Monday
7 July 2025

Volume 770
No. 167

HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY DEBATES

(HANSARD)

Monday 7 July 2025

House of Commons

Monday 7 July 2025

The House met at half-past Two o'clock

PRAYERS

[Mr Speaker *in the Chair*]

Speaker's Statement

Mr Speaker: Before we begin, I should like to take a moment to remember that today is the 20th anniversary of the terrible London bombings in 2005. The thoughts of the House today are with the victims and their families, and with the emergency services, London's NHS and the staff of Transport for London, who responded so bravely to the events on that day. I think we all remember where we were when that horrific news came through.

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Neighbourhood Policing

1. **Jess Brown-Fuller** (Chichester) (LD): What steps she is taking to deliver effective community policing. [905014]

10. **Chris Webb** (Blackpool South) (Lab): What recent progress her Department has made on improving neighbourhood policing. [905023]

The Secretary of State for the Home Department (Yvette Cooper): I join you, Mr Speaker, in remembering the 52 people who never came home on that terrible day, as we remember the 20th anniversary of the 7/7 London terrorist attacks, and remember too all those whose lives were changed that day. I will say more on this matter during topicals.

The Government are rebuilding neighbourhood policing after it was decimated under the previous Government. This year we are putting 3,000 more neighbourhood police and police community support officers back on the beat, backed by £200 million of additional funding and detailed plans drawn up by police forces for increased patrols in town centres this summer.

Jess Brown-Fuller: Special constables play a vital role in visible community policing, but the number of specials dropped by over 700 between 2023 and 2024, and we lost one in four in the same period in my constituency of Chichester, which is represented by Sussex police. Will the Home Secretary consider practical incentives such as council tax relief or free local travel, like those that the Met police currently have, to support recruitment and retention of those specials?

Yvette Cooper: I welcome the hon. Member's point about specials. They play an extremely important role and the drop in the number of specials across the country in the years before the ones to which she refers was even steeper. I am pleased that Sussex police are getting not just 43 additional neighbourhood police officers, but a further 21 specials into neighbourhood teams this year. We will continue to look at what more we can do to increase support for specials and get more on the beat.

Chris Webb: Last week I joined Blackpool police and our police and crime commissioner, Clive Grunshaw, under the iconic Blackpool tower to launch the safer streets summer initiative in Blackpool. This has coincided with delivering the guarantee that every community in Blackpool will now have a named police officer and PCSO, which has been welcomed across the community. Can the Home Secretary confirm that my constituents will soon see more visible policing and regular foot patrols in our town centre, and, crucially, start to feel safer and more confident on the streets of Blackpool?

Yvette Cooper: My hon. Friend is right, and he and I have talked to shop managers in his constituency about the importance of tackling town centre crime. It is why Lancashire police are getting an additional 83 police officers and PCSOs into neighbourhood teams this year. I strongly welcome the work they are doing as part of the Government's safer streets summer initiative to tackle shop theft and street assaults; doing so can make so much difference to keeping people safe.

Mr Speaker: I call the Chair of the Home Affairs Committee.

Dame Karen Bradley (Staffordshire Moorlands) (Con): May I associate myself and my Committee with your words earlier, Mr Speaker, regarding the 20th anniversary that we are marking today?

Live facial recognition technology is an effective tool in community and neighbourhood policing. We know that is being used effectively by the Metropolitan police, but other police forces are nervous because they do not believe that the statutory underpinning is in place. Can the Home Secretary provide some reassurance about what the Government will do to make sure this technology can be used effectively?

Yvette Cooper: The Committee Chair is right that live facial recognition can play a role in keeping communities safe. As a result, the Minister for Policing has been meeting not just police forces but other organisations to ensure that we can draw up a new framework to give all police forces the confidence to use facial recognition in the best way in order to keep communities safe.

Matt Western (Warwick and Leamington) (Lab): We need good community policing, but we also need good senior leadership teams in our forces. A recent review of Warwickshire police showed the leadership and the force management need improvement, and that its response times were inadequate. Would the Home Secretary look into Warwickshire police?

Yvette Cooper: My hon. Friend makes an important point. We want to see standards raised across policing and across all police forces. That is why the police reform

White Paper will set out new measures to improve performance management across all police forces. Warwickshire is getting an additional 22 police officers, PCSOs and specials on to the streets.

Mr Speaker: I call the shadow Minister.

Matt Vickers (Stockton West) (Con): May I join you, Mr Speaker, in marking the anniversary of the 7/7 London bombings? Our thoughts are with the victims and families, and all who did all they could to help those in need.

Yesterday, Met Police Commissioner Sir Mark Rowley called the spending review "disappointing", highlighting that he is being forced to cut 1,700 officers and staff. Policing may not be a priority for this Labour Government, but the last Government put a record number of police on our streets. Will the Home Secretary commit to keeping total number of police officers above 147,746, as it was under the last Government—yes or no?

Yvette Cooper: Unfortunately, the trouble is that actually the Conservatives did not put police on the streets. They may have tried to reverse the massive cuts that they had made to policing after 2010, but they did not put police on the streets. Neighbourhood policing was slashed under the Conservatives and some areas saw neighbourhood policing halve as a result. I am glad to say that this year the Metropolitan police will put 470 additional neighbourhood police on the streets, as a result of the support that they have been given.

Matt Vickers: I think that was a failure to commit to that total number. During the passage of the Crime and Policing Bill, we asked the Government to stop our police having to investigate playground squabbles and hurty words online as non-crime hate incidents, and now senior police officers are joining that call. Merseyside chief constable, Serena Kennedy, has said:

> "Non-crime hate incidents are having a disproportionate impact on trust and confidence in policing".

I realise that U-turns are quite fashionable for the Government, so will the Home Secretary now finally scrap non-crime hate incidents and save 60,000 hours of police time?

Yvette Cooper: I should point out to the hon. Gentleman that police forces are following the guidance that the shadow Home Secretary, the right hon. Member for Croydon South (Chris Philp), drew up on this issue. We have a review that is happening under the College of Policing at the moment, but the shadow Minister refers to the Crime and Policing Bill, which is introducing new measures on stalking, spiking, respect orders, e-bikes, off-road bikes and a whole serious of different issues, and which sadly the Conservatives voted against—so much for caring about tackling crime.

Mr Speaker: I call the Liberal Democrat spokesperson.

Lisa Smart (Hazel Grove) (LD): The best community policing is embedded within communities, responding to their needs. Whether it is attacks on Jewish-owned businesses or hateful chants at music festivals, there are too many sobering reminders of the reality of the antisemitism that too many within the Jewish community across the UK are facing right now. Home Office figures have shown that religious hate crimes are at record highs, and that the number of hate crimes specifically targeting Jewish people has more than doubled. Everyone deserves to feel safe in our society, and that must include British Jewish communities, so what steps is the Home Secretary taking to ensure that police have the training and resources needed to effectively tackle antisemitic hate crimes, while supporting survivors?

Yvette Cooper: The hon. Member is right to highlight the appalling increase in antisemitism, antisemitic hate crime and assaults that took place after the events in the middle east. She will know that, in order to tackle antisemitism, we and the police work very closely with the Community Security Trust and we are introducing new measures to deal with intimidating protests outside synagogues.

Community Policing and Neighbourhood Health Teams

3. **Rachael Maskell** (York Central) (Lab/Co-op): What recent discussions she has had with Cabinet colleagues on the potential merits of integrating community policing and neighbourhood health teams. [905016]

The Minister for Policing and Crime Prevention (Dame Diana Johnson): My hon. Friend speaks with a great deal of experience in health matters. There are regular discussions between ministerial colleagues about how we can best join up public services. We know that joined-up working results in better outcomes at a local level. Collaboration and engagement between neighbourhood policing and neighbourhood health teams already exists to tackle mental health issues, and drug and alcohol addiction. I hope that this Government's investment in neighbourhood policing will enable more of that work to continue.

Rachael Maskell: Evidence shows that integrating policing and health is vital in delivering better outcomes in areas like mental health, substance misuse and youth violence—areas that we need to address in my city of York. With both police and health realigning into neighbourhood teams, will the Home Secretary ensure that there is reach across the services, with a named lead police officer, to develop prevention and early intervention strategies, diverting those at risk through harm reduction approaches, including treatment and support?

Dame Diana Johnson: With the recently launched 10-year health plan, we are moving away from those siloed services towards a more joined-up approach, including the preventive model of care. That aligns very much with policing and keeping people safe, and supporting wellbeing. I welcome the opportunity to contribute to the national neighbourhood health implementation programme and to ensure that policing is part of the conversation from the outset. By working more closely with health and care partners, we can reduce inappropriate demand on policing. Officers should not be left to pick up the pieces when other support services are better placed to help. This is about getting it right—and getting that tailored support—first time.

Rishi Sunak (Richmond and Northallerton) (Con): I thank the Policing Minister for visiting Northallerton this year and hearing directly from my farming constituents about the impact of livestock and equipment crime on their lives and health. I am grateful to North Yorkshire police for all their hard work, and for the recent funding uplift for the national rural crime unit, but does the Minister agree with me on the importance of implementing the Equipment Theft (Prevention) Act 2023 and, more broadly, ensuring that rural areas get the attention they deserve?

Dame Diana Johnson: It was a pleasure to meet the right hon. Gentleman's constituents; I think that was way back in February—it was a very cold day in North Yorkshire. I fully recognise what he says about the mental health and wellbeing impact of some of the crime challenges facing rural communities. That is why the neighbourhood policing guarantee is so important for areas like the one that he represents. As I have said a number of times in this House, we support the implementation of the Equipment Theft (Prevention) Act, and we plan to bring forward regulations shortly.

Qualifying Period for Settlement: Impact on NHS Staffing

4. **Jayne Kirkham** (Truro and Falmouth) (Lab/Co-op): What discussions she has had with Cabinet colleagues on the potential impact of the proposed increase to the standard qualifying period for settlement on NHS staffing levels. [905017]

The Parliamentary Under-Secretary of State for the Home Department (Seema Malhotra): This Government recognise and value the contribution that NHS staff make to our country. That is why, under the settlement proposals in the immigration White Paper, we have made it clear that individuals will be able to reduce the standard 10-year period based on their contributions to the UK's economy and society. We will consult on detailed proposals later this year. These are important changes: we recognise how important this matter is, and we will listen to what people tell us in that consultation. An impact assessment will be developed alongside any finalised policy.

Jayne Kirkham: I have been contacted by constituents working in health and social care in Truro and Falmouth who are concerned about the proposed changes to the standard qualifying period. Dr Mohamed Abdelazim works as a doctor at the Royal Cornwall hospitals NHS trust and has not quite completed the five-year eligibility period. He says the policy will directly and severely impact him and hundreds of other frontline workers and that 10 years is a very long time to live on a visa without the security that citizenship would provide. Will the proposed increase in the eligibility period to 10 years impact my constituents retrospectively, and might they be able to reduce that period based on the contributions that the Minister mentioned?

Seema Malhotra: I understand the concerns raised by my hon. Friend's constituents about the impact of the proposals. They are important changes, which is why we will consult on the proposals and lay out more details later in the year, including on any transitional arrangements. We understand the importance of clarity and fairness for those already contributing to public services, and we will provide further details in due course.

Tim Farron (Westmorland and Lonsdale) (LD): The Minister talks about concerns raised by the constituents of the hon. Member for Truro and Falmouth (Jayne Kirkham). They are concerns created by this Government not valuing people from different parts of the world who serve in our national health service and social care system in Cumbria and elsewhere. Will the Minister be much clearer that this proposal will not be retrospective for people who underpin our health service in Cumbria and across the country? Will she be mindful of the impact on our health service if she goes ahead with a decision—which, at the moment, it looks like the Government are going to—that will hugely undermine the flow of workers who come here to support us and keep us all well?

Seema Malhotra: May I gently disagree with the hon. Gentleman? We do recognise the vital contribution of overseas NHS workers, and we have not yet defined what contributions will reduce the period for settlement, but the proposed changes are subject to consultation. In addition, we are committed to ensuring that the NHS remains supported, while reducing long-term reliance on migration.

Domestic Abuse: Joint Tenancies

5. **Alison Hume** (Scarborough and Whitby) (Lab): What recent discussions she has had with the Secretary of State for Housing, Communities and Local Government on protecting domestic abuse victims from the perpetrators of that abuse with whom they share a joint tenancy. [905018]

The Parliamentary Under-Secretary of State for the Home Department (Jess Phillips): The Renters' Rights Bill will allow individuals to end joint tenancies, supporting domestic abuse victims to leave their abuser if they share a home. The Ministry of Housing, Communities and Local Government has announced a £30 million increase to the domestic abuse safe accommodation grant, raising the total funding in 2025-26 to £160 million.

Alison Hume: My constituent Molly is trapped in the house where she was violently attacked in front of her children. She is confined to living upstairs, because going into the room downstairs triggers her post-traumatic stress disorder. Despite the perpetrator of this abuse rightfully being in prison and having a restraining order of five years, Molly's landlord has told her that they cannot take him off the lease, so she cannot move. Can the Minister confirm that the Government are taking steps to ensure that victims of domestic abuse, like Molly, can move on with their lives?

Jess Phillips: I thank my hon. Friend for raising Molly's case—our hearts go out to her and her children for the trauma they are living with. Her case raises many issues, including the need for early intervention in domestic abuse cases, the need to improve therapeutic support for victims and, as my hon. Friend has said, the desperate need for reform of the rules around property rights in cases of economic and domestic abuse, so that women are not trapped. I cannot give my hon. Friend immediate answers on all those issues today, but I can promise that they will all be included in our upcoming strategy on violence against women and girls.

Vikki Slade (Mid Dorset and North Poole) (LD): While I have every sympathy with Molly and the millions of women who experience domestic abuse, according to the ManKind Initiative, one in five men are also victims of domestic abuse. My constituents Mark and Adam are victims of serial female abusers who engage in not only psychological, physical and financial abuse, but sexual abuse as well. What is being done to make sure there is space for men in refuges, and that there is training for police to ensure they believe these men? Often, they are burly chaps who have been in the Army, and people simply do not believe that they have been victims, which only compounds the problems they face.

Jess Phillips: We often refer to violence against women and girls, as the term refers to a group of crimes that are majoritively suffered by women at the hands of men, but of course men are also victims—both from other men and from women. The £30 million of extra funding that I mentioned in answer to the substantive question is for councils to provide accommodation in cases of domestic abuse under part 4 of the Domestic Abuse Act 2021. Local areas should be looking at the needs in their area and acting accordingly.

Fraud

6. **Damian Hinds** (East Hampshire) (Con): What recent assessment she has made of trends in the incidence of fraud. [905019]

The Minister for Security (Dan Jarvis): Fraud is the most commonly experienced crime in our country, and this Government will publish a new strategy to protect consumers and businesses later this year. Before that, our Crime and Policing Bill will introduce new measures to fight fraud, including a ban on the use of SIM farms. I hope Opposition Members will support those measures.

Damian Hinds: As the Minister says, fraud is the largest volume category of crime; it was coming down under the last Government, but over the past full year it has gone back up again dramatically. The Online Safety Act 2023 is a landmark reform, but criminals will always seek new channels, so what will the Minister do in his new fraud plan to address that displaced fraud, including that delivered through advertising on websites not covered by the Act?

Dan Jarvis: I am genuinely grateful to the right hon. Gentleman for raising this important issue again. He is right: fraud accounts for over 43% of all offences recorded by the crime survey for England and Wales. Tackling fraud relies on collaboration between law enforcement, industry and Government Departments. That means everyone playing their part, and we continue to urge the tech and social media companies to take stronger action to stop consumers being defrauded when using their sites.

Asylum Accommodation

7. **Charlie Dewhirst** (Bridlington and The Wolds) (Con): What steps her Department is taking to reduce the use of asylum accommodation. [905020]

15. **Joe Robertson** (Isle of Wight East) (Con): What steps her Department is taking to reduce the use of asylum accommodation. [905028]

The Minister for Border Security and Asylum (Dame Angela Eagle): At the peak under the previous Government, there were 400 hotels in use across the country, at a cost of £9 million a day. Thousands of asylum seekers were left in limbo in those hotels as decision making collapsed. That was the chaos that this Government inherited a year ago, but we have taken action to restore order. We are cutting the overall cost of asylum accommodation, and we are committed to ending the use of these hotels entirely by the end of this Parliament.

Charlie Dewhirst: People are rightly concerned by reports that the Home Office is buying hotels to house asylum seekers. That appears to be completely at odds with the Government's manifesto pledge to end the use of hotels. Will the Home Secretary or her Minister confirm to the House whether those reports are true or not true? Will she reassure my constituents in Bridlington and The Wolds that there are no plans to house illegal migrants in facilities in our local area?

Dame Angela Eagle: The Home Office is not buying hotels. As for the hon. Gentleman's constituency, there are currently 61 service users housed in his area, which is less than 15% of the quota, and there are zero hotels.

Joe Robertson: The Government may not be buying hotels, but it is filling them up with asylum seekers. The number has gone up in the past year, not down, yet the Government say that they will reduce them to zero by the end of this Parliament. Will the Minister confirm whether the commitment to end the use of asylum hotels by the end of this Parliament is a guaranteed pledge on which we can judge their success or failure—yes or no?

Dame Angela Eagle: By March this year, 15% fewer people were in hotel accommodation than at the end of 2024. We are saving money on the chaos that we inherited from the Conservatives, and we have announced that we will end the use of hotels by the end of this Parliament.

Melanie Onn (Great Grimsby and Cleethorpes) (Lab): Are private rented family homes in socially and economically deprived areas the right place for asylum seekers to be housed? Are community impacts of those placements being monitored, ready to inform policy if necessary?

Dame Angela Eagle: I can assure my hon. Friend that we keep all these issues under close monitoring, and we are doing our best to ensure that individual areas take their fair share of the burden when it comes to looking after people in our asylum system. Just to reassure her, we have sped up asylum decision making. The system that we inherited was paralysed, and we are getting it going again so that we can deal with this issue as quickly as possible.

Connor Naismith (Crewe and Nantwich) (Lab): This Labour Government inherited a situation from the Conservatives where we were spending almost £9 million every single day on asylum hotels, including the Crewe Arms hotel in my constituency. Will the Minister set out what steps she is taking to bring down those costs, as well as speeding up decision making, so that we can reopen the Crewe Arms as a hotel?

Dame Angela Eagle: We are as anxious as my hon. Friend to end the use of asylum hotels, but the backlogs we inherited from the Conservatives and the time it was taking—decision making collapsed by 70% in the last three months of that Government—have made it harder to empty hotels than we thought it would be at the beginning. However, we have sped up; there has been a 116% increase in initial asylum decisions. We are speeding up the system, we are getting people through the system, and we will close all asylum hotels by the end of this Parliament.

Mr Speaker: I call the shadow Home Secretary.

Chris Philp (Croydon South) (Con): I gently remind the Minister that the number of immigrants in asylum hotels has gone up since the general election. I recently visited an asylum hotel and saw bikes from Deliveroo, Just Eat and Uber Eats in the hotel compound. Local eyewitnesses confirmed that the illegal immigrants in the hotel had been illegally working. That creates a pull factor, because people smugglers actively market illegal working opportunities. It also creates risk for women and girls, who might receive deliveries late at night from these undocumented illegal immigrants. Will the Minister at least commit now to preventing this illegal working from taking place from the hotels that she runs?

Dame Angela Eagle: We have had a 50% increase in raids and arrests on illegal working since we came into government, so perhaps the shadow Home Secretary should have spent more time when he was in government enforcing the rules on illegal working. We are doing more, including extending the law on illegal working to the gig economy. That measure is in the Border Security, Asylum and Immigration Bill, which he voted against.

Mr Speaker: I call the Liberal Democrat spokesperson.

Lisa Smart (Hazel Grove) (LD): Enabling new refugees to prepare properly for life in the UK will be key to reducing the need for asylum accommodation. In my constituency we have seen the extension of the move-on period not only giving new refugees much-needed time to make those preparations, but protecting other public bodies such as the local authority from being left to pick up the costs. We welcomed the news last December of the Government's decision to trial a longer move-on period for six months, but those six months have now come and gone, and despite numerous requests for an answer, the Government have provided no certainty on whether the trial will be extended. Can the Minister provide clarity today?

Dame Angela Eagle: As it happens, I can. We have extended the move-on trial until the end of the year.

Temporary Worker Visas: Fish Processing Sector

9. **Seamus Logan** (Aberdeenshire North and Moray East) (SNP): If she will review the temporary worker visa regulations for the fish processing sector. [905022]

The Parliamentary Under-Secretary of State for the Home Department (Seema Malhotra): The seasonal worker route is designed to support the horticulture and poultry sectors, both of which have short-term seasonal production peaks. I discussed these issues with the Scottish Minister during my visit to Peterhead fish market in February. There is not the same evidence of seasonal patterns in the fish processing sector, which would require significant but short-term increases in labour, but I am always happy to discuss these matters with colleagues in the House.

Seamus Logan: May I begin by acknowledging the passing of a giant of our movement, Mr Alex Sim from Peterhead, whose funeral is taking place at the moment?

On Wednesday 5 March the Prime Minister told me from the Dispatch Box, in answer to a question about the fishing industry in my constituency:

> "We…want to tackle the problems of labour shortages".—[*Official Report*, 5 March 2025; Vol. 763, c. 280.]

However, it is not just a question of fishing. Last week, Moray chamber of commerce told me of hospitality sector business closures, in some cases related to the inability to recruit key staff. Can the Minister tell me what progress has been made in this vital area? She has mentioned discussions with the Scottish Government, but when will we be informed of sector-specific progress ensuring that these industries, which are crying out for help, receive it?

Seema Malhotra: As the hon. Gentleman will know, we work closely on this issue with the Department for Environment, Food and Rural Affairs, but we must also focus on addressing the underlying causes of recruitment problems. We recognise the position in which some of our fishing communities find themselves in relation to workforce challenges, but the hon. Gentleman will, I hope, welcome the news that through our new labour market evidence group we will be engaging with devolved Governments in the gathering and sharing of data and evidence on the state of the workforce, on training levels and on participation by all parts of the domestic labour market, so that we have an immigration system that is well informed and works for the whole United Kingdom.

British National Overseas Visas: Settlement Rules

11. **Chris Curtis** (Milton Keynes North) (Lab): Whether she plans to extend the qualifying settlement period for people with British national overseas visas. [905024]

The Parliamentary Under-Secretary of State for the Home Department (Seema Malhotra): This Government are firmly committed to supporting existing members of the Hong Kong community in the United Kingdom and those who may come here in future. The new rules on earned settlement will be subject to consultation. Following that consultation we will outline the way in which the new rules will operate, explaining, for instance, which immigration routes they will affect and when the changes will come in.

Chris Curtis: Many of my constituents came to the UK from Hong Kong under the BNO visa scheme in search of safety, freedom and opportunity. They have shared with me their concerns about how the uncertainty involved in the changes in the visa system might affect their future here. Can the Minister provide reassurance that those on BNO visas, in Milton Keynes and throughout the country, will continue to have security, stability and a clear route to permanent settlement?

Seema Malhotra: My hon. Friend is a strong and powerful advocate for members of the Hong Kong community in his constituency and throughout the UK. We recognise those concerns, and we are taking steps to ensure that BNO visa holders have an opportunity to share their views during the consultation on the new earned settlement and citizenship rules. As I have said, following that consultation the Government will outline the way in which the new rules will operate and the immigration routes that they will affect. Given the ambitious nature of these proposals, it is essential that we fully understand their impact on all affected groups before making any final decisions. In the meantime, the current rules for settlement under the BNO route will continue to apply.

Pippa Heylings (South Cambridgeshire) (LD): Will the Minister clear up, once and for all, the further confusion over the proposed changes to the settlement period from five to 10 years? Will she clarify for the BNO visa holders living in my constituency whether the changes will be applied retrospectively or only prospectively, and will she confirm that those who are already building their lives in the UK and working in important sectors in my constituency will not see their pathway to settlement unfairly changed mid-journey?

Seema Malhotra: The BNO route reflects the UK's historic and moral commitment to the people of Hong Kong who chose to retain their ties to the UK by taking up BNO status. As I have outlined, we will have a consultation. We will ensure that BNO visa holders have the opportunity to share their views during that consultation, and we will listen to those views very closely.

Neighbourhood Policing: Leigh and Atherton

12. **Jo Platt** (Leigh and Atherton) (Lab/Co-op): What recent progress her Department has made on improving neighbourhood policing in Leigh and Atherton constituency. [905025]

The Secretary of State for the Home Department (Yvette Cooper): The Government are introducing a neighbourhood policing guarantee, which means that all communities will have named and contactable officers from the end of this month, and we are expanding neighbourhood policing, including by delivering 176 new neighbourhood officers this year for the Greater Manchester police force, which covers the Leigh and Atherton constituency.

Jo Platt: As a proud Co-op Member, I commend the long-standing campaign for better protections for retail workers. USDAW's National Retail Workers' Day, which took place this weekend, highlights the essential role that retail plays in all our communities. Will the Minister join me in thanking retail workers in Leigh and Atherton and across the UK? Will she commit to strong, visible neighbourhood policing in our towns, which is crucial to protecting them from abuse, to ensure that workers can work safely on the frontline?

Yvette Cooper: I will certainly join my hon. Friend in thanking shop workers in her constituency and right across the country, who were often on the frontline during the covid pandemic. Sadly, during that period and since then, they have seen a disgraceful increase in assaults and abuse. We cannot stand for that, which is why we are not only introducing stronger neighbourhood policing—particularly in town centres—but bringing in the new law on assaults against shop workers as part of the Crime and Policing Bill. What a shame the Conservative party voted against it.

National Inquiry: Grooming Gangs

14. **John Lamont** (Berwickshire, Roxburgh and Selkirk) (Con): Whether she has had discussions with the Scottish Government on the national inquiry into grooming gangs. [905027]

The Parliamentary Under-Secretary of State for the Home Department (Jess Phillips): As the hon. Member will be aware, child protection and policing are devolved to the Scottish Government. We regularly engage with them on a range of issues, including the national inquiry into group-based child sexual exploitation and abuse that was announced by the Government. On 26 June, officials met to discuss the Government's approach to the national inquiry, its remit and the expectation that relevant findings and lessons learned will be shared with the devolved Administrations, and we will continue to discuss this matter with our Scottish counterparts to ensure a comprehensive UK-wide response.

John Lamont: Senior Scottish advocate Sandra Brown has said that grooming gangs could be operating in every town and city in Scotland. This scandal affects the whole of the United Kingdom, so when will the Government extend the grooming gangs inquiry to Scotland? Surely all victims across all parts of the United Kingdom deserve justice.

Jess Phillips: Of course. I agree with the hon. Gentleman, but he should take up that issue with the Scottish Government, as it is devolved. As I have said, we will make sure that all learning is passed on to the devolved Administrations.

Mr Speaker: I call the shadow Minister.

Katie Lam (Weald of Kent) (Con): The comments from my hon. Friend the Member for Berwickshire, Roxburgh and Selkirk (John Lamont) relate to the question of whether it will be a national inquiry, rather than a co-ordination of a few local inquiries. All the victims and survivors deserve justice, so can the Minister please confirm for us today that every town and city with a grooming and rape gang will be part of the inquiry, including and especially where local authorities may not wish to be part of it?

Jess Phillips: To the hon. Lady's question, whether a local authority wishes to take part is not up for debate. The inquiry will be decided by the chair of the inquiry, as would happen in a statutory independent inquiry, and that work will go on. When we have inquiries, we have to make sure that we actually live by the recommendations of those inquiries. That is why I ask the hon. Lady why she voted against mandatory reporting and making grooming an aggravated factor—those were recommendations from the last inquiry—when she was asked to vote for them.

Small Boat Crossings

16. **Sir Julian Lewis** (New Forest East) (Con): What steps her Department is taking to stop small boat crossings. [905029]

The Secretary of State for the Home Department (Yvette Cooper): Small boat crossings undermine border security and put lives at risk. The criminal gangs have adapted their tactics to exploit French rules that prevent the authorities from intervening in French waters. The French Minister of the Interior and I agree that this needs to change. He has instigated a major maritime review to change tactics and operations, and we want to see these changes in place as soon as possible.

Sir Julian Lewis: I agree with the Home Secretary that that would be a major step forward. Does she agree with me that, on average, well over 1,000 people have been crossing the channel each week this year, and that there is no way any form of court procedures can keep pace with that? Does she therefore agree that nothing other than prevention, as she has described, interception or, as a last resort, detention and return can possibly be successful?

Yvette Cooper: I agree with the right hon. Member that we need stronger action to prevent the boat crossings in the first place, which is why we are working closely with France both on strengthening law enforcement, with a new law enforcement and investigations unit in Dunkirk, and on the issues of maritime tactics, because we need those interventions in French waters.

Luke Myer (Middlesbrough South and East Cleveland) (Lab): The small boats crisis is one of the single biggest issues that my constituents raise with me, and although the Government have made progress on returns, crossings are still happening. What assurances can the Home Secretary give my constituents that these gangs will be dismantled and that the crossings will stop?

Yvette Cooper: My hon. Friend is right to refer both to returns—we have increased returns of failed asylum seekers by more than 20% since the election—and to the action against the criminal gangs. We know that there are Iraqi Kurdish gangs in particular operating in northern France, so we have a new agreement in place with the French Government, the Iraqi Government and the Kurdistan Regional Government, to pursue those gangs.

Antisocial Behaviour

17. **Richard Baker** (Glenrothes and Mid Fife) (Lab): What recent progress her Department has made on tackling antisocial behaviour. [905030]

25. **Mark Ferguson** (Gateshead Central and Whickham) (Lab): What recent progress her Department has made on tackling antisocial behaviour. [905038]

The Minister for Policing and Crime Prevention (Dame Diana Johnson): The Government are determined to crack down on antisocial behaviour, and tackling it is a central theme of our safer streets summer initiative, which is currently under way in over 500 towns. Our Crime and Policing Bill will provide policing with a suite of new powers to tackle antisocial behaviour, including respect orders to get persistent offenders out of town centres, and stronger powers to seize dangerous and deafening off-road bikes. I again remind the House that the Conservatives voted against those measures recently.

Richard Baker: With increasing incidents of antisocial behaviour and falling police numbers in Scotland, will the Minister assure me that she will share learning from the safer streets initiative with SNP Ministers, as it is rolled out, to encourage them to raise their game on this issue? Will she also join me and Police Scotland in Fife in praising Kingdom Off Road motorcycle club in my constituency, which is such a success in running activities that divert young people from antisocial behaviour?

Dame Diana Johnson: We will of course learn lessons over the summer from our initiative and our blitz on town centres, and I am willing to share that with SNP Ministers, which I think would be very helpful in the light of what my hon. Friend said about the problems people are facing in Scotland. I of course welcome and commend the work with young people that is going on in his constituency.

Mark Ferguson: We have exciting plans for Gateshead town centre, but we have more work to do on antisocial behaviour. Northumbria police's Operation Shield has brought down antisocial behaviour significantly, but more powers and more officers are needed. What are the Government doing to ensure that the police have both the powers and the resources to tackle persistent antisocial behaviour?

Dame Diana Johnson: First, I am very pleased to hear about the work of Northumbria police with Operation Shield, which I think is to be commended. We want to work collectively with forces to focus on town centres nationwide, while recognising that some town centres and areas of the country have more significant problems to address. We want to build on existing data, good practice and evidence to develop a model that can then be rolled out up and down the country.

Sarah Dyke (Glastonbury and Somerton) (LD): Glastonbury town centre has seen increasing rates of antisocial behaviour, shoplifting and crime. A local charity shop manager told me that residents and customers are too scared to walk down the high street, which obviously has a negative impact on the local economy. Will the Minister meet me to discuss how effective community policing can be the solution to the persistent issues that Glastonbury is facing?

Dame Diana Johnson: I am, of course, very happy to meet the hon. Lady. That is why neighbourhood policing is important, and why the Government made a commitment to put 13,000 additional police personnel back into our town centres and communities over the course of this Parliament, to provide the reassurance that communities have not had for far too long, with the decimation of neighbourhood policing over previous years.

Jim Shannon (Strangford) (DUP): I thank the Minister very much for her answer. I know she is very aware of what we are doing in Northern Ireland, where community police officers are an important part of our policing. The relationships they build up over a period of 12 months, 18 months or two years mean that they become a part of the community. We should share good ideas—we have good ideas, as has the Minister. Will she take the opportunity to discuss those ideas with the policing Minister and the Chief Constable in Northern Ireland, because I believe that what we do can help here as well?

Dame Diana Johnson: I am very pleased to hear about the good ideas being rolled out in Northern Ireland. I hope very much to be able to visit in the near future, so that I am able to see for myself that community policing in Northern Ireland.

Hostile State Threats

19. **Mr Calvin Bailey** (Leyton and Wanstead) (Lab): What steps her Department is taking to counter hostile state threats. [905032]

The Minister for Security (Dan Jarvis): The Department is taking robust action to respond to state threats. We continue to implement measures in the National Security Act 2023, which include launching the foreign influence registration scheme on 1 July. We have also announced the conclusion of the transnational repression review, new police training and the establishment of a cross-Whitehall joint unit to tackle state threats.

Mr Bailey: Twenty years ago, after the horror of the 7/7 bombings, we joined up how we work on security threats of all kinds, creating an enduring multi-agency approach. Now, with the added challenge from far-right extremism and the rapidly mounting threat to Europe from malign Russian activity, we need to bolster our responses across borders as well as across our agencies. Will my hon. Friend look at the concept of a joint UK-French national security council meeting to push that forward at Thursday's summit?

Dan Jarvis: I am grateful to my hon. Friend. I am sure we will all be reflecting on where we were 20 years ago. He is right about the nature of the threat we face today and he makes a very good suggestion. As he will know, we work very closely with our French neighbours. Important conversations will be taking place against the backdrop of the state visit, but I will consider more carefully the point he makes.

Lee Anderson (Ashfield) (Reform): We know that terrorists and potential terrorists are coming on small boats across the English channel, so why is Border Force picking these people up and bringing them to the UK?

Dan Jarvis: I can say to the hon. Gentleman that we are strengthening those checks. We continually assess potential threats in the UK and ensure that we guard against them.

Knife Crime

20. **Joani Reid** (East Kilbride and Strathaven) (Lab): What steps her Department is taking to tackle knife crime. [905033]

The Minister for Policing and Crime Prevention (Dame Diana Johnson): My hon. Friend will know that the Government have set an unprecedented mission to halve knife crime in a decade. We are determined to tackle the scourge of serious violence on our streets. This month, we are running a major new surrender scheme for lethal weapons, including ninja swords, in hotspots across the country, alongside introducing the new provisions in our Crime and Policing Bill to crack down on the illegal sale of knives online. Those measures will help to reduce the availability of dangerous knives on our streets and ensure that those who perpetrate these offences face the full force of the law.

Joani Reid: Six weeks ago, Kayden Moy, a 16-year-old boy from East Kilbride in my constituency, was stabbed to death, leaving his family bereft and a community—my community—in grief. Since Kayden's tragic death, I have received multiple videos and images of local youths posing while wielding machetes in their own homes, but the police claim that they are powerless to take any action whatever. Does the Minister agree that much more needs to be done to stop the very real glamourisation of knife crime online, and to prevent social media from being a breeding ground for youth violence?

Dame Diana Johnson: May I first express my condolences to Kayden's family and friends? That is just appalling to hear. My hon. Friend is absolutely right about the role that social media can play in glamourising these types of weapons. That is why it is so important that we have measures in the Crime and Policing Bill and the Online Safety Act 2023 to start to tackle that. As I say, it is absolutely appalling.

Shoplifting

21. **Alex Baker** (Aldershot) (Lab): What steps her Department is taking to tackle shoplifting. [905034]

The Minister for Policing and Crime Prevention (Dame Diana Johnson): This month, we have supported police and the retail industry to launch the new retail crime strategy, and the Home Secretary launched a safer streets blitz in town centres, with targeted action to tackle retail crime. Under the previous Government, shop theft soared to record levels and assaults against retail workers spiralled out of control. That is why, in addition to investing in neighbourhood policing, we are introducing in our Crime and Policing Bill a new stand-alone offence of assaulting a shop worker, because everybody has a right to feel safe on the job.

Alex Baker: Staff at Tesco in Aldershot tell me that the store is facing rising levels of shoplifting, with people walking out of the store with full trolleys. It is often the same individuals, who are emboldened because they do not fear the consequences. Hampshire police are doing their best, but they cannot attend every incident, and store staff feel threatened and powerless. This is a nationwide problem. What steps is the Home Secretary taking to tackle the wave of retail crime and to protect shop workers on the frontline?

Dame Diana Johnson: It is totally unacceptable that shop theft and violence and abuse towards retail workers have continued to rise, particularly over the last two years of the previous Government, when they went up by 60%. We are asking retail workers to perform a significant act of public service as they enforce restrictions on the sale of items including cigarettes, alcohol and knives. As I have set out, the bespoke offence in the Crime and Policing Bill will help to shine a spotlight on the problem and ensure that we bring perpetrators to book. The Bill will also ensure that the sanction of a criminal behaviour order can be attached to a conviction for assaulting a retail worker, which will help to protect retail workers.

Mr Richard Holden (Basildon and Billericay) (Con): Whether at Asda in Basildon or Waitrose in Billericay, there have been real issues with shop thefts, particularly by organised gangs, which often come from outside the local area. They come in, ransack stores and then drive away. What is the Minister doing to address the issues that go beyond local theft and are actually a nationwide gang issue?

Dame Diana Johnson: The right hon. Gentleman raises a really important point. We will continue to crack down on the organised gangs that target retailers. As we have set out, we will provide £5 million over the next three years to continue to fund a specialist analysis team within Opal, the national police intelligence unit for serious organised acquisitive crime, to share information and make sure that retailers are part of the conversation. We are doing everything we can to tackle organised gangs.

Off-road Bikes

22. **Nick Smith** (Blaenau Gwent and Rhymney) (Lab): What steps her Department is taking to tackle the antisocial use of off-road bikes. [905035]

The Minister for Policing and Crime Prevention (Dame Diana Johnson): Our Crime and Policing Bill, which Opposition Members voted against on Third Reading, is giving the police greater powers to clamp down on off-road bikes and other nuisance vehicles that cause chaos in our communities. Once the changes come into force, officers will no longer be required to issue a warning before they seize a bike that is being used antisocially. On 28 May, we published a consultation to explore changes to the circumstances in which the police can seize and destroy these vehicles, and we will not hesitate to go further if needed.

Nick Smith: I thank the Minister for that answer. Gwent police are taking on dangerous, illegal off-road bikes, but a related problem is electric bikes, which are sometimes chipped to go faster and have become a new danger. Will the Minister please look into this? The bikes can be switched up from being a means to get from A to B into being a real menace.

Dame Diana Johnson: Yes, I am very happy to look into that issue and to meet my hon. Friend to discuss it. He may want to know that the 60 additional officers that are going to be available in his police force area by the end of this year will help to tackle some of the antisocial behaviour involving e-bikes and other vehicles.

Topical Questions

T1. [905039] **Liz Jarvis** (Eastleigh) (LD): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Yvette Cooper): On 7 July 2005, terrorists attacked London's transport network at King's Cross, Russell Square, Edgware Road, Aldgate and Tavistock Square. Fifty-two people, who were travelling by tube and bus across the capital, never came home. We remember them and the loved ones they left behind, and all those who faced terrible injuries and endured the trauma of that day, and we remember the incredible bravery and courage of those who responded—the emergency service workers and the fellow passengers who saved lives that day. In the words of the King, this was an act of senseless evil, but he also reminds us that we must

"remember the countless stories of extraordinary courage and compassion"

as

"the very best of humanity in the face of the very worst."

I want to thank not just those who responded that day but those who have continued to work tirelessly in the two decades since against Islamist extremist terrorism, against other increasingly complex terror and national security threats, in counter-terror policing, in the security and intelligence agencies, and on prevention. Most importantly of all, this is about all of us, as we remember how our capital and our country came together across communities and across faiths to ensure that we never let hatred win.

Liz Jarvis: I associate myself with the Home Secretary's remarks. Eastleigh police station was closed in 2019 after 95 years of service. In 2023, the Hampshire police and crime commissioner promised that a new station would be opening within 12 months, but we still do not have one. Does the Secretary of State agree that my constituents deserve a new police station?

Yvette Cooper: As the hon. Member will know, decisions about where police stations are located are for the local force, the chief constable and the police and crime commissioner. She will welcome the news that Hampshire is getting 65 additional neighbourhood police officers, who will be out on the beat this year as a result of the Government's neighbourhood policing guarantee.

T2. [905040] **Harpreet Uppal** (Huddersfield) (Lab): I join colleagues in paying tribute to all those affected by the 7/7 attacks.

In Huddersfield, new neighbourhood policing teams are making a difference in restoring safety to our town centres, with 12 additional officers for the team. I welcome the 6.8% funding uplift received by West Yorkshire police this year, but given the persistent challenges that town centres face—including violent and knife crime, which we have seen in Huddersfield—will the Secretary of State update the House on how the Government will continue to support neighbourhood policing and ensure that forces such as West Yorkshire have the long-term resources that they need to keep communities safe?

Yvette Cooper: My hon. Friend is right that we need the additional neighbourhood policing in West Yorkshire. I welcome the 12 additional officers in her constituency, the 100 additional neighbourhood police officers across

West Yorkshire and, of course, the additional police officers in Pontefract and Castleford town centres. We have made it clear to police forces across the country that the focus this summer needs to be on tackling town centre crime.

Chris Philp (Croydon South) (Con): I associate myself with the Home Secretary's remarks about the terrorist atrocities perpetrated on 7/7. The 52 victims and their families of course remain in our prayers. The whole House will want to send thanks to the emergency services for what they did on that day and what they do every day.

It is now clear that the Home Secretary has lost control of our borders. So far, 2025 has been the worst year in history when it comes to illegal immigrants crossing the channel. Her claim to be smashing the gangs is clearly laughable. The French are having almost no effect, despite spending hundreds of millions of pounds, and the press report that not much will change in the negotiations this week. Returns of small boat arrivals are down, representing only 5% of overall arrivals, so will—

Mr Speaker: Order. This is topical questions. You have to help me get the Back Benchers in, but you are not at the moment. I am sure you are coming to an end now.

Chris Philp: I am, Mr Speaker. Will the Home Secretary finally admit that the only way to fix this situation is for there to be a removals deterrent whereby every single illegal immigrant is immediately removed?

Yvette Cooper: The shadow Home Secretary seems to have forgotten that in the short period for which he was immigration Minister, net migration near-trebled and the number of small boats went up tenfold. Not only that, but the funding for France that he has referred to was agreed by his Government when he was at the Home Office. If he really wanted to see serious action against small boats, why did he vote against counter-terror powers for smuggler gangs, against clamping down on illegal working in the gig economy, and against stronger action to stop those dangerous crossings?

Chris Philp: The Home Secretary talks about stopping those dangerous crossings, but there have been record numbers on her watch as Home Secretary.

Is the Home Secretary aware of the so-called "Police Anti-Racism Commitment", which is itself flagrantly racist? It says that the racial equity commitment means

"not…treating everyone 'the same' or being 'colour blind'".

It says that the police should treat people differently in order to artificially engineer equality of policing outcomes. Does she agree that that is itself flagrantly racist? The police should treat everyone the same. Will she call on the National Police Chiefs' Council to cancel the commitment? If it will not, will she legislate to give herself the powers?

Yvette Cooper: As the shadow Home Secretary knows, the police's oath makes it clear that they have to police without fear or favour, and that is what they do right across the country. It is a shame that he will not support the police in the difficult job that they do, just as the Conservatives voted against cracking down on off-road bikes, against new spiking and stalking laws, and against respect orders. They are against supporting our police.

T4. [905042] **Tony Vaughan** (Folkestone and Hythe) (Lab): I echo the Home Secretary's remarks about the 7/7 attacks. Alcaline Transport in my constituency was fined £10,000 after it reported that a clandestine migrant was found in one of its vehicles. When will improvements to the clandestine entrant civil penalty scheme be fully implemented, so that hauliers who report issues responsibly are supported, not penalised?

The Minister for Border Security and Asylum (Dame Angela Eagle): I thank my hon. Friend for raising this issue. While the clandestine entrant penalty scheme has to be rigorously enforced in order to be effective, it also provides a very fair process of appeal for hauliers against penalties that are not justified by the facts of a case. I am sure that my hon. Friend will assist the company in his constituency through that appeal process.

T3. [905041] **Blake Stephenson** (Mid Bedfordshire) (Con): Does the Home Secretary agree with Labour police and crime commissioners that the money allocated by the Chancellor at the spending review is insufficient to deliver the Government's policing priorities?

Yvette Cooper: We have provided an additional £200 million for neighbourhood policing as part of more than £1 billion of additional funding for police forces across the country. That is how we are putting an additional 3,000 neighbourhood police officers and police community support officers on our streets this year, after the decimation of neighbourhood policing under the Conservatives.

T5. [905043] **Joe Morris** (Hexham) (Lab): I associate myself with the Home Secretary's comments on 7/7. Recently, the town of Prudhoe was shocked when Islamophobic graffiti was found on a building. Such graffiti has no place in Prudhoe, my constituency, Northumberland or this country. Can the Home Secretary assure me that upholding the safety and security of everyone in rural communities, no matter where they are from or what their background, is of the utmost importance to this Government?

Yvette Cooper: My hon. Friend is right. That sort of graffiti and serious hate crime divides communities and needs to be taken seriously by police across the country. It is one of the reasons we are strengthening the law to give the police stronger powers to prevent intimidating protests around not just synagogues but mosques.

T7. [905045] **Mr Gagan Mohindra** (South West Hertfordshire) (Con): My thoughts are with the family of Jayesh Pitrola. Hertfordshire's policing budget already faces a £7 million shortfall, and the recent spending review contained no direct funding from the Home Office to address that. Will the Home Secretary reassure my constituents, as well as our police and crime commissioner Jonathan Ash-Edwards, that Hertfordshire will benefit from more police officers without further local tax rises being required?

The Minister for Policing and Crime Prevention (Dame Diana Johnson): As the Home Secretary just pointed out, we have provided an additional £200 million this year to support new neighbourhood police officers and PCSOs for all our communities. I am very happy to meet the hon. Gentleman if he would like to discuss policing further, but this Government are committed to making sure that the police have the resources they need.

T8. [905046] **Peter Swallow** (Bracknell) (Lab): The nationally recognised BRAVE—Building Resilience and Valuing Emotions—programme supported adult survivors of domestic abuse in Berkshire, but after our Conservative police and crime commissioner cut its funding by 25%, the scheme was left unviable. Does the Minister share my deep disappointment about this cut?

The Parliamentary Under-Secretary of State for the Home Department (Jess Phillips): Yes, I do. I thank my hon. Friend for highlighting the important work that BRAVE has done in Berkshire. Grassroots organisations are at the heart of work to support domestic abuse victims and the communities they live in. Tackling domestic abuse is at the heart of the Government's mission and, I should hope, the mission of every police and crime commissioner.

Lincoln Jopp (Spelthorne) (Con): The Mercure hotel in Stanwell in my constituency is used to house asylum seekers, and I have had multiple reports of asylum seekers there working illegally. Will the Department please put that on immigration enforcement's radar, so that it can take the appropriate action?

Dame Angela Eagle: I assure the hon. Member that we take action against those who break the rules by working illegally. Raids and arrests for illegal working are up 50% in the last year; civil penalties in the last quarter were at their highest rate since 2016; and we are taking action to close the gig economy loophole through the Border Security, Asylum and Immigration Bill, which he and his Conservative friends voted against.

T9. [905047] **Martin Rhodes** (Glasgow North) (Lab): What steps is the Home Office taking to ensure that Palestinian students awarded scholarships to UK universities can obtain visas and travel to the UK to take up their places?

The Parliamentary Under-Secretary of State for the Home Department (Seema Malhotra): That is an important issue. I am working closely with the Under-Secretary of State for Foreign, Commonwealth and Development Affairs, my hon. Friend the Member for Lincoln (Mr Falconer), and the Israeli, Jordanian and Egyptian authorities to identify safe routes by which British nationals and other eligible people can leave Gaza, or indeed the west bank, and so are able to obtain visas and travel to the UK.

Mr Speaker: I call the Father of the House.

Sir Edward Leigh (Gainsborough) (Con): The number of small boat crossings is driving people mad and eroding support for the Labour Government, just as it eroded support for the Conservatives. I worry for the Labour Government; I want them to do better on this, for all our sakes. Have not our French friends got a point about this country being uniquely attractive to illegal asylum seekers? We do not have identity cards, and we do not do what the Belgians do, which is to refuse to put them in reception centres. Can we make a study of what every other member of the Council of Europe is doing, and replicate the strongest actions, so that this is not the most attractive country for illegal asylum seekers?

