lorries have travelled from far afield to drop their loads of waste at the site to avoid paying the landfill tax. The lorries have blocked roads. There have been fires, rat infestations, and waste has spilled out, potentially contaminating watercourses and the food chain.

The EA took court action in 2017. The landowner was required to remove the waste or face further court action. He was also hit with a £6,100 court bill—again, inadequate—yet the waste has not been removed five years on. I cannot comment further on the present situation due to sub judice rules, but it is evident that the fine was not a serious enough punishment to make the landowner change his ways. I am conscious that I have taken a long time. In conclusion, we need to look thoroughly at the problems within the current regulatory regime and at the scale of criminality in the sector, and I look forward to the rest of the debate.

Several hon. Members *rose—*

Sir Gary Streeter (in the Chair): Order. Colleagues, nine people wish to speak and the wind-ups begin at 5.10 pm, so you have two and a half minutes each.

4.47 pm

Mr Kevan Jones (North Durham) (Lab): I congratulate the hon. Member for Newcastle-under-Lyme (Aaron Bell) on securing the debate. He has summed up the situation well.

I have been involved trying to expose this issue for the last 10 years, along with the right hon. Member for Haltemprice and Howden (Mr Davis). Everyone knows what is going on. They know about the lack of regulation, the low threshold for getting into the industry and the involvement of organised crime. HMRC itself in its tax gap report recognises that some 22% of landfill tax is not being paid, although it actually put a profit warning on that. The Environment Agency knows not only what has been lost in tax revenues, but that the clean-up costs will fall on the taxpayer. Everyone knows that the matter involves organised crime. I have raised it for the last 10 years, and I am sure the right hon. Gentleman will allude to that as well. We have explained all this to the Government, but there seems to be inaction in respect of getting the agencies together.

The Environment Agency is not capable of addressing the matter. It may be good at cuddling newts and protecting forests, but it is not good at having an enforcement attitude. HMRC is frankly a disgrace, and I will give an example of why I say that. I got involved in the matter because of a company in the north-east called Niramax. I only had to look at the directors of the company to see something was wrong. Organised criminals—one of them is in prison for murder, and the police told me that his associates had convictions and were involved in a whole host of organised crime—suddenly got involved in waste management. They bought a landfill site in the constituency of the right hon. Member for Haltemprice and Howden, which I know he will talk about, and one or two in the north-east. They then set out to undercut legitimate businesses. Talking to people in the waste industry, there is no way they could pick up that waste for the amounts they charged.

It ended up with Operation Nosedive, which HMRC instigated in 2014. HMRC raided the premises and claimed £78 million was to be reclaimed. That was suddenly halted in 2020. The right hon. Member for Haltemprice and Howden and I asked why it had been halted and we were told, "No, no. You can't look into this because it is HMRC." The National Audit Office has done a very good investigation that showed HMRC spent six years and £3.5 million of public money, but there were no convictions and there was no outcome.

Everyone knows what the problem is, but there has got to be action. I say to the Minister, I do not want more initiatives about fly-tipping and this, that and the other; I want co-ordinated action between the agencies that have the powers to crack down on this.

Sir Gary Streeter (in the Chair): You have two and a half minutes each, colleagues.

4.51 pm

Mr David Davis (Haltemprice and Howden) (Con): The right hon. Member for North Durham (Mr Jones) has made half the case, from my point of view.

In my constituency, over 10 years ago, a company called City Plant took over an existing site. It broke the rules time and time again throughout the first five years,

[Mr David Davis]

and eventually ended up in the court. It got a slap on the wrist, and broke the rules time and time again thereafter. It still seems that City Plant is up to its old tricks. Residents today report a mix of materials being brought on to the site, which is not what has been agreed and is a repeat of other examples. They report noxious odours across the entire area and the destruction of their enjoyment of life, because of the pursuit of illegal profits.

As the right hon. Member said, the people benefitting from the weakness of the Environment Agency are not small-time crooks. They are hardened criminals at the heart of the criminal underworld. He mentioned Niramax, which we have already heard about. The majority shareholder he referred to, Neil Elliott, is serving 15 years for murder. An associate, Shaun Morfitt, previously a part-owner of Niramax, is currently serving 18 years for drug trafficking offences and, prior to that, served over six years for a vicious machete attack. These are the sort of people we are dealing with.

Tax evasion in this industry is enormously costly. The right hon. Member gave the figure of £78 million, but I think the expected bill went up to £158 million. Some 14 individuals were arrested, yet the outcome was nothing but a few thousand pounds paid over. We need to know why this has happened, and why the state has no teeth in the protection of the lives of ordinary people and the collection of proper taxes from these criminals in these unpleasant industries.

4.53 pm

Jim Shannon (Strangford) (DUP): First, I congratulate the hon. Member for Newcastle-under-Lyme (Aaron Bell) on securing this debate. I thank him for performing his duty to his constituents in the way he has fought this campaign. I am sure that they are very pleased that he has a good grasp of the issue, and I congratulate him on that.

As I always do in these debates, I want to quickly give a Northern Ireland perspective on the criminality and what is happening to us back home. In my constituency of Strangford, not a week passes without illegal waste management and waste disposal activities taking place, whether it be deliberate misdescription of waste, illegal dumping, waste burning or fly-tipping. They are incredibly important issues for me.