Yvette Cooper: I agree with the right hon. Member that we need to take action on a whole range of things. That includes action in France, further action on the network of criminal gangs, action on the water, and action to tackle illegal working and reform the asylum system in the UK. We inherited a system in which there was not enough action on illegal working; that is why we have ensured a 50% increase in raids and arrests. We will also bring forward more reforms on asylum.

T10. [905048] **Steve Yemm** (Mansfield) (Lab): To what extent does the Minister agree that reform of the European convention on human rights, which can block us from deporting some foreign criminals, including paedophiles, should be a priority for the Government?

Jess Phillips: My hon. Friend is absolutely right that it should be for Parliament and the Government to decide who has a right to remain in our country. As set out in our immigration White Paper, we intend to clarify these issues and the application of article 8 rights in the UK.

Mike Martin (Tunbridge Wells) (LD): Less than three weeks ago, the Home Secretary whipped her Back Benchers against new clause 43 to the Crime and Policing Bill, which had cross-party support and would have criminalised the harassment of women and girls. Her Ministers promised at the Dispatch Box and elsewhere that the new clause was not necessary because the matter would be dealt with in the violence against women and girls strategy, which was meant to come out before the recess. We now hear that it is not coming out before the recess. Did Ministers misspeak at the Dispatch Box, or are they incompetent?

Jess Phillips: If the hon. Gentleman wishes to read the National Audit Office's report on the previous Government's violence against women and girls strategy, he will see that the strategy was found totally wanting.

Mike Martin: What about your strategy?

Jess Phillips: I will come to it. It was also undeliverable and untested. I want to ensure that the violence against women and girls strategy that goes out in this Government's name is the best it can possibly be.

John Slinger (Rugby) (Lab): One of my constituents found that, despite taking precautions, their identity had been assumed, and their PIN for online banking was changed. That was repeated across other accounts, and thousands of pounds were stolen. What steps is the Department taking to combat sophisticated cyber-crime and ensure that, in particular, older constituents like mine remain protected?

The Minister for Security (Dan Jarvis): I am sorry to hear about my hon. Friend's constituent. Combating these crimes is a key priority for the Government. We continue to collaborate closely with the financial industry, organisations such as Cifas and regulators on strengthening account security and supporting victims. I would be happy to meet him to discuss this further.

David Davis (Goole and Pocklington) (Con): I associate myself with the Home Secretary's comments about 7/7. I remember that day too well, and we supported the Government then, too. In more recent times, there have been a number of major cyber-attacks, ransomware attacks and associated blackmail of major companies. It has come to my attention that one such company paid a very large sum to its blackmailer recently. I will share the name with the Home Secretary afterwards; it would not be appropriate to share it in the Chamber. Will she update the House on the progress of the Government's actions to ensure that blackmailers of this sort do not succeed in future?

Dan Jarvis: I am grateful to the right hon. Gentleman for raising this matter, and will happily meet him to discuss it. The Home Office recently closed a consultation on a world-leading package of legislative proposals to counter ransomware. A public response will be published shortly.

Jonathan Hinder (Pendle and Clitheroe) (Lab): The chair of the Met Police Federation, Rick Prior, and the chair of the West Midlands Police Federation, Rich Cooke, have both been removed by the unelected chief executive of the Police Federation after speaking up for the officers they were elected to represent. Is the Home Secretary as concerned as I am that the only staff association that police officers are legally allowed to join is no longer fit for purpose?

Dame Diana Johnson: I am grateful to my hon. Friend for raising this issue; I know he has experience as a police officer. I regularly meet the Police Federation and its officers and chief executive. I will raise his concerns directly with them.

Alison Griffiths (Bognor Regis and Littlehampton) (Con): How does the Home Secretary propose to reduce the number of people in asylum accommodation in Bognor Regis and Littlehampton, given that even the Prime Minister admits that the situation in the channel is deteriorating?

Dame Angela Eagle: By speeding up the asylum process, so that people are not trapped in asylum hotels by huge backlogs, and by increasing decision making by 116%, following the 70% fall that we saw in the three months before the last election, we will get the system moving again.

Sonia Kumar (Dudley) (Lab): Over the past 14 years, police forces have faced significant cuts to personnel and resources. While many areas are returning to 2010 staffing levels, the west midlands still has 540 fewer officers. I support the efforts of the police and crime commissioner, Simon Foster. How can we address the funding gap caused by an outdated national formula that has disadvantaged my Dudley constituents?

Yvette Cooper: My hon. Friend is a passionate advocate for policing in her constituency. I hope she will welcome the increase for the west midlands of over 300 neighbourhood police officers and PCSOs. It comes at a time when we are putting 3,000 more neighbourhood police on the beat. We are also bringing in: new laws on off-road bikes and town centre crime; a ban on machetes, zombie knives and ninja swords; domestic abuse experts in 999 control rooms; and new protections against terrorism for venues. That is action across the board to keep our communities safe.

Government Performance against Fiscal Rules

3.43 pm

Sir Mel Stride (Central Devon) (Con) *(Urgent Question)*: To ask the Chancellor of the Exchequer if she will make a statement on the Government's performance against the fiscal rules.

The Chief Secretary to the Treasury (Darren Jones): As the shadow Chancellor knows, it is a long-standing convention of this and previous Governments not to provide a running commentary on a fiscal forecast, and it is for the independent Office for Budget Responsibility to assess performance against the Government's fiscal rules in its official economic and fiscal forecast. In the most recent forecast, published in March alongside the spring statement, the OBR confirmed that the Government were on track to meet their fiscal rules two years ahead of target. It also confirmed that the Government were on track to meet their fiscal rules early in the Budget last autumn.

This is a choice—a responsible choice. When we contrast it with the actions of Conservative Members, who lost control of the public finances, we see working people across the country still paying the price. In line with the usual process, the Chancellor will ask the OBR to produce a new fiscal forecast in the autumn for the annual Budget. That forecast will include an updated assessment of the Government's performance against their fiscal rules. As the Prime Minister confirmed last week, the Government are committed to their fiscal rules, which remain non-negotiable.

We have seen what happens when fiscal rules are put to one side—*[Interruption.]* Conservatives Members may be chuntering from their sedentary positions, but families across the country are still paying the price of the consequences of Liz Truss's experiment through higher mortgage payments, and we are not going to put the nation's finances at risk as the Conservatives have done. In contrast, this Government are meeting their fiscal rules and, as a consequence of the Chancellor's decisions, we are investing billions of pounds in the renewal of Britain: in schools, hospitals, affordable homes and public transport and in keeping the nation safe. Any future fiscal plans will be set out at the Budget in the normal way.

Sir Mel Stride: The Chancellor said that she would not make any commitments that were not

"fully funded and fully costed",

but the Chief Secretary to the Treasury has just said that he now expects us to wait until the autumn to hear how the Government intend to cover the £6 billion of unfunded commitments that their U-turns have run up in the last month alone. A Government divided. A Government racking up unfunded spending. A Government wrecking the public finances. Why is the Chief Secretary not prepared to explain how they will fund these U-turns? There are surely only two possible answers: either the Treasury has made them without a clue as to how they will be funded, or it knows but is refusing to tell us. Either is completely unacceptable. Can the Chief Secretary set aside the usual blather that we have just heard and tell us whether he knows how these unfunded commitments will be paid for, or are his Government simply refusing to say?

The House will also have noted the inherent contradiction in the Chief Secretary sticking to the line that decisions will be made at a fiscal event in the normal way, when that is precisely what the Government have not done. By losing control of the finances and of their own parliamentary party, the Government have made significant fiscal decisions outside of a fiscal event. The Chancellor said at the Budget that she would not be coming back with more tax rises. Is this still the position? Will the Chief Secretary rule out a wealth tax, along with reconfirming there will be no rise in income tax, national insurance or VAT? The Chancellor said that she would not extend the freeze on tax thresholds because it would hurt working people. Is this still the position? Can the Chief Secretary confirm that the Chancellor will not be adding to her fiscal black hole by scrapping the two-child benefit cap? Can I also ask whether consideration—

Madam Deputy Speaker (Caroline Nokes): Order. The shadow Chancellor will know the time limit. I am sure that this will be his last sentence.

Sir Mel Stride: It certainly is now, Madam Deputy Speaker. If Ministers are to begin putting their house back in order, that must start right now with full transparency and proper answers.

Darren Jones: I think the House knows what losing control of the public finances looked like, because under the previous Conservative Government interest rates went through the roof, families were paying higher mortgage rates and the Chair of the Treasury Committee was calling out the irresponsible behaviour of Liz Truss and her Ministers in the Treasury. That is what losing control of the public finances looked like and that is why the Conservative party lost control of Government and is in opposition today. The right hon. Gentleman asked me to comment on forecasts of annually managed expenditure and on future tax decisions. He knows how this works. All of that will happen with a forecast and a Budget, which will happen in the autumn.

Dame Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): We all know why the Government want to keep their fiscal rules tight, because we know what happens when the markets go wrong, but a lot of things have rocked the country since the Labour Government were elected a year ago. Will the Chief Secretary explain to our constituents what the benefits of the fiscal rules are for them in their day-to-day lives? This can seem a very remote and distant discussion for people who are living in overcrowded conditions or who need healthcare, for example.

Darren Jones: I thank the Chair of the Treasury Committee for her question. The way I would describe it to the public is that when the Government lose control of the public finances, as the Conservative party did in government, it affects not only the accounts in the Exchequer and the Treasury but the family finances in every house across the country. People are still paying for the consequences of the last Government not sticking to their fiscal rules and acting irresponsibly. That is why our fiscal rules are non-negotiable, and we will stick to them.

Madam Deputy Speaker (Caroline Nokes): I call the Liberal Democrat spokesperson.

Daisy Cooper (St Albans) (LD): We all know the Government had a terrible inheritance from the previous Government, whether it was the incompetence of covid contracts, the mini-Budget or the botched Brexit deal. But at the same time, last year's Labour Budget was a Treasury tax grab with no vision for the economy and no regard to the impact on small and medium-sized businesses and key sectors like hospitality and social care. We Liberal Democrats want to see things getting better in this country for our constituents and for the country. In the spirit of constructive opposition, I will ask the Minister a number of questions. When will the Government get serious about growth through a much deeper trading deal with Europe? Will Ministers look at fairer revenue raisers, such as reversing the Conservatives' tax cuts for the big banks and raising revenue from tech giants and online gaming and gambling companies? Will the Prime Minister make a public statement to calm the markets and avoid four months of speculation about what might be in the next Budget? Will the Government commission an interim Office for Budget Responsibility report now?

Madam Deputy Speaker: Order. The same strictures apply to the Liberal Democrats—one more sentence.

Daisy Cooper: I am grateful for your guidance, Madam Deputy Speaker. Can the Government confirm that they will not raid capital budgets to fix crumbling hospitals and to pay for day-to-day spending, and will the Minister confirm the date for the autumn Budget?

Darren Jones: The hon. Lady encourages me to act above my pay grade. The Chancellor will set out the date for the autumn Budget in due course. The hon. Lady invited me to explain to the House what our strategy was at the Budget—it was about investing in the renewal of Britain. That is why the Chancellor's decision to update the fiscal rules to allow billions of pounds of investment in our capital infrastructure across the country, including into schools and hospitals, was the reason that the Budget was set out as it was. She also asked me about trade deals. I politely point to the three trade deals that the Government have already agreed with the European Union, India and the United States of America, saving thousands of jobs across the UK and generating growth in the years ahead.

Rachel Blake (Cities of London and Westminster) (Lab/Co-op): Does the Chief Secretary to the Treasury agree that it is because of these fiscal rules that this Government have been able to establish firm foundations for future growth? Will he explain to the House how the Budget stability rule supports the Government with confidence of investors and businesses?

Darren Jones: My hon. Friend knows from her work on the Treasury Committee that the fiscal rules are important because they prove that the Government are in control of the public finances. We saw what happened when the last Government lost control: the cost of Government borrowing went through the roof, and that takes money out of budgets before they even get to public services like the national health service. That is why this Government are committed to our fiscal rules and will ensure that they are being implemented.

John Glen (Salisbury) (Con): The Chief Secretary will be aware from his previous role as Chair of the Business and Trade Committee that one of the things that those who create wealth and invest in our economy need is certainty. Before the next Budget, will he ensure that he consults with business leaders and that a proper impact assessment of whichever taxes he will increase is done so we can minimise the damage being done to the productive capacity of the UK economy?

Darren Jones: The Treasury engages with business leaders and investors all the time, and the one thing they tell me is that they are grateful this Government have brought back long-term, multi-year budgets, that we have the fiscal rules in place, and that we are reforming things like the planning system to make it easier to do business in this country. As a consequence, business confidence is increasing under this Government, having dropped enormously under the right hon. Member's Government.

John Grady (Glasgow East) (Lab): My constituency faces a housing crisis, and inflation and out-of-control borrowing costs make it much more expensive to build social housing, and those costs are passed on to tenants. Does my right hon. Friend agree that that is precisely why the fiscal rules are critical?

Darren Jones: The fiscal rules are important because when we control the nation's finances, we bring stability to family finances. We have all experienced the consequences of previous Governments losing control, and our mortgage rates and rents have gone through the roof. This Labour Government will never let that happen again.

Bobby Dean (Carshalton and Wallington) (LD): The Government committed to one fiscal event a year in the name of economic stability, but by having an OBR forecast and these constraints, they had only one lever to pull: spending cuts. This time, disabled people paid the price, and the Government have since had to row back. Does the Government regret placing those restraints on themselves over tax measures when OBR forecasts are published?

Darren Jones: The Government are committed to the independence of the OBR. We will keep setting out future fiscal plans at one fiscal event a year.

Lola McEvoy (Darlington) (Lab): Does the Chief Secretary agree that without the fiscal rules we would not have seen four interest rate cuts, which have benefited thousands of constituents across the country?

Darren Jones: I agree with my hon. Friend that we have had four interest rate cuts under this Government which is good for mortgage holders and renters. Wages have increased faster than costs for the first time in many years, and the Chancellor has been able to invest billions of pounds in our country while keeping markets stable. That is the consequence of stability in our economy and in our politics and the fact that we are implementing our fiscal rules in the way we said we would.

Dame Harriett Baldwin (West Worcestershire) (Con): With all due respect to the Chief Secretary, the Chancellor really should be here to answer this urgent question because the financial markets are extremely concerned about her wellbeing—the financial markets which, by the way, are asking for a 10-year yield now that is considerably higher than after the Liz Truss Budget. It is really important that the bond markets, which are aware of the hole in the Government's finances, know how the Government are going to act, because otherwise we will see further fleeing of the millionaires and the wealth creators and the businesses whose investment we rely on for growth in this country.

Darren Jones: I am not entirely sure what the question was, but I think the hon. Lady is exhibiting that she has learned some lessons from her party's performance when she was last in government. Maybe she could share that with her Front-Bench colleagues in due course.

Dr Jeevun Sandher (Loughborough) (Lab): I am amazed that the Conservative party has brought an urgent question on fiscal rules. The Conservatives had seven sets of fiscal rules in 14 years; I mean, guys—and it is all guys—come on. The reason why they kept missing debt and deficit targets is because they kept cutting investment, meaning less growth and less tax revenue. Does the Chief Secretary agree that by investing to grow, we get our debt burden down?

Darren Jones: This Government recognise that it was because of cuts, especially to capital investment through the austerity years under the Conservative Government, that we had such poor productivity in our economy. We are still suffering the consequences of that, which is why, as the Chancellor said at the Budget, we are choosing investment over decline.

Brendan O'Hara (Argyll, Bute and South Lochaber) (SNP): A year ago we were promised radical change, but the only radical change appears to be in the Labour party itself, which has decided that if you are poor, old or disabled, it will be you who will bear the brunt of the cuts and on whose backs the books will be balanced. So were the fiscal rules always predicated on going after the most vulnerable and the weakest and those least able to organise and fight back, instead of taking on the rich, the powerful, the multinationals and the tax avoiders?

Darren Jones: As a consequence of the Chancellor's decisions, we gave Scotland the largest real-terms spending increase since devolution began, and the only radical change that we are now looking for is the Scottish National party to be kicked out of Holyrood next May.

Yuan Yang (Earley and Woodley) (Lab): As my hon. Friend the Member for Loughborough (Dr Sandher) mentioned, there were seven different sets of fiscal rules under the previous Government. The shadow Chancellor, the right hon. Member for Central Devon (Sir Mel Stride), has announced that he has reflected on the mistakes made by the Truss Government and I am sure that international investors watching what is happening in the Commons would like to see sensible debate from all parties in the Chamber on the most critical challenge facing our times. Will the Chief Secretary therefore set out the important ways in which capital investment unlocked under these fiscal rules are allowing for economic growth and development?

Darren Jones: Because of the Chancellor's decision to update the definition of debt—*[Interruption.]* We have been able to unlock billions of pounds of investment into houses and schools and hospitals and GP surgeries across the country. Opposition Members may laugh but, as my hon. Friend points out, they have no plan to share with anyone at all.

Esther McVey (Tatton) (Con): In November last year the Chancellor told the CBI conference that she was

"not coming back with more borrowing or more taxes."

Will the Minister, as the Chancellor is not in the Chamber, reiterate that promise today, or has the Chancellor mishandled the economy so badly that she is now going to have to add this to the Government's growing list of U-turns?

Darren Jones: The Chancellor was very clear that the last Budget was a once-in-a-generation Budget because it had to deal with the sheer scale of negligence and mess that we had inherited from the party opposite. I am very grateful now that we are one year into a Labour Government we do not have to keep clearing up their mess year after year.

Luke Akehurst (North Durham) (Lab): The Opposition have opposed all the tough decisions this Government have made to raise revenue, from VAT on private schools to the windfall tax. Has the Chief Secretary heard anything from the shadow Chancellor about how their plans would interact with the fiscal rules, if they plan on having any fiscal rules at all?

Darren Jones: I might suggest to my hon. Friend that the public are grateful not to hear very much from the Conservative party after 14 years of failure, but if Conservatives Members wish to be competitive again, I would encourage them to set out what they might actually do with the country.

Liz Saville Roberts (Dwyfor Meirionnydd) (PC): Plans to plunder disability benefits and the decision to hike national insurance contributions are examples of policies that disproportionately hit Welsh communities. Instead, we need fair policies, such as a wealth tax on assets over £10 million, an end to Government subsidies for oil and gas giants, and a clampdown on tax evasion. When will the Government's fiscal rules enshrine fairness, where the ultra-wealthy and large corporations pay their fair share?

Darren Jones: The right hon. Lady seems to have missed the fact that this Government have changed the non-dom tax status, which had been used by some of the wealthiest people in our country for many years; we have introduced VAT on private schools; and it is now much more expensive to fly in a private jet than it was under the former Conservative Prime Minister. As a consequence of the decisions that the Chancellor took at the Budget last year, we have given the largest real-terms increase in spending to Wales since devolution began, and as a consequence of our reforms to the Bill that we will be discussing on Wednesday, we have increased the base rate of universal credit for the first time in many years.

Dame Chi Onwurah (Newcastle upon Tyne Central and West) (Lab): It is extraordinary that the Tories have recovered so quickly from their economic mismanagement that they feel able to stop apologising, and even to offer advice—if only the economic wellbeing of my constituents had recovered as quickly. Does the Chief Secretary to the Treasury agree with me that the Office for Budget Responsibility, like economists the world over, finds it easier to measure the economic consequences of funding cuts, such as the proposed cuts to disability benefits, than the economic consequences of investments, such as investing in people getting into work?

Darren Jones: This is the first opportunity I have had to congratulate my hon. Friend on her recent damehood, which is very well deserved. She invites me to comment on the independent Office for Budget Responsibility's forecast methodology. Given its independence, I am afraid I will not to that, but I will point to the fact that in the last forecast, the OBR was able to forecast an increase in growth as a consequence of our reforms to the planning system, which we welcome very much.

Sir Alec Shelbrooke (Wetherby and Easingwold) (Con): Since April, eight companies have personally approached me to tell me that they have either laid people off or have had to close their businesses after decades of trading because of the rise in national insurance contributions. How many businesses in the Minister's constituency have told him a similar story?

Darren Jones: I will not give a running commentary on my conversations with businesses or constituents in my constituency, but what I have heard from businesses in the defence and infrastructure sectors is welcome news regarding our long-term spending commitments, our reform of the planning system and our commitment to spending more on capital across our country, which will generate good jobs and good skills in every part of the country.

Ms Stella Creasy (Walthamstow) (Lab/Co-op): There has been talk about the previous Prime Minister. As the MP for the constituency where the lettuce that lasted longer than the previous Prime Minister was located, I can confirm that we all know from our constituents that she did more damage. It is good to hear Conservative Members finally talking about the small businesses that are the backbone of the British economy, rather than worrying about the millionaires. Does my right hon. Friend agree that we need to give those businesses even more certainty and confidence about the road ahead? The EU trade deal that we have done is a brilliant start, but does he agree that there is now a case for also looking at things like alignment by default, so that they can confidently know what kind of future they have under this Government?

Darren Jones: I thank my hon. Friend for welcoming the trade deals that this Government have entered into with the United States, India and the European Union, with whom we got a great deal, especially on food and drink imports and exports, which will result in lower prices on the shelves of our supermarkets across the country. As my hon. Friend knows, we have committed to an annual summit with our counterparts in the European Union, and I am sure that my ministerial colleagues will set out further detail on those negotiations in due course.

Sarah Dyke (Glastonbury and Somerton) (LD): George is the fifth-generation owner of Knight's fish and chip shop in Glastonbury. It is a much-loved business in the town, but it is under severe pressure after the NICs increases and business rates and some of the decisions made by Ministers on our economy. Hiking national insurance hurts our small businesses and economic growth. So will the Minister back small businesses by overhauling business rates and scrapping the NICs hike?

Darren Jones: The hon. Lady will know that when the changes in national insurances contributions for employers were implemented, the scheme was designed so as to protect smaller businesses, in relation to bigger business. She points to our fish and chip shops, which are often beloved in all our communities. I know from fish and chip shops in my own constituency that the price of fish, for example, has gone from about £100 to £300 a box. The price of oil has gone up following the Russian invasion of Ukraine, and even the price of potatoes has gone up, often because those products are imported from the European Union into the UK. That is why our trade deal on food and drink with the EU as well as our investment into cheaper renewable energy will make a big difference to fish and chip shops such as the one that the hon. Lady mentioned.

David Pinto-Duschinsky (Hendon) (Lab): It is always amusing to hear the shadow Chancellor, who presided over a crisis in the welfare system, complain about this Government's actions to restore fiscal stability. It is like listening to an arsonist complaining about the fire brigade. Does my right hon. Friend agree it is difficult to take the Conservatives seriously when they will not tell us what their plans are or even whether they support the spending laid out in the spending review?

Darren Jones: My hon. Friend is right. If any party on the Opposition Benches wants to be competitive in the next election, it needs to set out what it proposes to do with the country and how it will pay for it. Time and again, whether it is the Conservative party, Reform UK, the Green party or any other party, it is all promises of jam tomorrow, with no idea about how to pay for it. The public have been burned by that already because of the last Government, and they will not be burned by it again.

Sir Bernard Jenkin (Harwich and North Essex) (Con): Has the Chief Secretary seen the much longer-term forecasts by the OBR for the growth in public spending and the growth in debt rising to more than 250% of GDP in decades to come and the debt interest rising to 12% of GDP? Now that there is a gaping hole in the Government's financial plans because of the votes last week and the U-turns on welfare reform, why does he think that he can play for time, instead of acting to give the markets confidence before they lose confidence?

Darren Jones: The Treasury obviously monitors all OBR forecasts and considers them in detail. As the hon. Gentleman knows, it is right and proper that the Treasury looks at OBR forecasts in an orderly way when it produces its forecast in line with the fiscal forecast. That is how we bring stability back to the public finances, and that is what we will be doing.

Kanishka Narayan (Vale of Glamorgan) (Lab): The Leader of the Opposition has appointed every member of Liz Truss's Treasury team to her Front Bench, apart from those booted out by the public. Does my right hon. Friend agree that a party that has no fiscal strategy but to believe "In Liz We Truss" cannot be trusted on any of it?

Darren Jones: In a more conciliatory tone to Conservative Members, let me say that they have so few MPs they had no choice.

Richard Tice (Boston and Skegness) (Reform): Since the Budget, some 270,000 jobs have been lost and borrowing is up by tens of billions of pounds. Just last week, the Office for Budget Responsibility indicated that it will lower its forecast for the second time since the Budget. Does the Chancellor still have confidence in the OBR, or has she lost confidence in it?

Darren Jones: The Chancellor has confidence in the OBR.

Johanna Baxter (Paisley and Renfrewshire South) (Lab): The consequences of losing control of the country's finances, as the Conservatives did, caused real pain and a cost of living crisis for my constituents. Does my right hon. Friend agree it is only because of our sound economic management that we have seen wages rise for working people at a faster rate in the first 10 months of this Labour Government than in the last 10 years of the Conservative Government?

Darren Jones: My hon. Friend is right. Whether it is investors, market traders or our constituents, they got sick to the back teeth of chaos under the Conservatives, whether it was the mess of Brexit or the change in Prime Minister and Chancellor every five minutes. Ultimately, that resulted in a Parliament in which people were worse off at the end of the Conservative Administration than they were at the start, and our mortgages and rents were higher as a cost of the loss of control in the public finances. This Labour Government will never let that happen again.

Neil O'Brien (Harborough, Oadby and Wigston) (Con): A £6 billion hole has been opened up because those on the Labour Front Bench cannot get those on the Labour Back Benches to vote for their own policies. As a result, No. 10 is today conspicuously refusing to rule out a wealth tax. If we tell business people and wealth creators that their money will get taxed if they leave it in this country, we drive even more investors away. Is it not the case that even if this measure is not ultimately put in place, over the next couple of months the speculation about a wealth tax itself will drive investment away from this country?

Darren Jones: The hon. Member knows that the Chancellor will set out any decisions on tax one way or the other in the Budget, which she will do in the autumn.

Warinder Juss (Wolverhampton West) (Lab): Does the Chief Secretary agree that this Government have had the courage to make the difficult but necessary decisions in an effort to ensure sound public finances and improve the economy, while the Opposition have hid behind their mistakes and have no credible economic plan of their own?

Darren Jones: My hon. Friend knows that this Labour Government are committed to fiscal and political stability, because that is what matters for family finances and getting this country back on track after years of chaos under the Conservatives.

Nick Timothy (West Suffolk) (Con): I find it highly alarming that the Chief Secretary to the Treasury does not seem to realise that the cost of Government borrowing is higher now than at any time since the last Labour Government. All of this comes back to decisions about spending, so why, when Labour's manifesto said that it would limit spending increases to £9.5 billion a year, did it increase spending by eight times as much—£76 billion a year—three months later in its Budget?

Darren Jones: Because the Conservative party had not done a spending review since 2021 and let inflation go through the roof, and the cost of doing business was higher, along with a whole string of broken promises from the Conservatives. The sooner they reflect on their mistakes and apologise to the country, the better for all of us.

Jim Dickson (Dartford) (Lab): With major investments announced by this Government that will directly benefit my constituents—such as the lower Thames crossing, Darent Valley hospital and school building renewal—does the Chief Secretary agree that this Government have the fiscal rules in place to provide the economic stability we need to renew our social and economic infrastructure, which was left in a terrible state by the last Government?

Darren Jones: I thank my hon. Friend for demonstrating the real consequences of fiscal discipline, but also the fact that the Chancellor updated the fiscal rules to allow for investment in precisely the kinds of projects my hon. Friend mentions in his constituency—in hospitals, schools, better roads, public transport and more affordable housing across the country.

Mike Martin (Tunbridge Wells) (LD): With its NI rises, among other measures, last year's Budget skewed the tax burden on to small companies. My hon. Friend the Member for St Albans (Daisy Cooper) has just laid out some measures that would skew that burden towards bigger companies and multinationals. Given that the Government's No. 1 priority is growth, could the Chief Secretary explain why we are taxing small companies over big companies?

Darren Jones: I think the hon. Member is referring to employer's national insurance contributions, which—as I have set out to the House—were designed to limit the burden on smaller businesses, with bigger businesses paying more. That was the way that the system was designed, and that was the system that the Chancellor put forward.

Chris Curtis (Milton Keynes North) (Lab): The only way out of the economic doom loop that the previous Government got us into is by growing the British economy again. If the British economy had grown over the past 10 years as quickly as the OECD national average, there would be £40 billion more sitting in the Exchequer without having to touch spending or taxes at all. *[Interruption.]* The Conservatives talk about the fastest growth in the G7—that is like walking the first 26 miles of a marathon and then bragging about jogging over the finish line. Growth was unacceptably slow under the previous Government, so can the Chief Secretary let us know what he is doing to get the British economy growing again, particularly changing the broken planning system so that we can build more homes and energy infrastructure here in the UK?

Darren Jones: My hon. Friend speaks passionately, because his constituents know that they were worse off at the end of 14 years of the Conservatives than when they started. He knows that this Labour Government are committed to making his constituents better off at this end of this Parliament than they were at the start. That is what our investment in the renewal of Britain is about, and it is what this Labour Government will deliver.

Dr Caroline Johnson (Sleaford and North Hykeham) (Con): We all know that taxes are coming; we just do not know on whom they are going to fall hardest. The country is nervous, with every family and every business wondering how much those taxes are going to cost them. Does the Chief Secretary regret the fact that that is leading to reduced domestic spending and reduced business investment, and is dragging the economy down overall?

Darren Jones: I do not disagree with this Government's fiscal policies, no.

Andrew Lewin (Welwyn Hatfield) (Lab): I always listen attentively to the shadow Chancellor, in this place and in his many media rounds. Sadly, what is missing is a costed economic policy of his own. Does my right hon. Friend agree that the shadow Chancellor might be wise to spend some quality time in his beautiful Dorset constituency—

Sir Mel Stride: Devon.

Andrew Lewin: Apologies—in his Devon constituency over the summer to develop some credible policies of his own? If he does not, he is not credible from the Dispatch Box.

Darren Jones: I agree with my hon. Friend. It will be a benefit to the whole House that the shadow Chancellor will be in his Devon constituency for the whole of August.

Ayoub Khan (Birmingham Perry Barr) (Ind): The Chief Secretary talks about fiscal stability and fiscal discipline. He will be aware that Labour-run Birmingham city council has been declared bankrupt, so I wish that skillset would be transferred to some of the people running that council. On a serious note, we still have a bin crisis in Birmingham; bin workers are still on strike, and it is forecast that they will not go back to work until Christmas this year. Local businesses and residents are absolutely fed up, so on a sincere note, will the Chief Secretary or his staff meet me and Birmingham MPs to bring this misery to an end?

Darren Jones: I know that the hon. Member and colleagues in Birmingham are in correspondence and communication with relevant Ministers in the Ministry of Housing, Communities and Local Government. I point him to the fact that this Government have increased the local government grant by up to £2 billion by the end of this period—by 2028-29—and that we have given local government long-term certainty with multi-year budgets for the first time in many years, to allow them to plan for the future.

Deirdre Costigan (Ealing Southall) (Lab): I have raised in this House on a number of occasions the many children in my constituency of Ealing Southall sleeping on the floor or on the sofa in mouldy temporary homes, due to 14 years of inaction and financial mismanagement by the Conservatives. Does the Chief Secretary to the Treasury agree that it is only because of the fiscal and budgetary decisions that this Labour Government have made that we have been able to invest a record almost £11 billion in building new affordable and social homes for homeless London families, like those in Ealing Southall?

Darren Jones: I thank my hon. Friend for pointing out the legacy of the past 14 years, where so many of our constituents are waiting for secure, affordable housing. That is why the Chancellor's decision not only to update the definition of debt, but to allow for the creation of a new national housing bank means that we can direct billions of pounds into building affordable and social housing again. Those record levels of investment will make a real difference to the lives of families across the whole country.

Julia Lopez (Hornchurch and Upminster) (Con): The Chief Secretary to the Treasury seems to have only one line to survive this urgent question on behalf of the Chancellor, and that is to make reference to the former Prime Minister. Can he answer a simple question, to which we have already heard the answer today? Are Government borrowing costs higher now under him, or under the former Prime Minister in September 2022?

Darren Jones: I refer the hon. Lady to my previous answer.

Jas Athwal (Ilford South) (Lab): The Conservatives are responsible for the dangerous dismantling of all our public services, stagnant wages and inflation rates that peaked at 11%. Does the Chief Secretary to the Treasury agree not just with me, but also with former Chancellor George Osborne, who said that the Leader of the Opposition has no "credible economic plan"? We should not be taking advice from a party responsible for 14 years of degradation.

Darren Jones: I can reassure my hon. Friend that we are taking no advice from the Conservative party on our approach to the economy, given their dismal record.

Lincoln Jopp (Spelthorne) (Con): Before the general election, the Chancellor said that this would be the most pro-business Government ever. She spoke recently at *The Times* CEO summit. Before she was introduced to the CEOs, the host asked how many of them thought that this Government are still pro-business, and not a single hand went up. Why does the Chief Secretary to the Treasury think that is?

Darren Jones: I was not at the event, so I cannot comment on those discussions, but I point the hon. Member to record levels of investment in this country. We have £120 billion of investment from the private sector in the first year of this Labour Government—including, as the Prime Minister said last Wednesday at Prime Minister's questions, £40 billion from Amazon. We can look at water infrastructure, housing or digital infrastructure. The United Kingdom is a country that people now want to invest in. It is a stable country with a long-term strategy and with lots of great potential and assets, and we look forward to working with those business partners and investors to get the best deal for Britain.

Luke Murphy (Basingstoke) (Lab): The Institute for Government's review of the Government's performance against fiscal rules found that the previous Conservative Government changed their rules in 2014, 2015, 2016, 2019, 2021, 2022 and 2024. In fact, all of the sets of rules that existed under the Conservatives were abandoned because at least one rule could not be met. Does the Chief Secretary to the Treasury agree that the Conservatives have not met a fiscal rule they did not change, break or, in the case of Liz Truss, blow up?

Darren Jones: I thank my hon. Friend for his pertinent question. It rather begs the question of whether the last Conservative Government had any fiscal rules at all. Based on the experience of all of us paying our mortgages and rent, and looking at the cost of inflation at the back end of the last Parliament, the answer is no.

Mr Richard Holden (Basildon and Billericay) (Con): Who does the Chief Secretary to the Treasury think is most responsible for the extra 276,000 people unemployed since the time of the Budget? Is it the national insurance jobs tax, is it the business rates increases, or is it the attacks that the Government have made on long-term investment, whether through agricultural property relief or business property relief?

Darren Jones: I disagree with the premise of the question. We are not attacking investment in this country; we are welcoming it. We are increasing public investment, we are doing deal after deal with the private sector, and we are welcoming significant amounts of foreign direct investment that will create good jobs with good wages in every part of the country.

Chris McDonald (Stockton North) (Lab): In the last 12 months, the Government have invested £5 million in North Tees hospital, £20 million in Billingham town centre and another £20 million in Stockton town centre—with police patrols seven days a week—£1 billion in local transport in Teesside and £4 billion in carbon capture and storage, and have rescued British Steel. Does my right hon. Friend agree that it is the market's confidence in this Government and this Chancellor of the Exchequer that gives us the fiscal ability to invest in Stockton, Billingham and Norton in my constituency?

Darren Jones: I congratulate my hon. Friend on being so successful. The amount of investment that he has secured for his constituency is clearly a testament to his ability to represent it. He is right to point to all those investments, because part of the Chancellor's economic strategy is investing in the renewal of Britain to benefit not just his constituents, but all our constituents across the country.

Jim Shannon (Strangford) (DUP): Although I very much welcome the Government's decision last week to roll back on proposed welfare changes, it has undoubtedly put considerable pressure on the fiscal rules. I have the greatest concern for the middle class, who get little help to raise their children, pay for their education or feed them other than child benefit, and who will feel the squeeze of a wage increase without an increase in the child benefit threshold. With respect to the Chief Secretary, and always conscious of the importance of looking after people who need help, may I ask how he will ensure that middle-class families are not squeezed further, which can only have the effect of them robbing Peter to pay Paul, thereby landing themselves in debt to both?

Darren Jones: Let me point to the fact that wages are now increasing faster than costs—for the first time in many years. He also invited me to comment on childcare provision, which the Government agree is important to families, whether middle-class or otherwise. We have extended school-based nurseries and breakfast clubs in schools, and have subsidised childcare in nurseries across the country to help working families get to work and be able to afford to do so.

Frank McNally (Coatbridge and Bellshill) (Lab): Following the election, I was deeply disturbed to discover that the close to £20 million of towns fund money that had been promised for Coatbridge by the last Government did not actually exist. It had been announced with much fanfare, but had not been budgeted for. However, thanks to this Government and their plan for neighbourhoods, that £20 million is now coming to Coatbridge. Does my right hon. Friend agree that we must never go back to the fiscal irresponsibility of the Conservative party, which was always keen to promise but always failed to deliver?

Darren Jones: I congratulate my hon. Friend on securing investment in his constituency from this Labour Government. He is right to point out that in the past his constituents have been given failed promises, whereas this Labour Government are delivering on their promises.

Chris Vince (Harlow) (Lab/Co-op): I thank the Chief Secretary for his statement. My thoughts today are with the family of Anne Moffat of Old Harlow, who lost her life 20 years ago in the 7/7 attacks.

Does the Chief Secretary agree that part of the reason we have been left with such a fiscal mess is the previous Government's decision to cut the number of HMRC compliance officers by 1,200? I declare an interest, because one of them was my mum.

Darren Jones: I share the sympathies of the House with the family of my hon. Friend's constituent.

My hon. Friend is right to point out that investment in HMRC had been cut over many years, which made it harder for tax to be collected from those who needed to pay it. The Chancellor has invested significant sums in HMRC to improve customer services for everybody who uses it, and to ensure that we are getting in the tax receipts that will pay for our public services.

John Slinger (Rugby) (Lab): Does the Chief Secretary agree that it is the very decisions made by the Chancellor at the time of the last Budget, including those on the fiscal rules, that have enabled this Government to invest £190 billion in day-to-day spending and £113 billion in long-term investment, and that this simply would not have happened had the Conservative party been in power?

Darren Jones: I agree. As the House knows, when the Chancellor presented the Budget last year, she said that this Government "chooses investment over decline" for Britain. That was reflected in our spending review, which was investing in the renewal of Britain, unlocking billions of pounds as a consequence of the fiscal rules that the Chancellor had set out in the Budget—which were non-negotiable, and will therefore stay in place.

Laurence Turner (Birmingham Northfield) (Lab): In the context of spending decisions taken by the Johnson Government, the last Conservative Rail Minister, Huw Merriman, told the Transport Committee last week:

> "A lot of promises were made to MPs and others as to the ambition, but it did not match the amount that was actually being set down."

He went on to say:

> "By the time I came into post I ended up with a list that was much longer than could be funded."

Does the Chief Secretary share my anger at the way that the Conservative party tried to take all our constituents for fools?

Darren Jones: I do. It is good that my hon. Friend has been able to raise that testimony from the Transport Committee, because it reminds us why the British people were so angry with the Conservative party after 14 years of failed promises, and why this Labour Government will always make sure that we deliver on our promises.

Madam Deputy Speaker (Caroline Nokes): I thank the Chief Secretary for his answers this afternoon.

Actions of Iranian Regime: UK Response

Madam Deputy Speaker (Caroline Nokes): Before we come to the urgent question on Iran, I remind the House that there is a criminal case currently before the courts in which the accused have been charged under the National Security Act 2023 with offences relating to the targeting of UK-based journalists. This case is sub judice, and no reference should be made to it during our proceedings.

There is also a separate case involving alleged terrorism offences in relation to a target in London. This case is not sub judice, because no charges have yet been brought, but hon. and right hon. Members will wish to take care to avoid saying anything that could prejudice the ongoing police investigation and any subsequent trial.

4.26 pm

Priti Patel (Witham) (Con) *(Urgent Question):* To ask the Secretary of State for Foreign, Commonwealth and Development Affairs if he will make a statement on the UK's response to the actions of the Iranian regime.

The Parliamentary Under-Secretary of State for Foreign, Commonwealth and Development Affairs (Mr Hamish Falconer): We have long had concerns over Iran's malign activity. Iran's continued support to aligned groups, like Hezbollah and Hamas, undermines regional stability. It supports Russia's illegal war in Ukraine through the provision of unmanned aerial vehicles and ballistic missiles, and it poses a threat to UK nationals, Iranian dissidents and Jewish people in the United Kingdom.

This Government will hold Iran accountable for its hostile activities. The Home Secretary announced on 19 May that Jonathan Hall's review delivered recommendations to tackle state threats. We are committed to taking them forward, including through the creation of a new state threats proscription-like tool. In April, we sanctioned the Iranian-backed, Swedish-based Foxtrot criminal network for its role in attacks against targets across Europe. In September, in response to Iran's transfer of ballistic missiles to Russia, we ended Iran's air services agreement and stopped Iran Air flying directly into the UK.

We have placed Iran on the enhanced tier of the foreign influence registration scheme, enhancing transparency regarding foreign influence in the UK. We have so far designated 31 individuals in relation to malign Iranian activity. The UK now has more than 450 sanctions against Iranian-linked individuals and entities, including the Islamic Revolutionary Guard Corps in its entirety.

Priti Patel: As we mark the 20th anniversary of the London terrorist attacks, the victims, survivors and their families, and the emergency services personnel who responded that day, continue to be in our thoughts.

Two weeks have passed since the US airstrikes against Iran's nuclear facilities. Does the Minister have an assessment of their impact, and what is his response to the Iranian regime now prohibiting co-operation with the International Atomic Energy Agency and its inspectors leaving Iran? Given Tehran's refusal to co-operate, are the Minister and the Department in discussions with partners about applying snapback sanctions and other measures? Is he concerned that this demonstrates that

Iran will continue to pursue its entire nuclear weapons programme? Given the information received through discussions with America, Israel and other intelligence partners, will the Government finally come off the fence about the strikes and agree with the Opposition that they were absolutely necessary? On our interests in the region, can the Minster assure us that he is taking continued steps to bolster the security of our military assets and personnel, and what assessment has he made of Iran's ballistic missile capabilities and the threats that they may continue to pose to our interests?

We agree that Iran can never have a nuclear bomb, but the regime is a fundamental menace in so many other ways. It sponsors terrorism across the middle east, and threatens our own country with sophisticated plots. What work is taking place across Government to respond to the threats posed to dissidents in the UK, and to those with family members in Iran who face persecution as the Iranian regime seeks to threaten and blackmail them? What more will the Minister do to take down the finance structures propping up the regime's destabilising activities, and to stand with the brave people of Iran, including human rights defenders, who face the most barbaric oppression? With the Iranian regime and its terrorist proxies in a weakened state due to Israel and America's actions, does he agree that this is a moment for the Government to publish a serious strategy to roll back the regime's malign influence?

Finally, can the Minister give an update on the discussions he has had with partners about the US-led plans for a ceasefire in Gaza, freeing the hostages, aid access and securing the removal of Hamas?

Mr Falconer: I thank the right hon. Lady for her questions. I am afraid I will not provide a detailed commentary from the Dispatch Box on the extent of the damage from the strikes, for reasons that I am sure she and the rest of the House understand. I can confirm that we are in discussions about the snapback mechanism. As the Prime Minister, the Foreign Secretary and I have said, we cannot see Iran getting a nuclear weapon. Snapback is an important lever, and we are talking with our E3 partners and the Americans about what role snapback can play. We hope to see a diplomatic solution, which is ultimately the most enduring way to ensure that Iran does not get a nuclear weapon, but we will continue to consider all diplomatic tools, including snapback.

The right hon. Lady asked a range of other important questions. I confirm that we keep regional security questions, particularly in relation to our bases, under close review. Since I last had an opportunity to face her across the Dispatch Box, there have clearly been quite a few changes in relation to events in the region, including in our travel advice. I recognise that this has been a fraught period for those with interests in the region. I am glad to see the ceasefire between Iran and Israel hold. We are encouraged by the reports on the efforts to secure a Gaza ceasefire, but I am not in a position to provide much further commentary at this stage from the Dispatch Box, and I will not go any further than we have already gone from the Dispatch Box on the strikes against Iran.

Madam Deputy Speaker (Judith Cummins): I call the Chair of the Foreign Affairs Committee.

Emily Thornberry (Islington South and Finsbury) (Lab): I wonder whether the Minister might be able to help us. We had before us the Iranian ambassador, who made it clear that he wanted to be able to continue to negotiate. Given the way in which the joint comprehensive plan of action fell apart and the fact that the Iranians were in the middle of negotiating when there was the attack by the Israelis, if a significant segment of the Iranian regime wants to continue to negotiate, what is Britain doing to ensure that we have jaw-jaw, not war-war?

Mr Falconer: My right hon. Friend asks vital questions. We do want serious negotiation with the Iranian Government about nuclear weapons and, indeed, many other things. The Foreign Secretary sought to play a full role in providing an opportunity for talks rather than conflict, but those talks cannot be spun out indefinitely. The deadline for snapback, which was referenced by the right hon. Member for Witham (Priti Patel), is fast approaching, so we are under considerable time pressure. That does not mean we do not want talks to happen, but they must happen at pace and with real seriousness.

Madam Deputy Speaker: I call the Liberal Democrat spokesperson.

Monica Harding (Esher and Walton) (LD): The Iranian regime is utterly committed to destabilising the middle east and exporting terrorism globally, and under the auspices of the Islamic Revolutionary Guard Corps is focused on threatening our own citizens in the UK. The Minister mentioned the introduction of the new power of proscription to cover state threats following Jonathan Hall's review of terrorism legislation. Will he confirm that the Government will use that new power to proscribe the IRGC?

Iranian communities across the UK will perhaps feel the threat from Iran most severely. I also recently visited the headquarters of the Community Security Trust, which impressed on me just how vital it is, at a time when many Jewish people are feeling worried and afraid, that the CST continues to receive our support. Will the Minister outline what further steps the Government will take to protect these communities as well as the wider UK public from Iranian-sponsored terrorism?

Mr Falconer: Let me be absolutely clear. We will not tolerate any Iran-backed threats on UK soil: not against British Jewry; not against journalists; not against any British national or anyone who is resident here. As both the Foreign Secretary and I have made clear to our Iranian counterparts, we know the threat Iran poses to those in the UK, including to dissidents, journalists and the Jewish community. It must cease that behaviour now. We will not hesitate to take the strongest possible action.

The hon. Lady asks an important question about proscription. Given that the IRGC is an arm of the state, we have taken the view that it is important to look at where the mechanisms for taking action against other states can be improved. That is why Jonathan Hall did his review and why, on 19 May, the Home Secretary made the announcement that she did. I reassure the House that the IRGC is fully sanctioned in the UK. Proscription is a slightly different question. It is for those reasons that Jonathan Hall has done his review.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): We are potentially moving to a point where proscription of the IRGC needs to be looked at considerably more strongly as a mechanism for dealing with the transnational repression that Iran is getting away with. The murder of Mahsa Amini in 2022 saw a wave of Iranian dissidents attempting to rise up against their own regime, demonstrating the bravery that so many people in this country would applaud. Those people, who then had to flee, now find themselves at the mercy of Iranian operatives here and in our allied countries. I welcome the Minister's commitment to preventing transnational repression, but can he say more specifically about what is happening to support Iranian dissidents in the UK and those who are still seeking to demonstrate the horrors of Iran in our allied countries in the middle east?

Mr Falconer: I do not want anyone in the House to be under any illusions about the seriousness with which we take the IRGC's activities. That is why we commissioned the Jonathan Hall review. That is why it is on the enhanced tier of FIRS—the foreign influence registration scheme. That is why it is fully sanctioned. That is why we have continued to impose sanctions in response to Iranian aggression. I know well the threat that Iran poses not just to British nationals but to journalists as well, as my hon. Friend eloquently points out. I have met many of those journalists. I am appalled that some of those threats are being made here in the UK. I will not comment too much on law enforcement and intelligence activity, but I have been clear with the Iranian ambassador that the full force of the law and all our capabilities will be focused on those who seek to harm people here.

David Davis (Goole and Pocklington) (Con): Omid Khalili, a British citizen and renowned Iranian broadcaster, hosts a phone-in reaching over 30 million Iranians. He has been targeted by the Iranian regime. The detail has been laid out in UnHerd by the journalist David Rose, but in summary his wife, parents and sister have been detained in Iran, interrogated, threatened and their passports have been confiscated. The aim of that is to blackmail Mr Khalili into coming back to Iran, where he will certainly be arrested and very probably executed. Those acts of intimidation are carried out by the Iranian secret police and the IRGC, and facilitated by so-called diplomats in the Iranian embassy here. We cannot ignore this state-sponsored blackmail, so what the Government ought to do is expel Iranian officials complicit in that behaviour and finally proscribe the IRGC.