Just last week in DEFRA questions, the Minister kindly responded to a question on fly-tipping, which I thank her for. In Northern Ireland, the Department of Agriculture, Environment and Rural Affairs concluded that there were 306 illegal waste sites, using £600,000 of taxpayer's money. As other hon. Members have illustrated, this is an industry where loads of money seems to be changing hands and there are advantages for those involved.

DAERA also stated that 16,000 tonnes of waste tyres were discovered, 30% of which were sent to unknown destinations. Some 22.5% of Northern Ireland's waste crime fines were for illegal dumping. Local councils, which have a responsibility, say the lack of scrutiny around people paying fines is due to disruptions from the covid-19 pandemic. The pandemic has created lots of issues for us all. As we are now coming out of the pandemic, perhaps things will improve. I hope the Minister can indicate that to us. Criminality in our waste industry must addressed through further regulation, and we cannot expect any improvement without it. It is time to disrupt illegal activities by arresting suspected waste criminals and bringing them to justice. I look to the Minister to outline the steps that will be taken.

The comments made today show that there is still more work to be done. The Minister gave a commitment to work with the devolved institutions last Thursday, and I am hopeful that more can be done. There is always more we can do to tackle this issue, and the figures given today support that claim. There is no reason for anyone in today's society to damage the landscape and ruin some of the most precious beauty spots we have across the United Kingdom of Great Britain and Northern Ireland.

4.55 pm

Jo Gideon (Stoke-on-Trent Central) (Con): It is a pleasure to serve under your chairmanship, Sir Gary. I welcome the opportunity to speak in this vital debate secured by my parliamentary neighbour, my hon. Friend the Member for Newcastle-under-Lyme (Aaron Bell). He has made a strong and clear case for the need for more action to tackle the blight of criminal activity in the waste industry. This appalling activity is putting tens of thousands of lives at risk across the country.

In my constituency, I have been fighting for a lasting solution to one such waste crime, which had the potential to be a national disaster. Yet, as the site in question is being cleared, up and down the country unscrupulous criminals are filling warehouses or plots of land next to residential properties and littering our countryside with waste that presents a real threat to the health and safety of surrounding communities.

I wrote to the Prime Minister and multiple Departments last year to highlight the urgency of clearing a site that has been a significant risk in Stoke-on-Trent Central since 2014, and I am delighted that my campaign has resulted in clearing the Twyford House site of an excess of 30,000 tonnes of illegal and combustible commercial waste. I thank the Minister for her support in making that happen, so that the danger that has been there since 2014 can finally be removed.

My hon. Friend's tireless work to tackle the environmental disaster at Walleys Quarry landfill is an example to us all. Although the quarry is in his constituency, the consequences of the activities at that site are suffered by my constituents too, and I have also been persistently raising their concerns with the Environment Agency and Ministers. The pace of progress to resolve the problem has been a frustration to us all. Does the Minister agree that there is a clear need for the separation of regulation and enforcement authorities?

The current approach to the regulation of more than 180,000 waste carriers, brokers and dealers is leading to record levels of crime, which may well spike later this year when the increased cost of red diesel will mean many looking to cut corners to make savings, for example through the use of exemptions codes. It is a sad fact that waste crime is more lucrative on the basis of risk-to-reward ratios than human trafficking or drug dealing.

This is not a victimless crime. Public health and public safety are dependent on stopping the serious waste industry criminals. We must have better regulation and tougher sentences.

Sir Gary Streeter (in the Chair): We can now go to three minutes each. I call Peter Gibson.

4.58 pm

Peter Gibson (Darlington) (Con): It is a pleasure to serve under your chairmanship, Sir Gary. I congratulate my hon. Friend the Member for Newcastle-under-Lyme (Aaron Bell) on securing this debate and for his speedy gallop through the problem, as well as his relentless campaigning on Walleys Quarry.

People up and down the country take pride in their towns and streets. However, fly-tipping is an illegal and unacceptable antisocial act that continues to blight communities across the country. In my constituency, fly-tipping takes place daily and costs the local authority thousands of pounds every year to remove the waste. Local residents will often contribute to the crime unknowingly, paying what they believe to be a reputable waste disposal business in good faith, only for their items to be disposed of by being illegally dumped.

I am pleased to report that Darlington Borough Council, Conservative-led since 2019, has been delivering for local people. I take this opportunity to praise it for its hard work. It has been taking action on the issue of fly-tipping and working hard to tackle a problem that had been neglected by the previous Labour administration, but more can be done. So much depends on local people reporting incidents of fly-tipping or reporting those involved.

We should also be looking at simple but effective deterrents, such as the installation of bollards to prevent vehicles from driving down alleyways, to stop them dumping waste. I am pleased that the Government have recognised the problem posed by fly-tipping and have provided local authorities with enhanced enforcement powers to tackle this crime. I am also delighted that the Government have empowered local authorities that are also waste collection authorities to search and seize vehicles. I can report that vehicles have been seized in Darlington in the last year where they have been suspected of involvement in illegal fly-tipping.

The removal of waste is a commonplace everyday task that many of us deal with. People should not have to be fearful of being taken advantage of by criminals or having their towns blighted by illegally dumped waste. While I am pleased to see the Government taking action to empower local authorities to deal with this issue, more still needs to be done. I hope that the Government will give serious consideration to what more can be done to encourage a culture of actual enforcement and proper prosecution.

5 pm

Siobhan Baillie (Stroud) (Con): It is a pleasure to serve under your chairmanship, Sir Gary. I appreciate my hon. Friend the Member for Newcastle-under-Lyme (Aaron Bell) securing a debate on this important issue. Waste industry crime is extremely serious. The cases that have been referred to today from around the country are causing untold misery for people, particularly when there are public health issues or issues for farmers. It is costing the taxpayer around £1 billion a year.

In my patch of Stroud we have a wonderful waste management company called Smith's. Its reach as an organisation is so strong that it actually does much to combat poor environmental practices, supporting thousands of businesses in the south-west—it deals with festivals and all sorts of things. We know that this work can be done really well. However, the true scale of waste crime is difficult to quantify. The Environment Agency estimates that 18% of all waste—enough to fill Wembley Stadium—is illegally managed, so we want to see greater action and enforcement.

In Stroud, around 900 instances of fly-tipping are cleared locally per annum. I have reported this myself, and Stroud District Council does a good job of responding, labelling and making sure that it is pulling in this horrid waste dumping. However, that should not fall on the council. We need education, penalties and deterrents. The front page of our local paper, *Stroud News and Journal*, recently referred to an unlicensed waste collector causing additional difficulties. I realise that this is happening to local authorities around the country, but this particular chap received a court fine of over £1,400 from Cheltenham magistrates court. I thank Stroud District Council and the police for dealing with that, but also the papers for showing that court actions are going ahead and people are being punished.

I want to thank my rural crime team in the police for all that they do to help farmers. Farmers are often at the sharp end of dealing with horrible fly-tipping. They are usually already struggling for cash, so it is a difficult thing for them to deal with. I am grateful to the Minister for all that she does; I know that she is very committed to this issue. I am grateful to all colleagues today for describing such a range of problems that fall under the banner of waste crime. It is clear, listening to colleagues, that our Government bodies are struggling here. I look forward to learning more about improvements in legislation, regulation and enforcement for this nasty and expensive public health hazard.

5.3 pm

Jonathan Gullis (Stoke-on-Trent North) (Con): It is a pleasure to serve under your chairmanship, Sir Gary. I commend my neighbour, my hon. Friend the Member for Newcastle-under-Lyme (Aaron Bell) for securing this important debate and for his continued work standing up not just for the people of Silverdale but for those in wider north Staffordshire who are affected by Walleys Quarry. I want to highlight the great work of another neighbour, my hon. Friend the Member for Stoke-on-Trent Central (Jo Gideon) in starting to clear the Twyford House site in Etruria of 30,000 tonnes of commercial and illegal waste.

This is a serious issue. I could not agree more with my hon. Friend the Member for Darlington (Peter Gibson) when he talks about fly-tipping. It is blighting Stoke-on-Trent North, Kidsgrove and Talke, whether that be in Goldenhill and Sandyford, Burslem Park estate or the alleyways of Tunstall. The scumbags who continue to litter in our local area need to be brought to heel. We need to make sure that they are sent out in high-vis chain gangs, litter picking and cleaning up their community. It is simply unacceptable that those people who obey the law, do the right thing and love the local area that they live in should have to suffer because of a mindless minority of morons.

Sadly, the blight of the waste industry is continuing to spread. The latest case in north Staffordshire involves the landfill on Porthill Road in Longport. It is affecting the constituents of Stoke-on-Trent North, Kidsgrove and Talke in particular, and locals are already having to deal with the disgraceful way in which Price and Kensington Teapot Works has been allowed to rot by its rogue landlord.

[Jonathan Gullis]

In nearby Burslem, people recently saw a key part of mother town heritage, the Leopard pub, go up in flames, and now residents are having to live with the disgusting smells coming from the landfill on Porthill Road in Longport.

Staffordshire Waste Recycling Centre Ltd is digging up Stoke-on-Trent's past at the landfill, seemingly digging for materials. It has never had permission to do that, yet the company has now applied for retrospective planning permission to work on the landfill—something that I and the residents of Longport, Middleport, Dale Hall, Burslem and the surrounding area are absolutely opposed to. I will shortly be making clear my objection to that application in a letter to Stoke-on-Trent City Council.

Aaron Bell: I am grateful to my hon. Friend and my hon. Friends the Members for Stoke-on-Trent Central (Jo Gideon) and for Stoke-on-Trent South (Jack Brereton) for their support on Walleys Quarry. I have received complaints about this landfill from my constituents in Newcastle-under-Lyme. I listened to what my hon. Friend the Member for Stoke-on-Trent North (Jonathan Gullis) said in the Adjournment debate secured by my hon. Friend the Member for Orpington (Gareth Bacon) last week, and I want him and his constituents to know that I stand with them.

Jonathan Gullis: I could not be more grateful to my hon. Friend. This is why we are a tour de force in north Staffordshire, walking around at every opportunity like some sort of north Staffordshire mafia, which I am proud to be a part of.

The company has also repeatedly breached its permit at the neighbouring site, where it does have permission to operate. Many incidents were reported at the site in 2021, including four in the run-up to Christmas. A site visit by the Environment Agency on 21 January 2022 found multiple breaches of permits, including the storage of too much hazardous waste on the site, as well as the storage of scrap metal, which the permit does not allow.

I am encouraged to have learned from the Environment Agency that it will carry out further inspections this week and has engaged with the company to get it to sort out its operation. The Environment Agency and Stoke-on-Trent City Council will also have a joint meeting on Thursday to discuss the problems at the site. I look forward to receiving an update early next week on the outcome of those investigations and the meeting.