Mr Falconer: The right hon. Gentleman makes an important point about the pattern of Iranian detentions in Iran and some of the threats that we have already described that are sought to be prosecuted here. I will not say more about the state threat here, as I think I have probably laid out more than I would like to, but it is incredibly important that people are aware of the way in which the Iranian state has operated and continues to operate within Iran. We are deeply familiar as a Government —as I know our predecessors were—with the pattern and tactics of Iranian detentions. We continue to provide consular support wherever we can. We are constrained by the Iranian refusal to recognise dual nationality, which often means that those with links to the UK are not in a position, although they should be, to get consular assistance from the UK. We will continue to do everything we can to change that.

Dr Rupa Huq (Ealing Central and Acton) (Lab): An Iranian-origin woman who lives in Acton came to see me the other day. Although she is relieved that her 90-something grandparents are not among the civilian casualties from Netanyahu's US-backed bombings the other day, she reports that the hated hard-line regime in Iran is cracking down even further on its beleaguered population. I urge my hon. Friend—I think he hinted at this—to proceed with caution. It is a very delicate situation and the consequences are manifold, including Iranian refugees washing up on our shores in dinghies, which did not use to be widespread. There is a temptation to go in all guns blazing, but I urge my hon. Friend to do all he can to get a diplomatic solution. We all want to stop Iran's nuclear ambitions, but to do so in the right way.

Mr Falconer: I confirm for my hon. Friend that we are doing everything we can to try to see a diplomatic solution.

Sir Andrew Mitchell (Sutton Coldfield) (Con): I have to say that I think the Minister is right in making the judgment about whether to proscribe the IRGC. I support the comment made by the Chair of the Select Committee, the right hon. Member for Islington South and Finsbury (Emily Thornberry). The theocratic regime in Iran has never been weaker domestically, internationally or among its regional neighbours, so there is now a real premium on working with our European and regional allies to explore all avenues of progress through more reasonable elements within Iran.

Mr Falconer: I know of the right hon. Gentleman's long commitment to these issues. So many right hon. and hon. Members have had encounters with the Iranian diaspora and, indeed, more moderate Iranians. The Iranian people are not the enemy of the UK. There is a broad, cultured, moderate population there who would like to live a better life, and who see their families oppressed in the way the right hon. Member for Goole and Pocklington (David Davis) described. We must do everything we can to support them.

John Slinger (Rugby) (Lab): I thank my hon. Friend and his diplomats in the FCDO for their work and the emphasis on diplomacy. Does my hon. Friend agree with me about the importance of soft power in this situation, and that the BBC Persian service is doing excellent work in explaining news in a truthful way? Does he agree further that we ought to be extending a hand of friendship to the Iranian people at a very delicate and sensitive time in world politics?

Mr Falconer: I very much agree with my hon. Friend, on both the importance of diplomacy and the importance of BBC Persian, through which the UK makes an important contribution for Farsi speakers across the world. I have met many BBC Persian service journalists and they provide a vital service.

Mike Martin (Tunbridge Wells) (LD): Does the Minister think it more or less likely that, as a result of the American airstrikes, Iran will get a nuclear bomb?

Mr Falconer: As I am sure the hon. Gentleman would expect, I will not comment on assessment at this stage, given the security and intelligence implications thereof.

Laurence Turner (Birmingham Northfield) (Lab): Like many Members, I have constituents who are stranded in Iran. We have all heard what the Minister has told the House this afternoon, and I know that he takes the safety of British nationals overseas extremely seriously. Will he assure the House that all practical steps are being taken to extend consular support, which is currently being frustrated and denied by the Iranian regime?

Mr Falconer: The UK has been able to provide a very limited amount by way of consular support in Iran for some years, for exactly the reasons that my hon. Friend mentioned—it is frustrated by the Iranian Government—and our warnings and travel advice are clear. I am grateful to my hon. Friend for providing me with an opportunity to confirm to the House that we have now reopened our embassy in Tehran after a temporary closure, and a chargé is in place. We will continue to play our full role to ensure the safety of British nationals in Iran and, indeed, to contribute to the diplomatic developments we have discussed.

Bob Blackman (Harrow East) (Con): The Israeli and United States military action has destroyed three of the facilities and, of course, killed some of the scientists and IRGC operatives who have been involved in the nuclear programme. However, it is suggested that the Iranians removed their nuclear material to another site before that action took place, and now, of course, Iran has withdrawn its co-operation with everyone in terms of inspections and checks on what is happening. What action is the Minister taking to make sure that Iran is brought to the negotiating table to establish what has happened to that nuclear material, and indeed to ensure that Iran is not going to continue to enhance its nuclear capability?

Mr Falconer: I thank the hon. Gentleman for his important question. I am sure I will receive complaints from his party's Front Benchers, but he will understand that I will not be commenting on the assessment of the strike or on intelligence matters. But I will say that it is absolutely vital that IAEA inspectors are allowed back into Iran; that is the fundamental basis on which trust can be built for a diplomatic solution. Now that a ceasefire is in place, the inspectors must come back in.

Adam Jogee (Newcastle-under-Lyme) (Lab): People across Newcastle-under-Lyme watch events in the middle east week in, week out with anger, horror, sadness and frustration. I am grateful to the shadow Foreign Secretary for bringing this urgent question to the House this afternoon.

May I ask the Minister two things? First, what specific engagement has happened between the British Government and our regional partners in the middle east? I am not sure he has touched on the specifics. Secondly, in an answer he referred to a state threats mechanism. Can he elaborate a little more on what that means? If he cannot do that on the Floor of the House, I will be happy to have a cup of tea with him so that he can tell me in detail.

Mr Falconer: I would be—*[Interruption.]* There is an amusing degree of lightness from the Opposition Benches about security matters. I would be delighted to discuss this matter further. The question at issue in the Jonathan Hall report is the state threats proscription-like tool. I accept that the name is rather clunky, but it is focused on the fact that a state, in this case, has proved a persistent threat in the UK, using methods unlike those usually employed by a state. I will not say very much more about that, but Jonathan Hall has identified a gap and it is that gap that we are seeking to fill. I will be happy to meet my hon. Friend to discuss the issue further.

Brendan O'Hara (Argyll, Bute and South Lochaber) (SNP): Last week, in the most tawdry and cynical fashion, a decision—born in anger and driven by revenge—was bulldozed through this House. I wonder: while the Government were discussing proscribing Palestine Action, did the Minister or any of his Foreign Office colleagues advise that Iran's Islamic Revolutionary Guard Corps could also be added to the proscribed list? If they did not, why not? Perhaps he could explain to the House why his Government consider the IRGC to be less of a threat to our national security than Palestine Action.

Mr Falconer: In my last answer, I tried to illustrate why proscription of the IRGC is a complicated question, given gaps in the existing legislation. That is one of the reasons why Jonathan Hall has done his review. We are committed to taking forward his recommendations.

Dr Neil Shastri-Hurst (Solihull West and Shirley) (Con): The Minister has set out a desire to get Iran back to the negotiating table. Can he say what steps he and his colleagues at the Foreign Office are taking to ensure that they get that outcome?

Mr Falconer: The Foreign Office—the whole ministerial team and our diplomats—are focused on the concrete steps that would be required. The hon. Member for Harrow East (Bob Blackman) asked an important question about the IAEA and there was an important question about snapback. There are a range of serious and impactful diplomatic measures that can be used to try to make diplomatic progress to guarantee that Iran will not acquire a nuclear weapon. I recognise that there is a long history of nuclear diplomacy with Iran that has not been a success; that is why I said in one of my previous answers that the timeframe is not unlimited. We will take steps, including snapback, if we do not make progress on diplomacy.

Ayoub Khan (Birmingham Perry Barr) (Ind): Many people believe that the pre-emptive strike on Iran by Israel and the USA was illegal under international law. Most intelligence agencies, including the director of American intelligence, said that there was no viable evidence of an active nuclear weapons programme. Can the Minister tell the House what the UK intelligence agencies say?

Mr Falconer: I am not, for reasons obvious, going to provide a running commentary on the assessments of UK intelligence agencies.

Dr Andrew Murrison (South West Wiltshire) (Con): The Defence Secretary has said, correctly, that Operation Midnight Hammer has alleviated a grave threat, but the Attorney General appears to be less clear and wonders if it was illegal, while the Prime Minister and the Foreign Secretary appear to sit on the fence. I am sorry to put the Minister on the spot, but does he agree with the Attorney General or the Defence Secretary?

Mr Falconer: With the greatest of respect to my predecessor, he will know that the Defence Secretary and the Attorney General do rather different roles. I do not think they are in disagreement, and in any case, collective responsibility would bind them both, and indeed me.

Sir Julian Lewis (New Forest East) (Con): May I help the Minister share a little information with the House by asking him whether the Government know of any purpose for refining uranium-235 to 60% purity other than to build a nuclear weapon?

Mr Falconer: I am happy to be clear that that level of enrichment has no obvious civilian purpose. We are told that it was for research and development, but I think many observers have drawn exactly the same conclusion as the right hon. Gentleman.

Jim Shannon (Strangford) (DUP): The Minister will know that I support absolutely the decision to remove the nuclear arsenal from the hands of Iranian terrorists, who have pulled the trigger on various acts of terrorism against this nation and others. However, it is also clear that we are left with a difficult situation in Iran, and the calls for regime change leave vulnerable children even more in need. Is there more we can do to ensure that aid reaches women and children living in oppression and fear in Iran and the axis of evil?

Mr Falconer: As ever, the hon. Gentleman asks an important question focused on those who are vulnerable. We have sustained an embassy in Tehran, and I am pleased to announce that it has reopened. One of the roles of the embassy is to maintain engagement that is as wide as possible with wider Iranian society. There are obvious constraints, with which the hon. Gentleman will be familiar, but we do what we can where we can.

Giving Every Child the Best Start in Life

4.52 pm

The Secretary of State for Education (Bridget Phillipson): With permission, Madam Deputy Speaker, I will make a statement on this Government's vital work to change our country for good by giving every child the best start in life.

The focus today is firmly on our youngest children, but the impact will be much more broader. This Government are building a stronger, fairer society, and we will lay the foundations for it in the earliest years of our children's lives. Because we are determined to tackle the root causes of problems, not just the symptoms, we begin at the start.

The inequalities that stain our country and the ways in which opportunity is heaped on some but hidden from others are disparities that do not suddenly spring up in adulthood. Our babies are born into an unequal world, and the inequality grows with them, right from the very first days when we carry them home from hospital.

Early differences in the support that families can get, in the early education and childcare that parents can access, and in the opportunities that children have to start exploring are all differences—these and many more—that take hold early on. The winds of fortune are already there on the first day of school—a gale at the backs of some; a blizzard in the faces of others. These differences mean that some children arrive in the classroom not yet ready to learn. They mean that while two thirds of children reach a good level of development by age five, a third do not. Half of our children on free school meals miss that important milestone, and this injustice is fuelled by those differences.

A Labour Government will not tolerate our children being failed like this. Within months of taking office, we set out in our plan for change our ambition to get a record share of children to reach a good level of development by the age of five, because it matters so much for those young lives. Our plan goes further—it sets the tone. Forty per cent of the disadvantage gap at the age of 16 is already there at the age of five.

Next month, we know that young people across the country will pick up their exam results. Some will do well, but sadly some others will be disappointed, and those results-day stories of smiles and frowns for our young people begin to be written in the first years of their lives, so if we want to build an education system where every child can achieve and thrive, if we want to grow a society where the opportunity to get on is open to all, and if we want to deliver the change that the country so desperately needs, we have to focus on the early years. We have to give every child the best start in life. That is where my priority as Education Secretary lies, and that is why, just 12 months after entering government, I am proud to be here today to set out our "best start in life" strategy, which we are determined will change the country for good.

Giving every child the best start in life begins with families. Becoming a parent or a carer is full of joy and wonder, but we all know that it can sometimes be hard—and it can feel isolating, too—so parents and carers need to know that they can tap into a community of support. They need to know that they are not alone, but we are falling short. One in four families with children under five struggle to get trusted advice; for families on low incomes, it is one in three.

It was not always like that. There was a time when Government cared deeply about children's development. Members across the House will know all about Sure Start, the quiet revolution in the lives of our children carried out by the last Labour Government. Sure Start was one of the proudest achievements of that Labour Government, and I am proud today to build on its legacy. We remember all the good it did for our children, for our communities and for our country. Sure Start raised exam results and reduced hospitalisations. It improved early identification, boosted physical health and boosted mental health. It reached disadvantaged families and made a difference to their lives.

Sure Start was a triumph. Of course, it was not perfect—no programme ever is—but it worked in so many ways and for so many families, and never more so that when it stuck to its principles and brought together the excellent services that parents need. At the heart of its success were the children's centres: one-stop shops where families knew where they could go for help; a comforting and consistent offer of support all in one place. There are many ways in which 14 years of Conservative Government damaged our country and our society, but the vandalism they inflicted on the lives of our youngest children—tearing these services out of communities, deepening inequalities and abandoning families—should never be forgotten. Today, the Government will right that terrible wrong and restore hope to families.

Our Best Start service will honour the proud legacy of Sure Start. Today's Labour Government stand on the shoulders of those who went before, but we do so to look forward to the better future our children deserve, not back to the past. That is how we will deliver for a new generation of families.

We will introduce a new Best Start family service delivered through Best Start family hubs: the first step to a national family service that ensures that families can get the right support for their children from conception to age five, giving parents the freedom to focus on loving their children. This morning, we announced the national year of reading for 2026. We want to give parents more time to read with their children, to grow a love of learning that starts in the home and flows throughout a child's life.

Best Start family hubs will be open to all, rooted in disadvantaged communities. They will work with nurseries, childminders, schools, health services, libraries and local voluntary groups—a whole community coming together around one goal: to give children the best possible start in life. Our Best Start digital service means that we are ready for the future, linking families to their local Best Start family hubs and exploring how the power of artificial intelligence can help parents find the right information.

We will also make early education and care more affordable and easier to access. From the day the Government won the backing of the people, we set about delivering the entitlement of 30 hours of Government-funded childcare a week for working families, backed by funding reaching £9 billion from next year. Last July, we inherited a pledge without a plan, but the Government are delivering on our promise to parents, because I know how much it matters that promises made are promises kept to the future of our country and to the trust between families and their Government. The cost of childcare will no longer price parents out of the jobs they love; instead, they will have the choice and freedom to work the hours they want and an average of £7,500 a year back in their pockets.

I thank all those who are working with us to drive that change, from private nurseries to school-based ones, group-based providers, childminders, dedicated professionals, and early years educators who are transforming life chances. Almost £370 million was provided by the Chancellor in the spending review, and we are building and expanding more nurseries in primary schools, with the first of the 6,000 extra places coming from September this year. Soon enough, 80% of childcare in this country will be Government-backed.

The message is clear: this Labour Government are on the side of families. The Labour party is the party of family. That means that childcare must be better linked to educational priorities, better geared to closing attainment gaps, and better focused on all our children succeeding at school. Our early years educators are too often the hidden heroes of our communities. It is past time that we backed them, so we will raise the status of our workforce. There will be a new professional register, because working in early years is just that: a profession. There will be more high-quality training for staff, guided by the golden thread of the best evidence, and we will train more early years teachers, because we know the difference that they make to our young ones.

Our stronger practice hubs will double in number, and we will offer new financial incentives to attract and keep great early years teachers in the nurseries that serve the most disadvantaged communities. Every child deserves a great education and a great start in life, and that must extend to our children with special educational needs and disabilities. Early intervention can work wonders to lower barriers to learning, so under this Government, inclusive practice will become standard practice.

This Government are driving a decade of national renewal, but there can be no decade of renewal for our country without a decade of renewal for our children. This is urgent, because children only get one chance. If opportunities are missed, parents do not get what they need. If that great nursery down the road has not been built yet, that is it—there is no going back. For 14 years, children's lives marched on as services were ripped away. I will not stand by and watch as more and more children are let down. Through this strategy, I am bringing change—change for all our families, all our communities, and above all, our children. It is for them that our strategy was written, and it is for them that we will see it through, so that we give each and every child, from their first day in this world, the best start in life. I commend this statement to the House.

Madam Deputy Speaker (Judith Cummins): I call the shadow Secretary of State.

5.2 pm

Laura Trott (Sevenoaks) (Con): When the right hon. Lady was in opposition, she criticised every announcement simply because it came from the Conservatives. Take childcare: she called the hours model that she talked about today "broken". She said that she would have a new childcare system, and that its creation would be

"like the creation of the NHS."

[Laura Trott]

Yet now, in government, she trumpets the childcare system that the Conservatives designed as one of her main achievements.

The right hon. Lady once dismissed family hubs as a "poor imitation", but after last week's chaos, what is she turning to for the Government's reset? Yes, the Conservatives' family hubs plans. That is why I was surprised this weekend to hear her claims that this could only happen under Labour. The irony is that this programme was started under the Conservatives—we did not hear that today—and the expansion was not in the Labour manifesto; it was in the Conservative one. Her strategy document, published today, has even lifted the name of our "Best Start for Life" plan, published in 2021. Imitation really is the sincerest form of flattery, for which I thank the right hon. Lady. Perhaps recent events have reminded her that Labour does not have a monopoly on good ideas—if indeed it has any good ideas at all.

I will not take the right hon. Lady's approach, which was opposition for opposition's sake. I agree in principle with much of what is being proposed today, but as with free school meals and the children's care cap, I will do my job and point out the gaps, raise concerns and expect proper answers. She might consider engaging with the questions this time, instead of falling back on a rant about the Conservatives, which frankly convinces no one and improves nothing.

With that in mind, is this genuinely new money being announced today, or just a reannouncement of the family hubs money from the spending review? The right hon. Lady talks about £500 million of funding. Which financial years, and how many years, does that cover? Is the funding for new hubs only, or will it support existing ones, too? Will there be new capital funding for bricks and mortar provision? As the Secretary of State acknowledged, Sure Start had its limitations. It failed to effectively target support at those who needed it most. What is being done differently this time to avoid the same mistakes being made?

When I visited a family hub in Dartford earlier this year, I was shocked to hear how many mothers were being referred to it because they faced domestic violence from their own children. These are children who have grown up witnessing abuse at home. What data is being collected through these hubs to track national tends like these, and how is that informing the Government's response to the most pressing issues facing these families?

I welcome the Government's focus on school readiness. Children who lived through lockdown are arriving at school with speech delays and gaps in basic skills. This is one of covid's longest shadows, but if we are serious about tackling it, we need to be honest about responsibility: what falls to parents and what falls to teachers? Teachers are stepping in where parents are not. They do it because they care, but it is not their job to potty-train, to brush teeth or to teach children to get dressed. Of course, children with SEND need tailored support—that is a different conversation entirely—but for most children, that support needs to start at home. The Government have set a target for school readiness, but it relates to the end of the school reception year. We need a target that actually reflects school readiness and what has happened at home, not the brilliant work of reception teachers.

The right hon. Lady has said that her No. 1 priority was early years, but the rhetoric does not match the reality. Nurseries across the country are on the brink because of decisions her Government have made. While it is welcome that they have continued the roll-out of our early years offer, the lack of compensation for the national insurance contributions increase is forcing providers to either hike fees or shut their doors. It is no use giving out incentive payments for jobs at nurseries if providers are closing because they have been clobbered by NICs.

Finally, I must raise the issue of SEND. This has been splashed across three national newspapers, and despite the off-the-record briefings from her Department, the right hon. Lady has failed to give parents any reassurance over the weekend. Parental anxiety is, as we all know, going through the roof, so I will give her one more opportunity. Can she confirm that no parent or child will have their right to support reduced, replaced or removed as a result of her planned changes? Right now, this is a Government devoid of ideas. A year in, they are defined by broken promises and U-turns. Parents need and deserve answers on what their Government are doing, and until they get them, they have every reason to doubt everything this Government have to say.

Bridget Phillipson: Every time I come here to announce the positive changes that a Labour Government are bringing, whether it is free breakfast clubs, school-based nurseries or our "best start in life" strategy, what is the right hon. Lady's response? The same confected outrage, the same negativity, and the same petty point scoring. She has no plan or vision for the future of our education system, and for giving our children the best start in life, which they deserve. The Conservatives can talk all they want, after 14 years in government, about what they put in an unsuccessful manifesto, but it came with a post-dated cheque if ever there was one. The British people rightly judge their politicians not on what they claim they will do, but on what they actually deliver, and it is on that basis that this Government will be judged.

The right hon. Lady asked a number of detailed questions about what we are delivering. We are trebling investment in Best Start family hubs across the spending review period. All the detail is there for her to see in the many documents that have been published with the spending review, and in the strategy that we published today. This is additional investment that we are putting into supporting our youngest children, because this Labour Government prioritise the early years and want to make sure that all our children get the best start in life. The only policy that the right hon. Lady has is to cut budgets in state schools and hand a tax break to private schools. That is it. *[Interruption.]*

Madam Deputy Speaker (Judith Cummins): Order. I certainly want to listen to what the Secretary of State for Education has to say.

Bridget Phillipson: The right hon. Lady asks about the needs of children with special educational needs and disabilities. I would say to all parents of children with SEND that there is no responsibility I take more seriously than our responsibility to some of the most vulnerable children in our country. We will ensure as a Government that children get better access to more and strengthened support with a much sharper focus on early intervention. We are investing more in support for children with SEND; there is the extra £1 billion at the Budget, £740 million for more places, and better training and support for staff working with children with SEND.

No group suffered more under the last Government than children with SEND. A degree of humility on the right hon. Lady's part is well overdue. This is a serious and complex area that the Government are determined to get right. The Conservatives ducked the difficult decisions and failed to put in place the support needed, to the extent that the previous Education Secretary described the system as "lose, lose, lose".

This Government will ensure that all our children get the best start in life, including children with SEND. Through the schools White Paper, which will come out later this year, we will ensure that all our children, including those with SEND, get better outcomes. We will step up and deliver the change that our children need, and will ensure through our "best start in life" strategy that families once again get early support, timely intervention, access to healthcare, and the chance to speak with other parents about the challenges and joys of parenting. I am so proud that in the first year of the Labour Government, we are delivering more than the Conservatives achieved in 14 years.

Madam Deputy Speaker (Judith Cummins): I call the Chair of the Select Committee.

Helen Hayes (Dulwich and West Norwood) (Lab): I warmly welcome the statement from my right hon. Friend the Secretary of State on restoring a comprehensive and strategic approach to early years support, childcare and early education—an approach that has sadly been lacking during the 14 years of the last Government. In that time, we saw Sure Start dismantled, the cost of childcare soar, and the absence of any focus at all on quality or addressing the disadvantage gap.

I welcome the commitment that there will be a SEND co-ordinator in every Best Start family hub. Given the shortage of SENDCOs in schools, what are the Secretary of State's plans for the training and recruitment of this workforce, and what qualification will they have? How is she working with colleagues in the Department of Health and Social Care on the wider challenges in the workforce for educational psychologists and speech and language therapists?

I welcome the approach to inclusion in early years. My right hon. Friend will know that there are huge differences in the approaches to inclusion taken by different providers. How will individual settings be held to account on inclusivity under this strategy?

Finally, my right hon. Friend will know that there is huge expertise and quality in our maintained nursery schools across the country, but many are struggling with significant financial deficits. What role does she envisage for maintained nursery schools in this new strategy, and how will they be helped to be sustainable?

Bridget Phillipson: I am grateful to my hon. Friend the Chair of the Select Committee for her detailed questions, and for the welcome she has given the strategy. I would be more than happy to discuss all the areas with her in more detail, because I appreciate that time is often short here, Madam Deputy Speaker.

We want to ensure high-quality training and support for all staff working across our education system, but my hon. Friend is right that we will have a SEND trained professional in every Best Start family hub, because the evidence from Sure Start was clear about the importance of early identification of need, aligned with better parenting support and wider health service access, so we will deliver that.

Maintained nurseries have an incredible role to play, given the expertise that they can share across the system, and we are considering further steps to support them in sharing and building on that expertise. As my hon. Friend will know, maintained nurseries often have a large number of children with SEND in their settings, and we think there is a lot we can do around inclusion there, too. On inclusion across the board, there is an important role for the revised Ofsted framework in ensuring that all schools and education settings are genuinely inclusive.

Madam Deputy Speaker (Judith Cummins): I call the Liberal Democrat spokesperson.

Munira Wilson (Twickenham) (LD): Every child deserves to have the very best start in life possible, so I welcome any measures to tackle inequality and improve support for the early years and for families. I therefore welcome today's announcements both on the hubs and around the early years workforce and helping to raise the professional status of those who work with children in the early years. That is something that Liberal Democrats have long been calling for, given the level of responsibility and expertise required in that profession.

With the hubs, as we have heard there is a great opportunity to identify special needs early and provide contact time with mental health practitioners and important advice for parents. However, these changes need to go hand in hand with addressing some of the deep problems facing charitable and private early years providers, and I hope the Government will start by reversing the national insurance hike for early years and nursery settings together with reviewing the rates they pay to providers to ensure that they actually cover the costs of delivering high-quality care and early years education, because we know that many nurseries across the country are struggling.

While I have the Secretary of State's attention on early years, may I raise with her the tragic cases of Gigi Meehan in Cheadle and the children at the Twickenham Green nursery in my constituency, who were completely failed by their early years providers at the hands of extremely cruel, vicious, uncaring staff? The verdicts in both of those cases have been utterly shocking. I know the Minister sitting next to the Secretary of State, the hon. Member for Portsmouth South (Stephen Morgan), met my hon. Friend the Member for Cheadle (Mr Morrison) last week, and although the Secretary of State's announcement did not include it, I have read in some news reports that the Government will be increasing Ofsted inspections for nurseries, something that Gigi's parents, my hon. Friend and I are pressing for. However, over and above that, we do need to see a strengthening of the early years framework to include the use of CCTV.

May I, Madam Deputy Speaker, say one final sentence and press the Secretary of State once again to put the parents and carers of children with special needs across the country out of their misery—

Madam Deputy Speaker (Judith Cummins): Order.

Munira Wilson: And rule out scrapping EHCPs—

Madam Deputy Speaker: Order. I call the Secretary of State.

Bridget Phillipson: The hon. Lady asks a number of questions and I am grateful for her broad welcome for the intent of this Government to make sure that all of our children get the best start in life. On early years, she will know that as of next year we are investing £9 billion into the system along with a near-doubling of the early years pupil premium. That goes hand in hand with the £75 million expansion grant to support the sector ahead of the September further expansion. In addition, we are working across Government, as the strategy sets out, on how we might consider simplification of funding and how we can make sure it is working as intended for both providers and for parents. I would of course be happy to discuss further issues on that with the hon. Lady. As she said, the Minister for early years education, my hon. Friend the Member for Portsmouth South (Stephen Morgan), met Genevieve's family and the hon. Member for Cheadle (Mr Morrison) last week.

To answer directly the question on Ofsted, from next April Ofsted will inspect new early years providers within 18 months of opening and will move towards inspecting all providers at least once every four years, compared with six years currently, alongside there being additional investment to strengthen quality assurance and inspector training to make sure that all children are safe, loved and protected. I also join with the hon. Lady in sending my condolences to the families affected.

Mrs Sureena Brackenridge (Wolverhampton North East) (Lab): I welcome the revival of a '90s favourite, not just Oasis at the weekend, but Sure Start-style family services to support half a million more children. Can the Secretary of State confirm that some might say we no longer need to look back in anger and that these hubs will be staffed with SEND professionals to identify needs early, work with families and give vital access to speech, language, emotional and neurodiversity services?

Bridget Phillipson: It is hard to top my hon. Friend's question and I will not begin to try to make further '90s references. What I can say to her is that we are drawing on the best of Sure Start, learning from the evidence about what was incredibly effective. One other element I would add to her list is that Sure Start was at its best when it worked with families to understand what was most important to them—when services were co-designed with families, and when families and parents had real input into the nature of those services. I remember one development in my own community that only came about because of the role of parents: many dads told us that they wanted Saturday morning clubs so they could be involved in those services. That is the kind of change that we only get through listening to and working with parents.

My hon. Friend is right that we will make sure better SEND support is delivered through the Best Start family hubs. We will also make sure that support for children around speech and language happens much more quickly than is currently the case, and that goes hand in hand with the Nuffield early language intervention that we are rolling out across primary schools.

Steve Barclay (North East Cambridgeshire) (Con): Will the Secretary of State agree to write to me, as a matter of urgency, regarding the frankly bizarre decision by the Government to twice turn down funding for a new heating system for Meadowgate academy, a special educational needs academy, rated outstanding, that provides places to 182 pupils, which is at risk of having to close as a result of that decision? It is bizarre to announce special educational needs co-ordinators, while both delaying the new 210-place new special educational needs school that was to be provided to Fenland and risking the closure of the existing outstanding school, because the Government are refusing to fund a new heating system.

Bridget Phillipson: I am grateful to the right hon. Gentleman for raising important constituency matters. I will be happy to look into the details. If he could share some more information with me after this session, I will ensure he gets a full response.

Mark Sewards (Leeds South West and Morley) (Lab): I warmly welcome today's announcement. Sure Start was one of the greatest achievements of the last Labour Government, and these Best Start family hubs will build on that. As a member of the Education Committee, we have heard evidence that Sure Start was at its best when it was targeted and specific. Will the Secretary of State set out what criteria will determine where these new family hubs will be located, and what I might need to do to get one located in Leeds South West and Morley?

Bridget Phillipson: I can confirm to my hon. Friend that his local authority will benefit from the extra funding. The area is one of those not currently funded, but it will be receiving funding shortly—this year—to start the process of moving towards a Best Start family hub in the next year. We will be clear with local authorities that we want a focus on disadvantage, to ensure that the services are accessible to the families who need them the most. However, building on the great record of Sure Start, any parent or family who needs support, particularly in the early years, should be able to access it.

Dame Harriett Baldwin (West Worcestershire) (Con): It is great news for the babies of Britain that a cross-party consensus has broken out about the importance of the very first days of life. I welcome that the family hubs and the Start for Life programme have morphed into the Best Start family hub programme, with cross-party support. Will the Secretary of State outline what difference parents in Worcestershire will see, specifically with regard to children with special educational needs?

Bridget Phillipson: The hon. Lady's local authority area is not currently funded through the programme and it will receive funding, including a share of a £12 million development grant, which we will confirm in the next few weeks, to start the process, ahead of opening a Best Start family hub next year. As I said earlier, we will ensure there is a trained SEND professional in every setting so parents get early and timely access to support.

Darren Paffey (Southampton Itchen) (Lab): Twenty five years ago this year, the then Prime Minister, Tony Blair, joined my predecessor, John Denham, in opening one of the first Sure Start centres in the country, on the

Weston estate. We remember the good that that did for families there, and we remember the effect of over a decade of slashing council budgets and shutting Sure Start centres. I welcome this announcement, which will benefit families in my constituency. Obviously, we are going to need more early years educators, many of whom we lost after the pandemic, to deliver this plan, so will my right hon. Friend set out how the Government will build that vital workforce where it is really needed?

Bridget Phillipson: As a Government, we want to ensure that more brilliant people want come and work in early years, and that they can gain qualifications and training, and build fulfilling careers. We will work with the sector to do that. We will recruit more early years teachers, particularly in the areas where they are needed most, more than doubling the number of funded early years initial teacher training courses by 2028, and rolling out a new early years teacher degree apprenticeship. That goes hand in hand with consulting with the sector on introducing a new £4,500 early years teacher incentive to attract and keep early years teachers in nurseries serving some of our most disadvantaged communities.

Tim Farron (Westmorland and Lonsdale) (LD): I really welcome the Secretary of State's statement on Best Start family hubs. I draw attention to the words she said in her statement: she wants those hubs to be "open to all" and "rooted in disadvantaged communities". Will she bear in mind the evidence from the Rural Services Network showing that if rural England was a distinct region of England, it would be England's poorest region? By definition, communities such as mine in the Grange peninsula, the lakes, the dales and the Eden valley are a long way from service and population centres. What will the Secretary of State do to guarantee that young people in rural communities such as mine will be able to gain benefit from what she is proposing today?

Bridget Phillipson: I know the hon. Gentleman always champions his community and the needs of rural communities across our country. With the additional £500 million for local authorities to deliver Best Start family hubs, we will set out guidance on how they can ensure that they are serving the most disadvantaged communities, but local authorities will have flexibility in determining how that operates. I know that many local authorities that have retained or protected some element of similar provision have done so in a way that is really tailored to the needs of their communities, and I would be happy to discuss that further with the hon. Gentleman if he would like to write to me.

Ms Stella Creasy (Walthamstow) (Lab/Co-op): May I join with many of the others reliving their political youth in welcoming Sure Start and paying tribute to the late, great Tessa Jowell, whose vision for it inspired us all? One of the reasons why Tessa was so passionate about Sure Start is that she knew it would ultimately save us money by investing in families. The evidence now proves that for £1 in Sure Start, we got £2 back. The chutzpah of those on the Opposition Front Bench, who pushed up demand for childcare but failed to invest in it under the previous Government, therefore stands as a stark testimony. My right hon. Friend will know that we still need to put much more funding into childcare. In the spirit of Tessa Jowell, does the Secretary of State agree it is time to recognise that paying people to stay married, as the married couples allowance does, will not be as productive in helping families in this country as putting the £600 million it costs us into childcare and expanding access further?

Bridget Phillipson: My hon. Friend has always been a really powerful voice around campaigning for childcare, high-quality early years education and better support for parents. I join her in paying tribute to our late friend Tessa Jowell, who made such an enormous contribution and without whom Sure Start would not have happened. We are all in her debt.

My hon. Friend invites me to comment on matters of tax policy. She will forgive me if I do not respond directly to her, but I will ensure that her views are shared with the Chancellor ahead of any fiscal event. She is right to draw attention to the fact that this Labour Government are investing in early years education and childcare, reaching £9 billion next year. We are doubling the early years pupil premium, creating more places in school-based nurseries and ensuring that the brilliant people working in early years get the support and recognition that they finally deserve.

Ben Obese-Jecty (Huntingdon) (Con): I spoke about SEND funding in Cambridgeshire in a Westminster Hall last month, and I was inundated with correspondence from constituents who find themselves suffering because of the county council's inability to meet the statutory delivery timeframe for EHCPs—an issue that is set only to worsen with the lack of clarity around the forthcoming local government reorganisation. In the debate, I asked about those sweeping changes and received no clarity. Some 60% of EHCPs are outside special schools, and Cambridgeshire already has one of the poorest delivery rates in the country. How will the removal of a crucial lifeline for so many families in my constituency improve the educational prospects for the children who desperately need that support?

Bridget Phillipson: While I recognise the hon. Gentleman's concern about ensuring that his constituents get the support that they deserve, including children with SEND, I gently say to him that it does no one any favours to scare parents. The guiding principle of any reform to the SEND system that we will set out will be about better, strengthened and improved support for children both inside and outside special schools. We want improved inclusivity and more specialist provision in mainstream schools and absolutely to draw on the expertise of the specialist sector and create the places where we need them. There will always be a legal right to the additional support that children with SEND need. The hon. Gentleman and the Conservatives left behind a system that had lost the confidence of parents—he describes the waits, the delays and the bureaucracy that too many parents have had to endure. A period of reflection and an ounce of humility would get the Conservatives a long way.

Tom Hayes (Bournemouth East) (Lab): One of the very best things that the last Labour Government did was the roll-out of Sure Start, and one of the very worst things that the Conservative Government did was the hollowing out of so many hundreds of Sure Start centres, so I am thrilled by today's announcement. Play has been

[Tom Hayes]

squeezed out of childhood for so many years—stay-and-play was such a fundamental part of what Sure Start had to offer. Will the Secretary of State assure my constituents that stay-and-play, and play generally, will be a fundamental part of the offer of Best Start?

Bridget Phillipson: I know how hard my hon. Friend has campaigned on this issue, both on Sure Start and on the right of all children to play. Like him, I know that access to stay-and-play, rhyme time and those kinds of opportunities for children and families are incredibly important, especially for families who simply do not have the money for extras—who do not have the money to get on a long bus trip or take their children to soft play. That is why that kind of support for families is so critical, and it is why Best Start family hubs will make sure that children have opportunities to play and socialise and, critically, that parents get time together at what can be an isolating time. That will be a central part of everything that those family hubs deliver.

Alison Bennett (Mid Sussex) (LD): On Thursday, I visited the Acorns nursery and Forest school in Lindfield in my constituency, which was founded 40 years ago by the indomitable Janet Irwin. Its manager, Mrs Christina Franks, was recently awarded an MBE in the King's birthday honours. The Acorns has been Ofsted outstanding for many years, but following a recent inspection in which one new piece of paperwork was found to be missing, it was downgraded. This was absolutely devastating for Mrs Irwin and Mrs Franks—they have shed tears and cancelled their 40th anniversary celebrations. The paperwork is now fixed, but Ofsted is unable to come and reinspect. What advice does the Secretary of State have for the Acorns?

Bridget Phillipson: As the hon. Lady will understand, I cannot comment on individual cases, but if she writes to me with the details, I can make sure that Ofsted looks carefully at the matters she has set out and provides her with a full response.

Jade Botterill (Ossett and Denby Dale) (Lab): My first step into politics was campaigning to keep my local Sure Start centre open after the Tories took the short-sighted and frankly barbaric decision to decimate its funding. I am pleased that, with Kirklees council receiving funding, parents in my constituency can once again get the help they need and children can get the best start in life. Does the Secretary of State agree that this is the difference a Labour Government make? Where the Conservatives choose to close places that support families, we choose to open them.

Bridget Phillipson: It is only through my hon. Friend's election and through a Labour Government that this investment will be coming to her community. The first investment will start to flow this year, allowing her local authority to get the systems and structures in place that will enable them to open up next year. I am delighted that in the first year of a Labour Government my hon. Friend's constituents are already starting to feel the benefits that come from having sent her to this place.

Mr Mark Francois (Rayleigh and Wickford) (Con): I endorse the tribute to the late Tessa Jowell—she was a remarkable lady.

The Secretary of State pointedly refused to rule out scrapping EHCPs. If that is her intention, may I genuinely offer her some advice? Please do not do that. I have had parents in my surgery in tears of frustration, some of whom have had to spend over two years navigating a bureaucratic assault course to get an EHCP. *[Interruption.]* Please—if those EHCPs are taken away, there will be an anguished and angry backlash, so whatever the Secretary of State is contemplating on SEN, I ask her please not to abolish EHCPs.

Bridget Phillipson: The right hon. Gentleman has set out with great clarity why the system we have at the moment just is not working. His experience is that of many Members across this House; I, too, have met many constituents who have struggled for far too long to get the support that their children deserve. That is why, while we are investing through the Budget and the spending review in more training for staff, more places and better support for children with SEND, we are also taking our time to get this right. I am listening very carefully to parents, campaigners, charities and others, so that the reform we set out deals with precisely the concerns that the right hon. Gentleman has raised—how hard and adversarial it can be, and how parents have lost confidence in the system. On a more positive note, though, his local authority will benefit from today's announcement, and will receive additional funding towards a Best Start family hub in his community.

Jen Craft (Thurrock) (Lab): Frankly, I am shocked that Opposition Members seem to be suffering from collective amnesia when it comes to figuring out how we got into this state in the first place. As a SEND parent, when I was struggling over the past seven years I would have welcomed some of the concern they are showing today for those who have children with SEND in early years. Parents are anxious and worried. That has not risen from a void, but anxious and worried they are. What reassurance and commitment can the Secretary of State give that parents and families of children with SEND will be listened to and their voices heard in any changes to the SEND system in the forthcoming White Paper? Change is desperately needed, but parents, families and children must be at the heart of that.

Bridget Phillipson: My hon. Friend speaks with real power, real expertise and personal experience on these matters, and I am grateful to have had the opportunity to discuss much of this with her, including her experiences as a parent and as a constituency MP and what needs to change. I can give her the absolute and categorical assurance not just that that work will happen, but that it is already under way. I am spending much time listening to and speaking with parents of children with SEND, campaigners, charities, school leaders and others.

There is broad acceptance that the system just is not working, and the guiding principle of any reform that we bring forward will be rooted in better life chances for our children with SEND. We want more support, strengthened support and more timely support. However, we are already delivering, backed by extra investment going into the system. I appreciate the important need to build parents' confidence in the system ahead of any wider reform, and that is why we are taking action already. We are determined to get longer term reform right, and I look forward to working with my hon. Friend on making that a reality.

Dr Andrew Murrison (South West Wiltshire) (Con): Wiltshire is part of the f40 group, which means that we get less money than practically anywhere else, despite the extra cost imposed by rurality. We were delighted last April when it was announced that, as part of the safety valve programme, we would get a new SEND school at Bitham Park in Westbury for 130 children, reducing the number of out-of-county placements that we have every year. Will the Minister say whether that programme will continue under her plans, and will she guarantee that we can still look forward to that new school opening next year?

Bridget Phillipson: The right hon. Gentleman will understand that I do not have at hand the precise details of the constituency school that he raises. I would be happy to arrange a meeting for him with the relevant Minister to discuss it further. We have secured additional investment in capital at the spending review. I recognise the wider question that he raises about making sure that there are more local places closer to home for children, to avoid them having to travel long distances, and we are looking at that carefully. As I say, I would be happy for him to have a meeting with the Minister to discuss it further.

Mohammad Yasin (Bedford) (Lab): I welcome the Government's focus on prevention through the roll-out of Best Start family hubs. In Bedford, we have seen the benefits of integrated services building on the Sure Start legacy, with the Allhallows family hub set to open soon in Bedford town centre. I invite the Secretary of State to visit the hub to see how joined-up youth and family services can support children, prevent antisocial behaviour and give every child the best start in life.

Bridget Phillipson: I am delighted to hear about the experience in my hon. Friend's constituency. I will do my very best to come and visit, but if not, I am sure one of my ministerial colleagues would be able to join him and see the services directly.

Tom Gordon (Harrogate and Knaresborough) (LD): Some of the most vulnerable and disadvantaged children are those who have been adopted or are receiving kinship care. Will the Best Start family hubs provide any specific help for those who have lost out on access and support as a result of the cuts in the adoption and special guardianship support fund?

Bridget Phillipson: The extra investment that is going into Best Start family hubs runs alongside the additional £500 million that we are committing to early support and preventive services along with our colleagues at the Ministry of Housing, Communities and Local Government. A number of other Members have asked about the adoption and special guardianship support fund. We recognise its importance, which is why we have provided a budget of £50 million for the next year. We have had to make decisions to ensure that more children can benefit from such support, but that goes hand in hand with the kinship allowances and improved support for foster carers that we are determined to deliver as part of our wider reform of children's social care.

Florence Eshalomi (Vauxhall and Camberwell Green) (Lab/Co-op): I welcome my right hon. Friend's announcement. This will make a big difference for many families in my constituency.

An issue of which the Secretary of State is aware is the SEND override and the problems that it is causing local authorities. Second only to temporary accommodation and adult social care, SEND is the key area on which many of them are focusing, so I welcome the fact that she wants to work with campaigners and families in looking into this long-term issue. She also mentioned the digital offer for the Best Start family hubs. As she will know, many families—the very ones we need to target—are digitally excluded. Will she tell us a bit more about what that digital offer will be?

Bridget Phillipson: My hon. Friend asked first about the statutory SEND override, and I know that, as Chair of the Select Committee, she takes a serious interest in this area. We recognise that local authorities will need support during the transition to a reformed SEND system, which is why we extended the statutory override in the spending review, and, as my hon. Friend knows, we have provided some detail for local authorities and will provide more.

As for the digital offer, I appreciate my hon. Friend's point about the need to give all families access to services. There are still challenges involving digital exclusion, and she was right to draw attention to them. We will provide more details about how the digital offer aligns with the NHS offer before long, but effective outreach support and community engagement are also critical. One of the key lessons that we should take from Sure Start—and the evidence for this is incredibly strong—is that it was at its most effective, and had the greatest reach and impact in respect of disadvantaged children, when there was strong engagement with communities. Through the work that the Cabinet Office has recently been leading, we have learnt of important ways in which we can ensure that more disadvantaged parents who are struggling with issues such as poverty have access to those services, and as we proceed with the wider roll-out we will be sure to take that on board as well.

Robbie Moore (Keighley and Ilkley) (Con): More than 300,000 children in mainstream schools receive education, health and care plans, including many from my constituency, but it is being reported that that vital provision may disappear. Whatever the challenges of the SEND system, surely the answer is not to remove those rights, because families cannot afford to lose such precious protections. Will the Secretary of State confirm that EHCPs will not be removed for children receiving mainstream education?

Bridget Phillipson: Is it not fascinating that so many Conservative Members are suddenly taking a keen interest in support for children with SEND? The hon. Gentleman blithely says, "Whatever the challenges of the SEND system—", but they are challenges that the Conservatives left behind, and they are challenges that this Labour Government will rise to. There will always be a legal right to the additional support that children with SEND need, and we will protect it. Alongside that, however, will be a better system, with strengthened support, improved access and more funding, something that the Conservatives failed to provide in 14 years. They left a terrible mess behind—families and children were failed—and a degree of humility and understanding from any of them would take us a great deal further along the way.

[Bridget Phillipson]

If they do not want to be constructive and if they continue to duck the necessary decisions, we will confront those decisions and ensure that all our children are able to achieve and thrive, something in which they showed no interest.

David Williams (Stoke-on-Trent North) (Lab): Today is a really proud moment for me, because 20 years ago I worked for our brilliant Sure Start centres in Stoke-on-Trent. I saw at first hand the way they completely transformed the lives of families in my area. I then saw the terrible removal of family support by the Conservatives in the austerity years—they left more kids in poverty and more living in care. Can the Secretary of State outline how the roll-out of more family hubs will improve school readiness and help to lower the number of kids living in poverty and in care in my constituency of Stoke-on-Trent North and Kidsgrove?

Bridget Phillipson: My hon. Friend saw at first hand the difference that Sure Start made. Through his election to this place, a new generation of children in his constituency will once again benefit from the kind of support that was so essential, and we will support his local authority with additional funding for that. He is right to say that this is about children growing up in poverty and the wider failures in our children's social care system. That is why I am so proud that, thanks to the actions of a Labour Government, more children will receive free school meals through the expansion of eligibility to all families in receipt of universal credit.

Alongside that, we will deliver the biggest reform in a generation to children's social care, to make sure that families are better supported to stay together where they can, with early help and targeted intervention. Where that is not possible, we will make sure that our most vulnerable children do not see wholly inadequate and terrible placements that fail to deliver the kind of support that we would expect for our own children. That is the difference that a Labour Government will make.

Jess Brown-Fuller (Chichester) (LD): I sincerely thank the Secretary of State for today's announcement, recognising that one-stop shops for advice and support should be available to every parent in every community. I am sure she will know that my local authority, West Sussex county council, currently does not receive Start for Life funding, so I am excited to see how this delivers for my constituents. I chair the all-party parliamentary group on infant feeding. Can the Secretary of State confirm that Best Start centres will be firmly rooted in evidence-based feeding support to ensure that all parents, regardless of how they choose to feed their babies, can access the guidance and help that they so desperately need?

Bridget Phillipson: Through today's announcement, the Department for Education will fund support in the hon. Lady's constituency, and I am sure that will make a big difference to the people she represents. I am grateful for her work on infant feeding, and I can give her an assurance that the support put in place will be rooted in the best available evidence right across all the interventions that the Best Start family hubs will provide. If there is more information about the work of the all-party parliamentary group that she would like to share with me, I would be happy to consider it further.

Dame Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): I was pleased to meet officials from my right hon. Friend's Department at a centre in Hackney. I also met officials from the Department for Work and Pensions, and it was really apparent that the work being done to help parents get into work is critical. Could she expand on how that will fit into the Best Start centres?

Bridget Phillipson: I am grateful to my hon. Friend for identifying the work that is already going on in her constituency. Although it is led by the Department for Education, the strategy that we are setting out today is the work that we will drive right across Government. We are working with colleagues in the Department for Work and Pensions on access to childcare support and on routes back into work and training for parents, but also with colleagues in the Department of Health and Social Care on how we can improve access to speech and language support, health visiting support and much more besides. That is why my right hon. Friend the Health Secretary set out a direction that aligns with ours through the 10-year NHS plan.

Dr Neil Shastri-Hurst (Solihull West and Shirley) (Con): In her statement, the Secretary of State said that every child deserves a great education, including children with SEND. I do not think anybody could disagree with that, but for parents and pupils in my constituency, and up and down the country, warm words are one thing but concrete outcomes are another. Can the Secretary of State guarantee that not a single child who is currently in receipt of special needs support will lose it under the Government's policies?