When the people who run waste sites fail to keep them safe and manage them in a way that is inconsiderate to their neighbours, it has a huge impact on people's physical and mental wellbeing, as well as the feel-good factor of a place that we proudly call home. We need to make sure that these companies can be properly controlled and brought to heel when they do wrong.

Sir Gary Streeter (in the Chair): I thank colleagues for their co-operation in keeping to time. We turn to speeches from the Front-Benchers; the first two have five minutes each.

5.7 pm

Deidre Brock (Edinburgh North and Leith) (SNP): It is a great pleasure to serve under your chairship, Sir Gary. I commend the hon. Member for Newcastle-under-Lyme (Aaron Bell) for securing this really important debate.

It is clear from everything that has been said by Members across the Chamber that illegally dumped waste is a massive scourge that is blighting communities across the UK, with huge environmental, social and economic cost. Indeed, as our Justice Secretary and chair of Scotland's serious organised crime taskforce, Keith Brown, said recently, this is not a victimless crime. Waste crime causes pollution and increases public health risks. It places enormous strain on legitimate operators, and serious and organised waste criminals have a considerable impact on the economy of all the nations of the UK.

Every year in Scotland, 250 million easily visible items are dropped as litter, and an estimated 26,000 tonnes of material is fly-tipped. According to research by Zero Waste Scotland, at least £53 million of public money is spent on addressing that.

Mr Kevan Jones: Is the hon. Lady aware that operators get around Scotland's zero waste strategy by transferring waste over the border, much of it to the north-east? That has been raised with the Scottish Government, but nothing seems to be being done about it.

Deidre Brock: I am going to talk about a co-ordinated approach that all four nations of the UK can take to address those sorts of issues. I will also go on to mention a programme aired by BBC Scotland last night, "Disclosure Scotland". I highly recommend that all Members look at it, because it focused on waste criminals heading over the border to Scotland, which is the exact opposite of what the right hon. Gentleman said. Of the £53 million I mentioned, I believe that it costs Scottish councils £11 million to remove waste from council-owned land alone.

A high proportion of individuals and organisations involved in illegal waste dumping are also associated with other organised crime, including violence, drugs, weapons and money laundering. Last night's episode of "Disclosure Scotland", which can be found on iPlayer—it is entitled, aptly enough, "Dirty Business"—exposed the scale and severity of that waste criminality. It highlighted a wide range of illegal activities, from man with a van fly-tipping and waste being burnt in a drum, to much larger-scale operations such as enormous illegal landfills and, increasingly, abandoned lorry trailers overflowing with waste that is simply left to rot.

The programme showed investigations by the Scottish Environment Protection Agency, including on a site where a criminal gang had buried large amounts of waste, which released harmful gases and liquids as the deposit degraded. Some of that waste was brought from outwith Scotland by the gang and is believed to include hazardous clinical waste from hospitals. The programme revealed that threats and intimidation have been made against landowners who refuse to allow waste to be buried on their land; others spoken to by the BBC were too scared to go on the record.

I believe that the majority of viewers—and, indeed, those listening to this debate—will have been shocked by those activities. They show that waste criminality goes far beyond small-scale fly-tipping. That is why Scotland's serious and organised crime taskforce, chaired by the Scottish Justice Secretary Keith Brown, has made waste crime a top priority. The Scottish Government and their partners on the taskforce will use every means at their disposal to stop such illegal practices and ensure that those who dump waste illegally are held accountable. Although offenders risk criminal convictions, fines of up to £40,000 and/or imprisonment for 12 months, only a fraction of those responsible are prosecuted.

As we have heard today, criminals operate across borders and with similar methods. Collaboration and intelligence sharing across the UK is extremely important. The joint unit for waste crime, established in 2020, already brings together law enforcement and environmental protection agencies from across the UK. The Scottish National party wants to see that built upon via the introduction of mandatory electronic waste tracking and a UK-wide database of registered brokers—another recommendation of the independent review—which will make it easier to find these culprits and ensure they are brought to justice. I am sure the Minister will speak about that shortly.

Viewers of last night's programme will have been completely shocked by the huge amounts of waste revealed —waste that, for far too many of us, is out of sight, out of mind. Across the UK, particularly since the UK has been prevented from exporting much of its waste by other countries quite rightly tightening their rules on imported waste, we are starting to drown in waste. It is essential that we find means of dealing with it much more effectively.

Scotland has committed to building a circular economy, meaning that we reduce demand for raw materials. We want to support and make the system fairer for those operating legally whose businesses are being drastically undercut by criminals. We support the UK Government's plans to introduce waste monitoring. The consultation on the proposals to ensure that they work for Scotland will be of great importance to us. We certainly look forward to the outcomes, with our preferred outcome being for mandatory electronic monitoring. It is imperative that we work together to root out waste crime and bring perpetrators to justice.

5.13 pm

Ruth Jones (Newport West) (Lab): It is a pleasure to serve under your chairmanship again this afternoon, Sir Gary. I am very grateful to lead for the Opposition in this debate, and I would like to acknowledge the hon. Member for Newcastle-under-Lyme (Aaron Bell) for calling it.