Bridget Phillipson: Children will continue to receive the high-quality support that they need—I can give the hon. Gentleman that absolute and categorical assurance. Once again, I observe that Conservative Members did not show the same level of interest when they were in government. That is why we have ended up in this sorry state, with far too many children being failed by the system left behind by his party. We are determined to improve outcomes for children with SEND and to put in place better support, and that is backed up by the extra investment already going into the system.

Of course, there is much more that we need to do to deliver better outcomes for all children. That is what we are working towards, and the reform that we will set out will be properly informed and shaped by the conversations, discussions and meetings that I, ministerial colleagues and officials are having with parents, groups and campaigners in order to get this right. If the Conservatives would like to be constructive about that—just for once—I would be happy to engage with them on it, but I am afraid that is not what we are seeing this afternoon.

Rachel Hopkins (Luton South and South Bedfordshire) (Lab): The roll-out of the Best Start family hubs across every local council area will make a huge difference to families, tackling inequalities in my constituency, particularly with the cross-working between health, social care and education. Like so many others, I am absolutely incredulous at the Conservatives, who—helped by the Liberal Democrats in the coalition years—forced so many cuts on local authorities that led to the demise of Sure Start centres. Does the Secretary of State agree that it is yet again a Labour Government who have made the decisions that will break down barriers to opportunities for all children, regardless of postcode?

Bridget Phillipson: Yes, it is this Labour Government who will ensure that families get better access to health support and family services, and that they can do so much more rapidly. My hon. Friend is right to draw attention to the record of the last Government in this area. She will know that it is not just in this part of our work that we are delivering real change for families in her community. I was delighted to join her to visit one of the first new free breakfast clubs opening at Denbigh primary school, and it was brilliant to be there right at the start of its breakfast club expansion. That is the difference she is bringing to her community for families, children and their life chances.

Vikki Slade (Mid Dorset and North Poole) (LD): Jill, a speech and language therapist from my constituency, told me that in the last five years the decline in children's ability to be understood and to socialise has been stark, leading to their own isolation. I also heard from William's mum yesterday about the isolation of mums and dads who nobody wants to be with because their children are difficult. Can the Secretary of State confirm whether there will be health visitors and those who identify speech and developmental delay in Best Start family hubs, and whether local authorities in Dorset that appear affluent but have pockets of deep poverty will be able to access funding?

Bridget Phillipson: Yes, I can confirm that. The hon. Member is right to draw attention to the critical work of our health visitors and our speech and language therapists, who do some amazing work to support children and families, but I appreciate that they often feel overstretched and overworked at the moment. That is why we want to ensure—and I am working closely with the Health Secretary on this—that we not only support more health visitors to train and to work in the profession, but deliver improvements to health visiting to better support parents, to make it easier to access health visiting services and to ensure that more children are getting the early checks that are so important in identifying speech and language need at the earliest possible point.

I have seen some brilliant work that our speech and language therapists have done on this. While some children will of course continue to have an enduring need that requires specialist intervention, I think there is more we can do in the reception year, with the Nuffield early language intervention, to identify children who might need additional targeted support, but who can make very rapid progress with that support. The evidence is clear that that is particularly the case for more disadvantaged children.

Melanie Onn (Great Grimsby and Cleethorpes) (Lab): Today's news on Best Start family hubs is absolutely brilliant. The loss of Sure Start in communities such as mine is still keenly felt by the local community. However, families need support not just from Monday to Friday, as was brought home to me last week on a visit to the family department of my local hospital. Is any thought being given to extending services—particularly when it comes to healthcare and education, as well as the additional support in these hubs—to weekends?

Bridget Phillipson: My hon. Friend is right about access to both family support services and health services. I have discussed this with the Health Secretary, and I know he takes a keen interest in it. When families are able to access appointments only during the school day, that can mean children's attendance at school takes a hit. That is why, through the NHS 10-year plan, we are working very closely on that. Also, one of the lessons I saw from the last Sure Start programme was how, when we listen to communities and parents, we deliver the services they want, which are not always the services the professionals think they need. That is why working with parents and communities on designing services in a way that is genuinely accessible to them will be a critical part of what we expect local authorities to do.

Wera Hobhouse (Bath) (LD): Only 34% of disadvantaged pupils in Bath met the required standards for reading, writing or maths in 2021-22, which was well below the national average. It is always surprising that Bath, which is a prosperous city, has very deep pockets of deprivation. The Language for Life programme in my constituency has made a big difference in participating schools for the young people who need additional, but not specialist, support—the Secretary of State has already mentioned that difference between additional and specialist support. How can she ensure that the most disadvantaged families, who are the least likely to ask for support, have access to these additional services?

Bridget Phillipson: The hon. Member is right to seek to ensure that families facing extra challenges or struggles and the most disadvantaged families have access to Best Start family hubs. Again, the evidence, particularly from the first phase of Sure Start, demonstrated that engagement with parents and communities—good outreach work—is critical to building that. I recognise what she says about some of the gaps, including in what are otherwise perceived as prosperous communities. That is why we are putting a lot of emphasis on support for reception year to make sure that, as children arrive at school, they have the support they need to thrive, and to make sure that our brilliant staff working in early years and reception are able to identify need much more quickly and put in place the support required.

Alistair Strathern (Hitchin) (Lab): Given the importance of family hubs, I know the Secretary of State shares my disappointment that neither Central Bedfordshire nor Hertfordshire previously received a single penny of family hub funding. It was vulnerable families in the towns and villages in those areas of my constituency who were paying the price, so I am delighted that we are putting that right today. One of the shortcomings that led to is not enough young people with special educational needs having those needs identified early with support being put in place at an early age when, as we all know, the evidence tells us it is most effective. As we roll out more Best Start hubs, how can we ensure that tackling SEND challenges and providing support at the earliest possible opportunity are at the heart of the Government's plan?

Bridget Phillipson: I agree with my hon. Friend, and we want to ensure that no parent faces parenthood alone. Being a parent is a wonderful joy, but it sometimes comes with many challenges. That is particularly true when a parent is worried that their child is struggling and not quite making the progress they would expect, so being able to access family support services close to home is absolutely critical. He is also right to draw

[Bridget Phillipson]

attention to the need for better support for children with SEND. That is why we will make sure that Best Start family hubs have a dedicated professional working with families of children with additional needs.

Gideon Amos (Taunton and Wellington) (LD): I welcome today's announcement, but Joanne from my constituency of Taunton and Wellington has asked me to advocate for children with special educational needs and disabilities, given the numbers involved and the limitations on resources. This is at a time when Somerset's auditors have blamed the predecessor council for decisions that

"led to funding shortfalls in each future year in perpetuity."

Will the Secretary of State and the Government ensure that councils such as Somerset are properly funded so that parents and children with special educational needs do not have to wait the one or two years they currently do for assessment, which can devastate their education?

Bridget Phillipson: At the Budget and at the spending review, we allocated additional investment to support councils. However, I recognise what the hon. Member says about the importance of timely support in identifying need much more quickly and putting in place the support required, which is why we are investing an extra £1 billion in SEND support. We are providing councils with £740 million to support them to create more specialist places in mainstream schools to make sure we build parents' confidence in the system and create the places needed, alongside additional investment to support the workforce to better support children with SEND.

Rachael Maskell (York Central) (Lab/Co-op): I am so grateful for my right hon. Friend's focus and commitment on investing in our very youngest, not least because when we invest in early years, we change the trajectory of a child's life. Will she look at the model we have created in York, where we have not only a SEND co-ordinator, but a SEND hub, so that we can bring all those specialist services together, which can be really transformative for families as a one-stop shop?

Bridget Phillipson: I am grateful to my hon. Friend. I know the Under-Secretary of State for Education, my hon. Friend the Member for Lewisham East (Janet Daby) has visited and seen at first hand the difference that is making and the impact it is having. We are very keen, through this programme and wider developments in the strategy, to draw on the brilliant practice and expertise that is out there. I would be happy to discuss that further with my hon. Friend to really understand what York is doing well and how we might think of that as the basis for further developments right across the country.

Monica Harding (Esher and Walton) (LD): May I invite the Secretary of State to congratulate Burhill primary school in Hersham, which I visited this morning? It has been re-awarded for excellence in wellbeing for the second year in a row for providing great mental health provision. My constituency is a large contributor to the Exchequer, but it is also one of the most unequal. Headteachers see that disadvantage every year in their reception classes. Will she make a commitment that the hubs will be distributed throughout the country, in every constituency where there is need?

Bridget Phillipson: The hon. Lady is absolutely right about the importance of mental health in our schools, which is why we are rolling out mental health support teams right across the country. What I can confirm to the House today is that, as well as making sure we have funding in place for the areas that do not currently receive funding—65 local authorities—we will also be rolling out additional investment to all local authorities. We will confirm allocations for all local authorities in the autumn, but this is an extra half a billion pounds of investment over the course of the spending review period—a significant extra investment in our children and their life chances.

Chris Vince (Harlow) (Lab/Co-op): I thank the Secretary of State for her brilliant statement today and, as I did with the Prime Minister last week, I thank her for her recent visit to Harlow. How will the hubs, like Sure Start before them, work in collaboration with local communities to benefit people in Harlow and across Essex? I have to say, people on the doorstep still talk about the importance of Sure Start in my community.

Bridget Phillipson: We will ensure that voluntary and community groups have an important role to play in our family hubs. I am grateful for everything my hon. Friend does to champion Harlow and his community. Harlow will now benefit from the extra investment that I am announcing today through the "best start in life" strategy. It is through his election to this place and a Labour Government that his constituents will once more see the services they need and deserve.

Jim Shannon (Strangford) (DUP): I thank the Secretary of State for her statement, which contains really good news. I very much welcome the report she has released, which states:

"Postcodes shouldn't dictate the support available, but one in four families with children under five cannot access local children's centres or Family Hubs, rising to one in three lower income families."

Today, the Secretary of State has ensured that more children and parents will be able to access opportunity—truly good news. She will be aware that children in Northern Ireland live in greater poverty than those in most postcodes here. I know, personally, that she has a deep interest in Northern Ireland, although she does not have responsibility for it. I appreciate that and I welcome the conversations she has had with me and with other Members of Parliament from Northern Ireland. What discussions will she have with the Education Minister in the Northern Ireland Assembly to ensure that children in Northern Ireland postcodes have access to these types of hubs? Will additional Barnett consequentials funding be available for rural areas, which are so isolated?

Bridget Phillipson: As the hon. Gentleman knows, I was in Northern Ireland at the end of last year, during which time I was able, as part of my work co-chairing the child poverty taskforce, to meet many charities, campaigners and parents about what they wanted to see through that work. That was important to hear, because the responsibilities that we carry through the child poverty taskforce are UK-wide. That was also a welcome opportunity for all UK Education Ministers to come together, including his colleagues in Northern Ireland. We continue to work with our colleagues right across the UK as part of that important work.

Josh Dean (Hertford and Stortford) (Lab): I thank the Secretary of State for her statement and for her recognition that where people live should not dictate the support available to them when they are growing up, nor when they want to start a family. I really welcome the work that she is leading to support our young people's mental health and wellbeing. She will recognise that younger and younger children are presenting with mental health issues. Will she set out how our Best Start family hubs will help to address the early drivers of mental illness for children and young people before they reach crisis point, and ensure that every child is supported to thrive from an early age?

Bridget Phillipson: I am grateful to my hon. Friend. Through the announcement today, his local authority will benefit from extra investment in Best Start family hubs. Again, that is the difference that comes from electing him to this place. He is right to identify the growing challenge that many of our young people experience with their wellbeing and mental health, including at a young age. Alongside the early support that we need to put in place, I know that the Secretary of State for Health and Social Care is determined to ensure that we are taking action on more acute services to tackle the unacceptable waits for child and adolescent mental health services. In addition, the support for parents through the Best Start family hubs will be critical. It is parents, working together with their children and professionals, who make the biggest difference. The evidence from Sure Start was clear about that.

Sonia Kumar (Dudley) (Lab): I warmly welcome the Secretary of State's announcement. In Dudley, our family hub is in St Thomas's, one of the most deprived wards in the borough. Currently, it provides parent groups, baby clinics, prenatal support and much more, but its funding is uncertain. Will my right hon. Friend outline how the new announcement will enhance the hub, so that families can continue to receive vital services, including SEND support?

Bridget Phillipson: Through today's announcement, we are ensuring that areas that do not currently receive funding will receive it, but alongside that we will ensure that all local authorities are able to deliver into the next phase. My hon. Friend is right that the services in her community, including those serving the most disadvantaged communities, make an enormous difference. That is why I am incredibly proud that we are investing half a billion pounds across the spending review period, which will allow us to reach half a million more children than is the case right now.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): I congratulate my right hon. Friend, partly for the launch today of the national year of reading. As the chair of the all-party parliamentary group on literacy, that is a wonderful and joyous thing to see. We all know that reading with children can be great not just for their literacy development, but for their oracy, as well as for boosting confidence and parental engagement with children.

In Stoke-on-Trent, we have a wonderful family hub operating in the Bentilee ward in my constituency. Its success is due to the fact that it was co-created by organisations on the ground, such as Thrive At Five and Alpha Academies, that understand the importance of families and the nuances of those communities. Will the Secretary of State say a little more about what flexibility there will be in the future hubs? May I invite her or one of her ministerial team to visit the Bentilee hub, so that they can see what great work we are doing and how it might inform national practice?

Bridget Phillipson: I am grateful to my hon. Friend. I have heard much about the work going on in Stoke, including the Thrive At Five programme, and I know my hon. Friend met the Minister to talk about that. I would be happy to visit, or perhaps one of my colleagues might be able to, but I would love to see or hear more about what is going on there, because I have heard wonderful things. It demonstrates the value of ensuring that services are responsive to what parents want, as well as there being a clear set of expectations about minimum levels of support alongside that, really targeted to the needs of communities and parents. That was where Sure Start was at its best: listening to communities, working with communities and building that trust, including among families who might otherwise not feel able to access that kind of service.

My hon. Friend mentions the national year of reading. I am delighted with the role he has played to make it a reality that today we are announcing that 2026 will be a national year of reading. It will be a welcome and timely opportunity to spread the joy and love of reading throughout our country to ensure that all our children have access to a fantastic range of books. Perhaps we, as adults, can lead by example by reading a little bit more and not scrolling quite so much.

Jessica Toale (Bournemouth West) (Lab): I thank the Secretary of State and her Department for rightly putting a spotlight on the early years. Before coming to this place, I led a global campaign to ensure that early childhood development was included in the UN's sustainable development goals, and I worked with the late, great Tessa Jowell to highlight the UK's global leadership on this subject. It is great to see a Labour Government stepping back into that leadership role, because we know that early interventions are critical, especially for children with additional needs. On that point, will the Secretary of State confirm how SEND provision will be embedded in Best Start family hubs to support parents and children in my Bournemouth West constituency?

Bridget Phillipson: I am grateful to my hon. Friend for all the campaigning she has done over many years to get us to this point. It is only a Labour Government who would bring forward this kind of strategy to ensure that all our children are set up to succeed, breaking the link between background and success, and ensuring that at the earliest moments in our children's lives, we give them the support they need. That is why we are setting out, through the strategy, the important work that Best Start family hubs will provide in terms of trained support for children with SEND, so that we are better able to identify additional needs at an earlier point. That runs alongside further funding for early years special educational needs co-ordinators, so that staff in our early years settings are better trained and better able to support families. When children then arrive at school, teachers will already be able to understand where there might be additional challenges or where extra support may be required.

Jas Athwal (Ilford South) (Lab): I thank the Minister for her statement. In Ilford, our engagement hubs bring together family services, citizens advice, revenues and benefits teams, and enforcement officers—in effect, the council is taken into the community—so I particularly welcome today's announcement of Best Start family hubs that will operate on a similar model. Will the Secretary of State explore the opportunity to co-locate services as per the Redbridge model, and confirm that trained SEND co-ordinators will be placed in the new hubs to identify needs, work with parents and ensure easy access to early years support?

Bridget Phillipson: I am grateful to my hon. Friend for identifying the brilliant work that is already going on in his constituency. Through today's announcement and the "best start in life" strategy, his community and his constituents will see extra investment and more support for precisely the kinds of services he identified. This will be a crucial part of the shift that we make both in education and in health, moving away from treatment to prevention, with more support rooted in communities that it is easier for parents and families to access and that, critically, is focused on delivering the best start in life for all our children.

Leigh Ingham (Stafford) (Lab): Like others, I welcome the '90s resurgence. With that in mind, how will this announcement coincide commitments to inclusive play in parks? I am sure we all agree that all children deserve a park life.

Bridget Phillipson: That was very good. I slightly resisted being drawn into the Oasis references earlier, and now we have moved on to Blur. I will stay out of that one, even though I have my preference.

My hon. Friend is right to talk about the importance of play for all children. It is striking—I am sure she will have heard the same thing from her younger constituents—that many children often do not feel safe to go out of the house and to be on our streets. We absolutely have to tackle that, because it is having a big impact on not just their mental health but their physical health. I would be happy to discuss that further with my hon. Friend.

Amanda Hack (North West Leicestershire) (Lab): I thank the Secretary of State for her statement. At a recent joint meeting of the Work and Pensions Committee and the Education Committee, Sure Start was named by the panel as the previous Labour Government's most positive policy for children. The policy had a very proud legacy, yet the Conservative party closed 50% of our centres in Leicestershire. Does the Secretary of State agree that building the foundations and investing in families, as happens at our family hub in North West Leicestershire, will ensure long-term benefits like those achieved by Sure Start? Will she say how Best Start family hubs will work alongside pre-schools and primary schools to aid the delicate transition into school?

Bridget Phillipson: The hubs will be key to our vision for how we better join up education and health services in the community, but they will also work with voluntary and community groups, childminders, libraries and others to bring services close to local people. My hon. Friend talked about the important links between early years settings and the start of school. We are setting out through the strategy how we will do more to better join up the support between early years settings and schools. We will use that not only as the basis for greater expertise, training and development, but, crucially, as the basis for better life chances and opportunities for children. If we can identify where children are struggling and not making the progress we would hope they were making, and share that at the start of school, it will make a really big difference.

Alex Baker (Aldershot) (Lab): As the mother of young children, I welcome the creation of "best start in life" family hubs and share the Government's determination to give every child the best start in life in Aldershot, Farnborough, Hawley, Blackwater and Yateley. My constituency is home to thousands of serving personnel and their families. Military life can bring unique pressures: frequent relocations, disrupted healthcare and childcare, and long periods of separation. Will the Secretary of State set out how the new hubs will support armed forces families and honour our commitment to prevent discrimination under the armed forces covenant?

Bridget Phillipson: I am grateful to my hon. Friend for everything she does to champion our armed forces communities, not least given their importance to her constituency. I will make sure that we reflect further on how we can ensure that our forces families are able to access services.

My hon. Friend's local authority is one area that currently does not receive funding but, after today's announcement, it will shortly receive funding. Her area will share in a £12 million development grant that we will confirm in the next few weeks, to help it hit the ground running and get set up from April next year. There will then be ongoing support throughout the spending review period. I do, though, take seriously my hon. Friend's challenge about making sure that forces families are able to access and benefit from the services. I would be happy to have a conversation with her, or if she can provide more information about what would be helpful to her constituency, I will happily look into it.

Laurence Turner (Birmingham Northfield) (Lab): I strongly welcome the Secretary of State's announcement. Under the Conservatives, 40 Sure Start children's centres in Birmingham were shut down, including seven in my constituency, with devastating consequences for thousands of children who needed that support. I am so glad that Labour is taking action to turn the tide. Will she confirm that when funding allocations are made at local authority level, factors such as population size and child poverty rates, which are particularly important in an authority like Birmingham, will be taken into account?

Bridget Phillipson: Yes, we will consider the factors that my hon. Friend mentioned. Later in the autumn, we will confirm the allocations across all local authorities for the next phase. That runs alongside the development grant that will go to local authorities that do not currently receive funding. It will be a massive boost to my hon. Friend's constituents and to people right across the country; it is half a billion pounds over the course of the spending review period.

Rosie Wrighting (Kettering) (Lab): As someone who felt the benefits of being born and growing up under the last Labour Government, I welcome this Labour Government's decisions to give children the best start in life. Local charity Home-Start Kettering does phenomenal work, but over recent years it has seen an increase in demand for its services. Will the Secretary of State confirm how the "best start in life" strategy will work with local charities to help achieve the Government's objective of getting more children school ready?

Bridget Phillipson: My hon. Friend is right to draw attention to the important work of voluntary and community groups, which will have a central role to play, not least because they are often better able to access and support families who might otherwise find it difficult to go through the doors of a centre, and who might feel a certain kind of reluctance about statutory services. Their role and work is critical to what we will take forward. My hon. Friend is right that the last Labour Government did amazing things, and today's announcement builds on the proud record of Sure Start.

Daniel Francis (Bexleyheath and Crayford) (Lab): As a fellow SEND parent, I fully concur with the comments made by my hon. Friend the Member for Thurrock (Jen Craft) about the system we inherited and the lack of humility from those on the Opposition Benches.

I thank the Secretary of State for visiting my constituency 10 days ago to see the incredible work carried out by staff at Peareswood primary school in Slade Green. Slade Green and the northern part of Crayford have real deprivation, and the Conservative council in the London borough of Bexley closed the Sure Start in both those wards. Does the Secretary of State agree that it was ridiculous not only that the council did that, but that it received no money from the previous Conservative Government for family hubs? Will she commit today to turning that situation around and finally giving my council money for family hubs?

Bridget Phillipson: Yes. As a result of today's announcement, my hon. Friend's local authority will now receive funding to roll out those services. I join in his sheer incredulity at the fact that such effective, brilliant services were closed. How short-sighted, and what an impact we have seen on children and their life chances! I know from my visit to Peareswood in my hon. Friend's constituency how much brilliant work is going on, thanks to the amazing staff who work in our schools and in early years education. I also know what a brilliant Member of Parliament staff there have championing their cause in the House.

Yuan Yang (Earley and Woodley) (Lab): I hear the most thought-provoking questions from my youngest constituents. On a recent visit to an infant school, a six-year-old asked me what I thought the Government's most important achievements might be. Today, I would like to tell her that our two local authorities, Wokingham and Reading borough councils, which previously received no family hub funding, are each set to receive a Best Start family hub. That is one of the most important achievements a Labour Government can make. The Institute for Fiscal Studies is clear about the evaluation and the long-term economic benefits; will the Secretary of State ensure that economic evaluation is baked in, so that we can ensure that these projects are funded for the long run?

Bridget Phillipson: Absolutely. The impact on children and their life chances is clear, but the work of the Institute for Fiscal Studies, which we have looked at carefully, is also clear about the wider economic benefits. I am delighted that my hon. Friend's constituents will now benefit from a Best Start family hub. The reason why they, including the children she just mentioned, will benefit is that the people of her constituency sent her to this place and elected a Labour Government.

Josh Fenton-Glynn (Calder Valley) (Lab): The last Government's decimation of Sure Start was nothing short of social vandalism; the paroxysms of outrage from the Conservative Benches felt like an arsonist complaining that the fire service had not put the fire out quickly enough. I welcome this policy because the family hubs will make a real difference. Can my right hon. Friend tell me how constituencies that are, like Calder Valley, defined by towns and somewhat ropey local transport will get the full benefit of the family hubs, as urban areas will?

Bridget Phillipson: My hon. Friend's community will benefit from the extra investment in today's announcement, alongside the wider announcements in the "best start in life" strategy, which focuses on a number of important areas, including early-years education, reception, the support we put in place for parents, and the funding to deliver that.

My hon. Friend is right to draw attention, as others have, to the needs of communities that are geographically isolated, including rural communities. Some of the best and most effective work that we have seen has included outreach work with communities and families directly—work to understand their needs and tailor and deliver services accordingly. Being responsive to what parents are telling services would be best and most effective.

Luke Myer (Middlesbrough South and East Cleveland) (Lab): Last year, I was delighted to welcome my right hon. Friend to our family hub in Guisborough—one of three that our Labour council opened across East Cleveland. I commend the work of Nicola Hall and her team at those centres. Today our Government have gone even further by investing in early years services to benefit working families right across the country. I commend this statement and this Secretary of State for delivering that. Will local authorities with existing provision, like mine, be able to access this funding and benefit in future?

Bridget Phillipson: I had a fantastic visit to my hon. Friend's constituency. It demonstrated that even in the face of the very difficult funding settlement that many local councils have endured, brilliant councils have sought to prioritise investment. As the then lead member on that council, my hon. Friend did incredible work ensuring that families had access to support. What has always remained with me from our visit was how important it was to bring speech and language provision into the family hub. We really want to build on that. Yes, I can confirm that all local authorities will benefit from the announcement today, including my hon. Friend's. We will confirm allocations for all local authorities in the autumn.

Peter Swallow (Bracknell) (Lab): The previous Conservative Government did not give a penny to Bracknell Forest council to deliver early years support through family hubs. Can the Secretary of State confirm that she will end that injustice? Bracknell families need that support too—for SEND and speech and language, as well as health support. It is so desperately needed. Will she provide that support?

Bridget Phillipson: Yes, we will make sure that my hon. Friend's local authority gets the support that it was previously denied. It will be able to share in a £12 million development grant, which we will confirm in the next few weeks, so that it can hit the ground running and put in place the services needed from April next year. We will then confirm the wider programme of allocations alongside it.

I know how much my hon. Friend cares about ensuring that all our children get the best start in life, including children with SEND. It is only because his constituents sent him here and delivered a Labour Government that they will now benefit from Best Start family hubs and all the brilliant services alongside them.

Dr Allison Gardner (Stoke-on-Trent South) (Lab): I really welcome the statement today, as I am sure do the residents of Normacot, whose excellent family hub they fought hard to save many years ago. But we need more in my constituency of Stoke-on-Trent South. Stoke-on-Trent consistently lags behind the national average. Many children start school unable to speak, and infant mortality rates are the highest in the country. We consistently rank highest for the number of children in care across England, and in some parts of my constituency, child poverty is as high as 76%. Stoke's children deserve better. The Best Start hubs offer an opportunity to improve health, to help children reach their development goals and to improve parental wellbeing. Will the Minister meet me to discuss the critical need for more of these hubs in my constituency?

Bridget Phillipson: My hon. Friend is absolutely right to draw attention to the shocking failure to support so many children growing up in poverty or going through the social care system. The outcomes are often tragic. That failure is inexplicable, given the trauma that many of those young people have experienced. We are bringing forward reform to children's social care to make sure that all our children get the best start in life. The Under-Secretary of State, my hon. Friend the Member for Lewisham East (Janet Daby), is leading that work; she brings her experience of social work to bear, so that we understand how we can do more.

I will be more than happy to meet my hon. Friend the Member for Stoke-on-Trent South (Dr Gardner) to discuss how we can go further, but her local authority will benefit shortly from extra investment around the development grant and wider funding across the spending review period.

Mr Jonathan Brash (Hartlepool) (Lab): I warmly welcome the roll-out of Best Start family hubs. They build on the legacy of Sure Start—one of the proudest achievements of the last Labour Government.

The Secretary of State may remember our visit to High Tunstall college of science when she last came to my constituency of Hartlepool. The head told us that he could pinpoint precisely the year group that had not had access to Sure Start, such were the additional challenges that those young people faced. Does the Secretary of State agree that the brilliant announcement today means an investment not only in our children and grandchildren, but in our wider society, and that it will ultimately save the taxpayer money?

Bridget Phillipson: My hon. Friend is absolutely right: as well as the real benefits to children and families, there are clear economic benefits. He describes what I have heard from so many school and college leaders and university vice principals across our country. They tell me, "If you can do one thing, invest in the early years—that's where you will make the single biggest difference." That is what this Labour Government are doing.

Adam Thompson (Erewash) (Lab): I thank the Secretary of State for her fantastic statement. Could she elaborate on how the Best Start family hubs will support the families that I represent in Erewash, and those across Derbyshire, who are fighting for a better deal for children with special educational needs and disabilities?

Bridget Phillipson: I am grateful to my hon. Friend for raising that issue. Change and reform are needed to the system. That is why we are investing an extra £1 billion in support for children with SEND, and why we are investing in capital programmes to create the specialist places needed in mainstream schools, alongside delivering better mainstream inclusion. It is why we are rolling out the partnerships for inclusion of neurodiversity in schools programme—the PINS programme—across more than 1,000 extra schools. We are delivering the support around neurodivergence that many of our staff say they need. Through the PINS programme, I have seen the critical work that can be done between parents and staff—often quite small, practical changes that can make the world of difference to children's attendance at school and, critically, lead to better outcomes for children with SEND.

Jenny Riddell-Carpenter (Suffolk Coastal) (Lab): They say that it takes a village to raise a child, but it takes a Labour Government to give every child the best start in life. I warmly thank the Secretary of State for her announcement. As she may well know, in Suffolk not a penny is spent on family hubs at the moment. She said that this announcement was a game changer for children with special educational needs, and mentioned future provision being inclusive. In rural areas, there are declining populations in our primary schools. Will she outline whether there is an opportunity to use the increase in capacity to increase provision for SEND?

Bridget Phillipson: Following today's announcement, my hon. Friend's community will benefit for the first time from funding that will allow for a Best Start family hub and wider services delivered through that. She is right to identify that although the falling birthrate, including in her community, presents a challenge, it allows us to think about how we can use the schools estate to better deliver support for children.

It is a key priority of this Labour Government to deliver more specialist provision in the mainstream. I have seen some brilliant examples from right across the country of children being able to go to school in their local community with the targeted, specialist support that is needed. They can spend some of their time in a mainstream setting but also get the additional specialist support required. Through our capital settlement at the spending review, we will deliver more support for children in her constituency and right across the country.

Several hon. Members *rose*—

Madam Deputy Speaker (Ms Nusrat Ghani): Order. To ensure that everyone gets in, could questions and answers be short?

Joe Powell (Kensington and Bayswater) (Lab): The IFS found that Sure Start delivered benefits significantly greater than its cost, yet it was still slashed by the Tories, with well over 1,000 centres closing. It was one of the biggest acts of vandalism under austerity, stunting life chances for too many for a generation. Can the Secretary of State outline how she expects this investment to work in areas with very high levels of inequality, such as my constituency, where life expectancy at birth differs by 19 years between one community and another?

Bridget Phillipson: As my hon. Friend says, we know from research by the Institute for Fiscal Studies that Sure Start generated widespread long-term benefits in education and health, even reducing school absence and identifying support for children with SEND much more quickly. We will build on the lessons of Sure Start as we roll out Best Start family hubs. My hon. Friend is right to mention the importance of tackling entrenched inequalities within communities as part of that and ensuring that all our children are set up to succeed.

John Slinger (Rugby) (Lab): I warmly welcome my right hon. Friend's statement. Although new and fit for the modern age, it harks back to an era not only when great bands were in their infancy, but when a Labour Government were investing in our young people in their infancy. Back at that time, I attended the dads club at the Sure Start centre in Rugby every Saturday morning, where dads from all backgrounds benefited from the advice and camaraderie that came of those meetings, and they helped us become better dads. Does my right hon. Friend agree that the Best Start family centres will help dads, and all parents, to become better parents, which will really help with our young people's life outcomes?

Bridget Phillipson: I agree with my hon. Friend, and I am pleased to hear about his experiences. It is important that services delivered through Best Start family hubs respond to the needs of mums, dads and carers alike. The example he gives demonstrates the importance of listening to parents about what they want to see. Through the measures announced today, his local authority area will benefit from extra investment in order to get up and running in the next year and on an ongoing basis. That shows once again the difference that a Labour Government are bringing to his community.

Peter Prinsley (Bury St Edmunds and Stowmarket) (Lab): I congratulate the Secretary of State; her measures will certainly give every child the best start in life, and Best Start is one of her many best ideas. We have a crisis of basic nutrition, where children are obese while also malnourished, and have decayed teeth. Does the Secretary of State agree that Best Start will go far to address this issue?

Bridget Phillipson: My hon. Friend is right to draw attention to the important link between education and health, particularly given his expertise. That link is why I was proud that we announced a big expansion to free school meals to make sure that more of our children get a nutritious meal during the day. It is why the Health Secretary is working to tackle tooth decay, which is one of the biggest reasons for hospitalisation of our children. It is also why we are taking action through this strategy to improve access to vaccination and health visiting support and to ensure that all of our children have a healthy life. As my hon. Friend says, those problems are profound and need to be tackled.

Maya Ellis (Ribble Valley) (Lab): As chair of the all-party parliamentary group on babies, the most common refrain I hear is, "Bring back Sure Start." I commend my right hon. Friend on focusing on learning from the past and looking to the future, and I thank her for showing the best of the Labour party by starting to restore the Sure Start legacy. Many of my constituents and service providers in Ribble Valley tell me that the hardest thing about being a parent or supporting parents is a lack of consistent information and places to go for support. Does the Secretary of State agree that it has been deeply confusing over the past few years for those living in the 65 local authorities where crucial services and family hubs have not been funded, and will the Labour Government end that injustice?

Bridget Phillipson: Through the measures announced today, my hon. Friend's local authority will now benefit from funding to make that a reality. She is right to say that even when services are available, it can be confusing for parents to know where to go to access high-quality, trusted advice. The digital offer we are developing with NHS colleagues will ensure that all parents, regardless of where they are or what their family circumstances are, can access good-quality information alongside that.

Alex Mayer (Dunstable and Leighton Buzzard) (Lab): I welcome that, through Best Start, Central Bedfordshire is getting funding for a family hub for the first time. Will the Secretary of State explain how this will be linked to areas of deprivation and urge the independent council to look closely at the statistics that show that places such as Dunstable and Houghton Regis are the areas where children do not get the best start in life at the moment?

Bridget Phillipson: My hon. Friend is right that her local authority will benefit from the funding announced today. It will share in a £12 million development grant, and further funding will follow alongside that. We will support the local authority to get up and running and then ensure that it has the services it needs. This scheme will have a real focus on disadvantaged children while being available and accessible to all parents. The guidance we are issuing to local authorities will reflect that.

Natasha Irons (Croydon East) (Lab): I welcome this Government's commitment to early years, because we all know that investment in early years has a profound impact not only on the lives of children but on communities such as mine in Croydon East. Does the Secretary of State agree that the fact that one in three low-income families currently do not have access to a local children's

[Natasha Irons]

centre or family hub should be a great source of shame for the Conservatives? Can she also outline how the measures announced today will help to fix the failure of the previous Government and give all of our children the best start in life?

Bridget Phillipson: Our announcement today is about making sure that more parents and children are able to access high-quality parenting, healthcare and education services. The half a billion we are investing over the spending review period will allow us to reach half a million more children, including in my hon. Friend's community and constituencies right across the country.

Lizzi Collinge (Morecambe and Lunesdale) (Lab): As a mother of two, I saw the decline in children's services under the last Government in real time, so I welcome this statement. I particularly welcome identification and intervention for SEND kids. Will the Secretary of State say how this announcement changes the funding for vital children's services in my area?

Bridget Phillipson: The measures I have announced mean that local authorities that do not currently receive funding, including my hon. Friend's local authority, will receive funding through a share of a development grant to make sure that they can get up and running from next April. In the autumn we will confirm allocations across all local authorities for the next phase. We want to make sure that disadvantaged children and families are able to access services, and we will ensure that local authorities have the clear direction to make that a reality.

Laura Kyrke-Smith (Aylesbury) (Lab): I join others in hugely welcoming today's announcement. I will get straight on the case and urge Buckinghamshire council to prioritise Aylesbury for a Best Start family hub, given that we have the highest levels of deprivation in our county. I have been campaigning for better understanding of and support for maternal mental health. Many new mums tell me that what they really need in their community is somewhere they can go for advice and company. Does the Secretary of State agree that this should be of real benefit to parents who are struggling with their mental health?

Bridget Phillipson: Yes, and I am delighted that my hon. Friend's local authority and community will benefit from today's announcement. She is right that access to mental healthcare for new mums in particular is really important. It can be a very lonely and isolating experience, and being able to chat to other parents and access support in a supportive environment is incredibly important. What we are announcing today will support more mothers to get that important access to early support and will help to prevent problems from becoming more serious.

Andrew Cooper (Mid Cheshire) (Lab): A few weeks ago I visited Leftwich primary school and met the fantastic headteacher Claire Harrison and her team. The one thing Claire wanted to get across was how much the job has changed over the last decade. The dismantling of early help and prevention services has meant that teachers and headteachers are spending more time essentially being the parents of last resort rather than undertaking their core function of educating children. It should not be this way, and we should be clear that dismantling Sure Start was an act of utter vandalism by the previous Government. It is fantastic that Cheshire West and Chester council will benefit from the new money for Best Start, building on what Sure Start did best, but does the Secretary of State agree that it is ridiculous that Cheshire West was ever put in a position where there was no money to fund these vital services?

Bridget Phillipson: My hon. Friend's local authority will now benefit from this extra funding, and it will make a tremendous difference to children and families across his community. Like my hon. Friend, I have heard that story from so many school leaders, teachers and support staff who go above and beyond to support families who are often facing very real challenges and difficulties around homelessness, poverty. We want to make their job easier. That is why we are expanding free school meals eligibility, putting in place new free breakfast clubs, cutting the cost of school uniforms and increasing the national minimum wage. Those are all measures designed to support families, and they will bring big educational benefits too.

Chris Bloore (Redditch) (Lab): Twelve months ago the Prime Minister gave his final speech of the election campaign in Redditch in a Sure Start centre abandoned by the last Government, in an economically deprived area of my town that was forgotten by the last Government, and in a county that did not receive a single penny of funding for any family hubs in 14 years. Despite the chuntering from the Conservatives, does the Secretary of State agree that it is actions not words that lead to the best futures for our children?

Bridget Phillipson: I agree with my hon. Friend. It is this Labour Government who will once again ensure that all our children are set up to succeed. We will build on the proud legacy of Sure Start, take the best evidence of what works, and expand and enhance that for the generations of children to come, in his community and across the country.

Andrew Lewin (Welwyn Hatfield) (Lab): The postcode in which a person is born still has a profound impact on the life they lead. That is no more true than in my constituency, where those born in Hatfield have a healthy life expectancy that is 11 years shorter than those born three miles down the road in Brookmans Park. Does my right hon. Friend agree that it is essential that the new Best Start family hubs have integrated care, giving advice on early years education as well as health support?

Bridget Phillipson: That is critical, which is why we need to bring together healthcare, education, libraries, childminders and voluntary and community groups in that endeavour to ensure that all our children get the best start in life. Like my hon. Friend, I am determined to ensure that background does not equal success. The driving mission of this Labour Government is to ensure that where you are from and the family you are born into does not determine what you achieve, and that your hard work, your aspiration and all that you do drives what you can achieve.

Points of Order

6.40 pm

Kit Malthouse (North West Hampshire) (Con): On a point of order, Madam Deputy Speaker. Along with 6.5 million fellow members, I am a member of the local government pension scheme, through my proud membership of the London Pensions Fund Authority. We are uniquely affected by the Pension Schemes Bill, which we are about to contemplate. I am therefore concerned that it should be a hybrid Bill rather than a public Bill. I seek your guidance, please, as to whether the Bill has been properly certified as a public Bill and whether, in fact, it should be referred to the examiners to decide whether it should go through the hybrid Bill process. If not, and the House decides to proceed today, could the House of Lords independently decide through its examiners whether it is, in fact, a hybrid Bill?

Madam Deputy Speaker (Ms Nusrat Ghani): I am grateful to the right hon. Member for his point of order and for giving notice of it. The Bill was not referred to the examiners at the time of presentation, indicating that the view taken by the relevant House authorities at the time was that the Bill was not prima facie hybrid. He is welcome to refer to any aspect of part 1 of the Bill during today's proceedings. The Chair cannot be expected to respond substantively today, but I will ensure that he receives a substantive written response this week. His final point was about proceedings in the House of Lords, which are not a matter for the Chair, or indeed for this House. I ask him not to refer to that matter in his speech.

Jas Athwal (Ilford South) (Lab): On a point of order, Madam Deputy Speaker. Members of the House have been visiting my constituency. The right hon. Member for Newark (Robert Jenrick) visited on 1 May, and I saw social media posts of a raid. The right hon. Member for Islington North (Jeremy Corbyn) visited on 4 July, which again I saw in social media posts. I understand that Ilford South is the centre of the universe and that any wannabe political party leader would want to visit, but they have shown discourtesy according to the rules of the House in not informing me. I seek your guidance.

Madam Deputy Speaker: I thank the hon. Gentleman for notice of his point of order. Can I confirm that he has given notice to the right hon. Members concerned? They will, no doubt, be aware after this.

Jas Athwal *indicated assent.*

Madam Deputy Speaker: The booklet on "Rules of behaviour and courtesies in the House of Commons" is entirely clear that notice must be given when a Member intends to visit another colleague's constituency except for purely private purposes. The hon. Gentleman has indeed put on the record that his constituency is the centre of the universe.

BILL PRESENTED

WATER REGULATION BILL

Presentation and First Reading (Standing Order No. 57)

Tim Farron presented a Bill to abolish the Water Services Regulation Authority; to establish a Clean Water Authority and to make provision about its powers and duties; to make further provision about the regulation of water; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 12 September, and to be printed (Bill 278).

Pension Schemes Bill

Second Reading

[Relevant documents: Oral evidence taken before the Work and Pensions Committee on 14 May, on Investment in the UK economy and Pension Schemes Bill, HC 897; Written evidence to the Work and Pensions Committee, on Investment in the UK economy and Pension Schemes Bill, reported to the House on 14 May, HC 897.]

6.44 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Torsten Bell): I beg to move, That the Bill be now read a Second time.

This Bill aims to deliver fundamental reforms to our pensions landscape, and it is good to see that the prospect of discussing a long, slightly technical pensions Bill has seen so many Members flooding into the Chamber. These are reforms on which there is a broad consensus across the pensions industry. They also build on at least something of a consensus across the House. In its principal focus on higher returns for pension savers, the Bill also responds to specific responsibilities that we hold in the House.

It is because of decisions of Parliament that something significant has happened over the past decade: British workers have got back into the habit of saving for a pension. Today, more than 22 million workers are building up a pension pot. That represents a 10 million increase since 2012, when Parliament introduced the policy of automatically enrolling workers. The rise is largest for women and lower earners. So there is lots to celebrate as more save, but there are no grounds at all for complacency about what they are getting in return.

The private sector final salary pensions that many of today's pensioners rely on guarantee a particular income in retirement. If those pension schemes do not deliver good investment returns, that is a problem for the employer and not directly for the saver. But most of tomorrow's retirees with a defined-contribution pension bear all the risk; there is nothing guaranteed. How well the pension scheme that they save into performs matters hugely, and because pensions are a very long game, even small differences in how fast a pension pot grows can make a massive difference over time.

That is the system that the House has chosen, so the onus is on us to ensure that it delivers. But the pension system that we have today is too fragmented, too rarely does it ensure that people's savings are working hard enough to support them in retirement, and it is too disconnected from the UK economy. That is the case for change and the context for the Bill.

The UK has the second-largest pension system in the world, worth £2 trillion. It is our largest source of domestic capital, underpinning not just the retirement we all look forward—or at least most of us look forward to—but the investment on which our future prosperity depends. But our big pension system has far too few big pension schemes. There are approaching 1,000 defined-contribution schemes and less than 10 providers who currently have £25 billion or more in assets.

A consolidation process is already under way, with the number of DC schemes reducing by about 10% a year. What the Bill does is add wind to the sails of that consolidation. It implements the conclusions of the pensions investment review, creating so-called megafunds. For the DC market, we intend to use the powers provided for in clause 38 to require multi-employer schemes to have at least £25 billion in assets by 2030, or a credible pathway to be there by 2035. Bigger and better pension funds can deliver lower costs, diversified investments and better returns for savers. That supports the work that the industry is already doing to better deliver for savers.

As the House has discussed before, in May, 17 major pension providers managing about 90% of active defined-contribution pensions signed the Mansion House accord. This industry-led initiative saw signatories pledge to invest 10% of their main default funds in private assets such as infrastructure by 2030, with at least 5% in UK assets. That investment could support a better outcome for pension savers and back clean energy developments or fast-growing businesses. To support this industry-led change, the Bill includes a reserve power that would allow the Government to require larger auto-enrolment schemes to invest a set percentage into those wider asset classes. That reflects the reality that the industry has been calling for the shift for some time, but words have been slow to translate into actions.

Dame Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): I draw the House's attention to the fact that I am a trustee of the parliamentary contributory pension fund. Consolidation is absolutely the right direction of travel so that pension funds have better experts who are better able to advise. I still have a slight concern, though, about mandation. There will have to be schemes to invest in, and they will need to ensure that they are getting returns. How will the Minister ensure that the Bill actively delivers on both sides of the equation?

Torsten Bell: I thank my hon. Friend for her question and for her oversight of all our pensions, which I think is reassuring. *[Laughter.]* Sorry; it is reassuring! I will come directly to her point, because I know that is one question that hon. Members on both sides of the House will want to raise. Let me just say that the Bill explicitly recognises the fiduciary duty of trustees towards their members.

Mr Alistair Carmichael (Orkney and Shetland) (LD): In the last Parliament, a number of us raised concerns about the administration of defined-benefit schemes by, among others, BP, Shell and Hewlett-Packard. It was obvious at that stage—I think this view was held by his right hon. Friend the Minister for Social Security and Disability, who was then the Chair of the Work and Pensions Committee—that one of the root causes of the problem was insufficient independence and oversight by defined-benefit pension trustees. What is there in this Bill that will protect the position of pensioners in their retirement under those schemes?

Torsten Bell: The right hon. Member invites me to skip quite a long way forward in my speech, and it is a long speech.

Madam Deputy Speaker (Ms Nusrat Ghani): Ah.

Torsten Bell: That was not the support I was hoping for from the Chair—understandable, but harsh. I will come to some of the points that the right hon. Member raises. I think he is referring particularly to pre-1997 indexation, which I shall come to.

As I said, the Bill includes a reserved power that will allow the Government to require larger auto-enrolment schemes to invest a set percentage into wider assets. That reflects the wider calls that have been made for this change but have not led to its taking place. What pension providers are saying is that they face a collective action problem, where employers focus too narrowly on the lowest charges, not what matters most to savers: the highest returns. I do not currently intend to use the power in the Bill, but its existence gives clarity to the industry that, this time, change will actually come.

Some argue—I will come to some of the points made by my hon. Friend the Member for Hackney South and Shoreditch (Dame Meg Hillier)—that this somehow undermines the duty that pension providers have to savers. That is simply wrong. First, the Bill includes clear safeguards to prioritise savers' interests and is entirely consistent with the core principle of trustees' fiduciary duties. Clause 38 includes an explicit mechanism, which I have discussed with Members from the main three parties in this House, to allow providers to opt out if complying risks material detriment to savers. Secondly—this is the key point that motivates a lot of the Bill—savers are being let down by the status quo. There is a reason major pension schemes across the rest of the world are already investing in this more diverse range of assets.

Fragmentation within the pensions industry happens within providers, not just between them. Some insurers have thousands of legacy funds, so clause 41 extends to contract schemes the ability that trust-based schemes already have to address that. Providers will be able to transfer savers to another arrangement without proactive individual consent if, and only if, it is independently certified as being in the member's best interest.

Another point that I hope is of common ground across the House is that we need to do more to realise the untapped potential of the local government pension scheme in England and Wales. We need scale to get the most out of the LGPS's £400 billion-worth of assets. Again, the Bill will turn that consensus into concrete action. It provides for LGPS assets spread across 86 administering authorities to be fully consolidated into six pools. That will ensure that the assets used to provide pensions to its more than 6 million members—predominantly low-paid women—are managed effectively and at scale. Each authority will continue to set its investment strategy, including how much local investment it expects to see. In fact, these reforms will build on the LGPS's strong track record of investing in local economic growth, requiring pension pools to work with the likes of mayoral combined authorities. In time, bigger and more visible LGPS pools will help to crowd private pension funds and other institutional investors into growth assets across the country.

Our measures will build scale, support investment and deliver for savers, but the Bill does more to ensure that working people get the maximum bang for every buck saved. To reinforce the shift away from an excessively narrow focus on costs, clause 5 provides for a new value-for-money framework. For the first time, we will require pension schemes to prove that they provide value for money, with standardised metrics. That will help savers to compare schemes more easily, and drive schemes themselves to focus on the value that they deliver. For persistently poor performers, regulators will have the power to enforce consolidation. That will protect savers from getting stuck in poorly performing schemes—something that can knock thousands of pounds off their pension pots.

We are also at last addressing the small pension pots issue. I was out door-knocking in Swansea earlier this spring, and a woman in her mid-30s told me that something was really winding her up—and it was not me knocking on the door. *[Laughter.]* This is a very unsupportive audience. It was trying to keep track of small amounts of pension savings that she had from old jobs; the only thing that was worse was that her husband kept going on about it. There are now 13 million small pension pots that hold £1,000 or less floating around. Another million are being added each year. That increases hassle, which is what she was complaining about, with over £31 billion-worth of pension pots estimated to currently be lost. It costs the pensions industry around £240 million each year to administer. Clause 20 provides powers for those pots to be automatically brought together into one pension scheme that has been certified as delivering good value. Anyone who wants to can of course opt out, but this change alone could boost the pension pot of an average earner by around £1,000.

Of course, once you have a pension pot, the question is: what do you do with it? We often talk about pension freedoms, but there is nothing liberating about the complexity currently involved in turning a pension pot into a retirement income. You have to consolidate those pots, choose between annuities, lump sums, drawdowns or cashing out. You have to analyse different providers and countless products. Choice can be a good thing, but this overwhelming complexity is not—77% of DC savers yet to access their pension have no clear plan about how to do so.

John Glen (Salisbury) (Con): I agree with a lot of what the Minister is saying. Given what was said last week by the Financial Conduct Authority on targeted support, would he look again at what is being resisted by the Money and Pensions Service? It is not prepared to work with the pension schemes to allow automatic appointments so that pension savers can be guided to better outcomes. I realise that MaPS will say that it is too busy, but this is a key moment. If we could get people to engage at age 50, say, we would see vastly different outcomes for them if they invested properly, and in better ways, with their pensions.

Torsten Bell: I thank the right hon. Member for his question, and for the discussions that we have had on this important topic. He spent years working on this. The priority for MaPS right now is to ensure that we have the system set up to deal with the additional calls that are likely to come when pension dashboards are rolled out, but I will keep in mind the point that he raises. I think he and a number of hon. Members wrote to me about exactly that point. As I promised in my letter, I will keep it under review, but we must not overburden the system, because we need it to be able to deliver when pension dashboards come onstream.

Nick Smith (Blaenau Gwent and Rhymney) (Lab): Will the Minister update us on when consumers will see the introduction of the pensions dashboard? *[Laughter.]*

Torsten Bell: I think recent progress on the pensions dashboard means that that deserves a little less laughter. What we are seeing at the moment is success, driving the first connections to the dashboards. Obviously, all schemes and providers are due to be connected by the autumn of 2026, but I will provide good notice of when we can give a firm date for that. My hon. Friend and near neighbour has secured himself early warning of exactly that happening.

We need to make the choices clearer for people as they move from building retirement savings to using them. The Bill gives pension schemes a duty to provide default solutions for savers' retirement income—yes, with clear opt-outs. As well as reducing complexity and risk for savers, that will support higher returns because providers will be able to invest in assets for longer if they do not need to secure the possibility of having to provide full drawdown at retirement.

Each of these measures to drive up returns will have an impact on their own, but it is their cumulative impact that matters most, especially when it is compounded over the decades that we save for a pension. To give the House a sense of scale, someone on average earnings saving over their career could see their retirement pot boosted by £29,000 thanks to the higher returns that the Bill supports. That is a significant increase for something that should matter to us all.

The reforms that I have set out will transform the DC pensions landscape, but with £1.2 trillion-worth of assets supporting around 9 million people, defined-benefit schemes remain vital—they have already been raised by the right hon. Member for Orkney and Shetland (Mr Carmichael). Their improved funding position is hugely welcome. Around 75% are now in surplus, which has enabled far more schemes to reach buy-out with an insurer. Many more intend to do so, welcoming the security that buy-out can offer. Others may not be able to reach buy-out or may value running on their scheme for at least a time. The Bill provides those trustees with a wider range of options. Clauses 8 and 9 give more trustees the option to safely share surplus funds, which is something that many can already do.

Alan Gemmell (Central Ayrshire) (Lab): I thank the Minister for giving way and the right hon. Member for Orkney and Shetland (Mr Carmichael) for raising this issue. What will the Bill do for my constituent Patricia Kennedy and the members of the Hewlett Packard Pension Association who are asking for more action on their pre-1997 non-index-linked contributions.

Torsten Bell: My hon. Friend has raised this issue with me on a number of occasions, and he is a powerful advocate for his constituents who have lost out through the discretionary increases that they were hoping to see on their pensions not being delivered. This is the same issue that the right hon. Member for Orkney and Shetland raised. One of the things that surplus release will allow is that trustees may at that point consider how members can benefit from any release that takes place. One thing I would encourage them to prioritise if they are considering a surplus release is the indexation of those that have not received it on their pre-1997 accrual. I hope that provides some clarity to the right hon. Gentleman and my hon. Friend.

Sir Julian Lewis (New Forest East) (Con): I am extremely grateful to the Minister for taking my intervention and for the very helpful letter he sent me on 30 June about schemes of this sort, and in particular the ExxonMobil pension scheme. His letter encouragingly states:

> "Following our reforms, trustees will continue to consider the correct balance of interest between members and the sponsoring employer when making decisions about the release of surplus funds. Trustees will be responsible for determining how members may benefit from any release of surplus…and have a suite of options to choose from—for example, through discretionary benefit increases."

The trouble is that these pensioners have received a letter from the trustees of the ExxonMobil pension fund stating:

> "The power to award discretionary increases is held by Esso Petroleum Company Limited (the "Company"). Whether or not any discretionary increase is provided is for the Company to determine: the Trustee has no power to award discretionary increases itself."

This may be a loophole that the Minister needs to address. If the trustees cannot award the surplus as benefits and the company says no, that is not going to benefit my constituents.

Torsten Bell: I thank the right hon. Member for raising that specific case. I will look at it in more detail for him as he has kindly raised it here, but he has raised a point that will have more general application, which is that lots of different schemes, particularly DB schemes, will have a wide range of scheme rules. He has raised one of those, which is about discretionary increases. One thing that is consistent across all the schemes, with the legislation we are bringing in today, is that trustees must agree for any surplus to be released. It may be the case that the employer, in the details of those scheme rules, is required to agree to a discretionary increase, but the trustees are perfectly within their rights to request that that is part of an agreement that leads to a surplus release.

Sir Julian Lewis: What if it is the other way round?

Torsten Bell: In any circumstances, the trustees would need to agree to a surplus release, so they are welcome to say to their employer: we are only going to agree to it on the basis of a change to something that the employer holds the cards over. I am happy to discuss that with the right hon. Member further, and there may be other schemes that are in a similar situation.

Lincoln Jopp (Spelthorne) (Con): The way in which the Minister is talking about insurance buy-out suggests that, in the Government's mind, insurance buy-out is still in some way a gold standard. Can he reassure the House that he is seeking to flatten the playing field, such that the increased choice available to defined-benefit pension schemes will mean that for perpetuals who run on—such as OMERS, which started off as the Ontario municipal employees retirement system and is now worth 140 billion Canadian dollars—there is as much safety in superfunds as there is in insurance buy-out?

Torsten Bell: I shall come on directly to the question of superfunds, which I know the hon. Member has a long-standing interest in. There is obviously a distinction between closed and open defined-benefit schemes, which I think is relevant to the point he is raising. It is also important for trustees to have a range of options.

Kirsty Blackman (Aberdeen North) (SNP): Obviously that can happen only where there are surplus funds, and there may not be surplus funds in all circumstances. I just want to give the Minister a heads-up in relation to the questions about employee benefits. It would be useful in Committee to have more information about the Government's analysis of how many of these surplus releases will directly benefit the employees rather than the employers. I understand that the Government, with their mission for growth, want investment in growing the company as well, but what kind of split does he expect to see? I do not expect an answer to that today.

Torsten Bell: It is nice to sometimes be able to surprise on the upside. I would expect employees to benefit in most cases, because trustees are in the driving seat and I am sure they will want to consider how employers and employees will benefit from any surplus release. Obviously, the exact split between the two will be a matter for the individual cases, but I am sure we will discuss that further in Committee.

I want to reassure the House that this is not about a return to the 1990s free-for-all. DB regulation has been transformed since then, and schemes will have to remain well funded and trustees will remain in the driving seat. They will agree to a release only where it is in members' interests and, as I said, not all schemes are able to afford to buy out members' pensions with insurers.

The Bill also introduces the long-awaited permanent legislative regime for DB superfunds, which is an alternative means to consolidate legacy DB liabilities. This supports employers who want to focus on their core business, and, as the superfunds grow, they will have the potential to use their scale to invest in more productive ways. Crucially, trustees will be able to agree to a transfer into a superfund only where buy-out is not available and where it increases savers' security.

The Pension Protection Fund is, of course, the security backstop for DB members. It celebrates its 20th anniversary this year, and it now secures the pensions of over 290,000 people. The Bill updates its work in three important ways: first, by lifting restrictions on the PPF board so that it can reduce its levy where appropriate, freeing schemes and employers to invest; secondly, by ensuring that PPF and financial assistance scheme information will be displayed on the pensions dashboard as it comes onstream, which my hon. Friend the Member for Blaenau Gwent and Rhymney (Nick Smith), who is now not in his place, is keen to see; and thirdly and most importantly, by making a change to support people going through the toughest of times. As several hon. Members have called for, we are extending the definition of terminal illness from a 6-month to a 12-month prognosis, providing earlier access to compensation for those who need it most.

Pensions are complex beasts, and so are the laws that surround them. That complexity is inevitable, but not to the extent that some recent court cases risk creating. The Bill also legislates to provide clarity that decisions of the Pensions Ombudsman in overpayment cases may be enforced without going to a further court. I have been clear that the Government will also look to introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards at the time.

Governments are like people in one important respect: they can easily put off thinking about pensions until it is too late. I am determined not to do that. We are ramping up the pace of pension reform. The past two decades have delivered a big win, with more people saving for their retirement, but that was only ever half the job. Today, too many are on course for an income in retirement that is less than they deserve and less than they expect. The Bill focuses on securing higher returns for savers and supporting higher income in retirement without asking any more than is necessary of workers' living standards in the here and now.

The Bill sits within wider pension reforms as we seek to build not just savings pots but a pensions system that delivers comfortable retirements and underpins the country's future prosperity. Legislation for multi-employer collective defined-contribution schemes will be introduced as soon as possible after the summer recess, and we will shortly launch the next phase of our pensions review to complete the job of building a pensions system that is strong, fair and sustainable. It is time to make sure that pension savings work as hard for all our constituents as our constituents worked to earn them. I commend the Bill to the House.

7.8 pm

Mark Garnier (Wyre Forest) (Con): It is a great pleasure to be here with you, Madam Deputy Speaker, and I welcome the Minister to his place. He has been here a couple of days over a year and is already taking an important Bill through Parliament. It is good to see him, and I very much look forward to working constructively with him as the Bill progresses through the House.

While the Bill is not perfect, the Minister will be pleased to hear that there is cross-party consensus on many of the planned changes. That is because we all want our pension system to be working better. If we rewind back to 2010, we inherited from Labour—dare I say it—a private pension system that was not quite ideal. The move from a defined-benefit pension-dominated market to a defined-contribution system had left millions of people behind. Back in 2011, only 42% of people were saving for a workplace pension. The cornerstone of change was auto-enrolment, which has been an overwhelming success, as I am sure the Minister will agree. Now around 88% of eligible employees are saving into a pension, and the remaining 10% who opt out tend to do so because of sound investment advice.

The Conservatives are proud of our rock-solid support in government for our pensioners. The triple lock ensured that we lifted 200,000 pensioners out of absolute poverty over the course of the last Government. Workers deserve dignity in retirement, not just a safety net in old age. They deserve to look forward to their later years with hope, not anxiety, and with choice, not constraint. That is why before the last election, the previous Government had turned their attention to two central issues: first, getting the best value for money out of our pension schemes and, secondly, pensions adequacy. I will come to pensions adequacy later, but let me start by recognising some of the positive measures contained in the Bill to make our pension funds work better for savers.

When Labour gets pensions policy right, it is often by building on the Conservative legacy, recognising what works and seeking to extend it. That is why we broadly

[Mark Garnier]

support the measures in the Bill that seek to consolidate and strengthen the gains of auto-enrolment. We also welcome the continued progress towards the pensions dashboard, which will revolutionise the way people access their pension information and plan for their financial future.

For too long, the complexity and fragmentation of pension pots has left savers confused and disengaged, as we have heard. If you are anything like me, Madam Deputy Speaker, and are thinking more actively, dare I say it, about your retirement income—actually not like me; you are a lot younger. *[Interruption.]* Mr Speaker is like me; he is thinking about his pension. He will have spent countless hours trying to track down old pensions. The dashboard, however, will put power back into the hands of savers, and we will support measures in the Bill to improve its implementation and delivery.

I want to highlight the creation of larger megafunds in both the public and private sectors, as well as the consolidation of the local government pension scheme, as sensible and pragmatic steps. The LGPS is one of the largest pension schemes in the UK, as we have heard. It has 6.7 million members with a capital of £391 billion, yet it is highly fragmented into 86 locally administering authorities. There is a great deal of divergence in the funding positions of those councils, even among geographic neighbours. They range from Kensington and Chelsea, which has a scheme funding level of 207%, to neighbouring local authorities like Waltham Forest, Brent, and Havering, which were underfunded in the 2022 triennial review. While we support the concept of these megafunds, there are legitimate questions that I hope the Minister will address in Committee. We do not want to see constituents from one council area unwittingly funding shortfalls from neighbouring areas.

Like many people in this House, I first cut my teeth in politics as a councillor. Soon after being elected, I was appointed chairman of the finance committee on Forest of Dean district council. One of our tasks was to oversee the performance of our local pension fund. Let me assure the House: the Forest of Dean is a truly wonderful place, but it is not the City of London. Our finance committee was made up of dedicated local councillors, but when it came to scrutinising the pension fund, we were—to put it kindly—out of our depth. Meanwhile, the pension fund managers, with their packed diaries and weary expressions, seemed to treat a trip to rural Gloucestershire as a rare expedition to the outer reaches of the Earth.

One thing struck me about small local government pension funds: they simply did not work. But it is not just in local government, small funds are—albeit with some notable exceptions for bespoke funds—not fit for purpose in a global investment environment, as we heard from the Minister. The creation of larger funds will enable greater scale, better investment efficiency and, ultimately, better value for money for members. It will allow our pension funds to compete on the world stage, to invest more in UK infrastructure and to deliver higher returns for British savers.

There are other areas of the Bill that we support and welcome. The consolidation of small, fragmented pension pots is a long-overdue reform. Bringing those together will reduce administrative costs and prevent the erosion of savings through unnecessary fees. The introduction of a value-for-money framework is essential to ensure that savers are getting the best possible deal, not just on charges, but on investment performance and retirement outcomes. We also welcome the development of guided retirement products. We cannot simply leave savers on their own to navigate complex choices at retirement. Changes to provide greater support for those facing terminal illness will provide comfort to those in extremely challenging circumstances. These are all positive steps, and we will work constructively with the Government to ensure they are delivered effectively.

While there is much to welcome, there are also significant areas where the Bill falls short and areas that require attention if we are to deliver a pensions system that is truly fit for the future. Most fundamentally, the Bill does not address pensions adequacy. The uncomfortable truth is that millions of people in this country are simply not saving enough for their retirement. The amounts people are saving, even with auto-enrolment, are too low to deliver a decent standard of living in old age. Research by Pensions UK shows that more than 50% of savers will fail to meet the retirement income targets set by the 2005 pensions commission. Closing the gap between what people are saving and what they will need must be the pressing concern of this Government. We urgently need the second part of the pensions review to be fast-tracked, with a laser-like focus on pensions adequacy. We need a bold, ambitious plan to ensure that every worker in this country can look forward to a retirement free from poverty and insecurity.

Dame Meg Hillier: The hon. Gentleman is not wrong on this point. In fact, the Public Accounts Committee looked a number of years ago at enrolment in pension schemes and found that a lot of young people were not enrolling because of the cost of living, which his Government have to take responsibility for. There is no easy answer to this, but I would be interested to know if the Conservative party now have policies to resolve this problem.

Mark Garnier: It is an important question, and one that I will come to in due course. Watch this space for a fascinating manifesto in the run-up to the next general election—I am sure everybody looks forward to it.

John Glen: Further to the point made by the hon. Member for Hackney South and Shoreditch (Dame Meg Hillier), in every election we all say that we cherish the triple lock, and we seek to gain electoral advantage from it, but do we not need to come to a settled collective view in society about the combination of the triple lock and the inadequacy of auto-enrolment? The 8% contribution is not enough, as the hon. Gentleman said; we need to get to Australian levels. One speaks to the other. Unless we can take a holistic view of those two elements and the third pillar, we are not being truly honest about some of the trade-offs, given that we are dealing with £70 billion of tax relief at the moment.

Mark Garnier: The former City Minister raises a good and important point. He tries to bring together a number of related but quite disparate issues that we need to think carefully about. I would not want to make Conservative party policy on the hoof at the Dispatch Box, though the Minister urges me to do so. These are important points, and I think my right hon. Friend would understand that I would not want to rush into anything without careful, considered thought. These are issues on which he and I—and the Minister, of course—might get together.

As I said, we need a bold, ambitious plan to ensure that every worker in this country can look forward to a retirement free from poverty and insecurity. That means looking again at contribution rates, the role of employers and how we support those who are excluded from the system.

Another omission in the Bill is the failure to extend the benefits of auto-enrolment to the self-employed. There are over 4 million self-employed people in the UK—people who are driving our economy, creating jobs and taking risks. Too many of them face the prospect of old age in poverty, with little or no private pension provision. Research by the Institute for Fiscal Studies found that only 20% of self-employed workers earning over £10,000 a year save into a private pension. With the self-employed sector continuing to grow, the Bill misses an opportunity to come up with innovative solutions for this underserved group in the workplace.

Kirsty Blackman: On auto-enrolment, the other missing group is those aged under 22. Auto-enrolment seemed to be set up with the view that people would go to university before entering the jobs market, but that is not the case for many people. It is possible that starting auto-enrolment earlier would mean much more adequate pension pots for people, because the earlier they save, the bigger their pot grows by the time they reach retirement.

Mark Garnier: The hon. Member makes an important point. The earlier people start putting money in, the better. As a result of compound interest, over many years they will end up with a bigger pension pot, even if at the beginning the contribution is quite small; the amount aggregates over a long period. We will discuss that in Committee.

We are concerned about the lack of detail in the Bill. Too much is left to the discretion of regulators and to secondary legislation. Parliament deserves to have proper oversight of these reforms. From my discussions with the industry, it seems there is tentative support for many of the reforms in the Bill. However, the message that keeps coming back is that the devil will be in the detail, so I hope that as this Bill makes progress through the House, the Minister will be able to fill in more of the blanks—and I am sure he will; he is a diligent individual.

I move on to the most important thing that this Bill hopes to achieve: growth. We want to support Labour Members on the growth agenda, but too often they go about it in slightly the wrong way. Surpluses in defined-benefit pension schemes are a great example. Interest rates have risen post-covid, and that has pushed many schemes into surplus. In principle, we support greater flexibility when it comes to the extraction of these surpluses, but there need to be robust safeguards; that is certainly the message coming back from the industry.

Under the legislation, there is nothing to stop these surpluses being used for share buy-backs or dividend payments from the host employer, for instance. Neither of these outcomes necessarily help the Government's growth agenda. We would welcome a strengthening of the Bill to prevent trustees from facing undue pressure from host employers to release funds for non-growth purposes. In addition, to provide stability, the Government should carefully consider whether low dependency, rather than buy-out levels, will future-proof the funds, so that they do not fall back into deficit.

Although the Government are keen to extract surpluses from the private sector, there is not the same gusto shown in the Bill when it comes to local government pensions. The House has discussed in detail the Chancellor's fiscal rules, not least earlier today. Under the revised rules introduced by the Chancellor, the measure of public debt has shifted from public sector net debt to public sector net financial liabilities. As a consequence, the local government pension scheme's record £45 billion surplus is now counted as an asset that offsets Government debt. This gives the Chancellor greater headroom to meet her fiscal targets—headroom that, dare I say it, is shrinking week by week. I do not wish to sound cynical, but perhaps that is the reason why the Bill is largely silent on better using these surpluses. This may be a convenient accounting trick for the Chancellor, but the surpluses could have been used, for instance, to give councils pension scheme payment holidays. The Government could make it easier to follow the example set by Kensington and Chelsea, which has suspended employer pension contributions for a year to fund support to victims and survivors of the 2017 Grenfell Tower tragedy. These revenue windfalls could be redirected towards a range of initiatives, from local growth opportunities such as business incubators to improving our high streets. We could even leave more money in council tax payers' pockets.

I turn to the part of the Bill on which we have our most fundamental disagreement: the provisions on mandation. The Bill reserves the power to mandate pension funds to invest in Government priorities. That not only goes against trustees' fiduciary duties—although I appreciate and recognise the point the Minister made earlier—but means potentially worse outcomes for savers. Pensions are not just numbers on a spreadsheet; they represent a lifetime of work, sacrifice, and hope for a secure future. The people who manage these funds and their trustees are under a legal duty to prioritise the financial wellbeing of savers. Their job is not to obey political whims, but to invest prudently, grow pension pots and uphold the trust placed in them by millions of ordinary people.

That fiduciary duty is not a technicality; it is the bedrock of confidence that the entire pension system rests on. These pension fund managers find the safest and best investments for our pensions, no matter where in the world they might be. If things go wrong, we can hold them to account. But if this reserve power becomes law, we have to ask the question: if investments go wrong, who carries the can? Will it be the pension fund manager and the trustees, or the Government, who did the mandation?

Likewise, while the reserve power in the Bill focuses on the defined-contribution market, the shift in emphasis has potentially profound impacts across the sector. UK pension funds, along with insurance companies, hold approximately 30% of the UK Government's debt or gilt market. If mature defined-benefit schemes move from the gilt market to equities, that potentially has a profound impact on the Government's debt management, or ability to manage debt, and therefore interest rates and mortgage rates. For that reason, we would welcome

[Mark Garnier]

the Minister confirming whether any concerns have been raised by the Debt Management Office, and possibly the Bank of England. There is widespread opposition from across the industry to this power—I am approaching the end of my speech, you will be pleased to hear, Madam Deputy Speaker. There are better ways for the Government to deliver growth, such as changing obsolete rules and removing restrictions.

In the annuity market, solvency rules prevent insurers from owning equity in productive UK assets. Wind farms, for example, deliver stable returns through contracts for difference and contribute to the Government's green agenda. They could be an ideal match for long-term annuity investments, while also delivering clean energy. Releasing the limits on the ability of insurers to fully deploy annuity capital has the potential to unlock as much as £700 billion by 2035, according to research by Aviva. Rather than imposing top-down mandates, we want the Government to maximise growth opportunities from our pension industry by turning over every stone and seeking out the unintended consequences of old regulations, not imposing new ones.

I will conclude, Madam Deputy Speaker, as you will be delighted to hear. *[Interruption.]* Yes, I have taken a lot of interventions. We reaffirm our commitment to working constructively with the Government. Stability in the markets is of paramount importance, and we recognise the need for a collaborative approach as the Bill progresses through the House. We will bring forward amendments where we believe improvements can be made, and we will engage in good faith with Ministers and officials to get the detail right.

We want to go with, not against, the grain of what the Government are seeking to achieve through this Bill, and I look forward to working with the Minister in the weeks and months ahead.

Madam Deputy Speaker (Ms Nusrat Ghani): I call Chair of the Select Committee, Debbie Abrahams, after whom I will call Steve Darling.

7.27 pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I want to make three points. First, we recognise that defined-contribution pension schemes have around £500 billion in assets under management. Around 20% of these assets are invested in the UK. That is down from 50% some 10 years ago. It is very welcome that the Government are focusing on this, so that we can ensure that these assets contribute to our growth.

The Committee received evidence in May from the Finance Innovation Lab, which told us that the UK has had the lowest level of business investment in the G7 for 24 of the last 30 years. The fundamental driver behind that is the fact that the financial system, including pension funds, does not support business investment as much as it should. That again emphasises the point that the Bill is very welcome. It should help us deal with that, particularly as it requires multi-employer DC schemes to have £25 billion in assets under management by 2030. That will give more schemes the advantage of economies of scale.

In a very welcome step, in the May 2025 Mansion House accord—I pay tribute to the Chancellor and her team for achieving this—there was a pledge from the 17 schemes that were part of that accord to invest 10% of their portfolios in assets that will boost the economy by 2030, with at least 5% of these portfolios being ring-fenced for the UK. This is expected to release £25 billion to the UK economy by 2030. None the less, the Bill includes a reserve power that the Government could use to mandate DC schemes to invest more in the UK economy. In evidence on 14 July, the Committee heard concerns that that would interfere with the fiduciary duty of trustees to prioritise investments that they judge will bring the best returns for scheme members.

In May, Yvonne Braun of the ABI told the Committee that it does not think the mandation is "desirable". Instead, she said that the aim should be for it to be

"a rational choice—that the UK is an attractive environment for investing".

The pensions industry wants the Government to concentrate on enabling the development of suitable assets for schemes to invest in, for example by improving the planning process and making the regulatory environment more predictable.

Rachel Croft, of the Association of Professional Pension Trustees, said:

"Forcing us to invest solely in the UK may run counter to that primary duty and focus, unless there is a pipeline of suitable investments in a format suitable for pension schemes to invest in. If that is the case, we will invest in them; if not, our primary duty will make us look elsewhere."

Chris Curry, of the Pensions Policy Institute, thought that it was possible to create more UK investment opportunities and benefit members. He said:

"It still has to work in the interest of members—that is important—but if we are removing the barriers and making it easier to invest, and at the same time, providing more of a pipeline for investment and trying to package it so that it works well with how the pension system can operate, you are creating opportunity."

He described mandation as "blunt" and "inflexible", and said that it would be difficult to design a scheme that worked effectively in practice and did not give rise to unintended consequences. For example, he said that there would be a challenge in defining what counts as a UK investment. If the Government decided to mandate that schemes invested a particular percentage in the UK, how would the system respond to market movements that might temporarily reduce the percentage below that level? He wanted the Government to consider the unintended consequences of that. The liability-driven episode in September 2022 showed the potential risk of a lot of pension schemes effectively being asked to do the same thing at the same time.

The Bill includes a sunset clause preventing the use of the mandation power beyond 2035. Pensions UK wants to see that timeframe reduce, saying it should be just for the lifetime of the Parliament. It also wants to see the scope limited, so the investment mandation cannot be prescribed beyond the allocations voluntarily committed to in the Mansion House accord, in other words the 10% of default funds into private markets, of which 5% are in UK-based assets.

On fiduciary duties, Jesse Griffiths of the Finance Innovation Lab said that

"while the fiduciary duty should be paramount for the schemes, the Government has a different and broader mandate, and it needs to look at the collective interests of all pension savers as a whole…In particular, when you think about the deep inequality that is embedded in the system, the ONS estimates that the bottom half of the population holds just 1% of all pension assets and the top 10% holds almost two thirds. If you just focus on growing the financial returns, most people will not benefit from that. I would argue that a system that also supports a stronger economy and the green transition would benefit most people more than a system that is focused on higher returns."

Will the Minister help us to understand the context for the criteria in which mandation powers might be used? What will be the success criteria, other than the 5% investment from this approach? Should the sunset clause, to prevent the use of this mandation power beyond 2035, be brought forward to the end of this Parliament, as I mentioned? Do the Government guarantee that mandations should go no further than the aims of the Mansion House accord?

Dame Meg Hillier: I share some of my hon. Friend's concerns about mandation. I am happy that the Minister seems to be listening, and I hope that we will get some answers. I am interested in my hon. Friend's thoughts about pulling forward the sunset clause. If these changes take place, they will have to happen over a long period of time, as trustees cannot just flip in and out of investments. She has set out the views of her witnesses, but does she have any views on pulling that date forward from 2035? I can see there are arguments both ways, but I am concerned that that might push trustees to make bad decisions.

Debbie Abrahams: I understand what my hon. Friend says. There is always a balance to be found with long-term financial decisions, but this is partly a political decision, so I point to the Pensions Minister to come up with a response.

Do the Government propose to consult on the design of the mandation power and how to mitigate against unintended consequences? Do the Government think that there is a case for changing the law on fiduciary duty to make clear that trustees can take account of wider issues, such as the impact of pension scheme investments on the economy and the environment? What would be the pros and cons of doing that?

Briefly, I would like to touch on the LGPS. I slightly disagree with some of the shadow Pensions Minister's points. Since 2015, the 86 funds have been formed into eight groups. If the Pensions Minister is proposing to reduce that still further, will he set out the reasons behind that? What is the problem that merging them even further is trying to fix? Will he let me know about that in his closing remarks?

Finally, I would like to touch on the pre-1997 indexation, as the Pensions Minister knew that I would. At the end of March 2024, the Pension Protection Fund had a surplus of £13.2 billion. The PPF has taken steps to reduce the levy from £620 million in 2020 to £100 million in 2025. However, under current rules, if it made the decision to reduce the levy to zero, it would then be unable to increase it again. The 2022 departmental review by the Department for Work and Pensions recommended that the PPF and the DWP work together to introduce changes to the levy, so that the PPF would have more flexibility in reducing and increasing the levy level.

There is another issue, which the Pensions Minister will know about. PPF and financial assistance scheme members, particularly those in their later years, are really struggling. I came across a piece—I think it was in *The Daily Telegraph*—that said that one of the key supporters of the Pension Action Group and a FAS member, Jacquie Humphrey died a few days ago, just 11 weeks after the death of her husband. They were both employed by Dexion, which folded, and, like hundreds of others, refused to leave it there. Is there any comfort that we can provide? I understand and recognise what the Minister says about the PPF surplus being on the public sector's balance sheet, but given that these people, who are in their 70s and 80s, are unable to live in dignity, what can we do to provide that for them in their later years?

Madam Deputy Speaker (Ms Nusrat Ghani): Jennie seems to have captured the mood of the House, but I call the spokesperson for the Liberal Democrat party.

7.37 pm

Steve Darling (Torbay) (LD): As the Liberal Democrat spokesperson, I will not disappoint the Minister: I assure him that broadly agree with an awful lot in the Bill. However, as we touched on in our meeting earlier today, there are some areas where we have concerns that are similar to those expressed by the shadow Minister, the hon. Member for Wyre Forest (Mark Garnier), in more ways than one.

As Liberal Democrats, we want individuals to have confidence and be given the ability to invest in pension schemes that they know all about. We also want businesses to be supported to get their pensions out, supporting their employees. Elements of the Bill are about re-engineering to drive better outcomes for those who have pensions, which is to be very much welcomed, and about investment. We want to ensure that the individuals are front and centre of that support.

As others have said, we know that there are 12 million people who are not saving enough. In my own constituency of Torbay, some people have challenges just to get enough money to put bread on the table and cover their bills, and to save for a pension is beyond their wildest dreams. Reflecting on how we can drive that agenda of supporting people to make those changes around how they can save is absolutely essential.

My father was a haulage contractor—more commonly, a lorry driver—and self-employed. He saw the poverty that his father lived in, and in the 1980s he chose to save for a private pension, as Mrs Thatcher suggested. He put probably more than half of his income at times into savings, but because he was poorly advised, the stock market crashed and he was left with less money than he put in. That was horrific for him. Fortunately, the systems are now more protective of people who put into pensions, but that is a cautionary tale of what can go wrong. Ensuring that we support those individuals is absolutely essential.

As Liberal Democrats, we really welcome the development of larger pots, which will hopefully drive better outcomes for individuals. We know that in our more complex world of employment, many people will have small pots. While we welcome the idea of drawing these together in certain pots, we are not convinced that the pots should follow the pensioner rather than having certain pots that the Government would manage, but that is to be discussed elsewhere as part of the proposals before us.

[Steve Darling]

The final area I will explore is investing in our economy, because growth is clearly absolutely essential. If our pension industry can be part of what oils the wheels of growth, that is to be welcomed. As Liberal Democrats, ensuring that we drive the social rented housing that is desperately needed and our high streets and see if those can be areas that benefit from investment is absolutely essential. However, we have concerns around mandation—colleagues have already raised this point, and I agree with them. The Minister has said positive things around mandation, and we look forward to unpicking that in Committee with him, but we believe that part of that is about ensuring transparency. As Liberal Democrats, we would like to ensure that there is clear evidence of how pensions are helping us to prepare for and tackle climate change in a positive way.

As Liberal Democrats, we want to ensure that the pensioner themselves is front and centre. We welcome the reorganisation, but driving that positive growth in our economy is absolutely essential as part of these proposals. We look forward to working with the Minister and his colleagues in getting this positive legislation through.

7.42 pm

Sarah Edwards (Tamworth) (Lab): I am delighted to speak in this debate. In a former life, I was a trustee of a pension scheme and sat on its investment sub-committee. In my new incarnation, I am the chair of the all-party parliamentary group on pensions and growth.

Pensions sound boring to many, and they sound far away to the young. It might be easier to engage people if we talk about income in retirement. People are not saving enough; it is typically hard to think about, and it is a scenario that could be 30 years away for some. Albert Einstein said:

> "Compound interest is the eighth wonder of the world. He who understands it, earns it; he who doesn't, pays it."

Paying into a pension pot from an early age exponentially increases the pension pot. That is one of the reasons why I am passionate about people understanding pensions—or, rather, their retirement income—and what we can do as a Government to boost them. The sooner we start, the wealthier we can all be in retirement.

The Pension Schemes Bill aims to strengthen pension investment by supporting around 20 million people who could benefit from the reforms through better outcomes and greater value in private sector pension schemes, increasing the amount available to them. I support the aim of the Bill to enable the reforms of investment management in the local government pension scheme in England and Wales. The aim of these reforms is to ensure that the management of LGPS investments delivers the full benefits of scale, including greater expertise, better value for money and improved resilience.

One of the key engines of growth will be unlocking the potential in our local authority pension funds to direct investment towards the UK and, in particular, local regional development. It is vital that investment reaches beyond those areas that fall under mayoral control. I therefore encourage the Minister, in taking the Bill forward, to foster emerging ideas on how local authority pension pools can help to review potential local investment opportunities to achieve the best outcomes.

Matt Rodda (Reading Central) (Lab): My hon. Friend is making an excellent speech. She has convened a very powerful group—indeed, the former City Minister played an active part in its most recent meeting. Does she agree that this Bill is particularly important for our high streets and many other entrepreneurs in our local communities, to try to find new forms of investment to help them boost business?

Sarah Edwards: I thank my hon. Friend for that contribution. It is absolutely essential that we ensure that investment is getting to our high streets and towns, not just our cities, and that people see that change when they walk around.

I urge the Minister to take a supportive approach towards pools that are currently in transition, since they cannot necessarily reallocate assets while they are not members of the new pool that they are going to join. Their investment strategies are therefore effectively on hold until they join the new pool. I also ask him to liaise closely with colleagues in the Ministry of Housing, Communities and Local Government during the process of local government reorganisation. Whatever the new framework is for local government in Staffordshire, the pension fund will still be there. Local authority workers in my Tamworth constituency are part of the Staffordshire LGPS. It is one of eight authorities that are jointly own LGPS Central, which last year reported £29.9 billion in assets under management. The sheer scale of such funds is what underlines the link between pensions and growth.

The British growth partnership, announced in October 2024 by the Chancellor of the Exchequer and the Secretary of State for Business and Trade, sits alongside the British Business Bank, and its primary goal is to stimulate investment from UK pension funds into high-growth, innovative companies, thereby supporting the UK economy and creating new jobs. The partnership aims to raise hundreds of millions of pounds from institutional investors, including pension funds, to invest in UK venture capital. That will be supported by a cornerstone investment from the Government. Investments will be made on a long-term, fully commercial basis, independent of Government influence, leveraging the expertise and market access of the British Business Bank to identify potential companies. That will offer pension funds fruitful investment opportunities that deliver for their members as well as for the British economy.

By unlocking domestic investment, the partnership seeks to enhance the UK's competitiveness in future industries, particularly in the technology and innovation sectors. I am fortunate that in my constituency I have an innovative technology company called PI-KEM, which has grown its business and workforce over the past 34 years. By linking pension funds to growth, it will be possible to have more such companies creating opportunities for skilled employment that sees Britain at the forefront of markets.

However, there is one area of caution: a trend towards Government finances being pooled into funds of which there is limited parliamentary oversight. While I understand and recognise the power of the larger funding pools, I must raise my concerns over how the funds will be reported on and how we will ensure that both taxpayer and pension member money is stewarded appropriately through the British growth partnership.

As the chair of the all-party parliamentary group on pensions and growth, it has been a great pleasure to meet with colleagues and hear from a variety of industry sectors about where they see the strengths and challenges in these proposals. I take this opportunity to thank the Minister for agreeing to attend a meeting of the APPG to assist us in gaining a greater understanding of the approach that he is taking in the next stages of the discussion of the Bill. I also take this opportunity to invite colleagues to come along and join us on Wednesday.

Chapter 2 in part 1 of the Bill reforms the regime governing trustee payments of surplus to employers and enables surplus to be paid out of more defined-benefit schemes. It is stated that trustee oversight and the regulatory framework will ensure the responsible and secure sharing of surplus funds.

The triennial revaluation of a scheme may determine that there is a deficit or a surplus, but despite being calculated by highly skilled actuaries, both are only a snapshot in time. For example, a scheme being evaluated this spring would have reflected the moment at which the US President's decision to introduce tariffs hit asset prices. An alternative set of circumstances could have created an apparent surplus. I have been through this process as a trustee, and I have put on record—and must put on record again—my scepticism about whether the potential figure is the true one when it comes to the surplus. I ask the Minister to reassure my constituents, and pension scheme members in general, that he recognises that the interests of scheme members must always be the priority. It would also be welcome to understand how "surplus" is to be defined and calculated, as I have received at least four different versions by canvassing the pensions industry.

In chapter 4 of part 2, provision is made for providers of automatic enrolment and pension schemes regulated by the Financial Conduct Authority to change the way in which a pension pot is invested, to transfer a pot to a different pension scheme with the same provider, or to transfer a pot to another provider without individual member consent where it would be in the best interests of members, taken as a whole. I welcome the fact that the Bill states that a range of safeguards and procedures must be followed before an override or transfer can occur, as sadly, it is often difficult to engage members in the details of their pension. That is particularly true where a number of small pots are accrued early in a working life, which has become the norm in many communities with the rise of insecure work.

As such, I also welcome the efforts that this Government are making to create fair and secure work, because when that is coupled with a well-funded pension, working people are protected not just at work but when they sit on their retirement beach, thinking about how their working career contributed to that welcome rest. Will the Minister ensure that the safeguards are clear and given real prominence in discussion? There is a real need for such fallback powers, but there also needs to be a positive narrative about encouraging engagement.

Chapter 1 of part 2 confers powers on the Secretary of State to make regulations to evaluate and promote the provision of value for money by pension schemes. It will enable defined-contribution occupational schemes to be compared based on the value they provide, rather than just their cost. There is an argument that too high a focus on cost—management fees, for example—has had a detrimental effect on investment by pension funds. This stems from an approach that says that if the employer chooses a fund simply based on cost, the fund may look to minimise that cost, and may achieve that through the tracker funds that have come to characterise much of the market. That is potentially why little investment has occurred in the UK so far. Therefore, by pushing forward on the value for money agenda, the Minister can encourage more investment in the UK, strengthen competition in the sector, and ultimately offer better returns to members.

Chapter 3 of part 2 will require multi-employer DC pension schemes to participate in a default fund of at least £25 billion if they are to be used for automatic enrolment purposes. The aim is to encourage smaller funds to merge into larger ones that are more likely to invest in the productive finances of the UK. I suggest to the Minister that there are two issues here, the first of which relates to the market for assets. In any market, the price of a good rises if there is a shortage of that good. In this instance, the Government are being innovative and asking the pensions industry to invest in productive assets, which can include infrastructure and regeneration schemes that are vital to the places where people live. It is therefore vital that we balance the pace and scale of the development of new profitable investment opportunities with the use of any regulations to push investors in a particular direction.

To use an analogy, the Tamworth is a rare breed of pig. Unless an appropriate opportunity were available to expand supply first, any ministerial direction to buy stock of the Tamworth pig would just result in a spike in its price and poor returns for investors.

Matt Rodda: My hon. Friend is making a wonderful speech. May I also say that there is a wonderful pig from Berkshire as well, which has distinctive markings? However, moving away from animals, perhaps my hon. Friend wishes to say a little more about the success of the type of legislation she describes in Canada and Australia. It has delivered real value in those countries' economies and real value for pension savers.

Sarah Edwards: Absolutely. There have been some really interesting changes arising from those countries' reviews of their pensions markets, and I will be very interested to hear what the Minister has to say about what he has learned from those changes. Certainly, in the meetings that we have attended, we have learned a lot about some of the various initiatives that are driving real growth and real change in those countries.

I urge the Minister to focus on the process of expanding the pipeline of suitable projects, while building on the Chancellor's success—and, I am sure, his own—in creating a voluntary framework for industry and Government through the Mansion House accord.

Dame Meg Hillier: My hon. Friend has referred to good opportunities. I think it was Islington council's pension scheme that invested in social housing in its area. That gives a good return because, by and large, people pay their rent—it is a steady return over a long period of time. Given the desperate need for housing in this country, does my hon. Friend agree that that would be a real opportunity for these funds as they get bigger?

Sarah Edwards: I absolutely agree. It is incredibly important that we make sure those investments are being driven towards the things that are going to change lives, and building houses will change lives. The other thing that my hon. Friend will be very aware of is the fact that the state pension is calculated on the basis that people are going to own a house in retirement. As we know, we are heading to a point at which many people will not own a home and their income in retirement may therefore not be enough, so we need to be alive to that situation.

In conclusion, this Bill offers a great deal to my constituents, with the prospect of better pensions through investing for the future so that living standards are higher. For younger generations, there is a real need for investment now in the long-term future of the British economy, so that they can eventually retire with an appropriate income to sustain them. There is also a need to channel that investment beyond our major cities and mayoral authorities to our shire districts, in order to deliver the change that lies at the heart of this Government's mandate, and the Bill offers an opportunity to do that. I believe that it offers lots of positive opportunities, but as always there will be challenges. Like a good pension fund trustee, I ask the Minister to take the Bill forward with a listening ear as he seeks to link pensions and growth for the long-term benefit of us all.

7.56 pm

Kit Malthouse (North West Hampshire) (Con): I congratulate the hon. Member for Tamworth (Sarah Edwards) on her speech. I am afraid, however, that you, Madam Deputy Speaker, will have to forgive me for puncturing the air of bonhomie and positivity about the Bill, because I am really not content with it.

Frankly, I feel it is my duty as an Opposition Back Bencher to be suspicious of consensus, particularly when the City of London is conspiring with a Labour Government to muck about with our pensions. We have seen that before. I am old enough to remember Gordon Brown's so-called reforms in 1997, which struck a hammer blow to the British people's pension funds. You will remember, Madam Deputy Speaker, that the late, great Frank Field—who was then the Pensions Minister—later called those changes a spectacular mistake that struck a hammer blow to the solvency of British pension funds and drove a dagger deep into the heart of the defined-benefit landscape, resulting in its extinction.

As such, I am afraid that must rise to raise some very significant reservations about this bit of legislation—and not just its technical execution, but the political instinct that it betrays. While the Bill is wrapped in the warm words of reform and modernisation, what it actually does is centralise control, unsettle previously settled rights, and risk disenfranchising precisely those people whom it purports to help.

To begin with the Bill's technical aspects, I reiterate my point of order. I am a member of the local government pension scheme through my membership of the London Pension Funds Authority, and I am uniquely affected by this legislation, as are 6.5 million other former and current public sector workers. My view is that, under this Bill, those people's rights are being denied, and that through the hybrid legislation process, they or their representatives should have the right to petition the Bill Committee and explain why they feel they are affected by investment pooling, the changes to fiduciary delegation and the asset consolidation. They are uniquely affected by this Bill, which strikes profoundly at the governance of the pension funds they have paid into in a way that it does not for other pension funds in this country. That is the definition of hybridity—if that is a word—so if we are going to stick to the rules in this House, we really should stick to them. I look forward to getting the letter that you promised me, Madam Deputy Speaker, and I know that you have asked me not to refer to procedure in the other place, but this is not the only Chamber that will be looking at this legislation.

The hon. Member for Oldham East and Saddleworth (Debbie Abrahams), who is just about to leave—I am sorry to detain her but will be brief—asked the Minister what the problem is. I repeat her question, but in relation to the local government pension scheme, I also ask what it has to do with him. It is my money, not his, and it is for scheme members to make decisions about how they wish their money to be used. It is not taxpayers' money; it is my money. It is a defined-contribution and benefit scheme, and we have all paid into it. He is the second Minister in the space of 18 months to try to interfere with the local government pension scheme, and I stood in this Chamber and opposed Michael Gove, now Lord Gove in the other place, when he attempted to manipulate the local government pension scheme for political reasons. I urge the Minister to think twice before he does so.

Secondly, I believe that this Bill is conceptually flawed. If we are being generous—*[Interruption.]* By all means, the hon. Member for Oldham East and Saddleworth is free to go—I will not be mentioning her again. She was hesitantly rising to leave. If I am being generous, the ambition behind this Bill is to unlock capital that can be invested for the purposes of growth, but the methods it proposes are chillingly dirigiste and make the dangerous assumption that Whitehall knows best and that central direction by the Government can outperform the dispersed judgment of hundreds of experienced trustees managing diverse funds in varied contexts. Essentially, with this Bill the Minister is turning the pension fund industry into an element of Government procurement by the back door.

There are three further points that I want to put on the radar on Second Reading. I understand that the Bill will go through, but I hope the Minister will take them into account. First, it is simply not true that megafunds perform better. There is plenty of academic and empirical evidence that the picture is much more mixed. Often, smaller funds with better governance and a more focused investment strategy can perform better. These supertanker monopoly funds lose agility, lack accountability and become distant from pensioners and members of the fund. Their investment discretion and their ability to move quickly on investment decisions becomes sclerotic and bureaucratic. In particular, it is true that these megafunds specifically underperform when they invest in exactly the kind of illiquid assets that the Government are hoping to push them into: infrastructure and private equity. I urge the Government and the Minister please to examine carefully the evidence from the United States and elsewhere that shows that these very large funds do not necessarily produce better returns for investors. They may well be able to reduce costs because of scale, but I am afraid that the evidence is just not there on fundamental investment returns.

My second point is on the danger of politicisation. We have seen elsewhere in the world where pension funds have been pushed into the Government's priorities to their own detriment. In Canada, large pension funds have come under significant Government pressure to invest in state infrastructure. In France, pension fund surpluses have been directed into Government bond-buying programmes effectively against their will. Once those assets become controlled and directed into state-favoured investment vehicles, which is what the Government are proposing through this Bill, the temptation for Ministers—not necessarily this Minister, but future Ministers—is to go further and push funds into politically convenient infrastructure projects that may prove to be financially disastrous. If that power had been available to the political team that decided to instigate the frankly financially disastrous HS2, and my pension fund had been put in it, where would I be now? I urge the Minister to think carefully about the responsibility for my retirement and my future. By me, I am referring to myself as a member of the local government pension fund. I am everyman for these purposes.

I am afraid that essentially what has happened in France and in Canada, and what may happen under this legislation in the UK, is that the pension fund system effectively becomes a tool of Government fiscal policy. Effectively, absent capital spending available directly from the taxpayer, the Government direct capital spending from pension funds—from private money—and plug holes that they create by writing cheques that they cannot fulfil. I would be interested in the Minister's response to that.

Lincoln Jopp: I was just googling "dirigiste" and my right hon. Friend's everyman quote. Will he comment on the fact that OMERS, which he would probably agree is one of these megafunds that he thinks are slow and unwieldy and invest in infrastructure and illiquids, returned a 7.1% net return over the last 10 years and the London Pensions Fund Authority returned a 7% return over the last 10 years?

Kit Malthouse: As I said, the evidence about performance across the population of funds is mixed. Some smaller funds do extremely well, because they have strong governance and a focused and nimble investment strategy. Some megafunds do reasonably well, because they can spread their risk across a variety of asset classes, but it is not a given that a big fund will perform better than a smaller fund. In fact, in certain circumstances smaller funds, because they have better accountability and can have a more focused investment strategy, may well perform better.

Frankly, and this speaks to my hon. Friend's point, it is for me as a member of the pension fund to decide what I want to do, performance or otherwise, because it is my money. Given that I have contracted with this pension fund under circumstances made clear to me when I contracted with it as part of my employment or otherwise, it is not necessarily for the Government to steam in and tell me what I should or should not do with my own money. That means I carry a certain element of risk—absolutely—but unless we are going full-throated for the total financial infantilisation of the British people, I cannot see that we have any other way to preserve our financial freedom and autonomy.