At the outset, I pay tribute to all the campaigners in north Staffordshire working to stop the stink at Walleys Quarry in Silverdale. I think of people such as Helen Vincent, Dr Michael Salt, Dr Scott at Silverdale Practice, Nat and Angela Wint, Graham Eagles and Steve Meakin, Councillor Amelia Rout and Councillor Sue Moffat. I also think of William Cross, Sian Rooney, Tom Currie, Lauren Currie, Dr Ian Sinha and, of course, Rebecca Currie and young Matthew. Those people and many more, such as Adri and Colette Hartveld, want to be able to lead their lives, raise their families and breathe the air around them in safety.

I know from my visit to Silverdale and the discussions I have had with local residents how much stress, concern and fear is caused by the hydrogen sulphide emissions emitted from the site, as well as the effect that waste-related issues have on people's lives. I want to acknowledge all the other campaigners who care and want change desperately.

I also acknowledge the tireless and passionate work of local councillors in that community. On my visit, I was joined by a number of councillors, including Andy Fox-Hewitt, Dave Jones, Gill Williams, John Williams and Adam Jogee, who works in my team. The issues there are real and harmful, and the Government need to act now. If the Minister will not take my word for it, I ask her to reflect on the fact that in just one week in June 2021, the Environment Agency received 1,207 complaints from residents across Silverdale, Clayton, Westlands and the wider Newcastle-under-Lyme area. That strength of feeling surely speaks for itself.

As pointed out by Commons Library staff in their helpful briefing ahead of this debate, the true scale of waste crime is difficult to quantify, but it is

"estimated that 18% of all waste is illegally managed, equating to approximately 34Mt (megatonnes). This is the equivalent of enough waste to fill Wembley Stadium 30 times."

That is a shocking statistic and it must prompt the Government to act.

The impact of waste crime is widespread, with adverse effects on individuals, businesses, public services, the environment and the economy. Indeed, the Environment Agency's 2021 report stated that waste crime costs the economy in England an estimated £1 billion a year—a 55% increase since its last estimate in 2015. The problem is real. I would be grateful if the Minister could update the House on the work of the joint unit for waste crime, which has been mentioned. It would be helpful to know the scale and frequency of engagement between agencies and with the devolved Administrations, the reach and scope of the unit's current work, and any plans for the coming period.

Fly-tipping and illegal waste dumping blights communities across England, and this Government have to get a grip nationally and locally when it comes to ensuring that local government has the resources it needs to keep our communities green, clean and waste free—an ambition that many residents in Newcastle-under-Lyme want and deserve.

I am grateful to colleagues in both Houses of Parliament in recent weeks and months for raising waste-related issues through a range of written parliamentary questions, including my hon. Friend the Member for Huddersfield (Mr Sheerman), the noble Baroness Jones of Whitchurch in the other place, my hon. Friend the Member for Birmingham, Ladywood (Shabana Mahmood) and my right hon. Friend the Member for North Durham (Mr Jones), who has spoken eloquently in today's debate. Indeed, in June 2021 my right hon. Friend asked about

"the adequacy of the Environment Agency's surveillance powers".

In response, the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Taunton Deane (Rebecca Pow) said that there had been no assessment of the adequacy of those powers. I ask the current Minister whether that remains the case. That is in addition to the questions asked of the Minister and DEFRA by Government Members.

It is clear from what is happening in communities such as Newcastle-under-Lyme that waste has a huge impact on the lives of many people across the country. In the last 10 days, the Government have set out two new consultations in relation to tackling crime. I wish those consultations well, but, more importantly, we want to see swift action. I would like the Minister to

[Ruth Jones]

address in her closing remarks the approach to landfill and incineration, because we need an open and honest discussion about how we tackle waste, and we need to know where the Minister is on these issues. The scourge of waste crime across England is a task that we must all work together to address. I look forward to working with the Minister, the hon. Member for Newcastle-under-Lyme and all colleagues to address these issues, and to protect and clean these green and pleasant lands.

Sir Gary Streeter (in the Chair): Will the Minister please leave two minutes for Mr Bell to have the final word? I call Jo Churchill.

5.18 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jo Churchill): It is a pleasure to serve under your chairmanship, Sir Gary. I congratulate my hon. Friend the Member for Newcastle-under-Lyme (Aaron Bell) on securing this debate and on the determined way in which he has championed this issue in the House. Indeed, all the neighbouring Stoke MPs have really got to grips with waste in their area.

As soon as I became a Minister, it was clear to me that Newcastle-under-Lyme was top of the list of places I should visit. I thank my hon. Friend and members of his community, including Dr Salt and others, for welcoming me and talking so frankly about the impact that Walleys has had on their lives. They were also constructive about how we move forward to reduce landfill and ensure that people can live their lives in the areas that they choose to be in, without being blighted by its effects.

My hon. Friend has always taken care to articulate the views of his residents. The Environment Agency continues to bring about the work needed for a long-term solution at Walleys Quarry, and both he and I will watch the situation closely. The hon. Member for Newport West (Ruth Jones) referred to the large number of issues reported last year, and we have seen a spike on one of the monitors up to those sorts of levels again recently. I reassure my hon. Friend's constituents that I get those weekly reports and examine them in detail, because it is important that we are rigorous in ensuring that where we need to challenge, we have the right data. That goes to the points made by all hon. Members, including my neighbour and hon. Friend the Member for Central Suffolk and North Ipswich (Dr Poulter), about ensuring that we have the correct data so that people can proceed to enforcement and so on, because they can challenge on the basis of accuracy.