Debbie Abrahams: Does the right hon. Member accept that he might be atypical among scheme members?

Kit Malthouse: That may well be true, but that is a different question. There is a question about financial education and the ability of large numbers of our fellow citizens to understand these financial complexities. We have a large and professional independent financial adviser community, and all pension funds are required to have pension advisers who can speak to members, tell them what is going on and explain the decisions before them. I do think that over the years, such steps have disenfranchised the British people from their financial decisions, yet we hold them responsible for their debts, their mortgages and their future. There is a larger question for us in this House about how much we have subtracted from the autonomy of the British people, and therefore how much blame attaches to us as politicians when their financial circumstances are not what they expect.

Torsten Bell: The right hon. Member is giving a lucid speech, as he always does—he speaks very well—but I am failing to understand exactly the point he is making. He is talking about a local government pension scheme, which is guaranteeing him an income in retirement, as if it is a defined-contribution scheme where he is the one at risk from changes in the investment performance. It is local taxpayers with their employer contribution who ultimately bear the risk in the scheme he is talking about. It is our job to make sure that those taxpayers have the best possible chance of not having bad returns, leading to bad outcomes for them. He is not at risk in the way he is talking about.

Kit Malthouse: But I have paid into that scheme.

Torsten Bell: You have.

Kit Malthouse: Yes, I have. I paid contributions through my employment at City Hall, as did my employer. Admittedly, it was a scheme based on a defined benefit, rather than a defined contribution, but that was the deal done with me on a settled contract, saying that this was what I would be provided for from my contribution. Every year, I review my pension benefit forecast. I am consulted by the fund about how it should conduct its affairs. I am asked to turn up to my pensioners' conference to discuss with trustees how they are looking after my future. The point is that the Government are steaming in with absolutely no consultation with me as a pensioner and I have no right to be represented, although I am uniquely affected, beyond other pension schemes. I consider that to be high-handed and, as the hon. Member for Oldham East and Saddleworth said, to be solving a problem that does not exist.

My third point was also raised by my hon. Friend the Member for Wyre Forest (Mark Garnier): who carries the can? What happens when the Minister tells my private pension scheme or the parliamentary pension scheme that it must invest in, for instance, HS2 and it turns out to be a disaster? What happens when whichever ministerial pet project rises to the top of the priority list for pension allocation—what rough beast, its hour come round at last, slouches towards Whitehall to get its finance—and it all goes horribly wrong? I am sorry to quote Yeats to the Minister, but who will pay when that happens? When there is a deficit in defined-contribution pension funds that have been so directed by the Minister, who will pay for that deficit?

Torsten Bell *rose—*

Kit Malthouse: I have already given way to the Minister. He said that the Bill contained an opt-out for pension funds, but that is not strictly accurate. It does not create an opt-out for trustees; it creates an opportunity for them to request the ability to opt out from the regulator, with whom the discretion to opt out lies. It also reverses the burden of proof. Even if it is on their own judgment, the trustees must prove, empirically, that investing as the Minister so directs will be to the detriment of their fund. That is not a true opt-out. It is not at the discretion of the trustees. All they can do is request, and all they can do is try to offer whatever evidence they may have. We must reflect on the fact that an awful lot of investment decisions are made by trustees on their judgment—yes, on advice, but on their judgment—and that is a very hard thing to disprove.

I am afraid I feel that the Bill is bulldozing into an area of highly sensitive financial structure, and is not taking care of the interests of those whom it purports to protect. It is reclassifying risk, it is recentralising power, and it is rewriting contracts that have hitherto been extant for many years. It is too important to my future, and the future of millions of pensioners, for us to rush into this consensus-driven Bill without proper examination in Committee, with pensioners and pension funds themselves able to petition, as they should be, under a hybrid Bill structure.

8.12 pm

Callum Anderson (Buckingham and Bletchley) (Lab): I am probably a parliamentary oddity, given that I have been looking forward hugely to rising to support the Bill—and what luck to follow such a colourful and interesting speech from the right hon. Member for North West Hampshire (Kit Malthouse).

I believe that this landmark piece of legislation, which builds on the progress made by the last Administration, has the potential to fundamentally reshape the trajectory of British capitalism by addressing one of the most important long-term challenges facing our country, namely how we can unlock and unleash the full potential of British savings to support growth and prosperity here at home. It is a challenge that we must overcome if we are to tackle a number of deep-rooted structural weaknesses in our economy: low productivity, low business investment and regional inequalities, as well as the financial insecurity that pervades the lives of too many of our older citizens, especially those who do not own their homes.

Before I go any further, I must pay tribute to my hon. Friend the Minister—the Bill bears the hallmarks of his serious and determined leadership—and also commend my hon. Friend the Member for Tamworth (Sarah Edwards) for her very interesting speech.

The Bill seeks to address the lack of alignment between our nation's vast pool of domestic savings and the long-term investment needs of our economy. Over recent decades, that growing misalignment has become all too evident in communities across the United Kingdom. During that time, our domestic pension funds, which now amount to about £.3 trillion, have steadily retreated from investment in the UK, although the trend has not been replicated in other comparable developed economies. Despite taxpayer support amounting to more than £60 billion a year—or £70 billion, according to the right hon. Member for Salisbury (John Glen)—too little capital is finding its way into British companies, infrastructure and innovation.

Data from the Capital Markets Industry Taskforce—I must disclose the fact that I once worked for one of its member firms before entering this place—lays bare the scale of the problem. The data focuses primarily on public equity markets, but when we look at the largest pension schemes and funds in other countries and compare the size of their total equity allocations relative to their domestic equity markets, we see that Canada's pensions are 2.5 times overweighting their home market, while France's are nine times overweight, Italy's 10 times overweight, Australia's 27 times overweight, and South Korea's are 30 times overweight. The UK is, massively, an international anomaly. Our domestic pension funds are underweighting our equity market by about 40%. That, I think, represents a structural weakness, with direct consequences for the global competitiveness of our economy, the vitality of our industries and, ultimately, our national economic resilience. If we are unwilling to invest in ourselves, we hold back our growth prospects.

The UK has long needed catalysts for a modern economic renaissance. The Government have taken important first steps through their industrial and infrastructure strategies, the artificial intelligence opportunities action plan and the reforms of our planning system, but the common ingredient that is required to ensure their success is a reliable source of long-term capital. Even a modest rebalancing of that £3 trillion could unlock billions in investment for domestic growth. In real currency that our constituents can understand, that means investment in digital, physical and social infrastructure, and it means greater opportunities for entrepreneurs to not only start up businesses but scale them into something globally consequential, providing better jobs and higher incomes for families throughout the country.

These investments are not just good for local economies. If we get the broader fundamentals right, they can also deliver stronger returns for tomorrow's growing cohort of retirees, so the Government are right to propose tackling fragmentation across the UK pensions system. In particular, the private defined-contribution market and the local government pension scheme remain too fragmented. I must gently disagree with the right hon. Member for North West Hampshire: I think that there are too many small, sub-scale schemes that have not only driven up costs and created market inefficiencies, but resulted overall in suboptimal investment outcomes. I think that larger funds can manage risk better, and can invest in opportunities that can deliver higher returns for savers.

Kit Malthouse: I do not dispute the fact that there are too many small funds that are suboptimal; my question is whether it should be the Government who correct that. If, for example, I am a member of a small suboptimal pension fund and the Government, through the Bill, consolidate it with another pension fund, and it turns out that this reduces my return, who carries the can?

Callum Anderson: As I have said, I think that larger funds can manage risk better and deliver better outcomes for savers, which means that they can take greater ownership of how they spend their retirement years. I also think that the £25 billion threshold for megafunds in the defined-contribution market is the right level to deliver the objective. Other jurisdictions, especially Australia, Canada, and the Netherlands, have demonstrated that scale drives better governance, lower fees and stronger returns.

I welcome consolidation and the path towards the professionalisation of the local government pension scheme. I disclose that before I entered this place, I chaired a local authority pension fund, so I know at first hand the potential of pooling, and share many experiences of pension fund meetings with the shadow Minister. I fully acknowledge that there will be resistance to pooling in some quarters.

Matt Rodda: My hon. Friend is making an excellent speech. Does he agree that there is a growing consensus in the pensions industry? Indeed, some of the trade bodies have been heavily involved in promoting the idea of consolidation for some time, and perhaps what he is describing is a growing body of opinion in the pensions industry.

Callum Anderson: My hon. Friend is absolutely right. Stakeholders and firms that I have spoken to—in the local government pension sector, the private sector and the City of London—are unanimous that scale is very much an economic imperative. Have the Government considered what role fiscal incentives can play in helping to accelerate the consolidation of private DC funds, and whether there is scope to reduce the number of LGPS pools in the year ahead?

I particularly welcome the Bill's proposal for a comprehensive value-for-money framework to guide DC consolidation, which my hon. Friend the Member for Tamworth (Sarah Edwards) mentioned. This correctly tackles head-on the trustee cost mindset, which too often prioritises the cheapest over the most appropriate asset allocation. That approach has frequently been tried and tested, and it delivers poorer returns for savers and missed opportunities for the wider economy, so I very much hope that DC consolidation can be implemented as soon as possible.

Finally, I want to address the issue of mandation, which, to be honest, probably warrants a debate all by itself. I appreciate the concerns that have been raised by Members from across the House, and by people in the investment industry. My hon. Friend the Member for Hackney South and Shoreditch (Dame Meg Hillier) referred to the parliamentary fund, and I note non-facetiously that the parliamentary fund, of which we are all ultimately beneficiaries, allocates barely 1% of its assets to UK companies.

Alex Brewer (North East Hampshire) (LD): In Hampshire, we have a super-ageing population, so pension and post-retirement financial concerns are frequently raised in my North East Hampshire constituency casework. One of my constituents wrote to me to say:

> "I want my pension to be put to work delivering sustainable, long-term growth and prosperity that allows every community in the UK to thrive."

This Bill should require full transparency from pension schemes to empower people to support sustainable, long-term growth in their communities. Does the hon. Member agree that requiring transparency would be the most effective way of incentivising investment?

Callum Anderson: In all aspects of our financial system and our financial markets, and when it comes to either public activities or private markets, transparency is very much the best way to derive the most effective outcomes for those who benefit from pension schemes.

Initiatives such as the Mansion House accord, which has been referred to a number of times in this debate, have been welcome steps. When it comes to asset allocation, private sector leadership should always be preferable where possible, but we need to be candid about the fact that the challenge we face in the UK is stark and immediate. I now consider it necessary for the Government to signal to the markets that they will not ignore the reality that allocations by UK institutions to UK assets have fallen sharply over my lifetime, and certainly over the last 40 or 50 years, and that they are prepared to exercise a degree of agency, if required.

Ideally, any reserve power will not be required. If the Government succeed with their broader economic strategy, there will be a wealth of investable opportunities that will attract capital without the need for compulsion. Although the Government will need to exercise any reserve power in the most judicious and careful way, and in close consultation with the industry, we simply cannot stand by and allow our domestic markets to be hollowed out. I understand that not everyone is in favour of the state intervening in markets, and I am sure that the Minister, who worked at the Treasury, will remember that not everyone in the City wanted the Government to step in and rescue Lloyds Banking Group or the Royal Bank of Scotland, but sometimes the Government have to act decisively in the country's long-term economic interests.

The Bill is a welcome and necessary step towards answering the question of how we inject greater confidence into our companies, our markets and our economy, while also providing people with a safe and secure retirement. That is why I am pleased to support it tonight.

8.25 pm

Kirsty Blackman (Aberdeen North) (SNP): I start with an apology to the Minister, because I had a bit of a giggle when the timeline for pensions dashboards was mentioned. I have been here quite a long time, and I feel like we have been talking about pensions dashboards for that entire time. It has been suggested that they are just around the corner for most of the last 10 years. It feels like this is something that we rehash on a regular basis. It would be great if they really were just around the corner; I look forward to seeing them.

The right hon. Member for North West Hampshire (Kit Malthouse) will not be surprised to hear that our political ideologies are slightly different when it comes to interventionism and what the Government should or should not do. It is completely acceptable for the Government to give some direction on the largest assets, but I am specifically not talking about the LGPS, because it does not exist in Scotland. That part of the Bill does not apply to my constituents, so I will not touch too much on that.

Kit Malthouse: I understand where the hon. Lady is coming from. She is keen on Government intervention in our pensions, but does she recognise that that represents a fairly significant transfer of investment risk, and that the Government should underwrite that risk in all fairness to pensioners, who may lose money as a result?

Kirsty Blackman: Auto-enrolment was a fairly substantial intervention by the Government in pensions. Since 1997, pensions have had to increase in line with inflation, and that was an intervention by the Government. There has

[Kirsty Blackman]

been a long trail of interventions by the Government in how assets are managed and where they are held, but pension trustees are still required to get a return. I agree with the right hon. Gentleman about specific projects, and I would be particularly concerned if we were looking at specific projects, but the mandation relates to UK assets, and the funds in which they could be invested.

I would love to see much more investment of pension funds in social housing, for example, where the trustees can get a pretty great return, but they will still have a fiduciary duty and responsibility. For defined-benefit schemes, the member will always get what they have been promised they will get. No matter how the fund is managed, they have a defined benefit from the scheme, unlike in a defined-contribution scheme, where it depends on the size of the pot as it grows—but I am going to carry on, because I have a lot to cover that is not to do with mandation, and as I say, the LGPS does not apply in Scotland.

On value for money, I think the Bill is good, because comparing pension schemes is difficult. Comparing any financial schemes is difficult because they are all laid out in different ways and the fees are calculated in different ways, so it does not make sense to most people. Some of stuff on requiring the publication of information on value for money in certain ways is important, and the surveys are also important. I have slight concerns about the chapter on value for money because, in comparison with the small pots consolidation section, there is no requirement to publish the regulations in draft before they actually become regulations. There is a requirement for consultation, as there is in both those chapters, but not a requirement for publication in draft. I think it is important for those to be published, so the widest possible range of views can come forward, because value for money is so important for such a wide range of people, whereas some of the other stuff in the Bill is much more technical and will have an impact on far fewer people. The point about publishing the regulations in draft is important.

I am disappointed that the Government have not made more moves on adequacy, but given where we are in the cost of living crisis, I can understand why it may be difficult to get cross-party political consensus on the creation of adequacy provisions. This Bill could have taken more of a look at pensions in general, rather than being about pensions specifically, because in a lot of ways the Bill is seeking to do is improve every individual's pension pot's potential for growth. That is an admirable aim, but some of the larger picture could have been included—for example, in relation to auto-enrolment, the under-22s and people earning small amounts of money who do not qualify.

The right hon. Member for Salisbury (John Glen) alluded to the mid-life MOT, which I have previously shouted about. I agree that people should be sent an appointment for a mid-life MOT, in the same way as they are asked to get their bowel cancer screening sent through the post. It should be exactly the same with a mid-life MOT, which is so important, but so many people duck and dive about it. Millennials are coming up to reaching this point, but millennials are a generation particularly averse to thinking about retirement, because we do not think it will happen to us. We think we will die before we get there, because there is an incredible amount of cynicism among millennials. We tend to avoid thinking about it because we are not going to reach that point, so forcing millennials—in the nicest possible way—by giving them such an appointment and making it for them means they are much more likely to undertake it.

On guided retirement, again I think the Bill tackles the issue pretty well by ensuring that people have more information. I am particularly concerned about the people who draw down the 25% tax-free sum of money, and then do not have a plan for the rest of it. How many of them have just thought about the 25%, and have not thought about the rest of it, or about how complicated and unpredictable annuities can be depending on the year? I am thinking about somebody I know who does not smoke or drink and runs 10 km a couple of times a week, but they will get a smaller annuity than somebody who does the opposite. Do people know how unpredictable it is—how much they will get and the fact that they cannot tell from what the pot looks like the actual outcome to cover their living expenses? Any kind of understanding people can be given about that is really important. I do still have concerns about some of the issues with freedoms and how financially disadvantageous it can be for a significant number of people.

I agree with some of the stuff on the consolidation of small pots. I have a concern about the fact that the Secretary of State or the Minister can make changes to the definition of small pots by looking at some consultation and then bringing a statutory instrument to the House. I would appreciate some clarification, and agreement that the Minister will consult pretty widely before taking a decision about changing the definition of small pots in secondary legislation.

On surplus release, I would disagree with a chunk of the Conservative Members who would use it for slightly different things. I press the Minister on the balance between the economic growth mission and what employees will get as a result of surplus release. I am pleased to hear that trustees will have some flexibility, but I am concerned that that creates a system with a number of tiers, because it depends on how passionate the trustees are about helping the employees or helping the Government's growth mission. I would ask for some guidance from the Government about what they expect. When they are making that deal with employers, they have to agree with the employer where that money will go—how much of the money will go to increasing the pension pots and how much into people's salaries. There will need to be a significant amount of guidance for trustees on where the Government expect money to go. It would be appreciated if we could be involved in the creation of that guidance, or at least be consulted on what it is supposed to look like.

On megafunds, there is a bit of a "wait and see" on what megafunds, both master trusts and the superfunds, will look like and how they will pan out. I can understand looking at other places the Government consider to be successful in how pension funds are managed and the very large investments that could be created as a result of huge funds. I appreciate that overheads can be reduced and that funds can be run more efficiently as a result, and that investments can be made into very large, long-term patient capital projects if the fund is significant.

My specific question on superfunds is about new entrants to the market. The Bill states that there is an ability for transitions. Organisations likely to meet superfund status at some point, given a certain amount of time, will be given slack until they can reach that status, which is utterly sensible. But then it talks about new entrants coming in to become a superfund. There is a pathway and the ability to get approval to do that, but only if they are innovative. I am slightly concerned about what innovative means, because it is not defined—I think it will be defined in secondary legislation. Why should they be innovative? Surely, if a new entrant is excellent, that should be enough? Innovative concerns me. I do not really understand what it means, or why it is in the rules for new entrants. Anything the Government can say to explain what they think that is supposed to mean, and what they intend it to mean in the secondary legislation, would be helpful.

On the whole, the SNP is cautiously optimistic about the Bill. We believe there need to be some changes and we have specific questions in various areas, such as: on the rationale in relation to mandating; on the rules on value for money and how they will impact individuals; and on the consolidation of small pots and how they will ensure individuals have better outcomes. It is not in the Bill, but ensuring the pension dashboard happens so that people can see the consolidation of small pots happening in real time would be incredibly helpful. The best outcome we can get is for everybody to have an adequate pension when they reach retirement. We will not get that if people cannot see and cannot understand what they have in their pensions and if those small pots are not consolidated.

Several hon. Members *rose*—

Madam Deputy Speaker (Caroline Nokes): Order. Before I call the next speaker, I just want to be clear that it will be about an hour before the wind-ups. Nine Members are bobbing, so perhaps you can all reflect on that in your contributions so that I do not have to put on a time limit.

8.37 pm

John Grady (Glasgow East) (Lab): I rise to speak in favour of the Bill. On a policy basis, the Bill addresses a number of very important challenges.

The first is ensuring that the pension system delivers good outcomes for the millions of pension savers in Britain. That is absolutely critical. In my lifetime, the risk of pension savings has shifted from the employer to the employee—in other words, to our constituents. At the heart of the reforms is one essential fact: investment in a diverse set of assets leads to better returns and better outcomes than investment in a narrow set of assets. We need to move away from a focus on cost in the industry and on to a focus on overall value and the outcomes that savers get, so they have comfortable retirements. I am determined that the working people in Glasgow East have comfortable retirements and are properly rewarded for their hard work. Therefore, the Bill's objective of ensuring that savers in Glasgow East and across the United Kingdom ultimately have access to a wider pool of investments, which have historically been restricted, is a good outcome and a good policy.

The second challenge the Bill seeks to address is growth. People in Glasgow East are very ambitious, as I know they are in Aberdeen North and in Hampshire. As I knocked on doors ahead of last year's election, people would say to me, "Britain has lost its way." And many people said that they felt their children would be better off working abroad, or that there were more opportunities for their children abroad. That is the challenge the Bill plays a part in addressing. We do not invest enough in our productive capacity so we have lower, sclerotic economic growth.

Pension savings are an essential source of finance for British industry and infrastructure. In that regard, the Bill includes, in chapter 3 of part 2, something that seems to be causing anxiety: the backstop mandation of investment by defined-contribution pension funds into private asset classes linked to the United Kingdom. Private non-listed shares and debt are now central to investment in a way that they were not when I started off as a junior lawyer many years ago. Growth companies in areas such as medicine, AI, technology and, of course, space remain in private hands for much longer, and list on public markets much later, if at all. The mandation power must be viewed in that context. If UK pension funds do not invest in those classes of domestic assets, working people may miss out on significant returns, and we risk losing the opportunity of growth and of developing the great innovations from our fantastic universities, including the University of Strathclyde.

Kit Malthouse: The hon. Gentleman is making a good point, but does he accept that illiquid investments, by their very nature, tend to be more volatile, and that from a risk-adjusted point of view they therefore represent much higher risk for investors? He mentioned investment in life sciences companies; he will be aware of the collapse a couple of years ago of the fund led by Neil Woodford, which was a significant investor in illiquid private sector life sciences companies and, because of that illiquidity, collapsed. The point is that if we are mandated to do that stuff—I ask the same question as I asked the Minister—who will pay? Who carries the can?

John Grady: I hope the right hon. Gentleman would accept that diversification is critical here. Of course, illiquid private assets are not something that one holds for a couple of years and then sells, but the funds are designed to be large enough to bear the risk from diversification. That is the critical point.

Pension funds are a statutory arrangement, with significant taxation and other legal benefits. That creates a business opportunity for pension providers—and quite right, too. Against that background, it is right that the Government review whether, under the existing arrangements, savers are getting a fair return from that special statutory and legal arrangement. Given the tax breaks, it is not unreasonable to address the question of whether there is sufficient investment in the United Kingdom.

Let me turn to our attitude to risk in the UK, on which the success of pension arrangements turns, as does our desire for more economic growth. We will not get more economic growth unless we take more reasonable risks, as the Chancellor of the Exchequer and others have made clear. It is essential for banks and fund managers to consider whether they take enough risk.

[John Grady]

The chief executive of the National Wealth Fund, John Flint, made the point last Tuesday at the Treasury Committee, when he said,

"I would encourage the stewards of private capital to go back and challenge themselves on their risk appetite…the country's growth outcomes are, for me, largely consistent with the country's risk appetite generally."

I venture to say that our great fund managers and banks need to turn their minds to whether they are taking enough risk, because that drives economic growth and drives successful outcomes for savers.

Another aspect of pensions reform and risk taking is the individual savers, as was brought home to me in a quite different context, when I was on a football history tour organised by Football's Square Mile, which promotes the history of football in Glasgow East. As we stood mainly in Glasgow East—I must admit that some of it was in Glasgow South—the guides explained to us that when Queen's Park decided to organise the first international football match between Scotland and England in 1872, the club had just over £7. It had a choice: the low risk was to hold the match at a rugby club, free of charge; the higher risk was to hold the match at the West of Scotland cricket club at Partick, an old, closed ground where tickets could be sold and there was potential revenue. The problem was that the West of Scotland cricket club wanted more by way of rent than the Queen's Park had—much more than £7. The guides put the choice to us all as we stood just in Glasgow South constituency, and just outside my constituency. The vast majority of people on the tour picked the low-risk option: an indication, at the end of the week, of how risk-averse we have become in Britain.

Encouraging sensible risk taking is critical to pension saving and if we want more economic growth. In fact, Queen's Park took the higher-risk option: it rented the cricket ground and made a huge profit. The game transformed the profile of football and was the foundation for Queen's Park's building the first international football stadium in the world, which opened a year later in 1873 in my constituency. Queen's Park took a risk that was pivotal to the development of modern football, and modern football contributes billions to the Exchequer. My point is that risk is essential to economic activity, as Mr Flint explained and as was illustrated later in the week.

The Bill is critical for economic growth. It takes active steps to ensure that money flows to the entrepreneurs and risk takers who will create wealth across Britain. It ensures that working people have access to better pensions. On that basis, I support the Bill.

8.45 pm

Lincoln Jopp (Spelthorne) (Con): I regret that the Pensions Minister, the hon. Member for Swansea West (Torsten Bell), is no longer in his place; I wanted to pay him something of a compliment for getting the Bill here today with typical ambition and enthusiasm. I should, however, remind him of my grandmother's favourite saying: an ounce of experience is worth a ton of enthusiasm.

I stand here to talk about part 3 of the Bill on the basis of about four years' experience as a director of the first pensions superfund, having attempted to get it through the Pensions Regulator and the interim regime put up under the last Government. That was ultimately unsuccessful; part of the reason why we are going to need the Pensions Minister's enthusiasm and ambition is that he will come up against a series of vested interests. When we attempted—*[Interruption.]* I welcome the Pensions Minister back to his place and am grateful that he is here to listen to this.

When we attempted to launch the pensions superfund, we were bombarded by people who wanted to strangle the superfund industry at birth: the Association of British Insurers; an extraordinary intervention by the Governor of the Bank of England—I am not sure whether the Minister has had a chance to reprogramme the Governor of the Bank of England recently, but I hope he is more enthusiastic about the Minister's proposal than he was about the last Government's—and lastly, the Pensions Regulator itself.

I think the Minister wants to create a thriving market in superfunds. However, under the current interim guidance, capital requirements for superfunds are about twice those for insurers providing buy-outs, so it is hardly surprising that we have seen a number of recent new entrants to the insurance market but no new superfunds. The Solvency II regime—apologies for the slightly technical language, but the Minister will appreciate it—that applies to insurers works off a one-year 99.5% confidence level, but over time the industry has been allowed to apply a number of important adjustments, including diversification, matching adjustments and deferred tax credits. All have had the effect of effectively reducing the capital requirement for insurers. In combination, that means that the capital buffer for a buy-out provider is approximately half that of a superfund under the current interim regime, even taking into account the fact that superfunds are proposed to have a one-year 99% confidence level.

The Bill must address that inherent unfairness if, as the Minister wants, the superfund market is to grow. At the moment, it is the proverbial baby who refuses to put on weight. Can the Minister assure me that the Bill will address the problem and create a more level playing field that will allow superfunds to offer the 10% to 15% pricing discount to insurers that his Department has said it is seeking? As the Minister knows, there are a number of techniques for achieving that. He might consider: specifying that superfunds should apply a 98% one-year confidence threshold; the creation of a rule similar to the matching adjustment that applies to insurers; extending a VAT exemption to superfunds for essential pension services, such as admin, actuarial and investment, including scheme origination and transfers of the scheme to superfunds; or—I suppose this is an "and/or"—allowing superfunds to use structured capital instruments such as subordinated debt and preferred shares to lower the cost of capital and enhance investment flexibility, without compromising quality.

Lastly, I turn to the Pensions Regulator's process of assessing superfunds and giving them a licence to operate—this is the bit where I have the scars on my back. Will the Minister take a close personal interest in this and change the way that the Pensions Regulator works, so that there are stricter and shorter time limits for assessing suitability—shorter than the limits currently in the Bill, which are six months as a default and nine months as a stretch? In the case of the pensions superfund, we had three applications and a similar timescale was used. One can just imagine why the investors' patience finally ran out and the whole thing was wound up.

I do not want the Minister to be in the position of his predecessor, Guy Opperman, who stood in this place and said that greenlighting superfunds was his greatest achievement during lockdown, yet as a result of a combination of the regulatory environment that was put in place and the vested interests of those who argued against the birth of superfunds, the whole concept was strangled at birth. I want the Minister to avoid that, so I encourage him to look back at the first efforts to produce superfunds and tell the Pensions Regulator a great deal more about how it should do its business.

The reason why the Pensions Regulator became risk averse was because the last Government refused to cover superfunds in their Pension Schemes Bill, now the Pension Schemes Act 2021. The Pensions Regulator did not see why it should take any additional risk if politicians were not going to. I encourage the Minister to have the strength of his convictions to use primarily legislation to tell the Pensions Regulator the market that he wants it to regulate. Then he will give pension superfunds a fighting chance of coming into existence and consolidating. Notwithstanding some of the concerns that others have had, 5,100 of anything is not a working marketplace; it is ripe for consolidation—it was then and it is now.

8.52 pm

Rachel Hopkins (Luton South and South Bedfordshire) (Lab): First, I want to declare an interest. I subscribe to my current parliamentary pension, have preserved benefits in previous occupational pensions and, like the right hon. Member for North West Hampshire (Kit Malthouse), I too have preserved benefits in the local government pension scheme, though I do not propose to say much about that element of the Bill. I suppose that as a worker with a variety of pensions, I am going to benefit from the Bill.

I welcome the Government's proposals under the Bill, as too many people have their hard-earned cash scattered across pension pots that deliver poor returns on their savings and leave them confused about their future and worse off in retirement. The Bill will deliver more money for savers by making pensions simpler to understand and easier to manage, and they will return better value over the long term. The new rules will bring together defined-contribution small pension pots, to cut costs for savers and industry and help people to view their full pension picture easily. That will protect them from getting stuck in underperforming schemes for years.

The Bill has been welcomed by the pensions industry, as it sets out a long-term plan to create bigger and better pension funds that will boost returns for savers and drive long-term investment across the country. As we have heard, in the UK pensions system there are more small pension pots than there are pensioners. Currently there are 13 million small pots holding £1,000 or less, with the number increasing by around 1 million every year. Small pots are costly for savers and industry, who can lose money through flat-rate charges or administrative costs, and they deliver poor returns because they are not big enough to invest in high-yielding productive assets.

The Bill will introduce a new value-for-money system to improve outcomes for savers. It will assess the DC schemes and the arrangements that they operate, based on cost, investment performance and service quality. This will identify and address poor-performing schemes or arrangements, encourage consolidation and improve member outcomes while promoting investment in a wider range of productive assets. It will also protect savers from getting stuck in underperforming schemes for years.

The Bill's proposals will also help to unlock about £50 billion for investment in the UK economy. Easing the rules around surplus funds could help unlock billions for employers to invest in their businesses and deliver for scheme members. For many businesses, that may be the financial lifeline they need to free up capital for investment or debt reduction, although it is important to flag that pension scheme trustees working with employers will decide whether to release surpluses and act in the interest of scheme beneficiaries, and trustees will be required to maintain a strong funding position so that they can pay members' future pensions when they fall due. Will Ministers ensure that member or worker representation on trustee boards is part of the plans?

Like many people, I bring lived experience to this space; I am speaking as someone who worked in human resources. I was often asked questions by employees about their pensions, and I always had to say, "I am not providing advice; this is solely information," as I dished out their annual pension benefit statements. So I am very aware that most employees just want to understand more about their pensions: what their contributions are and how those will benefit them in the future. I therefore very much welcome the introduction of the long-awaited pensions dashboard, which will provide savers with their whole pensions picture—workplace and state pensions—securely and all in one place online. We hope that it will finally be with us next year. I commend the Bill to the House.

8.56 pm

Manuela Perteghella (Stratford-on-Avon) (LD): Although this Bill aims to strengthen pension investment, improve resilience and boost pension pots, many of my constituents are among the large number of individuals who face serious pension injustices right now. I welcome some of the reforms that the Government are introducing through the Bill, including the terminal illness and life expectancy measure. However, I am concerned that it does not go far enough to protect vulnerable pensioners in the UK now and tomorrow, or to ensure that we will not have future pension scandals.

I recently raised in the House the immoral Midland bank—now HSBC—pension scheme clawback, whereby long-serving employees are unfairly deprived of large portions of their DB pensions through a misleadingly labelled "state deduction". The Government's response was that the clawback is a legal process and they are powerless to assist former HSBC employees who have been financially impacted by those deductions. A disproportionate number of them are women.

Experts from Exeter University have put together a number of recommendations for the Government that would ensure that pension injustices such as the HSBC clawback scheme would no longer be able to operate. If the Government do not legislate against such injustices now, they are wilfully keeping pensioners—my constituents—in poverty.

The same can be said for the widows and widowers and partners of former policemen and women upon their remarriage or cohabitation, despite the fact that in

[Manuela Perteghella]

Northern Ireland and Scotland, and for widows and widowers of armed forces personnel, survivors' pensions are upheld regardless of remarriage or cohabitation. A court ruling in 2023 decided that was not to be the case for widows or widowers of policemen and women. Police force pensioners deserve consistency throughout the UK.

The most high-profile pension injustice is the one affecting the WASPI women—Women Against State Pension Equality Campaign—who saw rapid and steep increases to their state pension age without adequate notice, and for whom the Government have failed to provide adequate compensation despite the instruction of the ombudsman to do so. What is the point of re-establishing the ombudsman's legal powers and restoring them as a pension court if the Government refuse to listen to such judgments? That is by no means an exhaustive list; many other pension scandals need addressing.

It is worrying that we do not see an explicit commitment in the Bill to support the divestment of pension funds from planet-wrecking industries. For example, local authorities invest about £10 billion in direct or indirect fossil fuel industries through their local government pension scheme funds. We must act now to protect pensioners and deliver prosperity for our future generations while protecting our planet.

8.59 pm

Neil Duncan-Jordan (Poole) (Lab): The Bill represents a timely attempt to create a system whereby fewer and bigger pension funds can provide better value for members and do more to support the UK economy. Key to this, though, will be ensuring that pensioners get a decent income in retirement, alongside creating the conditions that allow pension funds to invest in ways that benefit the UK, support good jobs and finance a just transition to a low-carbon economy.

The Bill needs to acknowledge, in the direction it takes, the scale of the task that we face. One in six pensioners today lives in poverty. Only 62% of pensioners receive an occupational pension of any kind, and those who do get an average of just £210 a week. Half of defined-contribution savers—around 14 million people—are not on track for the income they expect, and the 2017 auto-enrolment review recommendations have still not been implemented. Those challenges need to be addressed, along with the unfairness of the current rules around tax relief, which benefit higher earners and need reform.

As has been mentioned this evening, the Bill does not consider the specific issue of adequacy, and how the state pension interacts with defined-benefit and defined-contribution schemes. Given that the aim of a pension is to provide an income in retirement, it is vital that we look at pensions in the round, not just those associated with occupational or private schemes. A statutory review into retirement incomes every five years would give this and future Governments the oversight needed to regularly assess the adequacy of our pension system, including the opportunity to look at contribution rates for employers and employees. I am aware that the second stage of the pensions review will consider those points, but I would be grateful if the Minister gave a little more clarity on when that is likely to begin.

The Bill needs to be strengthened on the issue of climate change and the destruction of nature. UK pension schemes continue to hold around £88 billion in fossil fuel companies, including those involved in new coal, oil and gas exploration, and have investments in companies linked to deforestation around the globe. Over 85% of leading schemes lack a credible climate action plan. Consolidating smaller pension pots into larger megafunds provides the ability to invest in long-term infrastructure projects, but that must not be at the expense of the environment.

Caroline Voaden (South Devon) (LD): Does the hon. Member agree that there is an opportunity here to do something transformational for our local communities by enabling funds, particularly local government pension funds, to invest in much-needed infrastructure like care homes, special schools or even our high streets, which would provide a secure long-term return and could be transformational for local communities that need investment?

Neil Duncan-Jordan: I think that what the hon. Member raises is the creativity that we need on this issue, so that we look beyond the obvious investments towards some that perhaps have more social worth. I hope that the Bill will allow for that.

For pension savers to have a secure future, we will need to phase out investments in fossil fuels. As the Chancellor has recognised, all financial sector regulation and legislation should integrate climate and nature. I would be grateful if the Minister could therefore address whether there will be legislative action, not just voluntary commitments, to phase out the destructive environmental investments that pension funds currently make, and to introduce an element of the Bill that acknowledges the connection between green investments, environmental protection and decent pensions.

Turning to the local government pension scheme, governance structures vary widely across the existing pools, and reporting has been inconsistent. Pooling arrangements have not always provided the power to influence investments, which is why the TUC, for example, is calling for a thorough review of the performance of existing pools to identify best practice in the relationship between funds and pools, as well as in governance arrangements, and for the introduction of clear and consistent reporting requirements before any acceleration and further consolidation takes place.

It is also important to point to the democratic deficit that exists within the scheme as a whole. While the role of member representatives within the LGPS is a great strength, they are largely absent from pool governance structures at present, and this legislation does not specify a role for those people. Given that pension funds are the deferred wages of the workforce, we must ensure that there is greater member engagement and democratic oversight by those involved in the scheme. Not only should this stretch to having guaranteed places on boards with full voting rights, but it must ensure that scheme members can have their say as to where their money is invested. There will undoubtedly be occasions when members are concerned about investments in particular industries, or, I would add, in particular countries, and they should have a mechanism by which those views can be expressed.

Jayne Kirkham (Truro and Falmouth) (Lab/Co-op): Does my hon. Friend agree that it is good that, in the local government pension scheme, representatives of both employers and employees can sit on the pension committees, and that we often have trade union representatives on the committees as well?

Neil Duncan-Jordan: My hon. Friend is quite right. Trade unions do sit on many of the LGPS committees. I was making the point that it is on the pools where there is less representation for those member voices to be heard, and that is extremely important.

Finally, I want to talk about the pre-1997 pensioners. We know that those who have seen the biggest drop in income are those who built up pensions before 1997. They have not received an annual inflation-linked increase to their pension and, over time, particularly when inflation is high, the value of their pension is eroded. Some 80,000 Pension Protection Fund members, mostly older people and disproportionately women, including some of my constituents, find themselves in this position. I hope the Government will therefore consider legislating to provide inflation protection on pre-1997 benefits, and to give the PPF greater flexibility to use its surplus to give discretionary improvements to members.

In conclusion, the idea that workers' pension funds can be used to build much-needed social housing and invest in green technology and jobs is something that a progressive Labour Government should be proud of, and I hope we can ensure that the Bill delivers a win for pensioners, a win for our environment and a win for society as a whole.

9.8 pm

Mr Peter Bedford (Mid Leicestershire) (Con): Cross-party working is essential to ensuring that there is public confidence in a system we will all need to use in our twilight years. That is why Conservative Members are ready to work constructively to improve this legislation and, where necessary, to provide a "critical friend" approach and challenge the Government's thinking. When it comes to pensions and the long-term financial security of our constituents, we should not play party politics. It is in this spirit that I raise my own concerns with the Bill.

The Bill does not focus enough on increasing the amount of money flowing into people's pension pots—something we literally cannot afford to ignore. I am proud that it was the last Conservative Government that led the introduction of auto-enrolment—a significant pensions reform that dramatically improved individuals' financial wellbeing in later life. The 8% contribution was a game changer. Yes, the system relies on inertia, but for the first time, millions of workers began saving for their retirement. We must now confront an uncomfortable truth: the contribution rate looks less adequate by the day. Too many of our constituents are heading towards retirement without the income they will need. For example, the Pensions Policy Institute has highlighted that 9 million UK adults are currently under-pensioned.

Inaction is not an option. We are allowing people to sleepwalk into a retirement crisis. The level of auto-enrolment contribution was never intended to be a silver bullet. Instead, it was conceived as a foundation or starting point for pension savings. Importantly, that foundation was once supported by two key pillars: defined-benefit schemes, which offered guaranteed incomes to many, and higher levels of home ownership, which provided an asset to fall back on in later life. Both have eroded significantly over the last two decades. The 8% auto-enrolment rate on its own is woefully inadequate, and many workers will not realise that in respect of their own financial circumstances until it is too late.

It would be all too easy to simply raise the auto-enrolment rate to some arbitrary level, but we would find ourselves back here in 15 years' time having the same conversation about a system where inertia and disengagement continue. If we truly want lasting change, we cannot focus solely on the percentage; we need to dramatically improve how people engage with their savings. That starts with improving financial education. As the sponsor of a private Member's Bill on this precise topic and as a chartered accountant by background, this is a cause on which I place great importance. Shockingly, though perhaps unsurprisingly, Standard Life has highlighted that three in four people do not know how much they have in pension savings. That needs to change through increased engagement, but also by allowing savers increased control over their own savings. People should be able to easily view all their pots in one place, which is why it is frustrating to have seen delays to the roll-out of the pensions dashboard, which many hon. Members have mentioned.

The pensions dashboard will encourage individuals to make active choices, to understand their options and to assess whether their current savings are enough for their desired lifestyle in retirement.

Kirsty Blackman: On that note, does the hon. Member agree that we should also make it easier for people to understand what a defined-contribution scheme pot actually means for them in retirement—that is, how much income it will get them on a monthly or annual basis, rather than just, "This is the value of the pot"?

Mr Bedford: The hon. Member makes an important point. That goes back to financial education and ensuring that people truly understand their pensions and savings.

Increasing savings is important, but we need to ensure that it is driven by individuals who understand and can shape their own financial futures. Other countries have looked at increasing incentives for saving. South Africa and the US have schemes that enable people to draw from their pension pots in tightly defined circumstances, such as for emergencies or investment opportunities. Such flexibility would increase confidence in pension savings and help address the other concerning fact that 21% of UK adults have less than £1,000 set aside for emergencies, leaving them susceptible to economic shocks outside of their control and, in turn, less likely to prioritise savings in their pensions.

Poor pensions adequacy does not just harm retirees; it has serious implications for the state. As our life expectancy continues to rise, the state's pension bill will continue to increase. Benefits like pension credit will increase exponentially as the lack of adequate private provision leaves more and more relying on the state. As we saw just last week, it is often incredibly hard to reform welfare. As a Conservative, I believe that the answer lies in personal responsibility and in encouraging and helping people to build up their own private pension provision for the benefit of themselves, their family and, ultimately, the rest of society.

Kit Malthouse: My hon. Friend is making a strong speech and some strong points. Does he agree that the alarm bells he is ringing about financial education, the under-provision of pensions and longevity are even more stark and alarming next to the demographic change that means that over the next 30 years, we will see the number of workers per pensioner plummet? We will go from about 3.6 workers per pensioner at the moment to well under three by 2070, which means that even if pensions are not enough, the country will not be able to afford to plug the gap as it does at the moment?

Mr Bedford: My right hon. Friend makes a compelling case. As I said in my speech, this goes back to financial education and ensuring that we all understand the implications of pensions adequacy.

My concern about adequacy does not mean that the Bill does not have its merits. The continuation of Conservative policy, the small pots consolidation and the creation of megafunds are sensible reforms that will increase individuals' pension pots by reducing dormant pots and increasing economies of scale. However, this is a missed opportunity for a Government with a large majority. They could have acted more boldly, moved faster and improved pension adequacy throughout the United Kingdom.

I would like a clear commitment from the Government that they are actively looking at improving pensions adequacy. The Labour party has long professed to be the party of workers, yet some who look at the Bill will sense that it does not go far enough in preventing the UK from declining into being a society funded by welfare in retirement. Let us encourage people to strive, work hard and save more for a better future. I very much hope that the Government will work collegiately and cross party with His Majesty's Opposition in Committee to ensure that our constituents do not sleepwalk into a retirement crisis.

9.15 pm

Jayne Kirkham (Truro and Falmouth) (Lab/Co-op): Having been lucky enough to chair a local government pension scheme committee and sit on a pool oversight board—purely because I was the only person left on the committee after the election, I think—I would like to talk about the Bill's impact on local government pension schemes.

The Bill would consolidate LGPS funds into six pools, on the basis that that would be effective in achieving scale, diversification of assets and cost savings. LGPSs were recently merged into eight pools by the last Government, of course. Cornwall's pool contained nine LGPSs from the south-west and the Environment Agency. It took a number of years to set up and transfer the funds over to the pool. Setting-up costs meant that the consolidation savings from acting at scale are starting to show only now, a few years later. Hiring an extra tier of staff on top of the LGPS staff, who were still needed to administer the fund, correspond with members and employers, and manage the investments, was expensive. Closing down our current pool and joining another is likely to be the same. There are also concerns, which I would like the Minister to address, that going to a larger pool may affect that local link. We have a strong south-west pool at present, and removing that link and scattering us across the country could impact the effectiveness of our pool at making local investments. That is what I want to talk about next.

Bringing schemes together enables them to invest in bigger local projects, from infrastructure to clean energy. That boosts returns for savers and helps communities. Cornwall was very good at that. We used our £2.3 billion, which is not a huge fund when we think about the size of the pools that we are talking about now, to do precisely that kind of thing.

Other Members have talked about responsible investment. We had a very strong responsible investment policy, and our carbon-neutral target date was earlier than that of the rest of the pool. We were able to maintain those policies and our environment, social and governance focus by having a strong presence on the oversight board. That enabled us to influence the pool. I hope that this influence will continue, so that pools are not dragged down to the lowest common denominator when it comes to ESG matters and responsible investment, but will instead be raised up.

Our local social impact fund was, in the end, 7.5% of our investments. We were able to channel our LGPS investment into affordable private rental housing and local renewables in Cornwall, as well as renewables more widely around the UK. Will local government pension schemes still be able to set their own targets in the pool in this way and do their own thing? Although we worked closely with the pool to ensure that pooling delivered scale advantages, we wanted to make sure that our local impact portfolio, as part of our social impact allocation, enabled us to combine our fiduciary responsibilities to our members with delivering that social and environmental positive change in Cornwall, where we were, and where our members worked and lived. That had a massive impact on how the funds were viewed locally. We hoped that it would provide a framework for others to follow, but within our pool of 10, we were the only ones who did it. Will the Minister confirm that local LGPSs will be able to set their own targets in a bigger pool, even if the area is geographically disparate?

I want to mention the measures that require regulations for the LGPS to include a duty for administering authorities to work with strategic authorities in their area to identify opportunities for investment. When we ran our social impact fund, it was difficult to organise that at arm's length. Members who were part of the local authority wanted to direct where all investments went, but that had to be done at arm's length through investment fund managers, who have little connection to the area. It was hard to stand back and watch them do that. How will the fiduciary duty allow local government pension scheme administration authorities to work with the strategic authorities in their area, particularly if, as in Cornwall, they are one and the same? Cornwall unitary authority was exactly the same size and had the same authority as the administrating authority of the LGPS.

To conclude, the scheme worked well in Cornwall and provided good results. I still drive past the houses in Camborne that were built by our local government pension scheme; local people live in them, doing local jobs. The good results were mainly down to good officers, to be honest, and a flexible pool that allowed us to do our own thing and take our own route. I hope that that freedom will remain under the Bill.

9.21 pm

Blake Stephenson (Mid Bedfordshire) (Con): We all share in the ambition to ensure the sustainability of pensions, and to provide the best possible income for all our constituents in retirement. Given the time, I will keep my comments reasonably short, but having come to this place from the City—though I did not work in the pensions industry—and as an officer of the all-party parliamentary group for pensions and growth, I look forward to providing more detailed scrutiny of the Bill as it progresses through the House.

I rise to share concerns about the Bill, some of which have been shared with me by City institutions. First, I am concerned that this Bill demonstrates a broader problem with this Government's approach to the economy. Rather than seeking to support free enterprise and entrepreneurship in order to grow our economy, the Government seek state-led interventions, and want to direct funding to Government-approved investments. That is the wrong approach, as many hon. Members have said this evening.

On scale and asset allocation reforms, I am concerned that the Government seem to believe that they, and regulators, should direct how pension funds invest, rather than schemes acting in the best interests of their members—a matter raised by my right hon. Friend the Member for North West Hampshire (Kit Malthouse). Trustees who are directed to invest in assets by the Government or regulators may need to be protected by safe harbour provisions in the event that their investments perform less well than alternatives that they may have chosen. Has any consideration been given to such safe harbours in the Bill? It is not clear why these reforms are necessary. In his closing remarks, will the Minister say why, given that policies such as the value-for-money tests and small pots consolidation are already in progress, he feels that these additional requirements are needed?

I am also concerned to find that Ministers propose making it a statutory requirement for schemes to follow a specific route when considering transferring into a superfund. Trustees have a fiduciary duty to their members—we have heard a lot about that in the debate—and this direction from Ministers runs counter to that duty. Will the Minister provide assurance to the House on those points?

Turning to the sustainability of UK pensions, I would welcome further clarity from Ministers on their proposals for powers to pay a surplus to an employer. How confident is the Minister that the thresholds set for the release of surplus are sufficient to protect member benefits? That is particularly important, given that scheme surpluses have emerged only recently. Does the Minister plan to specify the authorised uses for surplus return? For example, will surplus be protected from being paid to overseas parent companies?

I welcome the Government's desire to ensure that our pensions system is sustainable and contributes to UK economic growth. I am just not as enthusiastic about some of the Government's instincts to deliver Government-led investment, at the expense of market-led growth. I look forward to scrutinising the Bill further as it progresses.

9.24 pm

Jim Shannon (Strangford) (DUP): It is a real pleasure to speak on this Bill. Pensions and the regulation of private pensions are increasingly of national interest. I believe that regulation is needed, so I welcome the Bill. Obviously the small print will become more apparent during its passage, but it is good that we are introducing the Bill.

The Government's intention of ensuring that people have a private pension to supplement their income when they eventually reach retirement is increasingly being realised. By and large, most young people—22 million, I understand—have a pension. The Minister will remember the story I told him about when I was 18. I think I am right in saying that I am the oldest person in this Chamber, so that was not yesterday. The fact is that pension advisers were almost unheard of then. I will tell hon. Members who the best pension adviser I ever had was: my mum. When I was 18, she took me down to the pension man in Ballywalter. She said, "You need a pension." I said, "Mum, I'm only 18. What do I need a pension for?" She said, "You're getting a pension." We know how it is: our mum tells to do something, and we just do it, so I got a pension on her advice.

I ended up with four pensions over my working life, which were all beneficial. I did not understand the value of them until I came to the stage at which I was going to cash some of them in—I realised the value of them then. Today, we have an opportunity to advise young people of the need for a pension. When it comes to pensions, not everybody has my mum, but everybody has somebody, or an equivalent through Government.

Let me give a quick story about my office staff. I employ six ladies and one young fella. They are in their 20s, 30s, 40s, 50s and 60s. I will not get into trouble by naming the staff in each bracket, but their approach to their pension varies by age bracket, and that is a fact; they see it differently. Listening to their discussion highlighted to me the need to educate people on the importance of paying into their pension, because it is so important that we get this right. That is why the Bill is important: it is an opportunity to advise people.

One member of my staff has two children at primary school. She highlighted that she was paying an additional 5% into her pension on the advice of her older colleague, only to find that the tax on her savings this year meant that she actually had less money in her account each month compared with last year. The first thing to go was not the kids' piano lessons or hockey camp—she said that those experiences shaped her children's memories. The first reduction was scaling back on her pension additions. People might say, "My goodness me! That was not necessary," but actually it was, if she wanted to preserve that lifestyle for her children. It seems that the tax on savings means that one mum has made the choice to stop supplementing her pension, and to instead sow the money into her children's lives just now. That is not the aim of the Government or the Minister, but there is only so much that we can tax the middle class before they make cuts that are not in their best interests.

Apart from a number of clauses, this legislation does not directly affect Northern Ireland, but it should be noted that accompanying legislation and a number of legislative consent motions—statutory instruments—will come to this Chamber that will change the pension

[Jim Shannon]

schemes in Northern Ireland. Ultimately, what we discuss here and what happens through this Bill will come to us in Northern Ireland, and the Northern Ireland Assembly will bring provisions in Northern Ireland in line with those here. I have therefore considered carefully the aims of this legislation, and whether I believe it will be effective in achieving those aims. The Minister has said that this Bill will fundamentally

"prioritise higher rates of return for pension savers, putting more money into people's pockets in a host of different ways. For the first time we will require pension schemes to prove they are value for money, focusing their mindset on returns over costs and protecting savers from getting stuck in underperforming schemes for years on end."

When we look at the issues, we understand the necessity for the Bill.

In his introduction, the Minister referred to 13 million small pension pots floating about in the UK pension system, with £1,000 in each. It seems logical to have a better pension system for people—I think it does, anyway, and maybe we all do. It is essential that the opt-out is iron-clad, and I will give a reason why. One of my office staff members would not be comfortable with her pension paying into any companies that test on animals, for example. Another has said that she wants the highest return, full stop, so we must ensure that the Bill enables people to follow their moral obligations as well as get a return on their work. I am concerned that consumers will be tied down and face difficulty in leaving pots, which is something that must be addressed. With that in mind, I welcome this Bill to regulate the pension market, but we must ensure that it does not become a mechanism for Government to control the private pension industry and direct pension pots into Government investment. We must ensure that this Bill simply protects pensioners, and I very much look forward to watching its progress.

Madam Deputy Speaker (Caroline Nokes): I call the shadow Minister.

9.29 pm

Rebecca Smith (South West Devon) (Con): It has been a privilege to hear so many well-informed and considered speeches this evening. I am sure we would all agree that there is clearly significant expertise in the Chamber.

The heart of this Bill is people doing the right thing by preparing for their future and saving into their pension pots. With auto-enrolment having been introduced by the Conservatives in 2012, there are now over 20 million employees saving into a workplace pension. That is 88% of eligible employees saving into a pension and preparing for later in life, which is a great achievement that I hope everyone in this House can celebrate. However, while the number of people who are saving has increased significantly, engagement has remained low, as we have heard this evening. Less than half of savers have reviewed how much their pension is worth in the past 12 months, while over 94% of pension savers are invested in a pension scheme's default investment strategy. With people taking the right steps and starting to save for their retirement early thanks to our action, we must now ensure that the pensions market is working for them, so that they get the best returns on their savings and ultimately have the comfortable and secure retirement for which they were planning.

We have heard many contributions this evening. I will briefly mention the hon. Member for Tamworth (Sarah Edwards) and my right hon. Friend the Member for North West Hampshire (Kit Malthouse), both of whom gave us lengthy and very detailed speeches presenting both sides of the argument. *[Interruption.]* They were very enjoyable speeches—that was not a criticism, just an observation of the way things have gone this evening. Both the hon. Member and my right hon. Friend clearly showed the expertise that they garnered earlier on in their careers and expressed some legitimate concerns, particularly about the consensus that there has perhaps been in the Chamber this evening. Some points have been made showing that that consensus is not entirely guaranteed, certainly among Conservative Members. We support the principles behind the Bill—indeed, much of what we have heard builds on the work that the Conservatives were doing while we were in government. We want to ensure that poorly performing pension schemes are challenged, excessive administration costs are removed, and savers receive the best returns on their investments. Ultimately, that is how we will ensure more people have a comfortable retirement.

However, we have concerns about some specific measures in the Bill, which we will scrutinise further as it progresses. In particular, we have significant concerns about the reserve powers that allow the Government to set percentage targets for asset allocation in core defaults offered by defined-contribution providers. In other words, a future Government could tell pension schemes where they must invest their funds, regardless of whether it delivers good returns for savers. This potentially conflicts with their fiduciary duty to act in the best interests of their members. While I know the Minister will stress that the Government do not intend to use those reserve powers, that neither addresses concerns about what a different future Government could do nor explains why those powers are being brought in. It could be asked why the reserve powers are being created at all.

We want to see more investment in the UK market. While this country is one of the largest pension markets in the world, only around 20% of DC assets are invested in the UK. However, the solution should be to make domestic investment more attractive—to create opportunities that deliver better returns for savers—not simply to mandate investment in assets that deliver lower returns. During our last term in office, we worked with the industry to introduce the Mansion House reforms as a voluntary agreement to boost investment in the UK, but this Bill goes further—it could mandate such investment against the wishes of the industry. Similarly, the local government pension scheme will have a new duty to invest in the local economy. While that is understandable at face value, it raises concerns about returns on investments if there are not suitable local opportunities.

We also have questions about some of the Government's assumptions, and would like to understand more about how they were reached and the evidence used. For example, why is the minimum value for megafunds just £25 billion? Why is having fewer and larger pension providers better? We recognise the benefits of economies of scale, but what about competition and innovation? It has also been raised by the industry that a significant number of details are unknown, as they will come later in the form of regulations. Can the Minister set out some more details on when the various sets of regulations will be published, and whether that will be before the Bill has passed through Parliament?

Finally, the Bill fails to cover a number of areas, and we would like to understand why. Concerns about pension adequacy have been touched on this evening and whether people are saving enough to have the security and dignity in retirement they deserve. Auto-enrolment was a good start, but it will not be the only solution. Indeed, lots of people are still not eligible. When we passed the Pensions (Extension of Automatic Enrolment) Act 2023, the then Conservative Government confirmed their intention to reduce the lower age limit to 18, as has been mentioned this evening. As yet, the current Labour Government have not done so. Auto-enrolment does not apply to self-employed people, despite just 16% of self-employed people actively saving into a workplace or personal pension. The Bill does not look at whether people are saving enough and early enough, and I would be grateful if the Minister could set out whether that is deliberate and whether further action will be taken.

I briefly draw the House's attention to my declaration in the Register of Members' Financial Interests as a serving councillor, but I hasten to add that unfortunately I am not a member of the local government pension scheme. Sadly, I was elected after that provision was scrapped, but an entire chapter is given over to the local government pension scheme in this Bill. Indeed, it is a key element, enabling local authorities to use pension schemes to invest in their local economy. However, as with much of the legislation being taken through Parliament at the moment, the who, what and when remain unanswered. Without the English devolution Bill before us, for example, we are not entirely clear on what form local government will take, nor entirely clear on how compatible this Bill is with that forthcoming local government legislation.

We are in effect being asked to legislate on a moveable feast. Indeed, there is likely to be a considerable transition timetable for local government changes, which all raises questions about how the local government reorganisation transition fits in with the plans in the Bill. Following on from the comments of the hon. Member for Truro and Falmouth (Jayne Kirkham), how will asset pools work under local government reorganisation? Who gets the potential investment benefits or spending power, and where does all that investment take place?

The Bill also fails to mention any reforms to the local government pension scheme, which reached a record surplus of £45 billion in June 2024. One reason for that might be that it is being used to offset Government debt under the Chancellor's current fiscal rule, which uses public sector net financial liabilities to measure that debt. That is a huge amount of money in local government terms, and it is not going towards local services, business support or regional projects. Can the Minister confirm whether the Government intend to reform the local government pension scheme beyond the measures outlined in the Bill? Finally on the local government pension scheme, I look forward to seeing more detail as to how newly created asset pools will work in practice with the local government pension scheme.

Local government treasury management over recent years has seen local authorities taking advantage of the investment opportunities available to them to acquire properties and the like, but often some distance from their local authority. That is something to tease out in Committee, but when the Government state that they wish local authorities to have finance available to invest locally to bring economic growth, what does "local" look like?

Finally, can the Minister confirm that fiduciary rules regarding investments and how they are assessed will prevail going forward? Overall, we will support a Bill that reduces administration costs, removes complexity for savers and maximises value for members, ultimately helping people who took the right action to save for their retirement to live in comfort and dignity. While this Bill makes the start, there is more to do to get it right, and we look forward to working with the Government to achieve that. There is plenty of food for thought for amendments to take us forward.

Madam Deputy Speaker (Caroline Nokes): I call the shadow Minister.

9.38 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Andrew Western): At the outset, I take the opportunity to declare my own interest. Unlike the hon. Member for South West Devon (Rebecca Smith), I was elected prior to Lord Cameron ejecting councillors from the local government pension scheme. As a former member of Trafford metropolitan borough council, I also have savings in the local government pension scheme. I am therefore set to benefit from the improved governance of the LGPS initiated by the Bill.

These measures are testament to our dedication to building a resilient, efficient and fair pension system, galvanising and creating the potential to boost our economy at every opportunity. It is our aim to build a future in which every saver can look forward to a secure and prosperous retirement.

I welcome the broad, if not entirely universal, support for the Bill. The open discussion in which we have engaged today is important because, as a responsible Government, we want the House to be assured that the new powers in the Bill come with appropriate mitigations. We understand that Members will have questions, and I have listened carefully to those that have been raised. I remind everyone that the highly fragmented pensions framework has not served savers well, and there is a need for improvement as both the industry and savers demand a better service. The Bill goes to the core of what is needed, providing big solutions to the big problems that are undermining so much potential for savers and the economy.

Let me now turn to some of the comments and queries that have arisen throughout the debate. I thank my hon. Friends the Members for Tamworth (Sarah Edwards), for Luton South and South Bedfordshire (Rachel Hopkins), for Buckingham and Bletchley (Callum Anderson), for Poole (Neil Duncan-Jordan), for Truro and Falmouth (Jayne Kirkham) and for Glasgow East (John Grady) for speaking in favour of some elements in the Bill, and for their recognition of the investment and growth opportunities that it can unleash.

I am grateful for the constructive support and consensus that we heard from both the hon. Member for Wyre Forest (Mark Garnier), who opened the debate for the

[Andrew Western]

Opposition, and the hon. Member for South West Devon, who closed it. They were right to mention the specular success of automatic enrolment, but that was half the job, as pointed out by the Pensions Minister, and I think the hon. Member for South West Devon acknowledged that we now need to move on to the pressing task of dealing with pension adequacy, which will be taken forward by the pensions review. They were also right to refer to the complexity and fragmentation of pension pots.

I welcomed the support from the hon. Member for Wyre Forest for the long-awaited pensions dashboard, and was particularly pleased to hear of his support for changes in the local government pension scheme, although he expressed concern about certain parts of the Bill and the potential for propping up a failing scheme that arises from those changes. Let me reassure him that no cross-subsidising between administering authorities would be caused by any changes made by the Bill. As for the question of safeguards in respect of surplus release, we cannot stop share buy-backs and the like, but we have confidence in the ability of trustees to adhere to their fiduciary duties.

I understand that mandation has given rise to the fundamental objection of not just the hon. Gentleman but a number of other speakers, but I do not believe that it undermines fiduciary duties, and I do not agree with that analysis. The Bill contains clear safeguards that are consistent with those duties, not least in clause 38, which refers to an opt-out in the event of material detriment to members of a fund. The hon. Gentleman also raised questions relating to gilts; we believe that nothing in the Bill would undermine a well-functioning gilt market. However, as I have said, I welcome the broad support for the Bill, particularly with regard to value for money, small pots, guided retirement products and terminal illness changes.

Kit Malthouse: I want to be clear—so that the House is clear—about the opt-out to which both Ministers have referred. Is it a correct interpretation to say that it is not an opt-out at the discretion of the trustees of the fund, and that the Bill requires them to apply to the regulator with evidence for the regulator to make a decision to grant them the ability to opt out? The idea that trustees are somehow free to make a decision in the interests of the fund is not actually correct, is it?

Andrew Western: The right hon. Gentleman is correct in his interpretation, although I do not entirely agree with his characterisation. It is, I think, perfectly reasonable that we would ask trustees to explain how they feel that what is proposed would be to the detriment of their scheme members.

I welcomed the support of the Liberal Democrat spokesperson, the hon. Member for Torbay (Steve Darling), for many of the general proposals in the Bill. I entirely agreed with his comments about the need to give savers the best possible advice and protections. I also agreed with what he said about the opportunities to deliver further investment in our economy. As for social housing, which others also raised, he will know that many pension schemes already make such investments, and I certainly support their continuing to do so.

We then heard an excellent speech from my hon. Friend the Member for Tamworth. I particularly welcome her comments on the value-for-money changes, and she is absolutely correct to highlight the importance of looking at schemes in the round, not just on cost. On the pipeline of investments that she set out, I hope she is reassured by some of the steps that the Government are taking—for instance, through the Planning and Infrastructure Bill—to ensure that there are a range of exciting major projects, such a reservoirs and houses, that people will be able to invest in.

The right hon. Member for North West Hampshire (Kit Malthouse) is certainly correct to say that he punctured the air of consensus in outlining his reservations. I know that my hon. Friend the Pensions Minister has agreed to have a conversation with the right hon. Member next week, and I hope that he will find that incredibly helpful. Clearly, it is not for me to comment on whether this should be a hybrid Bill. On the question of megafunds, he is right that not all large schemes provide a better return, but the evidence shows that while that is not always the case, they do see better returns on average. That is an important point.

The hon. Member for Aberdeen North (Kirsty Blackman) was correct to raise how long we have been waiting for the pensions dashboard, and I am similarly excited and anticipate its arrival. I promise that it will be worth the wait when it finally arrives. On her point about the scope of the Bill, the pensions review will take forward a number of the issues on which she and other Members said the Bill could have gone further. The pensions review is under way, and we will say more about that incredibly soon.

Kirsty Blackman: On the pensions review, there is a massive cross-party consensus that there is an issue with its adequacy, and we want to see it tackled. Will Ministers agree to take this forward in as cross-party a way as possible? We all care strongly about it.

Andrew Western: This matter is important to everybody in this House, because it is important to the constituents of everybody in this House. I would be very open to ensuring that Members of this House are able to feed as much as possible into the pensions review. It is an incredibly important piece of work.

I return to the question of my age. As a millennial, I am terrified of admitting that I have now reached an age when I should be thinking about my pension, having just turned 40. In any event, some of the work around the consolidation of small pots and so forth will help people.

A number of Members have asked about the balance of the distribution of any surplus release, and it is ultimately for trustees to decide on that balance. On the point made by the hon. Member for Aberdeen North about potential guidance coming forward—the hon. Member for Mid Bedfordshire (Blake Stephenson) touched on this as well—that is something that I will discuss with the Minister for Pensions. It may well be teased out in Committee.

I hope that the hon. Member for Spelthorne (Lincoln Jopp) will be a member of the Bill Committee and continue the dialogue with the Minister for Pensions. I am always keen to find volunteers, and I hope that he will put himself forward. On the question of regulatory decision making, I hope that the Pensions Regulator has heard what he said about pace.

On the issue of divestment from funds that invest in fossil fuels and so forth, it is a matter for trustees. Individual flexibility on investments is a cornerstone of the system, but we are consulting on UK sustainability reporting standards and on transition plans.

Finally, we heard from the hon. Member for Strangford (Jim Shannon)—we always save the best for last. I am very grateful for his support for the Bill. If he was not 18 yesterday, I am sure it was the day before. None the less, I wish that everybody had a mum like his. We may not have had some of the challenges with the adequacy of people's pensions had they all received such superb advice from their parents at the age of 18.

Today we embark on a transformative journey with this Pension Schemes Bill. This legislation underscores our readiness to deliver fundamental changes to the pensions landscape, an endeavour that is not only urgent, but essential for driving a future in which savers and, indeed, our economy can derive the benefits of a better organised, less fragmented and easier to navigate pension system, and I am pleased by the widespread support for the Bill across the House.

Question put and agreed to.

Bill accordingly read a Second time.

PENSION SCHEMES BILL (PROGRAMME)

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

That the following provisions shall apply to the Pension Schemes Bill:

Committal

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

Proceedings in Public Bill Committee

(2) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 23 October 2025.

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

Consideration and Third Reading

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

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

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

Other proceedings

(7) Any other proceedings on the Bill may be programmed.—*(Andrew Western.)*

Question agreed to.

PENSION SCHEMES BILL (MONEY)

King's recommendation signified.

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

That, for the purposes of any Act resulting from the Pension Schemes Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(a) any expenditure incurred under or by virtue of the Act by the Secretary of State, and

(b) any increase attributable to the Act in the sums payable under or by virtue of any other Act out of money so provided.—*(Andrew Western.)*

Question agreed to.

PENSION SCHEMES BILL (WAYS AND MEANS)

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

That, for the purposes of any Act resulting from the Pension Schemes Bill, it is expedient to authorise—

(a) the levying of charges under the Pension Schemes Act 1993 for the purpose of meeting any increase in the expenditure of the Pensions Regulator attributable to the Act;

(b) the amendment of section 177(5) of the Pensions Act 2004 so as to increase the limit in that provision on the amount that may be raised by pension protection levies imposed by the Board of the Pension Protection Fund.—*(Andrew Western.)*

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

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

Environmental Protection

That the draft Waste Electrical and Electronic Equipment (Amendment, etc.) Regulations 2025, which were laid before this House on 4 June, be approved.—*(Anna McMorrin.)*

Question agreed to.

DELEGATED LEGISLATION (COMMITTEES)

Financial Assistance to Industry

Ordered,

That the Motion in the name of Sarah Jones relating to Financial Assistance to Industry shall be treated as if it related to an instrument subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice has been given that the instrument be approved.—*(Anna McMorrin.)*

PETITION

Harrogate Spring Water money for Harrogate

9.51 pm

Tom Gordon (Harrogate and Knaresborough) (LD): Harrogate Spring Water pays a 0.5% levy on its revenue annually. This used to go to Harrogate borough council for the benefit of the local area, but following local government reorganisation, it now goes to North Yorkshire council. This was a key campaign during the Harrogate town council elections, when the Liberal Democrats won an overwhelming majority on a platform that this levy should go to the new Harrogate town council. The petitioners therefore request that the House of Commons calls on North Yorkshire council to return the money for the use of the citizens of Harrogate, as was always intended.

[Tom Gordon]

Following is the full text of the petition:

[The petition of residents of Harrogate,

Declares that the Harrogate Springs Water Levy of 0.5% of profits should be returned for the benefit of the people of Harrogate through the newly created Harrogate Town Council.

The petitioners therefore request that the House of Commons calls on North Yorkshire Council to return the money for the use of the citizens of Harrogate as was always intended.

And the petitioners remain, etc.]

[P003089]

SEND Provision: London Borough of Barking and Dagenham

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

9.52 pm

Margaret Mullane (Dagenham and Rainham) (Lab): I have secured this Adjournment debate to discuss the provision of special educational needs and disabilities in the London borough of Barking and Dagenham, an area that I am honoured to partially represent alongside my hon. Friend the Member for Barking (Nesil Caliskan). The backdrop to this debate is multifaceted, but my focus this evening is specifically on the pressure facing provision for children and young people.

There are currently over 5,500 children and young people in Barking and Dagenham schools who require SEN support. As of January 2025, 3,111 of these young people had an education, health and care plan—or EHCP, as they are more commonly referred to—with the following breakdown: 12 at nursery level; 1,350 at primary; 946 at secondary; 480 post-16; and 323 post-19. This clearly highlights that present pressures are felt most acutely across primary and secondary schools in Barking and Dagenham.

In 2022, requests for EHCP assessments saw a rise of 100%, an increase four times the national average, and in April 2025 there were 1,000 more children with EHCPs in the borough compared with January 2023, which is a 50% increase over 15 months. Since these spikes, the level of demand has remained high, with 500 to 600 new requests every year. This is partly due to population growth and churn, with about 26,000 additional residents since 2014, and a similar number of about 18% churn.

It is also worth noting that Barking and Dagenham still offers some of the cheapest housing options in London, which accounts for the sheer scale of the population growth. In 2024, 150 children and young people with existing EHCPs moved into, or were placed in, Barking and Dagenham from other boroughs, with around 40% requiring a specialist placement. Staff working in the education, health and care team at Barking and Dagenham council are recording caseloads of 200 to 300 per staff member, which is just not sustainable as a working model.

Jim Shannon (Strangford) (DUP): I commend the hon. Lady for bringing this issue forward; she is right to do so. Does she agree that the progress on SEN action has shown how early intervention with a classroom assistant can make all the difference for many children, and that it is essential that the funding for teaching assistants is retained to ensure that the children in both St Joseph's primary school in Dagenham and St Finian's primary school in Newtownards have access to early intervention support and a bright future?

Margaret Mullane: The hon. Gentleman makes some very good points. The Minister was discussing that issue this afternoon and tomorrow my hon. Friend the Member for Barking (Nesil Caliskan) will have a debate on that very point.

Alongside that, the growing pressures in the health system and the shortages of educational psychologists, speech and language therapists and occupational therapists all serve to make the issue worse. As it currently stands, there is very little likelihood that the EHC teams will be able to meet the demand in Barking and Dagenham.

Chris Coghlan (Dorking and Horley) (LD): I hear the heartbreaking stories from Barking and Dagenham about the huge demand for SEND provision and the difficulty in meeting it. In Surrey, we have similarly heartbreaking cases of children with autism who cannot move out of mainstream school because the capacity is not there. As a result, one of my constituents is getting bullied terribly and the council has refused to fund his place in a specialist school. But that story is not unique in Surrey or in Barking and Dagenham. Despite that, the county council leader, Tim Oliver, claimed that the vast majority of SEND families in Surrey are happy with their support. That is despite the council suppressing a survey of 1,000 parents for six months—

Madam Deputy Speaker (Caroline Nokes): Order. The hon. Gentleman's intervention is far too long. As the Adjournment started before 10 o'clock, he will of course be free to make a speech.

Margaret Mullane: I thank the hon. Gentleman for his points. That is happening against a backdrop of 14 years with no investment for councils and they are really struggling.

On behalf of the local authority, I urge the Department for Education to invest more in the development of truly inclusive schools, well-funded and resourced, so that Barking and Dagenham can increase the provision of SEND support in a mainstream setting. If the local authority could ensure a high standard of support through on-site additionally resourced provision and other mainstream settings, that would reassure the parents of children with SEND that their child's educational needs will be met without reliance on an EHCP. I think that would help to significantly reduce stress and anxiety, which the hon. Gentleman alluded to, for thousands of people in our borough.

Having spoken to many parents of children with SEND across my constituency, I know that they have to fight for everything and that in most cases they get little to no support at present without an EHCP in place. The system is too convoluted, and it does not work for parents, children or local authorities. More needs to be done to streamline the assessment process, so that parents are not jumping through hoops for months on end, and that the best possible care and educational support can be delivered without the constant battle that parents currently face.

When considering the provision of services in Barking and Dagenham, we must also take account of the level of deprivation and the impact that has on the level of need. Barking and Dagenham has the 21st highest deprivation score of the 317 local authorities in England, with 62% of households in the borough having at least one measure of deprivation as measured on the index of multiple deprivation. Furthermore, 46% of children in Barking and Dagenham are estimated to live in poverty, which is the third highest across England and Wales.

Deprivation on such a scale means that we have some of the poorest health outcomes in London, and 30% of all households in the borough are home to a resident with some form of disability that requires a support service. The council is trying really hard to find innovative means to support the growing demand for services in the face of mounting financial pressure, but it simply does not have the resources to establish long-term stability in that respect.

Barking and Dagenham has one of the highest proportions of additional resourced provision in the country, with almost a third of schools in the borough hosting an ARP.

10 pm

Motion lapsed (Standing Order No. 9(3)).

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

Margaret Mullane: There are now 33 primary and secondary ARPs in the borough, compared with just 14 a decade ago. Over that period, the number of children who rely on the services has increased from around 180 to 450. Despite the creation of 230 specialist places over a four-year period, with 90 more planned by September this year, thereby increasing the proportion of children with SEND in mainstream schools, the local authority still faces a monumental challenge to provide enough places to support the needs of all the children who require them.

Over the past decade, the local authority has worked diligently to ensure that our schools are inclusive, and has aimed to place children and young people with SEND in local mainstream schools where possible. This has resulted in many of those children going on to achieve very well. Taking this approach has enabled the council to manage the dedicated schools grant high needs block within budget, despite chronic underfunding over the past 14 years under the previous Government—so much so that in 2024, Barking and Dagenham was recognised for effective practice and referenced in a What Works in SEND publication released by the Isos Partnership.

To a degree, the local authority is a victim of its own success in this area. When low housing costs are combined with exceptional SEND provision that delivers good educational outcomes, is it any wonder that the parents of children with complex needs are moving to Barking and Dagenham? Over the years, I have heard many stories from constituents who have moved to the area specifically for that reason. Most come from other London boroughs, but some are from as far afield as Cornwall.

At this point, I would like to personally thank the Secretary of State for Education for her visit to Becontree primary school earlier this year. The visit attracted positive press for our SEND provision, and highlighted the inclusive approach to SEND education in Barking and Dagenham schools.

From an outside perspective, given the sterling service provided, it might seem that the concerns and pressures that the local authority and I have portrayed are being overstated, yet under the surface the council is facing a perfect storm of increasing demand and significant funding shortfalls. In the last financial year, Barking and Dagenham faced a significant overspend, which was covered using council reserves. The local authority had the capacity to balance the budget in that way for only one year.

[Margaret Mullane]

Although the £1 billion of additional Government funding for the high needs block in 2025-26 is welcome, it does not fully address the pressures in Barking and Dagenham. The £5.3 million uplift serves only to cover the current in-year demands, without consideration of the significant level of growth in the borough. It is clear to me that the high needs block funding allocation formula needs to be reviewed and updated to ensure that it is evidence based and better targeted.

The high needs block funding stream is still to an extent determined by historical data, and does not reflect the changing patterns of need in London, so boroughs like Barking and Dagenham find themselves underfunded compared with inner-London boroughs, while managing the increasing demand from families who have moved out of better funded inner-London areas. The crisis in SEND provision in early years and education is not due to a lack of good intent, but is perpetuated through long-term under-investment, the fragmentation of services and a degree of inflexibility that the last Government built into the system.

Andrew Rosindell (Romford) (Con): I am glad the hon. Lady recognises the funding disparity between inner Greater London and outer Greater London. She will be aware of the DABD charity, which is based in her constituency. It provides special educational needs support for young children during the summer, Christmas and Easter terms, but the charity has been defunded, so it cannot carry on its activities for young people based in the London borough of Havering, which the hon. Lady also represents. Will she join me in calling for Havering council to ensure that that funding continues so that those children can get the benefit the charity provides?

Margaret Mullane: I thank the hon. Gentleman. My seat covers two councils, and I always want the best outcome for my constituents. I agree with him and would be happy to do that.

Councils are on the frontline of service delivery in Britain and although this debate is not about broader service funding, I must take this opportunity to thank the Government and to welcome the introduction of the recovery grant as part of the most recent local government funding settlement—a move that marked a significant step change from the previous Administration. However, I return to the subject of SEND provision and funding allocation, which desperately needs a similar step change, as I begin to conclude my contribution.

The London borough of Barking and Dagenham is doing everything that the Government are asking of it, yet we are still working to a system built by the Conservatives. The last Government allocated safety valve funding based on the scale of the deficit rather than the scale of need. The safety valve agreements essentially mean that a local authority must cut its spending to meet targets; in return, it gets a contribution towards its overspend. That means that our local authority, having worked to implement inclusive strategies, often through innovative means, to reduce pressures on the high needs budget, gets nothing from that funding stream.

In comparison, authorities such as Kent, which have far less deprivation and need, have received in excess of £42.6 million since 2023-24. A fraction of that money would help Barking and Dagenham maintain and progress the inclusive service it has worked so hard to deliver over the past decade. I must say that it is wonderful to see our inclusive SEND provision under the national spotlight, being championed by Ministers, but it still beggars belief that under the current system, if a local authority manages to fly in the face of low expectation and deliver an exemplary service, it is penalised within the safety valve programme.

I hope that, as the Government get to grips with the SEND crisis facing local authorities in the coming years, a process of co-production and consultation will lead to a delivery model that incentivises the inclusive approach taken in Barking and Dagenham. Local authorities such as ours are desperately calling for a national funding formula that allocates resources based on evidence and need, bringing schools, health partners, parents of children with SEND, and the council together. I know that we can build a service that provides the best possible start in life and outstanding educational outcomes for the most disadvantaged young people in our communities. I end by repeating the Government's mantra from last July: "It's time for change".

10.7 pm

Chris Coghlan (Dorking and Horley) (LD): I was moved by the speech just made by the hon. Member for Dagenham and Rainham (Margaret Mullane) and heartened to hear about the effectiveness of SEND provision in Barking and Dagenham. It is so important that we have effective examples of that in the country—particularly at the moment, when the Government are considering their national SEND provision. It was encouraging for me to hear that. From my experience in my constituency, a vital part of what we have to do is tackling the culture of dishonesty that certainly exists in my local authority—I do not know about elsewhere. That culture is a key barrier to effectively addressing SEND provision.

The issue could not be more serious. Constituents of mine—suicidal children with autism—are repeatedly denied the support that is their right. Desperate parents come to me, their MP, trying to beg the council to do its duty. The level of dishonesty is hard to exaggerate. Surrey has the highest level of complaints to tribunals in the country. It covered that up for over 14 months from its own internal council scrutiny committees. The county council leader then denied that in a formal written response to the Liberal Democrat Members of Parliament in Surrey. The council's next trick, as reported by ITV, was to reclassify complaints as "inquiries", to try to manipulate its complaints volumes. It then denied that there was a problem at all and said that the problem was, in fact, that Surrey parents are "too articulate". Most recently, the county council leader said in the annual general meeting that "the vast majority" of Surrey SEND parents have a good experience of SEND. That was despite them suppressing for six months a survey of 1,000 SEND parents in which only 16% said that they trusted the county council on SEND and only 21% said that they trusted case officers to act in the best interests of their child.

It is a matter of extreme concern for me that the Government are putting so much faith in local authorities on SEND reform when, certainly in my case, they are so manifestly dishonest. I am particularly worried about Surrey, because the county council leader is chairman of the County Councils Network and so has major influence over SEND reform across the country. I am also worried about the fact that local authorities are saying that the way to solve the SEND crisis is to water down parents' right to apply for an EHCP. There are many things wrong with the SEND system, but that is the one thing parents do have confidence in. It may take far too long to get an EHCP, but at least they have their legal rights and can go to tribunal.

I desperately hope that the Government are not going to water down their commitments and that they will respond to the call of my hon. Friend the Member for Surrey Heath (Dr Pinkerton) for an investigation into Surrey county council. Only then will my constituents be able to get the justice that they deserve and the opportunities that they desperately need.

10.11 pm

Jas Athwal (Ilford South) (Lab): I thank my hon. Friend the Member for Dagenham and Rainham (Margaret Mullane) for securing this crucial debate.

Children with special educational needs have just as much potential as other children, and they deserve to have that potential nurtured. But for boroughs such as Barking and Dagenham, there is an urgent problem with SEND provision. As my hon. Friend the Member for Dagenham and Rainham has eloquently described, chronic underfunding and under-resourcing of vital SEND services has led to a critical situation whereby children are not getting the support that they need and parents are facing a constant battle and excessive waiting times to secure any support for their child. Last year in the borough, only 50% of decisions on EHCP needs assessments were made within six weeks, the rest taking much longer.

I know that this is a problem facing all boroughs, but it is particularly acute in Barking and Dagenham, which has a higher proportion of people applying for EHCP needs assessments than other boroughs. In my constituency, which is home to the boroughs of both Redbridge and Barking and Dagenham, the rate of disability is far higher in wards such as Marks Gate, which is the only ward in Ilford South that falls under Barking and Dagenham.

Against this backdrop of underfunding and comparatively high demand, Barking and Dagenham has a lot to be proud of. As my hon. Friend the Member for Dagenham and Rainham said, in 2024 the borough was recognised for effective practice in a report by What Works in SEND. However, there are some problems that good practice and perseverance cannot fix. The crisis in SEND stems from the wider issue of changing demographics and an outdated funding formula that has not kept up. Ilford South and the boroughs of Barking and Dagenham and Redbridge may be outer-London areas, but they are facing inner-London problems.

Andrew Rosindell: The hon. Member mentions Barking and Dagenham and Redbridge, but Havering is also in outer Greater London, and Marks Gate is next to Collier Row, as he knows. We are all underfunded. There is a total disparity when it comes to funding for outer Greater London areas. Will the hon. Member back my ongoing campaign for fairer funding not only for special educational needs but for a range of areas, because our boroughs on the edge of London and in Essex constituencies which fall within Greater London are not getting our fair share of resources?

Jas Athwal: I thank the hon. Member for raising that point. As a matter of fact, as leader of Redbridge council, I campaigned for many years for outer London funding to be fairer. Outer London has inner-London problems, but we are not getting our fair share of funding. I would be happy to get involved on the funding needs of outer London. I mentioned Barking and Dagenham and Redbridge because my constituency falls in both of them, but I agree that other outer London boroughs such as Havering will suffer similar consequences.

Our outer-London boroughs face inner-London problems that diminutive outer-London funding packages cannot fix. If we are to fully support all children by providing them with the tailored support that they need, and if we are to unlock their potential, we need serious reform. I stand with my hon. Friend the Member for Dagenham and Rainham in calling for three key reforms.

First, we need a change to the outdated funding formula that puts boroughs such as Barking and Dagenham, Redbridge and Havering on the back foot. Secondly, we need more funding for additionally resourced provisions, so that children with special educational needs can be supported in mainstream schools, and can reap the benefits of learning in a mainstream environment—benefits that include a reduction in emotional distress, and better educational outcomes—while teachers are given the resources they need. Thirdly, we need a more streamlined process of needs assessment, so that parents are not left alone to fight for the provision that their children need and deserve.

Every child has the right to thrive, to achieve their dreams, and to be supported in their environment, even if they learn a little differently, but SEND provision is struggling. We owe it to children to fix the system. We owe it to their parents to support their children to thrive.

10.16 pm

The Minister for School Standards (Catherine McKinnell): Congratulations to my hon. Friend the Member for Dagenham and Rainham (Margaret Mullane) on securing this debate on an incredibly important subject. I know that she and other hon. Members in the Chamber have an interest in supporting families in their constituencies in navigating the special educational needs system; hon. Members have conveyed compellingly just how complex it can be. In her powerful speech, my hon. Friend made clear her interest in the subject, and her passion for the improvements that need to be made.

I reassure hon. Members that improving the SEND system is a priority for the Government. We want all children to feel that they belong in a mainstream setting, if that is the best place for them to have their needs met. We want them to receive the right support, succeed in their education, and lead happy, healthy and productive adult lives. We know that is possible. We have seen it in innovative examples across the country, including when the Secretary of State visited Becontree primary school in Dagenham in December. It was heartening to hear my hon. Friend's account of the practice in Barking and

[Catherine McKinnell]

Dagenham, but much more needs to be done to improve the system for children and their families, and to ensure consistent good practice in every part of the country.

I am grateful to the hon. Member for Dorking and Horley (Chris Coghlan) and my hon. Friend the Member for Ilford South (Jas Athwal) for their contributions. It is clear that there is much shared interest in this issue, and their contributions were an important part of this timely debate. Every child, regardless of their needs, deserves the opportunity to achieve, thrive and succeed. We are absolutely clear that the system is too difficult for parents, carers and young people to navigate, and it is simply not delivering the outcomes that we want.

Chris Coghlan: In the 2023-24 academic year, more than 1,800 SEND children in Surrey were out of school for more than a third of the time. What steps is the Minister taking to ensure that promised schools are delivered? I think in particular of the Betchwood Vale academy SEND school in my constituency.

Catherine McKinnell: I know the hon. Gentleman cares passionately about this issue, and he is clearly keen to see the expansion of provision. As he knows, we are investing in the capital estate in the round, and supporting mainstream schools to expand. We have already given local authorities the funding, and we hope that they are working with their local schools to increase capacity. Obviously, the building of any additional schools is considered in the light of that, because we need to ensure that the right provision is available for the children who need it. We are giving close consideration to that, and are working closely with local authorities, whose duty it is to make sure that they have the places to meet those needs.

We have announced that the details of our longer-term approach to SEND reform will be set out in the schools White Paper in the autumn. We are not wasting any time on this. We are already working to ensure that children and young people get the support they need; we are building a robust evidence base about what works to drive inclusive education, and we are creating the expert advisory group for inclusion, led by Tom Rees. We are introducing new regional improvement for standards and excellence—RISE—advisers, who will work with mainstream schools to ensure that they become more inclusive.

We are extending PINS—partnerships for inclusion of neurodiversity in schools—to a further cohort of mainstream primary schools, so that we build teacher and staff capacity to identify, and better meet, the needs of neurodivergent children in mainstream school settings. We are prioritising early intervention and inclusive provision in mainstream settings, because early intervention prevents unmet needs from escalating, and is the best way to support all children and young people to achieve their goals alongside their peers. We are committed to working with the sector and our partners to ensure that our approach is fully planned, and developed in partnership with families, stakeholders and the entire sector, which needs to deliver these reforms.

The number of education, health and care plans has increased each year since their introduction in 2014, with over 630,000 children and young people having an EHCP as of January 2025. Over time, flaws and lack of capacity in the system to meet lower-level need have put additional strain on specialist services. That has had a really detrimental impact on the experience of accessing support through the EHCP process, and has contributed to pushing up costs and creating an increasingly unsustainable system. The latest data shows that in 2024, just over 46% of new EHCPs were issued within the 20-week timeframe. The Government want to ensure that EHC need assessments are progressed promptly, and that plans are issued quickly to provide children and young people with the support that they need to achieve positive outcomes.

Independently commissioned insights published last year showed that extensive improvements to the system using early intervention and better resourcing of mainstream schools could have a significant impact, with more children and young people having their needs met without an EHCP, and in a mainstream setting, rather than in a specialist placement. We have listened to parents, local authority colleagues and partners right across education, health and social care. We are considering really carefully how to improve the EHCP process for families, and are reflecting on what practices could or should be made consistent nationally.

Children and young people with SEND frequently require access to additional support from a broad, specialist workforce right across education, health and care. To support the demand, in partnership with NHS England, we are funding early language support for every child: ELSEC. This is trialling new ways of working to better identify and support children with speech, language and communication needs in their early years and at primary school. I have seen this in practice, and seen the difference it makes to not just the children who participate in the programme and clearly thrive as a result, but the teaching workforce, who grow in confidence and in their ability to untap and unlock children's learning. It is having a great impact, and we are keen to see the results of the pilot, the roll-out, and the impact taking root in schools.

Continuing to ensure a pipeline of speech and language therapists is essential. That is why we have introduced a speech and language degree apprenticeship. It is in its third year of delivery, and it offers a really excellent alternative pathway to the traditional degree route into a successful career as a speech and language therapist. Of course, we need many more such therapists. It takes a vast workforce, from teachers to teaching assistants, and from early years educators to allied health professionals, to help children and young people thrive, and we are investing in each of those areas to improve outcomes and experiences across the country. I am aware of the ten-minute rule Bill sponsored by my hon. Friend the Member for Dagenham and Rainham, which is on this very issue, and is due to be presented in the House tomorrow.

High-quality teaching is central to ensuring that pupils with SEND are given the best possible opportunity to achieve in their education, so to support teachers, we are implementing high-quality teacher development. It begins with their initial teacher training, continues into their early teaching career, and carries on right through to middle and senior leadership. We want to offer professional development to all teachers, so that they have the skills to support all pupils to succeed, including those with SEND. The partnership for inclusion of neurodiversity in schools is also deploying health and education specialists in the workforce to upskill primary schools, so that they can support neurodivergent children. The support operates on a whole-school level and is not reliant on a diagnosis. That support is there for all children, depending on their needs.

Local authorities need support with their educational psychology services, and we are investing over £21 million to train 400 more educational psychologists. As these trainees complete their studies, they will be able to join the workforce and support local authority education services, including by contributing to statutory assessments. We know those assessments are a big challenge, and workforce shortages are a huge barrier to delivering our ambition for an inclusive mainstream education system.

Andrew Rosindell: A lot of positive things are being said that will be welcomed on all sides of the House, but does the Minister acknowledge the concerns of the hon. Members for Dagenham and Rainham (Margaret Mullane) and for Ilford South (Jas Athwal) and me about the huge disparity in funding for boroughs such as Barking and Dagenham, Redbridge, and Havering, in particular? We are not getting our fair share. Will she please help outer-London boroughs get a fairer share of the cake, because at the moment that is simply not happening?

Catherine McKinnell: I recognise the challenge that the hon. Member and others have set out. We are looking at the national funding formula. Obviously, this cannot happen as fast as one might want, because it is important to maintain stability in the system, and changes from year to year can create challenges for local authorities and schools. We have to look at the system carefully and introduce any changes in a careful and considered way, and that is what we are doing. We are taking on board the representations that we are receiving about the funding currently in the system.

One other area that we are focused on is capital funding to expand the estate. Many mainstream settings are going above and beyond to deliver specialist provision, but we want to ensure that all capacity is maximised. Where a local authority identifies a school that could provide more places or make more provision, we need to ensure that it has the capital to support that. That is why we have allocated £740 million for the 2025-26 year to deliver those additional places in mainstream and special schools and other specialist settings, or to adapt buildings to make them more accessible and more appropriate for providing inclusive mainstream education.

The Department's spending review has confirmed the funding for reform of the SEND system; we will set out the details in the White Paper in the autumn. We recognise that local authorities will need support during the transition to a reformed SEND system, so we will commence a phased transition. We will work with local authorities to manage their budgets and deficits. That will come alongside an extension to the dedicated schools grant statutory override up until the 2027-28 financial year, because we recognise the time it will take to put this right. We will provide more details on this by the end of the year.

We are running out of time, but I want to thank my hon. Friend the Member for Dagenham and Rainham again for bringing this matter forward, and to thank all who have contributed to the debate. We have made a clear commitment to addressing the challenges, so that we can help children and young people to achieve and thrive. I am determined that progress will be made on this issue. I conclude by recognising all those who work in our education, health and care systems, and who work for our children and young people with SEND in Barking and Dagenham, and right across the country. We all want to deliver the best for children and young people, including those with SEND, so that they have the best start in life; and we want to prepare them for life, work and the future. The Government will continue to work to that end.

Question put and agreed to.

10.30 pm

House adjourned.

Westminster Hall

Monday 7 July 2025

[Derek Twigg *in the Chair*]

Fossil Fuel Advertising and Sponsorship

4.30 pm

Jacob Collier (Burton and Uttoxeter) (Lab): I beg to move,

That this House has considered e-petition 700024 relating to fossil fuel advertising and sponsorship.

It is a pleasure to serve under your chairmanship, Mr Twigg. Let me begin by thanking the 110,519 people across the United Kingdom who signed the petition and welcoming those in the Public Gallery. In particular, I acknowledge the work of Chris Packham, the petition's creator, who is known to many as a passionate and persistent voice for nature and environmental justice. Another petition of his was debated in Westminster Hall just last week; he likes to keep us in the Petitions Committee on our toes. Chris has used his platform and credibility to bring this issue to national attention, and I am grateful for the opportunity to open this important debate.

I thank all those who spoke to me while I was preparing my opening remarks, particularly Kate Copeland-Rhodes of The Globe Foundation in Uttoxeter in my constituency. We have had a lot of engagement from climate groups and campaigners, but not so much from fossil fuel companies. I cannot possibly think why, but I will do my very best to represent their arguments.

The question before us today is simple to ask, but difficult to answer: should fossil fuel companies be allowed to advertise and sponsor content, events and spaces in the United Kingdom? In truth, it is a question of what kind of future we want to build, what kind of public discourse we want to cultivate and what role, if any, we believe advertising should play in shaping our societal values.

Those who oppose a ban on fossil fuel advertising typically begin with a defence of freedom of expression, not just for individuals, but for businesses. In a pluralistic society, they argue, even controversial companies have a right to communicate. After all, debate is healthy and the public are not stupid; they can make up their own minds.

Dr Roz Savage (South Cotswolds) (LD): We know that we need to transition away from fossil fuels. My Climate and Nature Bill is a vital opportunity to back a joined-up, science-led approach to the climate and nature crisis, but that drive—that transition—is being undermined by advertising falsely giving the impression that business as usual is sustainable. Does the hon. Gentleman agree that the Government must act now to ban those adverts, and that they must give the Climate and Nature Bill the debate time it deserves?

Jacob Collier: I will come on to some of those arguments, but I recognise what the hon. Lady says. It is important to note that fossil fuel companies will be key to the transition. Many are, in fact, investing heavily in renewable energy, alternative fuels and low-carbon technologies.

The Advertising Standards Authority, which I met ahead of the debate, made it clear that it has no official position on a ban and that it is for Parliament to decide. It is cautious about stepping into territory where it might be seen to regulate brand image rather than specific advertising claims. Frankly, it has a point, because there is a fine line between stopping misleading adverts and telling a company that it cannot speak at all. The ASA also noted that when companies are genuinely diversifying—investing in wind, solar and hydrogen—they should be allowed to share that progress; otherwise, how do we know if they are making any?

Then there is the issue of capacity. As Badvertising and others have noted, the ASA is already stretched. It often takes months to investigate ads, by which time the advert in question has already run its course, its messages have been absorbed and its impressions have been made, so we are left with a reactive system chasing after a rapidly moving industry. Some critics make the slippery slope argument: "If we ban fossil fuel ads, will cars be next? What about flights, steaks and leather shoes? Where do we draw the line before we are banning Sunday roasts and petrol lawnmowers?"

Let me be clear that those are not trivial objections—they speak to the real tensions between climate emergency, free enterprise and democratic openness—but now I want to turn to the other side of the debate. While all speech may be free, speech is not without consequence, and fossil fuel advertising is not just a matter of a few billboards here and there; it is increasingly a co-ordinated strategy to build trust, shape culture and delay structural change. Groups such as Badvertising and the New Weather Institute have made that clear in both their research and their rhetoric.

As was revealed by internal BP advertising memos, fossil fuel companies seek to reinforce their social licence and influence consumer behaviour by associating themselves with progress, positivity and public good. The issue is not just what they say, but where and how they say it. A 2022 report by DeSmog revealed that over 240 fossil fuel campaigns ran across the Transport for London network in six years. Fossil fuel ads appear in Westminster station, for example, not because consumers need urgent advice about offshore drilling, but because that is where we, the policymakers, walk.

We must also talk about greenwashing, which is no longer just a fringe concern; it is now central to the conversation about advertising ethics and consumer trust. Yes, the ASA has taken action—in 2023, it banned Shell, Repsol and Petronas ads that were misleading in their environmental claims, chiefly by omitting the fact that their business remains overwhelmingly dependent on fossil fuel production—but companies are evolving. In 2025, Shell released a new advert that on the surface was still greenwashing, but this time included qualifying language in the small print about its continuing investments in oil and gas and, as a result, technically met the rules. We are in an era of compliant deception: an ad can be accurate but also misleading. A message can be truthful in parts but dishonest in tone. It is a bit like a politician claiming that they never technically lied but conveniently forgetting that they answered a different question altogether—I am not naming any names.