Mr Kevan Jones: I do not disagree with that, but does the Minister not find it remarkable that in 26 years of the landfill tax, HMRC has not had a single successful prosecution in connection with it? The only initiative that I am aware of is Operation Nosedive, where HMRC spent six years looking at it and £3.5 million of public money, and got nowhere. This is not about new regulations; it is about using the tools we have already got.

Jo Churchill: This is indeed about using tools. The right hon. Gentleman refers to an operation by HMRC. Obviously, I am not the Minister responsible for that, but I am sure he can take Operation Nosedive up with them. *[Interruption.]* Indeed, but he makes a cogent point. As several Members have said, this issue has been described as being akin to the narcotics industry. It is that insidious. It blights people's lives and, as we have heard, raises considerable sums of money illegally in so doing. I therefore agree with everybody that we need firmer action, and I will continue to ensure that we look at that.

I am aware that the Environment Agency recently launched an investigation into the allegations of criminal activity at Walleys Quarry. I welcome any investigation where allegations of waste crime have been made, and I am sure the Environment Agency will investigate this thoroughly, knowing that we are all watching. I appreciate the importance of the investigation to my hon. Friend the Member for Newcastle-under-Lyme and his constituents. I am sure that he will appreciate that I would not want to inadvertently say something that would jeopardise it in any way, but my door is always open to him, as he knows.

The Government are determined to tackle waste crime, because it makes life a misery for all our constituents. Whether it is fly-tipping on country lanes—as my hon. Friends the Members for Stroud (Siobhan Baillie) and for Darlington (Peter Gibson) alluded to—litter in our towns or pollution from waste sites, waste crime and poor-performing waste sites undermine legitimate businesses, deprive the public purse of tax income, harm the environment and communities, and in the worst cases directly threaten health. Councils are now spending £1 billion of taxpayers' money cleaning up after this, so it affects all of us.

We have already taken action to introduce new powers to stop illegal waste sites posing a risk, which include the ability to lock up sites and force rogue operators to clean up their waste. More widely, we have given the EA an extra £60 million to tackle waste crime since 2014, on top of the wider grant-in-aid funding that it receives from DEFRA. I would just like to offer a correction: at orals last week I said on the Floor of the House that this funding was given to the EA "in 2019—I think". In fact, it was given in 2014, and I am happy to correct the record.

We have also set up the joint unit for waste crime to disrupt serious and organised waste crime and reduce its impact. The unit involves the National Crime Agency, HMRC, the EA and the police. We set it up about six months ago, and there were more than 30 arrests in the first 24 days, so action is being taken. The landmark Environment Act 2021 does even more, giving agencies enhanced powers to gain evidence and enter sites. I was pleased that my hon. Friend the Member for Darlington said that they are using the powers they have to seize cars and vehicles, because life needs to be made difficult for these people. Powers are there; they need to be used. We need to encourage our councils, and to that end we are bringing out best practice for councils so that they know how best to gather evidence and so on, so that prosecutions are likely to be more successful.

We will go further. The two consultations mentioned earlier outline the next steps to tackle waste crime and to support people and businesses to manage waste correctly. Electronic waste tracking ends the old-fashioned paper-based approach and gives us a modern, connected future. We will be able to track waste movements, understanding exactly who moves waste and to where.

That will give us powerful new abilities to audit waste movements and to ensure that waste is disposed of correctly.

Mr Kevan Jones *indicated dissent.*

Jo Churchill: I see the right hon. Gentleman shaking his head. Why does he not come and have a chat with me? He can tell me everything.

Mr Kevan Jones: Along with the right hon. Member for Haltemprice and Howden (Mr Davis), I am sick of talking to Governments that have, over the past 10 years, trotted out the same nonsense every time. We need action. I can tell the Minister a lot of ways to get around electronic tracking. These people are very sophisticated, and if we do not have an enforcement attitude at HMRC and other agencies, we are frankly wasting our time.

Jo Churchill: We will have digital tracking, extended producer responsibility, consistent collection and a carriers, brokers and dealers licensing regime to regulate the people involved in waste. That goes to the comments that have been made about appropriate people running these companies. In 2019, the Government expanded the list of convictions to be taken into account when assessing permit applications to include offences relating to organised crime and violent or threatening behaviour, as well as offences relating to fraud and tax. That was only in 2019, which I believe was after the matters mentioned by the right hon. Gentleman. We need those measures, and through the new consultations we hope to build a regulatory framework that is more powerful and can hold people to account.

In Darlington, more can be done. My hon. Friend the Member for Stroud noted that there are also good firms out there. It is important that the regulations help those good firms to carry on and deliver for us. We are bearing down on firms that act illegally, and we are doing more to crack down on this crime. We will continue to apply increased pressure. We hope that the waste carrier reforms and digital tracking will be in place by 2023-24, as long as the IT development and transition needs of businesses have been met.

It is important that people understand that the whole suite of measures, such as extended producer responsibility, will help to address issues such as mattress mountains. It also takes the will of us all, whether businesses or individuals, to check who is taking our waste away; it takes councils using the measures that we are giving them to enforce further; and it takes me ensuring that I am listening and that we are working towards more rigorous enforcement.

By tackling waste crime and poor performance in the waste industry, not only do we prevent harm and the blight on people's lives and the environment, but we ensure that resources are properly recycled or recovered and fed back into the economy. In the long term, the Government are committed to minimising the impact of environmental waste by reducing the amount of waste created and managing it safely. I thank the hon. Member for Edinburgh North and Leith (Deidre Brock) for her offer to work together on this. I take the issue as seriously as every Member here does, and I will work with all hon. Members to continue to address it.

5.28 pm

Aaron Bell: I thank all Members who have taken part in the debate, which has been a good one. I am pleased to have got so much on the record, using parliamentary privilege at some points. I thank all three Stoke Members for the support they have given me on Walleys Quarry. I thank the right hon. Member for North Durham (Mr Jones) and my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) for bringing to bear their experience in this place and their long experience with the Environment Agency. I cannot name-check everyone, but I thank everyone who has contributed. So much has been raised today that it feels as though we should have a Backbench Business debate on the subject, or even a Select Committee inquiry. I will send the *Hansard* for this debate to my hon. Friend the Member for Tiverton and Honiton (Neil Parish), who chairs the Select Committee on Environment, Food and Rural Affairs.

I also thank the hon. Member for Newport West (Ruth Jones). This has been a non-partisan exercise; it is not party political. I am grateful that she, too, visited Silverdale. She name-checked many of the heroes of the Stop the Stink campaign, and a lot of her councillors. In the interests of balance, I thank Simon Tagg, Derrick Huckfield, Andy Fear, Andy Parker, Mark Holland, Gill Heesom, Graham Hutton, James Salisbury and Paul Northcott—all councillors who have supported their residents, and me, in this case.

Most of all, I thank the Minister for what she said, which I am encouraged by. I thank her Parliamentary Private Secretary, my hon. Friend the Member for North Devon (Selaine Saxby), and the Minister's officials. They have been particularly helpful in getting access to the public register for private investigators who have been looking at what is going on at Walleys Quarry. I am grateful for everything that the Government are doing, but there is an issue with the attitude at the Environment Agency. The Minister has heard me say that before—she has heard many people say that today—and I know that she will use her good offices to try to change it.

5.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statements

Tuesday 1 February 2022

FOREIGN, COMMONWEALTH AND DEVELOPMENT OFFICE

Myanmar Coup Anniversary

The Minister for Asia (Amanda Milling): One year since the military seized power in Myanmar, it is clear they miscalculated. They did not reckon with the courage and tenacity of the people of Myanmar to resist their brutal takeover. However, the coup has plunged the country into a deep crisis. Over 14 million people are in humanitarian need, mass displacement is increasing, democratic gains have been reversed, and violence is escalating across the country. It is clear that the military has no interest in seriously addressing these issues

The UK is appalled by the brutal actions of the military regime, who continue to commit atrocities, with credible reports of torture, sexual violence and mass killings. We call on the military to immediately release the thousands of people it has detained arbitrarily, including Aung San Suu Kyi.

We continue to stand with the people of Myanmar who have rejected the military junta. We are clear in our support for all those working to restore democracy in Myanmar, including the National Unity Government.

We are using our global leadership role to bring the international community together, including at the UN Security Council and through the G7, to condemn the military's actions. This included an unprecedented Security Council Presidential Statement on the coup on 10 March and a Security Council meeting to mark the anniversary of the coup on 28 January.

We have announced nine tranches of sanctions targeting the military leadership, and key military revenue streams. This includes three designations yesterday of individuals responsible for subverting democracy and the rule of law. We are working closely with partners in the US, Canada and the EU to identify further targets.

We are committed to preventing the flow of arms to Myanmar and worked to secure a UN General Assembly Resolution to this end. We will continue to put pressure on those who sell arms to the military.

Since the coup we have provided £49.4 million to support those in need of humanitarian assistance, deliver health and education for the most vulnerable and protect civic space. Our humanitarian programmes have reached over 600,000 people, including with water, sanitation, and life-saving food.

We remain committed to supporting efforts to hold perpetrators to account. We have provided additional funding to the independent investigative mechanism for Myanmar and established the Myanmar witness programme to collect and preserve evidence of serious human rights violations and abuses. We are closely monitoring the risks of further atrocities against ethnic and religious minorities, including the Rohingya.

We recognise the important role ASEAN is playing in resolving the crisis and we reaffirm our support for the ASEAN five-point consensus, which the military must implement immediately.

The UK, and the wider international community, has sent a clear message to the military regime. They must immediately end the violence, uphold human rights, protect civilians, and remove obstacles to a comprehensive health and humanitarian response.

[HCWS574]

DEFENCE

Defence Space Strategy

The Minister for Defence Procurement (Jeremy Quin): Today I am pleased to publish the defence space strategy. This strategy sets out a vision for the Ministry of Defence as a global actor in the space domain. It articulates how the MOD will deliver the national space strategy's "protect and defend" goal through capabilities, operations and the growth of a space workforce. It also emphasises the value of alliances and partnerships in pursuit of a safe and secure space domain. I am placing a copy of the DSS in the Library of the House.

The DSS explains how the MOD has apportioned its spending review 2020 allocation for space capabilities and activity: £1.4 billion over 10 years, in addition to the £5 billion over 10 years already allocated to our future Skynet satellite communications capability.

The DSS also reinforces all four of the 2021 integrated review's objectives to: strengthen security and defence at home and overseas; build resilience; sustain strategic advantage through science and technology; and shape the international order of the future.

Attachments can be viewed online at: http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2022-02-01/HCWS576/

[HCWS576]

HOME DEPARTMENT

Independent Inquiry into Child Sexual Abuse Report: "Child Sexual Exploitation by Organised Networks

The Secretary of State for the Home Department (Priti Patel): Today, the Independent Inquiry into Child Sexual Abuse published its investigation report on child sexual exploitation by organised networks.