Beyond formal adverts, we must confront the world of sponsorship, where the relationship is less about information and more about association. Fossil fuel

[Jacob Collier]

companies sponsor not just events, but sports, music, festivals, education initiatives and even museum exhibits. Why? Because we do not remember the product; we remember the feeling, and if the logo has an association with the feeling, the brand has woven itself into the cultural fabric of our society.

The New Weather Institute's "Dirty Money" report found that oil and gas companies are now spending over $5.6 billion across 205 active global sports sponsorships. This is not just a side hustle; it is a strategy. This is where it gets complicated. We had the British grand prix this weekend. That industry is still heavily reliant on fossil fuels, albeit Formula 1 is on track to be net zero by 2030 and some teams, such as McLaren, are already carbon neutral. Are we to say that a fossil fuel company should not sponsor a sport that at present is a big polluter?

There is a key precedent: in 2002, we passed the Tobacco Advertising and Promotion Act to ban tobacco ads and sponsorships, not because cigarettes had changed or become healthier, but because the science had clarified that the social harm was overwhelming.

Afzal Khan (Manchester Rusholme) (Lab): My hon. Friend is making an excellent speech. Each year, air pollution causes an estimated 43,000 premature deaths in the UK, and around 1,200 in my Greater Manchester area. Burning fossil fuel is a major cause of that, so does he agree that the Government must treat this as a public health crisis and act now to ban fossil fuel advertising and sponsorship, just as he mentioned we did to protect people from tobacco?

Jacob Collier: My hon. Friend is right, and I will come on to some examples from around the world that could act as a marker for us.

At the time, the tobacco firms argued for nuance—they were exploring reduced-risk products, sponsoring arts initiatives, funding schools in developing countries—and yet we drew the line. Today, fossil fuel air pollution kills more people than smoking. It accounts for one in five deaths globally. *The BMJ* confirmed that in 2021. Yet fossil fuel adverts still run on our buses, on our television screens, in sports stadiums and increasingly on social media, where the targeting is opaque and the influence invisible. If tobacco's harm justified a ban, how can we not at least ask the same of an industry whose products now threaten life on earth as we know it?

We are not alone. In France, a law passed in 2022 bans fossil fuel advertising, with exemptions only for low-carbon gas, and Amsterdam, The Hague and Sydney have introduced their own versions. The Hague's policy was challenged in court, but the court ruled in favour of the city's right to act in the public interest, affirming that the freedom of advertising does not override the responsibility to prevent harm.

Alice Macdonald (Norwich North) (Lab/Co-op): Has my hon. Friend noted the call from the UN Secretary-General, António Guterres, for Governments to ban fossil fuel advertising to protect public health and address climate change? Does he feel that, alongside the examples that he cited, that is evidence of increasing momentum towards such a change?

Jacob Collier: I think my hon. Friend has read my speech, because I was just coming to the UN Secretary-General's comments. She may also know that there are similar bans on fossil fuel company advertising in Edinburgh, Sheffield, Cambridgeshire, Liverpool, Norwich and North Somerset. Even advertising agencies themselves are stepping back, with many refusing to take work from fossil fuel clients. The momentum is not marginal; it is building.

The Government's official response to the petition was issued on 18 December. It stated that although the UK is "committed to reducing emissions", there

"are currently no plans to restrict fossil fuel advertising."

Instead, the focus is on voluntary eco-labelling schemes and better enforcement of existing rules. Voluntary schemes are important, but they do not curb the underlying issue that advertising has become a tool for delay, distraction and reputation laundering. Banning fossil fuel advertising is not about censorship; it is about recognising that certain messages, delivered by certain actors in certain contexts, can cause harm.

As my hon. Friend the Member for Norwich North (Alice Macdonald) said, the UN Secretary-General called for a global ban on fossil fuel advertising earlier this year. He was not being radical; he was being proportionate. We ban tobacco ads not to silence smokers, but to protect children. We restrict junk food advertising during children's programming not because we do not like Big Macs, but because the power to persuade can do real harm if left unchecked.

We are not asking fossil fuel companies to shut down tomorrow; we are asking them not to mislead the public today. We are not asking them to abandon all communications; we are asking them not to dominate our public spaces with ads that obscure reality. In a world that is now averaging 1.63°C above pre-industrial levels, the question is not whether we can afford to act, but whether we can afford not to. This debate is about balancing the freedom of expression and free enterprise with the real need to take action to prevent a worsening climate emergency. The advertising regulator has said that it is down to this place to act, if it so chooses. In that spirit, I look forward to the debate and to contributions from other hon. Members.

4.43 pm

Carla Denyer (Bristol Central) (Green): It is a pleasure to serve under your chairship, Mr Twigg, I think for the first time.

The petition's demands are simple, clear and extremely compelling. In the UK, we forbid tobacco advertising because tobacco kills us, and that ban has worked to reduce the number of people dying from it. The air pollution caused directly by fossil fuels and the extreme weather caused by climate change are already killing at least as many people as smoking was before the ad ban, and they are likely to kill many more, so why the hell are we allowing fossil fuel companies to take up space in public places and on our screens to sell us products that kill us? I find that argument so compelling that I have dedicated a significant amount of my life in the past few years to trying to make a ban happen. I thank Chris Packham for initiating the petition and doing so much work to get more than 110,000 signatories, and I thank everyone who signed it.

This campaign has been running for many years, and I want to highlight the groundwork done on it by grassroots organising group Adblock Bristol, of which I am a member. Adblock Bristol exists because its members think a lot of things are fundamentally wrong with advertising. Advertising often works by telling us that we are not good enough without a product or by engendering a positive emotion about a product or service that we did not previously have. It often worsens inequality. The billboards are not in the posh parts of town, and they overwhelmingly advertise products that are bad for our health, the environment or society. That is not to mention the direct environmental, social and road safety impacts of the adverts themselves.

After a few years of successfully opposing applications for individual billboards in our community, Adblock Bristol set up a national organisation called Adfree Cities, where I worked for a little bit. It campaigns nationally alongside Platform, Badvertising and others to support people in their local communities all over the country to oppose the pernicious impact of advertising. In fact, the hon. Member for Burton and Uttoxeter (Jacob Collier) listed some of the communities that I supported in doing that.

Many local councils have already adopted policies of not hosting adverts for high-carbon products and services, or other harmful products such as junk food, payday loans, alcohol and gambling, on billboards on council-owned land and bus stops. That is a start, but most billboards are privately owned and councils have no jurisdiction over them and no ability to control the myriad other ways that advertising intervenes, often subconsciously, in our lives. Regulation of advertising in this country is, in general, extremely light touch and, frankly, outgunned by the capacity of the companies that pay for the advertising. That is where the petition comes in. It is time for the national Government to step up where local councils do not have the power to do so.

This kind of social and regulatory change often creates uproar when it is first proposed, only for it to be accepted as extremely obvious, and for the previous status quo to seem appalling, not long afterwards. We have only to look at compulsory seatbelts in cars, the indoor smoking ban and tobacco advertising. "Freedom of speech, freedom of the market, freedom of choice," they say, yet we pretty much all agree now that advertising products that cause us serious harm should not be allowed.

Let us remember that we are not talking about banning the product; we are just saying that communications that are specifically designed to increase the use of fossil fuels, through misleading claims and by crafting social norms and a social licence for their use and expansion, directly undermining the Government's evidence-based policy, which is essential to keep us safe from the climate crisis, should not be allowed. That should be a no brainer.

Does the Minister want the history books, and perhaps his children, to look back in 10 years and see that he played the modern-day version of the role of those who opposed seatbelts in cars or the smoking ban? I guess not, in which case now is the time to be brave. He will be glad he did it.

4.47 pm

Josh Newbury (Cannock Chase) (Lab): It is a pleasure to serve under your chairmanship, Mr Twigg. I thank my hon. Friend the Member for Burton and Uttoxeter (Jacob Collier), who is sometimes mistaken for my twin, for opening the debate in a very balanced and fair-minded way.

What struck me when I saw the petition was that the petitioners are hitting on something so ever-present in our lives that it is almost background noise— one of those forms of advertising that we have grown up with, and are so used to that we would almost notice it more if it were not there. Of course, many types of advertising would fit that bill, but fossil fuel company ads are probably one of the most hotly contested; fizzy pop and cars do not feel quite so controversial. It is not just the big giants, such as BP, Shell, Texaco and Total, that we see on the top of petrol station canopies; in "Toy Story"—one of my favourite films growing up—the oil giant Dinoco loomed large in Disney's fictitious advertising space.

It is important for us to acknowledge, as the petition does directly, the risks of so-called greenwashing—confuddling consumers with a wholesome-looking image of a bright, clean, green future that reality may make up only a tiny proportion of an organisation's work, spending or plans for the future. Greenwashing is one of the things that makes me angriest—though all forms of dishonest advertising make me angry, because at their core they are designed to hoodwink the public. However, we must acknowledge that the concept of greenwashing and what constitutes fossil fuel advertising is hotly contested.

In his opening speech, my hon. Friend the Member for Burton and Uttoxeter mentioned the very relevant example of tobacco advertising being banned many decades ago on the grounds of harm to individuals' health and the idea of the wider societal harm that can follow on from that. We did not ban tobacco, but we did ban its promotion. That is the central point in this debate, and the central question we need to address as parliamentarians.

Sometimes, too, greenwashing can be indirect and even adjacent to an organisation. I am thinking in particular of a Greenpeace campaign some 11 years ago, which targeted Lego for a partnership with Shell. Eventually, the campaign led to Lego dropping said partnership. One person's clear line in the sand, however, is another person's nuance. As my hon. Friend mentioned, many fossil fuel companies are investing billions in the transition to net zero—on a bigger or smaller scale, and through compulsion or choice, but they are doing that—and, let us face it, that funding will be crucial to reaching net zero.

Raising awareness of such efforts is crucial, as is ensuring that the generations to come are aware of the opportunities that are open to them in the green industries of the future. Unfortunately, few renewable energy companies or environmental non-governmental organisations have the resources that fossil fuel companies have to promote those opportunities.

Turning to sponsorship, I can definitely see the argument for restricting or banning fossil fuel companies' ability to put money into things such as sport, which are ever present on our TV screens—especially at the moment,

[Josh Newbury]

as we cheer the Lionesses on in the women's Euros. If we are to discuss that, however, we need to think about the alternative funding streams. If we ban fossil fuel advertising, will there be alternative funding streams for sports teams, to encourage the next generation to come through and ensure that there is cash there to support them, too?

In conclusion, I fully support the motive behind the petition. Greenwashing is something we absolutely need to stamp out. We need stringent regulations to ensure that companies are not able to hoodwink the public, as I said, but we also need to be fundamentally honest about the transition to net zero, the role that fossil fuel companies and the like will have to play in it, and the expectations that we should have of those companies to help to promote that future, possibly giving them the freedom to do that within certain constraints. This has been an interesting debate; thank you, Mr Twigg, for allowing me to take part in it.

4.52 pm

Dr Simon Opher (Stroud) (Lab): I will begin by thanking the 568 people who live in Stroud who signed this petition and made the debate possible.

I am an MP and a practising GP, and I chair the all-party health group for health and co-chair the net zero all-party parliamentary group. I therefore bring a dual perspective to this question—and, to be honest, from both positions I think the time has come: we must end all fossil fuel advertising and sponsorship.

Primarily, this is a public health issue. Air pollution, driven largely by the burning of fossil fuels, is the single largest environmental threat to our health. The Royal College of Physicians has said that air pollution causes 43,000 premature deaths, as my hon. Friend the Member for Manchester Rusholme (Afzal Khan) mentioned—more than smoking does—and is associated with heart disease, stroke, asthma, cancer and even dementia. The Royal Society for Public Health is also strongly against the advertising of fossil fuels.

In my surgery, I can see the human costs of air pollution: children living in inner-city areas struggling with asthma; adults with COPD, chronic obstructive pulmonary disease, which is much worsened by poor air quality; and elderly patients often admitted with that problem from more polluted areas. One constituent lived in London in the week and said that he was slightly inconvenienced by ULEZ, the ultra low emission zone, but it was funny that he did not need his inhalers after the legislation came in. That is a very strong sign.

Advertising and sponsorship matter. The fossil fuel industry spends millions on promoting itself as green, innovative and responsible, while continuing to invest in exploration and extraction that push us further towards climate and health catastrophe. That is not just misleading, but dangerous. If they have too much money, perhaps we need an extra windfall tax to take it off them.

We have been here before—as other hon. Members have mentioned—with tobacco ads on billboards; I remember when even cricket matches were sponsored by certain tobacco companies. When we stop advertising, we reduce consumption; in that way, lives were saved at that time. We are at the same crossroads now. As my hon. Friend the Member for Burton and Uttoxeter (Jacob Collier) said, it is not just us looking into this; many other countries are also doing so. Spain, for example, is looking at banning advertising for short-haul flights, as a friend in the Public Gallery pointed out to me. We need to be innovative—even if we are not going to totally ban this advertising, we need to ban the worst bits.

Let us be clear: air pollution shortens an average person's life by 1.8 years and disproportionately affects poor and deprived communities, who tend to live in much more polluted areas. Moreover, 82% of outdoor advertising is located in more deprived areas, pushing that harmful message all the time. As a doctor, I know that prevention is better than cure. Banning fossil fuel advertising is a low-cost, high-impact intervention that will save lives, reduce pressure on the NHS—and we need that—and help to build a healthy and more sustainable future for us all.

We owe it to the whole country and to future generations—and I owe it to my 568 constituents—to show courage and clarity and to be bold about ending fossil fuel advertising.

4.55 pm

Claire Young (Thornbury and Yate) (LD): It is an honour to serve under your chairship, Mr Twigg. I thank everyone who signed this petition for securing this debate. RepRisk's 2024 report identified 1,841 incidents of misleading communication globally in the past year; 56% of those cases involved environmental issues, and nearly a third of companies flagged for misleading communications were repeat offenders, with the oil and gas industry accounting for the most incidents. In 2024, the UN Secretary General said,

> "Many in the fossil fuel industry have shamelessly greenwashed, even as they have sought to delay climate action—with lobbying, legal threats, and massive ad campaigns."

A report from the New Weather Institute, an environmental think-tank, entitled "Dirty Money: How Fossil Fuel Sponsors are Polluting Sport", analysed more than 200 sponsorship deals, and found that sport is increasingly one of the areas that oil and gas companies are using to greenwash their reputation. Football had more than 50 partnerships with fossil fuel companies, followed by motorsports, rugby and golf. Saudi Arabia's national oil company, Aramco, was the biggest fossil fuel sponsor of sport, paying almost £1 billion across 10 active sponsorships. It has signed a partnership with FIFA, in a four-year deal that will include major tournaments such as the world cup 2026 and the women's world cup 2027. The hon. Member for Cannock Chase (Josh Newbury) made an interesting point about how that sort of sponsorship would fit in to the definition of advertising, if we were to promote a ban.

I ask hon. Members to imagine the impact that that advertising will have on people's perception of companies and their efforts. Some 50 or 60 years ago, tobacco companies had a huge role in sponsorship promotion; that role was eroded over the years and eventually removed altogether. We must ensure that companies cannot simply use vast sums of money to buy themselves a better reputation, without actually combating the key cause of the concern—in this case, the huge environmental and ecological damage to our planet.

It was interesting that in his opening speech, the hon. Member for Burton and Uttoxeter (Jacob Collier) mentioned concerns from the fossil fuel companies that a ban would somehow prevent them from promoting their green initiatives. I note that a Greenpeace report, "The Dirty Dozen: the climate greenwashing of 12 European oil companies", found that six global fossil fuel companies and six European oil and gas companies produced only 0.3% of their energy from renewable sources in 2022, despite commitments to net zero 2050 targets.

There will of course be pushback from within the industry itself; we saw that with the tobacco industry, yet we now take the restrictions and warnings for granted. We must ensure that the extra rules and regulations that govern how fossil fuel companies can act are stringent and well enforced. At the very least, we must toughen up both the Competition and Markets Authority and the Advertising Standards Authority codes to ensure that, where sponsorship does take place, it is contingent upon rules and obligations for those companies to do more than just slapping their names on billboards and football shirts.

Sadly, however, thus far we have seen a severe lack of leadership from the Government. Instead of announcing new measures to tighten up the rules, they have once again sought to pass the buck solely on to the regulators, ignoring the fact that political direction and decision making is vital to underpin the work. As we heard in the opening speech, the ASA believes that it is for Parliament to legislate, not for the regulator to take action. I would appreciate it if the Minister would give some clarity on exactly what this Government want to see changed, and not just what they expect the ASA and CMA to look at.

Ultimately, what matters is that we actually cut emissions, which means providing British industry with the support it needs to do that. That includes setting out a clear and stable road map to net zero, expanding the market for climate-friendly products and, importantly, ensuring that the emissions associated with products are communicated honestly and transparently to consumers. That goes way beyond advertising to making information easily accessible, so that people can understand the carbon emissions of the products they buy and can make informed choices.

To conclude, we want to see action taken in this area. We are calling on the Government to secure investments to ensure that the transition away from oil and gas is a green and just one. We want the Minister to give clarity on exactly what he wants to see change.

5 pm

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): It is a pleasure to serve under your chairmanship, Mr Twigg. Not being one to break consensus often, I am delighted to remind hon. Members of the value and importance of our oil and gas industry to communities in north-east Scotland such as my own, to the Exchequer, and to the United Kingdom's energy security.

I congratulate the hon. Member for Burton and Uttoxeter (Jacob Collier) on so eloquently outlining the case for the petition, and the 110,000 people who signed it on enabling it to be debated this afternoon. They make a very strong case for changing the advertising regulations as they pertain to fossil fuel companies, due to the impact of burning fossil fuels on climate change. The reasons they give are twofold: because oil and gas are damaging for the environment, and to set an example to the rest of the world.

We know that burning fossil fuels emits carbon, which is leading to global warming. That is not up for debate, but if people think that shutting down the UK's oil and gas industry or stopping it from advertising what it is doing will mean less carbon in the atmosphere, I am afraid they are sorely mistaken. First, we will need oil and gas for decades to come. Even the Climate Change Committee knows that oil and gas will remain integral to the United Kingdom's energy mix, with fossil fuels predicted still to account for 23% of energy demand by 2050, and that is assuming we meet our climate obligations.

Secondly, more carbon is emitted if liquefied natural gas is shipped in from abroad, as is happening increasingly, having been drilled or fracked in Venezuela, the USA or even Norway. Although we all accept that the use of fossil fuels is contributing to global warming, shutting down our domestic production to resolve that, or stopping companies from advertising and telling the world what they are doing, is clearly illogical, as is taxing our domestic industry into extinction, refusing new exploration licences and damaging competitiveness through advertising bans. In fact, all those things would increase global emissions.

I turn to the argument about setting an example. The rhetoric of leading by example, being world leaders and winning the race on climate change is commonplace, and we are setting the pace. We slashed emissions by more than 50% compared with our 1992 levels, and we did so while the Conservatives were in government and faster than any other G7 nation, but we must look at what is happening now. The deindustrialisation of massive areas of the United Kingdom—Grangemouth, for example—has resulted in a hostile environment and sky-high green levies. The message is quite clear: do not follow where we tread. Other countries will look to the UK as an obvious example of how not to do it, because we have in no way demonstrated how to develop a sustainable energy future without undermining our industrial base or economy. That is making Britain poorer.

A ban on fossil fuel advertising would be counter-productive, because unlike previous bans on tobacco or junk food advertising referenced this afternoon, banning fossil fuel advertising will not reduce demand. The UK will continue to rely on oil and gas over the coming decades. Our oil and gas industry is not antithetical to our climate commitments; it underpins them. Without gas for energy, the lights in this country would go off and industry in this country would shut up shop. Without refined oil, we would have no medicines, bike tyres, phones, plastics, wind turbines, oil to lubricate the wind turbines, solar panels or batteries for the electric cars that the Government are urging people to buy.

Siân Berry (Brighton Pavilion) (Green): I appreciate the work that has gone into the shadow Minister's speech, but when he will address the petition's point about advertising? It seems to me that most of the speech so far has been merely an advert for the fossil fuel industry.

Andrew Bowie: If the hon. Lady is patient, I will come to that—I seem to have some two and a half hours to make my remarks. I will get to the point on advertising, but my point stands: without fossil fuels, we would have none of the above.

[Andrew Bowie]

Let us look at China. It is often condemned for opening a new coal-fired power station every two weeks, but in the very next breath it is applauded for record investment in green technologies. The two are inextricably linked. Cheap, abundant energy is the only way to achieve innovation, a strong domestic manufacturing base, and industrial competitiveness. If we want the UK to drive the clean technologies of the future, we must bring down the cost of energy in the short term. The technologies and the skilled workers in the supply chain are the very technologies and the very people in the very companies—working in oil and gas right now—that are developing the cleaner energy future that we all want.

Even if we drive the industry out of the UK entirely or prevent it from advertising in the UK, it will still do so. It will just do it from the United Arab Emirates, Qatar, Saudi Arabia, Australia, south-east Asia, South America, Mexico, the USA, Canada, Norway—in fact, anywhere that is still investing in its domestic oil and gas industry. We rely on the oil and gas industry every single day, so a ban on fossil fuel advertisements would not reduce our consumption of fossil fuels. Instead it would simply be a further signal that the UK's energy industry is closed for business.

This is personal to me, to my constituents and to the region that I have had the privilege to represent in this place for the last eight years. I saw when I was growing up, and I still see today, the immense contribution that the energy sector makes to communities and to economies. I see the value added by those high wage jobs that support families and communities. I know the individuals who make a positive contribution to the lives of their families, their home towns and our nation every day. Without them and their hard work, the lights would literally go out in this country. That is especially important as yesterday we marked 37 years since the Piper Alpha disaster, when 165 men lost their lives in the North sea while ensuring that energy still flowed into our nation. We remember the sacrifice that these individuals still make for us.

The Government's harmful policies regarding the oil and gas sector, including the ban on new licences, are already causing the contraction of businesses. The Just Transition Commission has forecast that up to 120,000 jobs in the energy sector could be lost by 2030. We absolutely need to continue developing the cleaner energy mix of the future by investing in new nuclear, carbon capture and storage, and the rest. Renowned oil and gas companies have siphoned millions of pounds of investment into offshore wind and clean power generation, and we should allow them to tell the world about that.

If we are serious about reducing our carbon emissions, we must be serious about supporting the very companies with the expertise, infrastructure and capital to deliver that. The energy transition will be achieved not by demonising the oil and gas sector, but by working with it. These companies are not just part of the problem; they are essential to the solution.

Equinor, Ørsted and Vattenfall are leading examples of how legacy fossil fuel firms can pivot towards clean energy—

Derek Twigg (in the Chair): Order. I have been very generous, but the debate has a very narrow focus on advertising. I am sure that the shadow Minister understands that and will come back to that issue.

Andrew Bowie: I absolutely will. In fact, Mr Twigg, you have pre-empted exactly where I was going in my speech.

Such investments are not token gestures—*[Interruption.]* Exactly. They are strategic investments that will shape the future of energy. Domestic supply chains, from engineering specialists to subsea infrastructure manufacturers, and from power cable component suppliers to logistics and offshore support companies, will support the transition. Again, we should allow them to tell people in this country about their work.

Carla Denyer: The hon. Gentleman will have heard earlier in the debate from the hon. Member for Thornbury and Yate (Claire Young) that some oil and gas companies advertise their work on decarbonising despite it making up only 0.3% of their business. On that basis, I could arguably edit my Wikipedia page to say that I am a professional swimmer or pub quizzer, but I do not think that would be a fair representation of what I spend most of my time doing, although it probably adds up to 0.3% of my time in some months. On that basis, would the hon. Gentleman reconsider whether he really thinks it is fair to allow oil and gas companies to advertise work that accounts for less than 0.5% of their business and use that to greenwash their image?

Andrew Bowie: No, obviously that would not be fair, but as has already been pointed out, the Advertising Standards Authority has demonstrated that it possesses both the mandate and the mechanisms to hold companies to account for misleading environmental claims, and as yet it has found none to be in breach.

It is important that those companies, which require the underlying profit from their traditional exploration and drilling work to support their investment in the clean technologies of the future, are allowed to tell the country and the world about that. We should be immensely proud that we have not only a world-leading oil and gas sector—the cleanest basin from which to extract oil and gas in the world right now—but one that spends billions on developing the clean technologies of the future and attracts international companies to the United Kingdom to do the same.

If the issue is the accuracy of advertising, we should have confidence in the existing regulatory framework, which has proven capable of intervening where necessary. A blanket ban is neither proportionate nor necessary when robust oversight is already in place. I am afraid that the ban advocated by the petition may be purely ideological. It would damage investor confidence and be counterproductive in reducing carbon emissions.

I am proud that BP, Shell, Total, Equinor and the rest invest in music, art, culture, education and sport across the UK—and let us look at what happens when they do not. Baillie Gifford, a global investment management firm that invests in some of Scotland and the UK's biggest companies, which just happen to be oil and gas companies, was sadly forced, under pressure from environmental activists, to withdraw support for the Edinburgh international book festival. Who has had to step up at the last minute to plug the gap? It is the Scottish Government—the taxpayer—to the tune of £300,000 this year alone, at a time of tightening budgets, fiscal constraints and a difficult financial outlook for the country. When there was money already available, that is utter madness.

The oil and gas industry, which is based in and around Aberdeen but has a presence across our entire island nation, is a national asset. We should be championing it and the people who work in it, not demonising them. We should be proud when we see the names of successful British companies supporting British artists, musicians and sportspeople, and when we see them investing in communities, schools and our country. We should absolutely allow them to tell the world of the globally significant investment that they are making in the clean technologies of the future, and we should not have any truck with this petition.

5.12 pm

The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Michael Shanks): It is a pleasure to serve under your chairmanship, Mr Twigg, for my first petitions debate, which are a great innovation in parliamentary procedure. Like my hon. Friend the Member for Burton and Uttoxeter (Jacob Collier), I thank everyone who signed the petition. I do not think that I have been in a Westminster Hall debate with so many people in the Public Gallery. That is fantastic to see, and I thank them for being here.

I join the shadow Minister, the hon. Member for West Aberdeenshire and Kincardine (Andrew Bowie), in his comments about the Piper Alpha disaster, the 37th anniversary of which was yesterday. It was the worst oil disaster in history, in terms of human lives lost, and it reminds us just how dangerous some of the work in the North sea is. It also reminds us of the importance of the culture of safety, which has changed beyond recognition since that disaster. This is a useful moment to pause and reflect on the lives that were lost.

This is an important debate, and I praise my hon. Friend the Member for Burton and Uttoxeter for his excellent introductory speech. As a Member of Parliament, it is not always easy to give a balanced speech, but he attempted to put forward both sides of the argument very strongly, and I give credit to him for doing so.

I also thank other hon. Members who have contributed to the debate and raised a number of points. My hon. Friend the Member for Stroud (Dr Opher) brought his extensive medical experience to the debate. He rightly spoke about the significant impact that emissions have on people's health, and about why climate change is a public health crisis as much as an environmental one. I also thank the hon. Member for Bristol Central (Carla Denyer) for her commitment to this issue. What she does in her spare time will now be in *Hansard*, so I think Wikipedia will be updated—there is no way out of that; it is on the record.

I recognise the strength of feeling on this incredibly important issue; the 100,000-odd signatures on the petition that triggered the debate underline that point. Before I address the specific points in the petition, however, I want to be absolutely clear that the Government are committed to tackling climate change. In fact, the Prime Minister said recently that that is "in the DNA" of the Government. We know it is an urgent threat to life—an existential crisis for our planet—and as I have said on numerous occasions, it is no longer a theoretical future threat, but a very present reality. We do not have to look far around the world to see examples of that.

Even if we did not accept all that as a huge reason to take action, we should recognise that the huge opportunity that swapping fossil fuels for clean, home-grown energy provides is much greater than just tackling the climate crisis: it can deliver our energy security in an uncertain time for our world and create tens of thousands of new jobs. It is also the industrial opportunity of the century. That is why one of the Prime Minister's five key defining missions in government is to make this country a clean energy superpower with clean power by 2030, accelerating towards net zero. It is also why the Prime Minister has set one of the most ambitious nationally determined contribution targets in the world—to reduce all greenhouse gas emissions by at least 81% by 2035—and a few weeks ago my right hon. Friend the Chancellor set out the most significant investment in home-grown clean energy in British history.

Let me be clear. The Government are committed to this transition because it is the right thing to do for our energy security and to tackle the climate, but we will succeed in this mission only if we bring people with us. The moment that people start to feel that this is something being done to them, not with them, is the moment when we lose the battle. The shadow Minister rightly pointed out that we have been on this transition for a long time now. We have halved emissions since 1990 because of the consensus between Governments of different persuasions. That consensus, as many people will not have failed to notice, has now fractured, which is a great shame.

For us to win the political argument, we have to bring people with us. Instead of banning and blocking, our emphasis needs to be much more on empowering people to make informed choices. As the Prime Minister said before the election, after a period in which Government seemed to tread quite heavily on all our lives, part of this Government's mission is to deliver for the people of this country, but to tread a little lighter on people's lives. In this space, that means ensuring that everyone has access to accurate and trustworthy information about the climate crisis and the energy they use and the options available to them to be part of the transition.

In that context, I turn specifically to the petition. The UK has a robust regime in place to regulate the content and targeting of advertising through the Committee of Advertising Practice, which sets the codes that are upheld, and through the Advertising Standards Authority, which enforces the codes. The Government are not involved in the codes or in any of the investigations or enforcement delivered by the Advertising Standards Authority. In 2021, those bodies launched a climate change and environment project to respond to the ongoing climate crisis and ensure that environmental claims made in advertising are not misleading or irresponsible. Those findings have informed their updated guidance on advertising.

As the Government's response to the petition sets out, we do not currently have plans to go any further on the guidance and ban or restrict fossil fuel advertising. However, that is not to say that we do not recognise that the climate crisis, as I have already outlined, is the greatest long-term global challenge we face. To address that,

[Michael Shanks]

we need a legal framework in place to help us reduce our emissions, which will contribute to reducing our reliance on fossil fuels.

Carla Denyer: I thank the Minister for his patience while I checked a fact. A minute or so ago, he used the phrase "informed choice" to defend why he is not planning to ban advertising for fossil fuels. Is he aware that that exact phrase, "informed choice", was used by the tobacco companies to campaign against the ban on tobacco advertising? I am reading from a memorandum by British American Tobacco that was submitted to Parliament in 2000.

Michael Shanks: I suspect that if we go through all the words that have ever been spoken inside and outside this place, we might find two words that go side by side quite often. In answer to the hon. Lady, no, I do not think that that is the case at all. She makes a persuasive argument, but in my view it is not the argument that applies in this particular case, which I will outline if I can make just a little more progress.

To come to the broader point, it is important that people have the knowledge and information before them to make informed choices on personal decisions, particularly on installing things in their own home. However, as a Government, we have a responsibility to share factual information about the state of the climate. That is why this Government frequently talk about the importance of the climate crisis; I think I have done so three times already in this speech. I am not seeking to pretend that there is not a climate crisis, and I do not think we have hidden from that fact at all.

I also want to talk about the path that the UK is currently on. We need to make a broader argument to the public that goes beyond banning advertising by certain companies. Collectively, we have a responsibility to show the opportunities presented by this transition, counter to much of the misinformation and disinformation that is being put about, including by Members of this House.

The latest report by the Confederation of British Industry shows that the net zero economy is growing three times faster than the wider economy, so there is an economic argument that we have to make. Since we came into government last July, more than £40 billion of private investment has come into the clean energy industries. We believe that the best way to build on that success, bring the public with us and create a convincing argument that this is the right route is by focusing on the economic and social benefits of net zero.

We have therefore been working with industry to explore how we can reduce emissions from high-carbon products, including voluntary eco-labels that help consumers to make different purchasing decisions. We are continually listening to the private sector, local government, trade unions and civil society. That is why we relaunched the Net Zero Council, and we will also publish our upcoming public participation strategy. At the same time, we are doing everything we can to slash emissions while building a more secure and stable future for our country.

The shadow Minister, in customary fashion, reeled off a set of political lines about why this is the wrong choice for us as a country, despite the fact that he believed in it last year when he was delivering speeches from the Government Benches. The truth is that actions speak louder than words, which is why in the past year we have not just said that we are committed to the clean energy mission and to delivering action on climate change; we have delivered.

We ended the onshore wind ban within 72 hours. We set up Great British Energy, the first publicly owned energy company in 70 years. We consented enough clean power for 2 million homes by approving applications that had languished on Ministers' desks. We kickstarted the carbon capture industry. In the past few weeks, the Chancellor has also announced a significant investment of more than £60 billion in home-grown clean energy, including new regional hydrogen networks for transport, storage, industry and power. We also published our industrial strategy, which places clean energy right at the heart of industrial renewal over the next 10 years.

The wider context of climate action is important, and we want the UK to be a world leader in this space. That is why in 2008, when my right hon. Friend the Energy Secretary held the same role, we backed the Climate Change Act 2008, making the UK the first country to introduce legally binding net zero emissions targets. Since then, we have overachieved against the first, second and third carbon budgets, and we will be setting carbon budget 7 by June 2026, in line with our statutory duties.

Siân Berry: Before the Minister winds up, I want to ensure that he tackles the question of sponsorship, which is a key part of the petition. I think that focusing only on advertising ignores the lack of choice that people have if their much-loved sports team, the gallery they want to visit or the theatre company that they support is sponsored by a fossil fuel company. The Minister needs to reflect on why so many people signed the petition, having been put in an invidious position by these sponsorship deals.

Michael Shanks: It goes back to what I said earlier. I take the hon. Lady's point, and I take seriously the number of people who engaged with the petition. I also reflect on the number of organisations and activities across the country that rely on sponsorship. I do not think that we should discount that so easily, because we have incredibly important organisations that may well collapse without some of that sponsorship.

There is a balance to be struck here. It is incumbent on Government to set the tone for what we expect in climate action. It is right and proper to hold private companies accountable where they share misleading information, but where they are supporting organisations that rely on their funding, I am afraid I struggle to say that we should simply withdraw that funding and, with it, the organisations that rely on it. As someone who has run a charitable organisation in the past, I can tell the hon. Lady that there is not an abundance of cash out there in alternatives.

This is about a balance, but I take the hon. Lady's point on board, and we keep these things under review, as do other Departments that have a closer relationship with the Advertising Standards Authority and deal with questions on such matters. As I say, this is about us treading a little lighter on people's lives and making the case for taking collective action on the climate crisis, but not being in the business of banning things.

I want to touch briefly on a point that the shadow Minister made, which is not often raised in these debates, about the just transition for the oil and gas industry. It is important to recognise that the industry has long been in transition, but there are many thousands of workers who rely on it for their livelihood and there are whole communities that depend on it for employment and investment. Although it is right that we are looking to the future of the North sea—a future that will include oil and gas for many decades to come, but will inevitably move towards other technologies, including carbon capture, hydrogen and offshore wind—we need to ensure that we are delivering the transition on the principle of fairness. Fairness for households means protecting bill payers from the volatility of fossil fuels, but in the North sea, fairness also means ensuring that workers and communities have a long-term, prosperous plan for their future.

The North sea will play a critical role in Britain's energy future. For nearly 60 years, people have worked in incredibly difficult circumstances in the North sea, with workers, businesses and communities helping to power our country with oil and gas, and they will do so for decades to come. Although oil and gas production from our own shores will play an important role, as we drive towards clean energy, the North sea gives us an opportunity to show new leadership. That is why in our consultation earlier this year we outlined the role that we want to see the North sea playing long into the future.

I reiterate a point that I made at the beginning: this is an incredibly important subject and an important moment for us to say that the action needed on climate change is not just a question of banning advertising; it is about serious investment in how we push towards our clean energy transition. The Government are playing an active role in driving that forward, reducing emissions right across the country, creating good economic opportunities as part of that, demonstrating global leadership on climate action and delivering opportunities to every part of the country.

We are bringing people with us on this journey, so that when those who stand up and say that the climate crisis is not a priority for us, or that we should not be moving to net zero because it might be too difficult, we can say that we are delivering the economic and industrial opportunities of the 21st century. That is how we bring people with us and deliver on our transition for everybody. It is also how we deliver the action needed to tackle the climate crisis. That is why, although this petition is an important conversation, we think there are already measures in place to tackle many of these issues. They may well need to go further, and that is for the bodies responsible to do themselves. We think that the action needed from Government is to drive forward this transition and to deliver jobs, energy security and climate leadership, and that is what we will continue to do.

5.28 pm

Jacob Collier: When I spoke to Chris Packham ahead of this debate, I think he was quite disappointed that last week's debate about banning grouse shooting had gone a particular way. This one probably went a bit more in his favour. I hope that, watching on, he will be happy with how it has gone.

I thank all the organisations that have spent their time and expertise helping me to prepare my opening remarks, from the Advertising Standards Authority to The Globe Foundation, Badvertising, Adfree Cities and of course Chris Packham; he said that this would just be the start, so I imagine that he will continue to apply pressure in this place. I thank everyone who has participated in the debate, I thank the hon. Member for Bristol Central (Carla Denyer) for taking time out of her swimming schedule to be here, and I thank everybody who signed the petition. I know that this is a debate that will continue.

Question put and agreed to.

Resolved,

That this House has considered e-petition 700024 relating to fossil fuel advertising and sponsorship.

5.29 pm

Sitting adjourned.

Written Statements

Monday 7 July 2025

HEALTH AND SOCIAL CARE

Report on Patient Safety

The Secretary of State for Health and Social Care (Wes Streeting): I would like to update the House on Dr Penny Dash's report on patient safety across the health and care landscape in England.

In September, Dr Dash completed her review of the Care Quality Commission. Her work was thoughtful and thorough, and shed a huge amount of light on how the principal regulator for quality and safety had been letting people down. The CQC is now under new management, and on a clear path to recovery.

Following this important work, I asked Dr Dash to undertake a further review—this time looking at six key organisations overseen by the Department of Health and Social Care and how they work with the wider patient safety landscape. Today, we are publishing this review, and I am grateful to Dr Dash for her work.

Her review focused on the Care Quality Commission, the National Guardian's Office, Healthwatch England, the Patient Safety Commissioner, the Health Services Safety Investigations Body and the patient safety learning aspects of NHS Resolution. I asked her to assess whether the current range and combination of organisations delivers effective leadership, listening, learning and regulation of health and care systems in relation to patient safety.

She specifically addressed whether patients would be better served by a different approach or delivery model, working closely with senior leaders and directly hearing from more than 100 people or partner organisations with an interest in patient safety.

She found that there has been a shift towards safety—in comparison with other areas of quality of care—over the last five to 10 years, with too much focus on inputs and structures, rather than outcomes for patients. She also found there has been limited strategic thinking on improving quality of care during this period.

The review sets out how many organisations are carrying out reviews and investigations, leading to an overwhelming number of recommendations. This causes confusion for patients and staff alike. At the same time, patient experience is not given the attention it deserves in the NHS, with few boards having an executive director dedicated to this purpose.

As a result of this analysis, Dr Dash has made nine recommendations, which the Government have accepted in full. These commitments form an important component of our 10-year plan for health, published last week.

> First, there should be a refreshed strategy for improving quality of care, which will be delivered by revamping and revitalising the role of the National Quality Board.
>
> Secondly, the Care Quality Commission should continue to rebuild with a clear remit and responsibility and overhaul its registration and inspection processes to ensure they are "sector specific".
>
> Thirdly, the Health Services Safety Investigations Body should continue as a centre of excellence for investigations, but as a discrete branch within the Care Quality Commission.
>
> Fourthly, the hosting of Patient Safety Commissioner should transfer to the Medicines and Healthcare products Regulatory Agency (MHRA) to strengthen links between the patient voice in medicines safety and the MHRA's work to capture adverse events more effectively. The Patient Safety Commissioner's work on wider patient safety should transfer into a new directorate of patient experience in DHSC.
>
> Fifthly, local healthwatch and the engagement functions of integrated care boards (for healthcare) and local authorities (for social care) should be brought together to ensure patient and community input into the planning and design of services, and the strategic functions of Healthwatch England should also be transferred into the new patient experience directorate in DHSC.
>
> Sixthly, staff voice functions should be strengthened, with the responsibilities of the National Guardian for Freedom to Speak Up incorporated into the new DHSC structure and providers.
>
> Seventhly, the responsibility for and accountability of commissioners and providers to deliver and assure high quality care should be reinforced.
>
> Eighthly, technology, data and analytics should play a much more significant role in supporting the quality of health and social care.
>
> Finally, there should be an evidence-based national strategy for quality in social care.

Next steps

I previously announced that Dr Dash would undertake a third review on quality and its governance. However, this work has been fully incorporated as part of the 10-year health plan, and we are taking this forward with immediate effect.

Patient and staff voice should not be kept at arm's length but be at the heart of everything the NHS does. As part of the plan, we are therefore streamlining and consolidating functions across the patient safety landscape, delivering a refreshed strategy for improving the quality of care and transforming how the NHS collects and uses patient feedback.

These changes will improve quality, including safety, by making it clear where responsibility and accountability sit at all levels of the system, and making it easier for staff, patients and users to directly feed into the system to improve quality of care.

[HCWS785]

HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

Internal Drainage Board Levy Support Grant

The Minister for Local Government and English Devolution (Jim McMahon): Following the local government finance settlement on 3 February 2025, the Government confirmed a £5 million grant to support local authorities facing significant increases in special levies from internal drainage boards. This represents a £2 million uplift from the originally announced £3 million, reflecting the Government's recognition of the continued financial pressures on local authorities affected by these special levies. Services provided by internal drainage boards are energy-intensive and have been particularly impacted by rising energy costs and adverse weather conditions over the past three years.

Today I am confirming the allocation of this funding to the 18 local authorities most severely affected. Councils and internal drainage boards are encouraged to continue to work together to deliver services efficiently and to ensure good value for money for the public.

Allocations of the £5 million IDB levy support grant for 2025-26

Local Authority	*Allocation*
Bassetlaw	£181,000
Boston	£654,000
Broadland	£5,000
East Cambridgeshire	£182,000
East Lindsey	£1,164,000
Fenland	£520,000
Great Yarmouth	£206,000
Huntingdonshire	£35,000
King's Lynn & West Norfolk	£499,000
Lincoln	£279,000
Newark & Sherwood	£158,000
North Kesteven	£270,000
North Norfolk	£49,000
Rushcliffe	£32,000
South Holland	£578,000
South Kesteven	£98,000
Swale	£19,000
West Lindsey	£59,000
Totals	**£4,988,000**

[HCWS783]

Local Audit Backlog

The Minister for Local Government and English Devolution (Jim McMahon): Local audit is the bedrock of local accountability and transparency, and of trust and confidence in councils to spend taxpayer money wisely. But 14 years of neglect took the system to breaking point and damaged a key part of our early warning system over local government finances at the time we need it the most. We are determined to rebuild the foundations of local government so that it is fit, legal and decent. The Government have taken swift and decisive action to clear the backlog of unaudited local authority accounts in England and put the local audit system on a more sustainable footing. This has included setting a series of statutory backstop deadlines for the publication of audited accounts. These proposals were enacted via legislation in autumn 2024, and two backstop deadlines have now passed. This failure of the system has resulted in poor value for money and additional costs, with some £49 million of grant committed to support bodies with the cost of building back assurance in 2024-25 and 2025-26.

https://www.gov.uk/government/news/overhaul-of-local-audit-will-restore-trust-in-broken-system

This statement updates on the outcomes of the second backstop on 28 February 2025, confirms publication of the non-compliance list on gov.uk, gives details of the support available to bodies affected by the backstop measures, and updates on the Government's longer-term plans for reform of the local audit system.

28 February 2025 backstop—for financial year 2023-24

Local bodies, unless exempt, were required to publish their audited accounts for financial year 2023-24 by 28 February 2025. Over 92% of bodies have published audited accounts for financial year 2023-24. Just under 50% of bodies published a disclaimed opinion due to the backstop, while 41% published unmodified—clean—opinions. The 13 bodies were exempt from the publication requirements; however, exemptions no longer apply for three of these bodies, and they have now published their audited accounts. Taken together, the publication figures continue to demonstrate a significant improvement in the overall publication of audited accounts, despite the proximity between the two.

Non-compliance list

I can confirm that the Government have today published a list of bodies that failed to meet the publication requirements at this backstop. The list indicates whether bodies published their draft accounts by 16 January 2025—the latest date on which the 30 working day inspection period could commence for it to conclude by the backstop; whether the audit opinion was delivered by the backstop; the date on which it was delivered; and whether bodies published subsequently audited accounts by 20 May 2025.

All bodies and their auditors included on the list have been contacted, and the Government will continue to engage to ensure that outstanding audited accounts for all outstanding financial years are published as soon as practicable. This includes further engagement with a small number of bodies to better understand their reasons for failing to publish draft accounts sufficiently ahead of February's backstop and the actions that they are taking to publish audited accounts as soon as practicable to be in a position to comply with future backstops. The release of funds to councils to support bodies with the cost of building back assurance will be contingent on the publication of audited accounts and audit fees being paid.

27 February 2026 backstop—for financial year 2024-25

The deadline for publication of audited accounts for financial year 2024-25 is 27 February 2026. In line with amendments made to the Accounts and Audit Regulations 2015, bodies are required to publish their draft accounts by 30 June 2025. The Government will monitor compliance with this deadline with a view to ensuring improvements to the overall system of compliance and timeliness. The Government continue to consider the appropriate incentives and sanctions for the overhauled local audit system and have already set out that the local audit office, once established, will take on oversight in relation to the quality and timeliness of accounts preparation and publication of audited accounts.

Systemic reform

In December 2024, the Government published their ambitious strategy to overhaul the broken local audit system. This strategy set out a clear purpose for local audit and its users, proposals for simplified and proportionate financial reporting, improvements to the market's capacity and capability, and ways to build strong relationships between local bodies and auditors. The establishment of a new single body, the local audit office, to oversee local audit will radically simplify and streamline the currently fragmented system. The LAO will be proportionate and focused on local audit matters, ensuring efficiency, transparency and value for money. The Government also published in early April a response to their consultation, which included 16 further commitments to reform the system.

[HCWS784]

Petition

Monday 7 July 2025

OBSERVATIONS

FOREIGN, COMMONWEALTH AND DEVELOPMENT OFFICE

Humanitarian situation in Bangladesh

The petition of residents of the constituency of Coventry East

Declares that there are mounting reports of extreme violence, persecution, destruction, and repression taking place in Bangladesh; further declares that ordinary people are being terrorised, with rising violent crime, religious extremism, politically motivated attacks, public harassment of women, and persecution of religious and ethnic minorities; and notes that these abuses are occurring under the unelected interim government of Bangladesh, with grave concern that the situation may deteriorate further without international scrutiny.

The petitioners therefore request that the House of Commons urges the UK Government to recognise the human rights abuses taking place under the interim government in Bangladesh; to work with international partners to press the United Nations to carry out an investigation assessing the risks of potential repression, the country falling further into turmoil, and the wider implications for regional security; and to take steps to hold those responsible to account, ensuring protection, accountability, and justice for the people affected.

And the petitioners remain, etc.—*[Official Report, 11 June 2025; Vol. 768, c. 3P.]*

[P003082]

Observations from the Parliamentary Under-Secretary of State for Foreign, Commonwealth and Development Affairs (Catherine West):

The UK has a long-standing commitment to the promotion and protection of human rights, including freedom of religion or belief. In February, human rights ambassador Eleanor Sanders visited Bangladesh and discussed justice, accountability and fundamental freedoms with the interim Government, and during my most recent visit in November 2024 I raised human rights with Chief Adviser Yunus. We commend the interim Government for inviting the Office of the United Nations High Commissioner for Human Rights to investigate last summer's events. We encourage continued collaboration with the UN and international partners to build a stable democratic future in Bangladesh.

The UK is supportive of continued consensus building and a reform process to create the conditions for a sustainable democracy, improving governance and ensuring a vibrant civil society. We are investing up to £27 million through the Bangladesh collaborative, accountable and peaceful politics programme to support civic and political space, reduce corruption and prevent violence.

ORAL ANSWERS

Monday 7 July 2025

WRITTEN STATEMENTS

Monday 7 July 2025

PETITION

Monday 7 July 2025

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
Monday 14 July 2025

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 770
No. 167

Monday
7 July 2025

CONTENTS

Monday 7 July 2025