The report relates to the NCSA's investigation as to whether there is evidence of conspiracy, cover-up, interference or tolerance in relation to child sexual abuse committed by persons of public prominence associated with organised networks and whether governmental, political and law enforcement institutions were aware of and took appropriate steps for safeguarding and child protection.

I pay tribute to the strength and courage of the victims and survivors who have shared their experiences to ensure the inquiry can deliver its vital work.

The Government will review this report and consider how to respond to its content in due course. I would like to thank Professor Jay and her panel for their continued work to uncover the truth, identify what went wrong in the past and learn the lessons for the future.

I have today laid this report before the House and it will also be published on www.gov.uk.

[HCWS575]

BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

Advanced Research and Invention Agency

The Secretary of State for Business, Energy and Industrial Strategy (Kwasi Kwarteng): The leadership of the Advanced Research and Invention Agency (ARIA) has been the subject of much Parliamentary interest. Today, I am delighted to update the House that I have appointed Dr Peter Highnam as the agency's first Chief Executive Officer and re-commenced the search for ARIA's first Chair.

ARIA, the Government's new science funding body, will focus solely on finding and funding ground-breaking research projects with the potential to transform the lives of people in the UK, and around the world.

This announcement comes at an opportune moment, as the legislation to create ARIA enters the final stages of its passage through Parliament, ahead of the agency becoming fully operational later this year.

Dr Peter Highnam will play a pivotal role in ARIA's formative years by defining the agency's vision, recruiting its first programme managers, and establishing its organisational culture. He will take post on 3 May 2022 for a fixed term of five years.

Dr Peter Highnam brings a wealth of experience to the role, as he has served as Deputy Director at the Defence Advanced Research Projects Agency (DARPA) since February 2018, and as acting director on two occasions. He has previously held positions as the Director of Research at the National Geospatial-Intelligence Agency, and as Director of the Intelligence Advanced Research Projects Activity. Born in the UK, Dr Peter Highnam holds a PhD in Computer Science from Carnegie Mellon University. He obtained his master's degree at the University of Bristol, and his undergraduate degree at the University of Manchester.

The appointment has been made in accordance with the Governance Code on Public Appointments, following a fair and open competition overseen by an Advisory Assessment Panel.

To support Dr Peter Highnam, I am re-launching the campaign to find ARIA's first Chair. Once appointed, ARIA's Chair will have the unique opportunity to be a trusted counsel for Dr Peter Highnam as he leads the agency through its fledgling years.

[HCWS573]

Ministerial Correction

Tuesday 1 February 2022

JUSTICE

Judicial Review and Courts Bill

The following is an extract from proceedings on Report of the Judicial Review and Courts Bill on 25 January 2022.

Edward Timpson (Eddisbury) (Con): I also support this amendment and the efforts being made by my hon. Friend's Department and across Government to increase the ability of magistrates to hear and deliver justice. Can he confirm that, through this Bill, the raising of the magistrates' retirement age from 70 to 75 will include those who have already been forced to retire at 70, so that, where there is local demand, they can come back and serve some of the justice that we now want to see being brought forward?

James Cartlidge: My hon. Friend makes an excellent point, because, of course, we do want to achieve precisely that. Just to be clear, it is not in this Bill. It is in the Public Service Pensions and Judicial Offices Bill that is going through at the same time—I spoke on its Second Reading. The key point, as my hon. Friend has said, is that it raises the mandatory retirement age to 75, and we think that that will have a significant impact. In fact, we have estimated that it could lead to 400 additional magistrates coming in at a time when we really need that resource because of the backlog.

[Official Report, 25 January 2022, Vol. 707, c. 929.]

Letter of correction from the Under-Secretary of State for Justice, the hon. Member for South Suffolk (James Cartlidge):

Errors have been identified in the answer I gave to my hon. Friend the Member for Eddisbury (Edward Timpson) on Report of the Judicial Review and Courts Bill.

The correct response should have been:

James Cartlidge: My hon. Friend makes an excellent point, because, of course, we do want to achieve precisely that. Just to be clear, it is not in this Bill. It is in the Public Service Pensions and Judicial Offices Bill that is going through at the same time—I spoke on its Second Reading. The key point, as my hon. Friend has said, is that it raises the mandatory retirement age to 75, and we think that that will have a significant impact. In fact, we have estimated that it could **retain 2,000 magistrates annually** at a time when we really need that resource because of the backlog.

ORAL ANSWERS

Tuesday 1 February 2022

WRITTEN STATEMENTS

Tuesday 1 February 2022

MINISTERIAL CORRECTION

Tuesday 1 February 2022

No proofs can be supplied. Corrections that Members suggest for the Bound Volume should be clearly marked on a copy of the daily Hansard - not telephoned - and *must be received in the Editor's Room, House of Commons,*

not later than
Tuesday 8 February 2022

STRICT ADHERENCE TO THIS ARRANGEMENT GREATLY FACILITATES THE PROMPT PUBLICATION OF BOUND VOLUMES

Members may obtain excerpts of their speeches from the Official Report (within one month from the date of publication), by applying to the Editor of the Official Report, House of Commons.

Volume 708
No. 112

Tuesday
1 February 2022

CONTENTS

Tuesday 1 February 2022